

Oxford Community Schools

Financial Statements

June 30, 2017



Table of Contents

<u>Section</u>		<u>Page</u>
1	Members of the Board of Education and Administration	1 - 1
2	Independent Auditors' Report	2 - 1
3	Management's Discussion and Analysis	3 - 1
4	Basic Financial Statements	
	District-wide Financial Statements	
	Statement of Net Position	4 - 1
	Statement of Activities	4 - 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 - 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 9
	Fiduciary Funds	
	Statement of Assets and Liabilities	4 - 10
	Notes to the Financial Statements	4 - 11
5	Required Supplementary Information	
	Budgetary Comparison Schedule – General Fund	5 - 1
	Schedule of School District's Proportionate Share of Net Pension Liability	5 - 4
	Schedule of School District's Contributions	5 - 5

<u>Section</u>		<u>Page</u>
6	Other Supplementary Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 - 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2
	General Fund	
	Schedule of Revenues Compared to Budget	6 - 3
	Schedule of Expenditures Compared to Budget	6 - 4
	Schedule of Outstanding Bonded Indebtedness	6 - 17
7	Continuing Disclosures (Unaudited)	7 - 1

Oxford Community Schools
Members of the Board of Education and Administration
June 30, 2017

Members of the Board of Education

Dan D'Alessandro – President
Dr. Joyce Brasington – Vice-President
Mark Stepek – Secretary
Heather Shafer – Trustee
Thomas Donnelly, Jr. – Trustee
Jenny Guthrie – Trustee
Korey Bailey – Trustee

Administration

Tim Throne – Superintendent
Sam Barna – Assistant Superintendent of Business & Operations



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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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 24, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Oxford Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, MI
October 24, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2017

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 2017 annual financial report presents our discussion and analysis of the Oxford Community School's financial performance during the fiscal year ended June 30, 2017. 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, 2017

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2017

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)

	2017 Governmental Activities	2016 Governmental Activities
<u>Assets</u>		
Current assets	\$ 20.13	\$ 17.48
Capital assets, net book value	112.79	115.10
Total Assets	132.92	132.58
<u>Deferred outflows of resources</u>		
Deferred amount on debt refunding & pension expense	19.25	12.38
Total assets and deferred outflows of resources	\$ 152.17	\$ 144.96
<u>Liabilities</u>		
Current Liabilities	\$ 7.24	\$ 6.26
Noncurrent Liabilities	224.18	221.81
Total Liabilities	231.42	228.07
<u>Deferred inflows of resources</u>		
Deferred amount on net pension liability	2.90	2.16
<u>Net Position</u>		
Invested in Capital Assets	(8.23)	(14.86)
Restricted	2.98	2.32
Unrestricted (deficit)	(76.91)	(72.73)
Total Net Position	\$ (82.16)	\$ (85.27)

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2017

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 FY17 is negative \$82.15 million. This amount is made up of three components:

- Capital assets, net of related debt totaling negative \$8.23 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.
- Restricted net position totaling \$2.98 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 \$76.91 million. This amount represents the *cumulative* results of all past years' operations. The operating results and cash position of the General Fund will have a significant impact on the change in unrestricted net position from year to year. In addition, as required by the relatively new GASB Statement No. 68, the increase in noncurrent liabilities represents the school district's proportionate share of the net pension liability that totals \$79.52 million.

Summary of Net Activities (in Millions)

	2017 Governmental Activities	2016 Governmental Activities
<u>Revenues</u>		
Program revenues		
Charges for services	\$ 3.54	\$ 3.49
Operating grants and contributions	12.93	12.46
General revenues		
Property taxes	13.21	13.30
State aid	38.77	36.13
Investment earnings	0.01	0.01
Other	0.37	0.39
Total revenues	68.83	65.78
<u>Expenses</u>		
Instruction	37.13	35.56
Support services	19.95	19.44
Food services	2.42	2.60
Community service	1.72	2.00
Interest on long-term debt	4.50	5.52
Total expenses	65.72	65.12
Change in net assets	\$ 3.11	\$ 0.66

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2017

As reported in the statement of activities, the cost of all our governmental activities this year was \$65.72 million. Certain activities were partially funded by those who benefited from the programs, \$3.54 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$12.93 million. The remaining "public benefit" portion of our governmental activities was funded with \$13.21 million in taxes, \$38.77 million in State aid, and with our other revenues, i.e., interest income and general entitlements.

During FY17, the School District experienced an increase in net assets of \$3.11 million.

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

The School District's Funds

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

At the end of FY17, the governmental funds reported a combined fund balance of approximately \$13.59 million, an increase of \$1.96 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 \$.78 million to \$9.12 million. This change is mainly due to growth in our Virtual Academy and other district programs. The General Fund's fund balance is available to fund costs related to allowable school operating purposes.
- The 2010B QSCB Debt Service Fund showed a fund balance increase of \$1.24 million due to the fact that only the interest component of the debt service is realized as an expenditure and does not include any principal payments. The debt millage rate is unchanged at 7.9 mills. Millage rates are set annually to ensure that the School District accumulates sufficient resources to pay annual bond related debt service. Debt Service Fund balances are reserved since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

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

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2017

Budgeted revenues and other financing sources were increased by \$3.30 million. The most significant increases were due to the budgeting of local property taxes that was not fully factored into the original adopted budget as well as higher than originally budgeted tuition revenue from our International Program.

Budgeted expenditures were increased from the original adopted budget by \$3.46 million. This increase was primarily due to expected salary and benefit costs for revised staffing levels.

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

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

Economic Factors and Next Year's Budget

Our elected school board members and the administration considered many factors when setting the School District's FY18 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 2017-18 school year is 90 percent and 10 percent of the October 2017 and February 2018 student counts, respectively. The FY18 budget was adopted in June 2017, based on an estimate of students that will be enrolled in September 2017. Approximately 80 percent of total General Fund revenue is from the State portion of the foundation allowance. The budget adopted for FY18 assumes a \$7,631 per student foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations.

The K-12 school aid bill enacted by the State increases net per pupil funding for 2017-18 by \$120/student to \$7,631. The blended student count used to formulate the FY18 budget assumes no student growth. However, once the final student count is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations. We expect to propose at least two budget amendments during the year to reflect changes in our estimates and priorities.

2016-17 School Year

During the 2016-17 school year, the district received board approval for the formation of both a separate capital projects fund as well as approval to create a health care reserve account for healthcare claims exposure.

In regards to the new "capital projects fund", the district felt the need to create a separate fund, annually funded by the General Fund, to be used for the completion of significant capital projects throughout the district. The district contributed \$475,000 during 2016-17 into the capital project fund. Projects that are scheduled to be funded during 2017-18 from the capital project fund consist of repaving a portion of Wildcat Drive at Oxford Middle

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2017

School; the installation of interior door security lockdown devices district-wide; new irrigation system at Oxford High School; and a new 13.2 volt primary switch that feeds both Oxford Middle School and Lakeville Elementary School.

The healthcare reserve account will be used to relieve the general fund of any future healthcare claims exposure. The healthcare reserve account is also funded by the general fund. Two of the district's three healthcare insurance product offerings, BCN HMO and BCBSM HRA, include a district paid deductible of either \$4,500/year for single coverage or \$9,000/year for 2-person/family coverage. Therefore, funding this healthcare reserve account when the district's general fund has adequate reserves will help mitigate any financial burden on the general fund in future years.

2017-18 School Year

The district has two ballot proposals for the November 7, 2017 election. One of the proposals is a \$28.28 bond proposal that will be used for capital improvement needs throughout the district along with updating a portion of our transportation fleet, if approved. Capital Improvement projects include equipping elementary classrooms with air conditioning; mechanical upgrades in several schools; parking lot repaving at all schools along with sidewalk replacement; parking lot LED lighting; and new roofing at select schools. The current debt millage of 7.9 mills is not expected to increase in 2018 if the bond proposal is approved.

The second proposal for the district on the November 7, 2017 ballot is a five-year, \$4 million sinking fund that would cost taxpayers .75 mills each year over the next five years, if approved. The sinking fund proposal would use \$2.6 million of the \$ 4 million total funding to fill a gap between the total district capital needs and the \$28.28 bond funding, if approved. this \$2.6 million funding will be used for capital needs described in the bond plan. In addition, the remaining \$1.4 million funding from the sinking fund would be used for a combination of instructional technology purchases and safety/security devices throughout the district.

Accounting and Reporting Changes

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

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

BASIC FINANCIAL STATEMENTS

Oxford Community Schools
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash	\$ 6,844,296
Accounts receivable	32,423
Due from other governmental units	8,802,220
Due from agency fund activities	301,801
Inventory	26,148
Restricted cash	3,461,538
Prepaid items	658,628
Capital assets not being depreciated	626,562
Capital assets - net of accumulated depreciation	<u>112,165,344</u>
Total assets	<u>132,918,960</u>
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	16,898,695
Deferred amount on debt refunding	<u>2,348,600</u>
Total deferred outflows of resources	<u>19,247,295</u>
Total assets and deferred outflows of resources	<u>152,166,255</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Net Position
June 30, 2017

	Governmental Activities
Liabilities	
Accounts payable	\$ 655,291
Due to other governmental units	940,442
Payroll and related withholdings	1,468,658
Accrued expenditures	732,000
Accrued salaries payable	3,148,511
Unearned revenue	297,504
Noncurrent liabilities	
Net pension liability	79,520,006
Debt due within one year	13,266,947
Debt due in more than one year	131,393,334
	231,422,693
Total liabilities	
Deferred Inflows of Resources	
Deferred amount on net pension liability	2,896,852
	234,319,545
Net position	
Net investment in capital assets	(8,229,571)
Restricted for	
Debt service	2,983,301
Unrestricted (deficit)	(76,907,020)
	\$ (82,153,290)
Total net position	

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Activities
For the Year Ended June 30, 2017

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs				
Governmental activities				
Instruction	\$ 37,131,642	\$ 916,521	\$ 8,658,405	\$ (27,556,716)
Supporting services	19,950,399	209,632	2,189,623	(17,551,144)
Food services	2,424,710	1,388,176	701,935	(334,599)
Community services	1,715,147	1,022,640	496,564	(195,943)
Interest and fiscal charges on long-term debt	4,497,494	-	885,944	(3,611,550)
Total governmental activities	\$ 65,719,392	\$ 3,536,969	\$ 12,932,471	(49,249,952)
General revenues				
				4,946,063
				8,267,878
				38,766,316
				9,492
				370,999
Total general revenues				52,360,748
Change in net position				3,110,796
Net position - beginning				(85,264,086)
Net position - ending				\$ (82,153,290)

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	2016 Debt Service	2010B QSCB Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 6,213,775	\$ 20,593	\$ 13,344	\$ 596,584	\$ 6,844,296
Accounts receivable	31,797	-	-	626	32,423
Due from other funds	273,809	65,573	-	559,574	898,956
Due from other governmental units	8,656,760	-	-	145,460	8,802,220
Due from agency fund activities	301,801	-	-	-	301,801
Inventory	-	-	-	26,148	26,148
Restricted cash	-	-	3,461,538	-	3,461,538
Prepaid items	657,978	-	-	650	658,628
Total assets	\$ 16,135,920	\$ 86,166	\$ 3,474,882	\$ 1,329,042	\$ 21,026,010
Liabilities					
Accounts payable	\$ 652,591	\$ -	\$ -	\$ 2,700	\$ 655,291
Due to other funds	475,000	-	-	423,956	898,956
Due to other governmental units	914,500	-	-	25,942	940,442
Payroll and related withholdings	1,467,413	-	-	1,245	1,468,658
Accrued salaries payable	3,144,752	-	-	3,759	3,148,511
Unearned revenues	255,689	-	-	41,815	297,504
Total liabilities	6,909,945	-	-	499,417	7,409,362

See Accompanying Notes to the Financial Statements

**Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2017**

	<u>General Fund</u>	<u>2016 Debt Service</u>	<u>2010B QSCB Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows of Resources					
Unavailable revenue					
Grants	\$ 27,899	\$ -	\$ -	\$ -	\$ 27,899
Fund Balance					
Non-spendable					
Inventory	-	-	-	26,148	26,148
Prepaid items	657,978	-	-	650	658,628
Restricted for					
Cafeteria	-	-	-	233,221	233,221
Debt service	-	86,166	3,474,882	154,253	3,715,301
Committed for					
Capital projects	-	-	-	475,000	475,000
Assigned for					
Future health care costs	600,000	-	-	-	600,000
Long-term obligations	7,940,098	-	-	-	7,940,098
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,647)</u>	<u>(59,647)</u>
 Total fund balance	 <u>9,198,076</u>	 <u>86,166</u>	 <u>3,474,882</u>	 <u>829,625</u>	 <u>13,588,749</u>
 Total liabilities and fund balance	 <u>\$ 16,135,920</u>	 <u>\$ 86,166</u>	 <u>\$ 3,474,882</u>	 <u>\$ 1,329,042</u>	 <u>\$ 21,026,010</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, 2017

	<u>General Fund</u>	<u>2016 Debt Service</u>	<u>2010B QSCB Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Local sources	\$ 6,487,249	\$ 804,978	\$ 1,232,764	\$ 8,481,773	\$ 17,006,764
State sources	46,018,823	-	-	689,638	46,708,461
Federal sources	1,524,477	75,539	810,405	729,148	3,139,569
Interdistrict sources	<u>2,075,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,479</u>
 Total revenues	 <u>56,106,028</u>	 <u>880,517</u>	 <u>2,043,169</u>	 <u>9,900,559</u>	 <u>68,930,273</u>
Expenditures					
Current					
Education					
Instruction	33,889,906	-	-	-	33,889,906
Supporting services	19,396,343	-	-	-	19,396,343
Food services	-	-	-	2,196,704	2,196,704
Community services	16,389	-	-	1,546,315	1,562,704
Capital outlay	1,331,354	-	-	-	1,331,354
Debt service					
Principal	227,052	-	-	12,530,000	12,757,052
Interest and other expenditures	68,581	1,243,503	995,150	2,155,102	4,462,336
Payment to bond refunding escrow agent	-	48,072,633	-	-	48,072,633
Bond issuance costs	<u>-</u>	<u>329,423</u>	<u>-</u>	<u>-</u>	<u>329,423</u>
 Total expenditures	 <u>54,929,625</u>	 <u>49,645,559</u>	 <u>995,150</u>	 <u>18,428,121</u>	 <u>123,998,455</u>
 Excess (deficiency) of revenues over expenditures	 <u>1,176,403</u>	 <u>(48,765,042)</u>	 <u>1,048,019</u>	 <u>(8,527,562)</u>	 <u>(55,068,182)</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, 2017

	<u>General Fund</u>	<u>2016 Debt Service</u>	<u>2010B QSCB Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)					
Proceeds from issuance of bonds	\$ -	\$ 6,329,543	\$ -	\$ -	\$ 6,329,543
Proceeds from refinancing debt	-	42,075,000	-	-	42,075,000
Proceeds from school bond loan fund	-	190,023	-	8,428,955	8,618,978
Transfers in	82,500	144,646	193,180	475,000	895,326
Transfers out	<u>(475,000)</u>	<u>-</u>	<u>-</u>	<u>(420,326)</u>	<u>(895,326)</u>
 Total other financing sources (uses)	 <u>(392,500)</u>	 <u>48,739,212</u>	 <u>193,180</u>	 <u>8,483,629</u>	 <u>57,023,521</u>
 Net change in fund balance	 783,903	 (25,830)	 1,241,199	 (43,933)	 1,955,339
 Fund balance - beginning	 <u>8,414,173</u>	 <u>111,996</u>	 <u>2,233,683</u>	 <u>873,558</u>	 <u>11,633,410</u>
 Fund balance - ending	 <u>\$ 9,198,076</u>	 <u>\$ 86,166</u>	 <u>\$ 3,474,882</u>	 <u>\$ 829,625</u>	 <u>\$ 13,588,749</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, 2017

Net change in fund balances - Total governmental funds	\$ 1,955,339
<p>Total change in net position reported for governmental activities in the statement of activities is different because</p> <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Grants	(100,085)
<p>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.</p>	
Depreciation expense	(3,620,829)
Capital outlay	1,315,919
<p>Expenses are recorded when incurred in the statement of activities.</p> <p>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.</p>	
Net change in net pension liability	(5,127,263)
Net change in the deferred inflow of resources related to the net pension liability	3,930,078
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	941,907
Interest	(189,000)
Interest on school bond loan fund	(390,514)
Compensated absences	(284,699)
<p>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.</p>	
Debt issued	(57,023,521)
Repayments of long-term debt	12,757,052
Payment to escrow agent	48,072,633
Amortization of premiums	1,005,143
Amortization of bond discount	(2,489)
Amortization of deferred amount on refunding	<u>(128,875)</u>
Change in net position of governmental activities	<u>\$ 3,110,796</u>

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2017

	<u>Agency Funds</u>
Assets	
Cash	\$ 865,087
Liabilities	
Accounts payable	\$ 367
Due to general fund	301,801
Due to agency fund activities	<u>562,919</u>
Total liabilities	<u>\$ 865,087</u>

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

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, 2017

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.

2016 Debt Service – This fund is used to record the borrowing, payment of interest, principal, and other expenditures on long-term debt related to the 2016 refunding of the 2006 and 2010A debt.

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

Additionally, the School District reports the following fund types:

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

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.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2017, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal resident exemption	17.8078
Commercial personal property	5.8078
Debt Service Funds	7.9000

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

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15. The School District has considered the impact of GASB Statement No. 77, *Tax Abatement Disclosures* and determined that there are no abatements that reduce property tax revenues.

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

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

Restricted Cash – Certain cash is set aside for debt service on the District's general obligation bonds and is classified as restricted cash

on the balance sheet because the use is limited by applicable bond agreements.

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

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

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

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

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

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

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.

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

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes

unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

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

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

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

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

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

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, 2017, the general fund balance represented approximately 18% of the June 30, 2016 general fund expenditures and other financing uses.

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

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

Upcoming Accounting and Reporting Changes

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

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

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending June 30, 2018.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

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			
Added needs	\$ 5,218,285	\$ 5,344,373	\$ 126,088
Pupil	3,030,331	3,309,431	279,100
School administration	3,304,861	3,417,793	112,932
Central	2,174,885	2,177,320	2,435
Athletics	907,077	978,549	71,472
Community services	11,447	16,389	4,942
Capital outlay	1,285,275	1,331,354	46,079
Debt - principal	172,950	227,052	54,102

District-Wide Deficits

The School District has a net position deficit for District-Wide activities in the amount of \$82,153,290 as of June 30, 2017. The Community Services fund has an unassigned deficit of \$59,647 as of June 30, 2017. There are no other 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	\$ 6,844,296	\$ 865,087	\$ 7,709,383
Restricted cash	3,461,538	-	3,461,538
	<u>\$ 10,305,834</u>	<u>\$ 865,087</u>	<u>\$ 11,170,921</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 11,169,822
Petty cash and cash on hand	<u>1,099</u>
Total	<u>\$ 11,170,921</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

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

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 yearend, \$250,000 of the School District’s bank balance of \$12,404,540 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
Construction in progress	-	115,562	-	115,562
Total capital assets not being depreciated	<u>511,000</u>	<u>115,562</u>	<u>-</u>	<u>626,562</u>
Capital assets being depreciated				
Buildings and additions	162,330,942	257,084	-	162,588,026
Equipment and furniture	10,183,642	777,691	-	10,961,333
Buses and other vehicles	659,153	165,582	-	824,735
Total capital assets being depreciated	<u>173,173,737</u>	<u>1,200,357</u>	<u>-</u>	<u>174,374,094</u>
Less accumulated depreciation for				
Buildings and additions	49,423,927	3,232,207	-	52,656,134
Equipment and furniture	8,644,666	350,359	-	8,995,025
Buses and other vehicles	519,328	38,263	-	557,591
Total accumulated depreciation	<u>58,587,921</u>	<u>3,620,829</u>	<u>-</u>	<u>62,208,750</u>
Net capital assets being depreciated	<u>114,585,816</u>	<u>(2,420,472)</u>	<u>-</u>	<u>112,165,344</u>
Net capital assets	<u>\$ 115,096,816</u>	<u>\$ (2,304,910)</u>	<u>\$ -</u>	<u>\$ 112,791,906</u>

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

Governmental activities	
Instruction	\$ 2,896,663
Support services	362,083
Food services	217,250
Community services	<u>144,833</u>
Total governmental activities	<u><u>\$ 3,620,829</u></u>

Interfund Receivables and Payables and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General Fund	Nonmajor Funds	\$ 475,000
2016 Debt Service	Nonmajor Funds	65,573
Nonmajor Funds	Nonmajor Funds	<u>358,383</u>
		<u>\$ 898,956</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 \$82,500 from Cafeteria to the General Fund. This transfer was used to repay the General Fund for expenses incurred during the year.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

The General Fund transferred \$475,000 to the Capital Projects Fund for future projects. The 2006 Debt Service fund also transferred \$144,646 to the 2016 Debt Service fund as means of closing the fund due to the refunding that occurred during the year. Additionally, the SBLF Refunding Debt Service Fund Transferred \$152,309 and the 2015A Debt Service Fund transferred \$40,871 to the 2010B QSCB Debt Service Fund to allocate funds.

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	\$ 22,985
Childcare accounts	18,830
Deposits for licenses	165,741
Other programs	89,948
Total	\$ 297,504

Note 7 - 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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Government obligation bonds	\$ 131,904,657	\$ 48,404,543	\$ (65,741,595)	\$ 114,567,605	\$ 13,266,947
School Bond Loan	10,519,830	8,618,978	-	19,138,808	-
Accrued interest on School Bond Loan Fund	67,470	390,514	-	457,984	-
Compensated absences	1,806,222	284,699	-	2,090,921	-
Premium on bonds	3,249,000	6,329,543	(1,124,143)	8,454,400	-
Discount on bonds	(132,768)	-	83,331	(49,437)	-
Total	\$ 147,414,411	\$ 64,028,277	\$ (66,782,407)	\$ 144,660,281	\$ 13,266,947

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

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

\$42,075,000 refunding bonds due in annual installments of \$100,000 to \$9,990,000 through May 1, 2039, interest at 2.00% to 5.00%	\$ 42,075,000
\$2,912,143 refunding bonds due in annual installments of \$256,947 to \$364,445 through June 23, 2022, interest at 3.98%	1,592,605
\$15,000,000 serial bonds due in one installment of \$15,000,000 in May 31, 2027, interest at 6.63% due annually	15,000,000
\$24,580,000 bonds due in annual installments of \$2,160,000 to \$4,610,000 through May 31, 2025, interest at 5.00%	20,050,000
\$43,850,000 bonds due in annual installments of \$840,000 to \$960,000 through May 31, 2021, interest at 1.68% to 2.76%	35,850,000
Total general obligation bonded debt	\$114,567,605

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

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 13,266,947	\$ 4,570,937	\$ 17,837,884
2019	11,238,884	4,188,153	15,427,037
2020	11,707,978	3,881,421	15,589,399
2021	12,179,351	3,537,168	15,716,519
2022	12,559,445	3,106,448	15,665,893
2023-2027	39,255,000	10,368,245	49,623,245
2028-2032	13,660,000	924,050	14,584,050
2033-2037	500,000	112,500	612,500
2038-2039	200,000	12,500	212,500
Total	<u>\$ 114,567,605</u>	<u>\$ 30,701,422</u>	<u>\$ 145,269,027</u>

The general obligation bonds are payable from the Debt Service Funds. As of yearend, the funds had a balance of \$3,715,301 to pay this debt. Future debt and interest will be payable from future tax levies. Interest expense for the year ended June 30, 2017 was \$4,462,336.

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 \$2,090,921 of vacation and sick hours earned. The entire amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Current Refunding

During the year, the School District issued general obligation bonds of \$42,075,000 (par value) with an interest rate of 2.00% to 5.00% to refund term bonds with an interest rate of 4.00% to 4.50% and a par value of \$32,520,000, and another one with an interest rate of 4.50% to 6.50% and a par value of \$14,135,000. The general obligation bonds were issued at a premium and after paying issuance costs of \$329,424, the net proceeds were \$48,072,633. The net proceeds from the issuance of the general obligation bonds were used to pay off the remaining debt.

As a result of the refunding, the School District reduced its total debt service requirements by \$4,580,000, which resulted in an economic gain of \$2,144,475.

Deferred Amount on Debt Refunding

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 2039. As of June 30, 2017, \$2,348,600 remained.

Deferred amount of refunding activity is summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on debt refunding	<u>\$ 1,098,000</u>	<u>\$ 2,144,475</u>	<u>\$ (893,875)</u>	<u>\$ 2,348,600</u>

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

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

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 yearend, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

1996 Debt Issue	\$ 20,170,000
2001 School Building	2,445,000
2001 School Building and Site Bonds	<u>31,775,000</u>
Total	<u>\$ 54,390,000</u>

Note 8 - 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 9 - Pension Plans and Post-Employment Benefits

Plan Description

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for DB plan members are determined by

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

final average compensation and years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Contributions and Funding Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20 year period for the plan's 2016 fiscal year. The following schedule summarizes pension contribution rates in effect for fiscal year 2016.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	18.95%
Member Investment Plan	3.0 - 7.0%	18.95%
Pension Plus	3.0 - 6.4%	17.73%
Defined Contribution	0.0%	14.56%

Required contributions to the pension plan from the School District were \$7,157,201 for the year ending September 30, 2016.

Net Pension Liability

At June 30, 2017, the School District reported a liability of \$79,520,006 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2015. 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, 2016, the School District's proportionate share percent was .3187 percent, which was an increase of .0142 percent since the prior measurement date.

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

For the year ended June 30, 2017, the School District recognized total pension expense of \$9,296,683. The School District's actual contributions for the years ended June 30, 2017, 2016, and 2015 were approximately \$5,448,000, \$4,554,000, and \$5,515,000, respectively.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 991,029	\$ 188,464
Changes in assumptions	1,243,233	-
Net difference between projected and actual earnings on pension plan investments	1,321,622	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,473,488	195,945
Employer contributions subsequent to the measurement date	7,869,323	2,512,443
	\$ 16,898,695	\$ 2,896,852

\$7,869,323 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. \$2,512,443 reported as deferred inflows of resources relating to pensions resulting from employer contributions subsequent to the measurement date are 147c revenues received that will be recognized in the year ended June 30, 2018 when the related payments reduce the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ending September 30	Amount:
2017	\$ 2,343,648
2018	2,239,695
2019	3,333,256
2020	728,364
Total	\$ 8,644,963

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2015
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of returns:
 - MIP and Basic Plans (Non-Hybrid): 8.0%
 - Pension Plus Plan (Hybrid): 7.0%
- 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: 7.5% Year 1 graded to 3.5% Year 12

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

- Mortality: RP-2000 Combined Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA (for men, 140% of the table rates for ages 0-79, 133% of the table rates for ages 80-84, and 121.8% of the table rates for ages over 84 were used and for women, 96% of the table rates were used).

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 total pension liability as of September 30, 2016, is based on the results of an actuarial valuation date of September 30, 2015, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for liabilities is the average of the expected remaining service lives of all employees in years: (4.6273 for non-university employers). The recognition period for assets in years is 5.0000. Full actuarial assumptions are available in the 2016 MPSERS Comprehensive Annual Financial Report (CAFR) (www.michigan.gov/mpsers-cafr).

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, 2016, are summarized in the following table:

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

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

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Hybrid 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.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease (Non-Hybrid/Hybrid)* 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%
\$ 102,401,751	\$ 79,520,006	\$ 60,228,494

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

Fiduciary Net Position

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

Payables to the Pension Plan

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

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, 2016 through September 30, 2016, and October 1, 2016 through June 30, 2017, the employer contribution rate ranged from 6.40% to 6.83% and 5.69% to 5.91%, respectively.

The School District's actual contributions match the required contributions for the years ended June 30, 2017, 2016, and 2015 and were approximately \$1,626,000, \$1,573,000, and \$878,000, respectively.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2017

Unfunded Accrued Liability

During the year ending June 30, 2017, the School District had contributions in the amount of \$3,447,370 to the MPSERS. This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 11.70% for the year ending June 30, 2017.

Note 10 - 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, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 6,393,261	\$ 6,531,462	\$ 6,487,249	\$ (44,213)
State sources	43,155,587	45,964,879	46,018,823	53,944
Federal sources	1,435,246	1,703,363	1,524,477	(178,886)
Interdistrict sources	<u>1,775,623</u>	<u>1,905,194</u>	<u>2,075,479</u>	<u>170,285</u>
Total revenues	<u>52,759,717</u>	<u>56,104,898</u>	<u>56,106,028</u>	<u>1,130</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Expenditures				
Instruction				
Basic programs	\$ 25,249,595	\$ 28,562,957	\$ 28,545,533	\$ (17,424)
Added needs	5,302,557	5,218,285	5,344,373	126,088
Supporting services				
Pupil	2,935,229	3,030,331	3,309,431	279,100
Instructional staff	2,330,086	2,355,570	2,126,381	(229,189)
General administration	488,812	468,432	403,834	(64,598)
School administration	3,274,763	3,304,861	3,417,793	112,932
Business	712,831	693,423	674,945	(18,478)
Operations and maintenance	3,522,842	3,856,351	3,793,280	(63,071)
Pupil transportation services	2,246,414	2,245,421	2,124,465	(120,956)
Central	1,971,894	2,174,885	2,177,320	2,435
Athletics	890,387	907,077	978,549	71,472
Other	772,706	499,699	390,345	(109,354)
Community services	8,500	11,447	16,389	4,942
Intergovernmental payments	115,000	-	-	-
Capital outlay	1,333,985	1,285,275	1,331,354	46,079
Debt service				
Principal	172,950	172,950	227,052	54,102
Interest and fiscal charges	84,400	84,400	68,581	(15,819)
Total expenditures	<u>51,412,951</u>	<u>54,871,364</u>	<u>54,929,625</u>	<u>58,261</u>
Excess (deficiency) of revenues over expenditures	<u>1,346,766</u>	<u>1,233,534</u>	<u>1,176,403</u>	<u>(57,131)</u>

Oxford Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers in	\$ 122,500	\$ 82,500	\$ 82,500	\$ -
Transfers out	<u>(1,335,747)</u>	<u>(825,230)</u>	<u>(475,000)</u>	<u>350,230</u>
Total other financing sources (uses)	<u>(1,213,247)</u>	<u>(742,730)</u>	<u>(392,500)</u>	<u>350,230</u>
Net change in fund balance	133,519	490,804	783,903	293,099
Fund balance - beginning	<u>8,414,173</u>	<u>8,414,173</u>	<u>8,414,173</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 8,547,692</u></u>	<u><u>\$ 8,904,977</u></u>	<u><u>\$ 9,198,076</u></u>	<u><u>\$ 293,099</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,									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
A.	Reporting unit's proportion of net pension liability (%)	0.3187%	0.3046%	0.2838%							
B.	Reporting unit's proportionate share of net pension liability	\$ 79,520,006	\$ 74,392,743	\$ 62,502,002							
C.	Reporting unit's covered-employee payroll	\$ 27,528,870	\$ 25,486,596	\$ 24,176,085							
D.	Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	288.86%	291.89%	258.53%							
E.	Plan fiduciary net position as a percentage of total pension liability	63.27%	63.17%	66.20%							

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

		For the Years Ended June 30,									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
A.	Statutorily required contributions	\$ 7,157,201	\$ 5,875,664	\$ 4,406,934							
B.	Contributions in relation to statutorily required contributions	<u>7,157,201</u>	<u>5,875,664</u>	<u>4,406,934</u>							
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
D.	Reporting unit's covered-employee payroll	\$ 27,793,403	\$ 26,265,248	\$ 25,279,228							
E.	Contributions as a percentage of covered-employee payroll	25.75%	22.37%	17.43%							

Notes: Benefit changes - There were no changes of benefit terms in 2016-17. Changes in assumptions - There were no changes of benefit assumptions in 2016-17.

OTHER SUPPLEMENTAL INFORMATION

**Oxford Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017**

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Cafeteria	Community Services	2015B Debt Service	2006 Debt Service	2015A Debt Service		
Assets							
Cash	\$ 197,507	\$ 225,317	\$ 104,081	\$ -	\$ 69,679	\$ -	\$ 596,584
Accounts receivable	-	626	-	-	-	-	626
Due from other funds	-	-	-	-	84,574	475,000	559,574
Due from other governmental units	52,834	92,626	-	-	-	-	145,460
Inventory	26,148	-	-	-	-	-	26,148
Prepaid items	-	650	-	-	-	-	650
Total assets	\$ 276,489	\$ 319,219	\$ 104,081	\$ -	\$ 154,253	\$ 475,000	\$ 1,329,042
Liabilities							
Accounts payable	\$ 900	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ 2,700
Due to other funds	-	319,875	104,081	-	-	-	423,956
Due to other governmental units	11,216	14,726	-	-	-	-	25,942
Payroll and related withholdings	1,245	-	-	-	-	-	1,245
Accrued salaries payable	3,759	-	-	-	-	-	3,759
Unearned revenues	-	41,815	-	-	-	-	41,815
Total liabilities	17,120	378,216	104,081	-	-	-	499,417
Fund Balance							
Non-spendable							
Inventory	26,148	-	-	-	-	-	26,148
Prepaid items	-	650	-	-	-	-	650
Restricted for							
Cafeteria	233,221	-	-	-	-	-	233,221
Debt service	-	-	-	-	154,253	-	154,253
Committed for							
Capital projects	-	-	-	-	-	475,000	475,000
Unassigned (deficit)	-	(59,647)	-	-	-	-	(59,647)
Total fund balance	259,369	(58,997)	-	-	154,253	475,000	829,625
Total liabilities and fund balance	\$ 276,489	\$ 319,219	\$ 104,081	\$ -	\$ 154,253	\$ 475,000	\$ 1,329,042

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, 2017

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Cafeteria	Community Services	2015B Debt Service	2006 Debt Service	2015A Debt Service		
Revenues							
Local sources	\$ 1,361,524	\$ 958,572	\$ 4,069,615	\$ 39	\$ 2,092,023	\$ -	\$ 8,481,773
State sources	121,222	496,564	71,852	-	-	-	689,638
Federal sources	729,148	-	-	-	-	-	729,148
Total revenues	<u>2,211,894</u>	<u>1,455,136</u>	<u>4,141,467</u>	<u>39</u>	<u>2,092,023</u>	<u>-</u>	<u>9,900,559</u>
Expenditures							
Current							
Education							
Food services	2,196,704	-	-	-	-	-	2,196,704
Community services	-	1,546,315	-	-	-	-	1,546,315
Debt service							
Principal	-	-	8,000,000	-	4,530,000	-	12,530,000
Interest and other expenditures	-	-	925,453	150	1,229,499	-	2,155,102
Total expenditures	<u>2,196,704</u>	<u>1,546,315</u>	<u>8,925,453</u>	<u>150</u>	<u>5,759,499</u>	<u>-</u>	<u>18,428,121</u>
Excess (deficiency) of revenues over expenditures	<u>15,190</u>	<u>(91,179)</u>	<u>(4,783,986)</u>	<u>(111)</u>	<u>(3,667,476)</u>	<u>-</u>	<u>(8,527,562)</u>
Other financing sources (uses)							
Proceeds from school bond loan fund	-	-	4,752,368	-	3,676,587	-	8,428,955
Transfers in	-	-	-	-	-	475,000	475,000
Transfers out	(70,000)	(12,500)	(152,309)	(144,646)	(40,871)	-	(420,326)
Total other financing sources (uses)	<u>(70,000)</u>	<u>(12,500)</u>	<u>4,600,059</u>	<u>(144,646)</u>	<u>3,635,716</u>	<u>475,000</u>	<u>8,483,629</u>
Net change in fund balance	(54,810)	(103,679)	(183,927)	(144,757)	(31,760)	475,000	(43,933)
Fund balance - beginning	314,179	44,682	183,927	144,757	186,013	-	873,558
Fund balance - ending	<u>\$ 259,369</u>	<u>\$ (58,997)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,253</u>	<u>\$ 475,000</u>	<u>\$ 829,625</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 5,188,296	\$ 4,861,876	\$ 4,874,039	\$ 12,163
Tuition	873,192	868,575	894,719	26,144
Interest earnings	2,492	4,286	5,055	769
Student activities	69,823	82,070	90,010	7,940
Other local revenues	259,458	714,655	623,426	(91,229)
Total revenues from local sources	<u>6,393,261</u>	<u>6,531,462</u>	<u>6,487,249</u>	<u>(44,213)</u>
Revenues from state sources				
Grants	36,473,779	38,624,408	38,670,891	46,483
Grants - restricted	6,681,808	7,340,471	7,347,932	7,461
Total revenues from state sources	<u>43,155,587</u>	<u>45,964,879</u>	<u>46,018,823</u>	<u>53,944</u>
Revenues from federal sources				
Grants	1,435,246	1,703,363	1,524,477	(178,886)
Interdistrict sources				
Tuition	-	41,626	76,812	35,186
Transportation	-	-	18,860	18,860
ISD collected millage	1,685,500	1,793,568	1,831,343	37,775
Other	90,123	70,000	148,464	78,464
Total interdistrict sources	<u>1,775,623</u>	<u>1,905,194</u>	<u>2,075,479</u>	<u>170,285</u>
Other financing sources				
Transfers in	122,500	82,500	82,500	-
Total revenue and other financing sources	<u>\$52,882,217</u>	<u>\$56,187,398</u>	<u>\$56,188,528</u>	<u>\$ 1,130</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 5,188,296	\$ 6,912,523	\$ 6,825,573	\$ (86,950)
Employee benefits	3,936,543	3,948,036	4,185,042	237,006
Purchased services	216,634	232,470	315,109	82,639
Supplies and materials	376,012	580,727	617,443	36,716
Other	3,200	3,200	2,608	(592)
Total elementary	<u>9,720,685</u>	<u>11,676,956</u>	<u>11,945,775</u>	<u>268,819</u>
Basic program - middle school				
Salaries	3,033,507	3,048,437	2,879,333	(169,104)
Employee benefits	1,682,758	1,692,616	1,777,659	85,043
Purchased services	76,322	75,252	102,317	27,065
Supplies and materials	67,845	239,691	171,485	(68,206)
Total middle school	<u>4,860,432</u>	<u>5,055,996</u>	<u>4,930,794</u>	<u>(125,202)</u>
Basic program - high school				
Salaries	5,403,691	5,836,738	5,623,438	(213,300)
Employee benefits	3,080,217	3,209,756	3,350,285	140,529
Purchased services	1,903,264	2,442,434	2,390,513	(51,921)
Supplies and materials	257,747	289,894	264,921	(24,973)
Other	7,000	8,600	7,475	(1,125)
Total high school	<u>10,651,919</u>	<u>11,787,422</u>	<u>11,636,632</u>	<u>(150,790)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - summer school				
Salaries	\$ 16,559	\$ 24,258	\$ 22,284	\$ (1,974)
Employee benefits	-	16,990	9,889	(7,101)
Supplies and materials	-	1,335	159	(1,176)
	<u>16,559</u>	<u>42,583</u>	<u>32,332</u>	<u>(10,251)</u>
Added needs - special education				
Salaries	2,802,465	2,716,133	2,455,057	(261,076)
Employee benefits	1,351,287	1,357,042	1,465,958	108,916
Purchased services	36,878	34,755	88,554	53,799
Supplies and materials	98,844	69,753	56,311	(13,442)
Other	-	115,000	200,098	85,098
	<u>4,289,474</u>	<u>4,292,683</u>	<u>4,265,978</u>	<u>(26,705)</u>
Added needs - compensatory education				
Salaries	206,080	167,496	147,341	(20,155)
Employee benefits	98,693	91,578	80,240	(11,338)
Purchased services	-	3,000	6,309	3,309
Supplies and materials	5,913	3,756	2,001	(1,755)
	<u>310,686</u>	<u>265,830</u>	<u>235,891</u>	<u>(29,939)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - career and technical education				
Salaries	\$ 386,726	\$ 371,169	\$ 481,869	\$ 110,700
Employee benefits	205,720	206,220	283,521	77,301
Purchased services	57,800	45,088	42,639	(2,449)
Supplies and materials	52,151	37,295	34,475	(2,820)
Total career and technical education	<u>702,397</u>	<u>659,772</u>	<u>842,504</u>	<u>182,732</u>
Pupil - truancy/absenteeism services				
Salaries	87,550	87,550	108,195	20,645
Employee benefits	63,369	63,369	63,426	57
Total truancy/absenteeism services	<u>150,919</u>	<u>150,919</u>	<u>171,621</u>	<u>20,702</u>
Pupil - guidance services				
Salaries	513,150	554,110	559,239	5,129
Employee benefits	267,689	279,829	333,711	53,882
Total guidance services	<u>780,839</u>	<u>833,939</u>	<u>892,950</u>	<u>59,011</u>
Pupil - health services				
Purchased services	127,060	184,811	179,122	(5,689)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - psychological services				
Salaries	\$ 208,768	\$ 232,368	\$ 319,634	\$ 87,266
Employee benefits	121,670	133,580	195,741	62,161
Purchased services	900	900	438	(462)
Supplies and materials	3,000	3,000	-	(3,000)
	<u>334,338</u>	<u>369,848</u>	<u>515,813</u>	<u>145,965</u>
Pupil - speech services				
Salaries	328,950	321,786	331,414	9,628
Employee benefits	196,059	200,978	198,020	(2,958)
Purchased services	800	800	570	(230)
Supplies and materials	2,000	2,000	-	(2,000)
	<u>527,809</u>	<u>525,564</u>	<u>530,004</u>	<u>4,440</u>
Pupil - social work services				
Salaries	307,328	333,993	367,013	33,020
Employee benefits	177,730	194,548	216,402	21,854
Purchased services	-	-	382	382
Supplies and materials	1,000	1,000	-	(1,000)
	<u>486,058</u>	<u>529,541</u>	<u>583,797</u>	<u>54,256</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - teacher consultant				
Salaries	\$ 184,859	\$ 184,859	\$ 166,235	\$ (18,624)
Employee benefits	104,927	84,574	98,920	14,346
Purchased services	800	800	488	(312)
Supplies and materials	-	-	34	34
	<u>290,586</u>	<u>270,233</u>	<u>265,677</u>	<u>(4,556)</u>
Pupil - other support services				
Salaries	16,108	16,108	21,070	4,962
Employee benefits	7,608	7,608	9,572	1,964
Purchased services	<u>213,904</u>	<u>141,760</u>	<u>139,805</u>	<u>(1,955)</u>
	<u>237,620</u>	<u>165,476</u>	<u>170,447</u>	<u>4,971</u>
Instructional staff - improvement of education				
Salaries	517,442	497,375	426,342	(71,033)
Employee benefits	159,098	181,002	256,609	75,607
Purchased services	118,719	228,305	194,757	(33,548)
Supplies and materials	61,125	10,375	7,523	(2,852)
Other	<u>108,000</u>	<u>116,000</u>	<u>108,803</u>	<u>(7,197)</u>
	<u>964,384</u>	<u>1,033,057</u>	<u>994,034</u>	<u>(39,023)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - educational media services				
Salaries	\$ 207,588	\$ 207,588	\$ 205,795	\$ (1,793)
Employee benefits	123,866	123,866	135,793	11,927
Purchased services	1,800	1,800	3,195	1,395
Supplies and materials	18,607	21,607	10,683	(10,924)
	<u>351,861</u>	<u>354,861</u>	<u>355,466</u>	<u>605</u>
Instructional staff - technology assisted instruction				
Salaries	-	16,092	16,092	-
Employee benefits	-	1,460	10,875	9,415
Purchased services	49,448	80,592	32,775	(47,817)
	<u>49,448</u>	<u>98,144</u>	<u>59,742</u>	<u>(38,402)</u>
Instructional staff - supervision and direction of instructional staff				
Salaries	547,571	490,752	420,551	(70,201)
Employee benefits	365,740	294,224	271,924	(22,300)
Purchased services	32,112	32,112	1,248	(30,864)
Supplies and materials	1,475	1,847	226	(1,621)
Other	275	275	9	(266)
	<u>947,173</u>	<u>819,210</u>	<u>693,958</u>	<u>(125,252)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - academic student assessment				
Supplies and materials	\$ 17,220	\$ 50,298	\$ 23,181	\$ (27,117)
General administration - board of education				
Salaries	9,470	9,470	5,280	(4,190)
Employee benefits	-	-	407	407
Purchased services	60,263	55,494	28,462	(27,032)
Other	8,750	8,750	8,249	(501)
Total board of education	<u>78,483</u>	<u>73,714</u>	<u>42,398</u>	<u>(31,316)</u>
General administration - executive administration				
Salaries	226,497	204,644	209,780	5,136
Employee benefits	115,502	114,024	124,777	10,753
Purchased services	30,950	38,450	10,905	(27,545)
Supplies and materials	10,080	10,300	5,215	(5,085)
Other	27,300	27,300	10,759	(16,541)
Total executive administration	<u>410,329</u>	<u>394,718</u>	<u>361,436</u>	<u>(33,282)</u>
School administration - office of the principal				
Salaries	2,030,154	2,039,887	2,068,185	28,298
Employee benefits	1,179,577	1,145,595	1,219,485	73,890
Purchased services	4,932	1,332	5,752	4,420
Supplies and materials	47,600	47,800	52,518	4,718
Other	12,500	21,596	7,813	(13,783)
Total office of the principal	<u>3,274,763</u>	<u>3,256,210</u>	<u>3,353,753</u>	<u>97,543</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
School administration - other				
Salaries	\$ -	\$ 42,451	\$ 42,452	\$ 1
Employee benefits	-	6,200	21,588	15,388
Total other school administration	-	48,651	64,040	15,389
Business - fiscal services				
Salaries	239,781	239,781	255,132	15,351
Employee benefits	139,357	139,357	150,534	11,177
Purchased services	221,643	206,643	203,130	(3,513)
Supplies and materials	3,000	3,000	2,637	(363)
Other	11,100	11,100	6,630	(4,470)
Total fiscal services	614,881	599,881	618,063	18,182
Business - other				
Purchased services	16,100	16,100	20,421	4,321
Other	81,850	77,442	36,461	(40,981)
Total other	97,950	93,542	56,882	(36,660)
Operations and maintenance - operating building services				
Salaries	235,807	207,176	210,249	3,073
Employee benefits	154,677	125,412	124,277	(1,135)
Purchased services	1,946,265	2,326,899	2,314,848	(12,051)
Supplies and materials	1,078,831	1,106,622	1,103,459	(3,163)
Other	50,000	32,980	1,440	(31,540)
Total operating building services	3,465,580	3,799,089	3,754,273	(44,816)

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Operations and maintenance - security services				
Salaries	\$ 37,658	\$ 37,658	\$ 26,627	\$ (11,031)
Employee benefits	18,109	18,109	12,380	(5,729)
Supplies and materials	1,495	1,495	-	(1,495)
Total security services	<u>57,262</u>	<u>57,262</u>	<u>39,007</u>	<u>(18,255)</u>
Pupil transportation services				
Salaries	1,175,285	1,175,285	1,180,448	5,163
Employee benefits	669,669	669,669	687,723	18,054
Purchased services	62,460	59,548	46,902	(12,646)
Supplies and materials	334,500	336,419	205,819	(130,600)
Other	4,500	4,500	3,573	(927)
Total transportation services	<u>2,246,414</u>	<u>2,245,421</u>	<u>2,124,465</u>	<u>(120,956)</u>
Central - communication services				
Salaries	102,867	143,029	165,392	22,363
Employee benefits	66,672	66,672	104,320	37,648
Purchased services	72,633	141,533	138,372	(3,161)
Supplies and materials	1,367	2,367	2,107	(260)
Other	-	-	664	664
Total communication services	<u>243,539</u>	<u>353,601</u>	<u>410,855</u>	<u>57,254</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services				
Salaries	\$ 265,606	\$ 265,606	\$ 213,469	\$ (52,137)
Employee benefits	149,203	149,203	136,279	(12,924)
Purchased services	13,500	13,000	13,236	236
Supplies and materials	3,600	3,600	1,524	(2,076)
Other	21,500	21,500	14,675	(6,825)
Total staff/personnel services	<u>453,409</u>	<u>452,909</u>	<u>379,183</u>	<u>(73,726)</u>
Central - support services technology				
Salaries	372,759	374,905	380,550	5,645
Employee benefits	213,937	208,001	225,927	17,926
Purchased services	441,400	468,062	437,473	(30,589)
Supplies and materials	10,000	10,000	11,307	1,307
Total support services technology	<u>1,038,721</u>	<u>1,061,593</u>	<u>1,055,460</u>	<u>(6,133)</u>
Central - pupil accounting				
Salaries	112,590	181,574	190,257	8,683
Employee benefits	80,210	92,783	129,960	37,177
Supplies and materials	1,000	1,000	483	(517)
Other	425	425	519	94
Total pupil accounting	<u>194,225</u>	<u>275,782</u>	<u>321,219</u>	<u>45,437</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - other				
Purchased services	\$ 42,000	\$ 31,000	\$ 10,603	\$ (20,397)
Athletic activities				
Salaries	319,052	328,825	339,700	10,875
Employee benefits	164,094	147,658	168,247	20,589
Purchased services	345,728	362,409	389,276	26,867
Supplies and materials	59,928	66,600	79,771	13,171
Other	1,585	1,585	1,555	(30)
Total athletic activities	<u>890,387</u>	<u>907,077</u>	<u>978,549</u>	<u>71,472</u>
Other supporting services				
Salaries	156,600	158,925	153,488	(5,437)
Employee benefits	85,156	94,774	79,164	(15,610)
Purchased services	45,200	50,000	37,915	(12,085)
Supplies and materials	70,000	57,000	47,561	(9,439)
Other	415,750	139,000	72,217	(66,783)
Total other supporting services	<u>772,706</u>	<u>499,699</u>	<u>390,345</u>	<u>(109,354)</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Community services - community recreation				
Salaries	\$ 2,000	\$ 2,000	\$ 1,150	\$ (850)
Employee benefits	-	-	3,683	3,683
Purchased services	1,600	1,600	700	(900)
Supplies and materials	-	-	3,600	3,600
Total community recreation	<u>3,600</u>	<u>3,600</u>	<u>9,133</u>	<u>5,533</u>
Community services - community activities				
Salaries	-	110	104	(6)
Employee benefits	-	45	45	-
Purchased services	400	1,000	2,447	1,447
Supplies and materials	-	2,192	1,983	(209)
Other	4,500	4,500	2,677	(1,823)
Total community activities	<u>4,900</u>	<u>7,847</u>	<u>7,256</u>	<u>(591)</u>
Intergovernmental payments				
Payments to other public schools	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Oxford Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Capital outlay				
Basic program - elementary	\$ 17,900	\$ 13,900	\$ 37,437	\$ 23,537
Basic program - middle school	2,000	2,000	2,055	55
Basic program - high school	223,775	338,101	311,305	(26,796)
Added needs - career and technical education	79,110	41,766	41,719	(47)
Instructional staff - improvement of education	24,815	164,698	164,698	-
Instructional staff - technology assisted instruction	-	14,463	14,474	11
Business - fiscal services	10,928	10,928	10,769	(159)
Operations and maintenance - operating building services	10,000	35,000	33,896	(1,104)
Pupil transportation services	110,393	126,710	148,926	22,216
Central - communication services	-	-	7,070	7,070
Central - support services technology	58,100	59,438	56,290	(3,148)
Athletic services	11,964	23,565	10,057	(13,508)
Other support services	-	-	30,241	30,241
Building improvements	785,000	454,706	462,417	7,711
	<u>1,333,985</u>	<u>1,285,275</u>	<u>1,331,354</u>	<u>46,079</u>
Total capital outlay				
Debt service				
Principal	172,950	172,950	227,052	54,102
Interest and other expenditures	84,400	84,400	68,581	(15,819)
	<u>257,350</u>	<u>257,350</u>	<u>295,633</u>	<u>38,283</u>
Total debt service				
Other financing uses				
Transfers out	1,335,747	825,230	475,000	(350,230)
	<u>1,335,747</u>	<u>825,230</u>	<u>475,000</u>	<u>(350,230)</u>
Total expenditures and financing uses	<u>\$ 52,748,698</u>	<u>\$ 55,696,594</u>	<u>\$ 55,404,625</u>	<u>\$ (291,969)</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2017**

2007 Energy Bond

Year Ending June 30,	Interest Rate (Percent)	Interest Due May 1	Principal Due May 1	Total
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>\$ 173,043</u>	<u>\$ 1,592,605</u>	<u>\$ 1,765,648</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2017**

2010 School Building and Site Bonds, Series B, QSCB

<u>Year Ending June 30,</u>	<u>Interest Rate (Percent)</u>	<u>Interest Due November 1</u>	<u>Interest Due May 1</u>	<u>Principal Due May 1</u>	<u>Total</u>
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>\$ 4,968,750</u>	<u>\$ 4,968,750</u>	<u>\$ 15,000,000</u>	<u>\$ 24,937,500</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2017**

2015 Refunding Bonds Series A - 2004 & 2005

<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>
2018	5.000	\$ 501,250	\$ 501,250	\$ 4,610,000	\$ 5,612,500
2019	5.000	386,000	386,000	2,250,000	3,022,000
2020	5.000	329,750	329,750	2,235,000	2,894,500
2021	5.000	273,875	273,875	2,220,000	2,767,750
2022	5.000	218,375	218,375	2,205,000	2,641,750
2023	5.000	163,250	163,250	2,190,000	2,516,500
2024	5.000	108,500	108,500	2,180,000	2,397,000
2025	5.000	<u>54,000</u>	<u>54,000</u>	<u>2,160,000</u>	<u>2,268,000</u>
Total		<u>\$ 2,035,000</u>	<u>\$ 2,035,000</u>	<u>\$ 20,050,000</u>	<u>\$ 24,120,000</u>

**Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2017**

2015 Refunding Bonds Series B - SBLF

<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>
2018	1.684	\$ 403,589	\$ 403,589	\$ 8,400,000	\$ 9,207,178
2019	2.093	332,861	332,861	8,700,000	9,365,722
2020	2.393	241,816	241,816	9,150,000	9,633,632
2021	2.757	<u>132,336</u>	<u>132,336</u>	<u>9,600,000</u>	<u>9,864,672</u>
Total		<u>\$ 1,110,602</u>	<u>\$ 1,110,602</u>	<u>\$ 35,850,000</u>	<u>\$ 38,071,204</u>

Oxford Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2017

2016 Refunding Bonds - 2006 & 2010A

Year Ending June 30,	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total
2018	5.000	\$ 854,263	\$ 854,263	-	\$ 1,708,526
2019	5.000	854,263	854,263	-	1,708,526
2020	5.000	854,263	854,263	-	1,708,526
2021	5.000	854,263	854,263	-	1,708,526
2022	5.000	854,263	814,263	9,990,000	11,658,526
2023	5.000	604,514	577,013	2,205,000	3,386,527
2024	5.000	549,388	516,138	2,435,000	3,500,526
2025	2.000	488,513	448,887	2,690,000	3,627,400
2026	3.000	437,838	414,838	5,110,000	5,962,676
2027	3.500	372,678	338,188	5,285,000	5,995,866
2028	4.000	285,950	245,700	6,800,000	7,331,650
2029	4.000	155,700	109,700	6,560,000	6,825,400
2030	4.000	24,500	22,500	100,000	147,000
2031	5.000	22,500	20,000	100,000	142,500
2032	5.000	20,000	17,500	100,000	137,500
2033	5.000	17,500	15,000	100,000	132,500
2034	5.000	15,000	12,500	100,000	127,500
2035	5.000	12,500	10,000	100,000	122,500
2036	5.000	10,000	7,500	100,000	117,500
2037	5.000	7,500	5,000	100,000	112,500
2038	5.000	5,000	2,500	100,000	107,500
2039	5.000	2,500	2,500	100,000	105,000
Total		\$ 7,302,896	\$ 6,996,779	\$ 42,075,000	\$ 56,374,675

CONTINUING DISCLOSURES (UNAUDITED)

Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2017

Enrollment

Ten-year Blended Count History	Blended Count	School Year	Blended Count		
2017-2018 Initial Budget	5,880	2011-2012	4,966		
2016-2017	5,880	2010-2011	4,713		
2015-2016	5,655	2009-2010	4,547		
2014-2015	5,504	2008-2009	4,373		
2013-2014	5,411	2007-2008	4,327		
2012-2013	5,417	2006-2007	4,289		
2016-17	Enrollment	Grade	Enrollment	Grade	Enrollment
Early On/ECSE	21	7th	402	Oxford Virtual Academy	784
Kindergarten	347	8th	366	Early College	178
1st	273	9th	452	Oxford Crossroads	40
2nd	298	10th	391	St. Joseph Partnership	46
3rd	291	11th	403	Genesee Christian	13
4th	371	12th	377	Oakland Christian	10
5th	357	Post High School	9	Lutheran Northwest	4
6th	371	Oxford Bridges	51	Lutheran Westland	8
				Inter City Baptist	12
				Section 25e Adjustment	6

Labor Relations

Class	Number	Affiliation	Contract Expires
Teachers and Instructional Staff	299.00	Oxford Education Association	8/31/2020
OVA Teachers and St Joseph Teachers	34.00	Not affiliated	N/A
Transportation, Food Service, Maintenance	80.00	AFSCME	8/31/2019
Administrators	19.00	Oxford Administrators Association	7/31/2020
Secretaries & Paraprofessionals	73.00	OESPA	6/30/2020
Child Care	50.00	Not affiliated	N/A
Tutorial Assistants	4.00	Not affiliated	N/A
Crossing Guards	7.00	Not affiliated	N/A
Central Office Administrative Support	27.00	Not affiliated	N/A
Central Office Administrators	5.00	Not affiliated	N/A
Sub Employees (childcare, food service, trans, te	38.00	Not affiliated	N/A
Other Employees	22.00	Not affiliated	N/A
TOTAL	658.00		

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2017**

Retirement Plan

<u>Contributions Period</u>	<u>Contribution Rate</u>	<u>Fiscal Year Ended June 30</u>	<u>Contributions to MPERS</u>	
October 1, 2017 - September 30, 2018	25.56%	2018	\$ 10,568,752.00	Management's estimate
October 1, 2016 - September 30, 2017	25.78%	2017	10,482,235.00	
October 1, 2015 - September 30, 2016	25.78%	2016	9,862,939.00	
October 1, 2014 - September 30, 2015	25.78%	2015	8,607,307.00	
October 1, 2013 - September 30, 2014	24.79%	2014	7,229,184.00	
October 1, 2012 - September 30, 2013	25.36%	2013	6,372,985.00	
October 1, 2011 - September 30, 2012	24.46%	2012	5,598,499.00	
November 1, 2010 - September 30, 2011	20.66%	2011	4,722,363.00	
October 1, 2010 - October 31, 2010	19.41%	2010	3,885,279.00	
October 1, 2009 - September 30, 2010	16.94%			

History of Valuation - State Equalized Valuation and Taxable Valuation

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
2017	\$ 1,350,057,343	\$ 1,068,711,281
2016	1,285,849,633	1,024,836,034
2015	1,231,079,911	1,023,135,286
2014	1,072,677,781	930,261,900
2013	982,135,348	901,160,380
2012	894,584,402	891,771,036
2011	990,898,446	912,214,180
2010	1,055,352,528	946,772,690
2009	1,301,430,135	1,067,172,711

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2017**

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>
2017-2018	\$ 5,114,684.00	In process of collection		Not available	
2016-2017	4,982,339.00	4,502,683.00	90.37%	4,834,793.00	97.04%
2015-2016	5,173,764.00	4,687,504.00	90.60%	5,074,752.00	98.09%
2014-2015	4,296,890.00	4,044,639.00	94.13%	4,118,799.00	95.86%
2013-2014	3,956,084.00	3,644,321.00	92.12%	3,938,515.00	99.56%
2012-2013	4,014,845.00	3,626,736.45	90.33%	3,950,585.00	98.40%
2011-2012	4,121,811.58	4,040,641.46	98.03%	4,101,971.25	99.52%
2010-2011	4,260,486.00	3,714,866.00	87.19%	4,255,798.00	99.89%
2009-2010	4,687,283.00	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>
2017-2018	5,880	\$ 46,458,364 Initial budget
2016-2017	5,880	45,882,150
2015-2016	5,655	42,486,261
2014-2015	5,504	41,018,253
2013-2014	5,411	38,581,958
2012-2013	5,417	37,849,360
2011-2012	4,966	34,464,471
2010-2011	4,713	32,076,945
2009-2010	4,547	30,201,345

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating	17.9153	17.8078	17.9442	17.9946	17.9946	17.9946	17.9946	17.9946
Debt	7.9000	7.9000	7.9000	7.9000	7.0000	7.0000	7.0000	7.0000
Total homestead	7.9000	7.9000	7.9000	7.9000	7.0000	7.0000	7.0000	7.0000
Total non-homestead	25.8153	25.7078	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 again in November 2016, and will expire with the December 2026 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, 2017**

School Bond Loan Fund

As of June 30, 2017, the School District had an outstanding balance, including interest, of \$19,596,792.97* in the School Bond Loan Fund.

Source: Michigan Department of Treasury

<u>Direct Debt</u>	<u>Bond</u>	<u>Year</u>
\$ 20,050,000	2015A Refunding Bonds (UTQ)	08/05/2015
42,075,000	2016 Refunding Bonds (UTQ)	08/09/2016
15,000,000	2010 QSCB Bonds (GO-UTQ)	04/14/2010
35,850,000	2015B Refunding Bonds (UTQ)	08/05/2015
<u>1,631,731</u>	2007 Energy Bond	05/23/2007
<u>\$ 114,606,731</u>		

The taxpayers below represent 10.78% of the School District's 2017 total taxable valuation of \$1,068,711,281.

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

<u>Taxpayer</u>	<u>Service or Product</u>	<u>Taxable Value</u>
Enbridge Energy Limited ATR & Embridge LP	Utility	\$ 53,275,020
DTE Electric Company	Utility	17,502,287
Consumers Energy	Utility	10,313,779
MRG Lake Villa LLC	Mobile Home Community	6,954,040
Meijer Inc	Retail	6,278,990
DEERE Credit Inc	Financial	6,209,850
701 Market Street LLC	Iron and Steel Forgings	4,549,280
American Aggregates of Mich	Sand and Gravel	4,483,070
Oxford Forge Inc	Iron and Steel Forgings	3,084,210
Village Manor of Oxford LLC	Apartment Rental	<u>2,593,260</u>
 TOTAL		 <u>\$ 115,243,786</u>

Sources: Township Treasurers, County Equalization

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2017**

**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 2017-2018; 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 2017-2018 which includes 17.9153 mills of ad valorem taxes to be levied on non-homestead and non-qualified agricultural property to be used for operating is as follows:

BE IT FURTHER RESOLVED, that \$56,691,776 of the total available to appropriate in the general fund is hereby appropriated in the amounts and for the purposes set forth below:

REVENUES	
Local	\$ 5,863,709
State	46,728,801
Federal	1,703,363
Other	2,395,903
TOTAL REVENUES	\$ 56,691,776
 Estimated Fund Balance July 1, 2017	 <u>8,429,977</u>
 TOTAL AVAILABLE TO APPROPRIATE	 <u>\$ 65,121,753</u>

EXPENDITURES	
Instruction	
Basic Programs	\$ 29,905,773
Added Needs	5,816,673
Support Services	
Pupil	3,148,319
Instructional Staff	2,635,981
General Administration	499,121
School Administration	3,413,957
Business Office	728,996
Maintenance	3,474,372
Transportation	2,432,377
Central	2,323,284
Athletics	940,000
Other - OIP	340,690
Community Services	11,468
Outgoing Transfers and Other	995,115
TOTAL APPROPRIATED	<u>\$ 56,666,126</u>

Oxford Community Schools

Single Audit Report

June 30, 2017



Table of Contents

	<u>Page</u>
Single Audit Report	
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	1
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	12
Summary Schedule of Prior Audit Findings	14



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Community Schools as of and for the year ended June 30, 2017, 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 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oxford Community Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oxford Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Oxford Community Schools' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oxford Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Yeo & Yeo, P.C.

Flint, Michigan
October 24, 2017



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

Independent Auditors' Report

Management and the Board of Education
Oxford Community Schools

Report on Compliance for Each Major Federal Program

We have audited Oxford Community Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oxford Community Schools' major federal programs for the year ended June 30, 2017. Oxford Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oxford Community Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oxford Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oxford Community Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Oxford Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Community Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements. We issued our report thereon dated October 24, 2017, which contained unmodified opinions on those

financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Flint, MI
October 24, 2017

**Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Award Number	Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1 2016	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Unearned) Revenue June 30 2017
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Nutrition Cluster									
Non-cash assistance (commodities)									
National School Lunch Program - Entitlements	10.555	2017	\$ 116,983	\$ -	\$ -	\$ 116,983	\$ 116,983	\$ -	\$ -
Cash assistance									
School Breakfast Program	10.553	161970	112,405	102,730	-	9,675	9,675	-	-
School Breakfast Program	10.553	171970	93,223	-	-	87,276	93,223	-	5,947
					-	96,951	102,898	-	5,947
National School Lunch Program	10.555	161960	478,216	426,899	-	51,317	51,317	-	-
National School Lunch Program	10.555	171960	430,738	-	-	402,726	430,738	-	28,012
					-	454,043	482,055	-	28,012
Summer Food Service Program for Children	10.559	160900	24,663	24,006	5,799	26,800	24,663	-	3,662
Summer Food Service Program for Children	10.559	161900	2,549	2,474	601	2,770	2,549	-	380
					6,400	29,570	27,212	-	4,042
Total cash assistance					6,400	580,564	612,165	-	38,001
Total Nutrition Cluster					6,400	697,547	729,148	-	38,001

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Award Number	Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1 2016	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Unearned) Revenue June 30 2017
U.S. Department of Education									
Passed through Oakland Schools County ISD									
Special Education Cluster									
Special Education - Grants to States	84.027	160450	\$ 911,564	\$ 817,369	\$ 308,083	\$ 339,244	\$ 94,195	\$ (312)	\$ 62,722
Special Education - Grants to States	84.027	170450	997,798	-	-	710,909	855,575	-	144,666
					<u>308,083</u>	<u>1,050,153</u>	<u>949,770</u>	<u>(312)</u>	<u>207,388</u>
Special Education - Preschool Grants	84.173	160460	24,328	20,765	6,126	9,689	3,563	-	-
Special Education - Preschool Grants	84.173	170460	33,264	-	-	25,601	31,879	-	6,278
					<u>6,126</u>	<u>35,290</u>	<u>35,442</u>	<u>-</u>	<u>6,278</u>
Total Special Education Cluster					<u>314,209</u>	<u>1,085,443</u>	<u>985,212</u>	<u>(312)</u>	<u>213,666</u>
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	161530	321,481	295,505	76,574	93,359	19,342	(2,557)	-
Title I Grants to Local Educational Agencies	84.010	171530	268,961	-	-	192,946	214,421	-	21,475
					<u>76,574</u>	<u>286,305</u>	<u>233,763</u>	<u>(2,557)</u>	<u>21,475</u>
Passed through Oakland Schools County ISD									
Career and Technical Education - Basic Grants to States	84.048	1516	110,502	109,601	69,608	69,608	-	-	-
Career and Technical Education - Basic Grants to States	84.048	1617	110,228	-	-	64,529	110,228	-	45,699
					<u>69,608</u>	<u>134,137</u>	<u>110,228</u>	<u>-</u>	<u>45,699</u>
Passed through Michigan Department of Education									
English Language Acquisition State Grants	84.365	160570	13,436	6,470	2,434	3,558	1,124	-	-
English Language Acquisition State Grants	84.365	170570	21,013	-	-	14,899	15,721	-	822
					<u>2,434</u>	<u>18,457</u>	<u>16,845</u>	<u>-</u>	<u>822</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Award Number	Approved Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue July 1 2016	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Unearned) Revenue June 30 2017
Passed through Holly Schools									
English Language Acquisition State Grants	84.365	1516	\$ 15,849	\$ 11,561	\$ 11,561	\$ 12,621	\$ 1,060	\$ -	\$ -
English Language Acquisition State Grants	84.365	1617	21,005	-	-	17,352	17,352	-	-
					<u>11,561</u>	<u>29,973</u>	<u>18,412</u>	<u>-</u>	<u>-</u>
					<u>13,995</u>	<u>48,430</u>	<u>35,257</u>	<u>-</u>	<u>822</u>
Passed through Michigan Department of Education									
Title IIA - Supporting Effective Instruction State Grant	84.367	160520	73,774	65,467	31,993	35,007	3,014	-	-
Title IIA - Supporting Effective Instruction State Grant	84.367	170520	76,517	-	-	59,659	65,260	-	5,601
					<u>31,993</u>	<u>94,666</u>	<u>68,274</u>	<u>-</u>	<u>5,601</u>
Total U.S. Department of Education					<u>506,379</u>	<u>1,648,981</u>	<u>1,432,734</u>	<u>(2,869)</u>	<u>287,263</u>
U.S. Department of Health and Human Services									
Passed through Oakland Schools County ISD									
Medical Assistance Program	93.778	FY17	11,197	-	-	11,197	11,197	-	-
Total Federal awards					<u>\$ 512,779</u>	<u>\$ 2,357,725</u>	<u>\$ 2,173,079</u>	<u>\$ (2,869)</u>	<u>\$ 325,264</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, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Oxford Community Schools under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Oxford Community Schools, it is not intended to and does not present the financial position or changes in fund balances of Oxford Community Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures

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

Indirect Cost Rate

Oxford Community Schools has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Oxford Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2017

Note 3 - Reconciliation to the Financial Statements

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

Total expenditures reported on the Schedule of Federal Awards		\$	2,173,079
Amounts reported as deferred inflows of resources and therefore not included as revenue			
Title I - Part A	84.010	171530	(21,475)
Title II - Part A	84.367	170520	(5,601)
Title III Immigrant Student	84.365	170570	(822)
Amounts previously reported as deferred inflows and included as revenue			
Title I - Part A	84.010	161530	74,017
Title II - Part A	84.367	160520	31,993
Title III Immigrant Student	84.365	160570	2,434
 Federal interest revenue			 <u>885,944</u>
 Federal revenue reported on the Financial Statements			 <u><u>\$ 3,139,569</u></u>

Note 4 - Funds Transferred to Subrecipients

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

Oxford Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2017

Note 5 - Recipient Entitlement Balance Report

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

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

Note 6 - Adjustments

The adjustments reported on the Schedule of Expenditures of Federal Awards include expenditures incurred and reimbursed, which were subsequently disallowed and recouped by the grantor in the current year.

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2017

Identification of major programs:

CFDA Numbers
84.027/84.173

Name of Federal Program
Special Education Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee:

 X Yes No

Section II - Financial Statement Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

Oxford Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2017

Prior Audit Findings

Section IV - Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with governmental auditing standards generally accepted in the United States of America for the year ended June 30, 2016.

Section V - Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2016.



October 24, 2017

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

We have completed our audit of the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Oxford Community Schools as of and for the year ended June 30, 2017, and have issued our report dated October 24, 2017. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The first appendix to this letter sets forth those communications as follows:

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

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

II. Matters for Management's Consideration

We discussed these matters with various personnel in the 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.

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

Yeo & Yeo, P.C.
Flint, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 16, 2017. 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 Statement (GASB) No. 77, *Tax Abatement Disclosures*, effective July 1, 2016. The Statement requires disclosures of tax abatement information. We noted no transactions entered into by the School District during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Accounting Standards and Regulatory Updates

Accounting Standards

The Governmental Accounting Standards Board has released the following Statements:

Statement No. 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.

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

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending June 30, 2018.

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

Regulatory and Other Updates

Cybersecurity Posture

Cybersecurity posture, an overall measure of cybersecurity strength, is more prevalent than ever as organizations continue to face cybersecurity risks. Billions of emails are sent every day, some of which contain attachments with malicious files or malicious embedded links aimed at negatively impacting unsuspecting organizations. A recent study showed as many as four out of five U.S. companies have suffered from an attack. Not only can a successful attack cost thousands of dollars and put a strain on IT resources while remediation efforts are underway, but sensitive information may be breached.

Risk assessment is a first step in mitigating cybersecurity risks and improving your School District's overall cybersecurity posture. The National Institute of Standards and Technology published *Framework for Improving Critical Infrastructure Cybersecurity*, which "enables organizations, regardless of size, degree of cybersecurity risk, or cybersecurity sophistication, to apply the principles and best practices of risk management to improving the security and resilience of critical infrastructure." The framework is designed to cover five areas including identification, protection, detection, responsiveness and recovery. The publication can be found at www.nist.gov.

Placing significant emphasis on evaluating your School District's cybersecurity posture, and channeling sufficient resources towards proper risk assessment, implementation, and education will reduce the likelihood of a cybersecurity threat, and help lessen the impact of a breach.

Audit and FID Submission Deadline

The deadline to submit the Financial Information Database (FID) and school district financial audits will be November 1st. This will continue to be the deadline for future fiscal years as it is now State Law.

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. School districts implemented the new administrative requirements and Cost Principles for all new federal grants awarded after December 26, 2014, and to additional funding to existing awards (referred to as funding increments) made after that date. EDGAR is the source for guidance that school districts will follow. Additional information and resources are available at the following websites:

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

Implementation of Federal Grant Procurement Standards is Delayed

In May 2017, the federal government granted an additional one-year delay for implementation of the procurement standards under the Uniform Guidance. The grace period now extends through December 25, 2017. Therefore entities with fiscal years beginning on or after December 26, 2017 must have procurement standards, for federal expenditures, that meet the more stringent requirements of 2 CFR 200.317 to 326. For school districts, it will apply to fiscal year 2019 and therefore, must be in place starting July 1, 2018. If your School District did not previously adopt and implement procurement policies and procedures in accordance with 2 CFR 200 you should go through the appropriate channels to elect and document usage of the additional grace period year. The grace period decision and documentation should go through the same process as the adoptions of procurement policies. It is imperative that your procurement policies – whatever they are documented as – be followed. The Uniform Guidance and the old guidance in the OMB Circulars provide minimum requirements that must be covered by an entity's procurement policies. If an entity's policies are stricter than the federal rules, the entity policies still must be followed. As you adopt new procurement policies, we also recommend that you consider separate policies for federal and non-federal expenditures to ease the administrative burden of certain federal requirements.

Fiscal Year (FY) 2018 School Aid

The School Aid budget for FY 2018 was not signed until late July. Following are some significant highlights of the bill:

- The per pupil Foundation Grants for FY 2018 will increase by a range of \$60 to \$120 using the "2X formula." The increase will be added to the FY 2017 foundation grant resulting in the lowest foundation for FY 2018 being \$7,631 and the maximum state guaranteed foundation being \$8,289.
- The Pupil Membership Blend will remain at 90% of the current school year October count and 10% of the prior school year February count.
- The Section 31a At-Risk funding is increased by \$120,011,800 to \$499,000,000. Eligibility is expanded from free lunch eligible pupils to include pupils eligible for reduced price lunch, TANF, SNAP, or migrant, homeless, or pupils in foster care. Hold Harmless and Out of Formula districts are now eligible, but will be capped at 30% of the per pupil allowance. Districts that are currently eligible would receive approximately \$777 per pupil and newly eligible districts would receive approximately \$233 per pupil.
- The per pupil funding under Sections 20f(2) and 20f(4) will be equal to the per pupil funding under those Sections in 2016-17.
- Section 147c is reduced by approximately \$22.0 million to reflect higher rates of return on investments.
- ISD General Operation funding under Section 81 will remain at \$67.1 million.
- Shared Time Instruction for Nonpublic and Homeschool Pupils Section 23f caps the maximum FTE for which a nonpublic school pupil may be counted in a shared-time program at 0.75 FTE per pupil.

Boilerplate changes include:

- A New Section 160 has been added which requires districts seeking a waiver to begin the school year before Labor Day to hold a public hearing with the MDE in the district before the waiver can be granted.
- A New Section 164g has been added which imposes a penalty on any district using State Aid funds to pay expenses related to legal action against the state.
- A New Section 164h has been added to state that there will be a state school aid penalty for a district or ISD that enters into a collective bargaining agreement that fails to comply with requirements including prohibitions on the automatic deduction of union dues from payroll and racial or religious preferences in hiring.

Early Warning

Pursuant to Public Act 109 of 2015, each school district and public school academy that has a General Fund balance less than 5% of total unrestricted general revenue for either of the 2014-2015 or 2015-2016 school fiscal years is required to submit budget assumptions to the Center for Educational Performance and Information (CEPI). The budget assumption data collection period begins June 1, 2017 and is open through July 7, 2017. The Department of Treasury will not declare potential fiscal stress based solely on a school district's or public school academy's budget assumption data.

Uniform Budgeting and Accounting Act (UBAA)

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

Sinking Fund

Effective March 29, 2017, Public Act 319 amended Section 1212 of the School Code (MCL § 380.1212) to allow additional uses for sinking fund proceeds. This amendment applies only to sinking fund millage authorized after this effective date. The new amendment expanded the definition of permissible expenditures that previously did not allow for the purchase of equipment and furnishings. Under the new authorization, such items may be purchased with sinking fund resources, if they are for the following purposes: 1. School security improvements (including any capital improvement or purchase that is designed to act as a deterrent to unauthorized entry of persons or items onto school premises or to otherwise promote security, including, but not limited to, metal detectors, locks, doors, lighting, cameras, and enhancements to entryways) 2. Acquisition and upgrading of technology (including hardware and communication devices that transmit, receive, or compute information for pupil instructional purposes; the initial purchase of operating system software or customized application software, or both, accompanying the purchase of hardware and communication devices under subdivision; and the costs of design and installation of the hardware, communication devices, and initial operating system software or customized application software).

Unclaimed Property

Beginning in 2018, the State of Michigan will require the filing of zero balance reports for businesses and governmental agencies who hold property on behalf of others, such as uncashed payroll or vendor checks and other items comprising unclaimed property. This is a revision from the most recent change in 2012, which only encouraged, but did not require, reporting of zero unclaimed property situations. Under the negative attestation requirement, businesses and governmental agencies must ensure they are filing even in situations where entities have no unclaimed property.

Current rules require unclaimed property to be identified as of March 31st of each year and reported to the State on or before July 1. Property that has reached its applicable dormancy period (generally one year or three years) as of March 31 must be remitted with and reported on Michigan State Form 2011, *Michigan Holder Transmittal for Annual Report of Unclaimed Property* and the appropriate annual reporting form (there are separate forms for cash & safe deposit boxes and for securities). If the holder (business or government entity) has more than ten items to report, they must use electronic media for the annual report. The due date for this filing is July 1 (or the next work day if the 1st is on a weekend).

These rules remain unchanged, except that beginning in 2018, the negative attestation requirement will go into effect. Free software is available on the State of Michigan web site at <http://www.michigan.gov/treasury/>. The web site is a valuable resource for information regarding the law, filing requirements and related penalties, including the 33 page *Manual for Reporting Unclaimed Property*.

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.

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Grant Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements, which includes management's discussion and analysis, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's contributions, and budgetary comparison information, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Report on Other Supplementary Information

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

Appendix II Matters for Management's Consideration

In planning and performing our audit of the financial statements of Oxford Community Schools as of and for the year ended June 30, 2017, we considered Oxford Community Schools' internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

However, during our audit we became aware of matters for management's consideration that are opportunities for strengthening internal controls and ensuring compliance with various requirements. This letter does not affect our report dated October 24, 2017, on the financial statements of Oxford Community Schools. Our comments and recommendations regarding those matters are:

Budgeting

The School District has several functions with expenditures in excess of their budget, which are disclosed in the notes to the financial statements. According to the Michigan Uniform Budgeting and Accounting Act, School Districts shall not authorize or participate in the expenditures of funds except as authorized by a general appropriations act. We recommend that funds are not expended unless provided for in the appropriations act. We understand that certain expenditures are unpredictable in nature; however, maintaining expenditures within budget and avoiding unfavorable revenue variances will assure a stable fund balance.

Timeliness of reporting and reconciliations

During the current year there were delays in the School District providing the complete audit trial balance due to certain accounts not being reconciled timely. Additionally, we discovered throughout our testing and internal control walkthroughs that the bank reconciliations were not being completely reconciled in a timely manner. Timely reconciliations are important to management and the board for making informed decisions. Delays of the business department preparing proper reconciliations and reports could impact the District's federal funding and delay state funding. We recommend the business department continue to improve the reconciliation process going forward.