

Oxford Community Schools

Financial Statements

June 30, 2016

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Oxford Community Schools
Members of the Board of Education and Administration
June 30, 2016

Members of the Board of Education

Dan D'Alessandro – President
Kimberly Shumaker– Vice-President
Mark Stepek – Secretary
Mike Schweig – Treasurer
Jim Reis – Trustee
Carol Mitchell – Trustee
Joyce Brasington – Trustee

Administration

Tim Throne – Superintendent

Independent Auditors' Report

Management and the Board of Education
Oxford Community Schools

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 Community Schools, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Community Schools, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and No. 82, Pool Participants*, and *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73, respectively*. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, schedule of school district's proportionate share of net pension liability, and schedule of school district's contributions as identified in the table of contents, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oxford Community Schools' basic financial statements. Other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Continuing Disclosures, as identified in the table of contents, which is the responsibility of management, 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 October 31, 2016, our consideration of Oxford Community Schools' 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 Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, MI
October 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2016

The Oxford Community Schools (the "School District") is located in Oakland and Lapeer Counties approximately 40 miles north of the city of Detroit. It is an independent school district governed by a seven-member elected Board of Education. Revenue is substantially determined by the State's funding formula. There are three K-5 elementary schools, one pre-K-2 elementary school, one 3-5 elementary school, one 6-8 middle school, one 9-12 high school, one alternative high school, a child care center, a virtual academy, an administration office, and maintenance and transportation facilities.

This section of the 2016 annual financial report presents our discussion and analysis of the Oxford Community School's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements provide information about the School District's most significant (major) funds. The General Fund, containing the primary activity of the School District, is always considered a major fund. The fund for our issuance of refunding debt in 2012 is also large enough to qualify as a major fund as well. All other governmental funds presented are in one column as non-major funds because they are not material enough to be considered major. The statement of fiduciary assets and liabilities presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Financial Section

- Basic Financial Statements
 - District-Wide Financial Statements
 - Fund Financial Statements
 - Fiduciary Fund
 - Notes to Financial Statements
- Required Supplemental Information
 - Budgetary Comparison Schedules – General Fund
- Other Supplemental Information
 - Combining Balance Sheet Non-major Governmental Funds
 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds
 - Comparative Information – General Fund
 - Schedule of Bonded Indebtedness
 - Continuing Disclosure Report

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2016

District-Wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the Oxford Community School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the School District's net position as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community education, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), State and Federal grants, and charges for services finance these activities.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (the Food Services and Community Services Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there is growth or decline of available financial resources that can be spent in the near future for the School District's programs. The relationship between governmental activities and governmental funds is illustrated in a reconciliation included in the financial section on page 4-6.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2016

Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 4-10. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

	2016 Governmental Activities	2015 Governmental Activities
	<u> </u>	<u> </u>
<u>Assets</u>		
Current assets	\$ 17.48	\$ 17.35
Capital assets, net book value	115.10	117.80
Total Assets	<u>132.58</u>	<u>135.15</u>
<u>Deferred outflows of resources</u>		
Deferred amount on debt refunding & pension expense	12.39	8.74
Total assets and deferred outflows of resources	<u>\$ 144.97</u>	<u>\$ 143.89</u>
<u>Liabilities</u>		
Current Liabilities	\$ 6.26	\$ 10.01
Noncurrent Liabilities	221.81	212.88
Total Liabilities	<u>\$ 228.07</u>	<u>\$ 222.89</u>
<u>Net Position (Deficit)</u>		
Invested in Capital Assets	\$ (14.86)	\$ (14.22)
Restricted	2.32	0.99
Unrestricted	(72.73)	(72.68)
Total Net Position (Deficit)	<u>\$ (85.27)</u>	<u>\$ (85.91)</u>

The statement of net position provides the perspective of the School District as a whole. The School District's net position at the end of FY16 is negative \$85.27 million. This amount is made up of three components:

- Capital assets, net of related debt totaling negative \$14.86 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due, with any shortages made up by borrowings from the School Bond Revolving Fund.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2016

- Restricted net position totaling \$2.32 million is reported separately to show legal constraints from debt covenants and funds restricted to cafeteria operations, limiting the School District's ability to use those net assets for day-to-day operations.
- The unrestricted remainder of the net position is a negative \$72.73 million. This amount represents the *cumulative* results of all past years' operations. The operating results and cash position of the General Fund will have a significant impact on the change in unrestricted net position from year to year. In addition, as required by the relatively new GASB Statement No. 68, the increase in noncurrent liabilities represents the school district's proportionate share of the net pension liability that totals \$74.39 million.

Summary of Net Activities (in Millions)

	2016 Governmental Activities	2015 Governmental Activities
<u>Revenues</u>		
Program revenues		
Charges for services	\$ 3.49	\$ 2.89
Operating grants and contributions	12.46	11.50
General revenues		
Property taxes	13.30	11.56
State aid	36.13	35.38
Investment earnings	0.01	0.01
Other	0.39	0.41
Total revenues	<u>65.78</u>	<u>61.75</u>
<u>Expenses</u>		
Instruction	\$ 35.56	\$ 34.23
Support services	19.44	17.55
Food services	2.60	2.04
Community service	2.00	1.65
Interest on long-term debt	5.52	6.51
Total expenses	<u>65.12</u>	<u>61.98</u>
Change in net assets	<u>\$ 0.66</u>	<u>\$ (0.23)</u>

As reported in the statement of activities, the cost of all our governmental activities this year was \$65.12 million. Certain activities were partially funded by those who benefited from the programs, \$3.49 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$12.46 million. The remaining "public benefit" portion of our governmental activities was funded with \$13.3 million in taxes, \$36.13 million in State aid, and with our other revenues, i.e., interest income and general entitlements.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2016

During FY16, the School District experienced an increase in net assets of \$.64 million.

As discussed above, the net cost of the activities in the District illustrates the financial impact of each of these functions on the resources of the District. Since property taxes for operations and unrestricted State aid constitute the vast majority of District operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with available resources.

The School District's Funds

As noted earlier, the School District uses funds to help it control and manage money for particular purposes. The following overview of these funds will demonstrate the School District's stewardship over the resources that taxpayers and others provide. These funds also provide more insight into the School District's overall financial health.

At the end of FY16, the governmental funds reported a combined fund balance of approximately \$11.63 million, an increase of \$3.47 million from last year. The primary reasons for the change are noted as follows:

- In the General Fund, our principal operating fund, the fund balance increased \$2.25 million to \$8.41 million. This change is mainly due to cost containment of District-wide expenditures as well as realized growth in our Virtual Academy and other district programs . The General Fund's fund balance is available to fund costs related to allowable school operating purposes.
- The 2010B QSCB Debt Service Fund showed a fund balance increase of \$1.27 million due to the fact that only the interest component of the debt service is realized as an expenditure and does not include any principal payments. The debt millage rate is unchanged at 7.9 mills. Millage rates are set annually to ensure that the School District accumulates sufficient resources to pay annual bond related debt service. Debt Service Fund balances are reserved since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

Over the course of the year, the School District budget was revised to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year-end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

Budgeted revenues and other financing sources were increased by \$1.6 million. The most significant increases were due to the budgeting of local property taxes that was not fully factored into the original adopted budget as well as higher than originally budgeted tuition revenue from our International Program.

Budgeted expenditures were increased from the original adopted budget by \$1.5 million. This increase was primarily due to expected salary and benefit costs for revised staffing levels. Actual expenditures were lower than the final amended budget by \$1.8 million

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2016

The School District's general obligation bond rating is A+. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value (SEV) of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e. debt backed by the State of Michigan, such obligations are not subject to this debt limit. All School District government obligation bonds are qualified debt, with the exception of the 2007 Energy Bond.

Other obligations include accrued vacation pay, sick leave, early separation agreements, notes payable, and School Bond Loan Fund. We present information that is more detailed about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budget

Our elected school board members and the administration considered many factors when setting the School District's FY15 budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2016-17 school year is 90 percent and 10 percent of the October 2016 and February 2017 student counts, respectively. The FY17 budget was adopted in June 2016, based on an estimate of students that will be enrolled in September 2016. Approximately 80 percent of total General Fund revenue is from the State portion of the foundation allowance. The budget adopted for FY17 assumes a \$7,511 per student foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations.

The K-12 school aid bill enacted by the State increases net per pupil funding for 2016-17 by \$120/student to \$7,511. However, the total per pupil funding is lower than the \$7,557 per pupil funding in fiscal 2011. The blended student count used to formulate the FY17 budget assumes no student growth. However, once the final student count is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations. We expect to propose at least two budget amendments during the year to reflect changes in our estimates and priorities.

Accounting and Reporting Changes

Oxford Community Schools conform to the pronouncements of GASB (Governmental Accounting Standards Board) which apply to all state and local governmental entities. The GASB Statements 68 and 71, which became effective last fiscal year, required the liability of Oxford Community Schools' defined benefit pensions to be presented on the statement of net position. The net pension liability will continue to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the plan's fiduciary net position. Public school employees belong to the Michigan Public School Employees' Retirement System (MPERS). The governmental fund financial statements will reflect these changes each year which will result in significant decreases each year in net position. The fund financial statements will not be impacted and there will be no impact from the adoption of these GASBs on the fund balance.

Further information can be found in the Notes to the Financial Statements. This report is designed to give an overview of the financial condition of the Oxford Community Schools. Questions or requests for additional information should be directed to the business office at (248) 969-5000.

BASIC FINANCIAL STATEMENTS

Oxford Community Schools
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash	\$ 5,819,690
Accounts receivable	34,114
Due from other governmental units	8,428,798
Due from agency fund activities	444,303
Inventory	34,695
Restricted cash	2,307,692
Prepaid items	411,798
Capital assets not being depreciated	511,000
Capital assets - net of accumulated depreciation	<u>114,585,816</u>
Total assets	<u>132,577,906</u>
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	11,280,090
Deferred amount on debt refunding	<u>1,098,000</u>
Total deferred outflows of resources	<u>12,378,090</u>
Total assets and deferred outflows of resources	<u>144,955,996</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Net Position
June 30, 2016

	Governmental Activities
Liabilities	
Accounts payable	\$ 792,354
Due to other governmental units	533,172
Payroll and related withholdings	1,418,061
Accrued expenditures	543,000
Accrued salaries payable	2,896,327
Unearned revenue	79,782
Noncurrent liabilities	
Net pension liability	74,392,743
Debt due within one year	13,457,052
Debt due in more than one year	<u>133,957,359</u>
Total liabilities	<u>228,069,850</u>
Deferred Inflows of Resources	
Deferred amount on net pension liability	<u>2,150,232</u>
Total liabilities and deferred inflows of resources	<u>230,220,082</u>
Net position	
Net investment in capital assets	(14,855,696)
Restricted for	
Debt service	2,317,376
Unrestricted	<u>(72,725,766)</u>
Total net position	<u>\$ (85,264,086)</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Activities
For the Year Ended June 30, 2016

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs				
Governmental activities				
Instruction	\$ 35,556,335	\$ 1,055,311	\$ 8,055,037	\$ (26,445,987)
Supporting services	19,440,200	86,409	1,981,763	(17,372,028)
Food services	2,603,313	1,303,563	671,251	(628,499)
Community services	2,003,959	1,041,111	663,111	(299,737)
Interest and fiscal charges on long-term debt	5,531,226	-	1,095,865	(4,435,361)
Total governmental activities	\$ 65,135,033	\$ 3,486,394	\$ 12,467,027	(49,181,612)
General revenues				
Property taxes, levied for general purposes				5,105,616
Property taxes, levied for debt service				8,194,930
State aid - unrestricted				36,131,697
Interest earnings				6,298
Other				391,711
Total general revenues				49,830,252
Change in net position				648,640
Net position - beginning				(85,912,726)
Net position - ending				\$ (85,264,086)

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2016

	General Fund	SBLF Refunding Debt Service	2004 Debt Service	2005/2015A Debt Service	2010B QSCB Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash	\$ 4,699,704	\$ 161,450	\$ -	\$ 91,093	\$ 124,188	\$ 743,255	\$ 5,819,690
Accounts receivable	33,040	-	-	-	-	1,074	34,114
Due from other funds	285,857	39,105	-	-	-	59,238	384,200
Due from other governmental units	8,299,372	-	-	-	-	129,426	8,428,798
Due from agency fund activities	444,303	-	-	-	-	-	444,303
Inventory	-	-	-	-	-	34,695	34,695
Restricted cash	-	-	-	-	2,307,692	-	2,307,692
Prepaid items	411,798	-	-	-	-	-	411,798
Total assets	\$ 14,174,074	\$ 200,555	\$ -	\$ 91,093	\$ 2,431,880	\$ 967,688	\$ 17,865,290
Liabilities							
Accounts payable	\$ 775,600	\$ 16,628	\$ -	\$ -	\$ -	\$ 126	\$ 792,354
Due to other funds	-	-	-	(94,920)	198,197	280,923	384,200
Due to other governmental units	518,156	-	-	-	-	15,016	533,172
Payroll and related withholdings	1,416,819	-	-	-	-	1,242	1,418,061
Accrued salaries payable	2,892,515	-	-	-	-	3,812	2,896,327
Unearned revenues	45,810	-	-	-	-	33,972	79,782
Total liabilities	5,648,900	16,628	-	(94,920)	198,197	335,091	6,103,896

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2016

	<u>General Fund</u>	<u>SBLF Refunding Debt Service</u>	<u>2004 Debt Service</u>	<u>2005/2015A Debt Service</u>	<u>2010B QSCB Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows of Resources							
Unavailable revenue							
Community services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,983	\$ 16,983
Grants	111,001	-	-	-	-	-	111,001
Total deferred inflows of resources	<u>111,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,983</u>	<u>127,984</u>
Fund Balance							
Non-spendable							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,695	\$ 34,695
Prepaid items	411,798	-	-	-	-	-	411,798
Restricted for							
Debt service	-	183,927	-	186,013	2,233,683	256,753	2,860,376
Cafeteria	-	-	-	-	-	279,484	279,484
Committed for							
Community services	-	-	-	-	-	44,682	44,682
Assigned for							
Long-term obligations	8,002,375	-	-	-	-	-	8,002,375
Total fund balance	<u>8,414,173</u>	<u>183,927</u>	<u>-</u>	<u>186,013</u>	<u>2,233,683</u>	<u>615,614</u>	<u>11,633,410</u>
Total liabilities and fund balance	<u>\$ 14,174,074</u>	<u>\$ 200,555</u>	<u>\$ -</u>	<u>\$ 91,093</u>	<u>\$ 2,431,880</u>	<u>\$ 967,688</u>	<u>\$ 17,865,290</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2016

Total fund balances for governmental funds	\$ 11,633,410
Total net position for governmental activities in the statement of net position is different because	
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Grants	127,984
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	511,000
Capital assets - net of accumulated depreciation	114,585,816
Other long-term assets are not deferred in the governmental funds.	
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	1,098,000
Deferred inflows of resources resulting from the net pension liability	(2,150,232)
Deferred outflows of resources resulting from the net pension liability	11,280,090
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(543,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(74,392,743)
Compensated absences	(1,806,222)
Bonds payable	(135,020,889)
School bond loan payable	(10,519,830)
Accrued interest on school bond loan fund	<u>(67,470)</u>
Net position of governmental activities	<u>\$ (85,264,086)</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	General Fund	SBLF Refunding Debt Service	2004 Debt Service	2005/2015A Debt Service	2010B QSCB Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Local sources	\$ 6,661,261	\$ 2,210,958	\$ 4,245	\$ 1,652,329	\$ 1,456,318	\$ 5,088,515	\$ 17,073,626
State sources	42,881,429	25,286	-	-	-	756,928	43,663,643
Federal sources	1,263,940	-	-	-	810,840	985,277	3,060,057
Interdistrict sources	1,858,363	-	-	-	-	-	1,858,363
Total revenues	<u>52,664,993</u>	<u>2,236,244</u>	<u>4,245</u>	<u>1,652,329</u>	<u>2,267,158</u>	<u>6,830,720</u>	<u>65,655,689</u>
Expenditures							
Current							
Education							
Instruction	31,326,275	-	-	-	-	-	31,326,275
Supporting services	18,221,562	-	-	-	-	-	18,221,562
Food services	-	-	-	-	-	2,282,759	2,282,759
Community services	25,240	-	-	-	-	1,751,973	1,777,213
Capital outlay	691,188	-	-	-	-	-	691,188
Debt service							
Principal	199,087	10,225,000	-	2,000,000	-	700,000	13,124,087
Interest and other expenditures	77,030	952,656	372,759	593,679	995,225	2,293,534	5,284,883
Payment to bond refunding escrow agent	-	-	21,865,000	7,901,641	-	-	29,766,641
Bond issuance costs	-	317,716	200,938	-	-	-	518,654
Payment to school bond loan fund	-	<u>43,526,000</u>	-	-	-	-	43,526,000
Total expenditures	<u>50,540,382</u>	<u>55,021,372</u>	<u>22,438,697</u>	<u>10,495,320</u>	<u>995,225</u>	<u>7,028,266</u>	<u>146,519,262</u>
Excess (deficiency) of revenues over expenditures	<u>2,124,611</u>	<u>(52,785,128)</u>	<u>(22,434,452)</u>	<u>(8,842,991)</u>	<u>1,271,933</u>	<u>(197,546)</u>	<u>(80,863,573)</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	General Fund	SBLF Refunding Debt Service	2004 Debt Service	2005/2015A Debt Service	2010B QSCB Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)							
Proceeds from issuance of bonds	\$ -	\$43,850,000	\$ -	\$ -	\$ -	\$ -	\$ 43,850,000
Proceeds from refinancing debt	-	-	26,580,000	-	-	-	26,580,000
Premium on issuance of bonds	-	-	3,387,580	-	-	-	3,387,580
Proceeds from school bond loan fund	-	9,066,116	-	1,401,372	-	50,989	10,518,477
Transfers in	129,237	-	-	7,586,017	-	-	7,715,254
Transfers out	-	-	(7,586,017)	-	-	(129,237)	(7,715,254)
Total other financing sources (uses)	<u>129,237</u>	<u>52,916,116</u>	<u>22,381,563</u>	<u>8,987,389</u>	<u>-</u>	<u>(78,248)</u>	<u>84,336,057</u>
Net change in fund balance	2,253,848	130,988	(52,889)	144,398	1,271,933	(275,794)	3,472,484
Fund balance - beginning	<u>6,160,325</u>	<u>52,939</u>	<u>52,889</u>	<u>41,615</u>	<u>961,750</u>	<u>891,408</u>	<u>8,160,926</u>
Fund balance - ending	<u>\$ 8,414,173</u>	<u>\$ 183,927</u>	<u>\$ -</u>	<u>\$ 186,013</u>	<u>\$ 2,233,683</u>	<u>\$ 615,614</u>	<u>\$ 11,633,410</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balances - Total governmental funds	\$ 3,472,484
Total change in net position reported for governmental activities in the statement of activities is different because	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants	127,984
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(3,630,475)
Capital outlay	922,433
Expenses are recorded when incurred in the statement of activities.	
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(11,890,741)
Net change in the deferred inflow of resources related to the net pension liability	4,759,390
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	4,393,151
Interest	75,264
Compensated absences	141,432
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or payments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(84,336,057)
Repayments of long-term debt	13,124,087
Payment to school bond loan fund	43,526,000
Payment to escrow agent	29,766,641
Amortization of premiums	273,715
Amortization of bond discount	(6,036)
Amortization of deferred amount on refunding	(70,632)
Change in net position of governmental activities	\$ 648,640

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2016

	<u>Agency Funds</u>
Assets	
Cash	\$ <u>989,369</u>
Liabilities	
Accounts payable	\$ 5,032
Due to general fund	444,303
Due to agency fund activities	<u>540,034</u>
Total liabilities	<u>\$ 989,369</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Oxford Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

SBLF Refunding Debt Service – This fund is used to record the payment of interest, principal, and other expenditures on long-term debt borrowing related to the refunding of the school bond loan fund.

2004 Refunding Debt Service – This fund is used to record the borrowing, payment of interest, principal, and other expenditures on long-term debt related to the 2016 refunding of the 2004 and 2005 debt.

2005/2015A Debt Service – This fund is used to record the borrowing, payment of interest, principal, and other expenditures on long-term debt.

2010B Debt Service – This is used to account for the accumulation of restricted cash necessary for future record the payment of interest, principal, and other expenditures on long-term debt of the 2010B debt issue.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service, and Community Service Funds. Operating deficits generated by these activities are generally eliminated by a transfer from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Net Position or Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2016, the rates are as follows per \$1,000 of assessed value.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

General Fund	
Non-principal resident exemption	17.9946
Commercial personal property	5.9442
Debt Service Funds	7.9000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 75% of the School District's tax roll lies within Oxford Township.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Restricted Cash – Certain cash is set aside for debt service on the District's general obligation bonds and is classified as restricted cash on the balance sheet because the use is limited by applicable bond agreements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and

maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Equipment and furniture	5-15 years
Buses and other vehicles	7 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The School District also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce the net pension liability in the following year.

Additionally the District reports deferred amounts on bond refunding. The amount represents the difference between the reacquisition price and the net carrying amount of the prior debt.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consist of accumulated sick leave balance. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to

earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District's policy is to consider restricted funds spent first.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a minimum fund balance policy which requires the General Fund to maintain a minimum fund balance ranging from 10% to 20% of the prior year's actual expenditures and other financing uses. As of June 30, 2016, the general fund balance represented approximately 17% of the June 30, 2015 general fund expenditures and other financing uses.

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 and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 72 *Fair Value Measurement and Application*. Statement 72 provides guidance for accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for

applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value.

GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement 76 is effective for the year ending June 30, 2016.

GASB No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. Also, it establishes additional disclosure requirements for qualifying external investment pools that make that election and for governments that participate in such external investment pools. Statement 79 is effective for the year ending June 30, 2016.

GASB No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement 82 is effective for the year ending June 30, 2016.

Upcoming Accounting and Reporting Changes

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting

government's tax revenues. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Pupil	\$ 2,863,887	\$ 2,878,737	\$ 14,850
Operations and maintenance	3,413,701	3,448,710	35,009
Athletics	928,304	934,038	5,734
Community services	20,656	25,240	4,584
Capital outlay	675,125	691,188	16,063
Debt - principal	187,967	199,087	11,120

District-Wide Deficits

The School District has an unrestricted net position deficit for District-Wide activities in the amount of \$85,310,371 as of June 30, 2016. There are no governmental funds with a deficit.

Note 3 - Deposits

The School District's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 5,819,690	\$ 989,369	\$ 6,809,059
Investments	2,307,692	-	2,307,692
	<u>\$ 8,127,382</u>	<u>\$ 989,369</u>	<u>\$ 9,116,751</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 9,116,451
Petty cash and cash on hand	<u>300</u>
Total	<u>\$ 9,116,751</u>

Interest rate risk – In accordance with its investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 12 months.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

Concentration of credit risk – The School District’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the School District’s total investments.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$250,000 of the School District’s bank balance of \$9,900,821 was insured and collateralized.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 511,000	\$ -	\$ -	\$ 511,000
Capital assets being depreciated				
Buildings and additions	161,918,948	411,994	-	162,330,942
Equipment and furniture	9,758,034	425,608	-	10,183,642
Buses and other vehicles	678,932	84,831	104,610	659,153
Total capital assets being depreciated	172,355,914	922,433	104,610	173,173,737
Less accumulated depreciation for				
Buildings and additions	46,221,325	3,202,602	-	49,423,927
Equipment and furniture	8,248,347	396,319	-	8,644,666
Buses and other vehicles	592,384	31,554	104,610	519,328
Total accumulated depreciation	55,062,056	3,630,475	104,610	58,587,921
Net capital assets being depreciated	117,293,858	(2,708,042)	-	114,585,816
Net capital assets	\$ 117,804,858	\$ (2,708,042)	\$ -	\$ 115,096,816

Depreciation expense was charged to activities of the School District as follows:

Governmental activities	
Instruction	\$ 2,904,380
Support services	363,048
Food services	217,829
Community services	145,218
	<u>145,218</u>
Total governmental activities	<u>\$ 3,630,475</u>

Note 5 - Interfund Receivables and Payables and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General Fund	Community Services	\$ 276,191
General Fund	2010B Debt Service	9,666
SBLF Refunding Debt Service	2010B Debt Service	39,105
2006 Debt Service	2010B Debt Service	54,506
2006 Debt Service	2010A Debt Service	4,732
		<u>\$ 384,200</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year to transfer \$96,737 from Cafeteria to the General Fund. \$32,500 was transferred from the Community Service Fund to the General Fund. These transfers were used to repay the General Fund for expenses incurred during the year.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

Additionally, \$7,586,017 was transferred from 2004 Refunding Debt Service to 2005/2015B Debt Service to provide that funds portion of the 2016 refunding debt issue. The transferred funds provided the necessary assets required for the escrow payment to refund the 2005 debt.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

	Unearned
Grants	\$ 45,810
Childcare accounts	7,930
Student lunch accounts	26,042
Total	\$ 79,782

Note 7 - State Aid Anticipation Note

The School District issues a state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

Short-term debt activity for the year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance
State aid anticipation note	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 103,873,744	\$ 70,430,000	\$ (42,399,087)	\$ 131,904,657	\$ 13,457,052
School Bond Loan	41,872,871	10,518,477	(41,871,518)	10,519,830	-
Accrued interest on School Bond Loan Fund	1,515,216	-	(1,447,746)	67,470	-
Compensated absences	1,947,654	8,374	(149,806)	1,806,222	-
Premium on bonds	1,305,731	-	1,943,269	3,249,000	-
Discount on bonds	(138,804)	-	6,036	(132,768)	-
Total	\$ 150,376,412	\$ 80,956,851	\$ (83,918,852)	\$ 147,414,411	\$ 13,457,052

For governmental activities, compensated absences are primarily liquidated by the General Fund.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

General obligation bonds payable at year end, consist of the following:

\$36,955,000 refunding bonds due in annual installments of \$100,000 to \$2,550,000 through May 1, 2031, interest at 4.13% to 5.50%	\$ 32,520,000
\$2,912,143 refunding bonds due in annual installments of \$199,087 to \$364,445 through June 23, 2022, interest at 3.98%	1,819,657
\$17,735,000 refunding bonds due in annual installments of \$600,000 to \$5,735,000 through May 31, 2039, interest at 3.85% to 6.50%	14,135,000
\$15,000,000 serial bonds due in one installment of \$15,000,000 in May 31, 2027, interest at 6.63% due annually	15,000,000
\$24,580,000 bonds due in annual installments of \$2,000,000 to \$4,530,000 through May 31, 2039, interest at 5.00%	24,580,000
\$43,850,000 bonds due in annual installments of \$8,000,000 to \$9,600,000 through May 31, 2027, interest at 1.20% to 2.76%	<u>43,850,000</u>
Total general obligation bonded debt	<u>\$ 131,904,657</u>

Under the terms of the 2010 School Building and Site Bonds, Series B, the School District is required to make mandatory sinking fund deposits of \$1,153,846 for years 2016 through 2027. These deposits are required to be set aside to ensure there is sufficient money to pay the principal at maturity.

Future principal and interest requirements for bonded debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2017	\$ 13,457,052	\$ 5,459,130	\$ 18,916,182
2018	13,966,947	5,096,202	19,063,149
2019	14,388,884	4,680,318	19,069,202
2020	14,837,978	4,241,286	19,079,264
2021	15,294,351	3,759,573	19,053,924
2022-2026	22,829,445	13,708,719	36,538,164
2027-2031	31,395,000	5,508,093	36,903,093
2032-2036	-	1,863,875	1,863,875
2037-2039	<u>5,735,000</u>	<u>1,118,325</u>	<u>6,853,325</u>
Total	<u>\$ 131,904,657</u>	<u>\$ 45,435,521</u>	<u>\$ 177,340,178</u>

The general obligation bonds are payable from the Debt Service Funds. As of yearend, the funds had a balance of \$2,317,376 to pay this debt. Future debt and interest will be payable from future tax levies. Interest expense for the year ended June 30, 2016 was \$5,437,396.

State School Bond Loan

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's outstanding bond issues. The bond elections, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage, but instead the elections permitted the School District to extend this levy. Since the monies generated by the millage are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow additional funds to meet debt service requirements. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

Compensated Absences

Accrued compensated absences at year end, consists of \$1,806,222 of vacation and sick hours earned. The entire amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Current Refunding

During the year, the School District issued general obligation bonds of \$26,580,000 (par value) with an interest rate of 4.00% to 5.00% to refund term bonds with an interest rate of 5.00% and a par value of \$21,865,000, and another one with an interest rate of 4.00% to 5.00% and a par value of \$7,410,000. The general obligation bonds were issued at a premium and after paying issuance costs of \$200,939, the net proceeds were \$29,766,641. The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to pay off the remaining debt.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$29,275,000, which resulted in an economic gain of \$351,213.

Deferred Amount on Debt Refunding

Advance refunding of certain debt resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being amortized through fiscal year 2031. As of June 30, 2016, \$1,098,000 remained.

Deferred amount of refunding activity is summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Deferred amount on debt refunding	\$ 1,847,587	\$ 351,213	\$(1,100,800)	\$ 1,098,000

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

The final payment date is 2031. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

1996 Debt Issue	\$ 22,150,000
2001 School Building	4,925,000
2001 School Building and Site Bonds	<u>31,775,000</u>
Total	<u>\$ 58,850,000</u>

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for health claims (excluding dental) and participates in SET-SEG (risk pool) for claims relating to worker' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program operates as a common risk-sharing management program for school districts in Michigan. Member's premiums are used to purchase commercial excess insurance coverage and pay members claims in excess of deductible amounts.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

The School District is self insured for dental claims. The School District estimates the liability for dental claims that have been reported as well as those that have not been reported. The obligation is not material to the financial statements.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had no significant unemployment compensation expense for the year and has made no provision for possible future claims.

Note 10 - Pension Plans and Post-Employment Benefits

Organization

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State), originally created under Public Act 136 of 1945, recodified, and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at www.michigan.gov/mpers-cafr.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for DB plan members are determined by final average compensation and years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions and Funding Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21 year

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

period for the plan's 2015 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	22.52 - 23.07%
Member Investment Plan	3.0 - 7.0	22.52 - 23.07
Pension Plus	3.0 - 6.4	21.99
Defined Contribution	0.0	17.72 - 18.76

Required contributions to the pension plan from the School District were \$ 5,875,664 for the year ending September 30, 2015.

Net Pension Liability

June 30, 2016, the School District reported a liability of \$74,392,743 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2014. The School District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2015, the School District's proportionate share percent was 0.3046 percent, which was an increase of 0.0208 percent since the prior measurement date.

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

For the year ended June 30, 2016, the School District recognized total pension expense of \$7,331,859. The School District's actual contributions for the years ended June 30, 2016, 2015, and 2014 and were approximately \$4,554,000, \$5,515,000, and \$4,248,000, respectively.

At June 30, 2016, the School 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
Difference between expected and actual experience	\$ -	\$ 246,411
Changes in assumptions	1,831,707	-
Net difference between projected and actual earnings on pension plan investments	379,715	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,879,525	57
Employer contributions subsequent to the measurement date	5,189,143	1,903,764
	\$ 11,280,090	\$ 2,150,232

\$ 5,189,143 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. \$1,903,764 resulting from employer contributions subsequent to the measurement date are 147c revenues received that will be recognized in the year ended June 30, 2017 when the related payments reduce the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

Plan Year Ending September 30	Amount:
2016	\$ 1,252,832
2017	1,252,832
2018	1,153,494
2019	<u>2,185,321</u>
Total	<u>\$ 5,844,479</u>

- Projected Salary Increases: 3.5-12.3%, including wage inflation at 3.5%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Healthcare Cost Trend Rate: 8.5% Year 1 graded to 3.5% Year 12
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2014
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of returns:
 - MIP and Basic Plans (Non-Hybrid): 8.0%
 - Pension Plus Plan (Hybrid): 7.0%

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for liabilities is the average of the expected remaining service lives of all employees in years: (4.7158 for non-university employers). The recognition period for assets in years is 5.0000. Full actuarial assumptions are available in the 2015 MPSERS Comprehensive Annual Financial Report (CAFR) (www.michigan.gov/mpsers-cafr).

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.9
Alternative Investment Pools	18.0	9.2
International Equity	16.0	7.2
Fixed Income Pools	10.5	0.9
Real Estate and Infrastructure Pools	10.0	4.3
Absolute Return Pools	15.5	6.0
Short Term Investment Pools	2.0	0.0
	<u>100.0%</u>	

*Long term rate of return does not include 2.1% inflation

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on these 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the School 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 or 1-percentage-point higher:

1% Decrease (Non-Hybrid/Hybrid)*	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)*	1% Increase (Non-Hybrid/Hybrid)*
7.0% / 6.0%	8.0% / 7.0%	9.0% / 8.0%
<u>\$ 95,911,316</u>	<u>\$ 74,392,743</u>	<u>\$ 56,251,704</u>

*Non-university employers, the Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.

Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR. See the 2015 MPSERS CAFR (www.michigan.gov/mpsers-cafr).

Payables to the Pension Plan

There were no significant payables to the pension plan that are not ordinary accruals to the district.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2016

Post-Employment Benefits

In addition to the pension benefits described above, state law requires the School District to provide post-employment healthcare benefits for eligible retirees and beneficiaries through the Michigan Public School Employees Retirement System (MPERS).

The 2012 Retirement Reform included changes to retiree healthcare benefits. New employees hired after the effective date who elect this benefit are enrolled in the defined contribution Personal Healthcare Fund. This establishes a portable tax-deferred account in which the participant contributes up to 2% of their salary, and receives up to a 2% employer match. These funds can be used to pay for healthcare expenses in retirement.

Employees working prior to the enactment of the 2012 Retirement Reform have two options: (a) the Personal Healthcare Fund, or (b) the defined benefit Premium Subsidy benefit.

Employees electing the defined benefit Premium Subsidy benefit contribute 3% of their compensation, and the employer contributes an actuarially determined percent of payroll for all participants. Upon retirement members receive a premium subsidy towards health, dental and vision insurance. The subsidy is a percent of the premium cost, with the percentage varying based on several factors.

For the periods July 1, 2015 through September 30, 2015, and October 1, 2015 through June 30, 2016, the employer contribution rate ranged from 2.20% to 2.71% and 6.40% to 6.83%, respectively.

The School District's actual contributions match the required contributions for the years ended June 30, 2016, 2015, and 2014 and were approximately \$1,573,000, \$878,000, and \$1,664,000, respectively.

Unfunded Accrued Liability

During the year ending June 30, 2016, the School District had contributions in the amount of \$2,931,122 to the MPERS. This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 10.53% for the year ending June 30, 2016.

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the fiscal year June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 5,623,268	\$ 6,593,261	\$ 6,661,261	\$ 68,000
State sources	41,464,971	42,508,817	42,881,429	372,612
Federal sources	1,538,765	1,435,246	1,263,940	(171,306)
Interdistrict sources	<u>2,129,930</u>	<u>1,868,399</u>	<u>1,858,363</u>	<u>(10,036)</u>
Total revenues	<u>50,756,934</u>	<u>52,405,723</u>	<u>52,664,993</u>	<u>259,270</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Expenditures				
Instruction				
Basic programs	\$ 26,007,795	\$ 26,809,002	\$ 26,223,634	\$ (585,368)
Added needs	5,300,712	5,226,937	5,102,641	(124,296)
Supporting services				
Pupil	2,937,893	2,863,887	2,878,737	14,850
Instructional staff	1,911,447	2,387,849	2,236,992	(150,857)
General administration	504,106	495,175	420,803	(74,372)
School administration	3,062,460	3,242,957	3,036,973	(205,984)
Business	689,165	743,834	713,586	(30,248)
Operations and maintenance	3,252,075	3,413,701	3,448,710	35,009
Pupil transportation services	2,180,471	2,131,214	1,968,232	(162,982)
Central	2,415,705	2,021,178	1,881,369	(139,809)
Athletics	934,307	928,304	934,038	5,734
Other	738,322	965,481	702,122	(263,359)
Community services	63,065	20,656	25,240	4,584
Intergovernmental payments	165,000	115,000	-	(115,000)
Capital outlay	420,740	675,125	691,188	16,063
Debt service				
Principal	172,950	187,967	199,087	11,120
Interest and fiscal charges	84,400	84,400	77,030	(7,370)
	<u>50,840,613</u>	<u>52,312,667</u>	<u>50,540,382</u>	<u>(1,772,285)</u>
Excess (deficiency) of revenues over expenditures	<u>(83,679)</u>	<u>93,056</u>	<u>2,124,611</u>	<u>2,031,555</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ 5,850	\$ -	\$ -	\$ -
Transfers in	<u>122,500</u>	<u>122,500</u>	<u>129,237</u>	<u>6,737</u>
Total other financing sources (uses)	<u>128,350</u>	<u>122,500</u>	<u>129,237</u>	<u>6,737</u>
Net change in fund balance	44,671	215,556	2,253,848	2,038,292
Fund balance - beginning	<u>6,160,325</u>	<u>6,160,325</u>	<u>6,160,325</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 6,204,996</u></u>	<u><u>\$ 6,375,881</u></u>	<u><u>\$ 8,414,173</u></u>	<u><u>\$ 2,038,292</u></u>

Oxford Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th)

		June 30,									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
A.	Reporting unit's proportion of net pension liability (%)	0.3046%	0.2838%								
B.	Reporting unit's proportionate share of net pension liability	\$ 74,392,743	\$ 62,502,002								
C.	Reporting unit's covered-employee payroll	\$ 25,486,596	\$ 24,176,085								
D.	Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	291.89%	258.53%								
E.	Plan fiduciary net position as a percentage of total pension liability	63.17%	66.20%								

Oxford Community Schools
Required Supplementary Information
Schedule of the District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

		For the Years Ended June 30,									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
A.	Statutorily required contributions	\$ 5,875,664	\$ 4,406,934								
B.	Contributions in relation to statutorily required contributions	<u>5,875,664</u>	<u>4,406,934</u>								
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
D.	Reporting unit's covered-employee payroll	26,265,248	25,279,228								
E.	Contributions as a percentage of covered-employee payroll	22.37%	17.43%								

Notes: Benefit changes - There were no changes of benefit terms in 2015-16. Changes in assumptions - There were no changes of benefit assumptions in 2015-16.

OTHER SUPPLEMENTARY INFORMATION



**Oxford Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016**

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		Total Nonmajor Governmental Funds
	<u>Cafeteria</u>	<u>Community Services</u>	<u>2006 Debt Service</u>	<u>2010A BAB Debt Service</u>	
Assets					
Cash	\$ 298,432	\$ 242,576	\$ 85,519	\$ 116,728	\$ 743,255
Accounts receivable	-	1,074	-	-	1,074
Due from other funds	-	-	59,238	-	59,238
Due from other governmental units	19,339	110,087	-	-	129,426
Inventory	34,695	-	-	-	34,695
Total assets	<u>\$ 352,466</u>	<u>\$ 353,737</u>	<u>\$ 144,757</u>	<u>\$ 116,728</u>	<u>\$ 967,688</u>
Liabilities					
Accounts payable	\$ -	\$ 126	\$ -	\$ -	\$ 126
Due to other funds	-	276,191	-	4,732	280,923
Due to other governmental units	7,191	7,825	-	-	15,016
Payroll and related withholdings	1,242	-	-	-	1,242
Accrued salaries payable	3,812	-	-	-	3,812
Unearned revenues	26,042	7,930	-	-	33,972
Total liabilities	<u>38,287</u>	<u>292,072</u>	<u>-</u>	<u>4,732</u>	<u>335,091</u>
Deferred Inflows of Resources					
Unavailable revenue					
Community services	-	16,983	-	-	16,983
Fund Balance					
Non-spendable					
Inventory	34,695	-	-	-	34,695
Restricted for					
Cafeteria	279,484	-	-	-	279,484
Debt service	-	-	144,757	111,996	256,753
Committed for					
Community services	-	44,682	-	-	44,682
Total fund balance	<u>314,179</u>	<u>44,682</u>	<u>144,757</u>	<u>111,996</u>	<u>615,614</u>
Total liabilities and fund balance	<u>\$ 352,466</u>	<u>\$ 353,737</u>	<u>\$ 144,757</u>	<u>\$ 116,728</u>	<u>\$ 967,688</u>

Oxford Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		Total Nonmajor Governmental Funds
	<u>Cafeteria</u>	<u>Community Services</u>	<u>2006 Debt Service</u>	<u>2010A BAB Debt Service</u>	
Revenues					
Local sources	\$ 1,261,411	\$ 976,542	\$ 1,549,166	\$ 1,301,396	\$ 5,088,515
State sources	93,817	663,111	-	-	756,928
Federal sources	700,252	-	-	285,025	985,277
 Total revenues	<u>2,055,480</u>	<u>1,639,653</u>	<u>1,549,166</u>	<u>1,586,421</u>	<u>6,830,720</u>
Expenditures					
Current					
Education					
Food services	2,282,759	-	-	-	2,282,759
Community services	-	1,751,973	-	-	1,751,973
Debt service					
Principal	-	-	100,000	600,000	700,000
Interest and other expenditures	-	-	1,419,109	874,425	2,293,534
 Total expenditures	<u>2,282,759</u>	<u>1,751,973</u>	<u>1,519,109</u>	<u>1,474,425</u>	<u>7,028,266</u>
Excess (deficiency) of revenues over expenditures	<u>(227,279)</u>	<u>(112,320)</u>	<u>30,057</u>	<u>111,996</u>	<u>(197,546)</u>
Other financing sources (uses)					
Proceeds from school bond loan fund	-	-	50,989	-	50,989
Transfers out	(96,737)	(32,500)	-	-	(129,237)
 Total other financing sources (uses)	<u>(96,737)</u>	<u>(32,500)</u>	<u>50,989</u>	<u>-</u>	<u>(78,248)</u>
Net change in fund balance	(324,016)	(144,820)	81,046	111,996	(275,794)
Fund balance - beginning	638,195	189,502	63,711	-	891,408
Fund balance - ending	<u>\$ 314,179</u>	<u>\$ 44,682</u>	<u>\$ 144,757</u>	<u>\$ 111,996</u>	<u>\$ 615,614</u>

**Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 4,255,520	\$ 5,188,296	\$ 5,087,604	\$ (100,692)
Tuition	550,182	873,192	1,035,346	162,154
Interest earnings	2,000	414	4,615	4,201
Student activities	98,286	69,823	91,332	21,509
Other local revenues	717,280	461,536	442,364	(19,172)
Total revenues from local sources	<u>5,623,268</u>	<u>6,593,261</u>	<u>6,661,261</u>	<u>68,000</u>
Revenues from state sources				
Grants	36,081,752	35,836,328	36,131,697	295,369
Grants - restricted	5,383,219	6,672,489	6,749,732	77,243
Total revenues from state sources	<u>41,464,971</u>	<u>42,508,817</u>	<u>42,881,429</u>	<u>372,612</u>
Revenues from federal sources				
Grants	1,538,765	1,435,246	1,263,940	(171,306)
Interdistrict sources				
Tuition	-	-	43,217	43,217
ISD collected millage	2,004,807	1,778,276	1,676,366	(101,910)
Other	125,123	90,123	138,780	48,657
Total interdistrict sources	<u>2,129,930</u>	<u>1,868,399</u>	<u>1,858,363</u>	<u>(10,036)</u>
Other financing sources				
Proceeds from sale of capital assets	5,850	-	-	-
Transfers in	122,500	122,500	129,237	6,737
Total other financing sources	<u>128,350</u>	<u>122,500</u>	<u>129,237</u>	<u>6,737</u>
Total revenue and other financing sources	<u>\$ 50,885,284</u>	<u>\$ 52,528,223</u>	<u>\$ 52,794,230</u>	<u>\$ 266,007</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 6,526,265	\$ 6,790,227	\$ 6,633,617	\$ (156,610)
Employee benefits	4,067,558	4,045,408	4,016,913	(28,495)
Purchased services	237,634	250,372	275,505	25,133
Supplies and materials	242,278	367,022	363,874	(3,148)
Other	4,075	3,275	2,606	(669)
	<u>11,077,810</u>	<u>11,456,304</u>	<u>11,292,515</u>	<u>(163,789)</u>
Total elementary				
Basic program - middle school				
Salaries	2,826,467	2,744,718	2,780,541	35,823
Employee benefits	1,834,166	1,747,183	1,729,775	(17,408)
Purchased services	66,100	77,937	109,704	31,767
Supplies and materials	83,975	73,970	75,692	1,722
	<u>4,810,708</u>	<u>4,643,808</u>	<u>4,695,712</u>	<u>51,904</u>
Total middle school				
Basic program - high school				
Salaries	5,166,854	5,130,411	5,045,496	(84,915)
Employee benefits	3,102,770	3,106,011	3,069,670	(36,341)
Purchased services	1,574,745	2,145,887	1,879,374	(266,513)
Supplies and materials	210,659	260,375	179,192	(81,183)
Other	10,215	6,560	20,661	14,101
	<u>10,065,243</u>	<u>10,649,244</u>	<u>10,194,393</u>	<u>(454,851)</u>
Total high school				

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - summer school				
Salaries	\$ 37,090	\$ 41,473	\$ 28,106	\$ (13,367)
Employee benefits	15,944	17,050	11,935	(5,115)
Supplies and materials	1,000	1,123	973	(150)
Total summer school	<u>54,034</u>	<u>59,646</u>	<u>41,014</u>	<u>(18,632)</u>
Added needs - special education				
Salaries	2,435,705	2,433,750	2,444,984	11,234
Employee benefits	1,667,664	1,577,909	1,510,901	(67,008)
Purchased services	73,952	34,673	101,444	66,771
Supplies and materials	37,807	137,593	40,367	(97,226)
Other	-	-	74	74
Total special education	<u>4,215,128</u>	<u>4,183,925</u>	<u>4,097,770</u>	<u>(86,155)</u>
Added needs - compensatory education				
Salaries	168,223	169,202	168,683	(519)
Employee benefits	107,757	140,105	109,879	(30,226)
Purchased services	3,002	1,122	2,298	1,176
Supplies and materials	56,567	13,313	9,351	(3,962)
Total compensatory education	<u>335,549</u>	<u>323,742</u>	<u>290,211</u>	<u>(33,531)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - career and technical education				
Salaries	\$ 364,385	\$ 387,921	\$ 381,173	\$ (6,748)
Employee benefits	219,001	219,949	216,913	(3,036)
Purchased services	77,706	59,270	64,694	5,424
Supplies and materials	88,943	52,130	51,880	(250)
Total career and technical education	<u>750,035</u>	<u>719,270</u>	<u>714,660</u>	<u>(4,610)</u>
Pupil - truancy/absenteeism services				
Salaries	85,000	87,550	87,550	-
Employee benefits	59,899	63,608	63,921	313
Total truancy/absenteeism services	<u>144,899</u>	<u>151,158</u>	<u>151,471</u>	<u>313</u>
Pupil - guidance services				
Salaries	495,935	454,772	466,588	11,816
Employee benefits	329,886	282,723	278,047	(4,676)
Purchased services	4,000	-	2,146	2,146
Supplies and materials	1,000	-	-	-
Total guidance services	<u>830,821</u>	<u>737,495</u>	<u>746,781</u>	<u>9,286</u>
Pupil - health services				
Purchased services	159,000	155,726	124,423	(31,303)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - psychological services				
Salaries	\$ 250,399	\$ 204,090	\$ 263,764	\$ 59,674
Employee benefits	174,931	122,333	167,482	45,149
Purchased services	900	900	966	66
Supplies and materials	3,000	3,000	2,100	(900)
Total psychological services	<u>429,230</u>	<u>330,323</u>	<u>434,312</u>	<u>103,989</u>
Pupil - speech services				
Salaries	307,263	325,983	317,902	(8,081)
Employee benefits	201,964	206,216	191,930	(14,286)
Purchased services	26,800	800	818	18
Supplies and materials	2,000	2,000	1,412	(588)
Total speech services	<u>538,027</u>	<u>534,999</u>	<u>512,062</u>	<u>(22,937)</u>
Pupil - social work services				
Salaries	286,635	304,156	296,366	(7,790)
Employee benefits	184,265	175,205	169,866	(5,339)
Purchased services	600	600	2,509	1,909
Supplies and materials	1,000	1,000	325	(675)
Total social work services	<u>472,500</u>	<u>480,961</u>	<u>469,066</u>	<u>(11,895)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - teacher consultant				
Salaries	\$ 109,949	\$ 178,631	\$ 185,143	\$ 6,512
Employee benefits	64,616	106,494	105,533	(961)
Purchased services	800	800	915	115
Supplies and materials	200	200	95	(105)
	<u>175,565</u>	<u>286,125</u>	<u>291,686</u>	<u>5,561</u>
Pupil - other support services				
Salaries	16,562	16,562	15,296	(1,266)
Employee benefits	7,385	7,794	7,287	(507)
Purchased services	163,904	162,744	126,353	(36,391)
	<u>187,851</u>	<u>187,100</u>	<u>148,936</u>	<u>(38,164)</u>
Instructional staff - improvement of education				
Salaries	337,627	444,272	393,711	(50,561)
Employee benefits	148,013	235,111	263,297	28,186
Purchased services	139,807	136,690	128,019	(8,671)
Supplies and materials	9,442	74,518	61,793	(12,725)
Other	84,957	123,000	103,851	(19,149)
	<u>719,846</u>	<u>1,013,591</u>	<u>950,671</u>	<u>(62,920)</u>

**Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - educational media services				
Salaries	\$ 197,518	\$ 203,589	\$ 202,164	\$ (1,425)
Employee benefits	161,553	160,920	148,547	(12,373)
Purchased services	3,000	1,800	3,020	1,220
Supplies and materials	9,572	15,007	12,929	(2,078)
	<u>371,643</u>	<u>381,316</u>	<u>366,660</u>	<u>(14,656)</u>
Instructional staff - educational television				
Salaries	1,459	-	-	-
Employee benefits	1,273	-	-	-
	<u>2,732</u>	<u>-</u>	<u>-</u>	<u>-</u>
Instructional staff - technology assisted instruction				
Purchased services	36,841	59,876	22,953	(36,923)
Supplies and materials	-	900	-	(900)
	<u>36,841</u>	<u>60,776</u>	<u>22,953</u>	<u>(37,823)</u>
Instructional staff - supervision and direction of instructional staff				
Salaries	446,417	523,657	519,162	(4,495)
Employee benefits	295,619	385,390	344,848	(40,542)
Purchased services	19,379	19,379	13,897	(5,482)
Supplies and materials	1,475	1,475	1,034	(441)
Other	275	1,045	947	(98)
	<u>763,165</u>	<u>930,946</u>	<u>879,888</u>	<u>(51,058)</u>

**Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - academic student assessment				
Supplies and materials	\$ 17,220	\$ 1,220	\$ 16,820	\$ 15,600
General administration - board of education				
Salaries	9,470	9,470	6,666	(2,804)
Employee benefits	748	575	542	(33)
Purchased services	89,263	58,263	34,804	(23,459)
Other	8,400	8,400	8,075	(325)
Total board of education	<u>107,881</u>	<u>76,708</u>	<u>50,087</u>	<u>(26,621)</u>
General administration - executive administration				
Salaries	219,717	227,942	222,142	(5,800)
Employee benefits	121,658	122,175	121,147	(1,028)
Purchased services	17,450	30,950	9,746	(21,204)
Supplies and materials	10,080	10,080	5,406	(4,674)
Other	27,320	27,320	12,275	(15,045)
Total executive administration	<u>396,225</u>	<u>418,467</u>	<u>370,716</u>	<u>(47,751)</u>
School administration - office of the principal				
Salaries	1,860,234	1,960,153	1,898,403	(61,750)
Employee benefits	1,148,131	1,214,581	1,075,424	(139,157)
Purchased services	-	1,932	3,298	1,366
Supplies and materials	45,495	40,695	46,774	6,079
Other	8,600	25,596	13,074	(12,522)
Total office of the principal	<u>3,062,460</u>	<u>3,242,957</u>	<u>3,036,973</u>	<u>(205,984)</u>

**Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Business - fiscal services				
Salaries	\$ 217,823	\$ 216,364	\$ 222,464	\$ 6,100
Employee benefits	147,312	170,527	137,307	(33,220)
Purchased services	192,850	214,893	207,108	(7,785)
Supplies and materials	2,380	3,000	4,490	1,490
Other	3,100	11,100	7,861	(3,239)
	<u>563,465</u>	<u>615,884</u>	<u>579,230</u>	<u>(36,654)</u>
Total fiscal services				
Business - other				
Purchased services	-	16,100	16,087	(13)
Other	125,700	111,850	118,269	6,419
	<u>125,700</u>	<u>127,950</u>	<u>134,356</u>	<u>6,406</u>
Total other				
Operations and maintenance - operating building services				
Salaries	165,876	214,739	198,145	(16,594)
Employee benefits	124,230	139,289	105,529	(33,760)
Purchased services	1,889,643	1,929,465	2,083,940	154,475
Supplies and materials	1,068,331	1,078,831	1,022,002	(56,829)
Other	2,500	49,881	25,113	(24,768)
	<u>3,250,580</u>	<u>3,412,205</u>	<u>3,434,729</u>	<u>22,524</u>
Total operating building services				

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Operations and maintenance - security services				
Salaries	\$ -	\$ -	\$ 9,420	\$ 9,420
Employee benefits	-	-	4,561	4,561
Supplies and materials	1,495	1,496	-	(1,496)
Total security services	<u>1,495</u>	<u>1,496</u>	<u>13,981</u>	<u>12,485</u>
Pupil transportation services				
Salaries	1,058,783	1,066,728	1,107,859	41,131
Employee benefits	635,846	697,120	621,207	(75,913)
Purchased services	108,842	71,566	53,095	(18,471)
Supplies and materials	372,500	291,300	183,197	(108,103)
Other	4,500	4,500	2,874	(1,626)
Total transportation services	<u>2,180,471</u>	<u>2,131,214</u>	<u>1,968,232</u>	<u>(162,982)</u>
Central - communication services				
Salaries	79,037	88,053	95,451	7,398
Employee benefits	63,044	81,649	65,304	(16,345)
Purchased services	103,476	72,901	71,338	(1,563)
Supplies and materials	2,367	2,367	1,274	(1,093)
Other	-	-	300	300
Total communication services	<u>247,924</u>	<u>244,970</u>	<u>233,667</u>	<u>(11,303)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services				
Salaries	\$ 227,034	\$ 268,353	\$ 268,362	\$ 9
Employee benefits	139,396	199,694	147,992	(51,702)
Purchased services	19,847	22,247	8,565	(13,682)
Supplies and materials	3,600	3,600	1,227	(2,373)
Other	1,500	21,500	11,830	(9,670)
	<u>391,377</u>	<u>515,394</u>	<u>437,976</u>	<u>(77,418)</u>
Central - support services technology				
Salaries	459,403	335,404	350,096	14,692
Employee benefits	316,842	251,599	205,516	(46,083)
Purchased services	353,339	404,400	401,639	(2,761)
Supplies and materials	9,998	10,000	11,210	1,210
	<u>1,139,582</u>	<u>1,001,403</u>	<u>968,461</u>	<u>(32,942)</u>
Central - pupil accounting				
Salaries	105,084	112,924	120,238	7,314
Employee benefits	98,566	114,787	88,902	(25,885)
Purchased services	1,747	275	-	(275)
Supplies and materials	1,000	1,000	1,000	-
Other	425	425	270	(155)
	<u>206,822</u>	<u>229,411</u>	<u>210,410</u>	<u>(19,001)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - other				
Salaries	\$ 400,000	\$ -	\$ -	\$ -
Purchased services	30,000	30,000	30,855	855
Total other central	<u>430,000</u>	<u>30,000</u>	<u>30,855</u>	<u>855</u>
Athletic activities				
Salaries	317,858	323,601	319,053	(4,548)
Employee benefits	173,357	170,248	194,153	23,905
Purchased services	372,598	371,730	359,319	(12,411)
Supplies and materials	67,709	61,125	59,928	(1,197)
Other	2,785	1,600	1,585	(15)
Total athletic activities	<u>934,307</u>	<u>928,304</u>	<u>934,038</u>	<u>5,734</u>
Other supporting services				
Salaries	97,975	150,475	151,012	537
Employee benefits	58,596	113,851	92,498	(21,353)
Purchased services	140,221	89,358	52,738	(36,620)
Supplies and materials	52,070	70,250	53,176	(17,074)
Other	389,460	541,547	352,698	(188,849)
Total other supporting services	<u>738,322</u>	<u>965,481</u>	<u>702,122</u>	<u>(263,359)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Community services - community recreation				
Salaries	\$ 2,850	\$ 3,064	\$ 2,000	\$ (1,064)
Employee benefits	1,201	727	908	181
Purchased services	4,399	4,399	700	(3,699)
Supplies and materials	6,250	6,250	3,676	(2,574)
Total community recreation	<u>14,700</u>	<u>14,440</u>	<u>7,284</u>	<u>(7,156)</u>
Community services - community activities				
Salaries	3,000	200	200	-
Employee benefits	1,279	80	80	-
Purchased services	40,386	400	13,176	12,776
Supplies and materials	1,200	200	-	(200)
Other	2,500	5,336	4,500	(836)
Total community activities	<u>48,365</u>	<u>6,216</u>	<u>17,956</u>	<u>11,740</u>
Intergovernmental payments				
Payments to other public schools	<u>165,000</u>	<u>115,000</u>	<u>-</u>	<u>(115,000)</u>

**Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Capital outlay				
Basic program - elementary	\$ 3,669	\$ 18,169	\$ 15,983	\$ (2,186)
Basic program - middle school	39,508	2,000	2,001	1
Basic program - high school	100,416	147,018	73,919	(73,099)
Added needs - special education	44,882	-	27,061	27,061
Added needs - career and technical education	47,643	79,110	77,373	(1,737)
Pupil - other support services	3,000	-	-	-
Instructional staff - improvement of education	765	24,815	24,751	(64)
Instructional staff - technology assisted instruction	38,644	55,647	30,446	(25,201)
Business - fiscal services	4,620	10,928	3,636	(7,292)
Operations and maintenance - operating building services	10,000	10,000	7,501	(2,499)
Pupil transportation services	110,393	110,393	105,663	(4,730)
Central - support services technology	12,200	45,100	129,030	83,930
Athletic services	5,000	12,138	11,964	(174)
Building improvements	-	159,807	181,860	22,053
	<u>420,740</u>	<u>675,125</u>	<u>691,188</u>	<u>16,063</u>
Debt service				
Principal	172,950	187,967	199,087	11,120
Interest and other expenditures	84,400	84,400	77,030	(7,370)
	<u>257,350</u>	<u>272,367</u>	<u>276,117</u>	<u>3,750</u>
Total expenditures and financing uses	<u>\$ 50,840,613</u>	<u>\$ 52,312,667</u>	<u>\$ 50,540,382</u>	<u>\$ (1,772,285)</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2016**

2006 Refunding Issue

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2017	4.000	\$ 707,058	\$ 707,058	\$ 100,000	\$ 1,514,116
2018	4.000	705,058	705,058	100,000	1,510,116
2019	4.000	703,058	703,058	2,550,000	3,956,116
2020	4.200	652,058	652,058	2,530,000	3,834,116
2021	4.500	598,928	598,928	2,515,000	3,712,856
2022	4.500	542,340	542,340	2,535,000	3,619,680
2023	4.125	485,303	485,303	2,525,000	3,495,606
2024	4.125	433,225	433,225	2,505,000	3,371,450
2025	4.500	381,559	381,559	2,490,000	3,253,118
2026	4.500	325,534	325,534	2,475,000	3,126,068
2027	4.500	269,847	269,847	2,465,000	3,004,694
2028	4.500	214,384	214,384	2,455,000	2,883,768
2029	4.500	159,147	159,147	2,440,000	2,758,294
2030	4.250	104,247	104,247	2,430,000	2,638,494
2031	4.375	52,609	52,609	2,405,000	2,510,218
Total		<u>\$ 6,334,355</u>	<u>\$ 6,334,355</u>	<u>\$ 32,520,000</u>	<u>\$ 45,188,710</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2016**

2007 Energy Bond

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
2017	3.980	\$ 68,581	\$ 227,052	\$ 295,633
2018	3.980	58,983	256,947	315,930
2019	3.980	48,155	288,884	337,039
2020	3.980	36,013	322,978	358,991
2021	3.980	22,470	359,351	381,821
2022	3.980	<u>7,422</u>	<u>364,445</u>	<u>371,867</u>
Total		<u>\$ 241,624</u>	<u>\$ 1,819,657</u>	<u>\$ 2,061,281</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2016**

2010 School Building and Site Bonds, Series A, BAB

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2017	4.500	\$ 425,338	\$ 425,338	\$ 600,000	\$ 1,450,676
2018	4.850	411,838	411,838	600,000	1,423,676
2019	5.050	397,288	397,288	600,000	1,394,576
2020	5.200	382,138	382,138	600,000	1,364,276
2021	5.500	366,538	366,538	600,000	1,333,076
2022	5.500	350,638	350,638	-	701,276
2023	5.500	350,638	350,638	1,200,000	1,901,276
2024	6.250	317,638	317,638	-	635,276
2025	6.250	317,638	317,638	-	635,276
2026	6.250	317,638	317,638	-	635,276
2027	6.250	317,638	317,638	-	635,276
2028	6.250	317,638	317,638	-	635,276
2029	6.250	317,638	317,638	-	635,276
2030	6.250	317,638	317,638	4,200,000	4,835,276
2031	6.500	186,388	186,388	-	372,776
2032	6.500	186,388	186,388	-	372,776
2033	6.500	186,388	186,388	-	372,776
2034	6.500	186,388	186,388	-	372,776
2035	6.500	186,388	186,388	-	372,776
2036	6.500	186,388	186,388	-	372,776
2037	6.500	186,388	186,388	-	372,776
2038	6.500	186,388	186,388	-	372,776
2039	6.500	186,388	186,388	5,735,000	6,107,776
Total		<u>\$ 6,585,374</u>	<u>\$ 6,585,374</u>	<u>\$ 14,135,000</u>	<u>\$ 27,305,748</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2016**

2010 School Building and Site Bonds, Series B, QSCB

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
2017	6.625	\$ 496,875	\$ 496,875	\$ -	\$ 993,750
2018	6.625	496,875	496,875	-	993,750
2019	6.625	496,875	496,875	-	993,750
2020	6.625	496,875	496,875	-	993,750
2021	6.625	496,875	496,875	-	993,750
2022	6.625	496,875	496,875	-	993,750
2023	6.625	496,875	496,875	-	993,750
2024	6.625	496,875	496,875	-	993,750
2025	6.625	496,875	496,875	-	993,750
2026	6.625	496,875	496,875	-	993,750
2027	6.625	<u>496,875</u>	<u>496,875</u>	<u>15,000,000</u>	<u>15,993,750</u>
Total		<u>\$ 5,465,625</u>	<u>\$ 5,465,625</u>	<u>\$ 15,000,000</u>	<u>\$ 25,931,250</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2016**

2015 Refunding Bonds Series A - 2004 & 2005

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2017	5.000	\$ 614,500	\$ 614,500	\$ 4,530,000	\$ 5,759,000
2018	5.000	501,250	501,250	4,610,000	5,612,500
2019	5.000	386,000	386,000	2,250,000	3,022,000
2020	5.000	329,750	329,750	2,235,000	2,894,500
2021	5.000	273,875	273,875	2,220,000	2,767,750
2022	5.000	218,375	218,375	2,205,000	2,641,750
2023	5.000	163,250	163,250	2,190,000	2,516,500
2024	5.000	108,500	108,500	2,180,000	2,397,000
2025	5.000	54,000	54,000	2,160,000	2,268,000
Total		<u>\$ 2,649,500</u>	<u>\$ 2,649,500</u>	<u>\$ 24,580,000</u>	<u>\$ 29,879,000</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2016**

2016 Refunding Bonds Series B - SBLF

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2017	1.199	\$ 451,459	\$ 451,459	\$ 8,000,000	\$ 8,902,918
2018	1.684	403,589	403,589	8,400,000	9,207,178
2019	2.093	332,861	332,861	8,700,000	9,365,722
2020	2.393	241,816	241,816	9,150,000	9,633,632
2021	2.757	132,336	132,336	9,600,000	9,864,672
Total		<u>\$ 1,562,061</u>	<u>\$ 1,562,061</u>	<u>\$ 43,850,000</u>	<u>\$ 46,974,122</u>

CONTINUING DISCLOSURES (UNAUDITED)

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2016**

Enrollment

Ten-year Blended Count History	Blended Count	School Year	Blended Count		
2016-2017 Initial Budget	5,655	2010-2011	4,713		
2015-2016	5,655	2009-2010	4,547		
2014-2015	5,504	2008-2009	4,373		
2013-2014	5,411	2007-2008	4,327		
2012-2013	5,417	2006-2007	4,289		
2011-2012	4,966	2005-2006	4,172		
2013-2014	Enrollment	Grade	Enrollment	Grade	Enrollment
Early On/ECSE	17	7th	373	Oxford Virtual Academy	565
Kindergarten	331	8th	412	Early College	127
1st	291	9th	411	Oxford Crossroads	46
2nd	288	10th	391	St. Joseph Partnership	41
3rd	376	11th	372	Genesee Christian	11
4th	354	12th	384	Oakland Christian	20
5th	361	Post High School	11	Lutheran Northwest	9
6th	393	Oxford Bridges	62	Lutheran Westland	5
				Section 25e Adjustment	4

Labor Relations

Class	Number	Affiliation	Contract Expires
Teachers and Instructional Staff	294	Oxford Education Association	8/31/2016
OVA Teachers and St Joseph Teachers	36	Not affiliated	N/A
Transportation, Food Service, Maintenance	72	AFSCME	8/31/2016
Administrators	19	Oxford Administrators Association	7/31/2016
Secretaries & Paraprofessionals	84	OESPA	6/30/2016
Child Care	46	Not affiliated	N/A
Tutorial Assistants	4	Not affiliated	N/A
Crossing Guards	8	Not affiliated	N/A
Central Office Administrative Support	19	Not affiliated	N/A
Central Office Administrators	6	Not affiliated	N/A
Sub Employees (childcare, food service, trans, te	34	Not affiliated	N/A
Other Employees	18	Not affiliated	N/A
TOTAL	640		

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2016**

Retirement Plan

Contributions Period	Contribution Rate	Fiscal Year Ended June 30	Contributions to MPSERS
October 1, 2016 - September 30, 2017	25.78%	2017	\$ 9,308,202 Management's estimate
October 1, 2015 - September 30, 2016	25.78%	2016	9,862,939
October 1, 2014 - September 30, 2015	25.78%	2015	8,607,307
October 1, 2013 - September 30, 2014	24.79%	2014	7,229,184
October 1, 2012 - September 30, 2013	25.36%	2013	6,372,985
October 1, 2011 - September 30, 2012	24.46%	2012	5,598,499
November 1, 2010 - September 30, 2011	20.66%	2011	4,722,363
October 1, 2010 - October 31, 2010	19.41%	2010	3,885,279
October 1, 2009 - September 30, 2010	16.94%		

History of Valuation - State Equalized Valuation and Taxable Valuation

Year	State Equalized Valuation	Taxable Valuation
2016	\$ 1,285,849,633	\$ 1,024,836,034
2015	1,231,079,911	1,023,135,286
2014	1,072,677,781	930,261,900
2013	982,135,348	901,160,380
2012	894,584,402	891,771,036
2011	990,898,446	912,214,180
2010	1,055,352,528	946,772,690
2009	1,301,430,135	1,067,172,711

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2016**

Tax Levies and Collections

<u>School Year</u>	<u>Operating Tax Levy</u>	<u>Current Collections to March 1</u>		<u>Current Collections to June 30</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2016-2017	\$ 4,982,339	In process of collection		Not available	
2015-2016	5,173,764	4,687,504	90.60%	5,074,752	98.09%
2014-2015	4,296,890	4,044,639	94.13%	4,118,799	95.86%
2013-2014	3,956,084	3,644,321	92.12%	3,938,515	99.56%
2012-2013	4,014,845	3,626,736	90.33%	3,950,585	98.40%
2011-2012	4,121,812	4,040,641	98.03%	4,101,971	99.52%
2010-2011	4,260,486	3,714,866	87.19%	4,255,798	99.89%
2009-2010	4,687,283	3,689,544	78.71%	4,670,317	99.64%

State Aid Payments

<u>School Year</u>	<u>Blended Pupil Count</u>	<u>Total State Aid School Year</u>
2016-2017	5,655	\$ 42,758,291 Initial budget
2015-2016	5,655	42,486,261
2014-2015	5,504	41,018,253
2013-2014	5,411	38,581,958
2012-2013	5,417	37,849,360
2011-2012	4,966	34,464,471
2010-2011	4,713	32,076,945
2009-2010	4,547	30,201,345

School District Tax Rates (Per \$1,000 of Valuation)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating	17.8078	17.9442	17.9946	17.9946	17.9946	17.9946
Debt	7.9000	7.9000	7.9000	7.0000	7.0000	7.0000
Total homestead	7.9000	7.9000	7.9000	7.0000	7.0000	7.0000
Total non-homestead	25.7078	25.8442	25.8946	24.9946	24.9946	24.9946

The operating millage on non-homestead property was renewed in November 2006, and will expire with the December 2016 levy. The operating millage was reduced from 18.000 mills as a result of the Headlee Amendment, Article IX, Section 31 of the Michigan Constitution.

May want to talk about

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2016**

School Bond Loan Fund

As of June 30, 2016, the School District had an outstanding balance, including interest, of \$10,587,300.75* in the School Bond Loan Fund.

Source: Michigan Department of Treasury

<u>Direct Debt</u>	<u>Bond</u>	<u>Year</u>
\$ 24,580,000	2015A Refunding Bonds (UTQ)	08/05/2015
32,520,000	2006 Refunding Bonds (UTQ)	12/05/2006
14,135,000	2010 BAB Bonds (GO-UTQ)	04/14/2010
15,000,000	2010 QSCB Bonds (GO-UTQ)	05/11/2010
43,850,000	2015B Refunding Bonds (UTQ)	08/05/2015
<u>1,858,782</u>	2007 Energy Bond	05/23/2007
<u>\$ 131,943,782</u>		

The taxpayers below represent 10.88% of the School District's 2016 total taxable valuation of \$1,024,836,034.

* In August 2016, the District issued bonds titled 2016 Refunding Bonds, the proceeds of those issues were used to fund an escrow account to refund the 2006 Refunding Bonds and the 2010 BAB Bonds.

<u>Taxpayer</u>	<u>Service or Product</u>	<u>Taxable Value</u>
Enbridge Energy Limited ATR & Embridge LP	Utility	\$ 52,780,070
DTE Electric Company	Utility	16,706,077
Consumers Energy	Utility	10,547,219
MRG Lake Villa LLC	Mobile Home Community	6,608,670
Meijer Inc	Retail	6,438,000
American Aggregates of Mich	Sand and Gravel	4,862,220
701 Market Street LLC	Iron and Steel Forgings	4,508,710
Oxford Forge Inc	Iron and Steel Forgings	4,002,730
Village Manor of Oxford LLC	Apartment Rental	2,570,130
MSP Industries	Iron and Steel Forgings	<u>2,472,240</u>
 TOTAL		 <u>\$ 111,496,066</u>

Sources: Township Treasurers, County Equalization

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2016**

**GENERAL APPROPRIATION RESOLUTION
RESOLUTION FOR ADOPTION BY THE BOARD
OF EDUCATION OF OXFORD COMMUNITY SCHOOLS**

RESOLVED, that this resolution shall be the general appropriations of Oxford Community Schools for the fiscal year 2015-2016; a resolution to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all revenue received by Oxford

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the General Fund of the Oxford Community Schools for fiscal year 2015-2016 which includes 17.9442 mills of ad valorem taxes to be levied on non-homestead and non-qualified agricultural property to be used for operating is as follows:

REVENUES	
Local	\$ 5,623,268
State	41,464,971
Federal	1,538,765
Other	2,258,280
TOTAL REVENUES	<u>\$ 50,885,284</u>
Estimated Fund Balance July 1, 2015	<u>5,525,410</u>
TOTAL AVAILABLE TO APPROPRIATE	<u><u>\$ 56,410,694</u></u>

BE IT FURTHER RESOLVED, that \$50,885,284 of the total available to appropriate in the general fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES	
Instruction	
Basic Programs	\$ 26,143,388
Added Needs	5,393,237
Support Services	
Pupil	2,940,893
Instructional Staff	1,950,856
General Administration	504,106
School Administration	3,062,460
Business Office	693,785
Maintenance	3,262,075
Transportation	2,290,864
Central	2,766,227
Athletics	935,120
Other - Investments	400,000
Community Services	63,065
Outgoing Transfers and Other	434,537
TOTAL APPROPRIATED	<u><u>\$ 50,840,613</u></u>

Oxford Community Schools

Single Audit Report

June 30, 2016

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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*

Independent Auditors' Report

Management and the Board of Education
Oxford Community Schools
Oxford, Michigan

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 Community Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements, and have issued our report thereon dated October 31, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oxford Community Schools' 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 Oxford Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Oxford Community Schools' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oxford Community Schools' 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.

Yeo & Yeo, P.C.

Flint, Michigan
October 31, 2016



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Flint, MI 48532
Phone (810) 732-3000
Fax (810) 732-6118

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Management and the Board of Education
Oxford Community Schools

Report on Compliance for Each Major Federal Program

We have audited Oxford Community Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oxford Community Schools' major federal programs for the year ended June 30, 2016. Oxford Community Schools' major federal programs are 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oxford Community Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oxford Community Schools' 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 each major federal program. However, our audit does not provide a legal determination of Oxford Community Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Oxford Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Oxford Community Schools 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 Community Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oxford Community Schools' 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 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Community Schools, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements. We issued our report thereon dated October 31, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was

derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Flint, MI
October 31, 2016

Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Award Number	Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1, 2015	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2016
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Nutrition Cluster								
Non-cash assistance (commodities)								
National School Lunch Program								
Entitlement Commodities	10.555	2016	\$ 89,190	\$ -	\$ -	\$ 89,190	\$ 89,190	\$ -
Cash assistance								
National School Breakfast Program								
School Breakfast Program	10.553	151970	98,283	90,277	-	8,006	8,006	-
School Breakfast Program	10.553	161970	102,730	-	-	102,730	102,730	-
					-	110,736	110,736	-
School Lunch Program	10.555	151960	458,314	413,887	-	44,427	44,427	-
School Lunch Program	10.555	161960	426,899	-	-	426,899	426,899	-
					-	471,326	471,326	-
After School Snack Program	10.555	151980	1,221	1,193	-	28	28	-
After School Snack Program	10.555	161980	2,492	-	-	2,492	2,492	-
					-	2,520	2,520	-
					-	473,846	473,846	-
SFSP Operating	10.559	150900	27,169	3,163	7,813	26,020	24,006	5,799
SFSP Administration	10.559	151900	2,799	325	805	2,678	2,474	601
					8,618	28,698	26,480	6,400
Total cash assistance					8,618	613,280	611,062	6,400
Total Nutrition Cluster					8,618	702,470	700,252	6,400

Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Award Number	Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1, 2015	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2016
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I - Part A	84.010	151530	\$ 335,564	\$ 266,895	\$ 67,894	89,913	\$ 22,019	\$ -
Title I - Part A	84.010	161530	321,481	-	-	218,931	295,505	76,574
					<u>67,894</u>	<u>308,844</u>	<u>317,524</u>	<u>76,574</u>
Title I - Part D	84.013	151700	111,250	58,571	12,691	24,898	12,207	-
Passed through Oakland Schools County ISD								
Special Education Cluster								
IDEA Flowthrough	84.027	150450	846,331	846,331	214,989	214,989	-	-
IDEA Flowthrough	84.027	160450	877,847	-	-	509,286	817,369	308,083
					<u>214,989</u>	<u>724,275</u>	<u>817,369</u>	<u>308,083</u>
Preschool Incentive	84.173	150460	19,439	19,439	3,573	3,573	-	-
Preschool Incentive	84.173	160460	24,328	-	-	14,639	20,765	6,126
					<u>3,573</u>	<u>18,212</u>	<u>20,765</u>	<u>6,126</u>
Total Special Education Cluster					<u>218,562</u>	<u>742,487</u>	<u>838,134</u>	<u>314,209</u>
Passed through Oakland Schools County ISD								
Carl Perkins	84.048	1415	120,051	119,340	52,088	52,088	-	-
Carl Perkins	84.048	1516	110,502	-	-	39,993	109,601	69,608
					<u>52,088</u>	<u>92,081</u>	<u>109,601</u>	<u>69,608</u>
Passed through Michigan Department of Education								
Title III Immigrant Student	84.365	160570	13,436	-	-	4,036	6,470	2,434
Passed through Holly Schools								
Title III Limited English Proficient	84.365	1415	16,419	13,086	6,454	6,454	-	-
Title III Limited English Proficient	84.365	1516	15,849	-	-	-	11,561	11,561
					<u>6,454</u>	<u>10,490</u>	<u>18,031</u>	<u>13,995</u>
Passed through Michigan Department of Education								
Title II - Part A	84.367	150520	78,660	72,274	26,766	33,152	6,386	-
Title II - Part A	84.367	160520	73,774	-	-	33,474	65,467	31,993
					<u>26,766</u>	<u>66,626</u>	<u>71,853</u>	<u>31,993</u>
Total U.S. Department of Education					<u>384,455</u>	<u>1,245,426</u>	<u>1,367,350</u>	<u>506,379</u>
U.S. Department of Health and Human Services								
Passed through Oakland Schools County ISD								
Medicaid Outreach	93.778	FY15	7,591	-	-	7,591	7,591	-
Total Federal awards					<u>\$ 393,073</u>	<u>\$ 1,955,487</u>	<u>\$ 2,075,193</u>	<u>\$ 512,779</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Oxford Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Oxford Community Schools under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Oxford Community Schools, it is not intended to and does not present the financial position or changes in fund balances of Oxford Community Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, or OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments* where certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Reconciliation to the Financial Statements

Federal revenues reported on the financial statements reconcile to the expenditures reported on the SEFA as follows:

Total expenditures reported on the Schedule of Federal Awards		\$	2,075,193
Amounts reported as deferred inflows of resources and therefore not included as revenue			
Title I - Part A	84,010	151530	(76,574)
Title III Immigrant Student	84,365	160570	(2,434)
Title II - Part A	84,367	160520	(31,993)
Federal interest revenue not subject to A-133			1,095,865
Federal revenue reported on the Financial Statements		\$	3,060,057

Oxford Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2016

Note 4 - Funds Transferred to Subrecipients

The Schools District did not transfer any federal funds to subrecipients during the fiscal year.

Note 5 - Recipient Entitlement Balance Report

The federal amounts reported on the grant auditor report are in agreement with the Schedule of Expenditures of Federal Awards.

The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes _____ X _____ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes _____ X _____ None reported
- Noncompliance material to financial statements noted? _____ Yes _____ X _____ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes _____ X _____ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes _____ X _____ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with §200.516(a)? _____ Yes _____ X _____ No

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2016

Identification of major programs:

CFDA Numbers
84.027/84.173

Name of Federal Program
Special Education Cluster

Dollar threshold used to distinguish
between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee:

 X Yes

 No

Section II - Financial Statement Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

Oxford Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2016

Prior Audit Findings

Section IV - Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with governmental auditing standards generally accepted in the United States of America for the year ended June 30, 2015.

Section V - Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2015.



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October 31, 2016

Management and the Board of Education
Oxford Community Schools
Oxford, Michigan

We have completed our audit of the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Oxford Community Schools as of and for the year ended June 30, 2016, and have issued our report dated October 31, 2016. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The first appendix to this letter sets forth those communications as follows:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

In addition, we have identified additional matters that are not required to be communicated but we believe are valuable for management:

II. Matters for Management's Consideration

We discussed these matters with various personnel in the School District during the audit and have already met with management on. We would also be pleased to meet at an upcoming, regular scheduled board meeting to discuss these matters.

These communications are intended solely for the information and use of management, the Board of Education, and others within the School District, and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.

Flint, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 10, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 of the financial statements. The School District has adopted Government Accounting Standards Statement (GASB) No. 72, 76, 79, and 82, *Fair Value Measurement and Application*, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, *Certain External Investment Pools and Pool Participants*, and *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73, respectively*. GASB No. 72, 76, and 79 are effective July 1, 2015, and GASB 82 is effective for years beginning July 1, 2016, however, early implementation is encouraged. Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. Statement 76 identifies the hierarchy of generally accepted accounting principles. Statement 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Statement 82 amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. We noted no transactions entered into by the School District during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.
- The net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole and free from bias.

Disclosures in the financial statements are neutral, consistent and clear.

Accounting Standards and Regulatory Updates

Accounting Standards

The Governmental Accounting Standards Board has released the following Statements:

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures

and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

The School District is evaluating the impact the above pronouncements will have on its financial reporting.

Regulatory and Other Updates

Audit and FID Submission Deadline

Beginning in the previous year, the deadline to submit the Financial Information Database (FID) and the school district financial audits will be November 1st. This will continue to be the deadline for future fiscal years.

Uniform Grant Guidance (Super Circular)

In December 2013, the Federal Office of Management and Budget (OMB) issued final guidance on administrative requirements. The Guidance supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102 and A-133 and the guidance in Circular A-50 on Single Audit Act follow-up. Districts implemented the new administrative requirements and Cost Principles for all new federal grants awarded after December 26, 2014, and to additional funding to existing awards (referred to as funding increments) made after that date. EDGAR is the source for guidance that school districts will follow. Additional information and resources are available at the following websites:

- OMB http://www.whitehouse.gov/omb/grants_docs
- Council on Federal Assistance Reform (COFAR) <https://cfo.gov/cofar/>
- US Department of Education <http://1.usa.gov/1rzFswz>
- EDGAR <http://1.usa.gov/1pOUq2p>
- MDE http://www.michigan.gov/mde/0,4615,7-140-5236_76204---,00.html

Fiscal Year (FY) 2017 School Aid

- The Omnibus Education Bill (Senate Bill 801) for FY 2017 has been passed by the legislature. It has been presented to the Governor for signature. There is always the possibility of vetoes. Following are some highlights of the bill:
- The per pupil Foundation Grants for FY 2017 will increase by a range of \$60 to \$120 using the “2X formula.” The increase will be added to the FY 2016 foundation grant resulting in the lowest foundation for FY 2017 being \$7,511 and the maximum state guaranteed foundation being \$8,229.
- A new Section 20m would provide hold harmless districts with the difference in per pupil funding between \$60 and the increase in their foundation which is limited to the rate of inflation (.1% in this case).
- The Pupil Membership Blend will remain at 90% of the current school year October count and 10% of the prior school year February count.
- The Section 31a At-Risk funding is maintained at \$389,685,500.
- The per pupil funding under Sections 20f(2) and 20f(4) will be equal to the per pupil funding under those Sections in 2015-16.
- ISD General Operation funding under Section 81 will remain at \$67.1 million.
- An additional \$90 million is appropriated in Section 147c to reflect the actuarially estimated costs of the required state share of the MPSERS Unfunded Accrued Liability (UAL) and maintain the UAL cap at 20.96%.

Other School Aid “Boilerplate” Changes

- Section 18 has been amended to require that the FID data and audited financial statements must be consistent or school aid must be withheld.
- Section 51a(15) has been amended to state that there will be a 10% state school aid penalty for a district or ISD that does not comply with the language in Section 51a(14) that requires the pupil’s resident district and/or ISD to provide special education services and cover special education added costs for pupils educated in a Public School Academy who reside outside of the ISD in which the academy is located.
- The Section 101 Instructional Day requirement will go from a minimum of 175 days to a minimum of 180 days beginning with the 2016-17 school year.

Early Warning

Pursuant to Public Act 109 of 2015, each school district and public school academy that has a general fund balance less than 5% of total unrestricted general revenue for either of the 2013-2014 or 2014-2015 school fiscal years is required to submit budget assumptions to the Center for Educational Performance and Information (CEPI).

Uniform Budgeting and Accounting Act (UBAA)

The UB&AA establishes budget and accounting requirements for local governments and school districts, including public school academies. It also establishes oversight requirements for MDE as well as the Michigan Attorney General. Material violations of the UB&AA, including but not limited to general fund deficits, should be reported as financial statement findings in the audit report. UB&AA states that if it becomes apparent during the year that the probable revenues will be less than the budgeted revenues, the fiscal officer shall present recommendations to the legislative body which, if fiscal adopted, would prevent expenditures from exceeding available revenues for the fiscal year. UBAA states that an officer of the district shall not incur expenditures against an appropriation account in excess of the amount appropriated by the board. Noncompliance includes, but is not limited to, over-expending the budget authorized by the board. MDE is analyzing the general fund only, and at the total revenues, expenditures and financing sources (uses) levels, rather than at the line item level. MDE has stated a 0% tolerance for UBAA noncompliance.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report we had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The School District adopted a new accounting standard, and our report will include the following emphasis of matter paragraph:

Adoption of New Accounting Standard

As described in Note 1 to the financial statements, during the year ended June 30, 2016, the School District adopted GASB No. 72, 76, 79, and 82, *Fair Value Measurement and Application, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, Certain External Investment Pools and Pool Participants, and Pension Issues-an amendment of GASB Statement's No. 67, No. 68, and No. 73, respectively*. Our opinions are not modified with respect to this matter.

Other Reports

Other information that is required to be reported to you is included in the: 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*; Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements, which includes management's discussion and analysis, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's contributions, and budgetary comparison information, we 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 regarding 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.

Report on Other Supplementary Information

With respect to the other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Appendix II Matters for Management's Consideration

In planning and performing our audit of the financial statements of Oxford Community Schools as of and for the year ended June 30, 2016, we considered Oxford Community Schools' internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion 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.

However, during our audit we became aware of several matters for management's consideration that are opportunities for strengthening internal controls and ensuring compliance with various requirements. This letter does not affect our report dated October 24, 2016, on the financial statements of Oxford Community Schools. Our comments and recommendations regarding those matters are:

Accrued Liabilities

As part of the internal control process, accounts should be reconciled timely. We noted that certain reconciliations were not performed and reviewed on a timely basis. It appeared that a contributing factor to late reconciliations was an error in posting accounts payable at and after yearend. As a result of the accounts payable posting error, various reconciliations were held up from prompt completion until that error could be corrected.

In addition, we noted purchases by credit cards being used by the District were not processed and posted timely. During the year the District utilized a consultant to understand the credit card purchases and the District developed new policy. We recommend that the process be monitored to ensure those transactions are being posted timely.

We recommend that monthly reconciliations of bank accounts be completed prior to the end of the following month. The reconciliation process helps to detect any errors or frauds that may have occurred within an account. In addition, we recommend that the accounts payable posting process is closely reviewed and evaluated so that similar issues do not occur in the future.

Outstanding Checks

During our review of the bank reconciliations, we noted several old outstanding checks. Upon further review, we noted that the School District does not have procedures in place in regards to old outstanding checks. Issued checks that go unclaimed for extended (defined) periods of time are required to be turned over to the State of Michigan to be compliant with escheat laws rather than remaining as a reconciling item in perpetuity.

We recommend that the school district comply with the State of Michigan escheat requirements regarding unclaimed property and develop a policy to be used.