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Oxford School District

Audited Financial Statements
For the Year Ended June 30, 2020

Fortenberry & Ballard, PC
Certified Public Accountants

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Oxford School District

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Oxford School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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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, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the fiscal year end June 30, 2020.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 8 -19 and 71 -79, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, on our consideration of the Oxford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Oxford School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oxford School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 17, 2021

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

The following discussion and analysis of Oxford School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2020 increased \$6,898,787, including a fund reclassification of \$64,382 and a prior period adjustment of (\$791), which represents a 152% increase from fiscal year 2019. Total net position for 2019 increased \$7,466,466, including a prior period adjustment of \$171,671, which represents a 62% increase from fiscal year 2018.
- General revenues amounted to \$55,225,551 and \$53,315,585, or 87% and 88% of all revenues for fiscal years 2020 and 2019, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,957,656, or 13% of total revenues for 2020, and \$7,544,127, or 12% of total revenues for 2019.
- The District had \$56,348,011 and \$53,564,917 in expenses for fiscal years 2020 and 2019; only \$7,957,656 for 2020 and only \$7,544,127 for 2019 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$55,225,551, for 2020 and \$53,315,585 for 2019 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$50,401,532 in revenues and \$45,857,689 in expenditures for 2020, and \$ in revenue \$47,347,529 and \$40,705,130 in expenditures for 2019. The General Fund's fund balance increased by \$6,540,219, including a prior period adjustment of \$347,095 and a fund reclassification of \$64,382, from 2019 to 2020, and increased by \$6,611,090, including a prior period adjustment of \$40,289, from 2018 to 2019.
- Capital assets, net of accumulated depreciation, increased by \$27,872,819 for 2020 and increased by \$6,143,256 for 2019. The increase for 2020 was due primarily to the additions to construction in progress, mobile equipment and furniture and equipment.
- Long-term debt decreased by \$3,570,107 for 2020, including a prior period adjustment of \$347,886, and decreased by \$605,898 for 2019. This decrease for 2020 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$71,053 for 2020 and decreased by \$3,430 for 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information,

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

supplementary information, and other information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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 periods.

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, pension expense, OPEB expense, and interest 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 are categorized as: governmental funds and fiduciary funds.

Governmental funds - Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

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

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities 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 funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined 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. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Notes to the financial statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

Although not a required part of the basic financial statements, 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,369,537 as of June 30, 2020.

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.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Table 1 presents a summary of the District's net position at June 30, 2020 and June 30, 2019.

Table 1
Condensed Statement of Net Position

	June 30, 2020	June 30, 2019	Percentage Change
Current assets	\$ 31,964,264	23,936,749	34%
Restricted assets	11,921,384	39,033,344	(69)%
Capital assets, net	107,646,950	79,774,131	35%
Total assets	<u>151,532,598</u>	<u>142,744,224</u>	6%
Deferred outflows of resources	<u>8,641,306</u>	<u>6,143,608</u>	41%
Current liabilities	3,879,263	1,112,632	249%
Long-term debt outstanding	80,831,646	84,401,753	(4)%
Net OPEB liability	3,863,485	3,532,813	9%
Net pension liability	65,630,727	62,092,212	6%
Total liabilities	<u>154,205,121</u>	<u>151,139,410</u>	2%
Deferred inflows of resources	<u>3,599,246</u>	<u>2,277,672</u>	58%
Net position:			
Net investment in capital assets	33,238,390	32,149,003	3%
Restricted	5,982,061	5,484,146	9%
Unrestricted	(36,850,914)	(42,162,399)	13%
Total net position (deficit)	<u>\$ 2,369,537</u>	<u>(4,529,250)</u>	152%

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (36,850,914)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>64,452,152</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 27,601,238</u>

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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

- Increase in net capital assets in the amount of \$27,872,819.
- The principal retirement of \$5,850,730 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$63,183,207 and \$60,859,712, respectively. The total cost of all programs and services was \$56,348,011 for 2020 and \$53,564,917 for 2019.

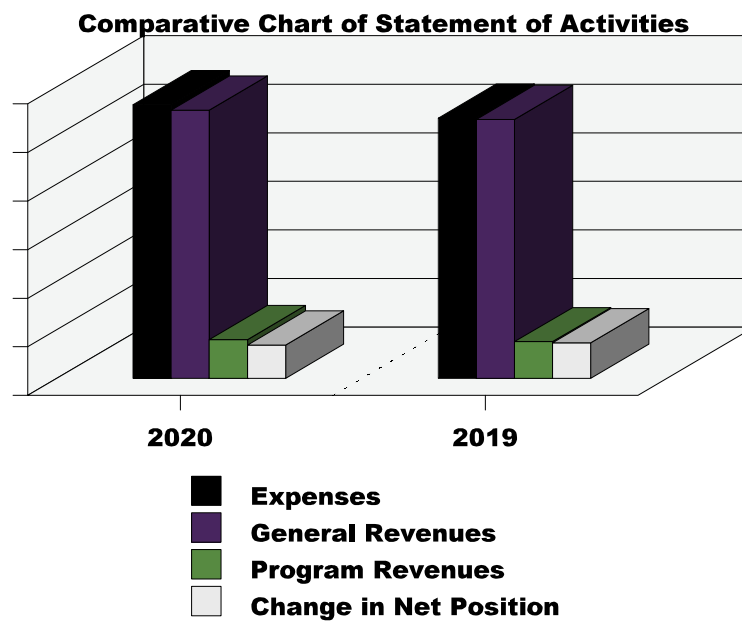
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Table 2
Changes in Net Position

	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,329,692	1,802,499	(26)%
Operating grants and contributions	6,627,964	5,527,325	20%
Capital grants and contributions		214,303	(100)%
General Revenues:			
Property taxes	33,370,187	32,789,921	2%
Grants and contributions not restricted	19,630,607	19,005,818	3%
Unrestricted investment earnings	1,048,424	1,180,863	(11)%
Increase in fair market value	187,058		N/A
Other	989,275	338,983	192%
Total revenues	63,183,207	60,859,712	4%
Expenses:			
Instruction	28,089,190	25,948,179	8%
Support services	16,516,537	15,852,921	4%
Non-instructional	1,705,290	1,646,633	4%
Pension expense	6,959,425	7,653,216	(9)%
OPEB expense	235,422	191,448	23%
Interest on long-term liabilities	2,842,147	2,272,520	25%
Total expenses	56,348,011	53,564,917	5%
Increase (Decrease) in net position	6,835,196	7,294,795	(6)%
Net position (Deficit), July 1, as previously reported	(4,529,250)	(11,995,716)	62%
Prior period adjustment	(791)	171,671	(100)%
Fund Reclassification	64,382		N/A
Net position (Deficit), July 1, as restated	(4,465,659)	(11,824,045)	62%
Net Position (Deficit), June 30	\$ 2,369,537	(4,529,250)	152%

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020



Governmental activities

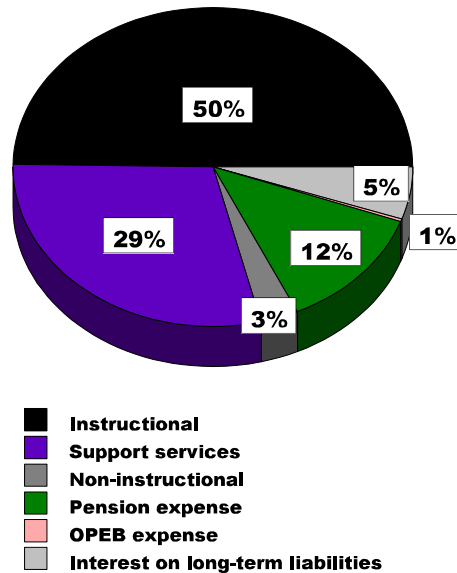
The following table presents the cost of six major District functional activities: instruction, support services, non-instructional, pension expense, OPEB expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents 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

	<u>Total Expenses</u>		Percentage Change
	2020	2019	
Instruction	\$ 28,089,190	25,948,179	8%
Support services	16,516,537	15,852,921	4%
Non-instructional	1,705,290	1,646,633	4%
Pension expense	6,959,425	7,653,216	(9)%
OPEB expense	235,422	191,448	23%
Interest on long-term liabilities	<u>2,842,147</u>	<u>2,272,520</u>	<u>25%</u>
Total expenses	\$ <u>56,348,011</u>	<u>53,564,917</u>	<u>5%</u>

Oxford School District
Management's Discussion and Analysis
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	Net (Expense) Revenue		
	2020	2019	Percentage Change
Instruction	\$ (23,802,431)	(20,689,333)	(15)%
Support services	(14,809,185)	(15,570,778)	5%
Non-instructional	258,255	356,505	(28)%
Pension expense	(6,959,425)	(7,653,216)	9%
OPEB expense	(235,422)	(191,448)	(23)%
Interest on long-term liabilities	(2,842,147)	(2,272,520)	(25)%
Total net (expense) revenue	\$ (48,390,355)	(46,020,790)	(5)%



- Net cost of governmental activities (\$48,390,355 for 2020 and \$46,020,790 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$33,370,187 for 2020 and \$32,789,921 for 2019) and state and federal revenues (\$19,630,607 for 2020 and \$19,005,818 for 2019). In addition, there was \$187,058 in Increase in fair market value for 2020.
- Investment earnings amounted to \$1,048,424 for 2020 and \$1,180,863 for 2019.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$40,853,493, a decrease of \$21,642,148, which includes a fund reclassification of \$64,382, a prior period adjustment of \$347,095 and a decrease in inventory of \$8,634. \$18,869,900 or 46% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$21,983,593 or 54% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

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 \$6,540,219, including a fund reclassification of \$64,382 and a prior period adjustment of \$347,095. The fund balance of Other Governmental Funds showed an increase in the amount of \$706,843, which includes a decrease in inventory of \$8,634. The increase (decrease) in the fund balance of the other major funds were as follow:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
2018 Building Project Fund	\$ (25,711,850)
2018 Equipment Lease Fund	\$ (3,177,360)

BUDGETARY HIGHLIGHTS

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

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

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2020, the District's total capital assets were \$135,249,923, including land, construction in progress, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$29,756,069 from 2019. Total accumulated depreciation as of June 30, 2020, was \$27,602,973, and total depreciation expense for the year was \$2,036,628, resulting in total net capital assets of \$107,646,950.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 4,878,428	4,878,428	0%
Construction in progress	38,036,252	8,672,566	339%
Buildings	59,445,761	60,934,004	(2)%
Building improvements	2,632,220	2,745,712	(4)%
Improvements other than buildings	772,135	816,524	(5)%
Mobile equipment	1,561,459	1,459,216	7%
Furniture and equipment	320,695	267,681	20%
Total	<u>\$ 107,646,950</u>	<u>79,774,131</u>	<u>35%</u>

Additional information on the District's capital assets can be found in Note 5 included in this report.

Debt Administration. At June 30, 2020, the District had \$80,831,646 in outstanding long-term debt, of which \$6,642,756 is due within one year. The liability for compensated absences increased \$71,053 from the prior year.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 58,430,000	61,780,000	(5)%
Premiums	2,206,765	2,387,186	(8)%
Three mill notes payable	945,000	1,400,000	(33)%
Obligations under capital leases	10,901,985	9,022,342	21%
Obligations under energy efficiency leases		1,535,382	(100)%
Qualified school construction bonds payable	8,000,000	8,000,000	0%
Compensated absences payable	347,896	276,843	26%
Total	<u>\$ 80,831,646</u>	<u>84,401,753</u>	<u>(4)%</u>

Additional information on the District's long-term debt can be found in Note 6 included in this report.

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. The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District actively pursues grant funding to supplement the local, state and federal revenues.

Enrollment for the 2019 - 2020 year increased by 5% to 4,532 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Oxford School District, 1637 Highway 30 E, Oxford, MS 38655.

FINANCIAL STATEMENTS

OXFORD SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 30,090,230
Due from other governments	1,849,485
Other receivables, net	725
Inventories	23,824
Restricted assets	11,921,384
Capital assets, non-depreciable:	
Land	4,878,428
Construction in progress	38,036,252
Capital assets, net of accumulated depreciation:	
Buildings	59,445,761
Building improvements	2,632,220
Improvements other than buildings	772,135
Mobile equipment	1,561,459
Furniture and equipment	320,695
Total Assets	<u>151,532,598</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	8,119,479
Deferred outflows - OPEB	521,827
Total Deferred Outflows of Resources	<u>8,641,306</u>
Liabilities	
Accounts payable and accrued liabilities	2,932,076
Unearned revenue	100,079
Interest payable on long-term liabilities	847,108
Long-term liabilities, due within one year:	
Capital related liabilities	6,462,335
Capital related premiums	180,421
Net OPEB liability	149,723
Long-term liabilities, due beyond one year:	
Capital related liabilities	71,814,650
Capital related premiums	2,026,344
Non-capital related liabilities	347,896
Net pension liability	65,630,727
Net OPEB liability	3,713,762
Total Liabilities	<u>154,205,121</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	3,333,888
Deferred inflows - OPEB	265,358
Total Deferred Inflows of Resources	<u>3,599,246</u>
Net Position	
Net Investment in Capital Assets	33,238,390
Restricted For:	
Expendable:	
School based activities	499,541
Debt service	5,391,770
Unemployment benefits	90,750
Unrestricted	(36,850,914)
Total Net Position	<u>\$ 2,369,537</u>

The accompanying notes are an integral part of this statement.

OXFORD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				Governmental Activities
<i>Instruction</i>	\$ 28,089,190	\$ 1,031,358	\$ 3,255,401	\$ (23,802,431)
<i>Support services</i>	16,516,537	--	1,707,352	(14,809,185)
<i>Noninstructional services</i>	1,705,290	298,334	1,665,211	258,255
<i>Pension expense</i>	6,959,425	--	--	(6,959,425)
<i>OPEB expense</i>	235,422	--	--	(235,422)
<i>Interest on long-term liabilities</i>	2,842,147	--	--	(2,842,147)
Total Governmental Activities	<u>\$ 56,348,011</u>	<u>\$ 1,329,692</u>	<u>\$ 6,627,964</u>	<u>(48,390,355)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				27,143,296
<i>Debt purpose levies</i>				6,226,891
Unrestricted grants and contributions:				
<i>State</i>				19,430,339
<i>Federal</i>				200,268
<i>Unrestricted investment earnings</i>				1,048,424
<i>Increase in fair market value</i>				187,058
<i>Other</i>				989,275
Total General Revenues				<u>55,225,551</u>
Change in Net Position				<u>6,835,196</u>
Net Position (Deficit) - Beginning, as previously reported				(4,529,250)
Prior Period Adjustment				(791)
Fund Reclassification				64,382
Net Position (Deficit) - Beginning, as restated				<u>(4,465,659)</u>
Net Position - Ending				<u>\$ 2,369,537</u>

The accompanying notes are an integral part of this statement.

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OXFORD SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	2018 Building Project Fund
	<hr/>	<hr/>
Assets:		
<i>Cash and cash equivalents</i>	\$ 27,446,671	\$ 282,753
<i>Cash with fiscal agents</i>	--	--
<i>Investments</i>	--	4,447,461
<i>Due from other governments</i>	729,919	--
<i>Other receivables, net</i>	725	--
<i>Due from other funds</i>	2,665,985	--
<i>Inventories</i>	--	--
Total Assets	<u>\$ 30,843,300</u>	<u>\$ 4,730,214</u>
 Liabilities and Fund Balances		
Liabilities:		
<i>Accounts payable and accrued liabilities</i>	\$ 2,705,678	\$ 167,681
<i>Due to other funds</i>	188,488	--
<i>Unearned revenue</i>	--	--
Total Liabilities	<u>2,894,166</u>	<u>167,681</u>
 Fund Balances:		
Nonspendable:		
Inventory	--	--
Restricted:		
Unemployment benefits	--	--
Capital improvements	--	4,562,533
Debt service	--	--
Grant activities	--	--
Food service	--	--
Assigned:		
Capital improvements	8,090,642	--
Activity funds	988,592	--
Unassigned	18,869,900	--
Total Fund Balances	<u>27,949,134</u>	<u>4,562,533</u>
Total Liabilities and Fund Balances	<u>\$ 30,843,300</u>	<u>\$ 4,730,214</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

2018 Equipment Lease Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,421,396	\$ 2,932,300	\$ 33,083,120
--	4,481,033	4,481,033
--	--	4,447,461
--	1,119,566	1,849,485
--	--	725
20	254,926	2,920,931
--	23,824	23,824
<u>\$ 2,421,416</u>	<u>\$ 8,811,649</u>	<u>\$ 46,806,579</u>
\$ --	\$ 58,717	\$ 2,932,076
908,759	1,823,684	2,920,931
--	100,079	100,079
<u>908,759</u>	<u>1,982,480</u>	<u>5,953,086</u>
--	23,824	23,824
--	90,750	90,750
1,512,657	--	6,075,190
--	6,238,878	6,238,878
--	20,098	20,098
--	455,619	455,619
--	--	8,090,642
--	--	988,592
--	--	18,869,900
<u>1,512,657</u>	<u>6,829,169</u>	<u>40,853,493</u>
<u>\$ 2,421,416</u>	<u>\$ 8,811,649</u>	<u>\$ 46,806,579</u>

OXFORD SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020*

Total fund balances for governmental funds	\$ 40,853,493
--	---------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not reported in the funds.	107,646,950
Liabilities due in one year are not recognized in the funds.	(6,792,479)
Payables for bond principal which are not due in the current period are not reported in the funds.	(62,955,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(8,379,650)
Payables for bond interest which are not due in the current period are not reported in the funds.	(847,108)
Payables for notes which are not due in the current period are not reported in the funds.	(480,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(347,896)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(65,630,727)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(3,333,888)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	8,119,479
Bond premiums are recorded in the SNP but not in the funds.	(2,026,344)
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(3,713,762)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(265,358)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	521,827

Net position of governmental activities	\$ <u>2,369,537</u>
---	---------------------

The accompanying notes are an integral part of this statement.

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OXFORD SCHOOL DISTRICT

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020*

	General Fund	2018 Building Project Fund
Revenues:		
Local sources	\$ 29,481,395	\$ 319,759
Increase in fair market value	--	74,456
State sources	20,662,310	--
Federal sources	257,827	--
Total Revenues	<u>50,401,532</u>	<u>394,215</u>
Expenditures:		
Instruction	26,365,335	--
Support services	16,755,677	31,104
Noninstructional services	17,916	36,386
Facilities acquisition and construction	100,290	26,038,575
Debt service:		
Principal	2,045,730	--
Interest	572,741	--
Other	--	--
Total Expenditures	<u>45,857,689</u>	<u>26,106,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,543,843</u>	<u>(25,711,850)</u>
Other Financing Sources (Uses):		
Inception of capital leases	2,042,105	--
Insurance recovery	17,277	--
Sale of other property	25,000	--
Payment held by QSCB escrow agent	--	--
Payment to QSCB bond escrow agent	--	--
Operating transfers in	--	--
Operating transfers out	(499,483)	--
Total Other Financing Sources (Uses)	<u>1,584,899</u>	<u>--</u>
Net change in fund balances	<u>6,128,742</u>	<u>(25,711,850)</u>
Fund Balances:		
July 1, 2019, as previously reported	21,408,915	30,274,383
Prior period adjustments	347,095	--
Fund reclassification	64,382	--
July 1, 2019, as restated	<u>21,820,392</u>	<u>30,274,383</u>
Increase (Decrease) in inventory	--	--
June 30, 2020	<u>\$ 27,949,134</u>	<u>\$ 4,562,533</u>

The accompanying notes are an integral part of this statement.

2018 Equipment Lease Fund	Other Governmental Funds	Total Governmental Funds
\$ 47,787	\$ 6,851,366	\$ 36,700,307
--	112,602	187,058
--	1,370,921	22,033,231
--	3,979,783	4,237,610
<u>47,787</u>	<u>12,314,672</u>	<u>63,158,206</u>
--	3,060,192	29,425,527
326	1,210,200	17,997,307
--	1,782,387	1,836,689
3,224,821	--	29,363,686
--	3,805,000	5,850,730
--	2,231,051	2,803,792
--	9,848	9,848
<u>3,225,147</u>	<u>12,098,678</u>	<u>87,287,579</u>
<u>(3,177,360)</u>	<u>215,994</u>	<u>(24,129,373)</u>
--	--	2,042,105
--	--	17,277
--	--	25,000
--	533,000	533,000
--	(533,000)	(533,000)
--	774,767	774,767
--	(275,284)	(774,767)
<u>--</u>	<u>499,483</u>	<u>2,084,382</u>
<u>(3,177,360)</u>	<u>715,477</u>	<u>(22,044,991)</u>
4,690,017	6,122,326	62,495,641
--	--	347,095
--	--	64,382
<u>4,690,017</u>	<u>6,122,326</u>	<u>62,907,118</u>
--	(8,634)	(8,634)
<u>\$ 1,512,657</u>	<u>\$ 6,829,169</u>	<u>\$ 40,853,493</u>

OXFORD SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020*

Net change in fund balances - total governmental funds	\$ (22,044,991)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	29,944,426
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,036,628)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(34,979)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,350,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	2,045,730
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	455,000
(Increase) decrease in accrued interest from beginning of period to end of period.	(208,928)
Change in inventory affects expense in the SOA but affects fund balance in the Funds.	(8,634)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(71,053)
Bond premiums are reported in the funds but not in the SOA.	180,421
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(2,042,105)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	4,360,237
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(6,959,425)
Amounts paid by employer as benefits come due subsequent to measurement date of NOL and before end of reporting period.	141,547
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(235,422)
Change in net position of governmental activities	<u>\$ 6,835,196</u>

The accompanying notes are an integral part of this statement.

OXFORD SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**JUNE 30, 2020*

	Private-purpose Trust Fund
Assets	
<i>Cash and cash equivalents</i>	\$ 649
Total Assets	<u>\$ 649</u>
Liabilities	
Total Liabilities	<u>--</u>
Net Position	
Reserved for endowments	\$ 649
Total Net Position	<u>\$ 649</u>

The accompanying notes are an integral part of this statement.

OXFORD SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Private-purpose Trust Fund
Additions	
Total Additions	\$ --
Deductions	
Total Deductions	--
Change in Net Position	--
Net Position	
July 1, 2019	649
June 30, 2020	\$ 649

The accompanying notes are an integral part of this statement.

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 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. Government-wide and Fund Financial Statements

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

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported in 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. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

2018 Building Project Fund - This is a capital projects fund that is used to account for construction at various school locations within the District.

2018 Equipment Lease Fund - This is a capital projects fund that is used to account for the acquisition of various equipment purchases.

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

The school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

M.S. Pullen Math Trust Fund - This private-purpose trust fund accounts for math scholarships awarded according to the trust documents.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital Project Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

FIDUCIARY FUNDS

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. 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.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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 taxes, 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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2014, issued by the U.S. Department of Education.

D. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of inter-fund

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

loans) or “advances to/from other funds” (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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.

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 Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the unspent proceeds of long-term debt is classified as restricted assets.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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 table below.

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 the capitalization 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.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has two deferred outflow items which are presented deferred outflow for pensions and deferred outflow for OPEB.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has two deferred inflow items which are presented as deferred inflow for pensions and deferred inflow for OPEB.

See Note 11 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. 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.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

12. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the approval of the type and amount of the

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

The goal of the District is to maintain an unassigned fund balance in the General Fund of not less than 9% of actual revenues.

13. Accounting Standards Update

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months. The school district early implemented GASB Statement No. 84, *Fiduciary Activities* during the fiscal year end June 30, 2020.

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 2 - Cash and Cash Equivalents, Cash with Fiscal Agents 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 excess 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 deposit or 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, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (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 other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. 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. Investment income of 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 \$33,083,120 and \$649, respectively.

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

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

does not have a deposit policy for custodial credit risk. 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. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2020, none of the district's bank balance of \$38,926,835 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$4,481,033.

Investments

As of June 30, 2020, the district had the following investments.

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
U.S. Treasury Note	AAA-mf	More than 1 year	\$4,447,461

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2020:

- Level 1 type of investments of \$4,447,461 are valued using quoted market prices (Level 1 inputs).

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

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

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.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

Note 3 - Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	2018 Equipment Lease Fund	\$ 908,759
	Other Governmental Funds	1,757,226
2018 Equipment Lease Fund	Other Governmental Funds	20
Other Governmental Funds	General Fund	188,488
	Other Governmental Funds	66,438
Total		\$ <u>2,920,931</u>

The primary purpose of the interfund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 499,483
	Other Governmental Funds	275,284
Total		\$ <u>774,767</u>

Operating transfers were primarily for the following: indirect cost transfers, vocational and special education transfers, the transfer of expendable sixteenth section sources, debt service transfers, and other routine operating transfers.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Note 4 - Restricted Assets

The restricted assets represent the cash and cash with fiscal agents balances, totaling \$288,741 and \$4,481,033, respectively, of the QSCB Bond Retirement Funds.

The restricted assets represented the cash balance, totaling \$2,421,396, of the unspent proceeds from the 2018 Equipment Lease Fund.

The restricted assets represented the cash and investments balances, totaling \$282,753 and \$4,447,461, respectively, of the unspent proceeds from the 2018 Building Project Fund.

Note 5 - Capital Assets

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

	Balance 7-1-2019	Additions	Deletions	Balance 6-30-2020
<u>Non-depreciable capital assets:</u>				
Land	\$ 4,878,428			4,878,428
Construction in progress	8,672,566	29,363,686		38,036,252
Total non-depreciable capital assets	13,550,994	29,363,686	0	42,914,680
<u>Depreciable capital assets:</u>				
Buildings	75,972,530			75,972,530
Building improvements	7,905,828			7,905,828
Improvements other than buildings	1,795,267			1,795,267
Mobile equipment	4,426,288	367,448	156,820	4,636,916
Furniture and equipment	1,842,947	213,292	31,537	2,024,702
Total depreciable capital assets	91,942,860	580,740	188,357	92,335,243
<u>Less accumulated depreciation for:</u>				
Buildings	15,038,526	1,488,243		16,526,769
Building improvements	5,160,116	113,492		5,273,608
Improvements other than buildings	978,743	44,389		1,023,132
Mobile equipment	2,967,072	233,607	125,222	3,075,457
Furniture and equipment	1,575,266	156,897	28,156	1,704,007
Total accumulated depreciation	25,719,723	2,036,628	153,378	27,602,973
Total depreciable capital assets, net	66,223,137	(1,455,888)	34,979	64,732,270
Governmental activities capital assets, net	\$ 79,774,131	27,907,798	34,979	107,646,950

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Depreciation expense was charged to the following governmental functions:

	Amount
Instructional	\$ 1,620,807
Support services	386,531
Non-instructional	29,290
Total depreciation expense	\$ <u>2,036,628</u>

The details of construction-in-progress are as follows:

	Spent to June 30, 2020	Remaining Commitment
Governmental Activities:		
Oxford Elementary School	\$ 20,201,980	5,231,058
Oxford High School Fine Arts Building	13,723,310	3,717,718
Bramlett Elementary School Renovation	1,527,661	40,736
Oxford Intermediate School Addition	1,500,672	99,172
Oxford Middle School Renovation	27,505	823,117
Oxford High School Baseball/Softball Stadium	1,055,124	5,318,871
Total governmental activities	\$ <u>38,036,252</u>	<u>15,230,672</u>

Construction projects included in governmental activities funded with loan proceeds.

Note 6 - Long-term liabilities

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

	Balance 7-1-2019	Changes*	Additions	Reductions	Adjustments**	Balance 6-30-2020	Amounts due within one year
A. General obligation bonds payable	\$ 39,365,000			2,765,000		36,600,000	2,875,000
General obligation refunding bonds payable	22,415,000			585,000		21,830,000	600,000
Premiums	2,387,186			180,421		2,206,765	180,421
B. Three mill notes payable	1,400,000			455,000		945,000	465,000
C. Obligations under capital leases	9,022,342	1,535,382	2,042,105	2,045,730	347,886	10,901,985	2,522,335
D. Obligations under energy efficiency leases	1,535,382	(1,535,382)				0	
E. Qualified school construction bonds payable	8,000,000					8,000,000	
F. Compensated absences payable	276,843		71,053			347,896	
Total	\$ <u>84,401,753</u>	<u>0</u>	<u>2,113,158</u>	<u>6,031,151</u>	<u>347,886</u>	<u>80,831,646</u>	<u>6,642,756</u>

*Changes were made to properly present capital leases.

** Adjustments were made to properly present long-term debt during the year end.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2011	3.25 - 4.50%	04-01-11	04-01-21	\$ 30,000,000	1,405,000
General obligation bonds, Series 2018	3.00 - 4.00%	05-01-18	05-01-38	38,000,000	35,195,000
General obligation refunding bonds, Series 2013	0.70 - 2.50%	05-07-13	12-01-24	6,130,000	3,215,000
General obligation refunding bonds, Series 2017	3.00 - 5.00%	12-18-17	04-01-31	18,775,000	18,615,000
Total				<u>\$ 92,905,000</u>	<u>58,430,000</u>

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

1. General obligation bonds, Series 2011

Year Ending June 30	Principal	Interest	Total
2021	\$ <u>1,405,000</u>	<u>837,736</u>	<u>2,242,736</u>

This debt will be retired from the Debt Retirement 2011 Issue Fund.

2. General obligation bonds, Series 2018

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,470,000	1,237,850	2,707,850
2022	1,515,000	1,179,050	2,694,050
2023	1,565,000	1,118,450	2,683,450
2024	1,620,000	1,055,850	2,675,850
2025	1,670,000	991,050	2,661,050
2026 - 2030	9,205,000	3,927,450	13,132,450
2031 - 2035	10,795,000	2,321,925	13,116,925
2036 - 2038	<u>7,355,000</u>	<u>514,339</u>	<u>7,869,339</u>
Total	\$ <u>35,195,000</u>	<u>12,345,964</u>	<u>47,540,964</u>

This debt will be retired from the Debt Retirement 2018 Issue Fund.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

3. General obligation refunding bonds, Series 2013

Year Ending June 30	Principal	Interest	Total
2021	\$ 600,000	65,832	665,832
2022	620,000	53,632	673,632
2023	645,000	40,175	685,175
2024	665,000	25,022	690,022
2025	685,000	8,563	693,563
Total	\$ 3,215,000	193,224	3,408,224

This debt will be retired from the Refunding Bonds Series 2013 Fund.

4. General obligation refunding bonds, Series 2017

Year Ending June 30	Principal	Interest	Total
2021	\$	699,350	699,350
2022	1,490,000	699,350	2,189,350
2023	1,550,000	654,650	2,204,650
2024	1,610,000	608,150	2,218,150
2025	1,710,000	527,650	2,237,650
2026 - 2030	10,035,000	1,376,850	11,411,850
2031	2,220,000	66,600	2,286,600
Total	\$ 18,615,000	4,632,600	23,247,600

This debt will be retired from the Refunding Bond Series 2017 Fund.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Total general obligation bond payment for all issues:

Year Ending June 30	Principal	Interest	Total
2021	\$ 3,475,000	2,840,768	6,315,768
2022	3,625,000	1,932,032	5,557,032
2023	3,760,000	1,813,275	5,573,275
2024	3,895,000	1,689,022	5,584,022
2025	4,065,000	1,527,263	5,592,263
2026 - 2030	19,240,000	5,304,300	24,544,300
2031 - 2035	13,015,000	2,388,525	15,403,525
2036 - 2038	7,355,000	514,339	7,869,339
Total	\$ <u>58,430,000</u>	<u>18,009,524</u>	<u>76,439,524</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding 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, 2020, the amount of outstanding bonded indebtedness was equal to 10% of property assessments as of October 1, 2019.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill limited tax refunding note payable, Series 2012	0.75-2.00%	09-18-12	12-01-21	\$ <u>3,575,000</u>	<u>945,000</u>

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 465,000	14,250	479,250
2022	<u>480,000</u>	<u>4,800</u>	<u>484,800</u>
Total	\$ <u>945,000</u>	<u>19,050</u>	<u>964,050</u>

This debt will be retired from the Three Mill 2012 Note Retirement Fund.

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

C. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of capital assets in the construction of the new Oxford High School at a cost of \$6,000,000 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into two separate lease agreements as lessee for financing the acquisition of computers and building equipment and lighting at a cost of \$2,043,792 and \$5,000,000 with a down payment of \$0. These leases qualify as capital leases for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the acquisition of I-Pads District-wide at a cost of \$271,796 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the acquisition of Student 1:1 I-Pads district-wide at a cost of \$1,367,800 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the acquisition of staff laptops district-wide at a cost of \$674,305 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the acquisition of network firewall equipment district-wide at a cost of \$182,360 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the acquisition of capital assets in the construction of the new Oxford High School at a cost of \$2,432,211 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Capital lease obligation	0.15%	03-25-13	02-25-24	\$ 6,000,000	2,359,826
2. Capital lease obligation	1.05%	05-22-19	05-22-29	5,000,000	4,560,416
3. Master lease obligation 2017 - Computers	1.05%	04-22-17	07-31-20	2,043,792	513,270
4. Apple lease - iPads	1.82%	06-20-18	07-15-21	271,796	135,876
5. Apple lease 2 -	0.00%	04-06-20	07-08-22	1,367,800	1,367,800
6. Apple lease	0.00%	09-06-19	09-06-22	674,305	505,729
7. Cisco Firewall	0.00%	04-15-18	05-15-23	182,360	109,416
8. SunTrust	3.01%	12-08-11	05-08-26	2,432,211	1,349,652
Total				<u>\$ 17,972,264</u>	<u>10,901,985</u>

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

1. Capital lease obligation

Year Ending June 30	Principal	Interest	Total
2021	\$ 632,294	39,797	672,091
2022	644,442	27,649	672,091
2023	656,822	15,268	672,090
2024	<u>426,268</u>	<u>3,123</u>	<u>429,391</u>
Total	<u>\$ 2,359,826</u>	<u>85,837</u>	<u>2,445,663</u>

This debt will be retired from the District Maintenance Fund.

2. Capital lease obligation:

Year Ending June 30	Principal	Interest	Total
2021	\$ 452,023	124,995	577,018
2022	464,813	112,202	577,015
2023	477,967	99,050	577,017
2024	491,492	85,525	577,017
2025	505,400	71,617	577,017
2026 - 2029	<u>2,168,721</u>	<u>139,350</u>	<u>2,308,071</u>
Total	<u>\$ 4,560,416</u>	<u>632,739</u>	<u>5,193,155</u>

This debt will be retired from the District Maintenance Fund.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

3. Master lease obligation 2017 - computers

Year Ending June 30	Principal	Interest	Total
2021	\$ <u>513,270</u>	<u>3,029</u>	<u>516,299</u>

This debt will be retired from the District Maintenance Fund.

4. Apple lease - iPads

Year Ending June 30	Principal	Interest	Total
2021	\$ 67,325	2,473	69,798
2022	<u>68,551</u>	<u>1,248</u>	<u>69,799</u>
Total	\$ <u>135,876</u>	<u>3,721</u>	<u>139,597</u>

This debt will be retired from the District Maintenance Fund.

5. Apple lease

Year Ending June 30	Principal	Interest	Total
2021	\$ 455,933	0	455,933
2022	455,933	0	455,933
2023	<u>455,934</u>	<u>0</u>	<u>455,934</u>
Total	\$ <u>1,367,800</u>	<u>0</u>	<u>1,367,800</u>

This debt will be retired from the District Maintenance Fund.

6. Apple lease

Year Ending June 30	Principal	Interest	Total
2021	\$ 168,576	0	168,576
2022	168,576	0	168,576
2023	<u>168,577</u>	<u>0</u>	<u>168,577</u>
Total	\$ <u>505,729</u>	<u>0</u>	<u>505,729</u>

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

This debt will be retired from the District Maintenance Fund

7. Cisco Firewall

Year Ending June 30	Principal	Interest	Total
2021	\$ 36,472	0	36,472
2022	36,472	0	36,472
2023	<u>36,472</u>	<u>0</u>	<u>36,472</u>
Total	\$ <u>109,416</u>	<u>0</u>	<u>109,416</u>

This debt will be retired from the District Maintenance Fund.

8. Apple lease

Year Ending June 30	Principal	Interest	Total
2021	\$ 196,442	38,398	234,840
2022	209,574	32,306	241,880
2023	223,326	25,810	249,136
2024	237,721	18,891	256,612
2025	252,782	11,530	264,312
2026	<u>229,807</u>	<u>3,715</u>	<u>233,522</u>
Total	\$ <u>1,349,652</u>	<u>130,650</u>	<u>1,480,302</u>

This debt will be retired from the District Maintenance Fund.

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 2,522,335	208,692	2,731,027
2022	2,048,361	173,405	2,221,766
2023	2,019,098	140,128	2,159,226
2024	1,155,481	107,539	1,263,020
2025	758,182	83,147	841,329
2026	<u>2,398,528</u>	<u>143,065</u>	<u>2,541,593</u>
Total	\$ <u>10,901,985</u>	<u>855,976</u>	<u>11,757,961</u>

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

D. Obligations under energy efficiency leases

Leases were reclassified from energy efficiency leases to the classification in the current year as capital leases.

E. Qualified school construction bonds payable

As more fully explained in Note 17, debt has been issued by the school district that qualifies as Qualified School Construction Bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified school construction bonds payable, Series 2011	6.40%	03-01-11	03-01-26	\$ 3,000,000	3,000,000
2. Qualified school construction bonds payable, Series 2013	0.00%	03-28-13	03-16-28	5,000,000	5,000,000
Total				<u>\$ 8,000,000</u>	<u>8,000,000</u>

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

1. Qualified school construction bonds payable Series 2011

Year Ending June 30	Principal	Interest	Total
2021	\$	26,700	26,700
2022		26,700	26,700
2023		26,700	26,700
2024		26,700	26,700
2025		26,700	26,700
2026	<u>3,000,000</u>	<u>507,300</u>	<u>3,507,300</u>
Total	<u>\$ 3,000,000</u>	<u>640,800</u>	<u>3,640,800</u>

F. Compensated absences payable

As more fully explained in Note 1(E)(8), 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.

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 7 - Defined Benefit Pension Plan

General Information about the 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2020 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2020, 2019, and 2018, were \$4,360,237, \$3,826,815, and \$3,754,686, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the school district reported a liability of \$65,630,727 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2020 net pension liability was 0.373072 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.000236 percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$6,959,425. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,849	\$ 69,702
Net difference between projected and actual earnings on pension plan investments		744,186
Changes of assumptions	643,321	
Changes in proportion and differences between District contributions and proportionate share of contributions	3,077,072	2,520,000
District contributions subsequent to the measurement date	4,360,237	
Total	<u>\$ 8,119,479</u>	<u>\$ 3,333,888</u>

\$4,360,237 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Year Ending June 30:		
2021	\$	694,616
2022		(746,521)
2023		177,620
2024		299,639
Total	\$	<u>425,354</u>

Actuarial assumptions. The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimates ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00%	4.90%
International Equity	22.00%	4.75%
Global Equity	12.00%	5.00%
Fixed Income	20.00%	1.50%
Real Estate	10.00%	4.00%
Private Equity	8.00%	6.25%
Cash	1.00%	0.25%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 86,273,863	\$ 65,630,727	\$ 48,591,669

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 8 - Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et. seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$141,547 for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2020, the District reported a liability of \$3,863,485 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the District's proportion was 0.45530912 percent. This was a decrease of 0.00139218 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$235,422. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	5,842	\$ 55,302
Changes in assumptions		288,033	200,341
Net difference between projected and actual earnings on OPEB plan investments		73	
Changes in proportion and differences between District contributions and proportionate share of contributions		86,332	9,715
District contributions subsequent to the measurement date		141,547	
Total	\$	<u>521,827</u>	<u>\$ 265,358</u>

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

\$141,547 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2021	\$	15,043
2022		15,043
2023		15,043
2024		18,230
2025		35,045
Thereafter		16,518
Total	\$	<u>114,922</u>

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 - 18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50%
Prior Measurement Date	3.89%

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Health Care Cost Trends

Medicare Supplement Claims

Pre-Medicare

7.00 percent for 2019 decreasing to an ultimate rate of 4.75% by 2028

Mortality rates were based on the PubS.H-2010(B) Retiree Table projected with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2018 was based on a monthly average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage point higher (4.50 percent) than the current discount rate:

		1% Decrease (2.50%)		Discount Rate (3.50%)		1% Increase (4.50%)
Net OPEB liability	\$	4,291,657	\$	3,863,485	\$	3,497,143

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates Current		1% Increase
Net OPEB liability	\$	3,580,114	\$	3,863,485	\$ 4,184,496

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

Note 9 - 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.

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 55 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. 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 Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 55 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. 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 Trust.

Note 10 - 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 disallowances resulting from the grantor audit may become a liability of the school district.

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.

Note 11 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$36,850,914) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$4,360,237 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$3,759,242 balance of deferred outflow of resources, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$36,850,914) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$3,333,888 balance of deferred inflow of resources, at June 30, 2020 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$36,850,914) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$141,547 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The \$380,280 balance of deferred outflow of resources, at June 30,

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

2020 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$36,850,914) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$265,358 balance of deferred inflow of resources at June 30, 2020 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

Note 12 - Other Commitments

Commitments under construction contracts are described in Note 5.

Note 13 - Prior Period Adjustment

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
See explanation below.	<u>(\$791)</u>

Exhibit D - Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund	Adjustments made to properly present liabilities.	\$ 347,886
General Fund	Prior year correction of assets, and voided checks.	<u>(791)</u>
Total		<u>\$ 347,095</u>

Note 14 - Other Matters

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the District is uncertain at this time.

Note 15 - Fund Reclassification

The Oxford School District early adopted the provisions of Statement No. 84 of the Governmental Accounting Standards Board - *Fiduciary Activities*. This Statement should be applied retroactively by restating financial statements for the current period. The Oxford School District reclassified all Agency Funds to the General Fund.

Note 16 - 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.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction and 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 Center, and the operations of the consortium are included in its financial statements.

Note 17 - Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2020, the subsidy payments amounted to \$77,774.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2020 was \$4,769,774. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2020

Year Ending June 30:	Amount	Bond 2011 Issue	Bond 2013 Issue
2021	\$ 533,000	200,000	333,000
2022	533,000	200,000	333,000
2023	533,000	200,000	333,000
2024	533,000	200,000	333,000
2025	533,000	200,000	333,000
2026 - 2029	999,000		999,000
Total	\$ 3,664,000	1,000,000	2,664,000

Note 18 - State Compliance Testing

The Mississippi Office of the State Auditor (OSA) has elected to perform procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the School District's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>.

Note 19 - Insurance Recovery

The Oxford School District received \$17,277 in insurance loss recoveries related to power surge and water damage during the 2019-2020 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as support services.

Note 20 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Oxford School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

The board voted to award bid to McCarty King Construction Company for Bid Package A (General Works) plus Alternate 5 (Access Control) in the amount of \$2,007,000 contingent on the successful validation and closing of the lease/leaseback transaction.

REQUIRED SUPPLEMENTARY INFORMATION

OXFORD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2020

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 29,079,895	29,481,695	29,481,395	401,800	(300)
State sources	20,348,790	20,700,738	20,662,310	351,948	(38,428)
Federal sources	200,348	257,827	257,827	57,479	-
Total Revenues	49,629,033	50,440,260	50,401,532	811,227	(38,728)
Expenditures:					
Instruction	26,046,311	23,975,346	26,365,335	2,070,965	(2,389,989)
Support services	17,615,708	16,806,908	16,755,677	808,800	51,231
Noninstructional services	138,193	17,916	17,916	120,277	-
Facilities acquisition and construction	5,446,326	49,056	100,290	5,397,270	(51,234)
Debt service:					
Principal	2,025,232	3,045,142	2,045,730	(1,019,910)	999,412
Interest	245,969	215,434	572,741	30,535	(357,307)
Total Expenditures	51,517,739	44,109,802	45,857,689	7,407,937	(1,747,887)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,888,706)	6,330,458	4,543,843	8,219,164	(1,786,615)
Other Financing Sources (Uses):					
Inception of capital leases			2,042,105	-	2,042,105
Insurance recovery		17,276	17,277	17,276	1
Sale of other property		25,000	25,000	25,000	-
Operating transfers in	5,294,233	5,618,309		324,076	(5,618,309)
Operating transfers out	(5,805,588)	(6,117,825)	(499,483)	(312,237)	5,618,342
Total Other Financing Sources (Uses)	(511,355)	(457,240)	1,584,899	54,115	2,042,139
Net Change in Fund Balances	(2,400,061)	5,873,218	6,128,742	8,273,279	255,524
Fund Balances:					
July 1, 2019, as previously reported	21,384,688	21,417,572	21,408,915	32,884	(8,657)
Prior period adjustment		54,934	347,095	54,934	292,161
Fund reclassification			64,382	-	64,382
July 1, 2019, as restated	21,384,688	21,472,506	21,820,392	87,818	347,886
June 30, 2020	\$ 18,984,627	27,345,724	27,949,134	8,361,097	603,410

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

Oxford School District

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 65,630,727	62,092,212	61,190,714	63,715,527	52,810,498	39,970,991
District's proportion of the net pension liability	0.373072%	0.373308%	0.368100%	0.356700%	0.341600%	0.329300%
District's covered payroll	21,993,190	23,839,276	23,612,787	22,820,940	21,343,606	20,123,302
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.41%	260.46%	259.14%	279.20%	247.43%	198.63%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Oxford School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,360,237	3,826,815	3,754,686	3,719,014	3,594,298	3,361,618
Contributions in relation to the contractually required contribution	4,360,237	3,826,815	3,754,686	3,719,014	3,594,298	3,361,618
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	25,058,833	24,297,238	23,839,276	23,612,787	22,820,940	21,343,606
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Oxford School District

Schedule of the District's Proportionate Share of the Net OPEB Liability

OPEB

Last 10 Fiscal Years*

	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 3,863,485	3,532,813	3,572,824
District's proportion of the net OPEB liability	0.45530912%	0.45670130%	0.45540000%
District's covered-employee payroll	20,850,544	20,656,289	20,459,870 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

** The amount used to calculate this figure was based on the Implicit Rate Subsidy at measurement date as it relates to contributions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Oxford School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	2020	2019	2018
Actuarially determined contribution	\$ 141,547	154,860	152,762
Contributions in relation to the actuarially determined contribution	141,547	154,860	152,762
Contribution deficiency (excess)	\$ -	-	-
District's covered-employee payroll	22,961,071	24,297,238	23,839,276
Contributions as a percentage of covered-employee payroll	0.62%	0.64%	0.64%

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

** The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions.

Oxford School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2020

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Oxford School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2020

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

(2) *Changes in benefit provisions*

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Oxford School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2020

OPEB Schedules

(1) Changes of assumptions

2017:

The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018:

The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

2019:

The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

(2) Changes in benefit provisions

2017:

None

2018:

None

2019:

None

(3) *Methods and assumptions used in calculation of Actuarially Determined Contributions.*

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%

Oxford School District

Notes to the Required Supplementary Information (Continued)
For the Year Ended June 30, 2020

Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.25%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2028
Long-term investment rate of return, net of	
OPEB plan investment expense,	
including price inflation	3.89%

SUPPLEMENTARY INFORMATION

OXFORD SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	205MS326N1099	10.553	\$ 356,862
National School Lunch Program	205MS326N1099	10.555	845,213
COVID-19 - Summer Food Service Program for Children	205MS326N1099	10.559	639,216
Total Child Nutrition Cluster			1,841,291
State Administrative Expenses for Children	205MS907N2533	10.560	3,516
Total passed-through the Mississippi Department of Education			1,844,807
Passed-through Lafayette County:			
Schools and Roads - Grants to States	N/A	10.665	11,442
Total passed-through Lafayette County			11,442
Total U.S. Department of Agriculture			1,856,249
<u>U. S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	N/A	12.xxxx	55,706
Total U.S. Department of Defense			55,706
<u>U. S. Department of Treasury</u>			
Passed-through the Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund	N/A	21.019	80,569
Total U.S. Department of Treasury			80,569
<u>U. S. Department of Education</u>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A190024	84.010	665,279
Career and Technical Education - Basic Grants to States	V048A190024	84.048	12,626
Rehabilitation Services Vocation Rehabilitation	N/A	84.126	22,813
School Climate Transformation Grant	ES377A180025	84.184G	8,977
Education for Homeless Children and Youth	ES196A180025	84.196	23,772
Rural Education	ES358B190024	84.358	29,297
English Language Acquisition State Grants	ES65A190024	84.365	56,294
Supporting Effective Instruction State Grants	ES367A190023	84.367	181,299
Student Support and Academic Enrichment Program	ES424A190025	84.424	34,518
COVID-19 - Education Stabilization Fund (ESSER)	S425D200031	84.425D	74,264
Subtotal			1,109,139
Special Education Cluster:			
Special Education - Grants to States	H027A190108	84.027	917,214
Positive Behavior Specialists	H027A190108	84.027A	8,754
Special Education - Preschool Grants	H173A190113	84.173	28,831
Total Special Education Cluster			954,799
Total passed-through the Mississippi Department of Education			2,063,938
Total U.S. Department of Education			2,063,938
<u>Social Security Administration</u>			
Direct Program:			
Social Security Disability Insurance		96.001	742
Total Social Security Administration			742
Total for All Federal Awards			\$ 4,057,204

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Oxford School District

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The school district did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities of \$135,107 are included in the National School Lunch Program.

OXFORD SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2020

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	34,470,846	27,077,363	1,405,520	2,347,904	3,640,059
Other	52,816,733	4,116,024	981,134	12,486	47,707,089
Total \$	<u>87,287,579</u>	<u>31,193,387</u>	<u>2,386,654</u>	<u>2,360,390</u>	<u>51,347,148</u>
Total number of students *	<u>4,532</u>				
Cost per student \$	<u>19,260</u>	<u>6,883</u>	<u>527</u>	<u>521</u>	<u>11,329</u>

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.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following functions: Support Services - School Administration.

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

OTHER INFORMATION

OXFORD SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 29,481,395	27,746,100	26,602,377	23,149,399
State sources	20,662,310	19,341,093	18,939,141	18,603,760
Federal sources	257,827	260,336	267,134	232,093
Total Revenues	<u>50,401,532</u>	<u>47,347,529</u>	<u>45,808,652</u>	<u>41,985,252</u>
Expenditures:				
Instruction	26,365,335	23,441,911	23,657,979	22,918,119
Support services	16,755,677	15,502,689	14,325,036	15,589,930
Noninstructional services	17,916	64,482	122,179	175,544
Facilities acquisition and construction	100,290			
Debt service:				
Principal	2,045,730	1,572,047	2,276,967	1,733,362
Interest	572,741	124,001	144,145	206,719
Other			23,067	19,438
Total Expenditures	<u>45,857,689</u>	<u>40,705,130</u>	<u>40,549,373</u>	<u>40,643,112</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>4,543,843</u>	<u>6,642,399</u>	<u>5,259,279</u>	<u>1,342,140</u>
Other Financing Sources (Uses):				
Inception of capital leases	2,042,105			2,043,792
Insurance recovery	17,277	93,108	17,489	
Sale of transportation equipment		4,995	900	3,920
Sale of other property	25,000	1,360	711,314	2,500
Operating transfers in		32,195		22,109
Operating transfers out	(499,483)	(203,256)	(435,672)	(405,740)
Total Other Financing Sources (Uses)	<u>1,584,899</u>	<u>(71,598)</u>	<u>294,031</u>	<u>1,666,581</u>
Net Change in Fund Balances	6,128,742	6,570,801	5,553,310	3,008,721
Fund Balances:				
Beginning of period, as previously reported	21,408,915	14,797,825	9,244,515	6,235,794
Prior period adjustment	347,095	40,289		
Fund Reclassification	64,382			
Beginning of period, as restated	<u>21,820,392</u>	<u>14,838,114</u>	<u>9,244,515</u>	<u>6,235,794</u>
End of period	<u>\$ 27,949,134</u>	<u>21,408,915</u>	<u>14,797,825</u>	<u>9,244,515</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"

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 36,700,307	35,476,152	31,894,206	28,610,362
Increase in fair market value	187,058			
State sources	22,033,231	20,852,123	20,057,816	19,232,034
Federal sources	4,237,610	3,810,494	3,808,831	4,162,049
Total Revenues	63,158,206	60,138,769	55,760,853	52,004,445
Expenditures:				
Instruction	29,425,527	26,462,073	25,945,201	25,314,873
Support services	17,997,307	16,919,956	15,475,764	16,585,314
Noninstructional services	1,836,689	1,731,601	1,984,779	2,053,511
Facilities acquisition and construction	29,363,686	8,307,213	365,353	
Debt service:				
Principal	5,850,730	5,422,047	5,531,967	4,748,362
Interest	2,803,792	2,478,681	1,345,845	1,625,976
Other	9,848	13,398	1,192,324	29,479
Total Expenditures	87,287,579	61,334,969	51,841,233	50,357,515
Excess (Deficiency) of Revenues over (under) Expenditures	(24,129,373)	(1,196,200)	3,919,620	1,646,930
Other Financing Sources (Uses):				
Bonds and notes issued			38,000,000	
Inception of capital leases	2,042,105	5,000,000		2,043,792
Insurance recovery	17,277	93,108	17,489	
Refunding bonds issued			18,775,000	
Premiums on bond and refunding bonds issued			2,460,719	
Payment held by QSCB escrow agent	533,000	533,000	534,000	534,000
Payment to QSCB bond escrow agent	(533,000)	(533,000)	(534,000)	(534,000)
Payment to refunded bond escrow agent			(20,045,868)	
Sale of transportation equipment		4,995	900	3,920
Sale of other property	25,000	1,360	711,314	2,500
Operating transfers in	774,767	1,008,410	471,774	427,849
Unrealized gain (loss) on investments		715,016	(12,453)	
Operating transfers out	(774,767)	(1,008,410)	(471,774)	(427,849)
Total Other Financing Sources (Uses)	2,084,382	5,814,479	39,907,101	2,050,212
Net Change in Fund Balances	(22,044,991)	4,618,279	43,826,721	3,697,142
Fund Balances:				
Beginning of period, as previously reported	62,495,641	57,959,045	14,099,801	10,410,037
Prior period adjustment	347,095	(62,980)		
Fund reclassification	64,382			
Beginning of period, as restated	62,907,118	57,896,065	14,099,801	10,410,037
Increase (decrease) in inventory	(8,634)	(18,703)	32,523	(7,378)
End of period	\$ 40,853,493	62,495,641	57,959,045	14,099,801

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Oxford School District

We have audited, in accordance with the 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, 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, 2020, and the related notes to the financial statements, which collectively comprise the Oxford School District's basic financial statements, and have issued our report thereon dated February 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the school district's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oxford School District's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 17, 2021

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Superintendent and School Board
Oxford School District

Report on Compliance for Each Major Federal Program

We have audited Oxford School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oxford School District's major federal program for the year ended June 30, 2020. The Oxford School District's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Oxford School District's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination on the school district's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Oxford School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Oxford School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oxford School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 17, 2021

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Oxford School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major program:

CFDA Numbers:	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.
10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). No.

Section II: Financial Statements Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section III: Federal Awards Findings and Questioned Costs

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