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OXFORD SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2018

OXFORD SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT



WATKINS, WARD and STAFFORD

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INDEPENDENT AUDITORS' REPORT

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, 2018, and the related notes to financial statements, which collectively comprise the Oxford School District's basic financial statements as listed in the 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.

Auditors' 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 from 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 auditors' 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 auditors consider 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 entity'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.

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, 2018, 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.

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 4-11, 50-51, 52, 53, 54, and 55 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 financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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* (CFR) 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 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 January 30, 2019, 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 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 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.

Okolona, Mississippi
January 30, 2019

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

OXFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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, 2018. 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 2018 decreased \$1,709,018, including a prior period adjustment of \$3,434,813, which represents a 17% decrease from fiscal year 2017. Total net position for 2017 decreased \$848,757, which represents a 9% decrease from fiscal year 2016.
- General revenues amounted to \$49,687,884 and \$45,670,260, or 88% and 88% of all revenues for fiscal years 2018 and 2017, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,801,772, or 12% of total revenues for 2018 and \$6,340,605, or 12% of total revenues for 2017.
- The District had \$54,763,861 and \$52,859,622 in expenses for fiscal years 2018 and 2017; only \$6,801,772 for 2018 and \$6,340,605 for 2017 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$49,687,884 for 2018 and \$45,670,260 for 2017 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$45,808,652 in revenues and \$40,549,373 in expenditures for 2018, and \$41,985,252 in revenues and \$40,643,112 in expenditures for 2017. The General Fund's fund balance increased by \$5,553,310 from 2017 to 2018, and increased by \$3,008,721, from 2016 to 2017.
- Capital assets, net of accumulated depreciation, decreased by \$1,206,520 for 2018, and decreased by \$1,645,806 for 2017. The decrease for 2018 was primarily due to an increase in accumulated depreciation.
- Long-term debt increased by \$34,818,326 for 2018 and decreased by \$2,702,047 for 2017. The increase for 2018 was primarily due to the issuance of General Obligation Bonds of \$38,000,000. The liability for compensated absences decreased by \$199,810 for 2018 and increased by \$26,380 for 2017.

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, 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 of resources, liabilities, and deferred inflows of resources, 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.

OXFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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 can be divided into two categories: 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 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 purpose.

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 a liabilities on the government-wide financial statements, but are reported as expenditures on governmental funds financial statements.

OXFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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.

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 budgetary comparison schedules, 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 and each additional major special revenue 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* (CFR) 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. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,995,716 as of June 30, 2018.

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, 2018

Table 1 presents a summary of the District's net position at June 30, 2018 and June 30, 2017.

Table 1
Condensed Statement of Net Position

	June 30, 2018	June 30, 2017	Percentage Change
Current assets	\$ 18,619,761	\$ 11,682,974	59.38 %
Restricted assets	40,862,313	2,587,672	1,479.11 %
Capital assets, net	73,630,875	74,837,395	(1.61) %
Total assets	133,112,949	89,108,041	49.38 %
Deferred outflows of resources	9,171,907	15,121,389	(39.34) %
Current liabilities	2,160,256	441,963	388.79 %
Long-term debt outstanding	85,007,651	50,189,325	69.37 %
Net pension liability	61,190,714	63,715,527	(3.96) %
Net OPEB liability	3,572,824		N/A
Total liabilities	151,931,445	114,346,815	32.87 %
Deferred inflows of resources	2,349,127	169,313	1,287.45 %
Net position:			
Net investment in capital assets	28,213,851	26,997,833	4.50 %
Restricted	4,881,816	4,584,168	6.49 %
Unrestricted	(45,091,383)	(41,868,699)	(7.70) %
Total net position	\$ (11,995,716)	\$ (10,286,698)	(16.61) %

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)	\$ (45,091,383)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and the net OPEB liability including the related deferred outflows and deferred inflows	57,900,667
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 12,809,284</u>

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

- Decrease in net capital assets in the amount of \$1,206,520
- Issuance of \$38,000,000 of General Obligation Bonds
- Implementation of GASB 75 which resulted in the recognition of a net OPEB liability in the amount of \$3,572,824.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2018 and June 30, 2017 were \$56,489,656 and \$52,010,865, respectively. The total cost of all programs and services was \$54,763,861 for 2018 and \$52,859,622

OXFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

for 2017.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

Table 2
Changes in Net Position

	Year Ended June 30, 2018	Year Ended June 30, 2017	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,916,023	\$ 1,700,976	12.64 %
Operating grants and contributions	4,758,670	4,549,716	4.59 %
Capital Grants and Contributions	127,079	89,913	41.34 %
General revenues:			
Property taxes	29,511,538	26,381,976	11.86 %
Grants and contributions not restricted	18,980,899	18,754,453	1.21 %
Investment earnings	30,285	18,077	67.53 %
Other	1,165,162	515,754	125.91 %
Total revenues	56,489,656	52,010,865	8.61 %
Expenses:			
Instruction	24,662,491	24,291,833	1.53 %
Support services	14,245,960	15,609,795	(8.74) %
Non-instructional	1,941,385	2,012,620	(3.54) %
Pension expense	9,410,782	9,335,361	0.81 %
OPEB expense	198,622		N/A
Interest on long-term liabilities	4,304,621	1,610,013	167.37 %
Total expenses	54,763,861	52,859,622	3.60 %
Increase (Decrease) in net position	1,725,795	(848,757)	303.33 %
Net Position, July 1, as previously reported	(10,286,698)	(9,437,941)	(8.99) %
Prior Period Adjustment	(3,434,813)	-	N/A %
Net Position, July 1, as restated	(13,721,511)	(9,437,941)	(45.39) %
Net Position, June 30	\$ (11,995,716)	\$ (10,286,698)	(16.61) %

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.

OXFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2018	2017	
Instruction	\$ 24,662,491	\$ 24,291,833	1.53 %
Support services	14,245,960	15,609,795	(8.74) %
Non-instructional	1,941,385	2,012,620	(3.54) %
Pension expense	9,410,782	9,335,361	0.81 %
OPEB expense	198,622		N/A
Interest on long-term liabilities	4,304,621	1,610,013	167.37 %
Total expenses	\$ 54,763,861	\$ 52,859,622	3.60 %

	Net (Expense) Revenue		Percentage Change
	2018	2017	
Instruction	\$ (21,151,228)	\$ (21,092,803)	(0.28) %
Support services	(12,927,701)	(14,596,866)	11.44 %
Non-instructional	30,865	(37,951)	181.33 %
Pension expense	(9,410,782)	(9,335,361)	(0.81) %
OPEB expense	(198,622)		N/A
Interest on long-term liabilities	(4,304,621)	(1,456,036)	(195.64) %
Total net (expense) revenue	\$ (47,962,089)	\$ (46,519,017)	(3.10) %

- Net cost of governmental activities (\$47,962,089 for 2018 and \$46,519,017 for 2017) was financed by general revenue, which is primarily made up of property taxes (\$29,511,538 for 2018 and \$26,381,976 for 2017) and state and federal revenues (\$18,980,899 for 2018 and \$18,754,453 for 2017).
- Investment earnings amounted to \$30,285 for 2018 and \$18,077 for 2017.

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 \$57,959,045, an increase of \$43,859,244, which includes an increase in inventory of \$32,523. \$13,612,183 or 23% 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, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$44,346,862 or 77% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

OXFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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 \$5,553,310. The fund balance of Other Governmental Funds showed an increase in the amount of \$733,160. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Child Nutrition Fund	\$ (29,312)
2018 Building Project Fund	\$ 37,602,086

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 and each major special revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2018, the District's total capital assets were \$100,098,678, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$835,716 from 2017. Total accumulated depreciation as of June 30, 2018, was \$26,467,803, and total depreciation expense for the year was \$2,068,365, resulting in total net capital assets of \$73,630,875.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Percentage Change</u>
Land	\$ 4,878,428	\$ 4,878,428	0.00 %
Construction in Progress	365,353	-	N/A %
Buildings	62,521,844	64,019,804	(2.34) %
Building improvements	3,277,867	3,462,381	(5.33) %
Improvements other than buildings	887,926	940,148	(5.55) %
Mobile equipment	1,383,815	1,168,732	18.40 %
Furniture and equipment	315,642	367,902	(14.20) %
Total	<u>\$ 73,630,875</u>	<u>\$ 74,837,395</u>	(1.61) %

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

OXFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Debt Administration. At June 30, 2018, the District had \$82,440,044 in outstanding long-term debt, of which \$5,421,074 is due within one year. The liability for compensated absences decreased \$199,810 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Percentage</u> <u>Change</u>
General obligation bonds payable	\$ 65,185,000	\$ 29,490,000	121.04 %
Limited obligation bonds payable	-	295,000	(100.00) %
Three mill notes payable	1,845,000	2,275,000	(18.90) %
Obligations under capital leases	5,421,503	7,537,058	(28.07) %
Obligations under energy efficiency leases	1,708,268	1,869,680	(8.63) %
Qualified school construction bonds payable	8,000,000	8,000,000	0.00 %
Capital related bond premiums	2,567,607	242,504	958.79 %
Compensated absences payable	280,273	480,083	(41.62) %
Total	<u>\$ 85,007,651</u>	<u>\$ 50,189,325</u>	69.37 %

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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

OXFORD SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 17,553,322
Due from other governments	1,015,278
Inventories	51,161
Restricted assets	40,862,313
Capital assets, non-depreciable:	
Land	4,878,428
Construction in progress	365,353
Capital assets, net of accumulated depreciation:	
Buildings	62,521,844
Building improvements	3,277,867
Improvements other than buildings	887,926
Mobile equipment	1,383,815
Furniture and equipment	315,642
Total Assets	<u>133,112,949</u>
Deferred Outflows of Resources	
Deferred outflows - Pensions	8,898,276
Deferred outflows - OPEB	273,631
Total Deferred Outflows of Resources	<u>9,171,907</u>
Liabilities	
Accounts payable and accrued liabilities	1,482,938
Interest payable on long-term liabilities	677,318
Long-term liabilities, due within one year:	
Capital related liabilities	5,249,161
Non-capital related liabilities	171,913
Net OPEB liability	152,315
Long-term liabilities, due beyond one year:	
Capital related liabilities	75,202,342
Capital related bond premiums	2,567,607
Non-capital related liabilities	1,816,628
Net pension liability	61,190,714
Net OPEB liability	3,420,509
Total Liabilities	<u>151,931,445</u>
Deferred Inflows of Resources	
Deferred revenue	40,091
Deferred inflows - Pensions	2,127,109
Deferred inflows - OPEB	181,927
Total Deferred Inflows of Resources	<u>2,349,127</u>
Net Position	
Net investment in capital assets	28,213,851
Restricted for:	
Expendable:	
School-based activities	328,278
Debt service	4,450,731
Capital improvements	10,967
Unemployment benefits	91,840
Unrestricted	(45,091,383)
Total Net Position	<u>\$ (11,995,716)</u>

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 24,662,491	1,352,042	2,159,221	-	\$ (21,151,228)
Support services	14,245,960	-	1,191,180	127,079	(12,927,701)
Non-instructional	1,941,385	563,981	1,408,269	-	30,865
Pension expense	9,410,782	-	-	-	(9,410,782)
OPEB expense	198,622	-	-	-	(198,622)
Interest on long-term liabilities	4,304,621	-	-	-	(4,304,621)
Total Governmental Activities	<u>\$ 54,763,861</u>	<u>1,916,023</u>	<u>4,758,670</u>	<u>127,079</u>	<u>\$ (47,962,089)</u>

General Revenues:

Taxes:

General purpose levies 25,019,899

Debt purpose levies 4,491,639

Unrestricted grants and contributions:

State 18,785,777

Federal 195,122

Unrestricted investment earnings 30,285

Other 1,165,162

Total General Revenues 49,687,884

Change in Net Position 1,725,795

Net Position - Beginning, as previously reported (10,286,698)

Prior Period Adjustments (3,434,813)

Net Position - Beginning, as restated (13,721,511)

Net Position - Ending \$ (11,995,716)

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2018

Exhibit C

	Major Funds				
	General	Child	2018 Building	Other	Total
	Fund	Nutrition	Project	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Assets					
Cash and cash equivalents	\$ 14,820,363	207,744	3,697	2,525,215	\$ 17,557,019
Cash with fiscal agents	-	-	-	3,070,398	3,070,398
Investments	-	-	37,598,389	189,829	37,788,218
Due from other governments	543,127	2,373	-	469,778	1,015,278
Due from other funds	985,415	307,539	-	115,079	1,408,033
Inventories	-	51,161	-	-	51,161
Total assets	\$ 16,348,905	568,817	37,602,086	6,370,299	\$ 60,890,107
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 120,258	-	-	3,291	\$ 123,549
Due to other funds	1,430,822	463,743	-	872,857	2,767,422
Unearned revenue	-	-	-	40,091	40,091
Total Liabilities	1,551,080	463,743	-	916,239	2,931,062
Fund Balances:					
Nonspendable:					
Inventory	-	51,161	-	-	51,161
Restricted:					
Debt service	-	-	-	5,128,049	5,128,049
Capital projects	-	-	-	10,967	10,967
Grant activities	-	53,913	-	223,204	277,117
Unemployment benefits	-	-	-	91,840	91,840
Assigned:					
Capital improvements	459,760	-	37,602,086	-	38,061,846
Activity funds	725,882	-	-	-	725,882
Unassigned	13,612,183	-	-	-	13,612,183
Total Fund Balances	14,797,825	105,074	37,602,086	5,454,060	57,959,045
Total Liabilities and Fund Balances	\$ 16,348,905	568,817	37,602,086	6,370,299	\$ 60,890,107

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT
Governmental Funds

Exhibit C-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds **\$ 57,959,045**

Amounts reported for governmental activities in the statement of net position are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$ 4,878,428	
Construction in progress	365,353	
Buildings	77,041,339	
Building improvements	9,455,932	
Improvements other than buildings	1,854,126	
Mobile equipment	4,586,294	
Furniture and equipment	1,917,206	
Accumulated depreciation	<u>(26,467,803)</u>	73,630,875

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(61,190,714)	
Deferred outflows and inflows related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions	8,898,276	
Deferred inflows of resources related to pensions	<u>(2,127,109)</u>	(54,419,547)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability	(3,572,824)	
Deferred outflows and inflows related to OPEB are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to OPEB	273,631	
Deferred inflows of resources related to OPEB	<u>(181,927)</u>	(3,481,120)

4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	\$ (65,185,000)	
Limited obligation bonds	(8,000,000)	
Notes payable	(1,845,000)	
Capital lease obligations	(5,421,503)	
Obligations under energy efficiency lease	(1,708,268)	
Compensated absences	(280,273)	
Unamortized premiums	(2,567,607)	
Accrued interest payable	<u>(677,318)</u>	(85,684,969)

Net position of governmental activities **\$ (11,995,716)**

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT
Exhibit D
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Major Funds				
	General	Child	2018 Building	Other	Total
	Fund	Nutrition	Project	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Revenues:					
Local sources	\$ 26,602,377	410,815	3,711	4,877,303	\$ 31,894,206
State sources	18,939,141	13,628	-	1,105,047	20,057,816
Federal sources	267,134	1,486,896	-	2,054,801	3,808,831
Total Revenues	45,808,652	1,911,339	3,711	8,037,151	55,760,853
Expenditures:					
Instruction	23,657,979	-	-	2,287,222	25,945,201
Support services	14,325,036	180,925	-	969,803	15,475,764
Noninstructional services	122,179	1,818,251	-	44,349	1,984,779
Facilities acquisition and construction	-	-	365,353	-	365,353
Debt service:					
Principal	2,276,967	-	-	3,255,000	5,531,967
Interest	144,145	-	54,455	1,147,245	1,345,845
Other	23,067	-	865,460	303,797	1,192,324
Total Expenditures	40,549,373	1,999,176	1,285,268	8,007,416	51,841,233
Excess (Deficiency) of Revenues over (under) Expenditures	5,259,279	(87,837)	(1,281,557)	29,735	3,919,620
Other Financing Sources (Uses):					
Bonds and notes issued	-	-	38,000,000	-	38,000,000
Insurance recovery	17,489	-	-	-	17,489
Refunding bonds issued	-	-	-	18,775,000	18,775,000
Premiums on bonds and refunding bonds issued	-	-	896,096	1,564,623	2,460,719
Payment held by QSCB escrow agent	-	-	-	534,000	534,000
Payment to QSCB bond escrow agent	-	-	-	(534,000)	(534,000)
Payment to refunded bond escrow agent	-	-	-	(20,045,868)	(20,045,868)
Sale of transportation equipment	900	-	-	-	900
Sale of other property	711,314	-	-	-	711,314
Operating transfers in	-	26,002	-	445,772	471,774
Unrealized loss on investments	-	-	(12,453)	-	(12,453)
Operating transfers out	(435,672)	-	-	(36,102)	(471,774)
Total Other Financing Sources (Uses)	294,031	26,002	38,883,643	703,425	39,907,101
Net Change in Fund Balances	5,553,310	(61,835)	37,602,086	733,160	43,826,721
Fund Balances:					
July 1, 2017	9,244,515	134,386	-	4,720,900	14,099,801
Increase in reserve for inventory	-	32,523	-	-	32,523
June 30, 2018	\$ 14,797,825	105,074	37,602,086	5,454,060	\$ 57,959,045

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT

Exhibit D-1

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2018**

Net change in fund balances - total governmental funds **\$ 43,826,721**

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 864,748	
Depreciation expense	(2,068,365)	(1,203,617)

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (2,903)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Bonds and notes issued	(38,000,000)	
Refunding bonds issued	(18,775,000)	
Premiums on bonds and refunding bonds issued	(2,460,719)	
Payments of debt principal	5,531,967	
Payments to refunded bond escrow agent	18,550,000	
Accrued interest payable	(406,200)	(35,559,952)

4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Pension Expense	(9,410,782)	
Contributions subsequent to the measurement date	3,754,686	(5,656,096)

5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

OPEB Expense	(198,622)	
Contributions subsequent to the measurement date	152,315	(46,307)

6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	199,810	
Change in inventory reserve	32,523	
Amortization of deferred charges, premiums, and discounts	135,616	367,949

Change in net position of governmental activities **\$ 1,725,795**

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 649	597,305
Due from other funds	-	1,566,744
Total Assets	<u>649</u>	<u>2,164,049</u>
Liabilities		
Accounts payable and accrued liabilities	\$ -	1,891,763
Due to other funds	-	207,355
Due to student clubs	-	64,931
Total Liabilities	<u>\$ -</u>	<u>2,164,049</u>
Net Assets		
Reserved for endowments	<u>649</u>	
Total Net Position	<u>\$ 649</u>	

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

Exhibit F

	Private-Purpose Trust Funds
Additions	
Total Additions	\$ -
Deductions	
Total Deductions	-
Change in Net Position	-
Net Position	
July 1, 2017	649
June 30, 2018	\$ 649

The accompanying notes to financial statements are an integral part of these financial statements.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

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.
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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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.

Child Nutrition Fund – This is a special revenue fund that accounts for the revenues and expenditures of the School Food Service and Child Nutrition program.

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

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

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:

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

Payroll Clearing Fund – This fund serves as a clearing fund for payroll type transactions.

Student Club Funds – These various funds account for the monies raised through school club activities and fundraisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing Fund – This fund serves as a clearing fund for accounts payable type transactions.

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 Projects 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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

c. Measurement Focus, 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, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Property 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.

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 is 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.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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 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.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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, unspent proceeds from the issuance of long-term debt are also 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 activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the 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	*	*

Note 1 – Summary of Significant Accounting Policies (Continued)

(*) 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.

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 deferred inflows of resources are related to the district's long-term pension obligations.

See Note 9 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, Deferred Debt Expense, 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 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

Note 1 – Summary of Significant Accounting Policies (Continued)

benefit terms. Investments are reported at fair value.

11. Postemployment Benefits Other than Pension (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. Fiduciary net position was zero as of the measurement date of June 30, 2017. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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 a resolution approved by 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 the Business Manager pursuant to authorization established by the District's approved fund balance policy.

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/expense 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/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

f. Use of Estimates

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

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 district's 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) 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 \$17,557,019 and \$597,954, 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 does not have a deposit policy for custodial credit risk. In the

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments (Cont'd)

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, 2018, none of the district's bank balance of \$20,053,583 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 \$3,070,398.

Investments

As of June 30, 2018, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Hancock Horizon Treasury Securities			
Money Market Mutual Funds	AAAm	Less than 1	\$ 189,829
Federal Home Loan Bank	Aaa	Less than 1	1,717,480
U.S. Treasury Note	Aaa-mf	Less than 1	35,880,909
			<u>\$ 37,788,218</u>

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, 2018

- Level 1 type of investments of \$37,788,218 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 its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. The investments in the Hancock Horizon Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

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.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

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	Child Nutrition Fund	\$ 30,788
General Fund	Other Governmental Funds	751,604
General Fund	Fiduciary Funds	203,023
Child Nutrition Fund	Fiduciary Funds	3,933
Child Nutrition Fund	Other Governmental Funds	10,169
Child Nutrition Fund	General Fund	293,437
Other Governmental Funds	Other Governmental Funds	79,000
Other Governmental Funds	Fiduciary Funds	399
Other Governmental Funds	General Fund	35,680
Fiduciary Funds	General Fund	1,101,705
Fiduciary Funds	Child Nutrition Fund	432,955
Fiduciary Funds	Other Governmental Funds	32,084
		<u>\$ 2,974,777</u>

The amounts due to or due from other funds primarily represent amounts loaned between funds for timing differences between revenues and expenditures and cash balances.

b. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 435,672
Other Governmental Funds	Child Nutrition Fund	26,002
Other Governmental Funds	Other Governmental Funds	10,100
		<u>\$ 471,774</u>

The transfers represent board approved operating transfers for school operations and planning purposes.

Note 4 – Restricted Assets

The restricted assets represent the cash with fiscal agent balance, totaling \$3,070,398 of the 2011 & 2013 QSCB Bond Retirement Funds, the investment balance, totaling \$189,829, of the MAEP Limited Obligation Bond/Note Fund, and the cash \$3,697 and investments \$37,598,389 in the 2018 Building Project Fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 5 – Capital Assets

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

	Balance 7/1/2017	Increases	Decreases	Balance 6/30/2018
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 4,878,428	-	-	\$ 4,878,428
Construction in progress	-	365,353	-	365,353
Total non-depreciable capital assets	4,878,428	365,353	-	5,243,781
<u>Depreciable capital assets:</u>				
Buildings	77,041,339	-	-	77,041,339
Building improvements	9,455,932	-	-	9,455,932
Improvements other than buildings	1,854,126	-	-	1,854,126
Mobile equipment	4,178,093	437,233	29,032	4,586,294
Furniture and equipment	1,855,044	62,162	-	1,917,206
Total depreciable capital assets	94,384,534	499,395	29,032	94,854,897
<u>Less accumulated depreciation for:</u>				
Buildings	13,021,535	1,497,960	-	14,519,495
Building improvements	5,993,551	184,514	-	6,178,065
Improvements other than buildings	913,978	52,222	-	966,200
Mobile equipment	3,009,361	219,247	26,129	3,202,479
Furniture and equipment	1,487,142	114,422	-	1,601,564
Total accumulated depreciation	24,425,567	2,068,365	26,129	26,467,803
Total depreciable capital assets, net	69,958,967	(1,568,970)	2,903	68,387,094
Governmental activities capital assets, net	\$ 74,837,395	(1,203,617)	2,903	\$ 73,630,875

Depreciation expense was charged to the following governmental functions:

Governmental activities:	<u>Amount</u>
Instruction	\$ 1,627,305
Support services	347,361
Non-instructional	93,699
Total depreciation expense	<u>\$ 2,068,365</u>

The capital assets above include significant amounts of buildings and furniture and equipment which have been valued at estimated historical cost. The estimated historical cost was based on replacement costs multiplied by the consumer price index implicit price deflator for the year of acquisition.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 5 – Capital Assets (Continued)

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

	Spent to June 30, 2018	Remaining Commitment
Governmental Activities:		
Oxford new elementary school	\$ 104,991	\$ 24,670,580
Oxford High School fine arts complex	77,498	15,534,399
Bramlett Elementary School	92,930	1,384,792
Oxford Elementary School Addition	62,429	1,481,602
Oxford Middle School	27,505	823,117
Total governmental activities	<u>\$ 365,353</u>	<u>\$ 43,894,490</u>

Construction projects included in governmental activities are funded with 2018 General Obligation Bond proceeds.

Note 6 – Long-term Liabilities

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

Description	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018	Amounts due within one year
A. General obligation bonds payable	\$ 29,490,000	\$ 56,775,000	\$ 21,080,000	\$ 65,185,000	\$ 3,405,000
B. Limited obligations bonds payable	295,000	-	295,000	-	-
C. Three mill notes payable	2,275,000	-	430,000	1,845,000	445,000
D. Obligations under capital leases	7,537,058	-	2,115,555	5,421,503	1,399,161
E. Obligations under energy efficiency leases	1,869,680	-	161,412	1,708,268	171,913
F. Qualified school construction bonds	8,000,000	-	-	8,000,000	-
G. Compensated absences payable	480,083	-	199,810	280,273	-
Total	49,946,821	56,775,000	24,281,777	82,440,044	5,421,074
Premiums	242,504	2,460,719	135,616	2,567,607	-
Total	<u>\$ 50,189,325</u>	<u>\$ 59,235,719</u>	<u>\$ 24,417,393</u>	<u>\$ 85,007,651</u>	<u>\$ 5,421,074</u>

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 6 – Long-term Liabilities (Continued)

a. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation refunding bonds, Series 2009B	2.50-4.00%	7/15/2009	6/01/2019	\$ 5,015,000	\$ 185,000
2. General obligation bonds, Series 2011	3.25-4.50%	4/01/2011	4/01/2021	30,000,000	4,020,000
3. General obligation refunding bonds, Series 2013	0.70-2.50%	5/07/2013	12/1/2024	6,130,000	4,365,000
4. General obligation bonds, Series 2018	3.00-4.00%	5/01/2018	5/01/2038	38,000,000	38,000,000
5. General obligation refunding bonds, Series 2017	3.00-5.00%	12/18/2017	4/01/2031	18,775,000	18,615,000
Total				<u>\$ 97,920,000</u>	<u>\$ 65,185,000</u>

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

1. General obligation refunding bonds, Series 2009B

Year Ending

June 30	Principal	Interest	Total
2019	\$ 185,000	7,400	192,400
Total	<u>\$ 185,000</u>	<u>7,400</u>	<u>192,400</u>

This debt will be retired from the Refunding Bonds Series 2009B Fund.

2. General obligation bonds, Series 2011

Year Ending

June 30	Principal	Interest	Total
2019	\$ 1,275,000	922,362	2,197,362
2020	1,340,000	880,926	2,220,926
2021	1,405,000	837,376	2,242,376
Total	<u>\$ 4,020,000</u>	<u>2,640,664</u>	<u>6,660,664</u>

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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 6 – Long-term Liabilities (Continued)

3. General obligation bonds, Series 2013

Year Ending

June 30	Principal	Interest	Total
2019	\$ 565,000	87,718	652,718
2020	585,000	76,950	661,950
2021	600,000	65,832	665,832
2022	620,000	53,632	673,632
2023	645,000	40,175	685,175
2024-2025	1,350,000	33,585	1,383,585
Total	\$ 4,365,000	357,892	4,722,892

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

4. General obligation bonds, Series 2018

Year Ending

June 30	Principal	Interest	Total
2019	\$ 1,380,000	1,350,050	2,730,050
2020	1,425,000	1,294,850	2,719,850
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
2024-2028	8,635,000	4,610,450	13,245,450
2029-2033	10,130,000	2,961,038	13,091,038
2034-2038	11,880,000	1,239,126	13,119,126
Total	\$ 38,000,000	14,990,864	52,990,864

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

5. General obligation refunding bonds, Series 2017

Year Ending

June 30	Principal	Interest	Total
2019	\$	699,350	699,350
2020		699,350	699,350
2021		699,350	699,350
2022	1,490,000	699,350	2,189,350
2023	1,550,000	654,650	2,204,650
2024-2028	9,070,000	2,185,500	11,255,500
2029-2033	6,505,000	393,750	6,898,750
Total	\$ 18,615,000	6,031,300	24,646,300

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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 6 – Long-term Liabilities (Continued)

Total general obligation bond payment for all issues:

June 30	Principal	Interest	Total
2019	3,405,000	3,066,880	6,471,880
2020	3,350,000	2,952,076	6,302,076
2021	3,475,000	2,840,408	6,315,408
2022	3,625,000	1,932,032	5,557,032
2023	3,760,000	1,813,275	5,573,275
2024-2028	19,055,000	6,829,535	25,884,535
2029-2033	16,635,000	3,354,788	19,989,788
2034-2038	11,880,000	1,239,126	13,119,126
Total	<u>65,185,000</u>	<u>24,028,120</u>	<u>89,213,120</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2018, the amount of outstanding bonded indebtedness was equal to 12.4% of property assessments as of October 1, 2017.

b Limited obligation bonds payable

There were no limited obligation bonds outstanding at June 30, 2018.

c. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill limited tax refunding note, Series 2012	0.75-2.00%	9/18/2012	12/01/2021	3,575,000	1,845,000
Total				<u>\$ 3,575,000</u>	<u>1,845,000</u>

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 445,000	32,450	477,450
2020	455,000	23,450	478,450
2021	465,000	14,250	479,250
2022	480,000	4,800	484,800
Total	<u>\$ 1,845,000</u>	<u>74,950</u>	<u>1,919,950</u>

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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 6 – Long-term Liabilities (Continued)

d. 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 three separate lease agreements as lessee for financing the acquisition of Apple computers and equipment at a cost of \$469,200, \$657,999, and \$2,043,792, respectively, each with a down payment of \$0. These leases each qualify as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Capital Lease Obligation	0.15%	3/25/2013	2/25/2024	6,000,000	3,607,492
2. Master Lease Obligation 2015-2 - Computers	0.90%	4/21/2015	7/15/2018	469,200	117,984
3. Master Lease Obligation 2015-3 - Computers	0.90%	5/21/2015	7/15/2018	657,999	165,230
4. Master Lease Obligation 2017 - Computers	1.05%	4/22/2017	7/31/2020	2,043,792	1,530,797
Total				<u>\$ 9,170,991</u>	<u>5,421,503</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
2019	\$ 608,682	63,409	672,091
2020	620,375	51,716	672,091
2021	632,294	39,797	672,091
2022	644,442	27,649	672,091
2023	656,822	15,268	672,090
2024-2028	444,877	3,123	448,000
Total	<u>\$ 3,607,492</u>	<u>200,962</u>	<u>3,808,454</u>

This debt will be retired from the District Maintenance Fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 6 – Long-term Liabilities (Continued)

2. Master Lease Obligation 2015-2 - Computers

Year Ending			
June 30	Principal	Interest	Total
2019	\$ 117,984	1,062	119,046
Total	\$ 117,984	1,062	119,046

This debt will be retired from the District Maintenance Fund.

3. Master Lease Obligation 2015-3 - Computers

Year Ending			
June 30	Principal	Interest	Total
2019	\$ 165,230	1,487	166,717
Total	\$ 165,230	1,487	166,717

This debt will be retired from the District Maintenance Fund.

4. Master Lease Obligation 2017 - Computers

Year Ending			
June 30	Principal	Interest	Total
2019	\$ 507,267	9,032	516,299
2020	510,260	6,039	516,299
2021	513,270	3,029	516,299
Total	\$ 1,530,797	18,100	1,548,897

This debt will be retired from the District Maintenance Fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 6 – Long-term Liabilities (Continued)

Total obligations under capital lease payments for all issues:

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,399,163	74,990	1,474,153
2020	1,130,635	57,755	1,188,390
2021	1,145,564	42,826	1,188,390
2022	644,442	27,649	672,091
2023	656,822	15,268	672,090
2024-2028	444,877	3,123	448,000
Total	<u>\$ 5,421,503</u>	<u>221,611</u>	<u>5,643,114</u>

e. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Energy efficiency lease	3.01%	12/08/2011	5/08/2026	\$ 2,432,211	\$ 1,708,268
Total				<u>\$ 2,432,211</u>	<u>\$ 1,708,268</u>

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

1. Energy efficiency lease

Year Ending June 30	Principal	Interest	Total
2019	\$ 171,913	49,443	221,356
2020	183,891	44,105	227,996
2021	196,442	38,398	234,840
2022	209,574	32,306	241,880
2023	223,326	25,809	249,135
2024-2028	723,122	34,136	757,258
Total	<u>\$ 1,708,268</u>	<u>224,197</u>	<u>1,932,465</u>

This debt will be retired from the District Maintenance Fund.

An energy efficiency lease agreement dated December 8, 2011, was executed by and between the district, the lessee, and Suntrust Equipment Finance & Leasing Corporation, the lessor.

The agreement authorized the borrowing of \$2,432,211 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the District Maintenance Fund and not to exceed fifteen (15) years.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 6 – Long-term Liabilities (Continued)

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

f. Qualified school construction bonds payable

As more fully explained in Note 14, 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%	3/01/2011	3/01/2026	\$ 3,000,000	\$ 3,000,000
2. Qualified school construction bonds payable, Series 2013	0.00%	3/28/2013	3/15/2028	5,000,000	5,000,000
Total				<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>

g. 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.

Note 7 – Short-Term Financing

During the fiscal year ended June 30, 2018, the school district participated in the following short-term financing for the purpose of maintaining cash flow:

a. Bank-financed short term debt.

The school district issued a revenue anticipation note payable to Trustmark National Bank, and the proceeds from such issuance are accounted for as a current liability in the General fund of the school district. Once the cash flow was available, the district made a payment consisting of principal and interest to the trustee.

All transactions related to participation in this program are accounted for as part of the school district's General Fund.

Note 8 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 9 – Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 9 – Defined Benefit Pension Plan (Continued)

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 may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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, 2017 was 15.75% 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 amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2018, 2017 and 2016 were \$3,754,686, \$3,719,014 and \$3,594,298, 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, 2018, the school district reported a liability of \$61,190,714 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2018 net pension liability was 0.3681 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.0114 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 9 – Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$9,410,782. At June 30, 2018, 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	\$ 901,779	\$ (446,491)
Net difference between projected and actual earnings on pension plan investments		(1,579,576)
Changes of assumptions	1,266,759	(101,042)
Changes in proportion and differences between the entity's contributions and proportionate share of overall contributions	2,975,052	
Entity's contributions subsequent to the measurement date	3,754,686	
Total	\$ <u>8,898,276</u>	\$ <u>(2,127,109)</u>

\$3,754,686 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	\$ 2,559,707
2020	1,401,934
2021	236,812
2022	(1,181,972)
Thereafter	-
Total	\$ <u>3,016,481</u>

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males rates set forward one year.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 9 – Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016.

The experience report is dated April 18, 2017. The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	<u>100.00</u>	

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 and that Employer contributions will be made at the current employer contribution rate. 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 presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, 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-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Entity's proportionate share of the net pension liability	\$ 84,308,615	\$ 61,190,714	\$ 50,355,752

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

Note 10 – 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 OEPB plan. A trust was created June 28, 2018 for the OPEB Plan and, while no trust was in place for the June 30, 2017 plan year-end, for purposes of comparability for future periods, terminology used herein is based on the plan being a cost-sharing multiple-employer defined benefit OPEB plan. The plan does not issue a stand-alone financial report.

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 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.

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 \$152,315 for the year ended June 30, 2018.

At June 30, 2018, the District reported a liability of \$3,572,824 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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 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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 10 – Other Postemployment Benefits (OPEB) (Continued)

regardless of plan participation elections made by the employee. At the measurement date of June 30, 2017, the District's proportion was .4554 percent. This was a decrease of .0175 percent from the proportionate share as of the measurement date of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$198,622. At June 30, 2018, 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
Differences between expected and actual experience	\$	\$
Net difference between projected and actual earnings on pension plan investments		
Changes in assumptions		(181,927)
Changes in proportion and differences between District contributions and proportionate share of contributions	121,316	
District contributions subsequent to the measurement date	152,315	
Total	\$ <u>273,631</u>	\$ <u>(181,927)</u>

\$152,315 reported as deferred outflows or resources related to OPEB resulting from school district contributions subsequent to the measurement date will be 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, 2019. 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,	
2049	\$ (10,633)
2020	(10,633)
2021	(10,633)
2022	(10,633)
2023	(10,633)
Thereafter	(7,446)
	\$ <u>(60,611)</u>

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 10 – Other Postemployment Benefits (OPEB) (Continued)

Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term investment Rate of Return, net of OPEB investment expense, including inflation	N/A
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Year FNP is projected to be depleted	
Measurement Date	2017
Prior Measurement Date	2016
Single Equivalent Interest Rate, net of OEPB plan investment expense, including inflation	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Health Care Cost Trends	
Medicare Supplement Claims	7.75 percent of 2017 decreasing to an ultimate rate of 5.00 percent by 2023
Pre-Medicare	

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated April 18, 2017.

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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The plan had no assets as of the measurement date of 2017.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 10 – Other Postemployment Benefits (OPEB) (Continued)

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.56 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.01% to 3.56%.

Since no trust was set up as of June 30, 2017, there was no projection of cash flows for the Plan and the Plan was projected to be depleted in 2017.

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability	\$ 3,667,180	\$ 3,572,824	\$ 3,502,557

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the net OPEB liability to changes in the healthcare 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	Health Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 3,299,743	\$ 3,572,824	\$ 3,884,575

OPEB plan fiduciary net position. The fiduciary net position for the OEPB plan was zero as of June 30, 2017, the measurement date. Therefore, no separately issued financials were prepared. Detailed information about the OPEB plan's fiduciary net position for June 30, 2018 and going forward will be available in separately issued financial reports available on the Mississippi Department of Finance and Administration's website.

Note 11 - Prior Period Adjustments

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

Explanation	Amount
Governmental activities:	
Implementation of GASB 75	
Net OPEB liability (measurement date 6/30/16) and deferred inflows related to OPEB	\$ (3,434,813)
	\$ (3,434,813)

Note 12 – 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 13 – 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 years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Worker's Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 72 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000 MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 14 – 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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 14 – Qualified School Construction Bonds (Continued)

percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2018, the subsidy payments amounted to \$153,977.

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, 2018 was \$3,070,398. 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.

Year Ending June 30	Amount	Bond 2011 Issue	Bond 2013 Issue
2019	\$ 534,000	200,000	334,000
2020	533,000	200,000	333,000
2021	533,000	200,000	333,000
2022	533,000	200,000	333,000
2023	533,000	200,000	333,000
2024-2028	2,598,000	600,000	1,998,000
Total	\$ 5,264,000	1,600,000	3,664,000

Note 15 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated July 30, 2001, creating the Oxford/Lafayette County Vocational Technical Consortium. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Oxford School District and the Lafayette County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction 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.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 16 – Insurance Loss Recoveries

The Oxford School District received \$17,489 in insurance loss recoveries during the 2017-2018 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services all allocated among the expense functions based on the following percentages:

Insurance Loss		
Recoveries	Percentage	Expense Function
\$	0%	Instruction
17,489	100%	Support services
	0%	Non-instructional
<u>\$ 17,489</u>	<u>100%</u>	Instruction

Note 17 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of \$(45,091,383) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions and refunding of bond premiums. The \$9,171,907 balance of the deferred outflow of resources at June 30, 2018 will be recognized as expenses and decrease unrestricted net position over the next 3 years.

The unrestricted net position amount of \$(45,091,383) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$2,349,127 balance of the deferred inflow of resources at June 30, 2018 will be recognized as revenue and increase unrestricted net position over the next 3 years.

Note 18 – 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 January 30, 2019 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OXFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 21,269,906	\$ 25,216,204	\$ 26,602,377	\$ 3,946,298	\$ 1,386,173
State sources	22,231,070	18,812,120	18,939,141	(3,418,950)	127,021
Federal sources	85,000	118,428	267,134	33,428	148,706
Total Revenues	43,585,976	44,146,752	45,808,652	560,776	1,661,900
Expenditures:					
Instruction	21,022,062	20,353,124	23,657,979	668,938	(3,304,855)
Support services	14,354,192	13,631,097	14,325,036	723,095	(693,939)
Noninstructional services	3,163,933	122,179	122,179	3,041,754	-
Facilities acquisition and construction	-	170,675	-	(170,675)	170,675
Debt service:					
Principal	1,733,362	2,277,278	2,276,967	(543,916)	311
Interest	166,821	143,834	144,145	22,987	(311)
Other	-	-	23,067	-	(23,067)
Total Expenditures	40,440,370	36,698,187	40,549,373	3,742,183	(3,851,186)
Excess (Deficiency) of Revenues over (under) Expenditures	3,145,606	7,448,565	5,259,279	4,302,959	(2,189,286)
Other Financing Sources (Uses):					
Insurance recovery		17,489	17,489	17,489	-
Sale of transportation equipment		900	900	900	-
Sale of other property	-	711,314	711,314	711,314	-
Indirect costs		10,100		10,100	(10,100)
Operating transfers in	-	(3,041)	-	(3,041)	3,041
Operating transfers out	(3,145,606)	(2,862,699)	(435,672)	282,907	2,427,027
Total Other Financing Sources (Uses)	(3,145,606)	(2,125,937)	294,031	1,019,669	2,419,968
Net Change in Fund Balances	-	5,322,628	5,553,310	5,322,628	230,682
Fund Balances:					
July 1, 2017	8,309,301	8,309,301	9,244,515	-	935,214
June 30, 2018	\$ 8,309,301	\$ 13,631,929	\$ 14,797,825	\$ 5,322,628	\$ 1,165,896

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

OXFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Child Nutrition Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 421,010	\$ 410,815	\$ 410,815	\$ (10,195)	\$ -
State sources	44,460	13,628	13,628	(30,832)	-
Federal sources	\$ 1,575,301	\$ 1,486,896	\$ 1,486,896	\$ (88,405)	\$ -
Total Revenues	2,040,771	1,911,339	1,911,339	(129,432)	-
Expenditures:					
Support services	98,750	181,728	180,925	(82,978)	803
Noninstructional services	1,942,021	1,782,064	1,818,251	159,957	(36,187)
Total Expenditures	2,040,771	1,963,792	1,999,176	76,979	(35,384)
Excess (Deficiency) of Revenues over (under) Expenditures	-	(52,453)	(87,837)	(52,453)	(35,384)
Other Financing Sources (Uses):					
Operating transfers in	-	26,002	26,002	26,002	-
Total Other Financing Sources (Uses)	-	26,002	26,002	26,002	-
Net Change in Fund Balances	-	(26,451)	(61,835)	(26,451)	(35,384)
Fund Balances:					
July 1, 2017	-	113,845	134,386	113,845	20,541
Increase (Decrease) in reserve for inventory	-	-	32,523	-	32,523
June 30, 2018	\$ -	\$ 87,394	\$ 105,074	\$ 87,394	\$ 17,680

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

OXFORD SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years *

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.3681%	0.3567%	0.3416%	0.3293%
District's proportionate share of the net pension liability (asset)	\$ 61,190,714	63,715,527	52,810,498	39,970,991
District's covered payroll	23,612,787	22,820,940	21,343,606	20,123,187
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.14%	279.20%	247.43%	198.63%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

The notes to 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
Required Supplementary Information
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,754,686	3,719,014	3,594,298	3,361,618
Contributions in relation to the contractually required contribution	3,754,686	3,719,014	3,594,298	3,361,618
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 23,839,276	23,612,787	22,820,940	21,343,606
Contributions as a percentage of its covered payroll	15.75%	15.75%	15.75%	15.75%

The notes to 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
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years *

	<u>2018</u>
District's proportion of the net OPEB liability	0.4554%
District's proportionate share of the net OPEB liability	\$ 3,572,824
District's covered-employee payroll	20,458,238
District's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

The notes to 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 Statement No. 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.

OXFORD SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	<u>2018</u>
Contractually required contribution	\$ 152,315
Contributions in relation to the contractually required contribution	152,315
Contribution deficiency (excess)	\$ <u> </u>
District's covered- employee payroll	\$ 20,458,238
Contributions as a percentage of its covered-employee payroll	0.74%

The notes to 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 Statement No. 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.

OXFORD SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2018

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and revisions.

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

(3) Excess of Actual Expenditures Over Budget in Individual Funds.

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2018:

District Maintenance	\$ 90
Athletics Activities Fund	10,595
Title II – Improving Teacher Quality	4,979

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%.

OXFORD SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2018

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.

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

(2) Changes in benefit provision

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 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, 2015 valuation for the June 30, 2017 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	33.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment Expense, including inflation

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.

(2) *Changes in benefit provisions*

2017: None

OXFORD SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2018

- (3) *Methods and assumptions used in calculations of actuarially determined contributions.*
The actuarially determined contribution 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, 2016 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market value of assets
Price Inflation	3.00 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.75 percent
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	5.00 percent
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2022
Long-term investment rate of return, net of	
Pension plan investment expense,	
including price inflation	3.56 percent

SUPPLEMENTARY INFORMATION

OXFORD SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Passed through to Sub- Recipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed-through Mississippi Department of Education:				
Child nutrition cluster:				
School breakfast program	10.553	185MS326N1099	-	\$ 465,388
National school lunch program	10.555	185MS326N1099	-	1,020,535
Summer food service program for children	10.559	185MS326N1099	-	20,108
Total child nutrition cluster				1,506,031
Total passed-through Mississippi Department of Education				1,506,031
Passed-through Appalachian Sustainable Agricultural Program:				
Farm to School grant program	10.575	N/A	-	14,706
Total passed-through Appalachian Sustainable Agricultural Program				14,706
Total U.S. Department of Agriculture				1,520,737
<u>U.S. Department of Defense</u>				
Direct Program:				
Reserve Officers' Training Corps	12.xxx	N/A	-	72,013
Total U.S. Department of Defense				72,013
<u>Federal Communications Commission</u>				
Administered through the Universal Service Administrative Company:				
The schools and libraries program of the universal service fund	32.xxx	N/A	-	46,415
Total Federal Communications Commission				46,415
<u>U.S. Department of Education</u>				
Passed-through Mississippi Department of Education:				
Title I grants to local educational agencies	84.010	ES010A170024	-	744,529
Vocational rehabilitation - grants to states	84.048	VO48A170024	-	13,776
Education for homeless children and youth	84.196	ES196A170025	-	16,458
Rural education	84.358	ES358B170024	-	62,310
English language acquisition grants	84.365	ES367A170023	-	46,733
Improving teacher quality - State Grants	84.367	ES377A150025	-	185,085
Subtotal				1,068,891
Special education cluster:				
Special education - grants to states	84.027	H027A170108	3,579	863,682
Special education - preschool grants	84.173	H173A170113	-	34,003
Special education - rehabilitation grants	84.263	H027A170108		10,163
Total special education cluster				907,848
Total passed-through Mississippi Department of Education				1,976,739
Total U.S. Department of Education				1,976,739
Total for All Federal Awards				\$ 3,615,904

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

OXFORD SCHOOL DISTRICT
Supplementary Information
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2018

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 32,331,707	25,681,894	1,104,160	2,145,320	3,400,333
Other	19,509,526	3,728,944	385,523	30,492	15,364,567
Total	<u>\$ 51,841,233</u>	<u>29,410,838</u>	<u>1,489,683</u>	<u>2,175,812</u>	<u>18,764,900</u>
Total number of students *	<u>4,312</u>				
Cost per student	<u>\$ 12,023</u>	<u>6,821</u>	<u>345</u>	<u>505</u>	<u>4,352</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 function: 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

OXFORD SCHOOL DISTRICT
Notes to Supplementary Information
For the Year Ended June 30, 2018

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 Oxford School District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Oxford School District it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Oxford School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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 reimbursements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Noncash Awards - Commodities

The amount of commodities reported on the Schedule of Expenditures of Federal Awards is the value of commodities received by the district and reported under the National School Lunch Program CFDA #10.555. The value of the commodities received during the fiscal year was \$92,562.

(4) Indirect Cost Rate

The Oxford School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER INFORMATION

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

	2018	2017*	2016*	2015*
Revenues:				
Local sources	\$ 26,602,377	23,149,399	21,690,856	20,327,403
State sources	18,939,141	18,603,760	18,059,913	16,820,485
Federal sources	267,134	232,093	267,951	266,194
Total Revenues	45,808,652	41,985,252	40,018,720	37,414,082
Expenditures:				
Instruction	23,657,979	22,918,119	22,304,574	21,083,056
Support services	14,325,036	15,589,930	13,324,390	13,876,066
Noninstructional services	122,179	175,544	153,715	1,403,439
Facilities acquisition and construction	-	-	-	337,186
Debt service:				
Principal	2,276,967	1,733,362	1,711,247	1,559,826
Interest	144,145	206,719	168,548	221,230
Other	23,067	19,438	12,652	21,270
Total Expenditures	40,549,373	40,643,112	37,675,126	38,502,073
Excess (Deficiency) of Revenues over (under) Expenditures	5,259,279	1,342,140	2,343,594	(1,087,991)
Other Financing Sources (Uses):				
Capital leases issued	-	2,043,792	-	1,571,974
Insurance recovery	17,489	-	-	-
Sale of transportation equipment	900	3,920	-	-
Sale of other property	711,314	2,500	89,277	153,695
Operating transfers in	-	22,109	28,069	30,859
Operating transfers out	(435,672)	(405,740)	(465,838)	(362,523)
Total Other Financing Sources (Uses)	294,031	1,666,581	(348,492)	1,394,005
Net Change in Fund Balances	5,553,310	3,008,721	1,995,102	306,014
Fund Balances:				
Beginning of period	9,244,515	6,235,794	4,243,531	3,937,517
Prior period adjustments	-	-	(2,839)	-
Beginning of period, as restated	9,244,515	6,235,794	4,240,692	3,937,517
End of Period	\$ 14,797,825	9,244,515	6,235,794	4,243,531

*SOURCE - PRIOR YEAR AUDIT REPORTS

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

	2018	2017*	2016*	2015*
Revenues:				
Local sources	\$ 31,894,206	28,610,362	27,239,987	25,541,475
State sources	20,057,816	19,232,034	18,773,534	17,576,682
Federal sources	3,808,831	4,162,049	3,824,095	3,377,848
Total Revenues	55,760,853	52,004,445	49,837,616	46,496,005
Expenditures:				
Instruction	25,945,201	25,314,873	24,281,739	22,857,488
Support services	15,475,764	16,585,314	14,516,486	14,870,692
Noninstructional services	1,984,779	2,053,511	1,925,905	3,232,203
Facilities acquisition and construction	365,353	-	-	337,186
Debt service:				
Principal	5,531,967	4,748,362	4,566,247	4,299,826
Interest	1,345,845	1,625,976	1,539,679	1,670,543
Other	1,192,324	29,479	22,743	32,215
Total Expenditures	51,841,233	50,357,515	46,852,799	47,300,153
Excess (Deficiency) of Revenues over (under) Expenditures	3,919,620	1,646,930	2,984,817	(804,148)
Other Financing Sources (Uses):				
Bonds and notes issued	38,000,000		-	-
Capital leases issued	-	2,043,792	-	1,571,974
Insurance recoveries	17,489		-	-
Refunding bonds issued	18,775,000		-	-
Premiums on bonds and refunding bonds	2,460,719		-	-
Payment held by QSCB escrow agent	534,000	534,000	534,000	534,000
Payment to QSCB bond escrow agent	(534,000)	(534,000)	(534,000)	(534,000)
Payment to refunded bond escrow agent	(20,045,868)		-	-
Sale of transportation equipment	900	3,920	-	-
Sale of other property	711,314	2,500	89,277	153,695
Operating transfers in	471,774	427,849	557,906	1,046,682
Unrealized loss on investments	(12,453)			
Operating transfers out	(471,774)	(427,849)	(557,906)	(1,046,682)
Total Other Financing Sources (Uses)	39,907,101	2,050,212	89,277	1,725,669
Net Change in Fund Balances	43,826,721	3,697,142	3,074,094	921,521
Fund Balances:				
Beginning of period	14,099,801	10,410,037	7,383,380	6,448,261
Prior period adjustments	-		(34,496)	-
Beginning of period, as restated	14,099,801	10,410,037	7,348,884	6,448,261
Increase (Decrease) in reserve for inventory	32,523	(7,378)	(12,941)	13,598
End of Period	\$ 57,959,045	14,099,801	10,410,037	7,383,380

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



WATKINS, WARD and STAFFORD

Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Thomas J. Browder, CPA
Harry W. Stevens, CPA	Stephen D. Flake, CPA
S. Keith Winfield, CPA	John N. Russell, CPA
William B. Staggers, CPA	Thomas A. Davis, CPA
Michael W. McCully, CPA	Anita L. Goodrum, CPA
Mort Stroud, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	

INDEPENDENT AUDITORS' 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, 2018, and the related notes to financial statements, which collectively comprise the Oxford School District's basic financial statements, and have issued our report thereon dated January 30, 2019.

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) to determine the 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 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 over financial reporting 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 identified deficiencies in internal control that we consider to be material weaknesses, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001, 2018-002, 2018-003, 2018-004, 2018-005 and 2018-006.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Okolona, Mississippi
January 30, 2019

Watkins Ward and Stafford, PLLC



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

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND 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 the 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 Oxford School District's major federal program for the year ended June 30, 2018. The Oxford School District's major federal program is identified in the summary of 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.

Auditors' 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* (CFR) 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 Oxford 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.

Opinion on 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, 2018.

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 the major federal program to determine the auditing

procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 Oxford 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.

Purpose of this Report

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.

Okolona, Mississippi
January 30, 2019

Watkins Ward and Stafford, PLLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



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

James L. Stafford, CPA	Thomas J. Browder, CPA
Harry W. Stevens, CPA	Stephen D. Flake, CPA
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William B. Staggers, CPA	Thomas A. Davis, CPA
Michael W. McCully, CPA	Anita L. Goodrum, CPA
Mort Stroud, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Oxford School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2018, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated January 30, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding

Oxford School District's ad valorem tax receipts exceeded the calculated allowable amount; however, the school district did not place this excess in an escrow account and is not in compliance with Section 37-57-107.

Recommendation

Per Section 37-57-107, if ad valorem tax receipts exceed the allowable amount, the excess must be placed in an escrow account and used in the calculation of the subsequent year request.

Response

The school district will comply with these provisions.

Finding

Expenditures exceeded budgeted amounts in three funds; therefore the school district is not in compliance with Section 37-61-19.

Recommendation

Per Section 37-61-19, expenditures shall be limited to budgeted amounts. The school district should ensure that expenditures do not exceed the budgeted amounts.

Response

The school district will comply with these provisions.

Finding

The school district failed to secure surety bonds in the amount of \$50,000 for a new Board member until eight months after the Board member took office. Therefore, the school district is not in compliance with Section 37-6-15.

Recommendation

Per Section 37-6-15, the school district must secure surety bonds in the amount of at least \$50,000 for each Board member.

Response

Care will be taken to ensure that surety bonds are obtained promptly and in the correct amount.

Finding

The school district failed to secure surety bonds in the amount of \$50,000 for a new purchasing agent until eleven months after the agent took office. Therefore, the school district is not in compliance with Section 37-39-21.

Recommendation

Per Section 37-39-21, the school district must secure surety bonds in the amount of at least \$50,000 for each purchasing agent.

Response

Care will be taken to ensure that surety bonds are obtained promptly and in the correct amount.

Finding

Under the reemployment provisions of Section 25-11-127, Miss. Code Ann. 1972, as amended, PERS Form 4B must be filed in the PERS office within five (5) days from the date of reemployment. During the testing of retired personnel, it was noted that the PERS Form 4B was not filed with five (5) days from the date of reemployment for multiple employees.

Recommendation

PERS Form 4B must be completed by the PERS service retiree and the appointing authority of the PERS covered agency employing such service retiree with the PERS office within five (5) days from the date of reemployment and within five (5) days from the termination of such reemployment.

Response

Care will be taken to ensure that PERS Form 4B is filed in the PERS office within five (5) days of reemployment of the PERS service retiree.

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

The Oxford School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on it.

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

Okolona, Mississippi
January 30, 2019

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section 1: 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? | Yes |
| b. | Significant deficiency (ies) identified? | No |
| 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 federal 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 programs: | | |
| | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| | 10.553, 10.555, 10.559 | Child Nutrition Cluster |
| | 84.027, 84.173, 84.263 | Special Education Cluster |
| 8. Dollar threshold used to distinguish between type A and type B programs: | | |
| | | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | | |
| | | No |

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section II: Financial Statement Findings

Material Weakness

2018-001 Criteria

Management is responsible for implementing proper controls over financial reporting.

Condition

The financial statements presented to the Board of Trustees were incomplete and/or incorrect. In addition, the Board was not presented with a summary of reconciled bank accounts.

Cause of Condition

The business manager failed to post revenues to the correct accounts and failed to reconcile bank accounts. Therefore, the Board of Trustees were presented with incomplete and/or incorrect financial statements and were not provided with a summary of reconciled bank accounts. This lack of proper controls over financial reporting went undiscovered by management for a period of one year, which had an effect on two consecutive fiscal years.

Effect of Condition

If the District does not have proper controls in place to ensure that complete and accurate financial statements are supplied to the Board of Trustees, the Board cannot make informed decisions which could result in financial difficulties in the District.

Recommendation

The District should implement controls over financial reporting to ensure that the financial statements are complete, accurate and timely prepared. In addition, all bank accounts must be reconciled monthly and a summary of reconciled balances supplied to the Board of Trustees at their monthly meeting.

Views of Responsible Officials of the Auditee

The District hired a new business manager and contracted with two very qualified people to assist in the necessary training. In addition, management has become more involved in overseeing the preparation of financial statements.

2018-002 Criteria

Management is responsible for implementing proper controls over payroll expenditures to ensure that personnel are paid the amount approved by the Board

Condition

During the testing of the District's payroll, it was noted that the prior Business Manager had circumvented the Internal Controls and paid himself an additional \$500.

Cause of Condition

The business manager had the ability to override payroll controls.

Effect of Condition

If the District does not have proper controls in place to ensure that these controls cannot be circumvented, employees may be paid an amount in excess of the amount approved.

Recommendation

The District should implement controls to ensure that pay rates cannot be altered.

Views of Responsible Officials of the Auditee

The District has implemented security levels to mitigate access to software modules by unauthorized personnel. In addition, a more thorough review process for payroll has been implemented.

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-003 **Criteria**

Management is responsible for implementing proper controls over payroll expenditures to ensure that personnel are paid the amount approved by the Board

Condition

During the testing of the District's payroll, it was noted that one employee was awarded a salary increase of \$3,859 per year by the former Business Manager, without proper approval by the Board. Subsequently, the superintendent made the decision to keep the employee at the increased pay rate with the understanding that the employee will not be allowed another increase for a 3-year period. However, this action was not presented to the Board for their approval.

Cause of Condition

Salary increases were granted without proper approval of the Board.

Effect of Condition

An employee was paid an amount in excess of the amount approved by the Board.

Recommendation

The District should implement controls to ensure that pay rates cannot be altered.

Views of Responsible Officials of the Auditee

The District has implemented security levels to mitigate access to software modules by unauthorized personnel. In addition, a more thorough review process for payroll has been implemented.

2018-004 **Criteria**

Management is responsible for proper and timely recording of transactions in the financial statements.

Condition

During the testing of claims payable, it was noted that the prior year claims payable balances had not been cleared resulting in claims payable in the District Maintenance Fund to be overstated by \$164,117.

Cause of Condition

The prior year adjusting entry recording claims payable had not been reversed.

Effect of Condition

Claims payable in the District Maintenance Fund were overstated by \$164,117.

Recommendation

Care should be taken to ensure that end of year accruals are properly reversed.

Views of Responsible Officials of the Auditee

Adjusting entries were made to correct the overstatement and, in the future, accruals will be properly reversed.

2018-005 **Criteria**

Management is responsible for proper and timely recording of transactions in the financial statements.

Condition

During the search for unrecorded claims payable, it was noted that several June invoices were recorded in July claims payable.

Cause of Condition

Invoices were recorded in the wrong accounting period and year.

Effect of Condition

Recording the transactions in the wrong accounting period and year resulted in an understatement of expenditures of \$154,983 in the fiscal year ended June 30, 2018.

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Recommendation

Care should be taken to ensure that all transactions are recorded in the proper accounting period.

Views of Responsible Officials of the Auditee

Adjusting entries were made to correct the overstatement and, in the future, care will be taken to ensure that transactions are recorded in the correct accounting period.

2018-006 **Criteria**

Management is responsible for proper and timely recording of transactions in the financial statements.

Condition

During the testing of long-term liabilities, it was noted that \$18,775,000 of refunding bonds, along with the debt issue costs, had not been recorded in the general ledger. In addition, the cash with fiscal agent amounts were not adjusted for the payment amounts received.

Cause of Condition

Refunding bonds transactions were not recorded and cash with fiscal agent amounts were not adjusted.

Effect of Condition

Financial statements did not properly reflect correct long-term liabilities or cash with fiscal agent.

Recommendation

Care should be taken to ensure that all transactions are recorded.

Views of Responsible Officials of the Auditee

Adjusting entries were made to correct the financial statements and, in the future, care will be taken to ensure that all transactions are recorded.

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN
AND
SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS



Oxford School District

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

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Oxford School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2018.

Finding 2018-001

Name of Contact Person Responsible for Corrective Action

Brian Harvey and Allison Wally

Corrective Action Planned

The District has implemented procedures to ensure that the financial statements are complete, accurate and prepared timely. In addition, all bank accounts are reconciled on a monthly basis and a summary of reconciled balances presented to the Board of Trustees at their monthly meeting.

Completion Date

The District began implementing these procedures in January, 2018 and corrective plan was successfully implemented prior to June, 2018.

Finding 2018-002

Name of Contact Person Responsible for Corrective Action

Brian Harvey and Allison Wally

Corrective Action Planned

The District has implemented procedures to ensure that all employees are paid the amounts approved by the Board. Additional security levels in the software have been added as well as another level of review.

Completion Date

The District began implementing these procedures in January, 2018 and corrective plan was successfully implemented prior to June, 2018.

Finding 2018-003

Name of Contact Person Responsible for Corrective Action

Brian Harvey and Allison Wally

Corrective Action Planned

The District has implemented procedures to ensure that all employees are paid the amounts approved by the Board. Additional security levels in the software have been added as well as another level of review.

Completion Date

The District began implementing these procedures in January, 2018 and corrective plan was successfully implemented prior to June, 2018.

Finding 2018-004**Name of Contact Person Responsible for Corrective Action**

Brian Harvey and Allison Wally

Corrective Action Planned

The District has implemented procedures after fiscal year-end to ensure that all accruals are properly reversed and only current liabilities are reflected in the financial statements.

Completion Date

The District anticipates successful implementation of the corrective action plan in January, 2019.

Finding 2018-005**Name of Contact Person Responsible for Corrective Action**

Brian Harvey and Allison Wally

Corrective Action Planned

The District has implemented procedures after fiscal year-end to ensure that all transactions are recorded in the proper accounting period.

Completion Date

The District anticipates successful implementation of the corrective action plan in January, 2019.

Finding 2018-006**Name of Contact Person Responsible for Corrective Action**

Brian Harvey and Allison Wally

Corrective Action Planned

The District has implemented procedures after fiscal year-end to ensure that all transactions are recorded in the financial statements.

Completion Date

The District anticipates successful implementation of the corrective action plan in January, 2019.



Oxford School District

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AUDITEE'S SUMMARY OF PRIOR AUDIT FINDINGS

As required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Oxford School District has prepared and hereby submits the following summary schedule of prior year audit findings as of June 30, 2018.

<u>Finding</u>	<u>Status</u>
2017-001	Corrected in 2018 fiscal year.
2017-002	Corrected in 2018 fiscal year.