

Oxford Community Schools

Financial Statements

June 30, 2018



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Oxford Community Schools
Members of the Board of Education and Administration
June 30, 2018

Members of the Board of Education

Thomas Donnelly – President

Dr. Joyce Brasington – Vice-President

Mark Stepek – Secretary

Jenny Guthrie - Treasurer

Heather Shafer – Trustee

Dan D'Alessandro – 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, 2018, 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the School District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Deficit Fund Balance

The School District has an accumulated unassigned deficit in the Community Services Fund of \$122,149 as of June 30, 2018, which has resulted from operating deficits. The deficit is disclosed in Note 2. Our opinions are not modified with respect to that matter.

Prior Period Adjustment

As described in Note 12 to the financial statements, the beginning fund balance of the general fund and government-wide beginning net position was restated to adjust for prior year omissions. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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 23, 2018, 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 23, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2018

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 2018 annual financial report presents our discussion and analysis of the Oxford Community School's financial performance during the fiscal year ended June 30, 2018. 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

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Oxford Community Schools
Management's Discussion and Analysis
June 30, 2018

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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, 2018

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)

| | 2018 Governmental Activities | 2017 Governmental Activities |
|---|------------------------------------|------------------------------------|
| <u>Assets</u> | | |
| Current assets | \$ 32.30 | \$ 20.13 |
| Capital assets, net book value | 110.44 | 112.79 |
| Total Assets | 142.74 | 132.92 |
| <u>Deferred outflows of resources</u> | | |
| Deferred amount on net pension liability | 24.65 | 16.90 |
| Deferred amount on net OPEB liability | 1.94 | - |
| Deferred amount on debt refunding | 2.22 | 2.35 |
| Total assets and deferred outflows of resources | \$ 144.96 | \$ 135.27 |
| <u>Liabilities</u> | | |
| Current Liabilities | \$ 7.11 | \$ 7.24 |
| Noncurrent Liabilities | 265.28 | 224.18 |
| Total Liabilities | 272.39 | 231.42 |
| <u>Deferred inflows of resources</u> | | |
| Deferred amount on net pension liability | 8.23 | 2.91 |
| Deferred amount on net OPEB liability | 1.00 | - |
| Total liabilities and deferred inflows of resources | 9.23 | 2.91 |
| <u>Net Position</u> | | |
| Invested in Capital Assets | (5.31) | (8.23) |
| Restricted | 13.05 | 2.98 |
| Unrestricted (deficit) | (117.82) | (76.91) |
| Total Net Position | \$ (110.08) | \$ (82.16) |

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2018

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 FY18 is negative \$110.08 million. This amount is made up of three components:

- Capital assets, net of related debt totaling negative \$14.48 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 \$13.05 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 \$108.65 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. As required by the new GASB Statement no. 75, the increase in noncurrent liabilities represents the school district's proportionate share of the net OPEB liability that totals \$29.58 million. In addition, as required by the relatively new GASB Statement No. 68, the increase in noncurrent liabilities also represents the school district's proportionate share of the net pension liability that totals \$86.49 million.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2018

Summary of Net Activities (in Millions)

| | 2018 | 2017 |
|------------------------------------|----------------------------|----------------------------|
| | Governmental Activities | Governmental Activities |
| <u>Revenues</u> | | |
| Program revenues | | |
| Charges for services | \$ 3.42 | \$ 3.54 |
| Operating grants and contributions | 14.34 | 12.93 |
| General revenues | | |
| Property taxes | 13.41 | 13.21 |
| State aid | 41.70 | 38.77 |
| Investment earnings | 0.01 | 0.01 |
| Other | 0.45 | 0.37 |
| Total revenues | <u>73.33</u> | <u>68.83</u> |
| <u>Expenses</u> | | |
| Instruction | \$ 41.68 | \$ 37.13 |
| Support services | 22.59 | 19.95 |
| Food services | 2.50 | 2.42 |
| Community service | 2.14 | 1.72 |
| Interest on long-term debt | 4.33 | 4.50 |
| Total expenses | <u>73.24</u> | <u>65.72</u> |
| Change in net assets | <u>\$ 0.09</u> | <u>\$ 3.11</u> |

As reported in the statement of activities, the cost of all our governmental activities this year was \$73.33 million. Certain activities were partially funded by those who benefited from the programs, \$3.42 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$14.34 million. The remaining "public benefit" portion of our governmental activities was funded with \$13.41 million in taxes, \$41.70 million in State aid, and with our other revenues, i.e., interest income and general entitlements.

During FY18, the School District experienced an increase in net assets of \$90,000.

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.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2018

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 FY18, the governmental funds reported a combined fund balance of approximately \$25.88 million, an increase of \$11.86 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 \$.88 million to \$10.52 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.

General Fund Budgetary Highlights

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

Budgeted revenues and other financing sources were increased by \$3.52 million. The most significant increases were due to the budgeting of higher state aide payments directly related to the increases in student count/FTE.

Budgeted expenditures were increased from the original adopted budget by \$3.35 million. This increase was primarily due to expected salary and benefit costs for revised staffing levels that we experienced throughout the school year.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2018

Economic Factors and Next Year's Budget

Our elected school board members and the administration considered many factors when setting the School District's FY19 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 2018-19 by \$240/student to \$7,871. The blended student count used to formulate the FY19 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.

2017-18 School Year

The district had two ballot proposals for the November 7, 2017 election that both passed. One of the proposals was 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. 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 did not increase due to this approved bond. The bonds will be issued over the course of six years in three series. Our first bonds were sold in June, 2018 with proceeds of \$9.4 million received by the district.

The second proposal for the district that was approved on the November 7, 2017 ballot was a five-year, \$4 million sinking fund that will cost taxpayers no more than .75 mills(subject to Headlee) each year over the next five years. The sinking fund will 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. The \$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 will be used for a combination of instructional technology purchases and safety/security devices throughout the district.

Back 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.

The Capital Project Fund, which is annually funded by the General Fund, is used for the completion of capital projects throughout the district. The district's General Fund contributed \$475,000 during 2016-17 and \$1,250,000 during 2017-18 into the capital project fund. Large capital projects that were scheduled to be funded from the capital project fund consisted of repaving a portion of Wildcat Drive at Oxford Middle 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.

Oxford Community Schools
Management's Discussion and Analysis
June 30, 2018

If necessary, 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. The General Fund added \$1,300,000 to the healthcare reserve account during 2017-18 and now has an assigned fund balance of \$1,900,000. 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.

2018-19 School Year

The district is currently experiencing increased student growth due primarily to our Oxford Virtual Academy. We now anticipate higher general fund revenue due to this increased student growth but revenue will be partially offset by increased expenditures related to this growth.

The district is also in the process of bidding out bond projects that will commence during the Spring of 2019.

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, 2018

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Cash | \$ 16,637,307 |
| Accounts receivable | 29,057 |
| Due from other governmental units | 9,916,541 |
| Inventory | 28,959 |
| Restricted cash | 4,615,384 |
| Prepaid items | 1,068,086 |
| Capital assets not being depreciated | 511,000 |
| Capital assets - net of accumulated depreciation | <u>109,927,729</u> |
| Total assets | <u>142,734,063</u> |
| Deferred Outflows of Resources | |
| Deferred amount relating to the net pension liability | 24,646,977 |
| Deferred amount relating to the net OPEB liability | 1,940,086 |
| Deferred amount on debt refunding | <u>2,218,300</u> |
| Total deferred outflows of resources | <u>28,805,363</u> |
| Total assets and deferred outflows of resources | <u>171,539,426</u> |

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Net Position
June 30, 2018

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Liabilities | |
| Accounts payable | \$ 491,071 |
| Due to other governmental units | 951,716 |
| Payroll and related withholdings | 1,578,382 |
| Accrued expenditures | 737,993 |
| Accrued salaries payable | 3,202,129 |
| Unearned revenue | 147,348 |
| Long-term liabilities | |
| Debt due within one year | 12,058,884 |
| Debt due in more than one year | 137,158,508 |
| Net pension liability | 86,486,079 |
| Net OPEB liability | 29,575,736 |
| Total liabilities | <u>272,387,846</u> |
| Deferred Inflows of Resources | |
| Deferred amount relating to the net pension liability | 8,229,751 |
| Deferred amount relating to the net OPEB liability | 999,876 |
| Total deferred inflows of resources | <u>9,229,627</u> |
| Total liabilities and deferred inflows of resources | <u>281,617,473</u> |
| Net position | |
| Net investment in capital assets | (5,305,044) |
| Restricted for | |
| Capital projects | 9,171,035 |
| Debt service | 3,879,592 |
| Unrestricted (deficit) | <u>(117,823,630)</u> |
| Total net position | <u>\$ (110,078,047)</u> |

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Statement of Activities
For the Year Ended June 30, 2018

| | | Program Revenues | | |
|---|----------------------|----------------------|------------------------------------|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
| Functions/Programs | | | | |
| Governmental activities | | | | |
| Instruction | \$ 41,681,520 | \$ 353,507 | \$ 9,806,048 | \$ (31,521,965) |
| Supporting services | 22,594,867 | 443,817 | 2,447,642 | (19,703,408) |
| Food services | 2,497,387 | 1,335,628 | 783,883 | (377,876) |
| Community services | 2,144,907 | 1,284,023 | 505,993 | (354,891) |
| Interest and fiscal charges on long-term debt | 4,342,586 | - | 811,275 | (3,531,311) |
| Total governmental activities | <u>\$ 73,261,267</u> | <u>\$ 3,416,975</u> | <u>\$ 14,354,841</u> | <u>(55,489,451)</u> |
| General revenues | | | | |
| Property taxes, levied for general purposes | | | | 4,900,555 |
| Property taxes, levied for debt service | | | | 8,509,220 |
| State aid - unrestricted | | | | 41,704,909 |
| Interest earnings | | | | 11,093 |
| Other | | | | 450,253 |
| Total general revenues | | | | <u>55,576,030</u> |
| Change in net position | | | | 86,579 |
| Net position - beginning, as restated | | | | <u>(110,164,626)</u> |
| Net position - ending | | | | <u>\$ (110,078,047)</u> |

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2018

| | General Fund | 2018 Capital Projects Fund | 2015B Debt Service | 2010B QSCB Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|----------------------|----------------------------------|-----------------------|-------------------------------|-----------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash | \$ 6,432,266 | \$ 9,345,956 | \$ 21,196 | \$ 116,689 | \$ 721,200 | \$ 16,637,307 |
| Accounts receivable | 28,805 | - | - | - | 252 | 29,057 |
| Due from other funds | 168,967 | - | - | - | 1,116,309 | 1,285,276 |
| Due from other governmental units | 9,687,035 | - | - | - | 229,506 | 9,916,541 |
| Inventory | - | - | - | - | 28,959 | 28,959 |
| Restricted cash | - | - | - | 4,615,384 | - | 4,615,384 |
| Prepaid items | 1,067,557 | - | - | - | 529 | 1,068,086 |
| Total assets | <u>\$ 17,384,630</u> | <u>\$ 9,345,956</u> | <u>\$ 21,196</u> | <u>\$ 4,732,073</u> | <u>\$ 2,096,755</u> | <u>\$ 33,580,610</u> |
| Liabilities | | | | | | |
| Accounts payable | \$ 304,157 | \$ 174,921 | \$ - | \$ - | \$ 11,993 | \$ 491,071 |
| Due to other funds | 750,000 | - | 21,196 | 115,481 | 398,599 | 1,285,276 |
| Due to other governmental units | 890,110 | - | - | - | 61,606 | 951,716 |
| Payroll and related withholdings | 1,578,382 | - | - | - | - | 1,578,382 |
| Accrued expenditures | 993 | - | - | - | - | 993 |
| Accrued salaries payable | 3,202,129 | - | - | - | - | 3,202,129 |
| Unearned revenues | 93,870 | - | - | - | 53,478 | 147,348 |
| Total liabilities | <u>6,819,641</u> | <u>174,921</u> | <u>21,196</u> | <u>115,481</u> | <u>525,676</u> | <u>7,656,915</u> |

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Governmental Funds
Balance Sheet
June 30, 2018

| | <u>General Fund</u> | <u>2018 Capital Projects Fund</u> | <u>2015B 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 | \$ 43,379 | \$ - | \$ - | \$ - | \$ - | \$ 43,379 |
| Fund Balance | | | | | | |
| Non-spendable | | | | | | |
| Inventory | - | - | - | - | 28,959 | 28,959 |
| Prepaid items | 1,067,557 | - | - | - | 529 | 1,068,086 |
| Restricted for | | | | | | |
| Cafeteria | - | - | - | - | 315,736 | 315,736 |
| Debt service | - | - | - | 4,616,592 | - | 4,616,592 |
| Capital projects | - | 9,171,035 | - | - | - | 9,171,035 |
| Assigned for | | | | | | |
| Capital projects | - | - | - | - | 1,348,004 | 1,348,004 |
| Future health care costs | 1,900,000 | - | - | - | - | 1,900,000 |
| Long-term obligations | 7,554,053 | - | - | - | - | 7,554,053 |
| Unassigned (deficit) | - | - | - | - | (122,149) | (122,149) |
| Total fund balance | <u>10,521,610</u> | <u>9,171,035</u> | <u>-</u> | <u>4,616,592</u> | <u>1,571,079</u> | <u>25,880,316</u> |
| Total liabilities and fund balance | <u>\$ 17,384,630</u> | <u>\$ 9,345,956</u> | <u>\$ 21,196</u> | <u>\$ 4,732,073</u> | <u>\$ 2,096,755</u> | <u>\$ 33,580,610</u> |

See Accompanying Notes to the Financial Statements

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

| | |
|---|--------------------------------|
| Total fund balances for governmental funds | \$ 25,880,316 |
| Total net position for governmental activities in the statement of net position is different because: | |
| Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. | |
| Grants | 43,379 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| Capital assets not being depreciated | 511,000 |
| Capital assets - net of accumulated depreciation | 109,927,729 |
| Deferred outflows (inflows) of resources | |
| Deferred outflows of resources resulting from debt refunding | 2,218,300 |
| Deferred inflows of resources resulting from the net pension liability | (8,229,751) |
| Deferred outflows of resources resulting from the net pension liability | 24,646,977 |
| Deferred inflows of resources resulting from the net OPEB liability | (999,876) |
| Deferred outflows of resources resulting from the net OPEB liability | 1,940,086 |
| Certain liabilities are not due and payable in the current period and are not reported in the funds. | |
| Accrued interest | (737,000) |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. | |
| Net pension liability | (86,486,079) |
| Net OPEB liability | (29,575,736) |
| Compensated absences | (1,848,331) |
| Bonds payable | (117,820,819) |
| School bond loan payable | (28,417,880) |
| Accrued interest on school bond loan fund | <u>(1,130,362)</u> |
| Net position of governmental activities | <u>\$ (110,078,047)</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, 2018

| | General Fund | 2018 Capital Projects Fund | 2015B Debt Service | 2010B QSCB Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------|----------------------------------|-----------------------|-------------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | | |
| Local sources | \$ 6,062,440 | \$ - | \$ 3,122,346 | \$ 1,324,335 | \$ 6,552,856 | \$ 17,061,977 |
| State sources | 50,209,290 | - | 35,975 | - | 617,294 | 50,862,559 |
| Federal sources | 1,503,549 | - | - | 811,275 | 816,962 | 3,131,786 |
| Interdistrict sources | 2,276,044 | - | - | - | - | 2,276,044 |
| Total revenues | <u>60,051,323</u> | <u>-</u> | <u>3,158,321</u> | <u>2,135,610</u> | <u>7,987,112</u> | <u>73,332,366</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Education | | | | | | |
| Instruction | 35,591,864 | - | - | - | - | 35,591,864 |
| Supporting services | 20,627,742 | - | - | - | - | 20,627,742 |
| Food services | - | - | - | - | 2,075,939 | 2,075,939 |
| Community services | 41,947 | - | - | - | 1,786,914 | 1,828,861 |
| Capital outlay | 1,404,246 | 161,419 | - | - | 377,083 | 1,942,748 |
| Debt service | | | | | | |
| Principal | 256,947 | - | 8,400,000 | - | 4,610,000 | 13,266,947 |
| Interest and other expenditures | 58,983 | - | 987,254 | 993,900 | 2,712,027 | 4,752,164 |
| Bond issuance costs | - | 123,655 | - | - | - | 123,655 |
| Total expenditures | <u>57,981,729</u> | <u>285,074</u> | <u>9,387,254</u> | <u>993,900</u> | <u>11,561,963</u> | <u>80,209,920</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,069,594</u> | <u>(285,074)</u> | <u>(6,228,933)</u> | <u>1,141,710</u> | <u>(3,574,851)</u> | <u>(6,877,554)</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, 2018

| | <u>General Fund</u> | <u>2018 Capital Projects Fund</u> | <u>2015B 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 | \$ - | \$ 9,195,000 | \$ - | \$ - | \$ - | \$ 9,195,000 |
| Premium on issuance of bonds | - | 261,109 | - | - | - | 261,109 |
| Proceeds from school bond loan fund | - | - | 6,228,933 | - | 3,050,139 | 9,279,072 |
| Transfers in | 70,000 | - | - | - | 1,250,000 | 1,320,000 |
| Transfers out | (1,250,000) | - | - | - | (70,000) | (1,320,000) |
| Total other financing sources (uses) | <u>(1,180,000)</u> | <u>9,456,109</u> | <u>6,228,933</u> | <u>-</u> | <u>4,230,139</u> | <u>18,735,181</u> |
| Net change in fund balance | 889,594 | 9,171,035 | - | 1,141,710 | 655,288 | 11,857,627 |
| Fund balance - beginning, as restated | <u>9,632,016</u> | <u>-</u> | <u>-</u> | <u>3,474,882</u> | <u>915,791</u> | <u>14,022,689</u> |
| Fund balance - ending | <u>\$ 10,521,610</u> | <u>\$ 9,171,035</u> | <u>\$ -</u> | <u>\$ 4,616,592</u> | <u>\$ 1,571,079</u> | <u>\$ 25,880,316</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, 2018

| | |
|--|----------------------|
| Net change in fund balances - Total governmental funds | \$ 11,857,627 |
| Total change in net position reported for governmental activities in the statement of activities is different because | |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | |
| Grants | 15,480 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Depreciation expense | (3,739,130) |
| Capital outlay | 1,385,953 |
| Expenses are recorded when incurred in the statement of activities. | |
| The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions. | |
| Net change in net pension liability | (6,966,073) |
| Net change in deferrals of resources related to the net pension liability | 2,415,383 |
| Interest | (5,000) |
| Interest on school bond loan fund | (672,378) |
| Compensated absences | 242,590 |
| The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions. | |
| Net change in net OPEB liability | \$ 296,376 |
| Net change in deferrals of resources related to the net OPEB liability | (486,626) |
| Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or payments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities. | |
| Debt issued | (18,735,181) |
| Repayments of long-term debt | 13,266,947 |
| Amortization of premiums | 1,343,400 |
| Amortization of bond discount | (2,489) |
| Amortization of deferred amount on refunding | (130,300) |
| Change in net position of governmental activities | \$ 86,579 |

See Accompanying Notes to the Financial Statements

Oxford Community Schools
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2018

| | <u>Agency Funds</u> |
|-------------------------------|-------------------------|
| Assets | |
| Cash | <u>\$ 729,651</u> |
| Liabilities | |
| Accounts payable | \$ 821 |
| Due to agency fund activities | <u>728,830</u> |
| Total liabilities | <u>\$ 729,651</u> |

See Accompanying Notes to the Financial Statements

Oxford Community Schools

Notes to the Financial Statements

June 30, 2018

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, 2018

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.

2018 Capital Projects Fund – This fund is used to record bond proceeds or other revenue and 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.

2015B Debt Service – This fund is used to record the borrowing, payment of interest, principal, and other expenditures on long-term debt related to the 2015 refunding of the school bond loan fund.

2010B QSCB Debt Service – This is used to account for the accumulation of restricted cash necessary for 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.

Oxford Community Schools

Notes to the Financial Statements

June 30, 2018

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2018, the rates are as follows per \$1,000 of assessed value.

| | |
|----------------------------------|---------|
| General Fund | |
| Non-principal resident exemption | 17.9153 |
| Commercial personal property | 5.9153 |
| 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 64% 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 |

Oxford Community Schools
Notes to the Financial Statements
June 30, 2018

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. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan 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 and OPEB expense. Changes in assumptions and experiences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

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.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan

Oxford Community Schools

Notes to the Financial Statements

June 30, 2018

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 and OPEB expense. Changes in assumptions and experiences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

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

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

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

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

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

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

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, 2018, the general fund balance represented approximately 19% of the June 30, 2018 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

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

Oxford Community Schools Notes to the Financial Statements June 30, 2018

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. 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. Statement No. 86 is effective for the fiscal year ending June 30, 2018.

Upcoming Accounting and Reporting Changes

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. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the District's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities districts should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Oxford Community Schools
Notes to the Financial Statements
June 30, 2018

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

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.

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:

| <u>Function</u> | <u>Final Budget</u> | <u>Amount of Expenditures</u> | <u>Budget Variances</u> |
|------------------------|-------------------------|-----------------------------------|-----------------------------|
| General Fund | | | |
| Added needs | \$ 5,777,996 | \$ 5,889,328 | \$ 111,332 |
| Pupil | 3,378,238 | 3,433,207 | 54,969 |
| General administration | 508,517 | 530,722 | 22,205 |
| School administration | 3,603,889 | 3,713,651 | 109,762 |
| Capital outlay | 1,320,210 | 1,404,246 | 84,036 |
| Transfers out | 1,045,312 | 1,250,000 | 204,688 |

Fund Deficits

The School District has an accumulated unassigned fund balance deficit in the Community Services Fund in the amount of \$122,149.

Oxford Community Schools
Notes to the Financial Statements
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Compliance – Bond Proceeds

The 2018 Capital Projects Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the 2018 Capital Project Fund from the inception of the funds through the current fiscal year:

| | <u>2018 Capital Projects Fund</u> | |
|--------------|-----------------------------------|-----------|
| Revenues | \$ | 9,456,109 |
| Expenditures | | 285,074 |

Note 3 - Deposits

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

| | <u>Governmental Activities</u> | <u>Fiduciary Funds</u> | <u>Total Primary Government</u> |
|-----------------|------------------------------------|----------------------------|---|
| Cash | \$ 16,637,307 | \$ 729,651 | \$ 17,366,958 |
| Restricted cash | 4,615,384 | - | 4,615,384 |
| | <u>\$ 21,252,691</u> | <u>\$ 729,651</u> | <u>\$ 21,982,342</u> |

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

| | |
|--|----------------------|
| Deposits (checking, savings accounts, money markets, certificates of deposit) | \$ 21,982,072 |
| Petty cash and cash on hand | <u>270</u> |
| Total | <u>\$ 21,982,342</u> |

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

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

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

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of yearend, \$250,000 of the School District's bank balance of \$22,438,326 was insured and uncollateralized.

Oxford Community Schools
Notes to the Financial Statements
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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 | 626,562 | - | 115,562 | 511,000 |
| Capital assets being depreciated | | | | |
| Buildings and additions | 162,588,026 | 230,902 | - | 162,818,928 |
| Equipment and furniture | 10,961,333 | 1,189,124 | - | 12,150,457 |
| Buses and other vehicles | 824,735 | 81,489 | - | 906,224 |
| Total capital assets being depreciated | 174,374,094 | 1,501,515 | - | 175,875,609 |
| Less accumulated depreciation for | | | | |
| Buildings and additions | 52,656,134 | 3,243,565 | - | 55,899,699 |
| Equipment and furniture | 8,995,025 | 441,060 | - | 9,436,085 |
| Buses and other vehicles | 557,591 | 54,505 | - | 612,096 |
| Total accumulated depreciation | 62,208,750 | 3,739,130 | - | 65,947,880 |
| Net capital assets being depreciated | 112,165,344 | (2,237,615) | - | 109,927,729 |
| Net capital assets | \$ 112,791,906 | \$ (2,237,615) | \$ 115,562 | \$ 110,438,729 |

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

Governmental activities

| | |
|-------------------------------|---------------------|
| Instruction | \$ 2,991,304 |
| Support services | 373,913 |
| Food services | 224,348 |
| Community services | 149,565 |
| Total governmental activities | <u>\$ 3,739,130</u> |

Note 5 - Interfund Receivables and Payables and Transfers

Individual interfund receivable and payable balances at year end were:

| Due From Fund | Due to Fund | Amount |
|------------------------|----------------|---------------------|
| 2015B Debt Service | General Fund | \$ 21,196 |
| 2010 QSCB Debt Service | General Fund | 115,481 |
| Nonmajor Funds | General Fund | 32,290 |
| Nonmajor Funds | Nonmajor Funds | 366,309 |
| General Fund | Nonmajor Funds | 750,000 |
| | | <u>\$ 1,285,276</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.

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Interfund transfers consist of the following:

| | Transfers Out | | |
|---------------------|---------------------|----------------------|---------------------|
| | General Fund | Other Nonmajor Funds | Total |
| Transfers in | | | |
| General Fund | \$ - | \$ 70,000 | \$ 70,000 |
| Nonmajor Funds | 1,250,000 | - | 1,250,000 |
| | <u>\$ 1,250,000</u> | <u>\$ 70,000</u> | <u>\$ 1,320,000</u> |

Note 6 - Unearned Revenue

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

| | |
|-----------------------|-------------------|
| Grants | \$ 26,213 |
| Childcare accounts | 27,265 |
| Deposits for licenses | 93,870 |
| Total | <u>\$ 147,348</u> |

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:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|---|-----------------------|----------------------|------------------------|-----------------------|----------------------------|
| Government obligation bonds | \$ 114,567,605 | \$ 9,195,000 | \$ (13,266,947) | \$ 110,495,658 | \$ 11,238,884 |
| School Bond Loan | 19,138,808 | 9,279,072 | - | 28,417,880 | - |
| Accrued interest on School Bond Loan Fund | 457,984 | 672,378 | - | 1,130,362 | - |
| Compensated absences | 2,090,921 | 577,459 | (820,049) | 1,848,331 | 820,000 |
| Premium on bonds | 8,454,400 | 261,109 | (1,343,400) | 7,372,109 | - |
| Discount on bonds | (49,437) | - | 2,489 | (46,948) | - |
| Total | <u>\$ 144,660,281</u> | <u>\$ 19,985,018</u> | <u>\$ (15,427,907)</u> | <u>\$ 149,217,392</u> | <u>\$ 12,058,884</u> |

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 \$288,884 to \$364,445 through June 23, 2022, interest at 3.98% | 1,335,658 |
| \$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 \$2,250,000 through May 31, 2025, interest at 5.00% | 15,440,000 |
| \$43,850,000 bonds due in annual installments of \$8,700,000 to \$9,600,000 through May 31, 2021, interest at 2.09% to 2.76% | 27,450,000 |
| \$9,195,000 serial bonds due in a single installment of \$290,000 \$615,000 through May 1, 2048, interest at 3.00% to 4.00% | <u>9,195,000</u> |
| Total general obligation bonded debt | <u>\$ 110,495,658</u> |

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

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Notes to the Financial Statements
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Future principal and interest requirements for bonded debt are as follows:

| | Principal | Interest | Total |
|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Year Ending June 30, | | | |
| 2019 | \$ 11,238,884 | \$ 4,506,272 | 15,745,156 |
| 2020 | 11,707,978 | 4,234,886 | 15,942,864 |
| 2021 | 12,179,351 | 3,890,633 | 16,069,984 |
| 2022 | 12,559,445 | 3,459,913 | 16,019,358 |
| 2023 | 4,995,000 | 2,843,242 | 7,838,242 |
| 2024-2028 | 41,660,000 | 10,045,443 | 51,705,443 |
| 2029-2033 | 8,230,000 | 1,974,025 | 10,204,025 |
| 2034-2038 | 2,495,000 | 1,311,025 | 3,806,025 |
| 2039-2043 | 2,705,000 | 791,925 | 3,496,925 |
| 2044-2048 | 2,725,000 | 260,520 | 2,985,520 |
| Total | <u>\$ 110,495,658</u> | <u>\$ 33,317,884</u> | <u>\$ 143,813,542</u> |

The general obligation bonds are payable from the Debt Service Funds. As of yearend, the debt service funds had a balance of \$4,616,592. Future debt and interest will be payable from future tax levies. Interest expense for the year ended June 30, 2018 was \$4,693,181.

State School Bond Loan

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

Compensated Absences

Accrued compensated absences at year end, consists of \$1,848,331 of vacation and sick hours earned. The entire amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Deferred Amount on Debt Refunding

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, 2018, \$2,218,300 remained.

Deferred amount of refunding activity is summarized below:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--------------------------------------|----------------------|-------------|---------------------|---------------------|
| Deferred amount on debt refunding | <u>\$ 2,348,600</u> | <u>\$ -</u> | <u>\$ (130,300)</u> | <u>\$ 2,218,300</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 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.

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Notes to the Financial Statements
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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 | \$ 18,140,000 |
| 2001 School Building and Site Bonds | 31,775,000 |
| Total | <u>\$ 49,915,000</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 Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or 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's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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 on the ORS website at www.michigan.gov/orsschools.

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 are determined by final average

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compensation, 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 plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. 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

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 2016 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2017.

| Pension Contribution Rates | | |
|----------------------------|------------|----------|
| Benefit Structure | Member | Employer |
| Basic | 0.0 - 4.0% | 19.03% |
| Member Investment Plan | 3.0 - 7.0% | 19.03% |
| Pension Plus | 3.0 - 6.4% | 18.40% |
| Defined Contribution | 0.0% | 15.27% |

Required contributions to the pension plan from the School District were \$7,827,962 for the year ending September 30, 2017.

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

At June 30, 2018, the School District reported a liability of \$86,486,079 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2016. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was 0.3337% percent, which was an increase of 0.0150% percent from its proportion measured as of September 30, 2016. At September 30, 2017, the total pension expense for the School District was \$11,428,166.

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Notes to the Financial Statements
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At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Outflows of Resources | Inflows of Resources | Total |
|--|--------------------------|-------------------------|----------------------|
| Difference between expected and actual experience | \$ 751,623 | \$ (424,369) | \$ 327,254 |
| Changes of assumptions | 9,475,237 | - | 9,475,237 |
| Net difference between projected and actual earnings on pension plan investments | - | (4,134,604) | (4,134,604) |
| Changes in proportion and differences between the School District contributions and proportionate share of contributions | 6,495,058 | (182,079) | 6,312,979 |
| Total to be recognized in future School District contributions subsequent to the measurement date | 16,721,918 | (4,741,052) | 11,980,866 |
| | 7,925,059 | (3,488,699) | 4,436,360 |
| Total | <u>\$ 24,646,977</u> | <u>\$ (8,229,751)</u> | <u>\$ 16,417,226</u> |

Contributions subsequent to the measurement date 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses) | |
|--|----------------------|
| 2018 | \$ 4,039,321 |
| 2019 | 5,198,366 |
| 2020 | 2,517,800 |
| 2021 | 225,379 |
| | <u>\$ 11,980,866</u> |

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, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of Return:
 - MIP and Basic Plans (Non-Hybrid): 7.5%

Oxford Community Schools

Notes to the Financial Statements

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- 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
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the period 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, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5188.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

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, 2017, are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return* |
|--------------------------------------|-------------------|---|
| Domestic Equity Pools | 28.0 % | 5.6 % |
| Alternative Investment Pools | 18.0 | 8.7 |
| International Equity | 16.0 | 7.2 |
| Fixed Income Pools | 10.5 | (0.1) |
| Real Estate and Infrastructure Pools | 10.0 | 4.2 |
| Absolute Return Pools | 15.5 | 5.0 |
| Short Term Investment Pools | 2.0 | (0.9) |
| | 100.0% | |

**Long-term rates of return are net of administrative expenses and 2.3% inflation.*

Rate of Return

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.5% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate

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and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for the Hybrid 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 higher:

| 1% Decrease (Non-Hybrid/Hybrid)* 6.5% / 6.0% | Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 7.5% / 7.0% | 1% Increase (Non-Hybrid/Hybrid)* 8.5% / 8.0% |
|--|--|--|
| \$ 112,662,595 | \$ 86,486,079 | \$ 64,447,120 |

**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.*

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPERS)

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

Note 10 - Post-employment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or 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's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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 on the ORS website at www.michigan.gov/orsschools.

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Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit

and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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 OPEB 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 2017 fiscal year.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2017.

| OPEB Contribution Rates | | |
|--------------------------------|--------|----------|
| Benefit Structure | Member | Employer |
| Premium Subsidy | 3.0% | 5.91% |
| Personal Healthcare Fund (PHF) | 0.0% | 5.69% |

Oxford Community Schools
Notes to the Financial Statements
June 30, 2018

Required contributions to the OPEB plan from the School District were \$2,600,570 for the year ended September 30, 2017.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the School District reported a liability of \$29,575,736 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was 0.3340% percent, which was the same as its proportion measured as of September 30, 2016. At September 30, 2017, the total OPEB expense for the School District was \$1,978,762.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|--|--------------------------------------|-------------------------------------|-----------------------|
| Difference between expected and actual experience | \$ - | \$ (314,895) | \$ (314,895) |
| Changes in proportion and differences between the School District contributions and proportionate share of contributions | <u>2,294</u> | <u>(684,981)</u> | <u>(682,687)</u> |
| Total to be recognized in future | 2,294 | (999,876) | (997,582) |
| School District contributions subsequent to the measurement date | <u>1,937,792</u> | <u>-</u> | <u>(1,680,269)</u> |
| Total | <u>\$ 1,940,086</u> | <u>\$ (999,876)</u> | <u>\$ (2,677,851)</u> |

Oxford Community Schools

Notes to the Financial Statements

June 30, 2018

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses) | | |
|---|----|------------------|
| 2018 | \$ | (241,109) |
| 2019 | | (241,109) |
| 2020 | | (241,109) |
| 2021 | | (241,109) |
| 2022 | | (33,146) |
| | \$ | <u>(997,582)</u> |

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, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of Return: 7.5%

- Projected Salary Increases: 3.5 - 12.3%, including wage inflation at 3.5%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Other Assumptions:

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 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 OPEB liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.4744

Oxford Community Schools
Notes to the Financial Statements
June 30, 2018

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB 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 OPEB 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 OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return* |
|--------------------------------------|----------------------|---|
| Domestic Equity Pools | 28.0 % | 5.6 % |
| Alternative Investment Pools | 18.0 | 8.7 |
| International Equity | 16.0 | 7.2 |
| Fixed Income Pools | 10.5 | (0.1) |
| Real Estate and Infrastructure Pools | 10.0 | 4.2 |
| Absolute Return Pools | 15.5 | 5.0 |
| Short Term Investment Pools | 2.0 | (0.9) |
| | <u>100.0%</u> | |

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 11.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.5%. 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

| 1% Decrease 6.5% | Current Discount Rate 7.5% | 1% Increase 8.5% |
|----------------------|----------------------------------|----------------------|
| <u>\$ 34,641,735</u> | <u>\$ 29,575,736</u> | <u>\$ 25,276,289</u> |

Oxford Community Schools
Notes to the Financial Statements
June 30, 2018

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

| 1% Decrease 6.5% | Current Healthcare Cost Trend Rate 7.5% | 1% Increase 8.5% |
|----------------------|---|----------------------|
| <u>\$ 25,046,673</u> | <u>\$ 29,575,736</u> | <u>\$ 34,718,172</u> |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2017 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the fiscal year June 30, 2018.

Note 12 - Prior Period Adjustment

As indicated in Note 1, the School District has adopted Governmental Accounting Standards Board Statement 75. This required the School District to record their proportionate share of the net OPEB liability and OPEB expense. Previously, these amounts were not recorded on the School District's statements. The standards require this change to be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2017 by \$28,445,276.

Additionally, during the current year, the School District identified omissions from prior year audits during the bank reconciliation process. As a result, the School District restated the July 1, 2017 fund balance of the General Fund by \$433,940 from \$9,198,076 to \$9,632,016.

The effect of these adjustments resulted in a restatement of beginning net position in the statement of activities of (\$82,153,290) to (\$110,164,626).

REQUIRED SUPPLEMENTARY INFORMATION

Oxford Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Over (Under) Budget</u> |
|-----------------------|-------------------------|-----------------------|-----------------------|------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | \$ 5,863,708 | \$ 6,017,382 | \$ 6,062,440 | \$ 45,058 |
| State sources | 46,728,801 | 50,240,181 | 50,209,290 | (30,891) |
| Federal sources | 1,703,363 | 1,631,608 | 1,503,549 | (128,059) |
| Interdistrict sources | <u>2,313,404</u> | <u>2,154,157</u> | <u>2,276,044</u> | <u>121,887</u> |
| Total revenues | <u>56,609,276</u> | <u>60,043,328</u> | <u>60,051,323</u> | <u>7,995</u> |

Oxford Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | | <u>Over (Under) Budget</u> |
|---|-------------------------|-------------------|-------------------|------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Expenditures | | | | |
| Instruction | | | | |
| Basic programs | \$ 29,687,649 | \$ 30,135,806 | \$ 29,702,536 | \$ (433,270) |
| Added needs | 5,773,937 | 5,777,996 | 5,889,328 | 111,332 |
| Supporting services | | | | |
| Pupil | 3,148,319 | 3,378,238 | 3,433,207 | 54,969 |
| Instructional staff | 2,596,303 | 2,621,877 | 2,467,155 | (154,722) |
| General administration | 499,121 | 508,517 | 530,722 | 22,205 |
| School administration | 3,404,657 | 3,603,889 | 3,713,651 | 109,762 |
| Business | 698,069 | 826,628 | 783,484 | (43,144) |
| Operations and maintenance | 3,442,877 | 4,063,764 | 3,810,751 | (253,013) |
| Pupil transportation services | 2,342,771 | 2,355,651 | 2,238,924 | (116,727) |
| Central | 2,268,654 | 2,573,425 | 2,460,867 | (112,558) |
| Athletics | 892,808 | 1,014,056 | 961,044 | (53,012) |
| Other | 325,784 | 236,017 | 227,937 | (8,080) |
| Community services | 4,776 | 45,251 | 41,947 | (3,304) |
| Intergovernmental payments | - | 200,098 | - | (200,098) |
| Capital outlay | 1,264,471 | 1,320,210 | 1,404,246 | 84,036 |
| Debt service | | | | |
| Principal | 256,947 | 256,947 | 256,947 | - |
| Interest and fiscal charges | 58,983 | 58,983 | 58,983 | - |
| Total expenditures | <u>56,666,126</u> | <u>58,977,353</u> | <u>57,981,729</u> | <u>(995,624)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(56,850)</u> | <u>1,065,975</u> | <u>2,069,594</u> | <u>1,003,619</u> |

Oxford Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | | <u>Over (Under) Budget</u> |
|---------------------------------------|----------------------------|----------------------------|-----------------------------|------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Other financing sources (uses) | | | | |
| Transfers in | \$ 82,500 | \$ 70,625 | \$ 70,000 | \$ (625) |
| Transfers out | <u>-</u> | <u>(1,045,312)</u> | <u>(1,250,000)</u> | <u>204,688</u> |
| Total other financing sources (uses) | <u>82,500</u> | <u>(974,687)</u> | <u>(1,180,000)</u> | <u>204,063</u> |
| Net change in fund balance | 25,650 | 91,288 | 889,594 | 798,306 |
| Fund balance - beginning, as restated | <u>9,632,016</u> | <u>9,632,016</u> | <u>9,632,016</u> | <u>-</u> |
| Fund balance - ending | <u><u>\$ 9,657,666</u></u> | <u><u>\$ 9,723,304</u></u> | <u><u>\$ 10,521,610</u></u> | <u><u>\$ 798,306</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, of Each Fiscal Year)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------------|---------------|---------------|---------------|------|------|------|------|------|------|
| A. | | | | | | | | | | |
| Reporting unit's proportion of net pension liability (%) | 0.3337% | 0.3187% | 0.3046% | 0.2838% | | | | | | |
| B. | | | | | | | | | | |
| Reporting unit's proportionate share of net pension liability | \$ 86,486,079 | \$ 79,520,006 | \$ 74,392,743 | \$ 62,502,002 | | | | | | |
| C. | | | | | | | | | | |
| Reporting unit's covered-employee payroll | \$ 28,365,885 | \$ 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 | 305% | 288.86% | 291.89% | 258.53% | | | | | | |
| E. | | | | | | | | | | |
| Plan fiduciary net position as a percentage of total pension liability | 64.21% | 63.27% | 63.17% | 66.20% | | | | | | |

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2017.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2017.

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

| | | For the Years Ended June 30, | | | | | | | | | |
|----|---|------------------------------|------------------|------------------|------------------|------|------|------|------|------|------|
| | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| A. | Statutorily required contributions | \$ 7,827,962 | \$ 7,157,201 | \$ 5,875,664 | \$ 4,406,934 | | | | | | |
| B. | Contributions in relation to statutorily required contributions | <u>7,827,962</u> | <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> | <u>\$ -</u> | | | | | | |
| D. | Reporting unit's covered-employee payroll | \$ 29,414,145 | \$ 27,793,403 | \$ 26,265,248 | \$ 25,279,228 | | | | | | |
| E. | Contributions as a percentage of covered-employee payroll | 26.61% | 25.75% | 22.37% | 17.43% | | | | | | |

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

| | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----|--|---------------|------|------|------|------|------|------|------|------|------|
| A. | Reporting unit's proportion of net OPEB liability (%) | 0.3340% | | | | | | | | | |
| B. | Reporting unit's proportionate share of net OPEB liability | \$ 29,575,736 | | | | | | | | | |
| C. | Reporting unit's covered-employee payroll | \$ 28,365,885 | | | | | | | | | |
| D. | Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll | 104.27% | | | | | | | | | |
| E. | Plan fiduciary net position as a percentage of total OPEB liability | 36.39% | | | | | | | | | |

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2017.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2017.

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

| | | For the Years Ended June 30, | | | | | | | | | |
|----|---|------------------------------|------|------|------|------|------|------|------|------|------|
| | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| A. | Statutorily required contributions | \$ 2,600,195 | | | | | | | | | |
| B. | Contributions in relation to statutorily required contributions | <u>2,600,195</u> | | | | | | | | | |
| C. | Contribution deficiency (excess) | <u>\$ -</u> | | | | | | | | | |
| D. | Reporting unit's covered-employee payroll | \$ 29,414,145 | | | | | | | | | |
| E. | Contributions as a percentage of covered-employee payroll | 8.84% | | | | | | | | | |

OTHER SUPPLEMENTARY INFORMATION

Oxford Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

| | Special Revenue Funds | | Debt Service Funds | | | Total Nonmajor Governmental Funds |
|---|-----------------------|-----------------------|----------------------|-----------------------|-----------------------------|--|
| | Cafeteria | Community Services | 2016 Debt Service | 2015A Debt Service | Capital Projects Fund | |
| Assets | | | | | | |
| Cash | \$ 318,535 | \$ 45,901 | \$ 103,901 | \$ 21,168 | \$ 231,695 | \$ 721,200 |
| Accounts receivable | 252 | - | - | - | - | 252 |
| Due from other funds | - | - | - | - | 1,116,309 | 1,116,309 |
| Due from other governmental units | 129,511 | 99,995 | - | - | - | 229,506 |
| Inventory | 28,959 | - | - | - | - | 28,959 |
| Prepaid items | - | 529 | - | - | - | 529 |
| Total assets | \$ 477,257 | \$ 146,425 | \$ 103,901 | \$ 21,168 | \$ 1,348,004 | \$ 2,096,755 |
| Liabilities | | | | | | |
| Accounts payable | \$ 1,928 | \$ 10,065 | \$ - | \$ - | \$ - | \$ 11,993 |
| Due to other funds | 104,743 | 168,787 | 103,901 | 21,168 | - | 398,599 |
| Due to other governmental units | 25,891 | 35,715 | - | - | - | 61,606 |
| Unearned revenues | - | 53,478 | - | - | - | 53,478 |
| Total liabilities | 132,562 | 268,045 | 103,901 | 21,168 | - | 525,676 |
| Fund Balance | | | | | | |
| Non-spendable | | | | | | |
| Inventory | 28,959 | - | - | - | - | 28,959 |
| Prepaid items | - | 529 | - | - | - | 529 |
| Restricted for | | | | | | |
| Cafeteria | 315,736 | - | - | - | - | 315,736 |
| Assigned | | | | | | |
| Capital projects | - | - | - | - | 1,348,004 | 1,348,004 |
| Unassigned (deficit) | - | (122,149) | - | - | - | (122,149) |
| Total fund balance | 344,695 | (121,620) | - | - | 1,348,004 | 1,571,079 |
| Total liabilities and fund balance | \$ 477,257 | \$ 146,425 | \$ 103,901 | \$ 21,168 | \$ 1,348,004 | \$ 2,096,755 |

Oxford Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

| | <u>Special Revenue Funds</u> | | <u>Debt Service Funds</u> | | | Total Nonmajor Governmental Funds |
|--|------------------------------|-------------------------------|------------------------------|-------------------------------|--------------------------------------|--|
| | <u>Cafeteria</u> | <u>Community Services</u> | <u>2016 Debt Service</u> | <u>2015A Debt Service</u> | <u>Capital Projects Fund</u> | |
| Revenues | | | | | | |
| Local sources | \$ 1,303,002 | \$ 1,218,298 | \$ 1,622,860 | \$ 2,408,609 | \$ 87 | \$ 6,552,856 |
| State sources | 111,301 | 505,993 | - | - | - | 617,294 |
| Federal sources | 816,962 | - | - | - | - | 816,962 |
| Total revenues | <u>2,231,265</u> | <u>1,724,291</u> | <u>1,622,860</u> | <u>2,408,609</u> | <u>87</u> | <u>7,987,112</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Education | | | | | | |
| Food services | 2,075,939 | - | - | - | - | 2,075,939 |
| Community services | - | 1,786,914 | - | - | - | 1,786,914 |
| Capital outlay | - | - | - | - | 377,083 | 377,083 |
| Debt service | | | | | | |
| Principal | - | - | - | 4,610,000 | - | 4,610,000 |
| Interest and other expenditures | - | - | 1,709,026 | 1,003,001 | - | 2,712,027 |
| Total expenditures | <u>2,075,939</u> | <u>1,786,914</u> | <u>1,709,026</u> | <u>5,613,001</u> | <u>377,083</u> | <u>11,561,963</u> |
| Excess (deficiency) of revenues over expenditures | <u>155,326</u> | <u>(62,623)</u> | <u>(86,166)</u> | <u>(3,204,392)</u> | <u>(376,996)</u> | <u>(3,574,851)</u> |
| Other financing sources (uses) | | | | | | |
| Proceeds from school bond loan fund | - | - | - | 3,050,139 | - | 3,050,139 |
| Transfers in | - | - | - | - | 1,250,000 | 1,250,000 |
| Transfers out | (70,000) | - | - | - | - | (70,000) |
| Total other financing sources (uses) | <u>(70,000)</u> | <u>-</u> | <u>-</u> | <u>3,050,139</u> | <u>1,250,000</u> | <u>4,230,139</u> |
| Net change in fund balance | 85,326 | (62,623) | (86,166) | (154,253) | 873,004 | 655,288 |
| Fund balance - beginning | <u>259,369</u> | <u>(58,997)</u> | <u>86,166</u> | <u>154,253</u> | <u>475,000</u> | <u>915,791</u> |
| Fund balance - ending | <u>\$ 344,695</u> | <u>\$ (121,620)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,348,004</u> | <u>\$ 1,571,079</u> |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|--|----------------------|----------------------|----------------------|---------------------------------|
| Revenue from local sources | | | | |
| Property tax levy | \$ 5,125,487 | \$ 4,992,697 | \$ 4,871,662 | \$ (121,035) |
| Tuition | 237,006 | 295,379 | 324,536 | 29,157 |
| Interest earnings | 4,286 | 5,000 | 5,171 | 171 |
| Student activities | 30,000 | 75,280 | 78,976 | 3,696 |
| Other local revenues | 466,929 | 649,026 | 782,095 | 133,069 |
| Total revenues from local sources | <u>5,863,708</u> | <u>6,017,382</u> | <u>6,062,440</u> | <u>45,058</u> |
| Revenues from state sources | | | | |
| Grants | 39,421,408 | 41,542,365 | 41,486,793 | (55,572) |
| Grants - restricted | 7,307,393 | 8,697,816 | 8,722,497 | 24,681 |
| Total revenues from state sources | <u>46,728,801</u> | <u>50,240,181</u> | <u>50,209,290</u> | <u>(30,891)</u> |
| Revenues from federal sources | | | | |
| Grants | <u>1,703,363</u> | <u>1,631,608</u> | <u>1,503,549</u> | <u>(128,059)</u> |
| Interdistrict sources | | | | |
| Tuition | 41,626 | 27,894 | 46,643 | 18,749 |
| Transportation | - | 10,334 | 18,564 | 8,230 |
| ISD collected millage | 2,171,778 | 2,015,929 | 2,062,935 | 47,006 |
| Other | 100,000 | 100,000 | 147,902 | 47,902 |
| Total interdistrict sources | <u>2,313,404</u> | <u>2,154,157</u> | <u>2,276,044</u> | <u>121,887</u> |
| Other financing sources | | | | |
| Transfers in | <u>82,500</u> | <u>70,625</u> | <u>70,000</u> | <u>(625)</u> |
| Total revenue and other financing sources | <u>\$ 56,691,776</u> | <u>\$ 60,113,953</u> | <u>\$ 60,121,323</u> | <u>\$ 7,370</u> |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|--------------------------------------|--------------------|-----------------|--------------|---------------------------------|
| Basic program - elementary | | | | |
| Salaries | \$ 7,446,643 | \$ 7,300,331 | \$ 7,135,654 | \$ (164,677) |
| Employee benefits | 4,075,499 | 4,522,838 | 4,404,703 | (118,135) |
| Purchased services | 173,890 | 307,252 | 318,180 | 10,928 |
| Supplies and materials | 244,742 | 278,642 | 269,576 | (9,066) |
| Other | 3,200 | 3,200 | 1,349 | (1,851) |
| Total elementary | 11,943,974 | 12,412,263 | 12,129,462 | (282,801) |
| Basic program - middle school | | | | |
| Salaries | 2,998,907 | 2,995,370 | 2,965,403 | (29,967) |
| Employee benefits | 1,714,278 | 1,824,381 | 1,755,982 | (68,399) |
| Purchased services | 59,372 | 150,489 | 126,060 | (24,429) |
| Supplies and materials | 166,945 | 96,689 | 83,205 | (13,484) |
| Other | 2,000 | 2,000 | 2,250 | 250 |
| Total middle school | 4,941,502 | 5,068,929 | 4,932,900 | (136,029) |
| Basic program - high school | | | | |
| Salaries | 6,163,760 | 5,949,377 | 5,852,390 | (96,987) |
| Employee benefits | 3,151,500 | 3,294,254 | 3,582,499 | 288,245 |
| Purchased services | 3,173,537 | 2,867,128 | 2,738,729 | (128,399) |
| Supplies and materials | 266,318 | 468,599 | 408,339 | (60,260) |
| Other | 8,600 | 7,875 | 3,113 | (4,762) |
| Total high school | 12,763,715 | 12,587,233 | 12,585,070 | (2,163) |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|--------------------|------------------|------------------|---------------------------------|
| Basic program - summer school | | | | |
| Salaries | \$ 25,835 | \$ 43,549 | \$ 37,529 | \$ (6,020) |
| Employee benefits | 12,208 | 21,692 | 17,345 | (4,347) |
| Supplies and materials | 415 | 2,140 | 230 | (1,910) |
| | <u>38,458</u> | <u>67,381</u> | <u>55,104</u> | <u>(12,277)</u> |
| Added needs - special education | | | | |
| Salaries | 2,876,864 | 2,636,564 | 2,530,432 | (106,132) |
| Employee benefits | 1,593,864 | 1,381,563 | 1,613,923 | 232,360 |
| Purchased services | 46,215 | 74,758 | 71,291 | (3,467) |
| Supplies and materials | 101,443 | 85,043 | 44,619 | (40,424) |
| Other | - | 178,884 | 203,410 | 24,526 |
| | <u>4,618,386</u> | <u>4,356,812</u> | <u>4,463,675</u> | <u>106,863</u> |
| Added needs - compensatory education | | | | |
| Salaries | 169,460 | 234,905 | 199,803 | (35,102) |
| Employee benefits | 90,699 | 87,859 | 105,129 | 17,270 |
| Supplies and materials | 6,256 | 7,464 | 2,112 | (5,352) |
| | <u>266,415</u> | <u>330,228</u> | <u>307,044</u> | <u>(23,184)</u> |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|--------------------|-----------------|------------|---------------------------------|
| Added needs - career and technical education | | | | |
| Salaries | \$ 519,781 | \$ 578,376 | \$ 577,750 | \$ (626) |
| Employee benefits | 285,853 | 319,693 | 355,557 | 35,864 |
| Purchased services | 47,436 | 65,566 | 60,107 | (5,459) |
| Supplies and materials | 36,066 | 127,321 | 125,195 | (2,126) |
| Total career and technical education | 889,136 | 1,090,956 | 1,118,609 | 27,653 |
| Pupil - truancy/absenteeism services | | | | |
| Salaries | 124,084 | 112,759 | 113,232 | 473 |
| Employee benefits | 67,278 | 56,472 | 60,435 | 3,963 |
| Total truancy/absenteeism services | 191,362 | 169,231 | 173,667 | 4,436 |
| Pupil - guidance services | | | | |
| Salaries | 519,378 | 533,838 | 556,763 | 22,925 |
| Employee benefits | 321,698 | 318,842 | 347,253 | 28,411 |
| Total guidance services | 841,076 | 852,680 | 904,016 | 51,336 |
| Pupil - health services | | | | |
| Purchased services | 127,060 | 244,997 | 186,958 | (58,039) |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---------------------------------------|--------------------|-----------------|----------------|---------------------------------|
| Pupil - psychological services | | | | |
| Salaries | \$ 335,262 | \$ 328,149 | \$ 310,368 | \$ (17,781) |
| Employee benefits | 195,672 | 161,482 | 189,191 | 27,709 |
| Purchased services | - | 1,100 | 1,188 | 88 |
| Supplies and materials | 3,000 | 3,000 | - | (3,000) |
| | <u>533,934</u> | <u>493,731</u> | <u>500,747</u> | <u>7,016</u> |
| Total psychological services | | | | |
| Pupil - speech services | | | | |
| Salaries | 345,461 | 343,948 | 344,667 | 719 |
| Employee benefits | 198,298 | 198,872 | 207,652 | 8,780 |
| Purchased services | - | 700 | 834 | 134 |
| Supplies and materials | 2,000 | 2,000 | - | (2,000) |
| | <u>545,759</u> | <u>545,520</u> | <u>553,153</u> | <u>7,633</u> |
| Total speech services | | | | |
| Pupil - social work services | | | | |
| Salaries | 382,786 | 331,635 | 349,462 | 17,827 |
| Employee benefits | 209,444 | 184,264 | 208,417 | 24,153 |
| Purchased services | - | 4,158 | 4,241 | 83 |
| Supplies and materials | - | 300 | - | (300) |
| | <u>592,230</u> | <u>520,357</u> | <u>562,120</u> | <u>41,763</u> |
| Total social work services | | | | |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|--------------------|------------------|------------------|---------------------------------|
| Pupil - teacher consultant | | | | |
| Salaries | \$ 151,625 | \$ 246,121 | \$ 241,326 | \$ (4,795) |
| Employee benefits | 89,561 | 120,025 | 134,326 | 14,301 |
| Purchased services | - | 500 | 824 | 324 |
| Supplies and materials | - | 400 | 76 | (324) |
| | <u>241,186</u> | <u>367,046</u> | <u>376,552</u> | <u>9,506</u> |
| Total teacher consultant | | | | |
| | <u>241,186</u> | <u>367,046</u> | <u>376,552</u> | <u>9,506</u> |
| Pupil - other support services | | | | |
| Salaries | 16,342 | 25,885 | 18,967 | (6,918) |
| Employee benefits | 8,592 | 9,995 | 8,155 | (1,840) |
| Purchased services | 50,778 | 148,796 | 148,872 | 76 |
| | <u>75,712</u> | <u>184,676</u> | <u>175,994</u> | <u>(8,682)</u> |
| Total other pupil support services | | | | |
| | <u>75,712</u> | <u>184,676</u> | <u>175,994</u> | <u>(8,682)</u> |
| Instructional staff - improvement of education | | | | |
| Salaries | 546,381 | 521,378 | 475,137 | (46,241) |
| Employee benefits | 315,397 | 281,814 | 315,576 | 33,762 |
| Purchased services | 212,257 | 283,491 | 212,220 | (71,271) |
| Supplies and materials | 10,500 | 11,500 | 16,932 | 5,432 |
| Other | 116,000 | 126,000 | 96,699 | (29,301) |
| | <u>1,200,535</u> | <u>1,224,183</u> | <u>1,116,564</u> | <u>(107,619)</u> |
| Total improvement of education | | | | |
| | <u>1,200,535</u> | <u>1,224,183</u> | <u>1,116,564</u> | <u>(107,619)</u> |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|--------------------|-----------------|----------------|---------------------------------|
| Instructional staff - educational media services | | | | |
| Salaries | \$ 300,475 | \$ 229,585 | \$ 235,577 | \$ 5,992 |
| Employee benefits | 141,931 | 143,567 | 163,782 | 20,215 |
| Purchased services | 400 | 2,822 | 2,580 | (242) |
| Supplies and materials | 20,607 | 22,407 | 16,217 | (6,190) |
| | <u>463,413</u> | <u>398,381</u> | <u>418,156</u> | <u>19,775</u> |
| Total educational media services | | | | |
| Instructional staff - technology assisted instruction | | | | |
| Salaries | 16,896 | 33,456 | 33,456 | - |
| Employee benefits | 1,496 | 23,724 | 22,729 | (995) |
| Purchased services | 89,488 | 88,763 | 65,955 | (22,808) |
| Supplies and materials | - | 24,445 | 24,445 | - |
| | <u>107,880</u> | <u>170,388</u> | <u>146,585</u> | <u>(23,803)</u> |
| Total technology assisted instruction | | | | |
| Instructional staff - supervision and direction of instructional staff | | | | |
| Salaries | 432,812 | 435,528 | 442,638 | 7,110 |
| Employee benefits | 230,013 | 245,935 | 266,898 | 20,963 |
| Purchased services | 109,452 | 102,164 | 51,194 | (50,970) |
| Supplies and materials | 1,625 | 10,000 | 2,141 | (7,859) |
| Other | 275 | 1,000 | 159 | (841) |
| | <u>774,177</u> | <u>794,627</u> | <u>763,030</u> | <u>(31,597)</u> |
| Total supervision and direction of instructional staff | | | | |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|--|--------------------|-----------------|-----------|---------------------------------|
| Instructional staff - academic student assessment | | | | |
| Supplies and materials | \$ 50,298 | \$ 34,298 | \$ 22,820 | \$ (11,478) |
| General administration - board of education | | | | |
| Salaries | 9,754 | 9,759 | 5,010 | (4,749) |
| Employee benefits | - | 370 | 395 | 25 |
| Purchased services | 83,900 | 89,900 | 132,858 | 42,958 |
| Other | 13,750 | 13,750 | 8,114 | (5,636) |
| Total board of education | 107,404 | 113,779 | 146,377 | 32,598 |
| General administration - executive administration | | | | |
| Salaries | 210,534 | 213,054 | 227,542 | 14,488 |
| Employee benefits | 120,133 | 129,834 | 134,003 | 4,169 |
| Purchased services | 23,450 | 14,250 | 4,715 | (9,535) |
| Supplies and materials | 10,300 | 10,300 | 5,797 | (4,503) |
| Other | 27,300 | 27,300 | 12,288 | (15,012) |
| Total executive administration | 391,717 | 394,738 | 384,345 | (10,393) |
| School administration - office of the principal | | | | |
| Salaries | 2,108,856 | 2,053,609 | 2,053,716 | 107 |
| Employee benefits | 1,154,749 | 1,231,154 | 1,341,323 | 110,169 |
| Purchased services | 4,307 | 7,154 | 6,102 | (1,052) |
| Supplies and materials | 50,000 | 56,900 | 63,028 | 6,128 |
| Other | 21,596 | 21,596 | 12,568 | (9,028) |
| Total office of the principal | 3,339,508 | 3,370,413 | 3,476,737 | 106,324 |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|--------------------|-----------------|------------|---------------------------------|
| School administration - other | | | | |
| Salaries | \$ 44,787 | \$ 150,000 | \$ 151,668 | \$ 1,668 |
| Employee benefits | 20,362 | 83,476 | 85,246 | 1,770 |
| Total other school administration | 65,149 | 233,476 | 236,914 | 3,438 |
| Business - fiscal services | | | | |
| Salaries | 291,500 | 328,500 | 328,802 | 302 |
| Employee benefits | 165,844 | 195,267 | 208,938 | 13,671 |
| Purchased services | 168,500 | 156,630 | 111,614 | (45,016) |
| Supplies and materials | 4,000 | 4,600 | 3,892 | (708) |
| Other | 10,000 | 6,500 | 4,037 | (2,463) |
| Total fiscal services | 639,844 | 691,497 | 657,283 | (34,214) |
| Business - other | | | | |
| Purchased services | 18,100 | 25,000 | 24,740 | (260) |
| Other | 40,125 | 110,131 | 101,461 | (8,670) |
| Total other | 58,225 | 135,131 | 126,201 | (8,930) |
| Operations and maintenance - operating building services | | | | |
| Salaries | 195,694 | 221,430 | 218,203 | (3,227) |
| Employee benefits | 129,161 | 160,907 | 142,262 | (18,645) |
| Purchased services | 1,876,189 | 2,378,424 | 2,159,507 | (218,917) |
| Supplies and materials | 1,169,547 | 1,232,734 | 1,226,570 | (6,164) |
| Other | 15,000 | 15,000 | 23,019 | 8,019 |
| Total operating building services | 3,385,591 | 4,008,495 | 3,769,561 | (238,934) |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|---|--------------------|------------------|------------------|---------------------------------|
| Operations and maintenance - security services | | | | |
| Salaries | \$ 38,798 | \$ 37,523 | \$ 27,782 | \$ (9,741) |
| Employee benefits | 18,488 | 17,746 | 13,408 | (4,338) |
| Supplies and materials | - | - | - | - |
| | <u>57,286</u> | <u>55,269</u> | <u>41,190</u> | <u>(14,079)</u> |
| Total security services | | | | |
| Pupil transportation services | | | | |
| Salaries | 1,260,136 | 1,243,865 | 1,213,357 | (30,508) |
| Employee benefits | 703,850 | 741,592 | 738,528 | (3,064) |
| Purchased services | 60,785 | 74,194 | 56,450 | (17,744) |
| Supplies and materials | 313,500 | 291,500 | 226,744 | (64,756) |
| Other | 4,500 | 4,500 | 3,845 | (655) |
| | <u>2,342,771</u> | <u>2,355,651</u> | <u>2,238,924</u> | <u>(116,727)</u> |
| Total transportation services | | | | |
| Central - communication services | | | | |
| Salaries | 149,503 | 258,740 | 258,906 | 166 |
| Employee benefits | 92,675 | 169,111 | 171,220 | 2,109 |
| Purchased services | 109,710 | 62,932 | 56,496 | (6,436) |
| Supplies and materials | 2,500 | 2,580 | 1,880 | (700) |
| | <u>354,388</u> | <u>493,363</u> | <u>488,502</u> | <u>(4,861)</u> |
| Total communication services | | | | |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|--|--------------------|-----------------|------------|---------------------------------|
| Central - staff/personnel services | | | | |
| Salaries | \$ 244,410 | \$ 238,634 | \$ 284,548 | \$ 45,914 |
| Employee benefits | 144,879 | 147,400 | 157,090 | 9,690 |
| Purchased services | 7,560 | 30,776 | 19,896 | (10,880) |
| Supplies and materials | 2,200 | 2,200 | 2,355 | 155 |
| Other | 15,000 | 15,000 | 12,731 | (2,269) |
| Total staff/personnel services | 414,049 | 434,010 | 476,620 | 42,610 |
| Central - support services technology | | | | |
| Salaries | 418,071 | 409,824 | 383,252 | (26,572) |
| Employee benefits | 226,157 | 228,079 | 231,111 | 3,032 |
| Purchased services | 471,062 | 498,650 | 373,314 | (125,336) |
| Supplies and materials | 10,000 | 10,000 | 7,488 | (2,512) |
| Other | 1,490 | 3,100 | 1,726 | (1,374) |
| Total support services technology | 1,126,780 | 1,149,653 | 996,891 | (152,762) |
| Central - pupil accounting | | | | |
| Salaries | 196,047 | 301,571 | 289,509 | (12,062) |
| Employee benefits | 146,219 | 191,487 | 206,638 | 15,151 |
| Supplies and materials | 571 | 1,300 | 1,071 | (229) |
| Other | 600 | 2,040 | 1,535 | (505) |
| Total pupil accounting | 343,437 | 496,398 | 498,753 | 2,355 |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|----------------------------------|--------------------|-----------------|---------|---------------------------------|
| Central - other | | | | |
| Purchased services | \$ 30,000 | \$ 1 | \$ 101 | \$ 100 |
| Athletic activities | | | | |
| Salaries | 328,825 | 360,228 | 329,613 | (30,615) |
| Employee benefits | 153,057 | 169,253 | 175,799 | 6,546 |
| Purchased services | 342,741 | 416,243 | 386,892 | (29,351) |
| Supplies and materials | 66,600 | 66,022 | 66,430 | 408 |
| Other | 1,585 | 2,310 | 2,310 | - |
| Total athletic activities | 892,808 | 1,014,056 | 961,044 | (53,012) |
| Other supporting services | | | | |
| Salaries | 162,135 | 97,743 | 96,381 | (1,362) |
| Employee benefits | 79,649 | 56,019 | 52,313 | (3,706) |
| Purchased services | 30,000 | 3,405 | 3,238 | (167) |
| Supplies and materials | 7,000 | 5,000 | 2,333 | (2,667) |
| Other | 47,000 | 73,850 | 73,672 | (178) |
| Total other supporting services | 325,784 | 236,017 | 227,937 | (8,080) |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|--|--------------------|-----------------|---------------|---------------------------------|
| Community services - community recreation | | | | |
| Salaries | \$ 515 | \$ - | \$ 1,000 | \$ 1,000 |
| Employee benefits | 105 | 356 | 475 | 119 |
| Purchased services | 4,000 | 4,000 | 754 | (3,246) |
| Supplies and materials | - | - | 3,600 | 3,600 |
| | <u>4,620</u> | <u>4,356</u> | <u>5,829</u> | <u>1,473</u> |
| Total community recreation | | | | |
| Community services - community activities | | | | |
| Salaries | 110 | 890 | 293 | (597) |
| Employee benefits | 46 | 395 | 138 | (257) |
| Purchased services | - | 34,570 | 33,187 | (1,383) |
| Other | - | 5,040 | 2,500 | (2,540) |
| | <u>156</u> | <u>40,895</u> | <u>36,118</u> | <u>(4,777)</u> |
| Total community activities | | | | |
| Intergovernmental payments | | | | |
| Payments to other public schools | - | 200,098 | - | (200,098) |

Oxford Community Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Over (Under) Final Budget |
|--|----------------------|----------------------|----------------------|---------------------------------|
| Capital outlay | | | | |
| Basic program - elementary | \$ 13,900 | \$ 15,600 | \$ 12,563 | \$ (3,037) |
| Basic program - middle school | - | 7,124 | 2,101 | (5,023) |
| Basic program - high school | 204,224 | 356,980 | 306,145 | (50,835) |
| Added needs - special education | - | 58,646 | 53,706 | (4,940) |
| Added needs - career and technical education | 42,736 | 119,196 | 118,278 | (918) |
| Instructional staff - improvement of education | 25,215 | 19,000 | 39,327 | 20,327 |
| Instructional staff - technology assisted instruction | 14,463 | 1,276 | - | (1,276) |
| Instructional staff - supervision and direction of instructional staff | | 5,000 | - | (5,000) |
| School administration - office of the principal | 9,300 | 9,300 | - | (9,300) |
| Business - fiscal services | 30,927 | 1,000 | 850 | (150) |
| Operations and maintenance - operating building services | 30,000 | 30,000 | - | (30,000) |
| Operations and maintenance - security services | 1,495 | - | - | - |
| Pupil transportation services | 114,000 | 114,000 | 78,506 | (35,494) |
| Central - communication services | 6,630 | 6,630 | 6,641 | 11 |
| Central - staff/personnel services | - | 4,555 | 3,030 | (1,525) |
| Central - support services technology | 733,877 | 389,105 | 654,906 | 265,801 |
| Athletic services | 22,798 | 22,798 | 13,450 | (9,348) |
| Other support services | 14,906 | 40,000 | 13,884 | (26,116) |
| Building improvements | - | 120,000 | 100,859 | (19,141) |
| Total capital outlay | <u>1,264,471</u> | <u>1,320,210</u> | <u>1,404,246</u> | <u>84,036</u> |
| Debt service | | | | |
| Principal | 256,947 | 256,947 | 256,947 | - |
| Interest and other expenditures | <u>58,983</u> | <u>58,983</u> | <u>58,983</u> | <u>-</u> |
| Total debt service | <u>315,930</u> | <u>315,930</u> | <u>315,930</u> | <u>-</u> |
| Other financing uses | | | | |
| Transfers out | - | 1,045,312 | 1,250,000 | 204,688 |
| Total expenditures and financing uses | <u>\$ 56,666,126</u> | <u>\$ 60,022,665</u> | <u>\$ 59,231,729</u> | <u>\$ (790,936)</u> |

Oxford Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2018

2007 Energy Bond

| Year Ending June 30, | Interest Rate (Percent) | Interest Due May 1 | Principal Due May 1 | Total |
|-------------------------|-------------------------------|--------------------------|---------------------------|---------------------|
| 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>\$ 114,060</u> | <u>\$ 1,335,658</u> | <u>\$ 1,449,718</u> |

Oxford Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2018

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> |
|---------------------------------|--|--|-----------------------------------|--------------------------------|----------------------|
| 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>\$ 4,471,875</u> | <u>\$ 4,471,875</u> | <u>\$ 15,000,000</u> | <u>\$ 23,943,750</u> |

Oxford Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2018

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> |
|---------------------------------|--|--|-----------------------------------|--------------------------------|----------------------|
| 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>\$ 1,533,750</u> | <u>\$ 1,533,750</u> | <u>\$ 15,440,000</u> | <u>\$ 18,507,500</u> |

Oxford Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2018

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> |
|---------------------------------|--|--|-----------------------------------|--------------------------------|----------------------|
| 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>\$ 707,013</u> | <u>\$ 707,013</u> | <u>\$ 27,450,000</u> | <u>\$ 28,864,026</u> |

Oxford Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2018

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 |
|-------------------------|-------------------------------|-------------------------------|--------------------------|------------------------|----------------------|
| 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 | | <u>\$ 6,448,633</u> | <u>\$ 6,142,516</u> | <u>\$ 42,075,000</u> | <u>\$ 54,666,149</u> |

Oxford Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2018

2018 Capital Projects Bonds

| Year Ending June 30, | Interest Rate (Percent) | Interest Due November 1 | Interest Due May 1 | Principal Due May 1 | Total |
|-------------------------|-------------------------------|-------------------------------|--------------------------|------------------------|---------------|
| 2019 | - | \$ 141,386 | \$ 176,733 | \$ - | \$ 318,119 |
| 2020 | - | 176,733 | 176,733 | - | 353,466 |
| 2021 | - | 176,733 | 176,733 | - | 353,466 |
| 2022 | 4.000 | 176,733 | 176,733 | - | 353,466 |
| 2023 | - | 176,733 | 164,733 | 600,000 | 941,466 |
| 2024 | - | 164,733 | 164,733 | - | 329,466 |
| 2025 | - | 164,733 | 164,733 | - | 329,466 |
| 2026 | - | 164,733 | 164,733 | - | 329,466 |
| 2027 | - | 164,733 | 164,733 | - | 329,466 |
| 2028 | - | 164,733 | 164,733 | - | 329,466 |
| 2029 | - | 164,733 | 164,733 | - | 329,466 |
| 2030 | 4.000 | 164,733 | 158,933 | 290,000 | 613,666 |
| 2031 | 4.000 | 158,933 | 152,733 | 310,000 | 621,666 |
| 2032 | 4.000 | 152,733 | 146,133 | 330,000 | 628,866 |
| 2033 | 4.000 | 146,133 | 139,333 | 340,000 | 625,466 |
| 2034 | 4.000 | 139,333 | 131,933 | 370,000 | 641,266 |
| 2035 | 4.000 | 131,933 | 124,133 | 390,000 | 646,066 |
| 2036 | - | 124,133 | 124,133 | 400,000 | 648,266 |
| 2037 | 4.000 | 116,133 | 116,133 | 415,000 | 647,266 |
| 2038 | 4.000 | 107,833 | 107,833 | 420,000 | 635,666 |
| 2039 | 4.000 | 99,433 | 97,433 | 415,000 | 611,866 |
| 2040 | 4.000 | 91,133 | 89,133 | 535,000 | 715,266 |
| 2041 | 4.000 | 80,433 | 78,433 | 535,000 | 693,866 |
| 2042 | 4.000 | 69,733 | 66,733 | 550,000 | 686,466 |
| 2043 | 3.500 | 58,733 | 55,733 | 570,000 | 684,466 |
| 2044 | 3.500 | 48,383 | 45,758 | 585,000 | 679,141 |
| 2045 | 3.500 | 38,145 | 35,520 | 600,000 | 673,665 |
| 2046 | 3.600 | 27,645 | 25,020 | 615,000 | 667,665 |
| 2047 | 3.600 | 16,650 | 13,950 | 590,000 | 620,600 |
| 2048 | 3.600 | 6,030 | 3,420 | 335,000 | 344,450 |
| Total | | \$ 3,614,931 | \$ 3,572,480 | \$ 9,195,000 | \$ 16,382,411 |

CONTINUING DISCLOSURES (UNAUDITED)

Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2018

Enrollment

| Ten-year Blended Count History | Blended Count | School Year | Blended Count | | |
|---------------------------------------|----------------------|--------------------|----------------------|-------------------------------------|-------------------|
| 2018-2019 Initial Budget | 6,173 | 2012-2013 | 5,417 | | |
| 2017-2018 | 6,173 | 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 | | |
| 2017-18 | Enrollment | Grade | Enrollment | Grade | Enrollment |
| Early On/ECSE | 19 | 7th | 385 | Oxford Virtual Academy | 867 |
| Kindergarten | 391 | 8th | 407 | Early College | 242 |
| 1st | 296 | 9th | 391 | Oxford Crossroads | 47 |
| 2nd | 286 | 10th | 435 | St. Joseph Shared Time | 47 |
| 3rd | 311 | 11th | 386 | Bishop Kelley Catholic Shared Time | 32 |
| 4th | 318 | 12th | 367 | Franklin Road Christian Shared Time | 5 |
| 5th | 393 | Post High School | 10 | Genesee Christian Shared Time | 32 |
| 6th | 369 | Oxford Bridges | 49 | Huron Valley Lutheran Shared Time | 12 |
| | | | | Inter City Baptist Shared Time | 8 |
| | | | | Lutheran Northwest Shared Time | 6 |
| | | | | Lutheran Westland Shared Time | 9 |
| | | | | Macomb Christian Shared Time | 34 |
| | | | | Oakland Christian Shared Time | 8 |
| | | | | St. Lawrence Catholic Shared Time | 12 |
| | | | | Section 25e Adjustment | (2) |

Labor Relations

| Class | Number | Affiliation | Contract Expires |
|---|---------------|-----------------------------------|-------------------------|
| Teachers and Instructional Staff | 299 | Oxford Education Association | 8/31/2020 |
| OVA Teachers and St Joseph Teachers | 60 | Not affiliated | N/A |
| Transportation, Food Service, Maintenance | 81 | AFSCME | 8/31/2019 |
| Administrators | 22 | Oxford Administrators Association | 7/31/2020 |
| Secretaries & Paraprofessionals | 81 | OESPA | 6/30/2020 |
| Child Care | 42 | Not affiliated | N/A |
| Tutorial Assistants | 3 | Not affiliated | N/A |
| Crossing Guards | 4 | Not affiliated | N/A |
| Central Office Administrative Support | 27 | Not affiliated | N/A |
| Central Office Administrators | 5 | Not affiliated | N/A |
| Sub Employees (childcare, food service, trans, teach) | 27 | Not affiliated | N/A |
| Other Employees | 23 | Not affiliated | N/A |
| TOTAL | 674 | | |

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2018**

Retirement Plan

| Contributions Period | Contribution Rate | Fiscal Year Ended June 30 | Contributions to MPSERS | |
|---------------------------------------|--------------------------|----------------------------------|--------------------------------|-----------------------|
| October 1, 2018 - September 30, 2019 | 26.18% | 2019 | \$ 10,808,529.00 | Management's estimate |
| October 1, 2017 - September 30, 2018 | 25.56% | 2018 | 11,802,478.00 | |
| October 1, 2016 - September 30, 2017 | 24.94% | 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 | |

History of Valuation - State Equalized Valuation and Taxable Valuation

| Year | State Equalized Valuation | Taxable Valuation |
|-------------|----------------------------------|--------------------------|
| 2018 | \$ 1,397,420,603 | \$ 1,120,728,692 |
| 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, 2018

Tax Levies and Collections

| <u>School Year</u> | <u>Operating</u> | <u>Current Collections to March 1</u> | | <u>Current Collections to June 30</u> | |
|--------------------|------------------|---------------------------------------|----------------|---------------------------------------|----------------|
| | <u>Tax Levy</u> | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| 2018-2019 | \$ 5,154,195 | In process of collection | | Not available | |
| 2017-2018 | 5,114,684 | 4,744,957 | 92.77% | 4,856,884 | 94.96% |
| 2016-2017 | 4,982,339 | 4,502,683 | 90.37% | 4,834,793 | 97.04% |
| 2015-2016 | 5,173,764 | 4,687,504 | 90.60% | 5,074,752 | 98.09% |
| 2014-2015 | 4,296,890 | 4,044,639 | 94.13% | 4,118,799 | 95.86% |
| 2013-2014 | 3,956,084 | 3,644,321 | 92.12% | 3,938,515 | 99.56% |
| 2012-2013 | 4,014,845 | 3,626,736 | 90.33% | 3,950,585 | 98.40% |
| 2011-2012 | 4,121,812 | 4,040,641 | 98.03% | 4,101,971 | 99.52% |
| 2010-2011 | 4,260,486 | 3,714,866 | 87.19% | 4,255,798 | 99.89% |
| 2009-2010 | 4,687,283 | 3,689,544 | 78.71% | 4,670,317 | 99.64% |

State Aid Payments

| <u>School Year</u> | <u>Blended Pupil</u> | <u>Total State Aid</u> |
|--------------------|----------------------|------------------------------|
| | <u>Count</u> | <u>School Year</u> |
| 2018-2019 | 6,173 | \$ 50,929,913 Initial budget |
| 2017-2018 | 6,173 | 50,162,516 |
| 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>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Operating | 17.7253 | 17.9153 | 17.8078 | 17.9442 | 17.9946 | 17.9946 |
| Debt | 7.9000 | 7.9000 | 7.9000 | 7.9000 | 7.9000 | 7.0000 |
| Total homestead | 7.9000 | 7.9000 | 7.9000 | 7.9000 | 7.9000 | 7.0000 |
| Total non-homestead | 25.6253 | 25.8153 | 25.7078 | 25.8442 | 25.8946 | 24.9946 |
| Sinking Fund | 0.7440 | N/A | N/A | N/A | N/A | N/A |

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.

On November 7, 2017 voters approved a .7500 mills Sinking Fund, which was reduced 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, 2018**

School Bond Loan Fund

As of June 30, 2018, the School District had an outstanding balance, including interest, of \$29,548,242.57* in the School Bond Loan Fund.

Source: Michigan Department of Treasury

| <u>Direct Debt</u> | <u>Bond</u> | <u>Year</u> |
|-----------------------|-----------------------------------|-------------|
| \$ 15,000,000 | 2010 QSCB Bonds (GO-UTQ) | 04/14/2010 |
| 15,440,000 | 2015A Refunding Bonds (UTQ) | 08/05/2015 |
| 27,450,000 | 2015B Refunding Bonds (UTQ) | 08/05/2015 |
| 42,075,000 | 2016 Refunding Bonds (UTQ) | 08/09/2016 |
| 9,195,000 | 2018 Capital Projects Bonds (UTQ) | 11/07/2017 |
| <u>1,335,658</u> | 2007 Energy Bond | 05/23/2007 |
| <u>\$ 110,495,658</u> | | |

The taxpayers below represent 10.16% of the School District's 2018 total taxable valuation of \$1,120,728,692.

* 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>Service or Product</u> | <u>Taxable Value</u> |
|---|---------------------------|-----------------------|
| - | | |
| Enbridge Energy Limited ATR & Enbridge LP | Utility | \$ 45,152,820 |
| DTE Electric Company | Utility | 19,874,983 |
| Consumers Energy | Utility | 11,407,589 |
| BKG Oxford LLC | Real Estate | 7,149,090 |
| MRG Lake Villa LLC | Mobile Home Community | 7,099,950 |
| Meijer Inc | Retail | 6,168,580 |
| DEERE Credit Inc | Financial | 5,163,670 |
| 701 Market Street LLC | Iron and Steel Forgings | 4,644,810 |
| American Aggregates of Mich | Sand and Gravel | 4,592,470 |
| Village Manor of Oxford LLC | Apartment Rental | <u>2,647,710</u> |
| TOTAL | | <u>\$ 113,901,672</u> |

Sources: Township Treasurers, County Equalization

**Oxford Community Schools
Other Supplemental Information
Continuing Disclosure Report (Unaudited)
For the Year Ended June 30, 2018**

**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 2018-2019; 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 2018-2019 which includes 17.7253 mills of ad valorem taxes to be levied on non-homestead and non-qualified agricultural property to be used for operating is as follows:

REVENUES

| | |
|---|--------------------------|
| Local | \$ 6,206,659 |
| State | 50,929,913 |
| Federal | 1,742,110 |
| Other | 2,118,162 |
| TOTAL REVENUES | \$ 60,996,844 |
| Estimated Fund Balance July 1, 2018 | 9,289,364 |
| TOTAL AVAILABLE TO APPROPRIATE | \$ 70,286,208 |

BE IT FURTHER RESOLVED, that \$60,996,844 of the total available to appropriate in the general fund is hereby appropriated in the amounts and for the purposes set forth below:

EXPENDITURES

| | |
|------------------------------|----------------------|
| Instruction | |
| Basic Programs | \$ 32,166,165 |
| Added Needs | 5,972,073 |
| Support Services | |
| Pupil | 3,359,002 |
| Instructional Staff | 2,837,447 |
| General Administration | 523,147 |
| School Administration | 3,732,154 |
| Business Office | 820,278 |
| Maintenance | 3,876,547 |
| Transportation | 2,528,582 |
| Central | 3,004,151 |
| Athletics | 1,054,105 |
| Other - OIP | 220,712 |
| Community Services | 40,842 |
| Outgoing Transfers and Other | 816,267 |
| TOTAL APPROPRIATED | \$ 60,951,472 |

Oxford Community Schools

Single Audit Report

June 30, 2018



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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, the each major fund, and the aggregate remaining fund information of Oxford Community Schools, as of and for the year ended June 30, 2018, 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 23, 2018.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

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*.

Oxford Community Schools' Response to Findings and Corrective Action Plan

Oxford Community Schools' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Oxford Community Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Yeo & Yeo, P.C.

Flint, MI
October 23, 2018

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
Oxford, Michigan

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, 2018. 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, 2018.

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, 2018, and the related notes to the financial statements, which collectively comprise Oxford Community Schools' basic financial statements. We issued our report thereon dated October 23, 2018, 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 23, 2018

**Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

| Federal Grantor Pass-Through Grantor Program Title | Federal CFDA Number | Award Number | Approved Award Amount | (Memo Only) Prior Year Expenditures | Accrued (Deferred) Revenue July 1 2017 | Current Year Receipts | Current Year Expenditures | Adjustments | Accrued (Deferred) Revenue June 30 2018 |
|--|---------------------------|-----------------|-----------------------------|---|--|-----------------------------|---------------------------------|-------------|---|
| U.S. Department of Agriculture Passed through Michigan Department of Education Nutrition Cluster | | | | | | | | | |
| Non-cash assistance (commodities) | | | | | | | | | |
| National School Lunch Program - Entitlements | 10.555 | 2018 | \$ 114,625 | \$ - | \$ - | \$ 114,625 | \$ 114,625 | \$ - | \$ - |
| Cash assistance | | | | | | | | | |
| School Breakfast Program | 10.553 | 171970 | 93,223 | 93,223 | 5,947 | 5,947 | - | - | - |
| School Breakfast Program | 10.553 | 181970 | 113,433 | - | - | 93,681 | 113,433 | - | 19,752 |
| | | | | | <u>5,947</u> | <u>99,628</u> | <u>113,433</u> | <u>-</u> | <u>19,752</u> |
| National School Lunch Program | 10.555 | 171960 | 430,738 | 430,738 | 28,012 | 28,012 | - | - | - |
| National School Lunch Program | 10.555 | 181960 | 555,826 | - | - | 468,901 | 555,826 | - | 86,925 |
| | | | | | <u>28,012</u> | <u>496,913</u> | <u>555,826</u> | <u>-</u> | <u>86,925</u> |
| Summer Food Service Program for Children | 10.559 | 160900 | 2,549 | 2,549 | 380 | 380 | - | - | - |
| Summer Food Service Program for Children | 10.559 | 161900 | 24,663 | 24,663 | 3,662 | 3,662 | - | - | - |
| Summer Food Service Program for Children | 10.559 | 170900 | 29,979 | - | - | 23,243 | 29,979 | - | 6,736 |
| Summer Food Service Program for Children | 10.559 | 171900 | 3,100 | - | - | 2,400 | 3,100 | - | 700 |
| | | | | | <u>4,042</u> | <u>29,685</u> | <u>33,079</u> | <u>-</u> | <u>7,436</u> |
| Total cash assistance | | | | | <u>38,001</u> | <u>626,226</u> | <u>702,338</u> | <u>-</u> | <u>114,113</u> |
| Total Nutrition Cluster | | | | | <u>38,001</u> | <u>740,851</u> | <u>816,963</u> | <u>-</u> | <u>114,113</u> |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

| Federal Grantor Pass-Through Grantor Program Title | Federal CFDA Number | Award Number | Approved Award Amount | (Memo Only) Prior Year Expenditures | Accrued (Deferred) Revenue July 1 2017 | Current Year Receipts | Current Year Expenditures | Adjustments | Accrued (Deferred) Revenue June 30 2018 |
|--|---------------------------|-----------------|-----------------------------|---|--|-----------------------------|---------------------------------|-------------|---|
| U.S. Department of Education | | | | | | | | | |
| Passed through Oakland Schools County ISD | | | | | | | | | |
| Special Education Cluster | | | | | | | | | |
| Special Education - Grants to States | 84.027 | 160450 | \$ 911,564 | \$ 855,575 | \$ 62,722 | \$ 62,722 | \$ - | \$ - | \$ - |
| Special Education - Grants to States | 84.027 | 170450 | 997,798 | 817,369 | 144,666 | 192,031 | 142,328 | (167) | 94,796 |
| Special Education - Grants to States | 84.027 | 180450 | 993,364 | - | - | 544,652 | 945,942 | - | 401,290 |
| | | | | | 207,388 | 799,405 | 1,088,270 | (167) | 496,086 |
| Special Education - Preschool Grants | 84.173 | 170460 | 33,264 | 31,879 | 6,278 | 6,773 | 1,349 | - | 854 |
| Special Education - Preschool Grants | 84.173 | 180460 | 30,205 | - | - | 19,931 | 30,205 | - | 10,274 |
| | | | | | 6,278 | 26,704 | 31,554 | - | 11,128 |
| Total Special Education Cluster | | | | | 213,666 | 826,109 | 1,119,824 | (167) | 507,214 |
| Passed through Michigan Department of Education | | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 171530 | 268,961 | 214,421 | 21,475 | 36,828 | 15,353 | - | - |
| Title I Grants to Local Educational Agencies | 84.010 | 181530 | 276,258 | - | - | 195,429 | 237,636 | - | 42,207 |
| Total Title I Grants to Local Educational Agencies | | | | | 21,475 | 232,257 | 252,989 | - | 42,207 |
| Passed through Oakland Schools County ISD | | | | | | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | 1617 | 110,228 | 110,228 | 45,699 | 45,699 | - | - | - |
| Passed through Michigan Department of Education | | | | | | | | | |
| English Language Acquisition State Grants | 84.365 | 170570 | 21,013 | 15,721 | 822 | 2,352 | 1,530 | - | - |
| English Language Acquisition State Grants | 84.365 | 180570 | 3,761 | - | - | 3,761 | 3,761 | - | - |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Oxford Area Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

| Federal Grantor Pass-Through Grantor Program Title | Federal CFDA Number | Award Number | Approved Award Amount | (Memo Only) Prior Year Expenditures | Accrued (Deferred) Revenue July 1 2017 | Current Year Receipts | Current Year Expenditures | Adjustments | Accrued (Deferred) Revenue June 30 2018 |
|--|---------------------------|-----------------|-----------------------------|---|--|-----------------------------|---------------------------------|-----------------|---|
| Passed through Holly Schools | | | | | | | | | |
| English Language Acquisition State Grants | 84.365 | 1718 | \$ 20,713 | \$ - | \$ - | \$ - | \$ 15,062 | \$ - | \$ 15,062 |
| Total English Language Acquisition State Grants | | | | | <u>822</u> | <u>6,113</u> | <u>20,353</u> | <u>-</u> | <u>15,062</u> |
| Passed through Michigan Department of Education | | | | | | | | | |
| Title IIA - Supporting Effective Instruction State Grant | 84.367 | 170520 | 76,517 | 65,260 | 5,601 | 5,807 | 206 | - | - |
| Title IIA - Supporting Effective Instruction State Grant | 84.367 | 180520 | 91,183 | - | - | 34,699 | 66,549 | - | 31,850 |
| Total Title IIA - Supporting Effective Instruction State Grant | | | | | <u>5,601</u> | <u>40,506</u> | <u>66,755</u> | <u>-</u> | <u>31,850</u> |
| Passed through Holly Schools | | | | | | | | | |
| Title IV Part A - Student Support and Academic Enrichment | 84.424 | 180750 | 10,000 | - | - | 8,465 | 10,000 | - | 1,535 |
| Total U.S. Department of Education | | | | | <u>287,263</u> | <u>1,159,149</u> | <u>1,469,921</u> | <u>(167)</u> | <u>597,868</u> |
| U.S. Department of Health and Human Services | | | | | | | | | |
| Passed through Oakland Schools County ISD | | | | | | | | | |
| Medical Assistance Program | 93.778 | FY18 | 5,896 | - | - | 5,896 | 5,896 | - | - |
| Total Federal awards | | | | | <u>\$ 325,264</u> | <u>\$ 1,905,896</u> | <u>\$ 2,292,780</u> | <u>\$ (167)</u> | <u>\$ 711,981</u> |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Oxford Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2018

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 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.

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 | | | \$ | 2,292,780 |
| Amounts previously reported as deferred inflows and 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 |
| Miscellaneous adjustment | | | | (167) |
| Federal interest revenue | | | | <u>811,275</u> |
| Federal revenue reported on the Financial Statements | | | \$ | <u>3,131,786</u> |

Oxford Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2018

Note 4 - Funds Transferred to Subrecipients

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

Note 5 - 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.

Note 6 – Michigan Department of Education Disclosure

The federal amounts reported on the grant auditor report are in agreement with the schedule of expenditures of federal awards with the following reconciliation due to timing differences of receipts.

| | Receipts per the Grant Auditor Report | Receipts per Schedule | Difference |
|------------------------|---|--------------------------|------------------|
| Title I Part A 181530 | \$ 276,258 | \$ 195,429 | \$ 80,829 |
| Title II Part A 180520 | 45,666 | 34,699 | 10,967 |
| | <u>\$ 321,924</u> | <u>\$ 230,128</u> | <u>\$ 91,796</u> |

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

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2018

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? | <u> X </u> Yes | <u> </u> No |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u> </u> Yes | <u> X </u> None reported |
| Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|---------------------------------|------------------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | <u> </u> Yes | <u> X </u> 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)?

| | |
|---------------------------------|-------------------------|
| <u> </u> Yes | <u> X </u> No |
|---------------------------------|-------------------------|

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2018

Identification of major programs:

CFDA Numbers
10.553/10.555/10.559
84.027/84.173

Name of Federal Program
Nutrition Cluster
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

Finding 2018-001 - Material Weakness

| | |
|--|---|
| Criteria: | Michigan Department of Education Bulletin 1022 Michigan Public School Accounting Manual states that financial statements and records should be free of errors that could change the users' overall assessment of the entity's finances. |
| Condition: | A material adjustment was required during the audit to reconcile the general fund checking account. |
| Cause and Effect: | The adjustment was recorded as a result of the bank reconciliation process which identified omissions from prior year audits resulting in an increase in the general fund cash balance and prior period adjustment to general fund equity. |
| Recommendation: | We recommend bank accounts are reconciled timely and reviewed my management to ensure that the balance is accurately stated. This will give management and the board an accurate depiction of the District's position and therefore they will be able to make more informed decisions for the District on a timely basis. |
| Views of Responsible Officials: | Management agrees with the finding. |
| Corrective Action Plan: | See attached corrective action plan. |

Oxford Community Schools
Schedule of Findings and Questioned Costs
June 30, 2018

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

Oxford Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2018

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, 2017.

Section V - Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2017.



ADMINISTRATION OFFICE

Tim Throne, Superintendent

Ken Weaver, Deputy Superintendent of Curriculum & Instruction

Sam Barna, Assistant Superintendent of Business & Operations

David Pass, Assistant Superintendent of Human Resources

Denise Sweat, Assistant Superintendent of Student Services

October 19, 2018

Oxford Community Schools submits the following corrective action plan concerning finding 2018-001 on the schedule of findings and responses:

2018-001 Material Weakness

Corrective Action

The Finance Department of Oxford Community Schools has implemented, as of October, 2018, a revised internal procedure where bank account reconciliations will be completed within 30 calendar days of the month-end. Furthermore, the Assistant Superintendent of Business, who currently reviews and approves all transactions, will review, sign, and date each reconciliation in a timely manner.

Samuel R. Barna

Assistant Superintendent of Business & Operations





October 23, 2018

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, 2018, and have issued our report dated October 23, 2018. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The first appendix to this letter sets forth those communications as follows:

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

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

II. Matters for Management's Consideration

We discussed these matters with various personnel in the School District during the audit and 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 29, 2018. 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 the new Governmental Accounting Standards Board Statements as noted in the notes to the financial statements, effective July 1, 2017.

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.
- Net OPEB liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We have 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. 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. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the District's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities districts should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement.

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.

Uniform Guidance – Implementation of Federal Grant Procurement Standards

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. 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) 2019 School Aid

The School Aid budget for FY 2019 was signed in June, 2018. Following are some significant highlights of the bill:

- The per pupil Foundation Grants for FY 2019 will increase by a range of \$120 to \$240 using the “2X formula.” The increase will be added to the FY 2018 foundation grant resulting in the lowest foundation for FY 2018 being \$7,871 and the maximum state guaranteed foundation being \$8,409.
- The Pupil Membership Blend will remain at 90% of the current school year October count and 10% of the prior school year February count.
- The Section 31a At-Risk funding is maintained at \$499,000,000. Eligibility expanded to include grades K-12, from K-3, and shall use resources to address early literacy and numeracy through an evidence-based framework that uses data-driven problem solving through a multi-tiered system of supports. Adds language that for schools in which more than 40% of pupils are identified as At-Risk, a district may use the funds it receives to implement schoolwide reforms that are guided by the district’s comprehensive needs assessment and are included in the district improvement plan. Allows for up to 5% to be used for professional development.
- The per pupil funding under Section 20f will be equal to the per pupil funding in 2017-18.
- A New Section 31m has been created as a separate account to improve mental health and support services for K-12 pupils. A deposit of \$30 million has been allocated for this purpose.
- A new Section 54d appropriates \$5 million in grant funds for intermediate districts to provide pilot programs for children from birth to 3 years of age with developmental disability and/or delay.
- Section 147c has a MPSERS rate cap funding set at \$1.03 billion, which is an increase of \$72 million. The rate cap is estimated at \$690 per pupil.
- Section 147e includes \$37.6 million allocated as a direct reimbursement for additional retirement costs for specific qualified participants due to PA 92 of 2017.

Budget Assumptions & Early Warning

Each school district that has a general fund balance less than 5% of total unrestricted general revenue for either of the 2015-2016 or 2016-2017 school fiscal years is required to submit budget assumptions to the Center for Educational Performance and Information (CEPI).

Uniform Budgeting and Accounting Act (UBAA)

The 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.

Current Operating Expenditures (COE) for UAAL

Effective FY 2019, the percentage change in Current Operating Expenditures (COE) from one year to the next will be used to adjust the payroll on which the UAAL rate is charged. FY 2017 reported payroll will be adjusted by the percent change in COE from 2016 to 2017 to establish the FY19 adjusted payroll. The capped UAAL rate of 20.96% continues to be used in the calculation. ORS has put examples on their website to walk the school district through the calculation.

- UAAL contributions will no longer be calculated on member wages reported throughout the FY.
- This did not affect the 2018 fiscal year, but will impact the 2019 fiscal year.
- The FY 2019 payment process for contributions will be spread out over all Employer Statements in State FY 2019 (October 2018 through September 2019).

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.

The only material misstatement detected as a result of our audit procedures and corrected by management was the prior period adjustment which was caused by omissions from prior year audits and resulted in an adjustment to cash and beginning general fund equity of \$433,940.

There were no uncorrected misstatements that were more than trivial.

Disagreements with Management

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

Management Representations

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

Management's Consultations with Other Accountants

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

Other Audit Findings or Issues

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

Emphasis of Matters in Independent Auditors' Report

Our report will include the following emphasis of matter paragraphs:

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the School District adopted GASB Statement no. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Deficit Fund Balance

The School District has an accumulated unassigned deficit fund balance in the Community Service Fund of \$122,149 as of June 30, 2018, which has resulted from operating deficits. Our opinions are not modified with respect to this matter.

Prior Period Adjustment

As described in Note 12 to the financial statements, the beginning net position of the general fund was restated to adjust for prior year omissions. Our opinions are not modified with respect to this matter.

Other Reports

Other information that is required to be reported to you is included in the: 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 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 pension contributions, schedule of the school district's proportionate share of the net OPEB liability, schedule of the school district's OPEB 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, 2018, we considered Oxford Community Schools' internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

However, during our audit we became aware of several matters for management's consideration that are opportunities for strengthening internal controls and improving operating efficiency. This letter does not affect our report dated October 23, 2018, on the financial statements of Oxford Community Schools. Our comments and recommendations regarding those matters are:

Timeliness of Reporting and Reconciliations

During the current year it was noted that there was improvement in the timeliness of reporting and reconciliations, however, bank reconciliations still are not being done 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.

Deficit Fund Balance

The Community Service Fund has an unassigned deficit of \$122,149. This deficit is the result of operating deficits. We recommend the District maintain tight budgetary controls over this fund to ensure timely elimination of the deficit.

Federal Equipment Listing

While the District does track all of its fixed assets in a complete listing, it was discovered through single audit procedures that the District is not tracking federally purchased equipment in a separate listing and a physical inventory has not been taken, both of which are required by Uniform Guidance. We recommend that the District review its entire fixed asset listing and start tracking federally purchased fixed assets in a separate listing. Further, we recommend that the District take a physical inventory of all federal equipment at least every two years. Implementing both of these measures will ensure the District is in compliance with Uniform Guidance.

Approval of Federal Equipment Purchases

As part of the single audit, we tested expenditures charged to major programs. During our testing of disbursements in the nutrition cluster it was noted that a van was purchased in the current year and approval from the Michigan Department of Education was not obtained before the purchase was made. Vehicles are not included on the Michigan Department of Education's Capital Expenditure Approval List for single items with a cost of \$5,000 or more and therefore approval for the purchase should have been obtained from the Michigan Department of Education before the van was purchased with federal funds. We recommend that the District review this list before any items are purchased with federal funds to ensure they are obtaining adequate approvals in accordance with Uniform Guidance.

Grant Reimbursement Request

During our review of the schedule of expenditures of federal awards, it came to our attention that Title I funds were over requested in the current year. We recommend that management review expenditures for all grants to ensure they are only requesting reimbursement for the amount they have actually expended. This will ensure that the School District is in compliance with grant agreements as well as laws and regulations.

Audit Adjustments Required

While there was improvement related to audit adjustments required in the current year, there were several journal entries proposed by the auditors to account for various financial statement amounts. We recommend the School District take steps to ensure that all accounts are reconciled in a timely manner and that necessary journal entries are identified and recorded. This will help improve the School District's decisions by basing their decisions on accurate financial information.

Prior Year Comments

- Timeliness of Reporting and Reconciliations – partially corrected, see above
- Audit Adjustments Required – partially corrected, see above
- Budget Overages – improvement in current year
- Deficit Fund Balance – uncorrected, see above