

Oxford Community Schools

Financial Statements

June 30, 2015

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Oxford Community Schools
Members of the Board of Education and Administration
June 30, 2015

Members of the Board of Education

Jim Reis – President

Carol Mitchell – Vice-President

Mark Stepek – Secretary

Dan D'Alessandro – Treasurer

Mike Schweig – Trustee

Kimberly Shumaker – Trustee

Joyce Brasington – Trustee

Administration

Tim Throne – Superintendent

Independent Auditors' Report

Management and the Board of Education
Oxford Community Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxford Community Schools, as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2015, the School District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, schedule of school district's proportionate share of net pension liability, and schedule of school district's contributions as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

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

The Continuing Disclosures, as identified in the table of contents, which is the responsibility of management, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2015, our consideration of Oxford Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Oxford Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, MI
October 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2015

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 2015 annual financial report presents our discussion and analysis of the Oxford Community School's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

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

Financial Section

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

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2015

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 4-9.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2015

Fiduciary Responsibilities

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

The School District as a Whole

Summary of the Statement of Net Position (in Millions)

	2015 Governmental Activities	2014 Governmental Activities
<u>Assets</u>		
Current assets	\$ 17.35	\$ 15.44
Capital assets, net book value	<u>117.80</u>	<u>121.41</u>
Total Assets	135.15	136.85
<u>Deferred outflows of resources</u>		
Deferred amount on debt refunding & pension expense	<u>8.74</u>	<u>2.01</u>
Total assets and deferred outflows of resources	\$ <u>143.89</u>	\$ <u>138.86</u>
<u>Liabilities</u>		
Current Liabilities	\$ 10.01	\$ 9.59
Noncurrent Liabilities	<u>212.88</u>	<u>151.95</u>
Total Liabilities	\$ <u>222.89</u>	\$ <u>161.54</u>
<u>Net Position (Deficit)</u>		
Invested in Capital Assets	\$ (14.22)	\$ (13.25)
Restricted	0.99	0.75
Unrestricted	<u>(72.68)</u>	<u>(10.18)</u>
Total Net Position (Deficit)	\$ <u>(85.91)</u>	\$ <u>(22.68)</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 FY15 is negative \$85.91 million. This amount is made up of three components:

- Capital assets, net of related debt totaling negative \$14.22 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due, with any shortages made up by borrowings from the School Bond Revolving Fund.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2015

- Restricted net position totaling \$.99 million is reported separately to show legal constraints from debt covenants and funds restricted to cafeteria operations, limiting the School District's ability to use those net assets for day-to-day operations.
- The unrestricted remainder of the net position is a negative \$72.68 million. This amount represents the *cumulative* results of all past years' operations. The operating results and cash position of the General Fund will have a significant impact on the change in unrestricted net position from year to year. In addition, as required by the new GASB Statement No. 68, the drastic increase in noncurrent liabilities represents the school district's proportionate share of the net pension liability that totals \$62.5 million.

Summary of Net Activities (in Millions)

	2015 Governmental Activities	2014 Governmental Activities
<u>Revenues</u>		
Program revenues		
Charges for services	\$ 2.89	\$ 2.50
Operating grants and contributions	11.50	10.10
General revenues		
Property taxes	11.56	10.30
State aid	35.38	34.60
Investment earnings	0.01	0.01
Other	0.41	0.42
Total revenues	<u>61.75</u>	<u>57.93</u>
<u>Expenses</u>		
Instruction	\$ 34.23	\$ 33.22
Support services	17.55	16.31
Food services	2.04	1.95
Community service	1.65	1.44
Interest on long-term debt	6.51	6.51
Total expenses	<u>61.98</u>	<u>59.43</u>
Change in net assets	<u>\$ (0.23)</u>	<u>\$ (1.51)</u>

As reported in the statement of activities, the cost of all our governmental activities this year was \$61.98 million. Certain activities were partially funded by those who benefited from the programs, \$2.89 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$11.50 million. The remaining "public benefit" portion of our governmental activities was funded with \$11.56 million in taxes, \$35.38 million in State aid, and with our other revenues, i.e., interest income and general entitlements.

During FY15, the School District experienced a decrease in net assets of \$.23 million.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2015

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 FY15, the governmental funds reported a combined fund balance of approximately \$8.2 million, an increase of \$1.4 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 \$0.3 million to \$6.2 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 \$50,000. Community Service realized a surplus of approximately \$46,000.
- Combined, the Debt Service Funds showed a fund balance increase of \$1.1 million. The debt millage rate is unchanged at 7.9 mills. Millage rates are set annually to ensure that the School District accumulates sufficient resources to pay annual bond related debt service. Debt Service Fund balances are reserved since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

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

Budgeted revenues and other financing sources were increased by \$1.3 million. The most significant increases were due to the budgeting of unfunded accrued actuarial liability (UAAL) retirement costs (MPERS 147c) in the amended budget along with Section 24 membership that was not factored into the original adopted budget. This amount is offset by budgeted expenditures. Actual revenue was lower than the amended budget by \$.3 million. Budgeted expenditures were increased from the original adopted budget by \$1.4 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 \$.7 million.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2015

Capital Assets and Debt Administration

Summary of Capital Assets		
	<u>2015</u>	<u>2014</u>
Capital Assets		
Land	\$ 511,000	\$ 511,000
Buildings and improvements	161,918,948	161,918,948
Furniture and equipment	9,758,034	9,740,866
Buses and other vehicles	678,932	838,525
Total capital assets being depreciated	<u>172,355,914</u>	<u>172,498,339</u>
Subtotal	172,866,914	173,009,339
Less accumulated depreciation	<u>(55,062,056)</u>	<u>(51,594,525)</u>
Total Capital Assets	<u>\$ 117,804,858</u>	<u>\$ 121,414,814</u>

As of June 30, 2015, the School District had \$117.80 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 \$3.61 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, 2015

At the end of FY15, the School District had \$152.2 million in long-term debt and deferred refunding, verses \$149.9 million in the previous year (an increase of 1.5%). Those obligations consisted of the following:

Summary of Debt		
	2015	2014
Government obligation bonds	\$ 103,873,744	\$ 119,486,694
School Bond Loan	41,872,871	28,458,596
Accrued Interest on SBLF	1,515,216	429,758
Compensated Absences	1,947,654	1,939,280
Retirement Incentives	-	299,229
Premium on bonds	1,305,731	1,483,590
Discount on bonds	(138,804)	(144,840)
Deferred amount on refunding	1,847,587	(2,004,071)
Total Debt	<u>\$ 152,223,999</u>	<u>\$ 149,948,236</u>

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 \$2.0 million is well below the statutorily-imposed limit of \$184.7 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

Our elected school board members and the administration considered many factors when setting the School District's FY16 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 2015-16 school year is 90 percent and 10 percent of the October 2015 and February 2016 student counts, respectively. The FY16 budget was adopted in June 2015, based on an estimate of students that will be enrolled in September 2015. Approximately 75 percent of total General Fund revenue is from the State portion of the foundation allowance. The budget adopted for FY16 assumes a \$7,391 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 \$25/student. The total per pupil funding is lower than the \$7,557 per pupil funding in fiscal 2011. While the UAAL retirement costs, projected to be \$2.0 million for fiscal 2016, are fully reimbursed by the

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2015

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 FY16 budget assumes a small student growth above the spring 2015 enrollment. Changes in enrollment have occurred due to the following:

- Increased competition from neighboring charter schools and schools of choice.
- Successful efforts to market the School District to prospective homebuyers with children, school of choice students, international students, and virtual academy students.

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.

Accounting and Reporting Changes

Oxford Community Schools conform to the pronouncements of GASB (Governmental Accounting Standards Board) which apply to all state and local governmental entities. The GASB Statements 68 and 71, which become effective for the June 30, 2015 financial reporting, will require the liability of Oxford Community Schools' defined benefit pensions to be presented on the statement of net position. The net pension liability will be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the plan's fiduciary net position. Public school employees belong to the Michigan Public School Employees' Retirement System (MPERS). The governmental fund financial statements will reflect these changes each year which will result in significant decreases each year in net position. The fund financial statements will not be impacted and there will be no impact from the adoption of these GASBs on the fund balance.

Future GASB Statements that may impact Oxford Community Schools in the future include Statement 72 (Fair Value Measurements and Applications) which is effective for the year ending June 30, 2016. Statements 73 (Accounting and Financial Reporting for Pensions and Related Assets That are Not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68) and 74 (Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans) are effective for the fiscal year June 30, 2017. Statement 75 (Accounting and Financial Reporting for Postemployment Benefits other Than Pensions) is effective for the fiscal year ending June 30, 2018.

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

BASIC FINANCIAL STATEMENTS

Oxford Community Schools
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash	\$ 7,896,543
Accounts receivable	8,503
Due from other governmental units	8,030,351
Due from agency fund activities	103,880
Inventory	45,192
Restricted cash	1,153,846
Prepaid items	109,736
Capital assets not being depreciated	511,000
Capital assets - net of accumulated depreciation	<u>117,293,858</u>
Total assets	<u>135,152,909</u>
Deferred Outflows of Resources	
Deferred amount of pension expense related to net pension liability	6,886,939
Deferred amount on debt refunding	<u>1,847,587</u>
Total deferred outflows of resources	<u>8,734,526</u>
Total assets and deferred outflows of resources	<u>143,887,435</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 436,382
State aid anticipation note payable	3,000,000
Due to other governmental units	495,167
Payroll and related withholdings	1,999,065
Accrued expenditures	843,188
Accrued salaries payable	2,891,278
Unearned revenue	347,045
Noncurrent liabilities	
Net pension liability	62,502,002
Debt due within one year	15,694,087
Debt due in more than one year	<u>134,682,325</u>
Total liabilities	<u>222,890,539</u>
Deferred Inflows of Resources	
Deferred amount on net pension liability	<u>6,909,622</u>
Total liabilities and deferred inflows of resources	<u>229,800,161</u>
Net position	
Net investment in capital assets	(14,218,636)
Restricted for	
Cafeteria	638,195
Debt service	347,904
Unrestricted	<u>(72,680,189)</u>
Total net position	<u><u>\$ (85,912,726)</u></u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Activities
For the Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 34,230,222	\$ 591,660	\$ 8,166,879	\$ -	\$ (25,471,683)
Supporting services	17,545,115	117,985	909,311	-	(16,517,819)
Food services	2,041,980	1,202,705	666,313	-	(172,962)
Community services	1,647,021	981,764	668,703	-	3,446
Interest and fiscal charges on long-term debt	6,515,915	-	1,096,508	-	(5,419,407)
Total governmental activities	<u>\$ 61,980,253</u>	<u>\$ 2,894,114</u>	<u>\$ 11,507,714</u>	<u>\$ -</u>	<u>(47,578,425)</u>
General revenues					
Property taxes, levied for general purposes					4,181,636
Property taxes, levied for debt service					7,377,674
State aid - unrestricted					35,375,706
Interest earnings					5,055
Other					407,498
Total general revenues					<u>47,347,569</u>
Change in net position					(230,856)
Net position - beginning, as restated					<u>(85,681,870)</u>
Net position - ending					<u>\$ (85,912,726)</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2015

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 6,822,893	\$ 369	\$ 1,073,281	\$ 7,896,543
Accounts receivable	3,867	-	4,636	8,503
Due from other funds	241,289	53,917	161,628	456,834
Due from other governmental units	7,848,964	-	181,387	8,030,351
Due from agency fund activities	103,880	-	-	103,880
Inventory	-	-	45,192	45,192
Restricted cash	-	-	1,153,846	1,153,846
Prepaid items	109,736	-	-	109,736
Total assets	\$ 15,130,629	\$ 54,286	\$ 2,619,970	\$ 17,804,885
Liabilities				
Accounts payable	\$ 364,379	\$ 1,347	\$ 70,656	\$ 436,382
State aid anticipation note payable	3,000,000	-	-	3,000,000
Due to other funds	-	-	456,834	456,834
Due to other governmental units	493,439	-	1,728	495,167
Payroll and related withholdings	1,991,194	-	7,871	1,999,065
Accrued expenditures	18,188	-	-	18,188
Accrued salaries payable	2,868,164	-	23,114	2,891,278
Unearned revenues	234,940	-	112,105	347,045
Total liabilities	8,970,304	1,347	672,308	9,643,959

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2015

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance				
Non-spendable				
Inventory	\$ -	\$ -	\$ 45,192	\$ 45,192
Prepaid items	109,736	-	-	109,736
Restricted for				
Debt service	-	52,939	1,119,965	1,172,904
Cafeteria	-	-	593,003	593,003
Committed for				
Community services	-	-	189,502	189,502
Assigned for				
Long-term obligations	5,482,184	-	-	5,482,184
Budgeted excess expenditures over revenues	<u>568,405</u>	<u>-</u>	<u>-</u>	<u>568,405</u>
 Total fund balance	 <u>6,160,325</u>	 <u>52,939</u>	 <u>1,947,662</u>	 <u>8,160,926</u>
 Total liabilities	 <u><u>\$ 15,130,629</u></u>	 <u><u>\$ 54,286</u></u>	 <u><u>\$ 2,619,970</u></u>	 <u><u>\$ 17,804,885</u></u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015

Total fund balances for governmental funds	\$ 8,160,926
Total net position for governmental activities in the statement of net position is different because	
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	117,293,858
Other long-term assets are not deferred in the governmental funds.	
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	1,847,587
Deferred inflows of resources resulting from net pension liability	(6,909,622)
Deferred outflow of resources from subsequent pension expense from measurement date	6,886,939
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(825,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(62,502,002)
Compensated absences	(1,947,654)
Bonds payable	(105,040,671)
School bond loan payable	(41,872,871)
Accrued interest on school bond loan fund	<u>(1,515,216)</u>
Net position of governmental activities	<u>\$ (85,912,726)</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Local sources	\$ 5,375,976	\$ 1,288,146	\$ 8,142,769	\$ 14,806,891
State sources	40,866,876	25,286	743,183	41,635,345
Federal sources	1,448,937	-	1,786,680	3,235,617
Interdistrict sources	<u>2,082,268</u>	<u>-</u>	<u>-</u>	<u>2,082,268</u>
Total revenues	<u>49,774,057</u>	<u>1,313,432</u>	<u>10,672,632</u>	<u>61,760,121</u>
Expenditures				
Current				
Education				
Instruction	31,223,887	-	-	31,223,887
Supporting services	17,605,982	-	-	17,605,982
Food services	-	-	1,820,999	1,820,999
Community services	29,629	-	1,472,704	1,502,333
Intergovernmental payments	117,932	-	-	117,932
Capital outlay	349,997	-	-	349,997
Debt service				
Principal	172,950	10,225,000	5,215,000	15,612,950
Interest and other expenditures	<u>84,400</u>	<u>464,164</u>	<u>4,973,232</u>	<u>5,521,796</u>
Total expenditures	<u>49,584,777</u>	<u>10,689,164</u>	<u>13,481,935</u>	<u>73,755,876</u>
Excess (deficiency) of revenues over expenditures	<u>189,280</u>	<u>(9,375,732)</u>	<u>(2,809,303)</u>	<u>(11,995,755)</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	General Fund	2012 Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses)				
Proceeds from school bond loan fund	\$ -	\$ 9,297,411	\$ 4,116,864	\$ 13,414,275
Proceeds from sale of capital assets	6,200	-	-	6,200
Transfers in	122,106	-	-	122,106
Transfers out	<u>-</u>	<u>-</u>	<u>(122,106)</u>	<u>(122,106)</u>
	<u>128,306</u>	<u>9,297,411</u>	<u>3,994,758</u>	<u>13,420,475</u>
Total other financing sources (uses)				
Net change in fund balance	317,586	(78,321)	1,185,455	1,424,720
Fund balance - beginning	<u>5,842,739</u>	<u>131,260</u>	<u>762,207</u>	<u>6,736,206</u>
Fund balance - ending	<u>\$ 6,160,325</u>	<u>\$ 52,939</u>	<u>\$ 1,947,662</u>	<u>\$ 8,160,926</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - Total governmental funds	\$ 1,424,720
Total change in net position reported for governmental activities in the statement of activities is different because	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants	(16,924)
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	(3,643,346)
Capital outlay	33,390
Expenses are recorded when incurred in the statement of activities.	
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	3,988,113
Net change in the deferred inflow of resources related to the net pension liability	(6,909,622)
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	3,397,402
Interest	76,000
Interest on school bond loan fund	(1,085,458)
Compensated absences	(8,374)
Retirement incentives	299,229
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or payments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(13,414,275)
Repayments of long-term debt	15,612,950
Amortization of premiums	177,859
Amortization of bond discount	(6,036)
Amortization of deferred amount on refunding	(156,484)
Change in net position of governmental activities	\$ (230,856)

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2015

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 603,112</u>
Liabilities	
Accounts payable	\$ 1,251
Due to other funds	103,880
Due to agency fund activities	<u>497,981</u>
Total liabilities	<u>\$ 603,112</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Notes to the Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

Oxford Community Schools

Notes to the Financial Statements

June 30, 2015

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.

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, 2015, 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	
	7.9000

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

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to

Oxford Community Schools

Notes to the Financial Statements

June 30, 2015

the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

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

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

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

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

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

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

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

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.

Oxford Community Schools

Notes to the Financial Statements

June 30, 2015

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 School District has adopted a minimum fund balance policy which requires the General Fund to maintain a minimum fund balance ranging from 10% to 20% of the prior year's actual expenditures and other financing uses. As of June 30, 2015, the general fund balance represented 13.2% of the June 30, 2014 general fund expenditures and other financing uses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

The 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 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.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 72 *Fair Value Measurements and Applications*.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2015

Statement 72 provides guidance for accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The first objective of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The second objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending June 30, 2017. The third objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and to clarify the application of certain provisions of Statement No. 67 and 68. These requirements are effective for the fiscal year ending June 30, 2016.

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

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

The School District is evaluating the impact GASB 72 thru 75 will have on its financial reporting.

Oxford Community Schools
Notes to the Financial Statements
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			
Basic programs	\$ 25,966,239	\$ 26,060,154	\$ 93,915
Instructional staff	1,950,091	1,955,702	5,611
General administration	565,106	595,431	30,325
School administration	3,062,460	3,138,105	75,645

District-Wide Deficits

The School District has an unrestricted net position deficit for District-Wide activities in the amount of \$71,989,973 as of June 30, 2015. There are no governmental funds with a deficit.

Note 3 - Deposits

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 7,896,543	\$ 603,112	\$ 8,499,655
Investments	1,153,846	-	1,153,846
	<u>\$ 9,050,389</u>	<u>\$ 603,112</u>	<u>\$ 9,653,501</u>

Oxford Community Schools
Notes to the Financial Statements
June 30, 2015

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 9,653,201
Petty cash and cash on hand	<u>300</u>
Total	<u>\$ 9,653,501</u>

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

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

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

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$250,000 of the School District's bank balance of \$9,787,041 was insured and collateralized.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 511,000	\$ -	\$ -	\$ 511,000
Capital assets being depreciated				
Buildings and additions	161,918,948	-	-	161,918,948
Equipment and furniture	9,740,866	33,390	16,222	9,758,034
Buses and other vehicles	838,525	-	159,593	678,932
Total capital assets being depreciated	<u>172,498,339</u>	<u>33,390</u>	<u>175,815</u>	<u>172,355,914</u>
Less accumulated depreciation for				
Buildings and additions	43,020,437	3,200,888	-	46,221,325
Equipment and furniture	7,845,982	418,587	16,222	8,248,347
Buses and other vehicles	728,106	23,871	159,593	592,384
Total accumulated depreciation	<u>51,594,525</u>	<u>3,643,346</u>	<u>175,815</u>	<u>55,062,056</u>
Net capital assets being depreciated	<u>120,903,814</u>	<u>(3,609,956)</u>	<u>-</u>	<u>117,293,858</u>
Net capital assets	<u>\$ 121,414,814</u>	<u>\$ (3,609,956)</u>	<u>\$ -</u>	<u>\$ 117,804,858</u>

Oxford Community Schools
Notes to the Financial Statements
June 30, 2015

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

Governmental activities

Instruction	\$ 2,914,677
Support services	364,335
Food services	218,601
Community services	<u>145,733</u>
Total governmental activities	<u><u>\$ 3,643,346</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	Nonmajor Funds	\$ 241,289
2012 Debt Fund	Nonmajor Funds	53,917
Nonmajor Funds	Nonmajor Funds	<u>409,704</u>
		<u><u>\$ 704,910</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 \$69,606 from the Food Service Fund to the General Fund. Additionally \$52,500 was transferred from the Community Service Fund to the General Fund. These transfers were used to repay the General Fund for expenses incurred during the year.

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	\$ 234,940
Childcare accounts	89,277
Student lunch accounts	<u>22,828</u>
Total	<u><u>\$ 347,045</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>\$ 4,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 3,000,000</u>

Oxford Community Schools
Notes to the Financial Statements
June 30, 2015

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	\$ 119,486,694	\$ -	\$ (15,612,950)	\$ 103,873,744	\$ 15,694,087
School Bond Loan	28,458,596	13,414,275	-	41,872,871	-
Accrued interest on School Bond Loan Fund	429,758	1,085,458	-	1,515,216	-
Compensated absences	1,939,280	8,374	-	1,947,654	-
Retirement incentives	299,229	-	(299,229)	-	-
Premium on bonds	1,483,590	-	(177,859)	1,305,731	-
Discount on bonds	(144,840)	-	6,036	(138,804)	-
Total	\$ 151,952,307	\$ 14,508,107	\$ (16,084,002)	\$ 150,376,412	\$ 15,694,087

Deferred amount of refunding activity is summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on debt refunding	\$ 2,004,071	\$ -	\$ (156,484)	\$ 1,847,587

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

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

\$40,910,000 refunding bonds due in annual installments of \$10,225,000 through May 1, 2016, interest at 2.25%	\$ 10,225,000
\$37,735,000 refunding bonds due in annual installments of \$2,085,000 to \$2,250,000 through May 1, 2025, interest at 5.00%	21,865,000
\$12,555,000 refunding bonds due in annual installments of \$2,445,000 to \$2,485,000 through May 1, 2018, interest at 4.00% to 5.00%	7,410,000
\$36,955,000 refunding bonds due in annual installments of \$100,000 to \$2,550,000 through May 1, 2031, interest at 4.13% to 5.50%	32,620,000
\$2,912,143 bonds due in annual installments of \$199,087 to \$364,445 through June 23, 2022, interest at 3.98%	2,018,744
\$17,735,000 serial bonds due in annual installments of \$600,000 \$5,735,000 through May 31, 2039, interest at 3.85% to 6.50%	14,735,000
\$15,000,000 serial bonds due in a single installment of \$15,000,000 on or before May 31, 2027, interest at 6.625%	15,000,000
Total general obligation bonded debt	<u>\$ 103,873,744</u>

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

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

	Principal	Interest	Total
Year Ending June 30,			
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	5,688,884	4,014,596	9,703,480
2020	5,687,978	3,757,654	9,445,632
2021-2025	26,048,796	14,815,527	40,864,323
2026-2030	31,465,000	7,310,193	38,775,193
2031-2035	2,405,000	1,969,093	4,374,093
2036-2039	5,735,000	1,491,100	7,226,100
Total	<u>\$ 103,873,744</u>	<u>\$ 47,217,441</u>	<u>\$ 151,091,185</u>

The general obligation bonds are payable from the Debt Service Funds. As of yearend, the funds had a balance of \$1,172,904 to pay this debt. Future debt and interest will be payable from future tax levies. Interest expense for the year ended June 30, 2015 was \$5,437,396.

State School Bond Loan

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

Compensated Absences

Accrued compensated absences at year end, consists of \$1,947,654 of vacation and sick hours earned. The entire amount is considered

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

Deferred Amount on Debt Refunding

Advance refunding of certain debt resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being amortized through fiscal year 2031. As of June 30, 2015, \$1,847,587 remained.

Defeased Debt

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

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

1996 Debt Issue	\$ 24,080,000
2001 School Building	7,410,000
2001 School Building and Site Bonds	<u>31,775,000</u>
Total	<u>\$ 63,265,000</u>

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

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

Note 10 - Pension Plans and Post Employment Benefits

Organization

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State), originally created under Public Act 136 of 1945, recodified, and currently operating under the provisions of Public Act

300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member. The Governor appointed board members consist of:

- Two active classroom teachers or other certified school personnel.
- One active member or retiree from a non-certified support position.
- One active school system superintendent.
- One active finance or operations (non-superintendent) member.
- One retiree from a classroom teaching position.
- One retiree from a finance or operations management position.
- One administrator or trustee of a community college that is a reporting unit of the System.
- Two from the general public, one with health insurance or actuarial science experience and one with institutional investment experience.
- One elected member of a reporting unit's board of control.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees' Retirement Act. There are 685 participating employers. A list of employers is provided in the Statistical Section. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges and seven universities may be members. The seven universities are: Eastern Michigan, Central Michigan, Northern Michigan, Western Michigan, Ferris State, Michigan Technological, and Lake Superior State. Employees, who first become employed by one of the seven universities on or after January 1, 1996, become members of an alternative plan.

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

MPSERS issues a publicly-available Comprehensive Annual Financial Report. That report may be obtained by writing to ORS at P.O. Box 30171, Lansing, Michigan 48909-7671, or on the Internet at <http://www.michigan.gov/orsschools>.

Membership – At September 30, 2014, the System's membership consisted of the following:

Inactive plan members or their beneficiaries

currently receiving benefits:

Regular benefits	181,489
Survivor benefits	16,855
Disability benefits	6,168
Total	<u>204,512</u>

Inactive plan members entitled to, but not yet receiving benefits:

16,979

Active plan members:

Vested	108,934
Non-vested	<u>101,843</u>

Total

210,777

Total plan members

432,268

Benefits Provided – Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to

receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Member Contributions – Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987, through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates as a percent of wages: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12

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months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Their options are described in detail under Pension Reform 2012. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

Employer Contributions

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits.

Summary of Significant Accounting Policies

Basis of Accounting and Presentation – The System's financial statements are prepared using the accrual basis of accounting. Contributions from the employers are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. The reserves are described below and details are provided in the supporting schedules.

GASB Statement No. 67, which was adopted during the year ended September 30, 2014, addresses accounting and financial reporting requirements for pension plans. The requirements for GASB Statement No. 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information.

Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The implementation of GASB Statement No. 67 did not significantly impact the accounting for accounts receivable and investment balances.

Reserves – Reserve for Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Retired Benefit Payments for regular and disability retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Employer Contributions representing unclaimed funds.

Members no longer contribute to this reserve except to purchase eligible service credit or repay previously refunded contributions. At September 30, 2014, the balance in this reserve was \$1.5 billion.

Reserve for Pension Plus Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Pension Plus Retired Benefit Payments for regular retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Pension Plus Employer Contributions representing unclaimed funds. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was \$59.5 million.

Reserve for Member Investment Plan - This reserve represents MIP contributions and interest less refunds and transfers to the Reserve for Retired Benefit Payments. At September 30, 2014, the balance in this reserve was \$4.7 billion.

Reserve for Employer Contributions - This reserve represents all employer contributions, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually. Amounts are transferred annually to the Reserve for Retired Benefit Payments to bring the balance of that reserve into

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balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was a deficit of (\$25.8) billion.

Reserve for Pension Plus Employer Contributions - This reserve represents all employer contributions for Pension Plus members, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually at a rate of 7%. Amounts are transferred annually to the Reserve for Retired Pension Plus Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was \$55.5 million.

Reserve for Retired Benefit Payments - This reserve represents payments of future retirement benefits to current retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was \$44.6 billion.

Reserve for Retired Pension Plus Benefit Payments - This reserve represents payments of future retirement benefits to current Pension Plus retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Pension Plus Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. Currently, there are no participants qualified to retire under this program. At September 30, 2014, the balance in this reserve was \$0.

Reserve for Undistributed Investment Income - This reserve represents all investment earnings. Interest is transferred annually to the other reserves. Administrative expenses of the System are paid from the Reserve for Administrative Expenses, which is credited with amounts from the Reserve for Undistributed Investment Income to cover the expenses. For ease of reporting and understanding, the two reserves are presented as one reserve in the supporting schedules. Public Act 143 of 1997 established a stabilization subaccount within the Reserve for Undistributed Investment Income to which any over funding is credited. As of September 30, 2014, the balance in the subaccount was zero. At September 30, 2014, the balance in this reserve was \$18.6 billion.

Reserve for Health (OPEB) Related Benefits - This reserve is credited with employee and employer contributions for retirees' health, dental, and vision benefits. Starting in fiscal year 2013, the employer contribution is based on a prefunded basis and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. In addition, in fiscal year 2014, federal funding for Medicare Part D and Employer Group Waiver Plan (EGWP) was paid directly to a third party vendor. The third party vendor uses the EGWP funding for any claims submitted and bills the system for any remaining claims outstanding. Premiums for health, dental and vision benefits are paid from this reserve. At September 30, 2014, the balance in this reserve was \$3.5 billion.

Reporting Entity – The System is a pension and other employee benefit trust fund of the State. As such, the System is considered part of the State and is included in the State's Comprehensive Annual Financial Report as a pension and other employee benefit trust fund. The System and its Board are not financially accountable for any other entities or other organizations. Accordingly, the System is the only entity included in this financial report.

Benefit Protection – Public Act 100 of 2002 was passed by the Michigan Legislature to protect pension benefits of public employees

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from alienation (being transferred). Alienation is attachment, garnishment, levy, execution, bankruptcy or other legal process, except for divorce orders or eligible domestic relation orders. The statutes governing the System contained an "anti-alienation" clause to provide for this protection; however, many smaller public pension systems did not have the benefit of this protection. Therefore, Public Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

Fair Value of Investments – Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on the net asset value reported in the financial statements of the respective investment entity. The net asset value is determined in accordance with governing documents of the investment entity, and is subject to an independent annual audit. Securities purchased with cash collateral under securities lending activities are recorded at estimated fair value. Other investments not having an established market are recorded at estimated fair value.

Investment Income – Dividend and interest income is recognized on the accrual basis. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date (the date upon which the transaction is initiated), except for purchase and sale of mortgages, real estate, and alternative investments which are recorded as of the settlement date (the date upon which the transaction is ultimately completed). The effect of recording such transactions as of the settlement date does not materially affect the financial statements.

Costs of Administering the System – Each year a restricted general fund appropriation is requested to fund the on-going business operations of the System. These administrative costs are ultimately funded by the System through the regular transfer of funds from the System to the State's general fund based on either a direct cost or

allocation basis depending on the nature of the expense. Costs of administering the System are financed by undistributed investment income of the System.

Property and Equipment – Office space is leased from the State on a year to year basis. Office equipment is capitalized if the value exceeds \$5,000. These assets are recorded at cost and are reported net of depreciation in the Statement of Pension Plan and Other Post-employment Benefit Plan Fiduciary Net Position. Such assets are depreciated on a straight-line basis over 10 years. As of September 30, 1998, all capitalized equipment was fully depreciated. No additional equipment has been capitalized for the System since that date.

Related Party Transactions – Leases and Services - The System leases operating space and purchases certain administrative, data processing, legal and investment services from the State. The space and services are not otherwise available by competitive bid. The schedule below summarizes costs incurred by the System for such services.

Building rentals	\$ 789,000
Technological support	10,420,000
Attorney general	417,000
Investment services	12,846,000
Personnel services	9,922,000

Cash – At September 30, 2014, the System had \$246.7 million in a common cash investment pool maintained for various State operating funds. The participating funds in the common cash pool earn interest at various rates depending upon prevailing short-term interest rates. Earnings from these activities amounted to (\$0.6) thousand for the year ended September 30, 2014.

Contributions and Funding Status

The majority of the members currently participate on a contributory basis, as described above under "Benefits Provided." Employers are

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required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of the September 30, 2014 valuation will be amortized over a 22 year period for the plan's 2014 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2014.

Pension Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	18.34 - 19.61%
Member Investment Plan	3.0 - 7.0	18.34 - 19.61
Pension Plus	3.0 - 6.4	18.11
Defined Contribution	0.0	15.44 - 16.61

The System may reconcile with actuarial requirements annually. If the system reconciles in a year, any funding excess or deficiency for pension benefits is smoothed over a maximum of 5 years, with at least one-fifth (20%) of the funding excess or deficiency included in the subsequent year's contribution. This payment is not recognized as a payable or receivable in the accounting records. If the System does not reconcile in a year, any funding excess or deficiency for pension benefits is accounted for in subsequent required contributions over the remaining amortization period. For fiscal year 2014, the System did not reconcile.

In May 1996, the Internal Revenue Service issued a private letter ruling allowing the System's members to purchase service credit and repay refunds using tax-deferred (pre-tax) dollars. The program was implemented in fiscal year 1998, and payments began in fiscal year 1999.

The program allows members to purchase service credit and repay refunds on a tax-deferred basis. Members sign an irrevocable agreement that identifies the contract duration, monthly payment, total contract amount and years of service credit being purchased. The duration of the contract can range from 1 to 20 years. The amounts are withheld from members' paychecks and are treated as employer pick-up contributions pursuant to Internal Revenue Code Section 414(h). At September 30, 2014, there were 16,503 agreements. The agreements were discounted using the assumed actuarial rate of return of 8% for September 30, 2014. The average remaining length of a contract was approximately 6.0 years for 2014. The short-term receivable was \$29.7 million and the discounted long-term receivable was \$83.6 million at September 30, 2014.

Net Pension Liability

Measurement of the MPSERS Net Pension Liability – The plan's net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

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MPSERS (Plan) Net Pension Liability – As of September 30, 2014:

Total Pension Liability	\$ 65,160,887,182
Plan Fiduciary Net Position	43,134,384,072
Net Pension Liability	<u>\$ 22,026,503,110</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.20%
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Net Pension Liability as a Percentage of Covered-Employee Payroll	250.11%
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Year one MPSERS implementation of GASB Statement No. 68 recognizes a 0.00% change in the employers' proportionate share between beginning net pension liability and ending net pension liability.

MPSERS (Plan) Net Pension Liability – As of October 1, 2013

Total Pension Liability	\$ 62,859,499,994
Plan Fiduciary Net Position	<u>39,427,686,072</u>
Net Pension Liability	<u>\$ 23,431,813,922</u>

Proportionate Share of Reporting Unit's Net Pension Liability – At September 30, 2014, the School District reported a liability of \$62,505,002 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013. The School District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2014, the School District's proportionate share percent was 0.28376 percent, which is unchanged since the prior measurement date.

Long-Term Expected Return on Plan Assets – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	4.8%
Alternative Investment Pools	18.0	8.5
International Equity	16.0	6.1
Fixed Income Pools	10.5	1.5
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	15.5	6.3
Short Term Investment Pools	2.0	(0.2)
	<u>100.0%</u>	

*Long term rate of return does not include 2.5% inflation

Rate of Return – For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 12.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Discount Rate – A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long- term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – As required by GASB Statement No. 68, the following presents the School District's proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease (Non-Hybrid/Hybrid)* 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0% / 8.0%
\$ 82,403,447	\$ 62,502,002	\$ 45,734,741

*Long term rate of return does not include 2.5% inflation

Timing of the Valuation – An actuarial valuation to determine the total pension liability is required to be performed every year. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total pension liability is required to be rolled forward from the actuarial valuation date to the pension plan's fiscal year end.

The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions – Actuarial valuations for the pension plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Additional information as of the latest actuarial valuation follows:

Actuarial Assumptions:

- Wage inflation rate: 3.5%
- Investment Rate of returns:
 - MIP and Basic Plans (Non-Hybrid): 8.0%
 - Pension Plus Plan (Hybrid): 7.0%

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

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The experience study is included in the actuarial valuation described above.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.8457
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the MPSERS Comprehensive Annual Financial Report.

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

For the year ended June 30, 2015, the School District recognized total pension expense of \$5,062,960. At June 30, 2015, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 2,306,190	\$ -
Net difference between projected and actual earnings on pension plan investments	-	6,909,622
Changes in proportion and differences between employer contributions and proportionate share of contributions	473	-
Employer contributions subsequent to the measurement date	4,580,276	-
	<u>\$ 6,886,939</u>	<u>\$ 6,909,622</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflows) and Deferred Outflows of Resources by Year

Plan Year Ending September 30	Amount:
2015	\$ 3,452,673
2016	(1,127,602)
2017	(1,127,602)
2018	(1,220,152)
Total	<u>\$ (22,683)</u>

Oxford Community Schools
Notes to the Financial Statements
June 30, 2015

Post-Employment Benefits

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

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

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

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

For the periods July 1, 2014 through September 30, 2014, and October 1, 2014 through June 30, 2015, the employer contribution rate ranged from 5.52% to 6.45% and 2.20% to 2.71%, respectively.

The School District's actual contributions match the required contributions for the years ended June 30, 2015, 2014, and 2013 and were approximately \$87800, \$1,664,000, and \$1,900,000, respectively.

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, 2015.

Note 12 - Prior Period Adjustment

As indicated in Note 1, the School District has adopted Government Accounting Standards Board Statements 68 and 71. These statements require the School District to record their proportionate share of the net pension liability and pension expense. Previously these amounts were not recorded on the School District's statements. The standards require this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2014, by \$63,000,578, restating it from a deficit of \$22,681,292 to a deficit of \$85,681,870.

Note 13 – Subsequent Events

In August 2015, the District issued bonds titled 2015 Refunding Bonds, Series A and 2015 Refunding Bonds, Series B. The proceeds of those issues were used to fund an escrow account to refund the 2004 Refunding Bonds and the 2005 Refunding Bonds and to repay a portion the School Bond Loan Fund principal and related accreted interest.

REQUIRED SUPPLEMENTARY INFORMATION

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 5,761,631	\$ 5,658,040	\$ 5,375,976	\$ (282,064)
State sources	39,663,884	40,727,155	40,866,876	139,721
Federal sources	1,332,292	1,538,765	1,448,937	(89,828)
Interdistrict sources	<u>1,984,883</u>	<u>2,087,959</u>	<u>2,082,268</u>	<u>(5,691)</u>
 Total revenues	 <u>48,742,690</u>	 <u>50,011,919</u>	 <u>49,774,057</u>	 <u>(237,862)</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Instruction				
Basic programs	\$ 25,795,143	\$ 25,966,239	\$ 26,060,154	\$ 93,915
Added needs	4,809,259	5,311,594	5,163,733	(147,861)
Supporting services				
Pupil	2,795,589	2,937,893	2,930,334	(7,559)
Instructional staff	1,484,567	1,950,091	1,955,702	5,611
General administration	489,889	565,106	595,431	30,325
School administration	2,883,404	3,062,460	3,138,105	75,645
Business	665,588	744,165	666,587	(77,578)
Operations and maintenance	3,400,043	3,252,075	3,035,743	(216,332)
Pupil transportation services	2,177,736	2,180,471	2,053,767	(126,704)
Central	1,999,594	2,015,705	1,891,410	(124,295)
Athletics	851,049	937,620	881,995	(55,625)
Other	747,682	524,845	456,908	(67,937)
Community services	23,749	63,065	29,629	(33,436)
Intergovernmental payments	250,000	165,000	117,932	(47,068)
Capital outlay	276,519	371,214	349,997	(21,217)
Debt service				
Principal	172,950	172,950	172,950	-
Interest and fiscal charges	84,400	84,400	84,400	-
 Total expenditures	<u>48,907,161</u>	<u>50,304,893</u>	<u>49,584,777</u>	<u>(720,116)</u>
 Excess (deficiency) of revenues over expenditures	<u>(164,471)</u>	<u>(292,974)</u>	<u>189,280</u>	<u>482,254</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other financing sources				
Proceeds from sale of capital assets	\$ -	\$ 5,850	\$ 6,200	\$ 350
Transfers in	<u>164,471</u>	<u>176,959</u>	<u>122,106</u>	<u>(54,853)</u>
Total other financing sources (uses)	<u>164,471</u>	<u>182,809</u>	<u>128,306</u>	<u>(54,503)</u>
Net change in fund balance	-	(110,165)	317,586	427,751
Fund balance - beginning	<u>5,842,739</u>	<u>5,842,739</u>	<u>5,842,739</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 5,842,739</u></u>	<u><u>\$ 5,732,574</u></u>	<u><u>\$ 6,160,325</u></u>	<u><u>\$ 427,751</u></u>

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

		June 30,									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
A.	Reporting unit's proportion of net pension liability (%)	0.28%									
B.	Reporting unit's proportionate share of net pension liability	\$ 62,502,002									
C.	Reporting unit's covered-employee payroll	\$ 24,176,085									
D.	Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	258.53%									
E.	Plan fiduciary net position as a percentage of total pension liability	60.22%									

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

		For the Years Ended June 30,									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
A.	Statutorily required contributions	\$ 4,406,934									
B.	Contributions in relation to statutorily required contributions	<u>4,406,934</u>									
C.	Contribution deficiency (excess)	<u>\$ -</u>									
D.	Reporting unit's covered-employee payroll	25,279,228									
E.	Contributions as a percentage of covered-employee payroll	17.43%									

OTHER SUPPLEMENTARY INFORMATION

Oxford Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds		Debt Service Funds					Total Nonmajor Governmental Funds
	Cafeteria	Community Services	2004 Debt	2005 Debt	2006 Debt	2010A Debt	2010B Debt	
Assets								
Cash	\$ 746,766	\$ 323,888	\$ 319	\$ 309	\$ 326	\$ 779	\$ 894	\$ 1,073,281
Accounts receivable	-	4,636	-	-	-	-	-	4,636
Due from other funds	-	-	53,917	42,383	65,320	8	-	161,628
Due from other governmental units	21,485	159,902	-	-	-	-	-	181,387
Inventory	45,192	-	-	-	-	-	-	45,192
Restricted cash	-	-	-	-	-	-	1,153,846	1,153,846
Total assets	\$ 813,443	\$ 488,426	\$ 54,236	\$ 42,692	\$ 65,646	\$ 787	\$ 1,154,740	\$ 2,619,970
Liabilities								
Accounts payable	\$ 48,485	\$ 15,544	\$ 1,347	\$ 1,077	\$ 1,935	\$ 787	\$ 1,481	\$ 70,656
Due to other funds	101,608	163,717	-	-	-	-	191,509	456,834
Due to other governmental units	105	1,623	-	-	-	-	-	1,728
Payroll and related withholdings	632	7,239	-	-	-	-	-	7,871
Accrued salaries payable	1,590	21,524	-	-	-	-	-	23,114
Unearned revenues	22,828	89,277	-	-	-	-	-	112,105
Total liabilities	175,248	298,924	1,347	1,077	1,935	787	192,990	672,308
Fund Balance								
Non-spendable								
Inventory	45,192	-	-	-	-	-	-	45,192
Restricted for								
Cafeteria	593,003	-	-	-	-	-	-	593,003
Debt service	-	-	52,889	41,615	63,711	-	961,750	1,119,965
Committed for								
Community services	-	189,502	-	-	-	-	-	189,502
Total fund balance	638,195	189,502	52,889	41,615	63,711	-	961,750	1,947,662
Total liabilities and fund balance	\$ 813,443	\$ 488,426	\$ 54,236	\$ 42,692	\$ 65,646	\$ 787	\$ 1,154,740	\$ 2,619,970

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, 2015

	Special Revenue Funds		Debt Service Funds					Total Nonmajor Governmental Funds
	Cafeteria	Community Services	2004 Debt	2005 Debt	2006 Debt	2010A Debt	2010B Debt	
Revenues								
Local sources	\$ 1,175,590	\$ 902,192	\$ 1,348,757	\$ 941,597	\$ 1,583,145	\$ 1,036,293	\$ 1,155,195	\$ 8,142,769
State sources	74,480	668,703	-	-	-	-	-	743,183
Federal sources	690,172	-	-	-	-	290,018	806,490	1,786,680
Total revenues	1,940,242	1,570,895	1,348,757	941,597	1,583,145	1,326,311	1,961,685	10,672,632
Expenditures								
Current								
Education								
Food services	1,820,999	-	-	-	-	-	-	1,820,999
Community services	-	1,472,704	-	-	-	-	-	1,472,704
Debt service								
Principal	-	-	2,020,000	2,495,000	100,000	600,000	-	5,215,000
Interest and other expenditures	-	-	1,172,703	474,371	1,429,528	896,695	999,935	4,973,232
Total expenditures	1,820,999	1,472,704	3,192,703	2,969,371	1,529,528	1,496,695	999,935	13,481,935
Excess (deficiency) of revenues over expenditures	119,243	98,191	(1,843,946)	(2,027,774)	53,617	(170,384)	961,750	(2,809,303)
Other financing sources (uses)								
Proceeds from school bond loan fund	-	-	1,883,730	2,063,293	3,675	166,166	-	4,116,864
Transfers out	(69,606)	(52,500)	-	-	-	-	-	(122,106)
Total other financing sources (uses)	(69,606)	(52,500)	1,883,730	2,063,293	3,675	166,166	-	3,994,758
Net change in fund balance	49,637	45,691	39,784	35,519	57,292	(4,218)	961,750	1,185,455
Fund balance - beginning	588,558	143,811	13,105	6,096	6,419	4,218	-	762,207
Fund balance - ending	\$ 638,195	\$ 189,502	\$ 52,889	\$ 41,615	\$ 63,711	\$ -	\$ 961,750	\$ 1,947,662

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 4,351,390	\$ 4,290,292	\$ 4,184,370	\$ (105,922)
Tuition	663,000	550,182	565,817	15,635
Interest earnings	2,000	2,000	3,650	1,650
Student activities	112,786	98,286	117,655	19,369
Other local revenues	632,455	717,280	504,484	(212,796)
Total revenues from local sources	<u>5,761,631</u>	<u>5,658,040</u>	<u>5,375,976</u>	<u>(282,064)</u>
Revenues from state sources				
Grants	34,767,439	35,343,936	35,375,706	31,770
Grants - restricted	4,896,445	5,383,219	5,491,170	107,951
Total revenues from state sources	<u>39,663,884</u>	<u>40,727,155</u>	<u>40,866,876</u>	<u>139,721</u>
Revenues from federal sources				
Grants	<u>1,332,292</u>	<u>1,538,765</u>	<u>1,448,937</u>	<u>(89,828)</u>
Interdistrict sources				
ISD collected millage	1,894,883	1,962,836	1,970,174	7,338
Other	90,000	125,123	112,094	(13,029)
Total interdistrict sources	<u>1,984,883</u>	<u>2,087,959</u>	<u>2,082,268</u>	<u>(5,691)</u>
Other financing sources				
Proceeds from sale of capital assets	-	5,850	6,200	350
Transfers in	164,471	176,959	122,106	(54,853)
Total other financing sources	<u>164,471</u>	<u>182,809</u>	<u>128,306</u>	<u>(54,503)</u>
Total revenue and other financing sources	<u>\$ 48,907,161</u>	<u>\$ 50,194,728</u>	<u>\$ 49,902,363</u>	<u>\$ (292,365)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 6,493,331	\$ 6,484,709	\$ 6,524,678	\$ 39,969
Employee benefits	4,074,910	4,067,558	4,232,028	164,470
Purchased services	264,494	219,644	279,271	59,627
Supplies and materials	228,554	260,268	259,061	(1,207)
Other	4,075	4,075	2,205	(1,870)
Total elementary	11,065,364	11,036,254	11,297,243	260,989
Basic program - middle school				
Salaries	2,884,556	2,826,467	2,754,046	(72,421)
Employee benefits	1,836,024	1,834,166	1,783,951	(50,215)
Purchased services	49,280	66,100	63,239	(2,861)
Supplies and materials	106,000	83,975	94,384	10,409
Total middle school	4,875,860	4,810,708	4,695,620	(115,088)
Basic program - high school				
Salaries	4,999,445	5,166,854	5,202,547	35,693
Employee benefits	3,012,392	3,102,770	3,181,627	78,857
Purchased services	1,489,351	1,574,745	1,448,744	(126,001)
Supplies and materials	262,261	210,659	203,050	(7,609)
Other	33,100	10,215	5,065	(5,150)
Total high school	9,796,549	10,065,243	10,041,033	(24,210)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - summer school				
Salaries	\$ 40,150	\$ 37,090	\$ 18,947	\$ (18,143)
Employee benefits	16,220	15,944	7,286	(8,658)
Supplies and materials	1,000	1,000	25	(975)
Total summer school	57,370	54,034	26,258	(27,776)
Added needs - special education				
Salaries	2,211,024	2,435,705	2,338,017	(97,688)
Employee benefits	1,483,186	1,667,664	1,636,836	(30,828)
Purchased services	57,306	73,952	56,401	(17,551)
Supplies and materials	9,706	48,689	46,256	(2,433)
Total special education	3,761,222	4,226,010	4,077,510	(148,500)
Added needs - compensatory education				
Salaries	111,926	168,223	169,430	1,207
Employee benefits	68,830	107,757	108,406	649
Purchased services	2,000	3,002	3,549	547
Supplies and materials	17,163	56,567	46,671	(9,896)
Total compensatory education	199,919	335,549	328,056	(7,493)
Added needs - career and technical education				
Salaries	442,233	364,385	372,108	7,723
Employee benefits	265,562	219,001	221,432	2,431
Purchased services	44,144	77,706	85,039	7,333
Supplies and materials	96,179	88,943	79,588	(9,355)
Total career and technical education	848,118	750,035	758,167	8,132

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - truancy/absenteeism services				
Salaries	\$ 36,360	\$ 85,000	\$ 85,000	\$ -
Employee benefits	32,799	59,899	73,203	13,304
Total truancy/absenteeism services	69,159	144,899	158,203	13,304
Pupil - guidance services				
Salaries	595,075	495,935	463,831	(32,104)
Employee benefits	373,483	329,886	295,371	(34,515)
Purchased services	4,000	4,000	1,374	(2,626)
Supplies and materials	1,000	1,000	1,000	-
Total guidance services	973,558	830,821	761,576	(69,245)
Pupil - health services				
Purchased services	159,000	159,000	140,677	(18,323)
Pupil - psychological services				
Salaries	213,592	250,399	248,704	(1,695)
Employee benefits	137,803	174,931	175,078	147
Purchased services	30,900	900	491	(409)
Supplies and materials	3,000	3,000	2,198	(802)
Total psychological services	385,295	429,230	426,471	(2,759)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - speech services				
Salaries	\$ 302,571	\$ 307,263	\$ 308,375	\$ 1,112
Employee benefits	198,847	201,964	205,298	3,334
Purchased services	800	26,800	24,660	(2,140)
Supplies and materials	2,000	2,000	-	(2,000)
Total speech services	504,218	538,027	538,333	306
Pupil - social work services				
Salaries	226,408	286,635	291,494	4,859
Employee benefits	139,403	184,265	193,976	9,711
Purchased services	600	600	1,052	452
Supplies and materials	1,000	1,000	1,000	-
Total social work services	367,411	472,500	487,522	15,022
Pupil - teacher consultant				
Salaries	109,367	109,949	158,770	48,821
Employee benefits	64,419	64,616	106,053	41,437
Purchased services	500	800	932	132
Supplies and materials	200	200	-	(200)
Total teacher consultant	174,486	175,565	265,755	90,190
Pupil - other support services				
Salaries	30,423	16,562	14,275	(2,287)
Employee benefits	13,135	7,385	6,665	(720)
Purchased services	118,904	163,904	130,857	(33,047)
Total other pupil support services	162,462	187,851	151,797	(36,054)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - improvement of education				
Salaries	\$ 100,867	\$ 337,627	\$ 322,091	\$ (15,536)
Employee benefits	73,218	148,013	215,806	67,793
Purchased services	137,297	139,807	131,355	(8,452)
Supplies and materials	12,275	9,442	5,654	(3,788)
Other	87,925	84,957	87,928	2,971
Total improvement of education	411,582	719,846	762,834	42,988
Instructional staff - educational media services				
Salaries	190,014	197,518	191,382	(6,136)
Employee benefits	159,013	161,548	169,002	7,454
Purchased services	3,000	3,000	6,744	3,744
Supplies and materials	9,572	9,572	8,554	(1,018)
Total educational media services	361,599	371,638	375,682	4,044
Instructional staff - educational television				
Salaries	10,000	1,459	1,559	100
Employee benefits	4,136	1,278	619	(659)
Total educational television	14,136	2,737	2,178	(559)
Instructional staff - technology assisted instruction				
Purchased services	35,000	36,841	32,657	(4,184)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - supervision and direction of instructional staff				
Salaries	\$ 352,060	\$ 446,417	\$ 453,995	\$ 7,578
Employee benefits	216,340	240,298	238,921	(1,377)
Purchased services	76,100	74,700	60,032	(14,668)
Supplies and materials	1,500	1,475	439	(1,036)
Other	250	275	250	(25)
Total supervision and direction of instructional staff	646,250	763,165	753,637	(9,528)
Instructional staff - academic student assessment				
Supplies and materials	16,000	17,220	17,220	-
General administration - board of education				
Salaries	8,000	9,470	7,830	(1,640)
Employee benefits	631	748	631	(117)
Purchased services	73,000	134,263	129,083	(5,180)
Other	8,750	8,400	8,373	(27)
Total board of education	90,381	152,881	145,917	(6,964)
General administration - executive administration				
Salaries	214,170	235,717	279,064	43,347
Employee benefits	126,488	121,658	136,544	14,886
Purchased services	21,450	17,450	5,286	(12,164)
Supplies and materials	10,400	10,080	5,522	(4,558)
Other	27,000	27,320	23,098	(4,222)
Total executive administration	399,508	412,225	449,514	37,289

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
School administration - office of the principal				
Salaries	\$ 1,741,312	\$ 1,860,234	\$ 1,861,195	\$ 961
Employee benefits	1,093,392	1,148,131	1,212,189	64,058
Purchased services	400	-	5,477	5,477
Supplies and materials	36,100	45,495	50,698	5,203
Other	12,200	8,600	8,546	(54)
Total office of the principal	2,883,404	3,062,460	3,138,105	75,645
Business - fiscal services				
Salaries	241,972	232,823	231,488	(1,335)
Employee benefits	122,466	147,312	154,326	7,014
Purchased services	158,550	232,850	211,659	(21,191)
Supplies and materials	7,000	2,380	2,681	301
Other	3,100	3,100	2,247	(853)
Total fiscal services	533,088	618,465	602,401	(16,064)
Business - other				
Other	132,500	125,700	64,186	(61,514)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Operations and maintenance - operating building services				
Salaries	\$ 195,242	\$ 165,876	\$ 168,672	\$ 2,796
Employee benefits	134,136	124,230	122,439	(1,791)
Purchased services	1,990,965	1,889,643	1,600,557	(289,086)
Supplies and materials	1,077,200	1,068,331	1,137,533	69,202
Other	2,500	2,500	443	(2,057)
Total operating building services	3,400,043	3,250,580	3,029,644	(220,936)
Pupil transportation services				
Salaries	1,086,082	1,058,783	1,040,615	(18,168)
Employee benefits	627,032	635,846	668,502	32,656
Purchased services	87,622	108,842	74,255	(34,587)
Supplies and materials	372,500	372,500	267,794	(104,706)
Other	4,500	4,500	2,601	(1,899)
Total transportation services	2,177,736	2,180,471	2,053,767	(126,704)
Central - communication services				
Salaries	86,936	79,037	79,375	338
Employee benefits	65,076	63,044	57,971	(5,073)
Purchased services	108,500	103,476	87,453	(16,023)
Supplies and materials	7,000	2,367	794	(1,573)
Total communication services	267,512	247,924	225,593	(22,331)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services				
Salaries	\$ 224,216	\$ 227,034	\$ 227,035	\$ 1
Employee benefits	138,558	139,396	140,740	1,344
Purchased services	18,847	19,847	10,079	(9,768)
Supplies and materials	3,600	3,600	726	(2,874)
Other	1,500	1,500	1,002	(498)
Total staff/personnel services	386,721	391,377	379,582	(11,795)
Central - support services technology				
Salaries	450,876	458,781	437,343	(21,438)
Employee benefits	314,177	316,842	274,589	(42,253)
Purchased services	298,700	353,339	330,909	(22,430)
Supplies and materials	10,000	9,998	8,115	(1,883)
Total support services technology	1,073,753	1,138,960	1,050,956	(88,004)
Central - pupil accounting				
Salaries	131,481	105,706	104,256	(1,450)
Employee benefits	107,472	98,566	86,599	(11,967)
Purchased services	200	1,747	1,837	90
Supplies and materials	1,000	1,000	980	(20)
Other	500	425	425	-
Total pupil accounting	240,653	207,444	194,097	(13,347)
Central - other				
Purchased services	30,000	30,000	41,182	11,182

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Athletic activities				
Salaries	\$ 313,010	\$ 325,358	\$ 319,209	\$ (6,149)
Employee benefits	158,327	173,357	162,165	(11,192)
Purchased services	314,662	368,411	330,636	(37,775)
Supplies and materials	63,050	67,709	67,200	(509)
Total athletic activities	851,049	937,620	881,995	(55,625)
Other supporting services				
Salaries	78,019	97,975	97,975	-
Employee benefits	49,883	58,596	48,860	(9,736)
Purchased services	132,245	140,221	76,304	(63,917)
Supplies and materials	60,700	52,070	23,688	(28,382)
Other	426,835	175,983	210,081	34,098
Total other supporting services	747,682	524,845	456,908	(67,937)
Community services - community recreation				
Salaries	1,000	2,850	2,113	(737)
Employee benefits	414	1,201	888	(313)
Purchased services	3,690	4,399	2,898	(1,501)
Supplies and materials	4,600	6,250	4,133	(2,117)
Total community recreation	9,704	14,700	10,032	(4,668)
Community services - community activities				
Salaries	1,000	3,000	1,769	(1,231)
Employee benefits	414	1,279	216	(1,063)
Purchased services	3,643	40,386	12,471	(27,915)
Supplies and materials	6,488	1,200	2,641	1,441
Other	2,500	2,500	2,500	-
Total community activities	14,045	48,365	19,597	(28,768)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Intergovernmental payments				
Payments to other public schools	\$ 250,000	\$ 165,000	\$ 117,932	\$ (47,068)
Capital outlay				
Basic program - elementary	3,669	3,669	1,880	(1,789)
Basic program - middle school	6,200	39,508	39,508	-
Basic program - high school	105,000	100,416	86,320	(14,096)
Added needs - special education	-	34,000	34,000	-
Added needs - career and technical education	24,150	47,643	47,643	-
Pupil - other support services	-	3,000	-	(3,000)
Instructional staff - improvement of education	3,000	765	765	-
Business - fiscal services	-	4,620	4,620	-
Operations and maintenance - operating building services	10,000	10,000	-	(10,000)
Pupil transportation services	109,000	110,393	119,235	8,842
Central - communication services	8,000	-	-	-
Central - support services technology	-	12,200	12,127	(73)
Athletic services	5,000	5,000	3,899	(1,101)
Community services - community recreation	2,500	-	-	-
Total capital outlay	276,519	371,214	349,997	(21,217)
Debt service				
Principal	172,950	172,950	172,950	-
Interest and other expenditures	84,400	84,400	84,400	-
Total debt service	257,350	257,350	257,350	-
Total expenditures and financing uses	\$ 48,907,161	\$ 50,304,893	\$ 49,584,777	\$ (720,116)

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

2004 Refunding Issue

<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>
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	<u>54,000</u>	<u>54,000</u>	<u>2,160,000</u>	<u>2,268,000</u>
Total		<u>\$ 3,015,000</u>	<u>\$ 3,015,000</u>	<u>\$ 21,865,000</u>	<u>\$ 27,895,000</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

2005 Refunding Issue

<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>
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>\$ 344,700</u>	<u>\$ 344,700</u>	<u>\$ 7,410,000</u>	<u>\$ 8,099,400</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

2006 Refunding Issue

<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>
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	<u>52,609</u>	<u>52,609</u>	<u>2,405,000</u>	<u>2,510,218</u>
Total		<u>\$ 7,043,913</u>	<u>\$ 7,043,913</u>	<u>\$ 32,620,000</u>	<u>\$ 46,707,826</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

2007 Energy Bond

Year Ending June 30,	Interest Rate (Percent)	Interest Due May 1	Principal Due May 1	Total
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>\$ 318,653</u>	<u>\$ 2,018,744</u>	<u>\$ 2,337,397</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

2010 School Building and Site Bonds, Series A

<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>
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>\$ 7,022,262</u>	<u>\$ 7,022,262</u>	<u>\$ 14,735,000</u>	<u>\$ 28,779,524</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

2010 School Building and Site Bonds, Series B

<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>
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	<u>496,875</u>	<u>496,875</u>	<u>15,000,000</u>	<u>15,993,750</u>
Total		<u>\$ 5,962,500</u>	<u>\$ 5,962,500</u>	<u>\$ 15,000,000</u>	<u>\$ 26,925,000</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

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>
2016	2.250	<u>\$ 115,301</u>	<u>\$ 115,301</u>	<u>\$ 10,225,000</u>	<u>\$ 10,455,602</u>

CONTINUING DISCLOSURES (UNAUDITED)

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2015**

Enrollment

Ten-year Blended Count History	Blended Count	School Year	Blended Count		
2015-2016 Initial Budget	5,594	2009-2010	4,547		
2014-2015	5,504	2008-2009	4,373		
2013-2014	5,411	2007-2008	4,327		
2012-2013	5,417	2006-2007	4,289		
2011-2012	4,966	2005-2006	4,172		
2010-2011	4,713				
2013-2014	Enrollment	Grade	Enrollment	Grade	Enrollment
Early On/ECSE	20	6th	359	Post High School	12
Kindergarten	336	7th	417	International Academy	2
1st	276	8th	354	Oxford Bridges	55
2nd	385	9th	423	Oxford Virtual Academy	500
3rd	352	10th	404	Early College	95
4th	352	11th	352	Oxford Crossroads	50
5th	389	12th	328	St. Joseph Partnership	41
				Section 25e Adjustment	2

Labor Relations

Class	Number	Affiliation	Contract Expires
Teachers and Instructional Staff	316	Oxford Education Association	8/31/2016
Transportation, Food Service, Maintenance	100	AFSCME	8/31/2016
Administrators	17	Oxford Administrators Association	7/31/2016
Secretaries & Paraprofessionals	72	OESPA	6/30/2016
Child Care	55	Not affiliated	N/A
Tutorial Assistants	10	Not affiliated	N/A
Crossing Guards	8	Not affiliated	N/A
Central Office Secretaries	19	Not affiliated	N/A
Central Office Administrators	6	Not affiliated	N/A
Other Employees	21	Not affiliated	N/A
TOTAL	624		

Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2015

Retirement Plan

Contributions Period	Contribution Rate	Fiscal Year Ended June 30	Contributions to MPSERS	
October 1, 2015 - September 30, 2016	25.78%	2016	\$ 8,586,648	Management's estimate
October 1, 2014 - September 30, 2015	25.78%	2015	8,607,307	
October 1, 2013 - September 30, 2014	24.79%	2014	7,229,184	
October 1, 2012 - September 30, 2013	25.36%	2013	6,372,985	
October 1, 2011 - September 30, 2012	24.46%	2012	5,598,499	
November 1, 2010 - September 30, 2011	20.66%	2011	4,722,363	
October 1, 2010 - October 31, 2010	19.41%	2010	3,885,279	
October 1, 2009 - September 30, 2010	16.94%			

History of Valuation - State Equalized Valuation and Taxable Valuation

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

Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2015

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>
2015-2016	\$ 5,173,764	In process of collection		Not available	
2014-2015	4,296,890	4,044,639	94.13%	4,118,799	95.86%
2013-2014	3,956,084	3,644,321	92.12%	3,938,515	99.56%
2012-2013	4,014,845	3,626,736	90.33%	3,950,585	98.40%
2011-2012	4,121,812	4,040,641	98.03%	4,101,971	99.52%
2010-2011	4,260,486	3,714,866	87.19%	4,255,798	99.89%
2009-2010	4,687,283	3,689,544	78.71%	4,670,317	99.64%

State Aid Payments

<u>School Year</u>	<u>Blended Pupil Count</u>	<u>Total State Aid School Year</u>
2015-2016	5,594	\$ 41,672,243 Initial budget
2014-2015	5,504	41,018,253
2013-2014	5,411	38,581,958
2012-2013	5,417	37,849,360
2011-2012	4,966	34,464,471
2010-2011	4,713	32,076,945
2009-2010	4,547	30,201,345

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating	17.9442	17.9946	17.9946	17.9946	17.9946	17.9946
Debt	7.9000	7.9000	7.0000	7.0000	7.0000	7.0000
Total homestead	7.9000	7.9000	7.0000	7.0000	7.0000	7.0000
Total non-homestead	25.8442	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 (Unaudited)
For the Year Ended June 30, 2015**

School Bond Loan Fund

As of June 30, 2015, the School District had an outstanding balance, including interest, of \$43,388,087* in the School Bond Loan Fund.

Source: Michigan Department of Treasury

<u>Direct Debt</u>	<u>Bond</u>	<u>Year</u>
\$ 21,865,000	2004 Refunding Bonds (UTQ)	11/16/2004 *
7,410,000	2005 Refunding Bonds (UTQ)	6/14/2005 *
32,620,000	2006 Refunding Bonds (UTQ)	12/05/2006
14,735,000	2010 BAB Bonds (GO-UTQ)	04/14/2010
15,000,000	2010 QSCB Bonds (GO-UTQ)	05/11/2010
10,225,000	2012 Refunding Bonds (UTQ)	07/18/2012
2,018,744	2007 Energy Bond	05/23/2007
<u>\$ 103,873,744</u>		

The taxpayers below represent 12.86% of the School District's 2015 total taxable valuation of \$1,023,135,286.

* In August 2015, the District issued bonds titled 2015 Refunding Bonds, Series A and 2015 Refunding Bonds, Series B. The proceeds of those issues were used to fund an escrow account to refund the 2004 Refunding Bonds and the 2005 Refunding Bonds and to repay a portion the School Bond Loan Fund principal and related accreted interest.

<u>Taxpayer</u>	<u>Service or Product</u>	<u>Taxable Value</u>
Enbridge Energy Limited ATR & Embridge LP	Utility	\$ 62,408,770
DTE Electric Company	Utility	16,571,865
Caterpillar Financial Services Corp	Financial	7,990,950
Consumers Energy	Utility	8,796,284
Meijer Inc	Retail	6,781,650
MSP Industries	Iron and Steel Forgings	6,673,660
MRG Lake Villa LLC	Mobile Home Community	6,238,120
Oxford Forge Inc	Iron and Steel Forgings	6,200,950
American Aggregates of Mich	Sand and Gravel	5,453,620
701 Market Street LLC	Iron and Steel Forgings	4,495,230
TOTAL		<u>\$ 131,611,099</u>

Sources: Township Treasurers, County Equalization

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2015**

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

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

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the General Fund of the Oxford Community Schools for fiscal year 2015-2016 which includes 17.9946 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	\$ 5,623,268
State	41,464,251
Federal	1,538,765
Other	2,258,280
TOTAL REVENUES	\$ 50,884,564
 Estimated Fund Balance July 1, 2015	 5,886,690
 TOTAL AVAILABLE TO APPROPRIATE	 \$ 56,771,254

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

Oxford Community Schools

Oxford, Michigan

Single Audit Report

June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements, and have issued our report thereon dated October 22, 2015.

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

October 22, 2015

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, 2015. 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, 2015.

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, 2015, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements. We issued our report thereon dated October 22, 2015, 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
October 22, 2015

Oxford Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1, 2014	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2015
U.S. Department of Agriculture							
Passed through Michigan Department of Education							
Nutrition Cluster							
Non-cash assistance (commodities)							
National School Lunch Program	10.555						
Entitlement Commodities		\$ 94,274	\$ -	\$ -	\$ 94,274	\$ 94,274	\$ -
Cash assistance							
National School Breakfast Program	10.553						
141970 School Breakfast Program		101,221	91,617	-	9,604	9,604	-
151970 School Breakfast Program		90,277	-	-	90,277	90,277	-
				-	99,881	99,881	-
National School Lunch Program	10.555						
141960 National School Lunch Program		470,236	411,965	-	58,271	58,271	-
151960 National School Lunch Program		413,887	-	-	413,887	413,887	-
				-	472,158	472,158	-
151980 After School Snack Program		1,193	-	-	1,193	1,193	-
				-	473,351	473,351	-
Summer Food Service Program	10.559						
140900 SFSP Operating		23,715	3,163	(4,593)	8,146	20,552	7,813
141900 SFSP Admin		2,439	325	(172)	1,137	2,114	805
				(4,765)	9,283	22,666	8,618
Total cash assistance				(4,765)	582,515	595,898	8,618
Total Nutrition Cluster				(4,765)	676,789	690,172	8,618

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Oxford Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1, 2014	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2015
U.S. Department of Education							
Passed through Michigan Department of Education							
141530-1314 Title I - Part A	84.010	\$ 280,025	\$ 243,457	\$ 118,059	132,313	\$ 14,254	\$ -
151530-1415 Title I - Part A		317,406	-	-	199,001	266,895	67,894
				118,059	331,314	281,149	67,894
151700-1415 Title I - Part D	84.013	111,250	-	-	45,880	58,571	12,691
Passed through Oakland Schools County ISD							
Special Education Cluster							
140450 IDEA Flowthrough	84.027	825,445	813,234	179,136	191,347	12,211	-
150450 IDEA Flowthrough		846,331	-	-	631,342	846,331	214,989
				179,136	822,689	858,542	214,989
140460 Preschool Incentive	84.173	25,051	23,778	5,863	7,136	1,273	-
150460 Preschool Incentive		19,439	-	-	15,866	19,439	3,573
				5,863	23,002	20,712	3,573
Total Special Education Cluster				184,999	845,691	879,254	218,562
Passed through Oakland Schools County ISD							
1314 Carl Perkins	84.048	119,486	119,486	100,874	100,874	-	-
1415 Carl Perkins		120,051	-	-	67,252	119,340	52,088
				100,874	168,126	119,340	52,088
Passed through Holly Schools							
1314 Title III Limited English Proficient Grant Program	84.365	13,647	12,226	2,551	2,551	-	-
1415 Title III Limited English Proficient Grant Program		16,419	-	-	6,632	13,086	6,454
				2,551	9,183	13,086	6,454
Passed through Bloomfield Hills Schools							
Reading Recovery FY14	84.396	1,500	1,147	(353)	-	353	-
Passed through Michigan Department of Education							
140520-1314 Title II - Part A	84.367	74,362	74,362	19,632	19,632	-	-
150520-1415 Title II - Part A		78,660	-	-	45,508	72,274	26,766
				19,632	65,140	72,274	26,766
Total U.S. Department of Education				425,762	1,465,334	1,424,027	384,455

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Oxford Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor Pass-Through Grantor Program Title Grant Number		Federal CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1, 2014	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue June 30, 2015
U.S. Department of Health and Human Services								
Passed through Oakland Livingston Human								
Services Agency (OLHSA)								
Headstart Cluster								
H-0520-14 Headstart		93.600	\$ 116,119	\$ 106,244	\$ 106,244	\$ 116,119	\$ 9,875	\$ -
Early Headstart 2014		93.600	67,046	67,046	<u>67,046</u>	<u>73,263</u>	<u>6,217</u>	<u>-</u>
Total Headstart Cluster					<u>173,290</u>	<u>189,382</u>	<u>16,092</u>	<u>-</u>
Passed through Oakland Schools County ISD								
Medicaid Outreach FY14		93.778	8,818	-	<u>-</u>	<u>8,818</u>	<u>8,818</u>	<u>-</u>
Total U.S. Department of Health and Human Services					<u>173,290</u>	<u>198,200</u>	<u>24,910</u>	<u>-</u>
Total Federal awards					<u>\$ 594,287</u>	<u>\$ 2,340,323</u>	<u>\$ 2,139,109</u>	<u>\$ 393,073</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, 2015

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, 2015.
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	Recorded as AR in in the Prior Year	Receipts reported by the District
141530-1314 Title I - Part A	\$ 44,843	\$ 87,470	\$ 132,313
140520-1314 Title II, Part A	82	19,550	19,632

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

Total expenditures reported on the Schedule of Federal Awards	\$ 2,139,109
Federal interest revenue not subject to A-133	<u>1,096,508</u>
Federal revenue reported on the Financial Statements	<u>\$ 3,235,617</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, 2015

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>
84.027, 84.173	Special Education 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, 2015

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, 2015.

SECTION III - FEDERAL AWARD FINDINGS

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

**Oxford Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2015**

SECTION IV – PRIOR AUDIT FINDINGS

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

October 22, 2015

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

We have completed our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Community Schools as of and for the year ended June 30, 2015, and have issued our report dated October 22, 2015. 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 4, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 of the financial statements. The School District has adopted Government Accounting Standards Board Statements (GASBS) No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Both statements are effective July 1, 2014. Statement No. 68 provides guidance to improve accounting and financial reporting by state and local governments for pensions. Statement No. 71 addresses the application of the transition provisions of Statement No. 68. We noted no transactions entered into by the School District during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial 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 and significant estimates affecting the Oxford Community Schools' financial statements were:

- The useful lives of capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service. We have evaluated management's estimates in these areas and the process used for making the accounting estimates, the risk of material misstatement, and the indication of possible bias and disclosure and uncertainty in the financial statements.
- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report. We noted no bias on the calculation of the estimate.

We feel the estimates have been properly recorded and evaluated by management.

Disclosures in the financial statements are neutral, consistent and clear

Accounting Standards and Regulatory Updates

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

For 2015-16, 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 10.53% of payroll. The funding was increased to accommodate the unfunded liability statutory cap of 20.96%. The UAAL rate of 10.53% is not the true percent that will be charged to your district. The amount is based on prior year payroll and could either be more or less depending on the current year payroll specific to your district. 147c payments should be a net zero, as the income (the amount received from State Aid), should equal the 147c expenditures, (the amount that must be remitted to ORS).

Audit and FID Submission Deadline

For the current year, June 30, 2015, the deadline to submit the Financial Information Database (FID) and the school district financial audits will be November 1st. This will continue to be the deadline for future fiscal years.

State Aid 2015-16

Foundation Grant (Secs. 22a, 22b, and 22c) - The Foundation Grant increases using a 2x funding formula with increases ranging from \$70 and \$140 per pupil. Also, the pupil membership blend will be 90% of the fall count plus 10% of the **previous** February count.

Categorical Offset Payments (20f)- Categorical Offset guarantees a minimum net increase of \$25 per pupil when including Foundation Allowance and At-Risk increases plus the elimination of Best Practices and Districts Performance grants.

At-Risk (Sec. 31a)- At- Risk funding will increase by \$70 million for the 2015-16 fiscal year.

Best Practice and Performance Funding Grants (Sec. 22f and 22j)- Best Practice funding is eliminated for 2015-16 fiscal year.

Early Literacy - 3rd Grade Reading (Sec. 35 and 35a)- Early Literacy funding provides \$26.4 million for early literacy improvement effort for the 2015-16 year.

Budget Transparency

The Michigan Department of Education has revised the Budget Transparency guidance to include changes made to the legislation under PA 85 of 2015. Below is a summary of the legislative changes for 2015-16:

- A district or intermediate school district (ISD) shall adopt an annual budget in a manner that complies with the uniform budgeting and accounting act.
- Three new data elements have been added to Subsection 2c, which means they apply to all schools including ISDs:
 - A written policy governing procurement of supplies, materials, and equipment.
 - A written policy establishing specific categories of reimbursable expenses.
 - An accounts payable check register for the most recent school fiscal year or a statement of the total amount of expenses incurred by board members or employees of the district that were reimbursed by the district for the most recent school fiscal year.
- If a district or ISD does not comply with subsection (2), the department may withhold up to 10% of the state school aid otherwise payable to the district or ISD, beginning with the next payment due to the district or ISD until the district or ISD complies. If the district or ISD does not comply with subsection (2) by the end of the fiscal year, the district or ISD forfeits the amount withheld.

- Other elements that continue to be required include:
 - Current year budgets and amendments, which must include detail by function level and beginning and ending fund balances.
 - Health care plans
 - Health benefit bids
 - Employee compensation information, which must include the Superintendent and other individuals whose wages exceed \$100,000

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 that 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
- 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>

Uniform Budgeting and Accounting Act (UB&AA)

- The UB&AA establishes budget and accounting requirements for schools.
- The UB&AA states that if it becomes obvious during the year that the likely revenues will be less than the budgeted revenues, the business manager (or school officer) will present recommendations to the Board which, if adopted, would prevent expenditures from exceeding available revenues for the fiscal year. It also states that the business manager of the school shall not incur expenditures against an appropriation account in excess of the amount budgeted by the Board.
- Additionally, funds should not be used for purposes that are inconsistent with the budget.
- Over-expending the budget authorized by the Board will result in noncompliance. *MDE is analyzing the general fund only, and at the total revenues, expenditures and financing sources (uses) levels, rather than at the line item level.*
- Material violations of the UB&AA, including general fund deficits and material noncompliance, should be reported as financial statement findings in the audit report.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants

Other Audit Findings or Issues

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

Emphasis of Matters in Independent Auditors' Report

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

Adoption of New Accounting Standard

As described in Note 1 to the financial statements, during the year ended June 30, 2015, the School District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Reports

Other information that is required to be reported to you is included in the: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133; and the Schedule of Findings and Questioned Costs. Please read all information included in those report 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, budgetary comparison information, and proportionate share of the net pension liability and related contributions, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Report on Other Information

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

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

Restriction on Use

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

Yeo & Yeo, P.C.

Flint, Michigan