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OXFORD SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2009

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT
FINANCIAL AUDIT REPORT



WATKINS, WARD and STAFFORD

Professional Limited Liability Company
Certified Public Accountants

327 West Main St. P.O. Drawer 268 Okolona, MS 38860
Phone (662) 447-3200 Fax (662) 447-3362

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Aubrey R. Holder, CPA
Michael W. McCully, CPA
Murt Stroud, CPA
Gary C. Hamilton, CPA
R. Steve Sinclair, CPA
Michael L. Pierce, CPA
Marsha L. McDonald, CPA

Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Superintendent and School Board
Oxford School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2009, which collectively comprise the Oxford School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oxford School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2010, on our consideration of the Oxford School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oxford School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and other Expenditures – Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The other supplemental information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Okolona, Mississippi
August 18, 2010

Watkins, Ward and Stafford, PLLC

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

The discussion and analysis of Oxford School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets, including the effect of prior period adjustments of \$124,742, increased \$2,494,558, which represents an approximate 10% increase from fiscal year 2008. This increase in net assets is primarily due to the following: 1) capital outlays of \$387,384 during the fiscal year were not reported as expenses in the Statement of Activities but were capitalized on the Statement of Net Assets, and 2) repayment of debt principal in the amount of \$1,740,000 was not reported as an expense in the Statement of Activities but as a reduction of long-term liabilities on the Statement of Net Assets.
- General revenues account for \$30,633,767 in revenue, or 87% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,382,552 or 13% of total revenues.
- The District had \$32,646,503 in expenses; only \$4,382,552 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$30,633,767 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$28,712,992 in revenues and \$27,028,592 in expenditures. After net other financing uses of \$1,071,500, the net change in fund balance for the General Fund was an increase of \$612,900 from the previous fiscal year.
- Capital assets, net of accumulated depreciation, decreased by \$685,978.
- Long-term debt decreased by \$1,740,000. In addition, the liability for compensated absences increased by \$1,196.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, sixteenth section and interest on long-term liabilities.

The government-wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the school district's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 15 and 17, respectively.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school district's fiduciary assets and liabilities are presented in a separate Statement of Fiduciary Net Assets on page 18.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund.

Additionally, a schedule of expenditures of federal awards, required by OMB Circular A-133, and a schedule of instructional, administrative and other expenditures for governmental funds can be found in this report.

Also, included in the other supplemental information section are the Statement of Revenues, Expenditures and Changes in Fund Balances, General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances,

All Governmental Funds, Last Four Years. This information is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets: Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$25,248,844 as of June 30, 2009.

The district's net assets are comprised of 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. \$11,052,638 of the District's net assets (44%) reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. \$5,263,673 of the District's net assets (21%) reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service, capital improvements and unemployment benefits. The remaining portion of the restricted net assets is nonexpendable for other purposes. \$8,932,533 of the District's net assets (35%) reflects its unrestricted net assets.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a comparison of the District's net assets at June 30, 2009 and 2008.

Table 1
Condensed Statement of Net Assets

	2009	2008	Total Dollar Variance	Total Percentage Variance
Current Assets	\$ 14,793,796	13,719,338	1,074,458	7.83%
Restricted Assets	133,741	115,279	18,462	16.02%
Capital Assets, net	31,710,293	32,396,271	(685,978)	-2.12%
Total Assets	\$ 46,637,830	46,230,888	406,942	.88%
Current Liabilities	\$ 270,658	619,470	(348,812)	-56.31%
Long-term liabilities outstanding	21,118,328	22,857,132	(1,738,804)	-7.61%
Total Liabilities	\$ 21,388,986	23,476,602	(2,087,616)	-8.89%
Net Assets:				
Invested in capital assets, net of related debt	\$ 11,052,638	10,003,092	1,049,546	10.49%
Restricted	5,263,673	1,498,596	3,765,077	251.24%
Unrestricted	8,932,533	11,252,598	(2,320,065)	-20.62%
Total Net Assets	\$ 25,248,844	22,754,286	2,494,558	10.96%

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- Current liabilities decreased from the previous fiscal year due primarily to a decrease in accounts payable and accrued liabilities and amounts due to other governments.
- Long-term debt outstanding decreased from the previous fiscal year due primarily to principal payments made during the fiscal year on existing long-term debt.
- Net assets invested in capital assets, net of related debt, increased from the previous fiscal year due primarily to the increase in capital assets and the reduction of long-term debt related to the capital assets.
- Restricted net assets increased from the previous fiscal year due primarily to an increase in amounts reported as restricted for capital improvements. This is a result of the reporting of amounts set aside for capital improvements as unrestricted in the prior year and restricted in the current year.

- Unrestricted net assets decreased from the previous fiscal year due primarily to the reporting of amounts set aside for capital improvements as unrestricted in the prior year and restricted for capital improvements in the current fiscal year.

Changes in net assets: The District's total revenues for the fiscal year ended June 30, 2009 were \$35,016,319. The total cost of all programs and services was \$32,646,503. Table 2 presents a comparison of the changes in net assets for the fiscal year ended June 30, 2009 and comparative data for the fiscal year ended June 30, 2008.

Table 2
Change(s) in Net Assets

	2009	2008	Total Dollar Variance	Total Percentage Variance
Revenues:				
Program Revenues				
Charges for Services	\$ 1,155,016	1,161,825	(6,809)	-.59%
Operating Grants & Contributions	3,135,851	3,078,359	57,492	1.87%
Capital Grants & Contributions	91,685	101,020	(9,335)	-9.24%
General Revenues				
Property Taxes	15,434,288	14,607,022	827,266	5.66%
Grants & Contracts-not restricted	14,440,570	14,365,646	74,924	.52%
Other	758,909	698,533	60,376	8.64%
Total Revenue	<u>35,016,319</u>	<u>34,012,405</u>	<u>1,003,914</u>	<u>2.95%</u>
Expenses:				
Instruction	19,940,376	19,397,409	542,967	2.8%
Support Services	10,016,275	9,728,411	287,864	2.96%
Non-instructional	1,723,968	1,652,422	71,546	4.32%
Interest on long-term liabilities	965,884	931,165	34,719	3.73%
Total Expenses	<u>32,646,503</u>	<u>31,709,407</u>	<u>937,096</u>	<u>2.96%</u>
Increase (Decrease) in Net Assets	<u>2,369,816</u>	<u>2,302,998</u>	<u>66,818</u>	<u>2.90%</u>
Net Assets, July 1	22,754,286	20,451,288		
Prior Period Adjustment	124,742			
Net Assets, as restated	<u>22,879,028</u>	<u>20,451,288</u>		
Net Assets, June 30	<u>\$ 25,248,844</u>	<u>22,754,286</u>		

The following are significant current year transactions that have had an impact on the Statement of Activities:

- Program revenues increased from the previous fiscal year due primarily to an increase in charges for services and operating grants and contributions.
- General revenues increased from the previous fiscal year due primarily to an increase in taxes, unrestricted state grants and contributions and unrestricted local sources.
- Instruction expenses increased from the previous fiscal year due primarily to an increase in personnel in order to satisfy the pupil to teacher ratio set forth by the district.
- Support services and Non-instructional expenses increased from the previous fiscal year due primarily to the opening of a new school.

Governmental activities: The following table presents, for the fiscal year ended June 30, 2009 and comparative data for the fiscal year ended June 30, 2008, the cost of four major District functional activities: instruction, support services, non-instructional, and interest and other expenses on long-term debt. The table also shows each function's net cost (total cost less

charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	2009		2008	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	\$ 19,940,376	(17,976,146)	19,397,409	(17,273,431)
Support Services	10,016,275	(9,078,755)	9,728,411	(8,855,986)
Non-instructional	1,723,968	(243,166)	1,652,422	(307,621)
Interest on long-term liabilities	965,884	(965,884)	931,165	(931,165)
Total Expenses	\$ 32,646,503	(28,263,951)	31,709,407	(27,368,203)

- Net cost of governmental activities for fiscal year 2009 in the amount of \$28,263,951 was financed by general revenue, which is made up primarily of property taxes totaling \$15,434,288 and state revenue totaling \$14,307,811.
- Investment earnings accounted for \$657,057 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$14,672,380. The net change in fund balance, including the effect of prior period adjustments and the change in the reserve for inventory, for the fiscal year was an increase of \$1,476,002. \$9,602,838, or 65%, of the fund balance is reported by fund type in the unreserved, undesignated section of the Governmental Funds Balance Sheet. The portion of the fund balance reported in the General Fund is available for spending at the District's discretion. The portion of the fund balance reported in the Special Revenue Funds will be used for school based activities. The remaining fund balance of \$5,069,542, or 35%, is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for inventory, unemployment benefits, capital project purposes and debt service purposes.

The General Fund is the principal operating fund of the District. The net change in fund balance for the General Fund for the fiscal year was an increase of \$612,900. The net change in fund balance for the Local Building Fund for the fiscal year was an increase of \$804,616, which included a prior period adjustment of \$71,226. The net change in fund balance for the Other Governmental Funds for the fiscal year was an increase of \$58,486, which included a decrease in the reserve for inventory in the amount of \$8,029.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the school district.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2009, the District's total capital assets were \$44,585,769, including land, school buildings, building and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$345,884 from the prior year. Total accumulated depreciation as of June 30, 2009 was \$12,875,476, and total depreciation expense for the year was \$1,123,250 resulting in total net capital assets of \$31,710,293.

Table 4
Capital Assets

	Capital Assets, Net of Depreciation		Total Percentage Variance
	2009	2008	2008-2009
Land	\$ 1,389,062	1,389,062	0%
Buildings	24,017,022	24,497,481	-1.96%
Building Improvements	4,256,131	4,476,674	-4.93%
Improvements Other Than Buildings	576,462	617,743	-6.68%
Mobile Equipment	1,237,024	1,172,745	5.48%
Furniture and Equipment	234,592	242,566	-3.29%
Total	\$ 31,710,293	32,396,271	-2.12%

Additional information of the District's capital assets can be found in the notes to the financial statements.

Debt Administration. At June 30, 2009, the District had \$21,118,328 in general obligation bonds and other long-term debt outstanding, of which \$1,851,656 is due within one year.

The District maintains a AA bond rating.

Table 5
Outstanding Long-Term Debt at June 30

	Outstanding Long-Term Debt		Total Percentage Variance
	2009	2008	2008-2009
General Obligation Bonds Payable	\$ 13,090,000	14,160,000	-7.56%
Three Mill Notes Payable	5,370,000	5,845,000	-8.13%
Limited Obligation Bonds Payable	2,260,000	2,455,000	-7.94%
Compensated Absences Payable	398,328	397,132	.30%
Total	\$ 21,118,328	22,857,132	-7.61%

Additional information of the District's long-term debt can be found in the notes to the financial statements.

CURRENT ISSUES

The Oxford School District is financially stable. The District is proud of its community support of the public schools. The Oxford School District has committed itself to financial excellence for many years. In addition, the District's system of financial planning, budgeting and internal financial controls is well regarded. The district plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Oxford School District, 224 Bramlett Avenue, Oxford, Mississippi, 38655.

OXFORD SCHOOL DISTRICT

FINANCIAL STATEMENTS

OXFORD SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 13,894,223
Restricted Assets	133,741
Due from other governments	810,472
Inventories	26,756
Deferred Charges - Debt Issuance Cost	62,345
Capital assets, not being depreciated:	
Land	1,389,062
Construction in progress	
Capital assets, net of accumulated depreciation:	
Buildings	24,017,022
Building improvements	4,256,131
Improvements other than buildings	576,462
Mobile equipment	1,237,024
Furniture and equipment	234,592
Total Assets	46,637,830
Liabilities	
Accounts payable and accrued liabilities	192,812
Interest payable on long-term liabilities	77,846
Long-term liabilities, due within one year	
Capital related liabilities	1,825,000
Non-capital related liabilities	26,656
Long-term liabilities, due beyond one year	
Capital related liabilities	18,895,000
Non-capital related liabilities	371,672
Total Liabilities	21,388,986
Net Assets	
Invested in capital assets, net of related debt	11,052,638
Restricted net assets:	
Expendable:	
School - based activities	298,733
Debt service	1,166,241
Capital improvements	3,736,385
Unemployment benefits	62,314
Unrestricted	8,932,533
Total Net Assets	\$ 25,248,844

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					Governmental Activities
Instruction	\$ 19,940,376	750,954	1,213,276		(17,976,146)
Support services	10,016,275		845,835	91,685	(9,078,755)
Non-instructional	1,723,966	404,062	1,076,740		(243,166)
Interest on long-term liabilities	965,884				(965,884)
Total governmental activities	\$ 32,646,503	1,155,016	3,135,851	91,685	(28,263,951)
General Revenues:					
Taxes:					
General purpose levies					13,072,878
Debt purpose levies					2,361,410
Unrestricted grants and contributions:					
State					14,307,811
Federal					132,759
Unrestricted investment earnings					657,057
Other					101,852
Total General Revenues					30,633,767
Change in Net Assets					2,369,816
Net Assets - Beginning					22,754,286
Prior period adjustments					124,742
Net Assets - Beginning Restated					22,879,028
Net Assets - Ending					\$ 25,248,844

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2009

Exhibit C

	Major Funds		Other	Total
	General	Local	Governmental	Governmental
	Fund	Building	Funds	Funds
		Fund		
ASSETS				
Cash and cash equivalents	\$ 8,878,248	3,752,275	1,263,700	13,894,223
Investments			133,741	133,741
Due from other governments	405,681		404,791	810,472
Due from other funds	204,548			204,548
Inventories			26,756	26,756
Total Assets	\$ 9,488,477	3,752,275	1,828,988	15,069,740
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 157,616	15,890	19,306	192,812
Due to other funds			204,548	204,548
Total Liabilities	157,616	15,890	223,854	397,360
Fund Balances:				
Reserved for:				
Capital projects		3,736,385		3,736,385
Inventory			26,756	26,756
Unemployment benefits			62,314	62,314
Debt service			1,244,087	1,244,087
Unreserved:				
Undesignated, reported in:				
General fund	9,330,861			9,330,861
Special Revenue funds			271,977	271,977
Total Fund Balances	9,330,861	3,736,385	1,605,134	14,672,380
Total Liabilities and Fund Balances	\$ 9,488,477	3,752,275	1,828,988	15,069,740

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT

**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2009**

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 14,672,380
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$12,875,476	31,710,293
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds, as follows.	
Long-term Liabilities	(21,118,328)
Accrued interest on Debt	(77,846)
3. Governmental funds recognize bond issue costs when it becomes due, however the Statement of Net Assets recognizes the cost as it is amortized	<u>62,345</u>
Total Net Assets - Governmental Activities	\$ <u>25,248,844</u>

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

Exhibit D

	Major Funds		Other	Total
	General	Local	Governmental	Governmental
	Fund	Building	Funds	Funds
		Fund		
Revenues:				
Local sources	\$ 14,280,967		3,056,796	17,337,763
Intermediate sources	1,500			1,500
State sources	14,242,187		636,963	14,879,150
Federal sources	188,338		2,600,616	2,788,954
Total Revenues	<u>28,712,992</u>		<u>6,294,375</u>	<u>35,007,367</u>
Expenditures:				
Instruction	17,595,322	720	1,429,599	19,025,641
Support services	9,055,150	15,890	1,042,349	10,113,389
Noninstructional services	302,879		1,410,274	1,713,153
Facilities acquisition and construction	75,241			75,241
Debt service:				
Principal			1,740,000	1,740,000
Interest			922,938	922,938
Other			13,152	13,152
Total Expenditures	<u>27,028,592</u>	<u>16,610</u>	<u>6,558,312</u>	<u>33,603,514</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,684,400</u>	<u>(16,610)</u>	<u>(263,937)</u>	<u>1,403,853</u>
Other Financing Sources (Uses):				
Insurance Loss Recoveries	7,965			7,965
Sale of other property	987			987
Operating transfers in	15,311	750,000	420,105	1,185,416
Operating transfers out	(1,095,763)		(89,653)	(1,185,416)
Total Other Financing Sources (Uses)	<u>(1,071,500)</u>	<u>750,000</u>	<u>330,452</u>	<u>6,952</u>
Net Change in Fund Balances	<u>612,900</u>	<u>733,390</u>	<u>66,515</u>	<u>1,412,805</u>
Fund Balances:				
July 1, 2008	8,717,961	2,931,769	1,546,648	13,196,378
Prior period adjustment		71,226		71,226
July 1, 2008 as restated	<u>8,717,961</u>	<u>3,002,995</u>	<u>1,546,648</u>	<u>13,267,604</u>
Inc. (Dec.) in reserve for inventory			(8,029)	(8,029)
June 30, 2009	<u>\$ 9,330,881</u>	<u>3,736,385</u>	<u>1,605,134</u>	<u>14,672,380</u>

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2009

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 1,412,805
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$387,384 and the depreciation expense amounted to \$1,123,250.	(735,866)
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.	1,740,000
3. (Increase) decrease in compensated absence is reported as an expenditure in the governmental funds, but the payment reduces long-term liability in the Statement of Activities.	(1,196)
4. Gains and losses on the sale or disposal of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(3,628)
5. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	(29,794)
6. Payment of bond issue cost is reported as an expenditure in the governmental funds, but the payment is amortized in the Statement of Activities.	(4,476)
7. A decrease in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are increased in the statement of activities.	(8,029)
Change in Net Assets of Governmental Activities	\$ <u>2,369,816</u>

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2009

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 649	1,012,711
Total Assets	<u>649</u>	<u>1,012,711</u>
Liabilities		
Accounts payable and accrued liabilities		1,012,711
Total Liabilities		<u>1,012,711</u>
Net Assets		
Reserved for Endowments	649	
Total Net Assets	<u>\$ 649</u>	

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2009

Exhibit F

Additions

Interest earned \$ 22

Total Additions 22

Deductions

Scholarships awarded 22

Total Deductions 22

Change in Net Assets

Net Assets

July 1, 2008 649

June 30, 2009 \$ 649

The notes to the financial statements are an integral part of this statement.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

(1) Summary of Significant Accounting Policies.

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity.

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "other stand-alone government." The school district is a related organization of, but not a component unit of, the City of Oxford since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Oxford School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Basis of Presentation.

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Separate fund financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating funds. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

Local Building Fund - This fund accounts for revenues and expenditures to be used for future capital projects.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific expenditure purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

Agency Funds - Agency Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting.

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

E. Encumbrances.

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

F. Assets, liabilities, and net assets or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents.

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments.

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have a maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivable and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi, and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items.

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes.

6. Capital Assets.

Capital assets, which include property, plant, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the following table below and estimated useful lives in excess of two years.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details those thresholds.

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

7. Compensated Absences.

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources only if the payable has matured, for example, an employee retires.

8. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums.

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

9. Fund equity.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved classified as designated and undesignated.

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following are descriptions of fund reserves used by the district:

Reserved for inventory - An account that represents a portion of the fund balance which indicates that inventories do not represent available spendable resources even though they are a component of net current assets.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

Reserved for capital projects - An account that represents that portion of fund balance in the Capital Projects Fund which is legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for debt service - An account that represents that portion of fund balance in the Debt Service Fund which is legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for unemployment benefits - An account that represents a portion of the fund balance that is legally restricted for the payment of unemployment benefits.

Unreserved, undesignated - An account that represents the portion of fund balance that is expendable available financial resources.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates

(2) Cash and Cash Equivalents and Investments.

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$13,894,223 and \$1,013,360, respectively. The carrying amount of deposits reported in the government-wide statements was: cash and cash equivalents - \$13,894,223 and restricted assets - \$133,741. The restricted assets of \$133,741 represent the cash balance of the Investment in MAEP Debt, which is legally restricted and may not be used for purposes that support the district's programs. The bank balance was \$16,489,896.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2009, \$0 of the district's bank balance of \$16,489,896 was exposed to custodial credit risk.

Cash with Fiscal Agents.

The school district had no cash with fiscal agents held by financial institutions at June 30, 2009.

Investments.

As of June 30, 2009, the district had the following investments.

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treas. Sec. Money Market Fund	Less than 1	\$ 133,741	AAAm
Total Investments		<u>\$ 133,741</u>	

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. The Hancock Horizon Treasury Securities Money Market Fund investments are not backed by the full faith and credit of the federal government and are not FDIC insured.

(3) Inter-fund Receivable, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ <u>204,548</u>

Interfund loans were established to eliminate negative cash balances in pooled bank accounts while awaiting federal revenue reimbursements.

B. Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Local Building Fund	\$ 750,000
General Fund	Other Governmental Funds	345,763
Other Governmental Funds	General Fund	15,311
Other Governmental Funds	Other Governmental Funds	<u>74,342</u>
		\$ <u>1,185,416</u>

Interfund transfers were for budgetary purposes.

(4) Restricted Assets.

The restricted assets represent the cash balance of \$133,741 of the Investment in MAEP Debt which is legally restricted and may not be used for purposes that support the district's programs.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

(5) Capital Assets.

The following is a summary of changes in capital assets for governmental activities:

	Balance 7/1/2008	Additions	Retirements	Completed Construction	Adjustments	Balance 6/30/2009
<u>Non-depreciable capital assets:</u>						
Land	\$ 1,389,062					1,389,062
Construction in Progress	0					0
Total non-depreciable capital assets	<u>1,389,062</u>	<u>0</u>				<u>1,389,062</u>
<u>Depreciable capital assets:</u>						
Buildings	29,690,072	75,241				29,765,313
Building improvements	8,189,389					8,189,389
Improvements other than buildings	1,032,002					1,032,002
Mobile equipment	2,841,527	273,345	(35,700)			3,079,172
Leased property under capital lease	0					0
Furniture and equipment	<u>1,097,833</u>	<u>36,796</u>	<u>(5,800)</u>			<u>1,130,831</u>
Total depreciable capital assets	<u>42,850,823</u>	<u>387,384</u>	<u>(41,500)</u>		<u>0</u>	<u>43,196,707</u>
<u>Less accumulated depreciation for:</u>						
Buildings	5,192,591	555,700				5,748,291
Building improvements	3,712,715	274,059			(53,516)	3,933,258
Improvements other than buildings	414,259	41,281				455,540
Mobile equipment	1,668,782	205,496	(32,130)			1,842,148
Leased property under capital lease	0					0
Furniture and equipment	<u>855,267</u>	<u>46,714</u>	<u>(5,742)</u>			<u>896,239</u>
Total accumulated depreciation	<u>11,843,814</u>	<u>1,123,250</u>	<u>(37,872)</u>		<u>(53,516)</u>	<u>12,875,476</u>
Total depreciable capital assets, net	<u>31,007,209</u>	<u>(735,866)</u>	<u>(3,628)</u>		<u>53,516</u>	<u>30,321,231</u>
Governmental activities capital assets, net	<u>\$ 32,396,271</u>	<u>(735,866)</u>	<u>(3,628)</u>		<u>53,516</u>	<u>31,710,293</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 917,754
Support services	205,496
Non-instructional	0
Total depreciation expense	<u>\$ 1,123,250</u>

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

(6) Long-term liabilities.

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

Description	Balance			Amount due	
	7/1/2008	Additions	Reductions	6/30/2009	within one year
A. General obligation bonds payable	\$ 14,160,000		1,070,000	13,090,000	1,125,000
B. Limited obligations bonds payable	2,455,000		195,000	2,260,000	205,000
C. Three mill notes payable	5,845,000		475,000	5,370,000	495,000
D. Compensated absences payable	397,132	1,196		398,328	26,656
Total	\$ 22,857,132	1,196	1,740,000	21,118,328	1,851,656

A. General obligation bonds payable.

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General Obligation School Bonds, series 1998	4.5-6.25%	06-01-1998	06-01-2018	6,000,000	3,510,000
2. General Obligation School Bonds, series 1999	4.25-5.25%	05-01-1999	05-01-2019	2,000,000	1,340,000
3. General Obligation School Bonds, series 2004	4.15%	12-01-2004	12-01-2024	9,000,000	7,850,000
4. 2003 Refunding Bonds	2.79%	03-01-2004	03-01-2010	2,205,000	390,000
Total				\$ 19,205,000	13,090,000

Details of the district's June 30, 2009 general obligation bonded indebtedness are as follows:

1. Bond issue of June 1, 1998:

Year Ending	June 30		
	Principal	Interest	Total
2010	\$ 310,000	160,270	470,270
2011	330,000	145,700	475,700
2012	350,000	130,025	480,025
2013	370,000	113,400	483,400
2014	385,000	96,750	481,750
2015-2019	1,765,000	203,400	1,968,400
Total	\$ 3,510,000	849,545	4,359,545

This debt will be retired from the corresponding debt service fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

2. Bond issue of May 1, 1999:

Year Ending June 30	Principal	Interest	Total
2010	\$ 100,000	62,610	162,610
2011	120,000	58,235	178,235
2012	120,000	52,955	172,955
2013	125,000	47,555	172,555
2014	130,000	41,805	171,805
2015-2019	745,000	114,655	859,655
Total	<u>\$ 1,340,000</u>	<u>377,815</u>	<u>1,717,815</u>

This debt will be retired from the corresponding debt service fund.

3. Bond issue of December 1, 2004:

Year Ending June 30	Principal	Interest	Total
2010	\$ 325,000	308,049	633,049
2011	340,000	291,424	631,424
2012	360,000	273,924	633,924
2013	380,000	255,424	635,424
2014	400,000	238,674	638,674
2015-2019	2,330,000	959,402	3,289,402
2020-2024	3,015,000	452,504	3,467,504
2025-2029	700,000	14,000	714,000
Total	<u>\$ 7,850,000</u>	<u>2,793,401</u>	<u>10,643,401</u>

This debt will be retired from the corresponding debt service fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

4. Bond issue of March 1, 2004:

Year Ending June 30	Principal	Interest	Total
2010	\$ 390,000	5,441	395,441
Total	<u>\$ 390,000</u>	<u>5,441</u>	<u>395,441</u>

This debt will be retired from the corresponding debt service fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2010	\$ 1,125,000	536,370	1,661,370
2011	790,000	495,359	1,285,359
2012	830,000	456,904	1,286,904
2013	875,000	416,379	1,291,379
2014	915,000	377,229	1,292,229
2015-2019	4,840,000	1,277,457	6,117,457
2020-2024	3,015,000	452,504	3,467,504
2025-2029	700,000	14,000	714,000
Total	<u>\$ 13,090,000</u>	<u>4,026,202</u>	<u>17,116,202</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2009, the amount of outstanding bonded indebtedness was equal to 5.6% of property assessments as of October 1, 2008.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

B. Limited obligation bonds payable.

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district. Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement, series 1998	4.5-6%	06-01-1998	06-01-2018	\$ 3,630,000	2,260,000
Total				<u>\$ 3,630,000</u>	<u>2,260,000</u>

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2010	\$ 205,000	104,379	309,379
2011	215,000	94,949	309,949
2012	225,000	85,005	310,005
2013	235,000	74,318	309,318
2014	250,000	63,038	313,038
2015-2019	1,130,000	130,500	1,260,500
Total	<u>\$ 2,260,000</u>	<u>552,189</u>	<u>2,812,189</u>

This debt will be retired from the MAEP Debt Retirement Fund.

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage as imposed by state law.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

C. Three mill notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three Mill - 10 Year Note	5.70%	06-01-2001	06-01-2011	\$ 1,700,000	420,000
2. Three Mill Limited Tax Note	3.5-5%	12-14-2006	12-14-2022	5,500,000	4,950,000
Total				<u>\$ 7,200,000</u>	<u>5,370,000</u>

Details of the district's June 30, 2009 three mill notes payable are as follows:

1. Three mill notes payable issued June 1, 2001:

Year Ending June 30	Principal	Interest	Total
2010	\$ 205,000	16,800	221,800
2011	215,000	8,600	223,600
Total	<u>\$ 420,000</u>	<u>25,400</u>	<u>445,400</u>

This debt will be retired from the Three Mill Levy Retirement Funds.

2. Three mill notes payable issued December 14, 2006:

Year Ending June 30	Principal	Interest	Total
2010	\$ 290,000	189,430	479,430
2011	305,000	174,555	479,555
2012	315,000	159,055	474,055
2013	330,000	142,930	472,930
2014	345,000	126,228	471,228
2015-2019	1,970,000	322,629	2,292,629
2020-2024	1,395,000	74,639	1,469,639
Total	<u>\$ 4,950,000</u>	<u>1,189,466</u>	<u>6,139,466</u>

This debt will be retired from the Three Mill Levy Retirement Funds.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2010	\$ 495,000	206,230	701,230
2011	520,000	183,155	703,155
2012	315,000	159,055	474,055
2013	330,000	142,930	472,930
2014	345,000	126,228	471,228
2015-2019	1,970,000	322,629	2,292,629
2020-2024	1,395,000	74,639	1,469,639
Total	\$ 5,370,000	1,214,866	6,584,866

D. Compensated absences payable.

As more fully explained in Note 1(F)7, compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

(7) Defined Benefit Pension Plan.

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2009 was 11.85% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2009, 2008 and 2007 were \$2,278,051, \$1,981,467 and \$1,737,423, respectively, which equaled the required contributions for each year.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

(8) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit B – Statement of Activities

Explanation	Amount
Retainage payable was recorded in the prior year, but no construction in progress was recorded. The result was an overstatement of expenditures in the prior year.	\$ 71,226
Depreciation was recorded on assets that were fully depreciated. The result was an overstatement of depreciation expense in the prior year.	53,516
Total	<u>\$ 124,742</u>

Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balance

Explanation	Amount
Retainage payable was recorded in the prior year, but no construction in progress was recorded. The result was an overstatement of expenditures in the prior year applicable to the Local Building Fund.	\$ 71,226

(9) Contingencies.

Litigation.

The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

(10) Risk Management.

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool.

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 72 school districts and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2009

[continue]

member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

(11) Vocational Technical Consortium

The school district entered into a Vocation Educational Agreement dated July 30, 2001, creating the Oxford / Lafayette County Vocational Technical Consortium. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Oxford School District and the Lafayette County School District. Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education consortium. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Lafayette County School District has been designated as the fiscal agent for the Oxford / Lafayette County Vocational Technical Center, and the operations of the consortium are included in its financial statements.

(12) Insurance loss recoveries.

The Oxford School District received \$7,965 in insurance loss recoveries related to damages to buses during the 2008-2009 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as Charges for Services and allocated among the expenditure functions based on uses of space in average school buildings as follows:

Insurance Loss Recoveries	Allocated to:
\$ 7,965	Non-instructional
<u>\$ 7,965</u>	<u>Total</u>

(13) Subsequent Events.

On July 15, 2009, the district issued the 2009A State Aid Capital Improvement Refunding Bonds, in the amount of \$2,335,000, at an interest rate of 2.8715%, which mature in June, 2018.

On July 15, 2009, the district also issued the 2009B General Obligation Refunding Bonds, in the amount of \$5,015,000, at an interest rate of 3.2577%, which mature in June, 2019.

OXFORD SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

OXFORD SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2009

Schedule 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 14,675,716	14,280,967	14,280,967	(394,749)	0
Intermediate sources		1,500	1,500	1,500	0
State sources	14,673,336	14,242,187	14,242,187	(431,149)	0
Federal sources	141,708	188,338	188,338	46,630	0
Total Revenues	<u>29,490,760</u>	<u>28,712,992</u>	<u>28,712,992</u>	<u>(777,768)</u>	<u>0</u>
Expenditures:					
Instruction	18,625,724	17,595,322	17,595,322	1,030,402	0
Support services	9,726,820	9,055,150	9,055,150	671,670	0
Noninstructional services	285,985	302,879	302,879	(16,894)	0
Facilities acquisition and construction	1,288,544	75,241	75,241	1,213,303	0
Debt service:				0	0
Principal				0	0
Total Expenditures	<u>29,927,073</u>	<u>27,028,592</u>	<u>27,028,592</u>	<u>2,898,481</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(436,313)</u>	<u>1,684,400</u>	<u>1,684,400</u>	<u>2,120,713</u>	<u>0</u>
Other Financing Sources (Uses):					
Insurance Loss Recoveries		7,965	7,965	7,965	0
Sale of Transportation Equipment		987	987	987	0
Operating transfers in	9,700	15,311	15,311	5,611	0
Operating transfers out	(333,411)	(1,095,763)	(1,095,763)	(762,352)	0
Total Other Financing Sources (Uses)	<u>(323,711)</u>	<u>(1,071,500)</u>	<u>(1,071,500)</u>	<u>(747,789)</u>	<u>0</u>
Net Change in Fund Balances	<u>(760,024)</u>	<u>612,900</u>	<u>612,900</u>	<u>1,372,924</u>	<u>0</u>
Fund Balances:					
July 1, 2008	<u>8,717,961</u>	<u>8,717,961</u>	<u>8,717,961</u>	<u>0</u>	<u>0</u>
June 30, 2009	<u>\$ 7,957,937</u>	<u>9,330,861</u>	<u>9,330,861</u>	<u>1,372,924</u>	<u>0</u>

The notes to the required supplementary information are an integral part of this statement

OXFORD SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2009

Budgetary Comparison Schedule

(1) Basis of Presentation.

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and revisions.

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the general fund consistent with accounting principles generally accepted in the United States of America.

OXFORD SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child Nutrition cluster:		
School breakfast program	10.553	389,219
National school lunch program	10.555	705,297
Summer food service program for children	10.559	49,862
Total child nutrition cluster		<u>1,144,378</u>
Total U. S. Department of Agriculture		<u>1,144,378</u>
<u>U.S. Department of Defense</u>		
Direct Program		
Reserve Officers' Training Corps	12.XXX	55,079
Total U.S. Department of Defense		<u>55,079</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	519,121
Safe and drug-free school and communities - state grants	84.186	12,340
State grants for innovative programs	84.296	3,847
Education technology state grants	84.318	5,888
Teacher quality partnership grants	84.336	500
English language acquisition grants	84.365	16,723
Improving teacher quality - state grants	84.367	162,121
Total		<u>720,540</u>
Special education cluster:		
Special education - grant to states	84.027	714,132
Special education - preschool grants	84.173	22,066
Total		<u>736,198</u>
Total passed-through Mississippi Department of Education		<u>1,456,738</u>
Total U. S. Department of Education		<u>1,456,738</u>
<u>Federal Communications Commission</u>		
Administered-through Universal Service Administrative Company:		
The schools and libraries program of the Universal Service Fund	32.XXX	16,412
Total Federal Communications Commission		<u>16,412</u>
Total for All Federal Awards		\$ <u>2,672,607</u>

NOTES TO SCHEDULE

- 1 This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements
- 2 The expenditure amounts include transfers out.
- 3 The pass-through entities did not assign identifying numbers to the school district

OXFORD SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2009

Expenditures	Total	Instruction and Other		
		Student Instructional Expenditures	General Administrative	School Administrative Other
Salaries and fringe benefits	\$ 24,428,211	18,862,060	904,040	1,457,687
Other	9,175,303	2,473,603	223,083	35,176
Total	\$ 33,603,514	21,335,663	1,127,123	1,492,863
Total number of students*	3343			
Cost per student	\$ 10,052	6,382	337	447
				2,886

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and Other Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type. (All the 1000, 2100 & 2200 functional codes)

General Administration - includes expenditures for the following functions: Support Services - General Administration (2300s); and Support Services - Business (2500s)

School Administration - includes expenditures for the following function: Support Services - School Administration (2400s)

Other - includes all expenditure functions not included in Instruction or Administration Categories

* Includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year.

OXFORD SCHOOL DISTRICT
OTHER SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

Unaudited

	2009	2008*	2007*	2006*
Revenues:				
Local sources	\$ 14,280,967	13,248,051	11,981,298	10,602,066
Intermediate sources	1,500	2,999		
State sources	14,242,187	13,914,625	12,739,602	11,882,426
Federal sources	188,338	220,679	228,754	218,715
Total Revenues	<u>28,712,992</u>	<u>27,386,354</u>	<u>24,947,654</u>	<u>22,701,207</u>
Expenditures:				
Instruction	17,595,322	16,408,040	14,454,771	13,593,010
Support services	9,055,150	8,708,106	7,525,870	6,682,749
Noninstructional services	302,879	118,249	120,564	47,490
Facilities acquisition and construction	75,241	72,550	412,631	540,359
Debt service:				
Interest				1,922
Total Expenditures	<u>27,028,592</u>	<u>25,306,945</u>	<u>22,513,836</u>	<u>20,865,530</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,684,400</u>	<u>2,079,409</u>	<u>2,433,818</u>	<u>1,835,677</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	7,965	34,008	4,612	190,940
Sale of transportation equipment		866		
Sale of other property	987	8,636	2,739	
Operating transfers in	15,311		22,701	14,674
Operating transfers out	(1,095,763)	(1,143,618)	(2,149,353)	(1,616,339)
Total Other Financing Sources (Uses)	<u>(1,071,500)</u>	<u>(1,100,108)</u>	<u>(2,119,301)</u>	<u>(1,410,725)</u>
Net Change in Fund Balances	<u>612,900</u>	<u>979,301</u>	<u>314,517</u>	<u>424,952</u>
Fund Balances:				
July 1	<u>8,717,961</u>	<u>7,738,660</u>	<u>7,691,825</u>	<u>7,266,673</u>
Prior period adjustment			(267,662)	
June 30	<u>\$ 9,330,861</u>	<u>8,717,961</u>	<u>7,738,660</u>	<u>7,691,625</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

OXFORD SCHOOL DISTRICT
Unaudited
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

	2009	2008*	2007*	2006*
Revenues:				
Local sources	\$ 17,337,763	16,420,872	14,700,073	13,636,190
Intermediate sources	1,500	2,999		
State sources	14,879,150	14,698,822	13,392,448	12,547,010
Federal sources	2,788,954	2,846,202	3,055,486	3,198,729
Sixteenth section sources				
Total Revenues	<u>36,007,367</u>	<u>33,968,895</u>	<u>31,148,007</u>	<u>29,361,929</u>
Expenditures:				
Instruction	19,025,641	18,665,719	16,256,497	15,517,492
Support services	10,113,389	9,803,260	8,580,449	7,609,049
Noninstructional services	1,713,153	1,645,633	1,463,897	1,363,319
Facilities acquisition and construction	75,241	767,626	10,516,264	3,625,806
Debt service:				
Principal	1,740,000	1,670,000	1,335,000	1,281,922
Interest	922,938	1,099,522	839,176	1,084,830
Other	13,152	13,630	46,451	11,484
Total Expenditures	<u>33,603,514</u>	<u>33,685,390</u>	<u>39,037,754</u>	<u>30,693,804</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,403,853</u>	<u>303,505</u>	<u>(7,889,747)</u>	<u>(1,311,975)</u>
Other Financing Sources (Uses):				
Proceeds of general obligation bonds			5,500,000	
Inception of capital leases				
Insurance loss recoveries	7,965	34,008	4,612	190,940
Sale of transportation equipment		866		
Sale of other property	987	8,636	2,739	
Operating transfers in	1,165,416	1,237,029	2,261,284	1,731,379
Other financing sources				
Operating transfers out	(1,165,416)	(1,237,029)	(2,261,284)	(1,731,379)
Payment to refunded bond escrow agent				
Other financing uses				
Total Other Financing Sources (Uses)	<u>8,952</u>	<u>43,510</u>	<u>5,507,351</u>	<u>190,940</u>
Net Change in Fund Balances	<u>1,412,805</u>	<u>347,015</u>	<u>(2,382,396)</u>	<u>(1,121,035)</u>
Fund Balances:				
July 1	13,196,378	12,851,383	15,495,749	16,620,012
Prior period adjustments	71,226		(267,662)	
July 1, as restated	<u>13,267,604</u>	<u>12,851,383</u>	<u>15,228,087</u>	<u>16,620,012</u>
Increase (Decrease) in reserve for inventory	<u>(8,029)</u>	<u>(2,020)</u>	<u>5,712</u>	<u>(3,228)</u>
June 30	<u>\$ 14,672,380</u>	<u>13,196,378</u>	<u>12,851,383</u>	<u>15,495,749</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

OXFORD SCHOOL DISTRICT

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



WATKINS, WARD and STAFFORD

**Professional Limited Liability Company
Certified Public Accountants**

327 West Main St. P.O. Drawer 268
Phone (662) 447-3200

Okolona, MS 38860
Fax (662) 447-3362

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Aubrey R. Holder, CPA
Michael W. McCully, CPA
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Anita L. Goodrum, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Superintendent and School Board
Oxford School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2009, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated August 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 09-01 and 09-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above in Finding 09-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Oxford School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Oxford School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Okolona, Mississippi
August 18, 2010

Watkins, Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

327 West Main St. P.O. Drawer 268 Okolona, MS 38860
Phone (662) 447-3200 Fax (662) 447-3362

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Aubrey R. Holder, CPA
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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board
Oxford School District

Compliance

We have audited the compliance of the Oxford School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The school district's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the school district's compliance with those requirements.

In our opinion, Oxford School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Oxford School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the school board and management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Okolona, Mississippi
August 18, 2010

Watkins, Ward and Stafford, PLLC

OXFORD SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



WATKINS, WARD and STAFFORD

Professional Limited Liability Company
Certified Public Accountants

327 West Main St. P.O. Drawer 268 Okolona, MS 38860
Phone (662) 447-3200 Fax (662) 447-3362

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Oxford School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2009, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated August 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds". As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$4,877 of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Okolona, Mississippi
August 18, 2010

Watkins, Ward and Stafford, PLLC

OXFORD SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Material noncompliance relating to the financial statements? | No |
| 3. | Internal control over financial reporting: | |
| a. | Material weakness(es) identified? | Yes |
| b. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | | | |
|-----|---|-------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 6. | Any audit finding(s) reported as required by Section __.510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| a. | Child Nutrition Cluster
CFDA # 10.553
CFDA # 10.555
CFDA # 10.559 | |
| b. | Special Education Cluster
CFDA # 84.027
CFDA # 84.173 | |
| c. | Title I
CFDA # 84.010 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____315(b) of OMB Circular A-133? | Yes |

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section 2: Financial Statement Findings

Significant deficiencies considered to be material weaknesses

Finding 09-01 Condition

Controls surrounding segregation of duties should be strengthened.

Criteria

Management is responsible for establishing a proper internal control system to insure strong financial accountability and safeguarding of assets.

Cause of condition

It was noted that the Business Manager performed or had the ability to perform the following functions:

- Prepared deposit slips
- Transported deposits to the banking institution
- Posted receipts to the general ledger
- Performed the monthly bank reconciliations
- Prepared monthly financial reports

Effect of condition

Without proper segregation of duties, the risk is increased that unauthorized or inappropriate transactions could be processed.

Recommendation

We recommend that the District implement a proper internal control system that eliminates the business manager's ability to perform all of the above mentioned functions.

Auditee Response

As of June 30, 2009, the District had strengthened its segregation of duties to insure that the business manager is not performing all of the above mentioned functions.

Significant deficiencies not considered to be material weaknesses

Finding 09-02 Condition

It was noted that three outside organizations opened bank accounts using the school district's federal tax identification number without the permission of the school district. This is a repeat finding.

Criteria

Proper internal controls need to be in place in order to detect the unauthorized use of the district's federal tax identification number.

Cause of condition

Due to a lack of proper internal controls, three outside organizations were able to open bank accounts using the school district's federal tax identification number.

Effect of condition

Without proper controls being in place to account for all bank accounts using the district's federal tax identification number, the district increases the risk that cash collected from students that should be recorded as activity funds could be diverted to outside organizations or individuals.

Recommendation

We recommend that management implement internal controls to periodically check with local banking institutions to insure that no unauthorized accounts have been opened using the district's federal tax identification number.

Auditee Response

As of June 30, 2009, the district's business manager will reconcile the treasury report and contact the local bank if any unauthorized accounts are opened using the district's federal tax identification number.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

OXFORD SCHOOL DISTRICT

SUMMARY OF PRIOR AUDIT FINDINGS

OXFORD SCHOOL DISTRICT
Summary of Prior Year Audit Findings – Federal Programs
FYE 6/30/09

Finding 08-04 Program: Child Nutrition Cluster; Passed-through Mississippi Department of Education
CFDA #s 10.553, 10.555 and 10.559

Compliance requirement: Activities Allowed or Unallowed; Allowable Costs/Cost Principles

During our test of 15 expenditures from the Child Nutrition Cluster, we noted eight invoices which were not signed by the Child Nutrition Director indicating that the goods had been received or service had been rendered, thus authorizing payment. Also, there was no signed purchase order for two of these expenditures.

Corrective Action Taken

As of 4/21/09, all invoices submitted to the business office for payment from the Child Nutrition Department have been assigned PO numbers and require the signature of the Child Nutrition Director prior to payment.

Finding 08-05 Program: Child Nutrition Cluster; Passed-through Mississippi Department of Education
CFDA #s 10.553, 10.555 and 10.559

Compliance requirement: Program Income

During our test of internal controls over the Child Nutrition program, we noted discrepancies in the calculated potential food service revenues recorded by the school district. Using the monthly claim forms, we noted that adult sales and extra food sales were being recorded as children's lunch sales. We also noted that \$14,653 of prepaid children's meal were reported as revenue.

Corrective Action Taken

As of 5/5/09, the Child Nutrition Director receives a monthly report that breaks down the revenue concerning adult sales, children sales and extra food sales.

Finding 08-06 Program: Child Nutrition Cluster; Passed-through Mississippi Department of Education
CFDA #s 10.553, 10.555 and 10.559

Compliance requirement: Eligibility

During the test of child nutrition free and reduced price meal applications, it was noted that 17 applications were incomplete as to the student's name or required income information.

Corrective Action Taken

As of 4/6/09, the child nutrition department staff was retrained on how to properly process applications and verify the results of each application through Lunchbox.

Finding 08-07 Program: Child Nutrition Cluster; Passed-through Mississippi Department of Education
CFDA #s 10.553, 10.555 and 10.559

Compliance requirement: Special Tests and Provisions

During our audit of the district's procedures surrounding the verification of eligibility for free and reduced price meals, it was noted that the district did not use the proper sampling method. This resulted in an incorrect number of applications being verified.

Corrective Action Taken

As of 6/2/09, the Child Nutrition Director now checks the gains and losses report within SASI to insure that the correct number of applications are being verified.

Finding 08-08 Program: Child Nutrition Cluster; Passed-through Mississippi Department of Education
CFDA #s 10.553, 10.555 and 10.559

Compliance requirement: Activities Allowed or Unallowed

During our audit of the completion of the food production record, it was determined that the manager at Della Davidson Elementary School had not completed the food production record for 50 days.

Corrective Action Taken

As of 4/1/09, the Child Nutrition Director began checking production records every two weeks to insure that each school is completing the required food production records.

Finding 08-09 Program: Child Nutrition Cluster; Passed-through Mississippi Department of Education
CFDA #s 10.553, 10.555 and 10.559

Compliance requirement: Program Income

During our test of the Child Nutrition Program revenue, it was determined that persons who were not on the food service payroll were allowed to receive meals without paying.

Corrective Action Taken

On 4/7/09, Managers were informed that under no circumstances will meals be served to non-cafeteria staff for free. This is to be followed even if a non-cafeteria person provides service to or for the cafeteria.