

Oxford Community Schools

Oxford, Michigan

**Annual Financial Statements
and
Independent Auditors' Report**

June 30, 2014

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Oxford Community Schools
Members of the Board of Education and Administration
June 30, 2014

Members of the Board of Education

Colleen Schultz – President

Carol Mitchell – Vice-President

Jim Reis – Secretary

Dan D'Alessandro – Treasurer

Angela Mitchell – Trustee

Kimberly Shumaker – Trustee

Robert Martin – Trustee

Administration

Dr. William Skilling – 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, 2014, 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, 2014, 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.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 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. The list of the Members of the Board of Education and Administration and other supplementary information, as identified in the table of contents, are presented for purposes 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 list of the Members of the Board of Education and Administration 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 September 24, 2014 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

September 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2014

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 2014 annual financial report presents our discussion and analysis of the Oxford Community School's financial performance during the fiscal year ended June 30, 2014. 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 most recent 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, 2014

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 4-8.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2014

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 4-9. 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

Summary of the Statement of Net Position (in Millions)

	2014 Governmental Activities	2013 Governmental Activities
<u>Assets</u>		
Current assets	\$ 15.44	\$ 14.01
Capital assets, net book value	121.41	124.94
Total Assets	<u>136.85</u>	<u>138.95</u>
<u>Deferred outflows of resources</u>		
Deferred amount on debt refunding	2.01	2.16
Total assets and deferred outflows of resources	<u>\$ 138.86</u>	<u>\$ 141.11</u>
<u>Liabilities</u>		
Current Liabilities	\$ 9.59	\$ 8.72
Noncurrent Liabilities	151.95	153.56
Total Liabilities	<u>\$ 161.54</u>	<u>\$ 162.28</u>
<u>Net Position (Deficit)</u>		
Invested in Capital Assets	\$ (13.25)	\$ (10.81)
Restricted	0.75	0.83
Unrestricted	(10.18)	(11.20)
Total Net Position (Deficit)	<u>\$ (22.68)</u>	<u>\$ (21.17)</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 FY14 is negative \$22.68 million. This amount is made up of three components:

- Capital assets, net of related debt totaling negative \$13.25 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

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2014

voter-approved property taxes collected as the debt service comes due, with any shortages made up by borrowings from the School Bond Revolving Fund.

- Restricted net position totaling \$0.75 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 position for day-to-day operations.
- The unrestricted remainder of the net position is a negative \$10.18 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.

Summary of Net Activities (in Millions)

	2014 Governmental Activities	2013 Governmental Activities
<u>Revenues</u>		
Program revenues		
Charges for services	\$ 2.50	\$ 2.46
Operating grants and contributions	10.09	9.78
General revenues		
Property taxes	10.30	10.21
State aid	34.60	33.74
Investment earnings	0.01	-
Other	0.41	0.29
Total revenues	<u>57.91</u>	<u>56.48</u>
<u>Expenses</u>		
Instruction	\$ 33.22	\$ 33.92
Support services	16.31	16.57
Food services	1.95	1.93
Community service	1.44	1.24
Interest on long-term debt	6.50	6.57
Total expenses	<u>59.42</u>	<u>60.23</u>
Change in net position	<u>\$ (1.51)</u>	<u>\$ (3.74)</u>

As reported in the statement of activities, the cost of all our governmental activities this year was \$59.42 million. Certain activities were partially funded by those who benefited from the programs, \$2.5 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$10.09 million. The remaining "public benefit" portion of our governmental activities was funded with \$10.3 million in taxes, \$34.6 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, 2014

During FY14, the School District experienced a decrease in net position of \$1.51 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 FY14, the governmental funds reported a combined fund balance of approximately \$6.7 million, an increase of \$0.5 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 \$0.7 million to \$5.8 million. This change is mainly due to firm cost containment of District-wide expenditures. The General Fund's fund balance is available to fund costs related to allowable school operating purposes.
- Our Special Revenue Funds (Food Service and Community Service) remain financially solvent. Food Service posted an operating surplus of approximately \$96,000. Community Service realized a surplus of approximately \$6,000.
- Combined, the Debt Service Funds showed a fund balance decrease of \$0.2 million. The debt millage rate is unchanged at 7.0 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.
- The Capital Projects fund balance decreased approximately \$0.2 million due to payments for construction in progress funded by the bonds approved by the voters in November, 2009. As of year-end, all funds have been expended out of \$32.7 million raised from these bonds.

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.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2014

Budgeted revenues and other financing sources were increased by \$1.3 million. The most significant increases were due to the budgeting of unfunded accrued actuarial liability (UAAL) retirement costs in the amended budget, but not in the adopted budget. This amount is offset by budgeted expenditures. Actual revenues and other financing sources exceeded budgeted amounts by \$195,000. The major reasons for this positive variance were subsequent adjustments to the computation of the State funding of UAAL retirement costs and the receipt of unexpected excess State revenues at year-end.

Budgeted expenditures were increased from the original adopted budget by \$.8 million. This increase was due to salary and benefit costs for revised staffing levels, as well as the budgeting of the UAAL retirement costs noted above. Actual expenditures were lower than the amended budget by \$.5 million.

Capital Assets and Debt Administration

Summary of Capital Assets

	2014	2013
Capital Assets		
Land	\$ 511,000	\$ 511,000
Construction in progress	-	-
Total capital assets not being depreciated	<u>511,000</u>	<u>511,000</u>
Buildings and improvements	161,918,948	161,668,029
Furniture and equipment	9,740,866	9,735,285
Buses and other vehicles	<u>838,525</u>	<u>2,299,067</u>
Total capital assets being depreciated	<u>172,498,339</u>	<u>173,702,381</u>
Subtotal	173,009,339	174,213,381
Less accumulated depreciation	<u>(51,594,525)</u>	<u>(49,275,250)</u>
Total Capital Assets	<u>\$ 121,414,814</u>	<u>\$ 124,938,131</u>

As of June 30, 2014, the School District had \$121.41 million, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of \$3.52 million. We present information that is more detailed about our capital assets in the notes to the financial statements.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2014

At the end of FY14, the School District had \$149.9 million in long-term debt and deferred refunding, versus \$151.4 million in the previous year (a decrease of 1%). Those obligations consisted of the following:

Summary of Debt		
	2014	2013
Government obligation bonds	\$ 119,486,694	\$ 135,130,233
School Bond Loan	28,458,596	14,349,265
Accrued Interest on SBLF	429,758	113,390
Compensated Absences	1,939,280	1,811,690
Retirement Incentives	299,229	648,101
Premium on bonds	1,483,590	1,661,450
Discount on bonds	(144,840)	(150,876)
Deferred amount on refunding	(2,004,071)	(2,160,556)
Total Debt	\$ 149,948,236	\$ 151,402,697

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. The School District's outstanding unqualified general obligation debt of \$2.2 million is well below the statutorily-imposed limit of \$160.9 million.

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

The debt service millage rate has been increased to 7.9 for 2014 tax bills due to a legislative mandate. State Act 437 modified the mandatory loan repayment date for loans from the School Bond Loan Fund. As a result of this act, the District is obligated to repay its debt by a date earlier than previously required, necessitating an increase in the millage rate.

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 2014-15 school year is 90 percent and 10 percent of the October 2014 and February 2015 student counts, respectively. The FY15 budget was adopted in June

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2014

2014, based on an estimate of students that will be enrolled in September 2014. Approximately 75 percent of total General Fund revenue is from the State portion of the foundation allowance. The budget adopted for FY15 assumes a \$7,255 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 by approximately \$110/student. The bill again includes one-time payments to help mitigate employee retirement costs, for meeting 7 of 9 best practices, and for attaining student achievement. Even with these one-time payments, total per pupil funding is lower than the \$7,557 per pupil funding in fiscal 2011. While the UAAL retirement costs, projected to be \$1.9 million for fiscal 2015, are fully reimbursed by the State, the addition of these expenditures have an adverse effect on the School District's fund balance percentage (fund balance divided by expenditures). This is because the added expenditure increases the denominator with no effect on the numerator.

The blended student count used to formulate the FY15 budget assumes a small student growth above the spring 2014 enrollment. Changes in enrollment have occurred due to the following:

- Increased competition from neighboring charter schools and schools of choice.
- An agreement with a charter academy, whereby we take their middle school graduates into our high school;
- Successful efforts to market the School District to prospective homebuyers with children, school of choice students, international students, and virtual academy students; and
- Subsequent event of the transfer of operations for court-placed children from a charter school back to the School District (not included in the adopted budget).

Once the final student count and related per pupil funding 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.

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, 2014

	Governmental Activities
Assets	
Cash	\$ 7,333,973
Accounts receivable	59,288
Due from other governmental units	7,734,484
Inventory	41,547
Prepaid items	270,662
Capital assets not being depreciated	511,000
Capital assets - net of accumulated depreciation	<u>120,903,814</u>
Total assets	<u>136,854,768</u>
Deferred Outflows of Resources	
Deferred amount on debt refunding	<u>2,004,071</u>
Total assets and deferred outflows of resources	<u>138,858,839</u>
Liabilities	
Accounts payable	299,157
State aid anticipation note payable	4,000,000
Due to other governmental units	353,417
Payroll and related withholdings	1,175,423
Accrued expenditures	933,889
Accrued salaries payable	2,739,331
Unearned revenue	86,607
Noncurrent liabilities	
Due within one year	15,912,179
Due in more than one year	<u>136,040,128</u>
Total liabilities	<u>161,540,131</u>
Net position	
Net investment in capital assets	(13,252,452)
Restricted for:	
Cafeteria	588,558
Debt service	161,098
Unrestricted	<u>(10,178,496)</u>
Total net position	<u>\$ (22,681,292)</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Statement of Activities
For the Year Ended June 30, 2014

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs					
Governmental activities					
Instruction	\$ 33,215,134	\$ 460,958	\$ 7,004,764	\$ -	\$ (25,749,412)
Supporting services	16,308,509	125,454	776,519	-	(15,406,536)
Food services	1,948,617	1,147,244	654,779	-	(146,594)
Community services	1,442,521	761,779	561,341	-	(119,401)
Interest on long-term debt	6,510,141	-	1,098,182	-	(5,411,959)
Total governmental activities	\$ 59,424,922	\$ 2,495,435	\$ 10,095,585	\$ -	(46,833,902)
General revenues					
					3,998,544
					6,300,787
					34,600,173
					5,047
					421,615
					45,326,166
					(1,507,736)
					(21,173,556)
					\$ (22,681,292)

See Accompanying Notes to Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2014

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 6,496,614	\$ 41,036	\$ 796,323	\$ 7,333,973
Accounts receivable	45,973	-	13,315	59,288
Due from other funds	-	90,224	37,647	127,871
Due from other governmental units	7,623,300	-	111,184	7,734,484
Inventory	-	-	41,547	41,547
Prepaid items	270,662	-	-	270,662
Total assets	<u>\$ 14,436,549</u>	<u>\$ 131,260</u>	<u>\$ 1,000,016</u>	<u>\$ 15,567,825</u>
Liabilities				
Accounts payable	\$ 267,551	\$ -	\$ 31,606	\$ 299,157
State aid anticipation note payable	4,000,000	-	-	4,000,000
Due to other funds	54,917	-	72,954	127,871
Due to other governmental units	351,845	-	1,572	353,417
Payroll and related withholdings	1,163,983	-	11,440	1,175,423
Accrued expenditures	32,889	-	-	32,889
Accrued salaries payable	2,703,680	-	35,651	2,739,331
Unearned revenues	2,853	-	83,754	86,607
Total liabilities	<u>8,577,718</u>	<u>-</u>	<u>236,977</u>	<u>8,814,695</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2014

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources				
Unavailable revenue				
Community services	\$ -	\$ -	\$ 832	\$ 832
Grants	16,092	-	-	16,092
	<u>16,092</u>	<u>-</u>	<u>832</u>	<u>16,924</u>
Total deferred inflows of resources	<u>16,092</u>	<u>-</u>	<u>832</u>	<u>16,924</u>
Fund Balance				
Non-spendable				
Inventory	-	-	41,547	41,547
Prepaid items	270,662	-	-	270,662
Restricted for:				
Debt service	-	131,260	29,838	161,098
Cafeteria	-	-	547,011	547,011
Committed for:				
Community services	-	-	143,811	143,811
Encumbrances	42,872	-	-	42,872
Assigned for:				
Long-term obligations	5,529,205	-	-	5,529,205
	<u>5,529,205</u>	<u>-</u>	<u>-</u>	<u>5,529,205</u>
Total fund balance	<u>5,842,739</u>	<u>131,260</u>	<u>762,207</u>	<u>6,736,206</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 14,436,549</u>	<u>\$ 131,260</u>	<u>\$ 1,000,016</u>	<u>\$ 15,567,825</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Total fund balances for governmental funds	\$ 6,736,206
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.	
Charges for service	832
Grants	16,092
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	120,903,814
Other long-term assets are not deferred in the governmental funds.	
Deferred outflows of resources resulting from debt refunding	2,004,071
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(901,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(1,939,280)
Bonds payable	(120,825,444)
School bond loan payable	(28,458,596)
Accrued interest on school bond loan fund	(429,758)
Special termination benefits	<u>(299,229)</u>
Net position of governmental activities	<u>\$ (22,681,292)</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 5,010,987	\$ 2,599,401	\$ 5,598,490	\$ 13,208,878
State sources	38,857,804	-	647,391	39,505,195
Federal sources	1,668,886	-	1,756,449	3,425,335
Interdistrict sources	1,755,735	-	-	1,755,735
	<u>47,293,412</u>	<u>2,599,401</u>	<u>8,002,330</u>	<u>57,895,143</u>
Total revenues				
Expenditures				
Current				
Education				
Instruction	29,696,771	-	-	29,696,771
Supporting services	16,124,382	-	-	16,124,382
Food services	-	-	1,703,865	1,703,865
Community services	14,172	-	1,265,182	1,279,354
Intergovernmental payments	172,313	-	-	172,313
Capital outlay	480,983	-	155,078	636,061
Debt service				
Principal	148,539	10,230,000	6,076,756	16,455,295
Interest and other expenditures	90,767	711,351	5,191,899	5,994,017
	<u>46,727,927</u>	<u>10,941,351</u>	<u>14,392,780</u>	<u>72,062,058</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>565,485</u>	<u>(8,341,950)</u>	<u>(6,390,450)</u>	<u>(14,166,915)</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)				
Proceeds from school bond loan fund	\$ -	\$ 8,432,602	\$ 6,198,390	\$ 14,630,992
Proceeds from sale of capital assets	12,180	-	-	12,180
Transfers in	130,756	-	-	130,756
Transfers out	-	-	(130,756)	(130,756)
	<u>142,936</u>	<u>8,432,602</u>	<u>6,067,634</u>	<u>14,643,172</u>
Total other financing sources (uses)				
Net change in fund balance	708,421	90,652	(322,816)	476,257
Fund balance - beginning	<u>5,134,318</u>	<u>40,608</u>	<u>1,085,023</u>	<u>6,259,949</u>
Fund balance - ending	<u>\$ 5,842,739</u>	<u>\$ 131,260</u>	<u>\$ 762,207</u>	<u>\$ 6,736,206</u>

See Accompanying Notes to 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, 2014

Net change in fund balances - Total governmental funds	\$ 476,257
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.	
Charges for service	(6,229)
Grants	16,092
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	(3,829,821)
Capital outlay	386,684
Expenses are recorded when incurred in the statement of activities.	
Interest	75,000
Interest on school bond loan fund	(316,368)
Compensated absences	(127,590)
Retirement incentives	348,872
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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt issued	(14,630,992)
Repayments of long-term debt	16,165,200
Amortization of premiums	177,860
Amortization of bond discount	(6,036)
Amortization of deferred amount on refunding	<u>(156,485)</u>
Change in net position of governmental activities	\$ <u>(1,507,736)</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2014

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 452,978</u>
Liabilities	
Due to agency fund activities	<u>\$ 452,978</u>

See Accompanying Notes to Financial Statements

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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 Financial Statements
June 30, 2014

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.

2012 Debt Fund – The 2012 Debt Fund is used to record the payment of interest, principal, and other expenditures on long-term debt.

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.

Capital Projects – Capital project funds are used to account for resources for the acquisition or construction of capital facilities or equipment by the school district.

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, 2014, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non principal resident exemption	17.9946
Commercial personal property	5.9946
Debt Service Funds	7.0000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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.

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.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consists 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 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.

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.

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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.

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 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.

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

Upcoming Accounting and Reporting Changes

The Government Accounting Standards Board ("The GASB") has issued Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability will be recorded on the government-wide statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. The District is evaluating the impact these standards will have on its financial reporting. Statements 68 and 71 are effective for the year ending June 30, 2015.

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

The GASB has also issued Statement 69, *Government Combinations and Disposals of Government Operations*. Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. Statement 69 is effective for the year ending June 30, 2015.

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 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			
School administration	\$ 2,775,550	\$ 2,809,152	\$ 33,602

Unrestricted Deficit

The District has an unrestricted deficit of \$10,178,496 as presented in the Statement of Net Position.

Compliance - Bond Proceeds

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. The following is a summary of the revenue and expenditures in the Capital Projects 2010A from the inception of the funds through the current fiscal year:

	Capital Projects 2010A
Revenues	\$ 17,798,981
Expenditures	17,798,981

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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	\$ 7,333,973	\$ 452,978	\$ 7,786,951

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 7,786,651
Petty cash and cash on hand	300
Total	\$ 7,786,951

Interest rate risk – In accordance with its investment policy, the 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.

Concentration of credit risk – The District's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the 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 District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$250,000 of the District's bank balance of \$8,160,225 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	161,668,029	250,919	-	161,918,948
Equipment and furniture	9,735,285	43,995	38,414	9,740,866
Buses and other vehicles	2,299,067	91,770	1,552,312	838,525
Total capital assets being depreciated	173,702,381	386,684	1,590,726	172,498,339
Less accumulated depreciation for				
Buildings and additions	39,824,863	3,195,574	-	43,020,437
Equipment and furniture	7,270,493	600,689	25,200	7,845,982
Buses and other vehicles	2,179,894	33,558	1,485,346	728,106
Total accumulated depreciation	49,275,250	3,829,821	1,510,546	51,594,525
Net capital assets being depreciated	124,427,131	(3,443,137)	80,180	120,903,814
Net capital assets	\$ 124,938,131	\$ (3,443,137)	\$ 80,180	\$ 121,414,814

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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

Governmental activities	
Instruction	\$ 3,063,857
Support services	382,982
Food services	229,789
Community services	<u>153,193</u>
 Total governmental activities	 <u><u>\$ 3,829,821</u></u>

Note 5 - Interfund Receivables and Payables and Transfers

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
General Fund	2012 Debt Fund	\$ 54,917
Nonmajor Funds	2012 Debt Fund	35,307
Nonmajor Funds	Nonmajor Funds	<u>37,647</u>
		<u><u>\$ 127,871</u></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 \$85,756 from the Food Service Fund to the General Fund. Additionally \$45,000 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.

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:

	<u>Unearned</u>
Grants	\$ 2,853
Childcare	57,112
Food service	<u>26,642</u>
Total	<u><u>\$ 86,607</u></u>

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.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 3,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 4,000,000</u>

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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	\$ 135,130,233	\$ -	\$ (15,643,539)	\$ 119,486,694	\$ 15,612,950
School Bond Loan	14,349,265	14,630,992	(521,661)	28,458,596	-
Accrued interest on School Bond Loan Fund	113,390	316,368	-	429,758	-
Compensated absences	1,811,690	-	127,590	1,939,280	-
Retirement incentives	648,101	-	(348,872)	299,229	299,229
Premium on bonds	1,661,450	-	(177,860)	1,483,590	-
Discount on bonds	(150,876)	-	6,036	(144,840)	-
Total	\$ 153,563,253	\$ 14,947,360	\$ (16,558,306)	\$ 151,952,307	\$ 15,912,179

Deferred amount of refunding activity is summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on debt refunding	<u>\$ (2,160,556)</u>	<u>\$ -</u>	<u>\$ 156,485</u>	<u>\$ (2,004,071)</u>

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

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

\$40,910,000 refunding bonds due in annual installments of \$10,230,000 to \$10,225,000 through May 1, 2016, interest at 2.25%	\$ 20,450,000
\$37,735,000 refunding bonds due in annual installments of \$2,060,000 to \$2,250,000 through May 1, 2025, interest at 3.60% to 5.00%	23,885,000
\$12,555,000 refunding bonds due in annual installments of \$2,445,000 to \$2,505,000 through May 1, 2018, interest at 4.00% to 5.00%	9,905,000
\$36,955,000 refunding bonds due in annual installments of \$100,000 to \$2,550,000 through May 1, 2031, interest at 4.00% to 5.50%	32,720,000
\$2,912,143 bonds due in annual installments of \$148,539 to \$365,053 through June 23, 2022, interest at 3.98%	2,191,694
\$17,735,000 serial bonds due in annual installments of \$600,000 \$5,735,000 through May 31, 2039, interest at 2.95% to 6.50%	15,335,000
\$15,000,000 serial bonds due in a single installment of \$15,000,000 on or before May 31, 2027, interest at 6.625%	<u>15,000,000</u>
Total general obligation bonded debt	<u>\$ 119,486,694</u>

Under the terms of the 2010 School Building and Site Bonds, Series B, the District is required to make mandatory sinking fund deposits of \$1,153,846 for years 2015 through 2027. These deposits will be held in trust to ensure there is sufficient money to pay the principal at maturity.

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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

	Principal	Interest	Total
Year Ending June 30,			
2015	\$ 15,612,950	\$ 5,494,707	\$ 21,107,657
2016	15,694,087	5,032,682	20,726,769
2017	5,582,052	4,537,572	10,119,624
2018	5,566,947	4,289,024	9,855,971
2019-2023	28,090,658	17,483,159	45,573,817
2024-2028	31,730,000	10,725,473	42,455,473
2029-2033	11,475,000	3,020,881	14,495,881
2034-2038	5,735,000	2,236,650	7,971,650
Total	<u>\$ 119,486,694</u>	<u>\$ 52,820,148</u>	<u>\$ 172,306,842</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$161,098 to pay this debt. Future debt and interest will be payable from future tax levies.

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 of 7.0 mills, but instead the elections permitted the School District to extend this levy. Since the monies generated by the 7.0 mills 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.

Compensated Absences

Accrued compensated absences at year end, consists of \$1,939,280 of vacation and sick hours earned and vested or estimated to be potentially vested. The entire vested amount is considered long-term

as the amount expended each year is expected to be offset by sick time earned for the year.

Deferred Amount on Debt Refunding

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,385,468. This amount is reported in the accompanying statement of net position as a deferred outflow (inflow) of resources and is being charged to activities through fiscal year 2031.

Retirement Benefits

The School District offered a voluntary severance incentive plan to employees with remaining payment of \$299,229 due in 2015.

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 2025. 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	\$ 25,960,000
2001 School Building	9,905,000
2001 School Building and Site Bonds	<u>31,775,000</u>
Total	<u>\$ 67,640,000</u>

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

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.

The School District is self insured for dental claims. The 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 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

Plan Description

The School District has a group of defined benefit and defined contribution retirement plans covering substantially all employees. The plans are operated by the State of Michigan's Public School Employees' Retirement System (MPSERS), which is a cost-sharing multiple-employer public employee retirement system (PERS).

The plans provide retirement, survivor and disability benefits to plan members and their beneficiaries.

The system also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive the benefits.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, under the authority established by the Michigan Public School Employees Retirement Act (Retirement Act), as enacted and amended by the Michigan Legislature. The Michigan Legislature has the authority to amend the Retirement Act. The Michigan Department of Technology, Management and Budget issues a publicly-available financial report that includes financial statements and required supplemental information for MPSERS. The report provides information for the plans as a whole and information helpful for understanding the scale of the information presented relative to the School District. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

Full details on each of these plans are available on the MPSERS website at the address provided above.

Pension Benefits

Employer contributions to MPSERS result from the applying rules and applicable changes of the School Finance Reform Act. Accordingly, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. Depending on the plan selected, a plan member's contribution may range from 0% to 7% of their gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

For the period July 1, 2013 through September 30, 2013, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

For the period October 1, 2013 through June 30, 2014, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

The School District's required and actual contributions to the plans for the years ended June 30, 2014, 2013, and 2012 were approximately \$4,248,000, \$3,811,000, and \$3,689,000, respectively. Contributions made by the participants of the plan for the year ended June 30, 2014 were \$1,897,974.

Post Employment Benefits

In addition to the pension benefits described above, state law requires the District to provide post-retirement healthcare benefits for eligible retirees and beneficiaries through MPSERS.

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 2% of their salary, and receives 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, 2013 through September 30, 2013, and October 1, 2013 through June 30, 2014, the employer contribution rate ranged from 8.18% to 9.11% and 5.52% to 6.45%, respectively. See above two tables for rates.

The District's actual contributions match the required contributions for the years ended June 30, 2014, 2013, and 2012 and were approximately \$1,664,000, \$2,137,000, and \$1,900,000, respectively.

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2014, the District had contributions in the amount of \$1,211,938 to the Michigan Public School Employee Retirement System (MPSERS). This amount represents the

Oxford Community Schools
Notes to Financial Statements
June 30, 2014

additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 4.56% for the year. These contributions are not included in the above tables.

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, 2014.

Note 12 - Subsequent Events

Subsequent to year end, the School District repaid the state aid anticipation note of \$4,000,000 that was outstanding at the end of the year. In addition, the District borrowed \$3,000,000 in state aid anticipation notes that is due August 2015.

REQUIRED SUPPLEMENTARY INFORMATION

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 5,063,888	\$ 5,017,014	\$ 5,010,987	\$ (6,027)
State sources	37,185,614	38,601,661	38,857,804	256,143
Federal sources	1,736,666	1,760,481	1,668,886	(91,595)
Interdistrict sources	<u>1,813,338</u>	<u>1,742,114</u>	<u>1,755,735</u>	<u>13,621</u>
 Total revenues	 <u>45,799,506</u>	 <u>47,121,270</u>	 <u>47,293,412</u>	 <u>172,142</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Expenditures				
Instruction				
Basic programs	\$ 24,102,425	\$ 24,928,036	\$ 24,708,396	\$ (219,640)
Added needs	4,984,890	5,012,178	4,988,375	(23,803)
Supporting services				
Pupil	2,501,213	2,660,081	2,648,883	(11,198)
Instructional staff	1,368,265	1,420,998	1,347,099	(73,899)
General administration	527,645	475,295	467,782	(7,513)
School administration	2,716,593	2,775,550	2,809,152	33,602
Business	655,975	513,209	500,511	(12,698)
Operations and maintenance	3,282,489	3,273,546	3,223,313	(50,233)
Pupil transportation services	1,997,933	1,993,267	1,988,438	(4,829)
Central	1,830,643	2,009,654	1,964,116	(45,538)
Athletics	811,093	797,955	778,500	(19,455)
Other	363,455	408,354	396,588	(11,766)
Community services	20,309	20,303	14,172	(6,131)
Intergovernmental payments	300,000	186,623	172,313	(14,310)
Capital outlay	700,782	527,479	480,983	(46,496)
Debt service				
Principal	148,539	148,539	148,539	-
Interest and fiscal charges	90,767	90,767	90,767	-
	<u>46,403,016</u>	<u>47,241,834</u>	<u>46,727,927</u>	<u>(513,907)</u>
Excess (deficiency) of revenues over expenditures	<u>(603,510)</u>	<u>(120,564)</u>	<u>565,485</u>	<u>686,049</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other financing sources				
Proceeds from sale of capital assets	\$ -	\$ 12,180	\$ 12,180	\$ -
Transfers in	<u>135,000</u>	<u>108,384</u>	<u>130,756</u>	<u>22,372</u>
Net change in fund balance	(468,510)	-	708,421	708,421
Fund balance - beginning	<u>5,134,318</u>	<u>5,134,318</u>	<u>5,134,318</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 4,665,808</u></u>	<u><u>\$ 5,134,318</u></u>	<u><u>\$ 5,842,739</u></u>	<u><u>\$ 708,421</u></u>

OTHER SUPPLEMENTARY INFORMATION

**Oxford Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014**

	Special Revenue Funds		Debt Service Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Cafeteria	Community Services	2004 Debt	2005 Debt	2006 Debt	2010A Debt	2010B Debt	Capital Projects 2010A	
Assets									
Cash	\$ 660,348	\$ 106,987	\$ 13,034	\$ 11,032	\$ 1,016	\$ 3,448	\$ 458	\$ -	\$ 796,323
Accounts receivable	-	13,315	-	-	-	-	-	-	13,315
Due from other funds	-	31,403	71	-	5,403	770	-	-	37,647
Due from other governmental units	13,271	97,913	-	-	-	-	-	-	111,184
Inventory	41,547	-	-	-	-	-	-	-	41,547
Total assets	\$ 715,166	\$ 249,618	\$ 13,105	\$ 11,032	\$ 6,419	\$ 4,218	\$ 458	\$ -	\$ 1,000,016
Liabilities									
Accounts payable	\$ 16,944	\$ 14,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,606
Due to other funds	67,560	-	-	4,936	-	-	458	-	72,954
Due to other governmental units	471	1,101	-	-	-	-	-	-	1,572
Payroll and related withholdings	3,491	7,949	-	-	-	-	-	-	11,440
Accrued salaries payable	11,500	24,151	-	-	-	-	-	-	35,651
Unearned revenues	26,642	57,112	-	-	-	-	-	-	83,754
Total liabilities	126,608	104,975	-	4,936	-	-	458	-	236,977
Deferred Inflows of Resources									
Unavailable revenue									
Community services	-	832	-	-	-	-	-	-	832
Fund Balance									
Non-spendable									
Inventory	41,547	-	-	-	-	-	-	-	41,547
Restricted for:									
Cafeteria	547,011	-	-	-	-	-	-	-	547,011
Debt service	-	-	13,105	6,096	6,419	4,218	-	-	29,838
Committed for:									
Community services	-	143,811	-	-	-	-	-	-	143,811
Total fund balance	588,558	143,811	13,105	6,096	6,419	4,218	-	-	762,207
Total liabilities, deferred inflows of resources, and fund balance	\$ 715,166	\$ 249,618	\$ 13,105	\$ 11,032	\$ 6,419	\$ 4,218	\$ 458	\$ -	\$ 1,000,016

**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, 2014**

	Special Revenue Funds		Debt Service Funds				Capital Projects Fund	Total Nonmajor Governmental Funds	
	Cafeteria	Community Services	2004 Debt	2005 Debt	2006 Debt	2010A Debt	2010B Debt		Capital Projects 2010A
Revenues									
Local sources	\$ 1,140,995	\$ 754,845	\$ 1,304,269	\$ 922,329	\$ 1,053,391	\$ 307,479	\$ 115,136	\$ 46	\$ 5,598,490
State sources	86,050	561,341	-	-	-	-	-	-	647,391
Federal sources	658,267	-	-	-	-	293,687	804,495	-	1,756,449
Interdistrict sources	-	-	-	-	-	-	-	-	-
Total revenues	1,885,312	1,316,186	1,304,269	922,329	1,053,391	601,166	919,631	46	8,002,330
Expenditures									
Current									
Education									
Food services	1,703,865	-	-	-	-	-	-	-	1,703,865
Community services	-	1,265,182	-	-	-	-	-	-	1,265,182
Capital outlay	-	-	-	-	-	-	-	155,078	155,078
Debt service									
Principal	-	-	2,258,107	2,505,000	639,176	600,000	74,473	-	6,076,756
Interest and other expenditures	-	-	1,248,959	602,474	1,431,609	914,234	994,623	-	5,191,899
Total expenditures	1,703,865	1,265,182	3,507,066	3,107,474	2,070,785	1,514,234	1,069,096	155,078	14,392,780
Excess (deficiency) of revenues over expenditures	181,447	51,004	(2,202,797)	(2,185,145)	(1,017,394)	(913,068)	(149,465)	(155,032)	(6,390,450)
Other financing sources (uses)									
Proceeds from school bond loan fund	-	-	2,187,547	2,183,153	1,001,503	685,144	141,043	-	6,198,390
Transfers out	(85,756)	(45,000)	-	-	-	-	-	-	(130,756)
Total other financing sources (uses)	(85,756)	(45,000)	2,187,547	2,183,153	1,001,503	685,144	141,043	-	6,067,634
Net change in fund balance	95,691	6,004	(15,250)	(1,992)	(15,891)	(227,924)	(8,422)	(155,032)	(322,816)
Fund balance - beginning	492,867	137,807	28,355	8,088	22,310	232,142	8,422	155,032	1,085,023
Fund balance - ending	\$ 588,558	\$ 143,811	\$ 13,105	\$ 6,096	\$ 6,419	\$ 4,218	\$ -	\$ -	\$ 762,207

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 4,091,191	\$ 4,081,640	\$ 4,009,243	\$ (72,397)
Tuition	396,000	395,000	421,409	26,409
Interest earnings	-	-	3,299	3,299
Student activities	150,432	150,432	121,522	(28,910)
Other local revenues	426,265	389,942	455,514	65,572
Total revenues from local sources	<u>5,063,888</u>	<u>5,017,014</u>	<u>5,010,987</u>	<u>(6,027)</u>
Revenues from state sources				
Grants	34,299,718	34,489,400	34,600,173	110,773
Grants - restricted	2,885,896	4,112,261	4,257,631	145,370
Total revenues from state sources	<u>37,185,614</u>	<u>38,601,661</u>	<u>38,857,804</u>	<u>256,143</u>
Revenues from federal sources				
Grants	1,736,666	1,760,481	1,668,886	(91,595)
Interdistrict sources				
ISD collected millage	1,678,338	1,607,114	1,637,781	30,667
Cooperative education	100,000	100,000	87,029	(12,971)
Other	35,000	35,000	30,925	(4,075)
Total interdistrict sources	<u>1,813,338</u>	<u>1,742,114</u>	<u>1,755,735</u>	<u>13,621</u>
Other financing sources				
Proceeds from sale of capital assets	-	12,180	12,180	-
Transfers in	135,000	108,384	130,756	22,372
Total other financing sources	<u>135,000</u>	<u>120,564</u>	<u>142,936</u>	<u>22,372</u>
Total revenue and other financing sources	<u>\$ 45,934,506</u>	<u>\$ 47,241,834</u>	<u>\$ 47,436,348</u>	<u>\$ 194,514</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 6,477,929	\$ 6,421,366	\$ 6,352,584	\$ (68,782)
Employee benefits	3,459,526	3,669,225	3,739,941	70,716
Purchased services	258,440	392,664	392,719	55
Supplies and materials	302,649	312,449	277,507	(34,942)
Other	4,075	4,075	830	(3,245)
Total elementary	<u>10,502,619</u>	<u>10,799,779</u>	<u>10,763,581</u>	<u>(36,198)</u>
Basic program - middle school				
Salaries	2,965,787	2,902,325	2,827,198	(75,127)
Employee benefits	1,527,187	1,636,599	1,617,661	(18,938)
Purchased services	96,600	84,820	133,644	48,824
Supplies and materials	140,836	109,666	89,810	(19,856)
Other	3,700	3,700	3,300	(400)
Total middle school	<u>4,734,110</u>	<u>4,737,110</u>	<u>4,671,613</u>	<u>(65,497)</u>
Basic program - high school				
Salaries	4,583,012	4,819,070	4,855,699	36,629
Employee benefits	2,332,549	2,708,596	2,672,981	(35,615)
Purchased services	1,507,624	1,484,661	1,408,794	(75,867)
Supplies and materials	353,074	288,198	281,521	(6,677)
Other	37,800	37,800	27,389	(10,411)
Total high school	<u>8,814,059</u>	<u>9,338,325</u>	<u>9,246,384</u>	<u>(91,941)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - summer school				
Salaries	\$ 36,294	\$ 36,294	\$ 19,660	\$ (16,634)
Employee benefits	14,343	15,528	6,739	(8,789)
Supplies and materials	1,000	1,000	419	(581)
Total summer school	<u>51,637</u>	<u>52,822</u>	<u>26,818</u>	<u>(26,004)</u>
Added needs - special education				
Salaries	2,251,252	2,212,471	2,200,948	(11,523)
Employee benefits	1,239,720	1,345,006	1,359,729	14,723
Purchased services	21,100	64,725	65,569	844
Supplies and materials	58,926	59,413	46,520	(12,893)
Other	50,000	50,000	48,187	(1,813)
Total special education	<u>3,620,998</u>	<u>3,731,615</u>	<u>3,720,953</u>	<u>(10,662)</u>
Added needs - compensatory education				
Salaries	300,568	293,577	280,712	(12,865)
Employee benefits	103,136	131,277	122,198	(9,079)
Purchased services	17,050	14,412	15,852	1,440
Supplies and materials	53,260	45,733	44,928	(805)
Total compensatory education	<u>474,014</u>	<u>484,999</u>	<u>463,690</u>	<u>(21,309)</u>
Added needs - career and technical education				
Salaries	464,830	435,567	454,419	18,852
Employee benefits	255,589	225,147	224,754	(393)
Purchased services	57,384	46,148	48,304	2,156
Supplies and materials	112,075	88,702	76,255	(12,447)
Total career and technical education	<u>889,878</u>	<u>795,564</u>	<u>803,732</u>	<u>8,168</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - truancy/absenteeism services				
Salaries	\$ 36,000	\$ 36,000	\$ 37,385	\$ 1,385
Employee benefits	28,913	30,710	32,528	1,818
Total truancy/absenteeism services	<u>64,913</u>	<u>66,710</u>	<u>69,913</u>	<u>3,203</u>
Pupil - guidance services				
Salaries	476,373	548,766	519,998	(28,768)
Employee benefits	250,517	300,032	300,766	734
Purchased services	10,000	6,825	6,189	(636)
Supplies and materials	1,000	1,000	720	(280)
Total guidance services	<u>737,890</u>	<u>856,623</u>	<u>827,673</u>	<u>(28,950)</u>
Pupil - health services				
Salaries	-	4,667	-	(4,667)
Purchased services	159,080	163,749	158,375	(5,374)
Total health services	<u>159,080</u>	<u>168,416</u>	<u>158,375</u>	<u>(10,041)</u>
Pupil - psychological services				
Salaries	210,005	210,576	202,369	(8,207)
Employee benefits	109,056	121,633	123,985	2,352
Purchased services	30,900	45,775	40,360	(5,415)
Supplies and materials	3,000	3,000	692	(2,308)
Total psychological services	<u>352,961</u>	<u>380,984</u>	<u>367,406</u>	<u>(13,578)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - speech services				
Salaries	\$ 304,209	\$ 299,177	\$ 300,736	\$ 1,559
Employee benefits	172,178	182,104	182,785	681
Purchased services	1,500	1,500	351	(1,149)
Supplies and materials	2,000	2,000	-	(2,000)
Total speech services	<u>479,887</u>	<u>484,781</u>	<u>483,872</u>	<u>(909)</u>
Pupil - social work services				
Salaries	272,421	273,538	266,213	(7,325)
Employee benefits	140,725	141,571	141,204	(367)
Purchased services	900	900	696	(204)
Supplies and materials	1,000	1,000	-	(1,000)
Total social work services	<u>415,046</u>	<u>417,009</u>	<u>408,113</u>	<u>(8,896)</u>
Pupil - teacher consultant				
Salaries	82,114	82,114	108,282	26,168
Employee benefits	46,761	49,040	60,877	11,837
Purchased services	600	600	599	(1)
Supplies and materials	250	250	-	(250)
Total teacher consultant	<u>129,725</u>	<u>132,004</u>	<u>169,758</u>	<u>37,754</u>
Pupil - other support services				
Salaries	18,398	19,418	14,191	(5,227)
Employee benefits	6,313	7,136	5,921	(1,215)
Purchased services	137,000	127,000	143,661	16,661
Total other pupil support services	<u>161,711</u>	<u>153,554</u>	<u>163,773</u>	<u>10,219</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - improvement of education				
Salaries	\$ 30,445	\$ 35,252	\$ 26,951	\$ (8,301)
Employee benefits	19,019	18,312	23,149	4,837
Purchased services	220,508	174,786	151,185	(23,601)
Supplies and materials	56,092	62,991	61,484	(1,507)
Other	81,000	81,000	57,748	(23,252)
Total improvement of education	<u>407,064</u>	<u>372,341</u>	<u>320,517</u>	<u>(51,824)</u>
Instructional staff - educational media services				
Salaries	143,753	185,811	187,180	1,369
Employee benefits	119,875	154,336	147,320	(7,016)
Purchased services	-	3,000	2,655	(345)
Supplies and materials	9,920	10,320	9,252	(1,068)
Total educational media services	<u>273,548</u>	<u>353,467</u>	<u>346,407</u>	<u>(7,060)</u>
Instructional staff - educational television				
Salaries	10,000	10,000	10,000	-
Employee benefits	3,221	3,727	3,782	55
Total educational television	<u>13,221</u>	<u>13,727</u>	<u>13,782</u>	<u>55</u>
Instructional staff - technology assisted instruction				
Purchased services	33,000	30,000	31,448	1,448

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - supervision and direction of instructional staff				
Salaries	\$ 367,682	\$ 359,004	\$ 353,663	\$ (5,341)
Employee benefits	187,925	204,234	203,825	(409)
Purchased services	82,900	82,300	73,752	(8,548)
Supplies and materials	2,500	2,500	675	(1,825)
Other	250	250	30	(220)
	<u>641,257</u>	<u>648,288</u>	<u>631,945</u>	<u>(16,343)</u>
Instructional staff - academic student assessment				
Supplies and materials	175	3,175	3,000	(175)
General administration - board of education				
Salaries	8,000	8,000	7,000	(1,000)
Employee benefits	631	631	590	(41)
Purchased services	135,000	75,000	67,540	(7,460)
Other	13,750	13,750	13,749	(1)
	<u>157,381</u>	<u>97,381</u>	<u>88,879</u>	<u>(8,502)</u>
General administration - executive administration				
Salaries	213,952	213,899	221,082	7,183
Employee benefits	104,462	112,165	114,941	2,776
Purchased services	16,450	17,040	12,192	(4,848)
Supplies and materials	10,400	9,810	7,275	(2,535)
Other	25,000	25,000	23,413	(1,587)
	<u>370,264</u>	<u>377,914</u>	<u>378,903</u>	<u>989</u>

**Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
School administration - office of the principal				
Salaries	\$ 1,754,515	\$ 1,711,672	\$ 1,723,491	\$ 11,819
Employee benefits	906,328	1,002,080	1,025,801	23,721
Purchased services	1,500	1,500	5,820	4,320
Supplies and materials	38,900	44,731	41,299	(3,432)
Other	15,350	15,567	12,741	(2,826)
Total office of the principal	<u>2,716,593</u>	<u>2,775,550</u>	<u>2,809,152</u>	<u>33,602</u>
Business - fiscal services				
Salaries	236,111	161,111	151,339	(9,772)
Employee benefits	96,732	92,271	98,689	6,418
Purchased services	170,000	165,527	164,890	(637)
Supplies and materials	10,000	7,500	5,241	(2,259)
Other	5,500	2,500	634	(1,866)
Total fiscal services	<u>518,343</u>	<u>428,909</u>	<u>420,793</u>	<u>(8,116)</u>
Business - other				
Other	<u>137,632</u>	<u>84,300</u>	<u>79,718</u>	<u>(4,582)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Operations and maintenance - operating building services				
Salaries	\$ 155,390	\$ 169,524	\$ 172,082	\$ 2,558
Employee benefits	87,781	103,791	108,558	4,767
Purchased services	1,968,658	1,925,071	1,765,788	(159,283)
Supplies and materials	1,068,160	1,072,660	1,175,981	103,321
Other	2,500	2,500	904	(1,596)
	<u>3,282,489</u>	<u>3,273,546</u>	<u>3,223,313</u>	<u>(50,233)</u>
Pupil transportation services				
Salaries	1,039,229	987,303	989,203	1,900
Employee benefits	543,004	591,849	581,678	(10,171)
Purchased services	66,700	51,815	51,964	149
Supplies and materials	345,000	358,300	361,486	3,186
Other	4,000	4,000	4,107	107
	<u>1,997,933</u>	<u>1,993,267</u>	<u>1,988,438</u>	<u>(4,829)</u>
Central - communication services				
Salaries	36,075	76,496	81,297	4,801
Employee benefits	29,119	65,170	65,030	(140)
Purchased services	130,500	107,656	120,365	12,709
Supplies and materials	8,500	8,500	4,202	(4,298)
	<u>204,194</u>	<u>257,822</u>	<u>270,894</u>	<u>13,072</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services				
Salaries	\$ 223,227	\$ 223,227	\$ 223,227	\$ -
Employee benefits	170,762	137,737	144,468	6,731
Purchased services	21,383	16,500	3,545	(12,955)
Supplies and materials	3,600	3,100	495	(2,605)
Other	1,300	59,723	59,664	(59)
Total staff/personnel services	<u>420,272</u>	<u>440,287</u>	<u>431,399</u>	<u>(8,888)</u>
Central - support services technology				
Salaries	414,220	422,591	421,584	(1,007)
Employee benefits	259,872	276,288	270,022	(6,266)
Purchased services	260,700	339,900	291,279	(48,621)
Supplies and materials	10,000	10,000	10,080	80
Total support services technology	<u>944,792</u>	<u>1,048,779</u>	<u>992,965</u>	<u>(55,814)</u>
Central - pupil accounting				
Salaries	133,036	130,180	127,014	(3,166)
Employee benefits	96,549	100,786	102,482	1,696
Purchased services	300	300	1,248	948
Supplies and materials	1,000	1,000	670	(330)
Other	500	500	-	(500)
Total pupil accounting	<u>231,385</u>	<u>232,766</u>	<u>231,414</u>	<u>(1,352)</u>
Central - other				
Purchased services	<u>30,000</u>	<u>30,000</u>	<u>37,444</u>	<u>7,444</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Athletic activities				
Salaries	\$ 291,170	\$ 271,289	\$ 297,027	\$ 25,738
Employee benefits	128,729	126,474	131,120	4,646
Purchased services	319,589	328,587	286,926	(41,661)
Supplies and materials	69,105	69,105	61,454	(7,651)
Total athletic activities	<u>811,093</u>	<u>797,955</u>	<u>778,500</u>	<u>(19,455)</u>
Other supporting services				
Salaries	53,799	63,229	65,585	2,356
Employee benefits	18,041	31,950	32,726	776
Purchased services	84,965	86,267	86,847	580
Supplies and materials	2,000	17,022	17,359	337
Other	204,650	209,886	194,071	(15,815)
Total other supporting services	<u>363,455</u>	<u>408,354</u>	<u>396,588</u>	<u>(11,766)</u>
Community services - community recreation				
Salaries	1,000	1,488	1,488	-
Employee benefits	326	553	659	106
Purchased services	3,690	3,021	2,680	(341)
Supplies and materials	6,200	6,200	4,290	(1,910)
Total community recreation	<u>11,216</u>	<u>11,262</u>	<u>9,117</u>	<u>(2,145)</u>
Community services - community activities				
Purchased services	3,593	3,893	1,004	(2,889)
Supplies and materials	3,000	2,207	1,551	(656)
Other	2,500	2,500	2,500	-
Total community activities	<u>9,093</u>	<u>8,600</u>	<u>5,055</u>	<u>(3,545)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Intergovernmental payments				
Payments to other public schools	\$ 300,000	\$ 186,623	\$ 172,313	\$ (14,310)
Capital outlay				
Basic program - elementary	8,600	8,845	8,357	(488)
Basic program - middle school	-	1,369	1,369	-
Basic program - high school	165,800	118,686	97,268	(21,418)
Added needs - career and technical education	52,482	18,862	18,862	-
Instructional staff - improvement of education	28,000	6,000	3,000	(3,000)
Business - fiscal services	1,000	1,000	-	(1,000)
Operations and maintenance - operating building services	10,000	10,000	-	(10,000)
Pupil transportation services	84,000	93,780	86,602	(7,178)
Central - communication services	4,000	4,000	3,998	(2)
Central - support services technology	45,000	45,000	45,441	441
Athletic services	7,000	7,000	4,790	(2,210)
Community services - community recreation	900	900	-	(900)
Building improvements	294,000	212,037	211,296	(741)
Total capital outlay	700,782	527,479	480,983	(46,496)
Debt service				
Principal	148,539	148,539	148,539	-
Interest and other expenditures	90,767	90,767	90,767	-
Total debt service	239,306	239,306	239,306	-
Total expenditures and financing uses	\$ 46,403,016	\$ 47,241,834	\$ 46,727,927	\$ (513,907)

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014**

2004 Refunding Issue

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2015	3.700	\$ 583,995	\$ 583,995	\$ 2,020,000	\$ 3,187,990
2016	5.000	546,625	546,625	2,085,000	3,178,250
2017	5.000	494,500	494,500	2,175,000	3,164,000
2018	5.000	440,125	440,125	2,165,000	3,045,250
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>\$ 3,598,995</u>	<u>\$ 3,598,995</u>	<u>\$ 23,885,000</u>	<u>\$ 31,082,990</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014**

2005 Refunding Issue

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2015	5.000	\$ 235,225	\$ 235,225	\$ 2,495,000	\$ 2,965,450
2016	5.000	172,850	172,850	2,485,000	2,830,700
2017	4.000	110,725	110,725	2,480,000	2,701,450
2018	5.000	<u>61,125</u>	<u>61,125</u>	<u>2,445,000</u>	<u>2,567,250</u>
Total		<u>\$ 579,925</u>	<u>\$ 579,925</u>	<u>\$ 9,905,000</u>	<u>\$ 11,064,850</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014

2006 Refunding Issue

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2015	5.000	\$ 712,058	\$ 712,058	\$ 100,000	\$ 1,524,116
2016	5.000	709,558	709,558	100,000	1,519,116
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>\$ 7,755,971</u>	<u>\$ 7,755,971</u>	<u>\$ 32,720,000</u>	<u>\$ 48,231,942</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014**

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>
2015	3.980	\$ 84,400	\$ 172,950	\$ 257,350
2016	3.980	77,029	199,087	276,116
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>\$ 403,053</u>	<u>\$ 2,191,694</u>	<u>\$ 2,594,747</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014

2010 School Building and Site Bonds, Series A

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2015	3.350	\$ 446,938	\$ 446,938	\$ 600,000	\$ 1,493,876
2016	3.850	436,888	436,888	600,000	1,473,776
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>\$ 7,469,200</u>	<u>\$ 7,469,200</u>	<u>\$ 15,335,000</u>	<u>\$ 30,273,400</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014**

2010 School Building and Site Bonds, Series B

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2015	6.625	\$ 496,875	\$ 496,875	-	\$ 993,750
2016	6.625	496,875	496,875	-	993,750
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	496,875	496,875	15,000,000	15,993,750
Total		<u>\$ 6,459,375</u>	<u>\$ 6,459,375</u>	<u>\$ 15,000,000</u>	<u>\$ 27,918,750</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014**

2012 Refunding Bonds

<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>
2015	2.250	\$ 230,063	\$ 230,063	\$ 10,225,000	\$ 10,685,126
2016	2.250	<u>115,301</u>	<u>115,301</u>	<u>10,225,000</u>	<u>10,455,602</u>
Total		<u>\$ 345,364</u>	<u>\$ 345,364</u>	<u>\$ 20,450,000</u>	<u>\$ 21,140,728</u>

CONTINUING DISCLOSURES

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2014**

Enrollment

Ten-year Blended Count History	Blended Count	School Year	Blended Count		
2014-2015 Initial Budget	5,374	2009-2010	4,547		
2013-2014	5,411	2008-2009	4,373		
2012-2013	5,417	2007-2008	4,327		
2011-2012	4,966	2006-2007	4,289		
2010-2011	4,713	2005-2006	4,172		
2013-2014	Enrollment	Grade	Enrollment	Grade	Enrollment
Early On/ECSE	13	6th	416	Post High School	13
Kindergarten	306	7th	351	International Academy	6
1st	371	8th	363	Oxford Bridges	49
2nd	342	9th	428	Oxford Virtual Academy	490
3rd	350	10th	361	St. Joseph Partnership	47
4th	394	11th	354	Early College	61
5th	353	12th	354	Section 25e Adjustment	(11)

Labor Relations

Class	Number	Affiliation	Contract Expires
Teachers and Instructional Staff	295	Oxford Education Association	8/31/2016
Transportation, Food Service, Maintenance	71	AFSCME	8/31/2016
Administrators	17	Oxford Administrators Association	7/31/2016
Secretaries & Paraprofessionals	70	OESPA	6/30/2016
Child Care	39	Not affiliated	N/A
Tutorial Assistants	4	Not affiliated	N/A
Crossing Guards	4	Not affiliated	N/A
Central Office Secretaries	9	Not affiliated	N/A
Central Office Administrators	6	Not affiliated	N/A
Other Employees	41	Not affiliated	N/A
TOTAL	556		

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2014**

Retirement Plan

<u>Contributions Period</u>	<u>Contribution Rate</u>
October 1, 2014 - September 30, 2015	25.78%
October 1, 2013 - September 30, 2014	24.79%
October 1, 2012 - September 30, 2013	25.36%
October 1, 2011 - September 30, 2012	24.46%
November 1, 2010 - September 30, 2011	20.66%
October 1, 2010 - October 31, 2010	19.41%
October 1, 2009 - September 30, 2010	16.94%

<u>Fiscal Year Ended June 30</u>	<u>Contributions to MPSERS</u>	
2015	\$ 8,357,596	Management's estimate
2014	7,229,184	
2013	6,372,985	
2012	5,598,499	
2011	4,722,363	
2010	3,885,279	

Note: Starting in 2013, MPSERS amounts include State-reimbursed UAAL rate stabilization payment.

History of Valuation - State Equalized Valuation and Taxable Valuation

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
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
For the Year Ended June 30, 2014**

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>
2014-2015	\$ 4,296,890	In process of collection		Not available	
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>	
2014-2015	5,374	\$ 39,720,757	Initial budget
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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating	17.9946	17.9946	17.9946	17.9946	17.9946
Debt	7.9000	7.0000	7.0000	7.0000	7.0000
Total homestead	7.9000	7.0000	7.0000	7.0000	7.0000
Total non-homestead	25.8946	24.9946	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.

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2014**

School Bond Loan Fund

As of June 30, 2014, the School District had an outstanding balance, including interest, of \$28,888,354 in the School Bond Loan Fund.

Source: Michigan Department of Treasury

<u>Direct Debt</u>	<u>Bond</u>	<u>Year</u>
\$ 23,885,000	2004 Refunding Bonds (UTQ)	11/16/2004
9,905,000	2005 Refunding Bonds (UTQ)	06/14/2005
32,720,000	2006 Refunding Bonds (UTQ)	12/05/2006
15,335,000	2010 BAB Bonds (GO-UTQ)	04/14/2010
15,000,000	2010 QSCB Bonds (GO-UTQ)	05/11/2010
20,450,000	2012 Refunding Bonds (UTQ)	07/18/2012
<u>2,191,694</u>	2007 Energy Bond	05/23/2007
<u>\$ 119,486,694</u>		

The taxpayers below represent 8.13% of the School District's 2013 total taxable valuation of \$930,261,900.

<u>Taxpayer</u>	<u>Service or Product</u>	<u>Taxable Value</u>
DTE Electric Company	Utility	\$ 16,848,359
Enbridge Energy Limited ATR & Enbridge LP	Utility	12,802,440
MSP Industries	Iron and Steel Forgings	7,524,680
Oxford Forge Inc	Iron and Steel Forgings	7,220,470
701 Market Street LLC	Senior Center Complex	6,198,910
MRG Lake Villa LLC	Mobile Home Community	6,139,970
Consumers Energy	Utility	5,747,743
American Aggregates of Mich	Sand and Gravel	5,531,420
Meijer Inc	Retail	5,064,990
Village Manor of Oxford, Ltd	Apartment Complex	<u>2,522,100</u>
TOTAL		<u>\$ 75,601,082</u>

Sources: Township Treasurers, County Equalization

Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report
For the Year Ended June 30, 2014

**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 2014-2015; 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 Community Schools.

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 2014-2015 which includes 17.9946 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	\$ 5,761,631
State	39,593,884
Federal	1,332,292
Other	<u>2,219,354</u>
TOTAL REVENUES	\$ 48,907,161
Estimated Fund Balance July 1, 2014	<u>5,134,318</u>
TOTAL AVAILABLE TO APPROPRIATE	<u>\$ 54,041,479</u>

BE IT FURTHER RESOLVED, that \$48,907,161 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	\$ 25,951,568
Added Needs	4,833,509
Support Services	
Pupil	2,795,589
Instructional Staff	1,487,567
General Administration	489,889
School Administration	2,883,404
Business Office	665,588
Maintenance	3,410,043
Transportation	2,256,271
Central	2,755,276
Athletics	844,858
Community Services	26,249
Outgoing Transfers and Other	<u>507,350</u>
TOTAL APPROPRIATED	<u>\$ 48,907,161</u>

Oxford Community Schools

Oxford, Michigan

Single Audit Report

June 30, 2014

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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

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, 2014, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements, and have issued our report thereon dated September 24, 2014.

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 opinion 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, MI

September 24, 2014

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 OMB Circular A-133

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 Circular A-133 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, 2014. Oxford Community Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements. We issued our report thereon dated September 24, 2014, 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

OMB Circular A-133 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 expenditure 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
September 24, 2014

Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	Accrued (Unearned) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2014
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	\$ 98,200	\$ -	\$ -	\$ 88,188	\$ 88,188	\$ -
Cash assistance							
National School Breakfast Program	10.553						
131970 School Breakfast Program		75,960	-	67,419	8,541	8,541	-
141970 School Breakfast Program		91,617	-	-	91,617	91,617	-
			<u>-</u>		<u>100,158</u>	<u>100,158</u>	<u>-</u>
National School Lunch Program	10.555						
131960 National School Lunch Program		466,246	5,457	406,321	59,925	54,468	-
141960 National School Lunch Program		411,965	-	-	411,965	411,965	-
			<u>5,457</u>		<u>471,890</u>	<u>466,433</u>	<u>-</u>
Summer Food Service Program	10.559						
140900 SFSP Operating		7,756	-	-	7,756	3,163	(4,593)
141900 SFSP Admin		497	-	-	497	325	(172)
			<u>-</u>		<u>8,253</u>	<u>3,488</u>	<u>(4,765)</u>
Total cash assistance			<u>5,457</u>		<u>580,301</u>	<u>570,079</u>	<u>(4,765)</u>
Total Nutrition Cluster			<u>5,457</u>		<u>668,489</u>	<u>658,267</u>	<u>(4,765)</u>
U.S. Department of Education							
Passed through Oakland Schools County ISD							
Special Education Cluster							
130450 IDEA Flowthrough	84.027	882,267	218,215	832,716	267,766	49,551	-
140450 IDEA Flowthrough		825,445	-	-	634,098	813,234	179,136
			<u>218,215</u>		<u>901,864</u>	<u>862,785</u>	<u>179,136</u>
130460 Preschool Incentive	84.173	31,968	8,195	30,370	9,793	1,598	-
140460 Preschool Incentive		25,051	-	-	17,915	23,778	5,863
			<u>8,195</u>		<u>27,708</u>	<u>25,376</u>	<u>5,863</u>
Total Special Education Cluster			<u>226,410</u>		<u>929,572</u>	<u>888,161</u>	<u>184,999</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	Accrued (Unearned) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2014
Passed through Michigan Department of Education							
131530-1213 Title I - Part A	84.010	\$ 339,670	\$ 23,688	\$ 320,522	\$ 42,836	\$ 19,148	\$ -
141530-1314 Title I - Part A		280,025	-	-	125,398	243,457	118,059
			<u>23,688</u>		<u>168,234</u>	<u>262,605</u>	<u>118,059</u>
Passed through Michigan Department of Education							
131700-1213 Title I - Part D	84.013	90,815	<u>9,683</u>	47,403	<u>29,311</u>	<u>19,628</u>	<u>-</u>
Passed through Oakland Schools County ISD							
1213 Carl Perkins	84.048	114,938	81,511	114,938	81,511	-	-
1314 Carl Perkins		119,486	-	-	18,612	119,486	100,874
			<u>81,511</u>		<u>100,123</u>	<u>119,486</u>	<u>100,874</u>
Passed through Holly Schools							
Title III Limited English Proficient Grant Program	84.365	12,836	119	12,197	119	-	-
Title III Limited English Proficient Grant Program		13,647	-	-	9,675	12,226	2,551
			<u>119</u>		<u>9,794</u>	<u>12,226</u>	<u>2,551</u>
Passed through Bloomfield Hills Schools							
Reading Recovery FY14	84.396	1,500	<u>-</u>	-	<u>1,500</u>	<u>1,147</u>	<u>(353)</u>
Passed through Michigan Department of Education							
130520-1213 Title II, Part A	84.367	79,122	5,164	79,122	5,164	-	-
140520-1314 Title II, Part A		74,362	-	-	54,730	74,362	19,632
			<u>5,164</u>		<u>59,894</u>	<u>74,362</u>	<u>19,632</u>
Total U.S. Department of Education			<u>346,575</u>		<u>1,298,428</u>	<u>1,377,615</u>	<u>425,762</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	Accrued (Unearned) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2014
U.S. Department of Health and Human Services							
Passed through Oakland Livingston Human Services Agency (OLHSA)							
Headstart Cluster							
H-0520-13 Headstart	93.600	\$ 169,558	\$ 104,026	\$ 104,026	\$ 169,558	\$ 65,532	\$ -
H-0520-14 Headstart		106,244	-	-	-	106,244	106,244
			<u>104,026</u>		<u>169,558</u>	<u>171,776</u>	<u>106,244</u>
Early Headstart 2013	93.600	132,370	73,469	73,469	132,370	58,901	-
Early Headstart 2014		67,046	-	-	-	67,046	67,046
			<u>73,469</u>		<u>132,370</u>	<u>125,947</u>	<u>67,046</u>
Total Headstart Cluster			<u>177,495</u>		<u>301,928</u>	<u>297,723</u>	<u>173,290</u>
Passed through Oakland Schools County ISD							
Medicaid Outreach FY14	93.778	9,640	-	-	9,640	9,640	-
Total U.S. Department of Health and Human Services			<u>177,495</u>		<u>311,568</u>	<u>307,363</u>	<u>173,290</u>
Total Federal awards			<u>\$ 529,527</u>		<u>\$ 2,278,485</u>	<u>\$ 2,343,245</u>	<u>\$ 594,287</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, 2014

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2014.
3. The federal amounts reported on the "Grant Auditor Report" are in agreement with the Schedule of Expenditures of Federal Awards except for the following:

	Payments Reported by GAR	Receipts Recorded by the District	Included in Accrued Revenues
141530-1314 Title I - Part A	\$ 212,867	\$ 125,398	\$ 87,469
140520-1314 Title II, Part A	74,280	54,730	19,550

4. The following is a reconciliation between the Schedule of Federal Awards and Financial Statements:

Grant	Schedule of Federal Awards	Financial Statements	Difference
Total expenditures reported on the Schedule of Federal Awards			\$2,343,245
Amounts reported as deferred inflows of resources and therefore not included as revenue			
H-0520-14 Headstart	\$ 106,244	\$ 96,369	(9,875)
Early Headstart 2014	67,046	60,829	(6,217)
Federal interest revenue not subject to A-133			<u>1,098,182</u>
Federal revenue reported on the Financial Statements			<u>\$3,425,335</u>

5. 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, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies 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 deficiencies identified that are not considered to be material weaknesses? _____ 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 section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.553, 10.555, 10.559	Nutrition Cluster
96.600	Headstart Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2014

SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS

There were no findings related to the financial statements which are required to be reported in accordance with government auditing standards generally accepted in the United States of America for the year ended June 30, 2014.

SECTION III - FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2014.

Oxford Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2014

SECTION IV – PRIOR AUDIT FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2013.



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September 24, 2014

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

We have completed our audit of the financial statements of Oxford Community Schools as of and for the year ended June 30, 2014, and have issued our report dated September 24, 2014. 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 OMB Circular A-133 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 June 30, 2014. 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 district are described in Note 1 of the financial statements. We noted no transactions entered into by the district during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement 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 Oxford Community Schools' financial statements were:

- Management's estimate of the useful lives of fixed assets, which is based on the length of time management believes those assets will provide some economic benefit in the future.
- Management's estimate of compensated absences, which is based on historic payments when an employee leaves the district compared to the years of service they had worked, believes a liability exists in the future.

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

Accounting Standards and Regulatory Updates

Accounting Standards

The Government Accounting Standards Board (“The GASB”) has issued Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires government participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability will be recorded on the government-wide statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Statements 68 and 71 are effective for the year ending June 30, 2015.

The GASB has also issued Statement 69, *Government Combinations and Disposals of Government Operations*. Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. Statement 69 is effective for the year ending June 30, 2015.

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 will need to implement 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 will be the source for guidance school districts will follow.

Highlights of the Super Circular:

- Raises the single audit threshold from \$500,000 to \$750,000 (federal expenditures during the June 30, 2016, year end)
- Increases monitoring and risk assessment necessary by federal program offices
- Focuses heavily on internal controls and policies/procedures, which should be in compliance with COSO (Committee of Sponsoring Organizations of the Treadway Commissions)
- Additional monitoring by pass-through agencies of sub recipients
- New rules for procurement/property management
- Cost principles are more principles based, with intention to reduce administrative burden

Additional information and resources are available at the following websites:

- OMB http://www.whitehouse.gov/omb/grants_docs
- U 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>)

Sec. 147c- State Share of Unfunded Liability – Michigan Public School Employees Retirement System (MPSERS)

For 2014-15 the method in which the State will allocate the State Share of the Unfunded Liability will not change. However, the rate will increase to an estimated 7.63% of payroll. The funding was increased to accommodate the unfunded liability statutory cap of 20.96%.

Audit and FID Submission Deadline

For the upcoming year, June 30, 2015, the deadline to submit the Financial Information Database (FID) and the school district financial audits will be October 15th.

Sec. 22f - Best Practices

For the upcoming year, June 30, 2015, fiscal year your district must meet 7 out of 9 Best Practices. Per pupil funding, if this is met, will be \$50. The nine best practices are as follows:

- Act as policyholder for health care services benefits
- Competitively bid at least one non-instructional service
- Participate in schools of choice
- Provide online learning opportunities
- Provide a public online dashboard with finance and academic metrics
- Use teacher and administrator job performance as a significant factor in determining compensation requirements under MCL 380.1250
- Collective bargaining agreements shall not include any prohibited subjects of bargaining as required under the Public Employment Relations Act
- Implement a comprehensive guidance and counseling program.
- Offer pupils in grades K to 8 the opportunity to complete coursework or other learning experiences that are substantially equivalent to 1 credit in a language other than English

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, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were more than trivial.

There were no uncorrected misstatements that were more than trivial.

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 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 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.

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 OMB Circular A-133; 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 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 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.

Report on Other Information

With respect to the supplementary information accompanying the financial statements, other than list of the Members of the Board of Education and Administration, 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.

We discussed these matters with various personnel in the district during the audit. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Education, and others within the 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