Oxford Area Community Schools

Oxford Michigan

Annual Financial Statements
and
Auditors' Report

June 30, 2006

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Oxford Area Community Schools
Members of the Board of Education and Administration
June 30, 2006

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Lee Barclay – Vice-President

Judy Kubina – Secretary

Colleen Schultz – Treasurer

Pam Phelps – Trustee

Doug Myer – Trustee

Carol Mitchell – Trustee

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Virginia Brennan-Kryo – Superintendent

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Independent Auditors' Report

To the Board of Education
Oxford Area Community Schools
Oxford Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Oxford Area Community Schools as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oxford Area Community Schools' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Oxford Area Community Schools as of June 30, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 2, 2006, on our consideration of the Oxford Area Community Schools' internal control over financial reporting and on our tests of its provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oxford Area Community Schools' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Section 7, Continuing Disclosure Report is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Yeo & Yeo, P.C.

Saginaw, Michigan
August 25, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford Area Community Schools
Management's Discussion and Analysis
June 30, 2006

This section of the 2006 annual financial report presents our discussion and analysis of the Oxford Area Community Schools financial performance during the fiscal year ended June 30, 2006. 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. These statements are organized so the reader can understand Oxford Area Community School District financially as a whole. 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 look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant fund - the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Financial Section

- Basic Financial Statements
  - District-wide Financial Statements
  - Fund Financial Statements
  - Fiduciary Fund
  - Notes to Financial Statements
- Required Supplemental Information
  - Budgetary Comparison Schedules – General Fund
- Other Supplemental Information
  - Combining Balance Sheet Non-major Governmental Funds
  - Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Non-major Governmental Funds
  - Comparative Information – General Fund
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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 School District's financial condition as a result of the year's activities?" The statement of net assets 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 to include all assets and liabilities, 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 assets – the difference between assets and liabilities, as reported in the statement of net assets - 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 assets, 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 assets 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), and State and Federal grants finance most of 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 many other funds to help it control and manage money for particular purposes (the Food Services and Athletics 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). The governmental funds of the School District use the following accounting approach:

Governmental funds - 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 are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

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. 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 Assets (in Millions)

	2006 Governmental Activities	2005 Governmental Activities
Assets		
Current Assets	$ 11.15	$ 9.73
Capital Assets, net book value	120.01	123.47
Total Assets	131.16	133.20
Liabilities		
Current Liabilities	10.63	10.18
Noncurrent Liabilities	124.98	123.74
Total Liabilities	135.61	133.92
Net Assets (Deficit)		
Invested in Capital Assets	(0.11)	(0.10)
Restricted	1.00	0.64
Unrestricted	(5.34)	(1.26)
Total Net Assets (Deficit)	(4.45)	(0.72)

Recall that the statement of net assets provides the perspective of the School District as a whole. The School District's net deficit was ($4.45) million. Capital assets, net of related debt totaling ($.11 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. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets is unrestricted and totals ($5.34 million).

The ($5.34 million) in unrestricted net assets of governmental activities represents the accumulated results of all past years operations. A positive unrestricted net assets balance would enable the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The School District's unrestricted net asset balance is a deficit which signals potential cash flow difficulties. This is why we need to borrow against future State Aid in order to have adequate cash on hand for operating purposes. There is also no reserve available to handle large unexpected uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

Summary of Net Activities (in Millions)

	2006 Governmental Activities	2005 Governmental Activities
Revenues		
Program revenues		
Charges for services	$ 2.13	$ 2.00
Operating grants and contributions	3.62	4.62
General revenues		
Property taxes	11.70	10.50
State aid	26.67	24.06
Investment earnings	0.17	0.18
Other	0.10	0.32
Total revenues	44.39	41.68
Expenses		
Instruction	24.43	22.22
Support services	14.73	14.33
Food services	1.36	1.19
Athletics	0.64	0.63
Community service	1.16	1.16
Interest on long-term debt	5.78	6.53
Total expenses	48.10	46.06
Change in net assets	$ (3.73)	$ (4.38)

As reported in the statement of activities, the cost of all of our governmental activities this year was $48.10 million. Certain activities were partially funded from those who benefited from the programs, $2.13 million, or by other governments and organizations that subsidized certain programs with grants and contributions, $3.62 million. We paid for the remaining "public benefit" portion of our governmental activities with $11.70 million in taxes, $26.67 million in State foundation allowance, and with our other revenues, i.e., interest income and general entitlements.

The School District experienced a decrease in net assets of ($3.73 million), which increased the total net asset deficit from ($.73 million) to ($4.45 million). This change is due primarily to the planned borrowing from the School Bond Loan Fund to meet current debt obligations, and the planned use of General Fund equity to provide programs and services.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. 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 State-prescribed available unrestricted resources.

The School District's Funds

As noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of $3.35 million, which is a decrease of $1.3 million from last year. The primary reasons for the decrease are noted as follows:

- In the General Fund, our principal operating fund, the fund balance decreased $1.35 million to approximately $2 million. This change is mainly due to planned use of fund equity to provide educational programs and increases in operating costs primarily related to utilities. The General Fund's fund balance is available to fund costs related to allowable school operating purposes.

- Our Special Revenue Funds (Food Services, Athletics, and Community Services Funds) remained relatively stable with a combined net increase in fund equity of approximately $25,000. This is due to prudent management of the funds with Food Services and Community Services posting modest operating surpluses.

- Combined, the Debt Service Funds showed a fund balance increase of approximately $360,000. Millage rates are set annually to ensure that the School District accumulates sufficient resources to pay annual bond related debt service. Durant

debt obligations are funded by annual State appropriation, and no fund balance exists at year end. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

- The Public Improvement Fund's fund balance decreased to zero as the final equipment purchases and projects associated with the 2001 bond issue were completed.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts 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 actually 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.

There were revisions made to the 2005-2006 General Fund original budget. Budgeted revenues were increased approximately $.4 million due mainly to prior year adjustments in State Aid related to revised taxable values, and increased revenue associated with certain Federal grants. The variance from budget to actual for revenues was not significant.

Budgeted expenditures were increased approximately $1.3 million primarily due to revised budgets for federal grants, unanticipated increases in utility costs, additional resources provided to Frameworks and tax abatements related to the previously noted increase in State Aid. The variance from budget to actual for expenditures was not significant.

Capital Assets and Debt Administration

Summary of Capital Assets

	2006	2005
Capital Assets		
Land	$ 354,000	$ 354,000
Buildings and improvements	132,410,548	132,273,567
Furniture and equipment	16,091,488	16,091,488
Busses and other vehicles	2,362,831	2,175,901
Subtotal	151,218,867	150,894,956
Less accumulated depreciation	(31,208,523)	(27,429,044)
Total Capital Assets	$ 120,010,344	$ 123,465,912

As of June 30, 2006 the School District had $120 million, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of $3.5 million due to accumulated depreciation. We present more detailed information about our capital assets in the notes to the financial statements.

Summary of Debt

General Obligation Bonds	2006	2005
1996 Issue	$ -	$ 1,100,000
2001 General Obligation Bonds	43,500,000	45,050,000
2003 Refunding Bonds	3,425,000	4,710,000
2004 Refunding Bonds	37,465,000	37,650,000
2005 Refunding Bonds	12,410,000	12,555,000
Total general obligation bonds outstanding	96,800,000	101,065,000
Durant Non-Plaintiff Bond	314,273	340,036
School Bond Loan Fund borrowings and accrued interest	26,943,904	26,943,904
Total Debt	$ 124,058,177	$ 128,348,940

At the end of this year, the School District had $96.8 million in general obligation bonds outstanding versus $101.1 million in the previous year (a change of 5%). The reduction is due to paying down the principal balance on the outstanding bonds.

The School District's general obligation bond rating is A1. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries $271 million. If the School District issues "qualified debt," i.e. debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of $96.8 million is significantly below this $271 million statutorily imposed limit.

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

Economic Factors and Next Year's Budgets

Our elected officials and the administration consider many factors when setting the School District's 2006-2007 fiscal year 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 2006-2007 fiscal year is 25 percent and 75 percent of the February 2006 and September 2006 student counts, respectively. The 2006-2007 budget was adopted in June 2006, based on an estimate of students that will be enrolled in September 2006. Approximately 76 percent of total General Fund revenue is from the State portion of the 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. Based on the initial fall student count, the blended count to formulate the 2006-2007 budget is slightly over the target number. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State adopted a 2007 budget that includes a $210 per pupil increase in the foundation allowance. While the $210 increase is certainly good news, increases in State imposed retirement costs and increases in employee health care premiums will consume most of this increase. It is evident that substantial budget reductions are needed for the foreseeable future if the school district hopes to maintain financial stability and independence. Inevitably these budget reductions will impact the instructional programs and services that are presently offered.

If the State's revenue budget falls short of projections, the legislature must then revise the appropriation or pro-ration of State aid will occur. We did not receive a pro-ration in the last fiscal year but it is not known at this time whether a mid-year pro-ration will occur in 2006-2007, and what the impact will be on revenues.

BASIC FINANCIAL STATEMENTS

Oxford Area Community Schools
Statement of Net Assets
June 30, 2006

	Governmental Activities
Assets	
Cash	$ 3,757,805
Taxes receivable	8,077
Due from other governmental units	5,195,258
Accounts receivable	166,751
Inventory	17,442
Other assets	2,004,731
Capital assets not being depreciated	354,000
Capital assets - net of accumulated depreciation	119,656,344
Total assets	131,160,408
Liabilities	
Accounts payable	1,862,350
State aid anticipation note payable	1,500,000
Due to other governmental units	70,082
Payroll deductions and withholdings	32,281
Accrued expenditures	744,171
Accrued salaries payable	2,208,455
Deferred revenue	51,471
Noncurrent liabilities	
Due within one year	4,162,983
Due in more than one year	124,983,240
Total liabilities	135,615,033
Net Assets (deficit)	
Invested in capital assets, net of related debt	(109,306)
Restricted for:	
Debt service	1,003,908
Unrestricted	(5,349,227)
Total net assets (deficit)	$ (4,454,625)

See Accompanying Notes to Financial Statements

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Oxford Area Community Schools
Statement of Activities
For the Year Ended June 30, 2006

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs					
Governmental activities					
Instruction	$ 24,434,576	$ -	$ 2,856,566	$ -	$ (21,578,010)
Supporting services	14,730,286	96,569	327,125	-	(14,306,592)
Food services	1,364,928	909,043	431,438	-	(24,447)
Athletic activities	643,685	164,213	-	-	(479,472)
Community services	1,163,030	963,609	1,912	-	(197,509)
Interest on long-term debt	5,775,896	-	-	-	(5,775,896)
Total governmental activities	$ 48,112,401	$ 2,133,434	$ 3,617,041	$ -	(42,361,926)
General revenues					
Property taxes, levied for general purposes					4,646,567
Property taxes, levied for debt service					7,050,880
State aid - unrestricted					26,671,276
Interest and investment earnings					166,570
Other					97,082
Total general revenues					38,632,375
Change in net assets					(3,729,551)
Net assets (deficit) - beginning					(725,074)
Net assets (deficit) - ending					$ (4,454,625)

See Accompanying Notes to Financial Statements

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Oxford Area Community Schools
Governmental Funds
Balance Sheet
June 30, 2006

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	$ 2,742,137	$ 1,015,668	$ 3,757,805
Taxes receivable	8,077	-	8,077
Accounts receivable	25,570	141,181	166,751
Due from other funds	-	549,294	549,294
Due from other governmental units	5,185,092	10,166	5,195,258
Inventory	-	17,442	17,442
Total assets	$ 7,960,876	$ 1,733,751	$ 9,694,627
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$ 1,635,466	$ 226,884	$ 1,862,350
State aid anticipation note payable	1,500,000	-	1,500,000
Due to other funds	537,392	11,902	549,294
Due to other governmental units	70,082	-	70,082
Payroll deductions and withholdings	32,281	-	32,281
Accrued salaries payable	2,175,859	32,596	2,208,455
Deferred revenue	-	116,484	116,484
Total liabilities	5,951,080	387,866	6,338,946
Fund Balance			
Reserved for inventory	-	17,442	17,442
Reserved for debt service	-	1,003,908	1,003,908
Designated for long-term obligations	2,009,796	-	2,009,796
Other undesignated	-	324,535	324,535
Total fund balance	2,009,796	1,345,885	3,355,681
Total liabilities and fund balance	$ 7,960,876	$ 1,733,751	$ 9,694,627

See Accompanying Notes to Financial Statements

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Oxford Area Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2006

Total fund balances for governmental funds	$ 3,355,681
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	354,000
Capital assets - net of accumulated depreciation	119,656,344
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds	65,013
Other long-term assets are not deferred in the governmental funds.	2,004,731
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(744,171)
Special termination benefits	(511,965)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(1,876,466)
Bonds payable	(99,813,889)
School bond loan fund payable	(22,310,492)
Accrued interest	(4,633,411)
Net assets (deficit) of governmental activities	$ (4,454,625)

See Accompanying Notes to Financial Statements

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Oxford Area Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2006

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	$ 4,955,470	$ 9,088,226	$ 14,043,696
State sources	26,512,270	159,006	26,671,276
Federal sources	1,490,735	237,377	1,728,112
Interdistrict sources	1,874,753	-	1,874,753
Total revenues	34,833,228	9,484,609	44,317,837
Expenditures			
Current			
Education			
Instruction	20,099,737	-	20,099,737
Supporting services	14,191,155	-	14,191,155
Food services	-	1,175,954	1,175,954
Athletic activities	-	643,685	643,685
Community services	5,797	968,259	974,056
Intergovernmental payments	994,095	-	994,095
Capital outlay	4,478	731,593	736,071
Debt service			
Principal	-	4,290,763	4,290,763
Interest and other expenditures	-	4,712,128	4,712,128
Total expenditures	35,295,262	12,522,382	47,817,644
Excess (deficiency) of revenues over expenditures	(462,034)	(3,037,773)	(3,499,807)

See Accompanying Notes to Financial Statements

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Oxford Area Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2006

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)			
Proceeds from school bond loan fund	$ -	$ 2,210,629	$ 2,210,629
Transfers in	-	887,419	887,419
Transfers out	(887,419)	-	(887,419)
Total other financing sources (uses)	(887,419)	3,098,048	2,210,629
Net change in fund balance	(1,349,453)	60,275	(1,289,178)
Fund balance - beginning	3,359,249	1,285,610	4,644,859
Fund balance - ending	$ 2,009,796	$ 1,345,885	$ 3,355,681

See Accompanying Notes to Financial Statements

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Oxford Area 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, 2006

Net change in fund balances - Total governmental funds	$ (1,289,178)
Total change in net assets 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.	
Community service income	65,013
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	(3,779,479)
Capital outlay	323,911
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(190,417)
Accrued interest school bond loan fund	(1,000,146)
Special termination benefits	165,750
Compensated absences	(231,934)
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 assets, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt issued	(2,210,629)
Repayments of long-term debt	4,290,763
Amortization of bond premium	169,891
Amortization of gain on debt defeasance	(43,096)
Change in net assets of governmental activities	$ (3,729,551)

See Accompanying Notes to Financial Statements

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Oxford Area Community Schools
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2006

	Agency Funds
Assets	
Cash	$ 321,932
Liabilities	
Due to agency fund activities	$ 321,932

See Accompanying Notes to Financial Statements

YEO & YEO

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Oxford Area 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 assets 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 assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

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 and federal 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 assets 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 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.

Capital Projects Fund – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

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, Athletic and Community Service Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

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

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

Assets, Liabilities and 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.

Property taxes and other receivable are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2006, the rates are as follows per $1,000 of assessed value.

General Fund	
Homestead	0.0
Nonhomestead	18.0
Debt Service Funds	
Homestead	7.0
Nonhomestead	7.0

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 78% 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.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Inventories– Inventories in the Food Service Fund are valued at cost, on a first-in, first-out basis. Inventories of other governmental funds, which are insignificant, are recorded as expenditures when purchased.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $10,000. 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 additions	50 years
Equipment and furniture	5-15 years
Buses and other vehicles	7 years

Compensated Absences – The liability for compensated absences reported in the district-wide statements consists of accumulated sick leave balances. A liability for these amounts is reposted 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 assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data

Comparative data is not included in the School District's financial statements.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets 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.

Upcoming Accounting and Reporting Change

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health

care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

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 cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act 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. Individual amendments were not material in relation to the original appropriations which were amended.

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
School administration	$ 2,108,812	$ 2,140,337	$ 31,525
Business	641,784	721,732	79,948
Pupil transportation services	2,085,946	2,101,331	15,385
Central	1,059,420	1,066,960	7,540

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	$ 3,757,805	$ 321,932	$ 4,079,737

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 4,079,487
Petty cash and cash on hand	250
Total	$ 4,079,737

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

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

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

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, $ 4,294,608 of the District's bank balance of $ 4,433,670 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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	$ 354,000	$ -	$ -	$ 354,000
Capital assets being depreciated				
Buildings and additions	132,273,567	136,981	-	132,410,548
Equipment and furniture	16,091,488	-	-	16,091,488
Buses and other vehicles	2,175,901	186,930	-	2,362,831
Total capital assets being depreciated	150,540,956	323,911	-	150,864,867
Less accumulated depreciation for				
Buildings and additions	18,086,956	2,500,387	-	20,587,343
Equipment and furniture	7,818,408	1,105,260	-	8,923,668
Buses and other vehicles	1,523,680	173,832	-	1,697,512
Total accumulated depreciation	27,429,044	3,779,479	-	31,208,523
Net capital assets being depreciated	123,111,912	(3,455,568)	-	119,656,344
Net capital assets	$ 123,465,912	$ (3,455,568)	$ -	$ 120,010,344

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

Governmental activities	
Instruction	$ 3,023,583
Support services	377,948
Food services	188,974
Community services	188,974
Total governmental activities	$ 3,779,479

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
Nonmajor govenmental funds	General Fund	$ 537,392
Nonmajor govenmental funds	Nonmajor govenmental funds	11,902
		$ 549,294

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

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

Interfund transfers were made during the year are as follow:

Transfers in	
Athletics Fund	$ 479,472
Public Improvement Fund	407,947
	$ 887,419
Transfers out	
General Fund	$ 887,419

These transfers were made to cover the costs of the School District's programs that were in excess of revenues generated from those activities.

NOTE 6 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
State grants	$ -	$ 9,626
Prepaid childcare	65,013	25,857
Prepaid food service	-	15,988
Total	$ 65,013	$ 51,471

NOTE 7 - STATE AID ANTICIPATION NOTE

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

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000

NOTE 8 - LONG-TERM DEBT

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	$ 101,065,000	$ -	$ 4,265,000	$ 96,800,000	$ 3,965,000
Durant Bonds	340,036	-	25,763	314,273	26,983
School Bond Loan Fund	20,099,863	2,210,629	-	22,310,492	-
Accrued interest	3,633,265	1,000,146	-	4,633,411	-
Compensated absences	1,644,532	298,457	66,523	1,876,466	-
Retirement incentives	677,715	-	165,750	511,965	171,000
Premium on bonds	2,869,507	-	169,891	2,699,616	-
Deferred charges from refunding	(2,047,827)	-	(43,096)	(2,004,731)	-
Total	$ 128,282,091	$ 3,509,232	$ 4,649,831	$ 127,141,492	$ 4,162,983

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

$61,750,000 serial bonds due in annual installments of $2,425,000 to $2,450,000 through May 1, 2031, interest at 4.25% to 5.50%	$ 43,500,000
$7,400,000 refunding bonds due in annual installments of $120,000 to $1,285,000 through May 1, 2013, interest at 2.50% to 4.00%	3,425,000
$37,735,000 refunding bonds due in annual installments of $185,000 to $2,250,000 through May 1, 2025, interest at 2.50% to 5.00%	37,465,000
$12,555,000 refunding bonds due in annual installments of $145,000 to $2,505,000 through May 1, 2018, interest at 3.00% to 5.00%	12,410,000
Total general obligation bonded debt	$ 96,800,000

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

	Principal	Interest	Total
Year Ending June 30,			
2007	$ 3,965,000	$ 4,520,125	$ 8,485,125
2008	3,895,000	4,386,925	8,281,925
2009	3,830,000	4,245,925	8,075,925
2010	3,415,000	4,081,901	7,496,901
2011	3,485,000	3,939,125	7,424,125
2012-2016	21,730,000	17,132,115	38,862,115
2017-2021	23,245,000	11,772,200	35,017,200
2022-2026	20,985,000	5,988,250	26,973,250
2027-2031	12,250,000	1,837,500	14,087,500
Total	$ 96,800,000	$ 57,904,066	$ 154,704,066

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $ 1,003,908 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

$532,249 Durant serial bonds due in annual installments of $25,763 to $124,402, through May 14, 2013; interest 4.76% due annually	$ 314,273

These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2007	$ 26,983	$ 10,387	$ 37,370
2008	124,402	51,979	176,381
2009	29,621	7,756	37,377
2010	31,030	6,345	37,375
2011	32,508	4,868	37,376
2012-2013	69,729	5,019	74,748
Total	$ 314,273	$ 86,354	$ 400,627

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 School District's debt millage will not exceed the pre-bond vote millage of 7.0 mills. However, at this time the monies generated by the 7.0 mills are presently not sufficient to cover the entire debt service requirements of the School District. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the outstanding bonds and all

necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed $ 2,210,629 and had an outstanding balance at year of $ 22,310,492, from the State School Bond Loan Fund. 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 $ 1,876,466 of vacation hours earned and vested or estimated to be potentially vested. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Retirement Benefits

The School District offered a voluntary severance incentive plan to employees to be paid over a five year period. The balance, as of year end was $ 511,965.

Future payments are as follows:

Year Ending June 30,	
2007	$ 171,000
2008	340,965
Total	$ 511,965

Defeased Debt

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

The final payment date is May 1, 2031. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

1996 Issue refunded	$ 4,075,000
2001 Issue refunded	720,000
Total	$ 4,795,000

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omission, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for health claims (excluding dental) and participates in SET-SAG (risk pool) for claims relating to workers' 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; members' premiums are used to purchase commercial excess insurance coverage and pay member claims in excess of deductible amounts.

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

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPSERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

Funding Policy

The School is required by State statute to contribute to MPSERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2003 through June 30, 2006.

	2006	2005	2004
Funding percentage range	14.87-16.34%	12.99-14.87%	12.99%
Total payroll	21,412,373	20,868,021	20,481,030
Total covered payroll	21,096,436	20,525,041	18,617,913
School contributions	3,372,751	2,976,075	2,683,546
Employee MIP contributions	647,031	611,124	532,387
Tax deferred payment program	219,367	301,412	268,033
Portion of school contribution covering health, dental and vision benefits	44%	44%	47%

Trend Information

Ten-year historical trend information is presented in the September 30, 2005, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2004, the latest date for which information is available, approximates $ 46.3 billion and $ 38.8 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2005.

Post Employment Benefits

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2005, statewide expenditures of $ 761 million were recognized for post-retirement health care, dental and vision. This represented

approximately 23% of the total expenditures of the Michigan Public School Employees Retirement System.

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 year June 30, 2006.

The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

REQUIRED SUPPLEMENTAL INFORMATION

Oxford Area Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2006

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Budget
Revenues				
Local sources	$ 4,996,000	$ 5,061,000	$ 4,955,470	$ (105,530)
State sources	26,135,742	26,357,360	26,512,270	154,910
Federal sources	1,453,840	1,562,466	1,490,735	(71,731)
Interdistrict sources	1,810,129	1,810,629	1,874,753	64,124
Total revenues	34,395,711	34,791,455	34,833,228	41,773
Expenditures				
Instruction				
Basic programs	16,271,260	16,200,218	15,839,477	(360,741)
Added needs	4,618,264	4,566,921	4,260,260	(306,661)
Supporting services				
Pupil	1,496,883	1,761,786	1,736,056	(25,730)
Instructional staff	1,375,315	1,341,605	1,324,062	(17,543)
General administration	363,203	415,457	412,890	(2,567)
School administration	2,078,589	2,108,812	2,140,337	31,525
Business	381,573	641,784	721,732	79,948
Operations and maintenance	4,230,672	4,715,515	4,687,787	(27,728)
Pupil transportation services	2,012,244	2,085,946	2,101,331	15,385
Central	1,061,452	1,059,420	1,066,960	7,540
Community services	3,530	12,629	5,797	(6,832)
Intergovernmental payments	672,039	1,002,039	994,095	(7,944)
Capital outlay	24,900	12,400	4,478	(7,922)
Total expenditures	34,589,924	35,924,532	35,295,262	(629,270)
Excess (deficiency) of revenues over expenditures	(194,213)	(1,133,077)	(462,034)	671,043

Oxford Area Community Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2006

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Budget
Other Financing Uses				
Transfers out	$ (483,787)	$ (496,923)	$ (887,419)	$ (390,496)
Net change in fund balance	(678,000)	(1,630,000)	(1,349,453)	280,547
Fund balance - beginning	3,359,249	3,359,249	3,359,249	-
Fund balance - ending	$ 2,681,249	$ 1,729,249	$ 2,009,796	$ 280,547

OTHER SUPPLEMENTAL INFORMATION

Oxford Area Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2006

	Special Revenue Funds			Debt Service Funds					Capital Projects Funds		Total
	Athletics	Cafeteria	Community Services	1996 Debt	2001 Debt	2003 Debt	2004 Debt	2005 Debt	2001 Capital Projects Fund	Public Improvement Fund	Nonmajor Governmental Funds
Assets											
Cash	$ -	$ 31,305	$ 67,649	$ 133,068	$ 390,474	$ 132,393	$ 195,129	$ 65,650	$ -	$ -	$ 1,015,668
Accounts receivable	-	3,567	137,614	-	-	-	-	-	-	-	141,181
Due from other funds	24,751	141,914	81,276	-	44,003	10,457	33,589	11,272	202,032	-	549,294
Due from other governmental units	-	10,166	-	-	-	-	-	-	-	-	10,166
Inventory	-	17,442	-	-	-	-	-	-	-	-	17,442
Total assets	$ 24,751	$ 204,394	$ 286,539	$ 133,068	$ 434,477	$ 142,850	$ 228,718	$ 76,922	$ 202,032	$ -	$ 1,733,751
Liabilities and Fund Balance											
Liabilities											
Accounts payable	$ 11,991	$ 2,696	$ 9,940	$ -	$ -	$ -	$ -	$ 225	$ 202,032	$ -	$ 226,884
Due to other funds	-	-	-	11,902	-	-	-	-	-	-	11,902
Accrued salaries payable	12,760	8,310	11,526	-	-	-	-	-	-	-	32,596
Deferred revenue	-	15,988	100,496	-	-	-	-	-	-	-	116,484
Total liabilities	24,751	26,994	121,962	11,902	-	-	-	225	202,032	-	387,866
Fund Balance											
Reserved for inventory	-	17,442	-	-	-	-	-	-	-	-	17,442
Other undesignated	-	159,958	164,577	121,166	434,477	142,850	228,718	76,697	-	-	1,328,443
Total fund balance	-	177,400	164,577	121,166	434,477	142,850	228,718	76,697	-	-	1,345,885
Total liabilities and fund balance	$ 24,751	$ 204,394	$ 286,539	$ 133,068	$ 434,477	$ 142,850	$ 228,718	$ 76,922	$ 202,032	$ -	$ 1,733,751

Oxford Area Community Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2006

	Special Revenue Funds			Debt Service Funds						Capital Projects Funds		Total
	Athletics	Cafeteria	Community Services	1996 Debt	2001 Debt	2003 Debt	2004 Debt	2005 Debt	Durant	2001 Capital Projects Fund	Public Improvement Fund	Nonmajor Governmental Funds
Revenues												
Local sources	$ 164,213	$ 909,348	$ 900,750	$ 1,022,755	$ 3,045,376	$ 1,021,054	$ 1,517,852	$ 506,878	$ -	$ -	$ -	$ 9,088,226
State sources	-	30,458	91,172						37,376	-	-	159,006
Federal sources	-	237,377	-	-	-	-	-	-	-	-	-	237,377
Total revenues	164,213	1,177,183	991,922	1,022,755	3,045,376	1,021,054	1,517,852	506,878	37,376	-	-	9,484,609
Expenditures												
Current												
Education												
Food services	-	1,175,954	-	-	-	-	-	-	-	-	-	1,175,954
Athletic activities	643,685	-	-	-	-	-	-	-	-	-	-	643,685
Community services	-	-	968,259	-	-	-	-	-	-	-	-	968,259
Capital outlay	-	-	-	-	-	-	-	-	-	-	731,593	731,593
Debt service												
Principal	-	-	-	1,100,000	1,550,000	1,285,000	185,000	145,000	25,763	-	-	4,290,763
Interest and other expenditures	-	-	-	102,472	2,245,450	149,818	1,674,363	528,412	11,613	-	-	4,712,128
Total expenditures	643,685	1,175,954	968,259	1,202,472	3,795,450	1,434,818	1,859,363	673,412	37,376	-	731,593	12,522,382
Excess (deficiency) of revenues over expenditures	(479,472)	1,229	23,663	(179,717)	(750,074)	(413,764)	(341,511)	(166,534)	-	-	(731,593)	(3,037,773)
Other Financing Sources												
Proceeds from school bond loan fund	-	-	-	162,513	812,949	464,848	527,088	243,231	-	-	-	2,210,629
Transfers in	479,472	-	-	-	-	-	-	-	-	-	407,947	887,419
Total other financing sources	479,472	-	-	162,513	812,949	464,848	527,088	243,231	-	-	407,947	3,098,048
Net change in fund balance	-	1,229	23,663	(17,204)	62,875	51,084	185,577	76,697	-	-	(323,646)	60,275
Fund balance - beginning	-	176,171	140,914	138,370	371,602	91,766	43,141	-	-	-	323,646	1,285,610
Fund balance - ending	$ -	$ 177,400	$ 164,577	$ 121,166	$ 434,477	$ 142,850	$ 228,718	$ 76,697	$ -	$ -	$ -	$ 1,345,885

Oxford Area Community Schools
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	2006	2005
Assets		
Cash	$ 2,742,137	$ 4,153,642
Taxes receivable	8,077	7,347
Accounts receivable	25,570	3,062
Due from other governmental units	5,185,092	4,790,389
Total assets	$ 7,960,876	$ 8,954,440
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 1,635,466	$ 1,458,847
State aid anticipation note payable	1,500,000	-
Due to other funds	537,392	1,432,100
Due to other governmental units	70,082	522,473
Payroll deductions and withholdings	32,281	-
Accrued salaries payable	2,175,859	2,133,924
Deferred revenue	-	47,847
Total liabilities	5,951,080	5,595,191
Fund Balance		
Designated for long-term obligations	2,009,796	2,322,247
Other undesignated	-	1,037,002
Total fund balance	2,009,796	3,359,249
Total liabilities and fund balance	$ 7,960,876	$ 8,954,440

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	$ 4,775,000	$ 4,775,000	$ 4,666,281	$ (108,719)
Earnings on investments	40,000	110,000	101,076	(8,924)
Other local revenues	181,000	176,000	188,113	12,113
Total revenues from local sources	4,996,000	5,061,000	4,955,470	(105,530)
Revenues from state sources				
Grants - unrestricted	26,135,742	26,357,360	26,512,270	154,910
Revenues from federal sources				
Grants	1,453,840	1,562,466	1,490,735	(71,731)
Interdistrict sources				
Other	1,810,129	1,810,629	1,874,753	64,124
Total revenue	$ 34,395,711	$ 34,791,455	$ 34,833,228	$ 41,773

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	$ 5,078,503	$ 5,054,481	$ 4,989,605	$ (64,876)
Employee benefits	2,399,756	2,426,756	2,352,918	(73,838)
Purchased services	1,392	22,827	19,598	(3,229)
Supplies and materials	129,851	119,234	163,485	44,251
Other	1,500	1,500	762	(738)
Total elementary	7,611,002	7,624,798	7,526,368	(98,430)
Basic program - middle school				
Salaries	2,379,251	2,277,319	2,340,420	63,101
Employee benefits	1,139,098	1,139,098	1,075,411	(63,687)
Purchased services	-	10,293	9,511	(782)
Supplies and materials	124,389	76,330	70,874	(5,456)
Other	900	1,090	779	(311)
Total middle school	3,643,638	3,504,130	3,496,995	(7,135)
Basic program - high school				
Salaries	3,119,421	3,154,509	3,077,755	(76,754)
Employee benefits	1,545,795	1,529,855	1,423,024	(106,831)
Purchased services	129,600	168,823	113,533	(55,290)
Supplies and materials	219,780	214,029	197,358	(16,671)
Other	2,024	4,074	4,444	370
Total high school	5,016,620	5,071,290	4,816,114	(255,176)

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - special education				
Salaries	$ 1,916,168	$ 1,780,590	$ 1,817,932	$ 37,342
Employee benefits	1,099,500	1,081,331	855,335	(225,996)
Purchased services	23,209	17,209	17,932	723
Supplies and materials	6,482	13,873	8,254	(5,619)
Total special education	3,045,359	2,893,003	2,699,453	(193,550)
Added needs - compensatory education				
Salaries	311,460	385,626	377,882	(7,744)
Employee benefits	94,001	96,908	102,080	5,172
Purchased services	61,863	45,709	42,728	(2,981)
Supplies and materials	37,876	54,650	40,650	(14,000)
Total compensatory education	505,200	582,893	563,340	(19,553)
Added needs - career and technical education				
Salaries	671,985	670,677	607,832	(62,845)
Employee benefits	318,847	317,146	289,892	(27,254)
Purchased services	7,398	6,398	11,967	5,569
Supplies and materials	69,069	96,398	87,331	(9,067)
Other	406	406	445	39
Total career and technical education	1,067,705	1,091,025	997,467	(93,558)

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - guidance services				
Salaries	$ 378,081	$ 381,559	$ 366,985	$ (14,574)
Employee benefits	179,393	180,809	168,763	(12,046)
Purchased services	150	150	168	18
Supplies and materials	-	2,393	2,078	(315)
Total guidance services	557,624	564,911	537,994	(26,917)
Pupil - health services				
Salaries	1,600	6,800	4,478	(2,322)
Employee benefits	383	1,248	1,062	(186)
Purchased services	62,344	150,153	125,859	(24,294)
Supplies and materials	500	1,500	856	(644)
Total health services	64,827	159,701	132,255	(27,446)
Pupil - psychological services				
Salaries	102,675	106,410	106,410	-
Employee benefits	48,718	48,718	50,682	1,964
Purchased services	1,000	1,000	1,034	34
Supplies and materials	2,500	2,500	2,019	(481)
Total psychological services	154,893	158,628	160,145	1,517
Pupil - speech services				
Salaries	215,666	221,029	207,476	(13,553)
Employee benefits	115,848	116,607	97,874	(18,733)
Purchased services	1,000	1,000	1,595	595
Supplies and materials	1,100	1,100	1,783	683
Total speech services	333,614	339,736	308,728	(31,008)

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - social work services				
Salaries	$ 240,695	$ 240,695	$ 240,695	$ -
Employee benefits	119,325	128,639	113,473	(15,166)
Purchased services	1,395	1,395	1,058	(337)
Supplies and materials	1,000	1,000	1,227	227
Total social work services	362,415	371,729	356,453	(15,276)
Pupil - teacher consultant				
Salaries	-	135,571	136,256	685
Employee benefits	-	-	61,425	61,425
Total teacher consultant	-	135,571	197,681	62,110
Pupil - other support services				
Salaries	8,700	9,000	14,881	5,881
Employee benefits	3,766	3,766	16,669	12,903
Purchased services	11,044	13,544	5,325	(8,219)
Supplies and materials	-	5,200	5,925	725
Total other pupil support services	23,510	31,510	42,800	11,290
Instructional staff - improvement of education				
Salaries	22,245	29,626	27,618	(2,008)
Employee benefits	12,477	12,877	8,019	(4,858)
Purchased services	15,258	29,598	21,802	(7,796)
Supplies and materials	16,176	6,096	10,097	4,001
Other	4,200	4,200	4,538	338
Total improvement of education	70,356	82,397	72,074	(10,323)

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - educational media services				
Salaries	$ 473,132	$ 473,132	$ 471,100	$ (2,032)
Employee benefits	224,495	224,495	224,465	(30)
Supplies and materials	2,449	16,795	16,669	(126)
Total educational media services	700,076	714,422	712,234	(2,188)
Instructional staff - technology assisted instruction				
Purchased services	-	2,937	4,137	1,200
Instructional staff - supervision and direction of instructional staff				
Salaries	391,850	332,407	345,585	13,178
Employee benefits	203,733	165,932	175,946	10,014
Purchased services	4,750	4,750	4,176	(574)
Supplies and materials	3,650	4,150	2,205	(1,945)
Other	900	900	1,328	428
Total supervision and direction of instructional staff	604,883	508,139	529,240	21,101
Instructional staff - academic student assessment				
Salaries	-	27,448	5,368	(22,080)
Employee benefits	-	6,262	1,009	(5,253)
Total academic student assessment	-	33,710	6,377	(27,333)
General administration - board of education				
Purchased services	66,800	129,190	111,506	(17,684)
Other	8,500	8,110	9,601	1,491
Total board of education	75,300	137,300	121,107	(16,193)

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
General administration - executive administration				
Salaries	$ 186,440	$ 178,694	$ 176,806	$ (1,888)
Employee benefits	88,463	88,463	104,686	16,223
Purchased services	2,500	2,144	2,282	138
Supplies and materials	2,500	2,609	1,463	(1,146)
Other	8,000	6,247	6,546	299
Total executive administration	287,903	278,157	291,783	13,626
School administration - office of the principal				
Salaries	1,402,715	1,408,929	1,429,224	20,295
Employee benefits	675,874	675,874	686,394	10,520
Supplies and materials	-	23,590	23,591	1
Other	-	419	1,128	709
Total office of the principal	2,078,589	2,108,812	2,140,337	31,525
Business - fiscal services				
Salaries	177,400	177,611	214,418	36,807
Employee benefits	84,173	84,173	116,994	32,821
Purchased services	40,000	40,000	49,061	9,061
Supplies and materials	17,000	16,500	9,188	(7,312)
Other	20,000	4,500	11,506	7,006
Total fiscal services	338,573	322,784	401,167	78,383

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Business - other				
Other	$ 43,000	$ 319,000	$ 320,565	$ 1,565
Operations and maintenance - operating building services				
Salaries	1,458,779	1,493,622	1,394,969	(98,653)
Employee benefits	703,557	703,557	671,455	(32,102)
Purchased services	506,620	576,620	554,674	(21,946)
Supplies and materials	1,559,716	1,939,716	2,066,569	126,853
Other	2,000	2,000	120	(1,880)
Total operating building services	4,230,672	4,715,515	4,687,787	(27,728)
Pupil transportation services				
Salaries	1,153,955	1,154,261	1,169,804	15,543
Employee benefits	547,535	547,535	575,076	27,541
Purchased services	63,000	68,200	56,017	(12,183)
Supplies and materials	245,254	313,450	297,522	(15,928)
Other	2,500	2,500	2,912	412
Total transportation services	2,012,244	2,085,946	2,101,331	15,385
Central - communication services				
Salaries	47,714	51,014	54,302	3,288
Employee benefits	22,790	22,790	24,087	1,297
Purchased services	12,750	12,750	8,570	(4,180)
Supplies and materials	18,000	18,000	18,663	663
Total communication services	101,254	104,554	105,622	1,068

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services				
Salaries	$ 196,170	$ 196,650	$ 196,884	$ 234
Employee benefits	93,080	93,080	99,195	6,115
Purchased services	7,500	7,500	5,103	(2,397)
Supplies and materials	4,800	4,800	1,433	(3,367)
Other	1,000	1,000	948	(52)
Total staff/personnel services	302,550	303,030	303,563	533
Central - support services technology				
Salaries	347,635	347,015	344,276	(2,739)
Employee benefits	165,071	164,821	173,257	8,436
Purchased services	130,500	130,000	129,809	(191)
Supplies and materials	14,442	10,000	10,433	433
Total support services technology	657,648	651,836	657,775	5,939
Community services - direction				
Supplies and materials	-	4,716	1,877	(2,839)
Community services - community activities				
Salaries	-	1,000	-	(1,000)
Employee benefits	-	500	-	(500)
Supplies and materials	-	1,000	-	(1,000)
Total community activities	-	2,500	-	(2,500)

Oxford Area Community Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Community services - welfare activities				
Supplies and materials	$ -	$ 1,000	$ 35	$ (965)
Community services - non-public school pupils				
Supplies and materials	-	528	-	(528)
Community services - other				
Purchased services	3,530	3,885	3,885	-
Intergovernmental payments				
Payments to other public schools	672,039	1,002,039	994,095	(7,944)
Capital outlay				
Basic program - high school	5,000	5,000	4,003	(997)
Added needs - compensatory education	4,900	4,900	-	(4,900)
Added needs - career and technical education	12,000	-	-	-
Business - fiscal services	1,000	1,000	475	(525)
Pupil transportation services	2,000	1,500	-	(1,500)
Total capital outlay	24,900	12,400	4,478	(7,922)
Other financing uses				
Transfers out	483,787	496,923	887,419	390,496
Total expenditures and financing uses	$ 35,073,711	$ 36,421,455	$ 36,182,681	$ (238,774)

Oxford Area Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2006

2003 Refunding Issue

Year Ending June 30,	Interest Rate (Percent)	November 1	May 1	Principal Due May1	Total
2007	2.50	$ 53,288	$ 53,287	$ 1,025,000	$ 1,131,575
2008	3.00	40,475	40,475	975,000	1,055,950
2009	3.50	25,850	25,850	935,000	986,700
2010	3.50	9,488	9,488	125,000	143,976
2011	4.00	7,300	7,300	120,000	134,600
2012	4.00	4,900	4,900	125,000	134,800
2013	4.00	2,400	2,400	120,000	124,800
Total		$ 143,701	$ 143,700	$ 3,425,000	$ 3,712,401

Oxford Area Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2006

2001 Issue

Year Ending June 30,	Interest Rate (Percent)	November 1	May 1	Principal Due May1	Total
2007	4.25	$ 1,073,938	$ 1,073,937	$ 1,550,000	$ 3,697,875
2008	5.00	1,041,000	1,041,000	1,550,000	3,632,000
2009	5.00	1,002,250	1,002,250	1,550,000	3,554,500
2010	5.00	963,500	963,500	1,550,000	3,477,000
2011	4.00	924,750	924,750	1,550,000	3,399,500
2012	5.00	893,750	893,750	1,550,000	3,337,500
2013	5.00	855,000	855,000	2,425,000	4,135,000
2014	5.50	794,375	794,375	-	1,588,750
2015	5.50	794,375	794,375	-	1,588,750
2016	5.50	794,375	794,375	-	1,588,750
2017	5.50	794,375	794,375	-	1,588,750
2018	5.50	794,375	794,375	-	1,588,750
2019	5.00	794,375	794,375	2,425,000	4,013,750
2020	5.00	733,750	733,750	2,425,000	3,892,500
2021	5.00	673,125	673,125	2,425,000	3,771,250
2022	5.00	612,500	612,500	2,450,000	3,675,000
2023	5.00	551,250	551,250	2,450,000	3,552,500
2024	5.00	490,000	490,000	2,450,000	3,430,000
2025	5.00	428,750	428,750	2,450,000	3,307,500
2026	5.00	367,500	367,500	2,450,000	3,185,000
2027	5.00	306,250	306,250	2,450,000	3,062,500
2028	5.00	245,000	245,000	2,450,000	2,940,000
2029	5.00	183,750	183,750	2,450,000	2,817,500
2030	5.00	122,500	122,500	2,450,000	2,695,000
2031	5.00	61,250	61,250	2,450,000	2,572,500
Total		$ 16,296,063	$ 16,296,062	$ 43,500,000	$ 76,092,125

Oxford Area Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2006

2004 Refunding Issue

Year Ending June 30,	Interest Rate (Percent)	November 1	May 1	Principal Due May1	Total
2007	3.00	$ 834,987	$ 834,988	$ 1,390,000	$ 3,059,975
2008	2.50	814,138	814,137	1,370,000	2,998,275
2009	4.00	797,012	797,013	1,345,000	2,939,025
2010	3.50	770,113	770,112	1,740,000	3,280,225
2011	4.00	739,662	739,663	1,815,000	3,294,325
2012	3.50	703,363	703,362	1,895,000	3,301,725
2013	5.00	670,200	670,200	1,965,000	3,305,400
2014	3.60	621,075	621,075	2,060,000	3,302,150
2015	3.70	583,995	583,995	2,020,000	3,187,990
2016	5.00	546,625	546,625	2,085,000	3,178,250
2017	5.00	494,500	494,500	2,175,000	3,164,000
2018	5.00	440,125	440,125	2,165,000	3,045,250
2019	5.00	386,000	386,000	2,250,000	3,022,000
2020	5.00	329,750	329,750	2,235,000	2,894,500
2021	5.00	273,875	273,875	2,220,000	2,767,750
2022	5.00	218,375	218,375	2,205,000	2,641,750
2023	5.00	163,250	163,250	2,190,000	2,516,500
2024	5.00	108,500	108,500	2,180,000	2,397,000
2025	5.00	54,000	54,000	2,160,000	2,268,000
Total		$ 9,549,545	$ 9,549,545	$ 37,465,000	$ 56,564,090

Oxford Area Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2006

2005 Refunding Issue

Year Ending June 30,	Interest Rate (Percent)	November 1	May 1	Principal Due May1	Total
2007	3.00	$ 297,850	$ 297,850	$ -	$ 595,700
2008	3.00	297,850	297,850	-	595,700
2009	3.00	297,850	297,850	-	595,700
2010	3.00	297,850	297,850	-	595,700
2011	3.00	297,850	297,850	-	595,700
2012	3.00	297,850	297,850	-	595,700
2013	3.00	297,850	297,850	-	595,700
2014	5.00	297,850	297,850	2,505,000	3,100,700
2015	5.00	235,225	235,225	2,495,000	2,965,450
2016	5.00	172,850	172,850	2,485,000	2,830,700
2017	4.00	110,725	110,725	2,480,000	2,701,450
2018	5.00	61,125	61,125	2,445,000	2,567,250
Total		$ 2,962,725	$ 2,962,725	$ 12,410,000	$ 18,335,450

Oxford Area Community Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2006

Durant Non-Plaintiff

Year Ending June 30,	Interest Rate (Percent)	Interest Due May 15	Principal May 15	Total
2007	4.761	$ 10,387	$ 26,983	$ 37,370
2008	4.761	51,979	124,402	176,381
2009	4.761	7,756	29,621	37,377
2010	4.761	6,345	31,030	37,375
2011	4.761	4,868	32,508	37,376
2012	4.761	3,320	34,054	37,374
2013	4.761	1,699	35,675	37,374
Total		$ 86,354	$ 314,273	$ 400,627

CONTINUING DISCLOSURE REPORT

YEO & YEO

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Enrollment

Ten-year Blended Count History

School Year	Blended Count	School Year	Blended Count
2006-2007 *	4,289	2001-2002	3,980
2005-2006	4,172	2000-2001	3,849
2004-2005	4,078	1999-2000	3,722
2003-2004	4,029	1998-1999	3,572
2002-2003	3,990	1997-1998	3,463

2006-2007 Fall Count (est.)	Enrollment	Grade	Enrollment	Grade	Enrollment
PPI	17	4th	335	9th	322
Kindergarten	333	5th	342	10th	324
1st	330	6th	306	11th	346
2nd	316	7th	330	12th	315
3rd	296	8th	317	Crossroads for Youth	100

Labor Relations

Class	2,454,864	Affiliation	Contract Expires
Teachers	231	Oxford Education Association	8/31/2006
Food service, transportation, and custodial	97	AFSCME	8/31/2006
Administrators	17	Oxford Administrators Association	7/31/2006
Secretaries and paraprofessionals	78	OESPA	6/30/2006
Child care	41	Not affiliated	N/A
Tutorial assistants	10	Not affiliated	N/A
Noon aides	2	Not affiliated	N/A
Central office secretaries	9	Not affiliated	N/A
Central office administrators	4	Not affiliated	N/A
Other employees	9	Not affiliated	N/A
TOTAL	498		

During the past ten years, the School District has not experienced a strike by any of its bargaining units.

* Estimated

Oxford Area Community Schools

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Retirement Plan

Contributions Period	Contribution Rate
October 1, 2006 - September 30, 2007	17.74%
October 1, 2005 - September 30, 2006	16.34%
October 1, 2004 - September 30, 2005	14.87%
October 1, 2003 - September 30, 2004	12.99%
October 1, 2002 - September 30, 2003	12.99%
October 1, 2001 - September 30, 2002	12.17%

Fiscal Year Ended June 30	Contributions to MPSERS
2007	$ 3,854,838 *
2006	3,372,751
2005	2,976,075
2004	2,683,546
2003	2,615,277
2002	2,454,864

History of Valuation - State Equalized Valuation and Taxable Valuation

Year	State Equalized Valuation	Taxable Valuation
2006	$ 1,405,272,077	$ 1,088,624,724
2005	1,358,756,114	1,010,562,821
2004	1,253,525,736	935,522,243
2003	1,173,757,215	874,469,811
2002	1,043,369,701	808,884,741
2001	953,949,011	729,095,483

Sources: Oakland County and Lapeer County Departments of Equalization and the School District

*Estimated

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Tax Levies and Collections

School Year	Operating Tax Levy	Current Collections to March 1 Amount	Current Collections to March 1 Percent	Current Collections to June 30 Amount	Current Collections to June 30 Percent
2006-2007	$5,148,094	In process of collection		Not available	
2005-2006	4,666,281	$4,027,322	86.31%	$4,625,480	96.97%
2004-2005	4,101,511	3,515,575	85.71%	3,915,247	95.46%
2003-2004	3,914,457	3,421,835	87.42%	3,819,330	97.57%
2002-2003	3,737,712	3,243,462	86.78%	3,615,343	96.73%
2001-2002	3,464,571	3,028,305	87.41%	3,414,882	98.57%

Note: Since 2000-01, Consumers Energy Company and Detroit Edison Company have delayed some of their tax payments to the municipal units due to pending personal property tax appeals.

State Aid Payments

School Year	2,615,277	Total State Aid School Year
2006-2007	4,289	$27,170,523 *
2005-2006	4,172	26,172,676
2004-2005	4,078	25,014,258
2003-2004	4,029	24,647,333
2002-2003	3,990	24,830,945

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

	2006	2005	2004	2003	2002
Operating-Extra Voted	18.0000	18.0000	15.6451	15.7936	16.3326
Debt	7.0000	7.0000	7.0000	7.0000	7.0000
Total homestead	7.0000	7.0000	7.0000	7.0000	7.0000
Total nonhomestead	25.0000	25.0000	22.6451	22.7936	23.3326

The operating millage on non-homestead property will expire with the December 2006 levy. A millage renewal proposal will appear on the November 7, 2006 general election ballot. The operating millage in 2002, 2003, and 2004 was reduced as a result of the Headlee Amendment, Article IX, Section 31, of the Michigan Constitution.

*Estimated

School Bond Loan Fund

As of June 30, 2006, the School District had an outstanding balance, including interest, of $26,943,904 in the School Bond Loan Fund.
Source: Michigan Department of Treasury

Direct Debt	Bond	Year
$ 43,500,000	2001 School Building and Site Bonds (UTQ)	11/13/2001
3,425,000	2003 Refunding Bonds (UTQ)	3/20/2003
37,465,000	2004 Refunding Bonds (UTQ)	11/16/2004
12,410,000	2005 Refunding Bonds (UTQ)	6/14/2005

Largest Taxpayers

Shown below are the ten largest identifiable taxpayers in the School District based on their 2006 taxable valuations.
The taxpayers listed below represent 7% of the School District's 2006 taxable valuation of $1,088,624,724.

Taxpayer	Service or Product	
Detroit Edison Company *	Utility	$ 20,820,420
MSP Industries Corporation	Iron and steel forgings	8,770,370
Meijer, Inc.	Retail	8,671,540
Consumers Energy Compan	Utility	6,483,910
Christopher Investments	Mobile Home Community	6,284,580
Royal Oak Boring	Machine Engine Blocks	6,061,400
James L. Guy	Mobile Home Community	5,937,400
Clarkston Lake MHC	Mobile Home Community	4,846,720
American Aggregates	Gravel Mining	4,834,720
OXI LLC	Land Holder/Developer	4,443,600
TOTAL		$ 77,154,660

* Has filed personal property tax appeals.

Sources: Oxford Township Treasurer, Brandon Township Treasurer, Addison Township Treasurer, Lapeer County Equalization

RESOLVED, that this resolution shall be the general appropriations of Oxford Area Community Schools for the fiscal year 2006-2007. A resolution to make appropriations: to provide for the expenditure of the appropriations: and to provide for the disposition of all income received by Oxford Area Community Schools.

BE IT FURTHER RESOLVED, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the General Fund of the Oxford Area Community Schools for fiscal year 2006-2007 are as follows:

REVENUES	
Local	$ 5,312,000
State	27,217,757
Federal	1,544,418
Other	1,838,629
TOTAL REVENUES	35,912,804
Estimated Fund Balance July 1, 2006	1,729,249
TOTAL AVAILABLE TO APPROPRIATE	$ 37,642,053

BE IT FURTHER RESOLVED, that $35,912,486 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	$ 16,370,456
Added Needs	4,406,920
Support Services	
Pupil	1,743,074
Instructional Staff	1,354,644
General Administration	357,345
School Administration	2,116,430
Business	7,043,878
Central	1,025,964
Community Services	12,604
Outgoing Transfers and Other	1,481,171
TOTAL APPROPRIATED	$ 35,912,486