

OXFORD SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2008

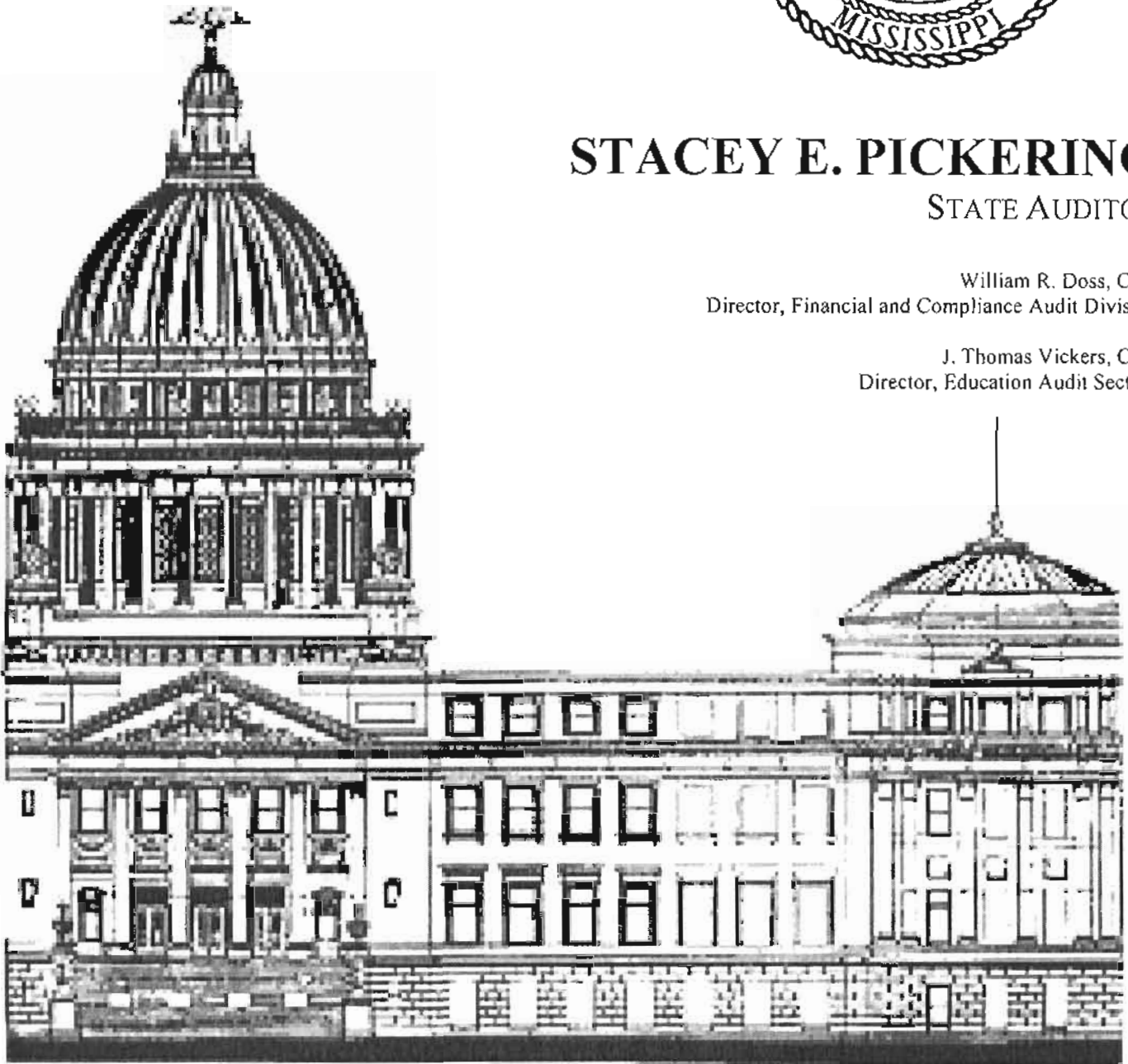


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

J. Thomas Vickers, CPA
Director, Education Audit Section



A Report from the Education Audit Section

www.osa.state.ms.us

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

OXFORD SCHOOL DISTRICT

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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, 2008, 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, 2008, 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 March 23, 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.

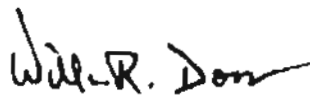
The Management's Discussion and Analysis on pages 7 through 15 and the Budgetary Comparison Schedules and corresponding notes on pages 47 through 49 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental 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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

March 23, 2010

OXFORD SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

The discussion and analysis of the Oxford School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the financial statements and the notes to the basic 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 for 2008 increased by \$2,302,998, which represents a 11.26% increase from fiscal year 2007. Total net assets for 2007 increased \$2,469,283, which represents a 13.73% increase from fiscal year 2006.
- General revenues amounted to \$29,671,201 and \$26,581,484, or 87.24% and 85.33% of all revenues for fiscal years 2008 and 2007, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,341,204, or 12.76% of total revenues for 2008 and \$4,571,135, or 14.67% of total revenues for 2007.
- The District had \$31,709,407 and \$28,415,654 in expenses for years 2008 and 2007; only \$4,341,204 for 2008 and \$4,571,135 for 2007 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$29,671,201 for 2008 and \$26,581,484 for 2007 were adequate to provide for these programs.
- Among major funds, the General Fund had \$27,386,354 in revenues and \$25,306,945 in expenditures for 2008, and \$24,947,654 in revenues and \$22,513,836 in expenditures in 2007. The General Fund's fund balance increased by \$979,301 from 2007 to 2008, and increased by \$46,835, including a prior period adjustment of (\$267,682), from 2006 to 2007.
- Capital assets, net of accumulated depreciation, increased by \$125,262 for 2008 and increased by \$9,612,409 for 2007.
- Long-term debt decreased by \$1,650,754 for 2008 and increased by \$4,375,998 for 2007. The liability for compensated absences increased by \$19,246 for 2008 and increased by \$210,998 for 2007.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental 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.

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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 and interest and other expenses on long-term liabilities.

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.

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.

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.

Notes to the financial statements. The notes provide additional information that is essential to have a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental 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 and each major special revenue fund.

Additionally, a Schedule of Expenditures of Federal Awards as 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 Statements 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.

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$22,754,286 as of June 30, 2008.

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. \$10,003,092 of the District's net assets (43.96%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, building improvements, improvements other than buildings, mobile equipment and 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. \$1,498,596 of the District's net assets (6.59%) reflects its restricted net assets. A portion of the restricted net assets is expendable for school based activities, debt service and unemployment benefits. \$11,252,598 of the District's net assets (49.45%) 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 I presents a summary of the District's net assets for the fiscal year ended June 30, 2008 and June 30, 2007.

**Table I
Condensed Statement of Net Assets**

	June 30, 2008	June 30, 2007	Percentage Change
Current assets	\$ 13,719,338	13,810,065	(0.66) %
Restricted assets	115,279		
Capital assets, net	32,396,271	32,271,009	0.39 %
Total assets	46,230,888	46,081,074	0.33 %
Current liabilities	619,470	1,121,900	(44.78) %
Long-term debt outstanding	22,857,132	24,507,886	(6.74) %
Total liabilities	23,476,602	25,629,786	(8.40) %
Net assets:			
Invested in capital assets, net of related debt	10,003,092	8,141,009	22.87 %
Restricted	1,498,596	5,112,723	(70.69) %
Unrestricted	11,252,598	7,197,556	56.34 %
Total net assets	\$ 22,754,286	20,451,288	11.26 %

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 decreased from the previous fiscal year due primarily to a decrease in amounts restricted for capital improvements.
- Unrestricted net assets increased from the previous fiscal year due primarily to the increase in the fund balance of the General Fund.

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008 and June 30, 2007 were \$34,012,405 and \$31,152,619, respectively. The total cost of all programs and services was \$31,709,407 for 2008 and \$28,415,654 for 2007. Table 2 presents a summary of the changes in net assets for the fiscal year ended June 30, 2008 and June 30, 2007.

Table 2
Change(s) in Net Assets

	Year Ended June 30, 2008	Year Ended June 30, 2007	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,161,825	1,119,477	3.78 %
Operating grants and contributions	3,078,359	3,350,686	(8.13) %
Capital Grants and Contributions	101,020	100,972	0.05 %
General revenues:			
Property taxes	14,607,022	13,042,855	11.99 %
Grants and contributions not restricted	14,365,646	12,993,322	10.56 %
Investment earnings	597,368	405,854	47.19 %
Other	101,165	139,453	(27.46) %
Total revenues	<u>34,012,405</u>	<u>31,152,619</u>	9.18 %
Expenses:			
Instruction	19,397,409	17,121,187	13.29 %
Support services	9,728,411	8,804,723	10.49 %
Non-instructional	1,652,422	1,483,430	11.39 %
Interest and other expenses on long-term liabilities	931,165	1,006,314	(7.47) %
Total expenses	<u>31,709,407</u>	<u>28,415,654</u>	11.59 %
Increase in net assets	<u>2,302,998</u>	<u>2,736,965</u>	(15.86) %
Net Assets, July 1	<u>20,451,288</u>	<u>17,982,005</u>	13.73 %
Prior Period Adjustment(s)		(267,682)	(100.00) %
Net Assets Restated, July 1	<u>20,451,288</u>	<u>17,714,323</u>	15.45 %
Net Assets, June 30	<u>\$ 22,754,286</u>	<u>20,451,288</u>	11.26 %

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

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Governmental activities. The following table presents the cost of four major District functional activities: instruction, support services, non-instructional and interest and other expenses on long-term liabilities. 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

	Total Expenses		Percentage Change
	2008	2007	
Instruction	\$ 19,397,409	17,121,187	13.29 %
Support services	9,728,411	8,804,723	10.49 %
Non-instructional	1,652,422	1,483,430	11.39 %
Interest and other expenses on long-term liabilities	931,165	1,006,314	(7.47) %
Total Expenses	\$ 31,709,407	28,415,654	11.59 %

	Net (Expense) Revenue		Percentage Change
	2008	2007	
Instruction	\$ (17,273,431)	(14,881,477)	(16.07) %
Support services	(8,855,986)	(7,818,600)	(13.27) %
Non-instructional	(307,621)	(138,128)	(122.71) %
Interest and other expense on long-term liabilities	(931,165)	(1,006,314)	7.47 %
Total Net (Expense) Revenue	\$ (27,368,203)	(23,844,519)	(14.78) %

- Net cost of governmental activities, (\$27,368,203 and \$23,844,519) was financed by general revenue, which is made up of primarily property taxes of (\$14,607,022 for 2008 and \$13,042,855 for 2007) and state and federal revenues of (\$14,365,646 for 2008 and \$12,993,322 for 2007).
- Investment earnings amounted to \$597,368 for 2008 and \$405,854 for 2007.

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 fiscal year June 30, 2008, its governmental funds reported a combined fund balance of \$13,196,378. The net change in fund balance for the fiscal year was an increase of \$344,995, which includes the decrease in the reserve for inventory of \$2,020. \$11,921,839 or 90.34%, of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$1,274,539 or 9.66% is reserved or designated to indicate that it is not available for spending because it has already been committed.

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$979,301. The fund balance of the Other Governmental Funds showed a decrease in the amount of \$524,827. The other decreases in the fund balance for the other major funds were as follows:

Major Fund	Increase (Decrease)
Child Nutrition Fund	\$ (17,178)
Local Building Fund	\$ (92,301)

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each major special revenue funds is provided in this report as required supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District's total capital assets, before depreciation, were \$44,239,885, including land, construction in progress, buildings, building improvements, improvements other than buildings, mobile equipment and furniture and equipment. This amount represents a gross increase of \$1,236,342 from the previous year. Total depreciation expense for the year was \$1,151,594. Total accumulated depreciation as of June 30, 2008 was \$11,843,614, resulting in total net capital assets of \$32,396,271.

Table 4
Capital Assets

	Capital Assets, Net of Depreciation		Percentage Change
	June 30, 2008	June 30, 2007	
Land	\$ 1,389,062	1,389,062	0.00 %
Construction in Progress		10,715,815	(100.00) %
Buildings	24,497,481	13,675,301	79.14 %
Building improvements	4,476,674	4,804,250	(6.82) %
Improvements other than buildings	617,743	551,958	11.92 %
Mobile equipment	1,172,745	1,091,860	7.41 %
Furniture and equipment	242,566	42,763	467.23 %
Total	\$ 32,396,271	32,271,009	0.39 %

Debt Administration. At June 30, 2008, the District had \$22,460,000 in general obligation bonds and other long-term debt outstanding, of which \$1,740,000 is due within one year. The liability for compensated absences was \$397,132, an increase of \$19,246 from the prior year.

Table 5
Outstanding Long-Term Debt

	Outstanding Long-term Debt		Percentage Change
	June 30, 2008	June 30, 2007	
General obligation bonds payable	\$ 14,160,000	15,190,000	(6.78) %
Limited obligation bonds payable	2,455,000	2,640,000	(7.01) %
Three mill notes payable	5,845,000	6,300,000	(7.22) %
Compensated absences payable	397,132	377,886	5.09 %
Total	\$ 22,857,132	24,507,886	(6.74) %

**OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

CURRENT ISSUES

The Oxford School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. In addition, the District's system of financial planning, budgeting and internal financial controls are 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, MS 38655.

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OXFORD SCHOOL DISTRICT

FINANCIAL STATEMENTS

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 12,842,820
Restricted assets	115,279
Due from other governments	774,912
Inventories	34,785
Deferred charges	66,821
Capital assets, non-depreciable:	
Land	1,389,062
Capital assets, net of accumulated depreciation:	
Buildings	24,497,481
Building improvements	4,476,674
Improvements other than buildings	617,743
Mobile equipment	1,172,745
Furniture and equipment	242,566
Total Assets	46,230,888
Liabilities	
Accounts payable and accrued liabilities	550,877
Unearned revenue	20,541
Interest payable on long-term liabilities	48,052
Long-term liabilities, due within one year	
Capital related liabilities	1,740,000
Non-capital related liabilities	28,367
Long-term liabilities, due beyond one year	
Capital related liabilities	20,720,000
Non-capital related liabilities	368,765
Total Liabilities	23,476,602
Net Assets	
Invested in capital assets, net of related debt	10,003,092
Restricted net assets:	
Expendable:	
School-based activities	306,894
Debt service	1,129,706
Unemployment benefits	61,996
Unrestricted	11,252,598
Total Net Assets	\$ 22,754,286

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, 2008

Exhibit B

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 19,397,409	803,200	1,320,778		(17,273,431)
Support services	9,728,411	6,802	764,603	101,020	(8,855,986)
Non-instructional	1,652,422	351,823	992,978		(307,621)
Interest on long-term liabilities	931,165				(931,165)
Total Governmental Activities	\$ 31,709,407	1,161,825	3,078,359	101,020	(27,368,203)
General Revenues:					
Taxes:					
General purpose levies					12,099,397
Debt purpose levies					2,507,625
Unrestricted grants and contribution					
State					14,197,600
Federal					168,046
Unrestricted investment earnings					597,368
Other					101,165
Total General Revenues					29,671,201
Change in Net Assets					2,302,998
Net Assets - Beginning					20,451,288
Net Assets - Ending					\$ 22,754,286

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

OXFORD SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2008

Exhibit C

	Major Funds				
	General Fund	Child Nutrition Fund	Local Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,382,144	188,863	3,022,995	1,248,818	12,842,820
Investments				115,279	115,279
Due from other governments	406,170	5,318		363,424	774,912
Due from other funds	358,219				358,219
Inventories		34,785			34,785
Total Assets	\$ 9,146,533	228,966	3,022,995	1,727,521	14,126,015
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 428,572	3,126	91,226	27,953	550,877
Due to other funds		186,500		171,719	358,219
Unearned revenue		14,653		5,888	20,541
Total Liabilities	428,572	204,279	91,226	205,560	929,637
Fund Balances:					
Reserved for:					
Inventory		34,785			34,785
Debt service				1,177,758	1,177,758
Unemployment benefits				61,996	61,996
Unreserved for:					
Undesignated, reported in:					
General Fund	8,717,961				8,717,961
Special Revenue Funds		(10,098)		282,207	272,109
Capital Project Funds			2,931,769		2,931,769
Total Fund Balances	8,717,961	24,687	2,931,769	1,521,961	13,196,378
Total Liabilities and Fund Balances	\$ 9,146,533	228,966	3,022,995	1,727,521	14,126,015

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, 2008

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 13,196,378
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 \$11,843,614.	32,396,271
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(22,857,132)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	(48,052)
4. Governmental funds focus on increases and decreases in current financial resources and deferred charges are not current financial resources so are not reflected in the funds.	<u>66,821</u>
Total Net Assets - Governmental Activities	\$ <u>22,754,286</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, 2008

Exhibit D

	Major Funds			Other	Total
	General	Child Nutrition	Local Building	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Revenues:					
Local sources	\$ 13,248,051	350,728	4,450	2,817,643	16,420,872
Intermediate sources	2,999				2,999
State sources	13,914,625	28,005		756,192	14,698,822
Federal sources	220,679	976,606		1,648,917	2,846,202
Total Revenues	<u>27,386,354</u>	<u>1,355,339</u>	<u>4,450</u>	<u>5,222,752</u>	<u>33,968,895</u>
Expenditures:					
Instruction	16,408,040		150,769	2,106,910	18,665,719
Support services	8,708,106	105,301	55,444	934,409	9,803,260
Noninstructional services	118,249	1,405,150		122,234	1,645,633
Facilities acquisition and construction	72,550		525,069	170,007	767,626
Debt service:					
Principal				1,670,000	1,670,000
Interest				1,099,522	1,099,522
Other				13,630	13,630
Total Expenditures	<u>25,306,945</u>	<u>1,510,451</u>	<u>731,282</u>	<u>6,116,712</u>	<u>33,665,390</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,079,409</u>	<u>(155,112)</u>	<u>(726,832)</u>	<u>(893,960)</u>	<u>303,505</u>
Other Financing Sources (Uses):					
Insurance loss recoveries	34,008				34,008
Sale of transportation equipment	866				866
Sale of other property	8,636				8,636
Operating transfers in		139,954	634,531	462,544	1,237,029
Operating transfers out	<u>(1,143,618)</u>			<u>(93,411)</u>	<u>(1,237,029)</u>
Total Other Financing Sources (Uses)	<u>(1,100,108)</u>	<u>139,954</u>	<u>634,531</u>	<u>369,133</u>	<u>43,510</u>
Net Change in Fund Balances	<u>979,301</u>	<u>(15,158)</u>	<u>(92,301)</u>	<u>(524,827)</u>	<u>347,015</u>
Fund Balances:					
July 1, 2007	<u>7,738,660</u>	<u>41,865</u>	<u>3,024,070</u>	<u>2,046,788</u>	<u>12,851,383</u>
Decrease in reserve for inventory		<u>(2,020)</u>			<u>(2,020)</u>
June 30, 2008	<u>\$ 8,717,961</u>	<u>24,687</u>	<u>2,931,769</u>	<u>1,521,961</u>	<u>13,196,378</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, 2008

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 347,015
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 asset purchases and construction in progress amounted to \$1,280,612 and the depreciation expense amounted to \$1,151,594.	129,018
2. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	(4,476)
3. 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 Net Assets.	1,670,000
4. 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.	186,463
5. Gains and losses on the sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities, net of proceeds.	(3,756)
6. 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.	(2,020)
7. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:	
Compensated absences	<u>(19,246)</u>
Change in Net Assets of Governmental Activities	\$ <u><u>2,302,998</u></u>

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

OXFORD SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2008

Exhibit E

		Private-Purpose Trust Funds	Agency Funds
Assets	.		
Cash and cash equivalents	\$	649	919,179
Total Assets	\$	649	919,179
Liabilities			
Accounts payable and accrued liabilities	\$		905,696
Due to student clubs			13,483
Total Liabilities	\$	0	919,179
Net Assets			
Reserved for endowments	\$	649	
Total Net Assets	\$	649	

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, 2008

Exhibit F

	Private-Purpose Trust Funds
Additions	
Interest on investments	\$ 24
Total Additions	24
Deductions	
Scholarships awarded	24
Total Deductions	24
Change in Net Assets	0
Net Assets	
July 1, 2007	649
June 30, 2008	\$ 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, 2008

(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 an "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 nonfiduciary activities of the District. For the most part, the effect of interfund 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 nonfiduciary 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, 2008

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 tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Separate 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 fund. 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.

Child Nutrition Fund - This is a Special Revenue Fund that accounts for the federal revenue received for the purpose of providing meals to the children of the district.

Local Building Fund - This fund is used for the capital projects of the district.

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, under which the principal and income benefit individuals, private organizations or other governments.

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.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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 interfund activity has been eliminated from the government-wide statements.

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

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as 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 an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activity 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 interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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 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	*	*

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

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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 long-term liabilities 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. See Note 6 for details.

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 is a description 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.

Reserved for debt service - An account that represents that portion of fund balance in the Debt Service Fund which was 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.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

(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.

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 \$ 12,842,820 and \$919,828, respectively. The bank balance was \$15,531,188.

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.

Investments.

As of June 30, 2008, the district had the following investments:

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities			
Money Market Mutual Fund	Less than 1 year	\$ <u>115,279</u>	AAAm

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

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 investment in Hancock Horizon Treasury Securities Money Market Mutual Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

(3) Interfund Receivables, Payables and Transfers.

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds.

Receivable Fund	Payable Fund	Amount
General Fund	Child nutrition fund	\$ 186,500
General Fund	Other governmental funds	171,719
Total		\$ 358,219

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

B. Interfund Transfers.

Transfer Out	Transfer In	Amount
General Fund	Local building fund	\$ 634,531
General Fund	Child nutrition fund	139,954
General Fund	Other governmental funds	369,133
Other governmental funds	Other governmental funds	93,411
Total		\$ 1,237,029

Interfund transfers were for budgetary purposes.

(4) Restricted Assets.

The restricted assets represent the investment balance, totaling \$115,279, of the MAEP Limited Obligation Bond Fund.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

(5) Capital Assets.

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

	Balance 7-1-2007	Additions	Retirements	Completed Construction	Balance 6-30-2008
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,389,062				1,389,062
Construction in progress	10,715,815	719,420		(11,435,235)	0
Total non-depreciable capital assets	12,104,877	719,420	0	(11,435,235)	1,389,062
<u>Depreciable capital assets:</u>					
Buildings	18,313,696			11,376,376	29,690,072
Building improvements	8,189,389				8,189,389
Improvements other than buildings	924,937	48,206		58,859	1,032,002
Mobile equipment	2,611,849	266,498	36,820		2,841,527
Furniture and equipment	858,795	246,488	7,450		1,097,833
Total depreciable capital Assets	30,898,666	561,192	44,270	11,435,235	42,850,823
<u>Less accumulated depreciation for</u>					
Buildings	4,638,395	554,196			5,192,591
Building improvements	3,385,139	327,576			3,712,715
Improvements other than buildings	372,979	41,280			414,259
Mobile equipment	1,519,989	181,931	33,138		1,668,782
Furniture and equipment	816,032	46,611	7,376		855,267
Total accumulated depreciation	10,732,534	1,151,594	40,514	0	11,843,614
Total depreciable capital assets, net	20,166,132	(590,402)	3,756	11,435,235	31,007,209
Governmental activities capital assets, net	\$ 32,271,009	129,018	3,756	0	32,396,271

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 969,663
Support services	181,931
Total Depreciation Expense	\$ 1,151,594

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

(6) Long-term Liabilities.

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

		Balance 7-1-2007	Additions	Reductions	Balance 6-30-2008	Amounts due within one year
A.	General obligation bonds payable	\$ 15,190,000		1,030,000	14,160,000	1,070,000
B.	Limited obligation bonds payable	2,640,000		185,000	2,455,000	195,000
C.	Three mill notes payable	6,300,000		455,000	5,845,000	475,000
D.	Compensated absences payable	377,886	19,246		397,132	28,367
	Total	\$ 24,507,886	19,246	1,670,000	22,857,132	1,768,367

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(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation school bonds, Series 1998	4.5 - 6.25%	06-01-1998	06-01-2018	\$ 6,000,000	3,805,000
General obligation school bonds, Series 1999	4.25-5.25%	05-01-1999	05-01-2019	2,000,000	1,420,000
General obligation school refunding bonds, Series 2003	2.79%	03-01-2004	09-01-2009	2,205,000	775,000
General obligation school bonds, Series 2004	3.5 - 5%	12-01-2004	12-01-2024	9,000,000	8,160,000
Total				\$ 19,205,000	14,160,000

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

Details of the district's general obligation bonded indebtedness are as follows:

1. Bond issue of 1998:

Year Ending June 30	Principal	Interest	Total
2009	\$ 295,000	173,914	468,914
2010	310,000	160,270	470,270
2011	330,000	145,700	475,700
2012	350,000	130,026	480,026
2013	370,000	113,400	483,400
2014 – 2018	<u>2,150,000</u>	<u>300,150</u>	<u>2,450,150</u>
Total	<u>\$ 3,805,000</u>	<u>1,023,460</u>	<u>4,828,460</u>

This debt will be retired from the Bond indebtedness 1998 Fund.

2. Bond issue of 1999:

Year Ending June 30	Principal	Interest	Total
2009	\$ 80,000	66,050	146,050
2010	100,000	62,610	162,610
2011	120,000	58,234	178,234
2012	120,000	52,954	172,954
2013	125,000	47,554	172,554
2014 – 2018	<u>675,000</u>	<u>146,862</u>	<u>821,862</u>
2019 – 2023	<u>200,000</u>	<u>9,600</u>	<u>209,600</u>
Total	<u>\$ 1,420,000</u>	<u>443,864</u>	<u>1,863,864</u>

This debt will be retired from the Debt Retirement 1999 issue Fund.

3. Bond issue of 2003:

Year Ending June 30	Principal	Interest	Total
2009	\$ 385,000	16,252	401,252
2010	<u>390,000</u>	<u>5,441</u>	<u>395,441</u>
Total	<u>\$ 775,000</u>	<u>21,693</u>	<u>796,693</u>

This debt will be retired from the Refunding bonds series 2003 Fund.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

4. Bond issue of 2004:

Year Ending June 30	Principal	Interest	Total
2009	\$ 310,000	323,924	633,924
2010	325,000	308,049	633,049
2011	340,000	291,424	631,424
2012	360,000	273,924	633,924
2013	380,000	255,324	635,324
2014 – 2018	2,215,000	1,040,971	3,255,971
2019 – 2023	2,865,000	568,338	3,433,338
2024 – 2028	1,365,000	55,300	1,420,300
Total	\$ 8,160,000	3,117,254	11,277,254

This debt will be retired from the Bond indebtedness 2004 issue Fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2009	\$ 1,070,000	580,140	1,650,140
2010	1,125,000	536,370	1,661,370
2011	790,000	495,358	1,285,358
2012	830,000	456,904	1,286,904
2013	875,000	416,278	1,291,278
2014 – 2018	5,040,000	1,487,983	6,527,983
2019 – 2023	3,065,000	577,938	3,642,938
2024 – 2028	1,365,000	55,300	1,420,300
Total	\$ 14,160,000	4,606,271	18,766,271

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, 2008, the amount of outstanding bonded indebtedness was equal to 4 ½ % of property assessments as of October 1, 2007.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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 (s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, Series, 1998	4.5 – 6%	06-04-1998	06-01-2018	\$ 3,630,000	2,455,000
Total				\$ 3,630,000	2,455,000

Details of the district's limited obligation bonds indebtedness are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 195,000	114,519	309,519
2010	205,000	104,378	309,378
2011	215,000	94,948	309,948
2012	225,000	85,006	310,006
2013	235,000	74,318	309,318
2014 – 2018	1,380,000	193,538	1,573,538
Total	\$ 2,455,000	666,707	3,121,707

This debt will be retired from the EEF Buildings and Buses 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.

C. Three mill notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate(s)	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, Series 2001	4 - 5.7%	06-01-2001	06-01-2011	\$ 1,700,000	615,000
Limited tax notes, Series 2006	3.5%-5%	12-14-2006	12-14-2021	5,500,000	5,230,000
Total				\$ 7,200,000	5,845,000

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

Details of the district's three mill notes payable are as follows:

1. Three mill notes payable issued 2001:

Year Ending June 30	Principal	Interest	Total
2009	\$ 195,000	24,600	219,600
2010	205,000	16,800	221,800
2011	215,000	8,600	223,600
Total	\$ 615,000	50,000	665,000

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

2. Three mill notes payable issued 2006:

Year Ending June 30	Principal	Interest	Total
2009	\$ 280,000	203,680	483,680
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 - 2018	1,885,000	492,503	2,377,503
2019 - 2023	1,825,000	130,987	1,955,987
Total	\$ 5,230,000	1,493,140	6,723,140

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

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2009	\$ 475,000	228,280	703,280
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 - 2018	1,885,000	492,503	2,377,503
2019 - 2023	1,825,000	130,987	1,955,987
Total	\$ 5,845,000	1,543,140	7,388,140

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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) Prior Year Defeasance of Debt.

In prior years, the Oxford School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the district's financial statements. On June 30, 2008, \$780,000 of outstanding general obligation bonds (including prior years' refunding) are considered defeased.

(8) 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, 2008 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, 2008, 2007 and 2006 were \$1,981,467, \$1,737,423 and \$1,564,959, respectively, which equaled the required contributions for each year.

(9) Contingencies.

Federal Grants. – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance by the grantor agency could result in a liability of the school district, but ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the school district's financial statements.

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.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

(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 95 school districts and one community college 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 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 School Consortium.

The school district entered into a Vocational 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 center. 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 Consortium, and the operations of the consortium are included in its financial statements.

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

(12) Insurance Loss Recoveries.

The Oxford School District received \$34,008 in insurance loss recoveries related to damages to buses and a design flaw in a building project during the 2007-2008 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:
\$23,806	Instruction
6,802	Support Services
3,400	Non-instructional
<u>\$34,008</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.

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OXFORD SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 12,759,378	13,248,051	13,248,051	488,673	
Intermediate sources		2,999	2,999	2,999	
State sources	14,360,760	13,914,625	13,914,625	(446,135)	
Federal sources	163,870	220,679	220,679	56,809	
Total Revenues	<u>27,284,008</u>	<u>27,386,354</u>	<u>27,386,354</u>	<u>102,346</u>	<u>0</u>
Expenditures:					
Instruction	16,759,891	16,412,217	16,408,040	347,674	4,177
Support services	9,447,804	8,670,125	8,708,106	777,679	(37,981)
Noninstructional services	128,029	147,365	118,249	(19,336)	29,116
Facilities acquisition and construction	1,185,262	92,028	72,550	1,093,234	19,478
Total Expenditures	<u>27,520,986</u>	<u>25,321,735</u>	<u>25,306,945</u>	<u>2,199,251</u>	<u>14,790</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(236,978)</u>	<u>2,064,619</u>	<u>2,079,409</u>	<u>2,301,597</u>	<u>14,790</u>
Other Financing Sources (Uses):					
Insurance loss recoveries		34,008	34,008	34,008	
Sale of transportation equipment		866	866	866	
Sale of other property		8,636	8,636	8,636	
Operating transfers in	1,724,228	1,636,513		(87,715)	(1,636,513)
Other financing uses	(2,070,706)	(2,780,131)	(1,143,618)	(709,425)	1,636,513
Total Other Financing Sources (Uses)	<u>(346,478)</u>	<u>(1,100,108)</u>	<u>(1,100,108)</u>	<u>(753,630)</u>	<u>0</u>
Net Change in Fund Balances	<u>(583,456)</u>	<u>964,511</u>	<u>979,301</u>	<u>1,547,967</u>	<u>14,790</u>
Fund Balances:					
July 1, 2007	7,042,364	7,908,521	7,738,660	866,157	(169,861)
Prior period adjustments		(155,071)		(155,071)	155,071
July 1, 2007, as restated	<u>7,042,364</u>	<u>7,753,450</u>	<u>7,738,660</u>	<u>711,086</u>	<u>(14,790)</u>
June 30, 2008	<u>\$ 6,458,908</u>	<u>8,717,961</u>	<u>8,717,961</u>	<u>2,259,053</u>	<u>0</u>

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

OXFORD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Child Nutrition Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 394,073	365,381	350,728	(28,692)	(14,653)
State sources	36,000	28,005	28,005	(7,995)	
Federal sources	964,530	976,606	976,606	12,076	
Total Revenues	<u>1,394,603</u>	<u>1,369,992</u>	<u>1,355,339</u>	<u>(24,611)</u>	<u>(14,653)</u>
Expenditures:					
Support services	103,394	105,301	105,301	(1,907)	
Noninstructional services	1,291,209	1,405,150	1,405,150	(113,941)	
Total Expenditures	<u>1,394,603</u>	<u>1,510,451</u>	<u>1,510,451</u>	<u>(115,848)</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>0</u>	<u>(140,459)</u>	<u>(155,112)</u>	<u>(140,459)</u>	<u>(14,653)</u>
Other Financing Sources (Uses):					
Operating transfers in		139,954	139,954	139,954	
Total Other Financing Sources (Uses)	<u>0</u>	<u>139,954</u>	<u>139,954</u>	<u>139,954</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>(505)</u>	<u>(15,158)</u>	<u>(505)</u>	<u>(14,653)</u>
Fund Balances:					
July 1, 2007	44,238	41,865	41,865	(2,373)	
Decrease in reserve for inventory		(2,020)	(2,020)	(2,020)	
June 30, 2008	<u>\$ 44,238</u>	<u>39,340</u>	<u>24,687</u>	<u>(4,898)</u>	<u>(14,653)</u>

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

OXFORD SCHOOL DISTRICT

Notes to Financial Statements For the Year Ended June 30, 2008

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 and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

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OXFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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	\$ 263,661
National school lunch program	10.555	721,721
Summer food service program for children	10.559	51,486
Total child nutrition cluster		<u>1,036,868</u>
Total U.S. Department of Agriculture		<u>1,036,868</u>
<u>U.S. Department of Defense</u>		
Direct program(s):		
Reserve Officers' Training Corps	12.XXX	52,633
Flood control projects	12.106	8,828
Total U.S. Department of Defense		<u>61,461</u>
<u>U.S. Department of Labor</u>		
Passed-through Mississippi Development Authority:		
WIA Cluster:		
WIA youth activities	17.259	47,083
Total WIA Cluster		<u>47,083</u>
Total passed-through Mississippi Development Authority		<u>47,083</u>
Total U.S. Department of Labor		<u>47,083</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company		
The schools and libraries program of the universal service fund	32.XXX	18,885
Total Federal Communications Commission		<u>18,885</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	571,332
Safe and drug-free schools and communities - state grants	84.186	14,535
Education for homeless children and youth	84.196	37,669
Foreign language assistance	84.293	20,058
State grants for innovative programs	84.298	7,795
Education technology state grants	84.318	5,773
English language acquisition grants	84.365	32,236
Improving teacher quality state grants	84.367	161,148
Grants for state assessments and related activities	84.369	800
Total		<u>851,346</u>
Special education cluster:		
Special education - grants to states	84.027	672,792
Special education - preschool grants	84.173	26,802
Total special education cluster		<u>699,594</u>
Total passed-through Mississippi Department of Education		<u>1,550,940</u>
Total U.S. Department of Education		<u>1,550,940</u>
Total for All Federal Awards		\$ <u>2,715,237</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used 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, 2008

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 22,937,572	17,892,913	845,839	1,304,798	2,894,022
Other	10,727,818	3,162,397	191,606	30,213	7,343,602
Total	\$ 33,665,390	21,055,310	1,037,445	1,335,011	10,237,624
Total number of students*	3,115				
Cost per student	\$ 10,808	6,759	333	429	3,287

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

Instruction and Other Student 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

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

"UNAUDITED"

	2008	2007*	2006*	2005*
Revenues:				
Local sources	\$ 13,248,051	11,981,298	10,602,066	8,656,015
Intermediate sources	2,999			
State sources	13,914,625	12,739,602	11,882,426	11,143,811
Federal sources	220,679	226,754	216,715	186,863
Total Revenues	<u>27,386,354</u>	<u>24,947,654</u>	<u>22,701,207</u>	<u>19,986,689</u>
Expenditures:				
Instruction	16,408,040	14,454,771	13,593,010	12,243,815
Support services	8,708,106	7,525,870	6,682,749	5,958,401
Noninstructional services	118,249	120,564	47,490	44,774
Facilities acquisition and construction	72,550	412,631	540,359	68,486
Debt service:				
Principal			1,922	5,000
Total Expenditures	<u>25,306,945</u>	<u>22,513,836</u>	<u>20,865,530</u>	<u>18,320,476</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,079,409</u>	<u>2,433,818</u>	<u>1,835,677</u>	<u>1,666,213</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	34,008	4,612	190,940	3,077
Sale of transportation equipment	866			1,175
Sale of other property	8,636	2,739		
Operating transfers in		22,701	14,674	1,401,953
Operating transfers out	(1,143,618)	(2,149,353)	(1,616,339)	(1,617,039)
Total Other Financing Sources (Uses)	<u>(1,100,108)</u>	<u>(2,119,301)</u>	<u>(1,410,725)</u>	<u>(210,834)</u>
Net Change in Fund Balances	<u>979,301</u>	<u>314,517</u>	<u>424,952</u>	<u>1,455,379</u>
Fund Balances:				
July 1	7,738,660	7,691,825	7,266,873	5,811,494
Prior period adjustments		(267,682)		
July 1, as restated	<u>7,738,660</u>	<u>7,424,143</u>	<u>7,266,873</u>	<u>5,811,494</u>
June 30	\$ <u>8,717,961</u>	<u>7,738,660</u>	<u>7,691,825</u>	<u>7,266,873</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

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

"UNAUDITED"

	2008	2007*	2006*	2005*
Revenues:				
Local sources	\$ 16,420,872	14,700,073	13,636,190	10,722,814
Intermediate Sources	2,999			
State sources	14,698,822	13,392,448	12,547,010	11,746,886
Federal sources	2,846,202	3,055,486	3,198,729	2,692,508
Total Revenues	<u>33,968,895</u>	<u>31,148,007</u>	<u>29,381,929</u>	<u>25,162,208</u>
Expenditures:				
Instruction	18,665,719	16,256,497	15,517,492	13,761,820
Support services	9,803,260	8,580,449	7,809,049	6,931,376
Noninstructional services	1,645,633	1,463,897	1,363,319	1,371,333
Facilities acquisition and construction	767,626	10,516,284	3,625,808	909,848
Debt service:				
Principal	1,670,000	1,335,000	1,281,922	990,000
Interest	1,099,522	839,176	1,084,830	575,439
Other	13,630	46,451	11,484	8,001
Total Expenditures	<u>33,665,390</u>	<u>39,037,754</u>	<u>30,693,904</u>	<u>24,547,817</u>
Excess (Deficiency) of Revenues over Expenditures	<u>303,505</u>	<u>(7,889,747)</u>	<u>(1,311,975)</u>	<u>614,391</u>
Other Financing Sources (Uses):				
Proceeds of general obligation bonds		5,500,000		9,000,000
Insurance loss recoveries	34,008	4,612	190,940	3,077
Sale of transportation equipment	866			1,175
Sale of other property	8,636	2,739		
Bond issuance costs				(41,500)
Operating transfers in	1,237,029	2,261,284	1,731,379	2,086,954
Operating transfers out	(1,237,029)	(2,261,284)	(1,731,379)	(2,086,954)
Total Other Financing Sources (Uses)	<u>43,510</u>	<u>5,507,351</u>	<u>190,940</u>	<u>8,962,752</u>
Net Change in Fund Balances	<u>347,015</u>	<u>(2,382,396)</u>	<u>(1,121,035)</u>	<u>9,577,143</u>
Fund Balances:				
July 1	12,851,383	15,495,749	16,620,012	7,042,326
Prior period adjustment		(267,682)		
July 1, as restated	<u>12,851,383</u>	<u>15,228,067</u>	<u>16,620,012</u>	<u>7,042,326</u>
Increase (Decrease) in reserve for inventory	<u>(2,020)</u>	<u>5,712</u>	<u>(3,228)</u>	<u>543</u>
June 30	<u>\$ 13,196,378</u>	<u>12,851,383</u>	<u>15,495,749</u>	<u>16,620,012</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

OXFORD SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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 Oxford School District as of and for the year ended June 30, 2008, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated March 23, 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 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 08-1, 08-2 and 08-3 to be significant deficiencies in internal control over financial reporting.

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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, of the significant deficiencies described above, we consider Finding 08-1 to be a material weakness.

Compliance and Other Matters

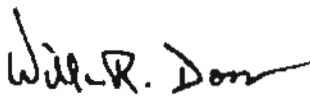
As part of obtaining reasonable assurance about whether the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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*. However, we noted certain immaterial instances of noncompliance or other matters that we have reported to management of the school district in a separate letter dated March 23, 2010, which is included in this report.

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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

March 23, 2010



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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, 2008. The Oxford 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 08-6, 08-7, 08-8 and 08-9.

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 Oxford School District's internal control over compliance with the 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.

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

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. We consider the deficiencies in the internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Findings 08-4, 08-5, 08-6, 08-7, 08-8 and 08-9 to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Oxford School District's response to the findings identified in our audit is 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 it.

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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

March 23, 2010

OXFORD SCHOOL DISTRICT

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

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**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, 2008, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated March 23, 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 \$4,624 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 our 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 disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

School Board Should Approve Contracts For Services

1. Finding

Section 37-7-301(ww), Miss. Code Ann. (1972), authorizes the school board to "... enter into a contract with private entities for the operation of any and all functions of the nonacademic school process, procedures and operations ..."

Our audit of expenditures revealed that the school district was paying the City of Oxford and a private company for security services but the school board had not approved a contract for these services. The total amount paid to these entities during the 2007-2008 fiscal year was \$228,016.

Noncompliance with Section 37-7-301(ww), Miss. Code Ann. (1972), resulted in the school district expending funds when a contract had not been approved by the school board.

Recommendation

We recommend that the school district comply with Section 37-7-301(ww), Miss. Code Ann. (1972), by ensuring that a contract is prepared and approved by the school board for these services.

School District's Response

The district will get school board approval before entering into a contract with a private entity as stated in Section 37-7-301(ww), Miss. Code Ann (1972).

Additional Compensation Paid to Licensed Employees Should Be Approved by the School Board

2. Finding

Section 37-9-23, Miss. Code Ann. (1972), requires the Superintendent to enter into a contract with each assistant superintendent, principal and licensed employee who is elected and approved for payment by the school board.

During our audit of activity fund expenditures, we noted eight licensed employees received additional compensation, paid with activity funds, which had not been approved by the school board. These employees' contracts had not been amended for the additional compensation.

Payment of additional compensation to licensed employees, without school board approval, is a violation of Section 37-9-23, Miss. Code Ann. (1972).

Recommendation

We recommend that the district comply with Section 37-9-23, Miss. Code Ann. (1972), by obtaining school board approval before providing employees with additional compensation. Additionally, any compensation paid to employees should be handled through the normal payroll process.

School District's Response

The district shall get school board approval before providing employees with additional compensation and it will be paid through the normal payroll process as stated in Section 37-9-23, Miss. Code Ann. (1972).

School Board Should Approve all Noninstructional and Noncertificated Employees

3. Finding

Section 37-7-301(w), Miss. Code Ann. (1972), provides the school board the authority to employ all noninstructional and noncertificated employees and fix the duties and compensation for such employees pursuant to the recommendation of the superintendent.

During our audit of activity fund expenditures, we noted five employees of the district were paid for field maintenance and assistant coaching duties with activity funds rather than being processed through the payroll system. We also noted payments to other individuals where specific amounts had not been established for the payment of their services.

Not approving all district employees and their salaries or compensation could result in payments to unauthorized employees or payment of unauthorized amounts.

Recommendation

We recommend that the district comply with Section 37-7-301(w), Miss. Code Ann. (1972), by obtaining school board approval before hiring noninstructional and noncertificated employees. Additionally, any compensation paid to employees should be handled through the normal payroll process.

School District's Response

The district shall get school board approval before hiring any employees as stated in Section 37-7-301 (w), Miss. Code Ann. (1972). Compensation will be handled through the normal payroll process.

Donations Should Not Be Made with Public Funds

4. Finding

Article 4, Section 96 of the Mississippi Constitution prohibits donations to public employees.

During our audit of activity fund expenditures, we noted the following:

- A. The principal at Della Davidson Elementary School purchased \$595 of food and \$314 of flowers and gifts for individuals using public funds.
- B. The principal at Oxford Middle School purchased \$63 of food and \$558 of flowers and gifts for individuals using public funds.
- C. The principal at Bramlett Elementary School purchased \$43 of meals and \$1,258 of flowers and gifts for individuals using public funds.
- D. The principal at Oxford High School purchased \$1,620 of meals and \$2,148 of flowers and gifts for individuals and \$753 of drinks for the coaches' office using public funds.
- E. The principal at Oxford Elementary School purchased \$2,205 of meals and \$1,812 of flowers and gifts for individuals using public funds.
- F. Three school district employees were paid \$2,950, as contract labor of the school district, in violation of Section 25-4-105(3)(a), Miss. Code Ann. (1972).
- G. The Superintendent of Education purchased \$493 of plaques and gifts for individuals using public funds.

The total amount of these unallowable expenditures is \$14,812.

Recommendation

We recommend the school district no longer make donations using public funds. The above amounts should be remitted to the appropriate fund of the school district by the responsible party.

School District's Response

The district will no longer make donations using public funds to employees as stated in Article 4, Section 96 of the Mississippi Constitution. Please note that the previous Superintendent of Education purchased \$493 of plaques and gifts for individuals using public funds.

Auditor's Note

The unallowable amount of \$14,812 was repaid to the proper account of Oxford School District with one check from Bramlett School PTA, in the amount of \$8,500, deposited August 20, 2009 and one check from the Oxford Charger Athletic Booster Club, in the amount of \$7,000, deposited October 14, 2009.

Activity Fund Expenditures Should Be Presented to the School Board for Approval

5. Finding

Section 37-7-301(o), Miss. Code Ann. (1972), requires the school board to make orders directed to the superintendent of schools for the issuance of pay certificates for lawful purposes of any available funds of the district and to have full control of the receipt, distribution, allotment and disbursement of all funds provided for the support and operation of the schools of such school district whether such funds be derived from state appropriations, local ad valorem tax collections, or otherwise. In addition, the Financial Accounting Manual for Mississippi Public School Districts, Section F-3, states, "The school board is required by law to approve the transactions of the local school activity funds. This approval must be documented in the school board minutes."

While auditing activity fund expenditures, the auditor noted activity fund transmittal forms are not presented to the school board for approval.

Recommendation

We recommend that the district comply with Section 37-7-301(o), Miss. Code Ann. (1972), and the Financial Accounting Manual for Mississippi Public School Districts by implementing procedures to ensure all activity fund transmittal forms are submitted for approval by the School Board.

School District's Response

The district shall present activity fund expenditures to the school board for Approval as stated in Section 37-7-301(o), Miss. Code Ann. (1972).

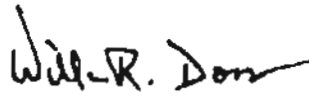
The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The Oxford School District's responses to the findings included in this report were not audited 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.



STACEY E. PICKERING
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

March 23, 2010

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT

Schedule of Findings and Questioned Costs For the year Ended June 30, 2008

Section I: 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 identified? | Yes |
| b. | Significant deficiencies 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 identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 6. | Any audit findings reported as required by Section ____ 510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | Child Nutrition Cluster | |
| | CFDA #10.553 - School Breakfast Program | |
| | CFDA #10.555 - National School Lunch Program | |
| | CFDA #10.559 - Summer Food Service Program for Children | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | Yes |
| 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? | No |

OXFORD SCHOOL DISTRICT

Schedule of Findings and Questioned Costs For the year Ended June 30, 2008

Section 2: Financial Statement Findings

Significant Deficiency Considered to Be A Material Weakness

08-1. Controls Surrounding Segregation of Duties Should Be Strengthened

Finding

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

During our test of internal controls, we noted that the Business Manager performed or had the ability to perform the following functions which indicated a lack of segregation of duties:

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

Without proper segregation of duties, the risk is increased that unauthorized or inappropriate transactions could be processed, and the district personnel would not detect the problem while performing their normal duties.

Recommendation

We recommend the district strengthen its internal controls whereby duties would be segregated to the greatest possible extent.

Significant Deficiencies Not Considered to Be Material Weaknesses

08-2. Safeguards Should Be Implemented to Detect the Unauthorized Use of the District's Tax Identification Number

Finding

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records, which includes ensuring all school related activities are properly recorded on the financial statements of the school district.

Three outside organizations opened bank accounts using the school district's federal tax identification number without permission from the school district. The school district may choose to maintain these type of accounts in a fiduciary capacity; however, there was no indication that the school district was accepting accountability for these funds. These accounts were not reported in the district's accounting records or financial statements.

Proper internal controls were not in place to detect the unauthorized use of the district's federal tax identification number.

OXFORD SCHOOL DISTRICT

Schedule of Findings and Questioned Costs For the year Ended June 30, 2008

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 management implement internal controls to periodically check with local banking institutions to ensure that no unauthorized accounts have been opened using the district's federal tax identification number. Action should be taken to either approve of the accounts in question or request that the unauthorized users close them.

08-3. Receipts Should Be Deposited in a Timely Manner

Finding

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records, which includes ensuring all receipts are deposited timely and properly recorded on the financial statements of the school district.

During our test of internal controls over revenues and receipts, we noted in five of 15 receipts selected for testing, funds were not deposited timely. All five instances were Central Office receipts and the deposits were made from six to 13 days after the date of receipt.

Proper internal controls were not in place to ensure deposits were made timely.

Without proper internal controls being in place to ensure the district's funds are deposited in a timely manner, the district increases the risk that cash collected which should be recorded as revenue could be diverted.

Recommendation

We recommend management establish internal controls to ensure that deposits are made in a timely manner.

OXFORD SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year Ended June 30, 2008

Section 3: Federal Award Findings and Questioned Costs

Significant Deficiencies Not Considered to Be Material Weaknesses

08-4. Controls over Expenditure Authorization Should Be Strengthened

Finding

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

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

Management is responsible for ensuring that expenditures are properly authorized.

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.

Proper internal controls were not in place for the authorization of Child Nutrition expenditures.

Lack of adequate controls relating to the authorization of Child Nutrition expenditures could result in unallowable costs in the Child Nutrition program.

Recommendation

We recommend that the district implement controls and procedures to ensure that expenditures are properly initiated and payment is made only after proper authorization.

08-5. Controls Related to the Proper Recording of Child Nutrition Revenue Should Be Strengthened

Finding

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

Compliance requirement: Program Income

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and the proper reporting of Child Nutrition revenue. Important aspects of internal control related to revenue are that daily sales for breakfast and lunch are reported accurately as student breakfast, student lunch, adult sales and extra food sales.

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 meals were reported as revenue. An adjustment was proposed to management to defer this revenue.

Without proper internal controls regarding the recording of daily sales, the district increases the risk that program revenues will be misstated.

OXFORD SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year Ended June 30, 2008

Recommendation

We recommend that the district implement policies and procedures to ensure that all program revenue resulting from daily food sales is recorded in the proper food sales revenue accounts. We also recommend that the district not record any payments received from individuals as revenue until the meals are served.

08-6. Internal Controls Surrounding Eligibility Requirements Should Be Strengthened

Finding

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

Compliance requirement: Eligibility

Management is responsible for establishing a proper internal control system to ensure that the free and reduced price meal application approval process is in compliance with the Mississippi Department of Education's Policy and Procedures Manual for Child Nutrition Programs.

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.

Lack of adequate internal controls surrounding the free and reduced price meal application process resulted in erroneous applicant approval.

Lack of adequate internal controls could result in the district allowing ineligible participation in the free and reduced price meal program.

Recommendation

The district should implement controls and procedures to ensure only participants meeting the eligibility requirements are participating in the free and reduced price meal program. Questioned costs of \$1,428 were repaid by the district to the Mississippi Department of Education Child Nutrition Program during the 2007-2008 fiscal year.

08-7. Internal Controls Surrounding the Verification Requirements Should Be Strengthened

Finding

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

Compliance requirement: Special Tests and Provisions

Management is responsible for establishing internal controls to provide reasonable assurance that the procedures surrounding the verification of eligibility for free and reduced price meals are properly performed and documented as required by the Mississippi Department of Education's Policy and Procedures manual for Child Nutrition Programs.

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.

OXFORD SCHOOL DISTRICT

Schedule of Findings and Questioned Costs For the year Ended June 30, 2008

Lack of adequate internal controls surrounding the verification of eligibility for free and reduced priced meals and the documentation of the verification process could result in the district allowing ineligible participation in the free and reduced price meal programs.

Recommendation

The district should implement policies and procedures to ensure compliance with the special tests and provisions requirements concerning verification of eligibility for free and reduced priced meals in accordance with the Mississippi Department of Education's Policy and Procedures Manual for Child Nutrition Programs.

08-8. Controls Surrounding the Completion of Food Production Records Should Be Strengthened

Finding

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

Compliance requirement: Activities Allowed or Unallowed

Questioned Costs: \$38,242

Federal administrative law relating to the Child Nutrition Program, found in 7CFR part 210.10(a)(3) states, "Schools must keep production and menu records for the meals they produce." This requirement is also detailed in Sections 4 and 11 of the Mississippi Department of Education's Policy and Procedures Manual for Child Nutrition Programs, which specifies that school districts maintain a food production record, a required daily written history of the number of each menu item planned, prepared and served.

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 during our audit year.

Lack of adequate internal controls surrounding the completion of the food production records resulted in the district not documenting the menu items planned, prepared and served. Thus, the district improperly received federal reimbursement of \$38,242 from the Child Nutrition Program.

Lack of adequate internal controls concerning the Child Nutrition Cluster could result in additional questioned costs if the district does not implement procedures to ensure the food production record is completed each day.

Recommendation

The district should implement controls and procedures to ensure that schools are maintaining the required food production records. The Food Service Director should monitor the schools to ensure all schools are maintaining required records.

OXFORD SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year Ended June 30, 2008

08-9. Only Eligible Child Nutrition Program Employees Should Be Provided Free Meals

Finding

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

Compliance requirement: Program Income

The Mississippi Department of Education's Policy and Procedures Manual for Child Nutrition Programs states, "In-kind" meals are meals served to food service employees without charge for the meals. Food service employees are those persons on the food service payroll who are responsible for preparing, serving, and operating the food service program. Free, or in-kind meals, given to adults not on the food service payroll are not allowable expenses."

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.

Lack of adequate internal controls surrounding in-kind meals, could result in a loss of child nutrition revenue to the district.

Recommendation

The district should implement policies and procedures to ensure only eligible employees of the school district are allowed to receive their meals free.

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT

AUDITEE'S CORRECTIVE ACTION PLAN

OXFORD SCHOOL DISTRICT

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Oxford School District

224 Bramlett Boulevard • Oxford • Mississippi 38655
(662) 234-3541 • Fax: (662) 232-2862

Financial & Compliance Audit Division

As required by Section __ .315© of OMB Circular A-133, the Oxford School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2008:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
08-1	<p>A. Charles Webb Business Manager (662) 234-3541</p> <p>B. Corrective Action Planned:</p> <ul style="list-style-type: none">a. Procedures are in place to assure that there is segregation of duties within the business office.b. Anticipated Completion Date: June 30, 2009
08-2	<p>A. Charles Webb Business Manager (662) 234-3541</p> <p>B. Corrective Action Planned:</p> <ul style="list-style-type: none">a. Corrective action has been taken to ensure that no outside organization can use the district's federal identification number. Upon reconciling the treasury report, the district will contact the local bank if there are any deposits other than those of the district and request that they be closed.b. Anticipated Completion Date: June 30, 2009

- 08-3
- A. Charles Webb
Business Manager
(662)-234-8485
 - B. Corrective Action Planned:
 - a. Procedures are in place to ensure that deposits are made within two business days upon receipt.
 - b. Anticipated Completion Date: June 30, 2009
- 08-4
- A. Richmond Smith
Director of Child Nutrition
662-236-1079
 - B. Corrective Action Planned:
 - a. All invoices are assigned a purchase order number and are submitted to the Child Nutrition Director for review and signature before they can be accepted for payment.
 - b. Completion Date: June 30, 2009
- 08-5
- A. Richmond Smith
Director of Child Nutrition
662-236-1079
 - B. Corrective Action Planned:
 - a. Lunchbox has been contracted to include a monthly report that breaks down revenue based on student sales, adult sales, as well as extra food sales. This report also breaks down revenue that is deposited in a student's or adult's account versus revenue used over the course of the month.
 - b. Completion Date: June 30, 2009

- 08-6
- A. Richmond Smith
Director of Child Nutrition
662-236-1079
 - B. Corrective Action Planned:
 - a. The Child Nutrition staff has been retrained to insure applications are being processed correctly. Applications will go through 3 tiers of review before being filed away for the year.
 - b. Completion Date: June 30, 2009
- 08-7
- A. Richmond Smith
Director of Child Nutrition
662-236-1079
 - B. Corrective Action Planned:
 - a. The Child Nutrition Director will contact his technical assistant from the State Department to make sure that the number of students pulled for verification reflects the correct percent based on the amount of students that qualify for free or reduced meals. The Child Nutrition Director will make sure the rosters are correct within Lunchbox so that an accurate pull for verification can be made. Lunchbox will be contacted to make sure the program pulls the correct percent for verification as well.
 - b. Completion Date: June 30, 2009
- 08-8
- A. Richmond Smith
Director of Child Nutrition
662-236-1079
 - B. Corrective Action Planned:
 - a. The Child Nutrition Director will check and initial production records on a monthly basis at each school.
 - b. Completion Date: June 30, 2009

08-9

A. Richmond Smith
Director of Child Nutrition
662-236-1079

B. Corrective Action Planned:

- a. Managers have been instructed to only serve In-Kind meals to employees within the Oxford School District Child Nutrition Department. All other patrons will be charged the adult meal price.
- b. Completion Date: May 31, 2009

Sincerely yours,



Charles Webb
Business Manager