


**Heritage Elementary School
Madison, Alabama
STUDENT ACTIVITY FUND
FINANCIAL STATEMENTS
September 30, 2016**



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**Heritage Elementary School
Madison, Alabama
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September 30, 2016**

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Independent Auditors' Report

Heritage Elementary School
Madison, Alabama

We have audited the accompanying financial statements of Heritage Elementary School of the Madison City Board of Education, which comprise the balance sheet as of September 30, 2016, and the related statement of revenues, expenditures and changes in fund balance for the year then ended and the related notes to the financial statements.

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 an opinion 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. 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 auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heritage Elementary School as of September 30, 2016, and the revenues, expenditures and changes in fund balance for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Heritage Elementary School's financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Emphasis of Matter

As described in Note 1, the financial statements present only the Student Activity Fund of Heritage Elementary School and are not intended to present fairly the financial position and results of operations of the Madison City Board of Education in conformity with accounting principles generally accepted in the United States.

Carly Riggs & Ingram, L.L.C.

Birmingham, Alabama
February 15, 2017

**Heritage Elementary School
Madison, Alabama
Balance Sheet**

<i>September 30, 2016</i>	Public	Non-Public
Assets		
Cash		
Checking account	\$ 200,200	\$ -
Interfund receivable	888	-
Total assets	\$ 201,088	\$ -
Liabilities		
Accounts payable	\$ -	\$ -
Fund balance		
Fund balance - restricted	201,088	-
Total fund balance	201,088	-
Total liabilities and fund balance	\$ 201,088	\$ -

See notes to financial statements.

**Heritage Elementary School
Madison, Alabama**

Statement of Revenues, Expenditures and Changes in Fund Balance

<i>For the year ended September 30, 2016</i>	Public	Non-Public
Revenues		
Local sources (see supporting schedule)	\$ 370,059	\$ -
Total revenues	370,059	-
Expenditures (see supporting schedule)		
Instructional services	185,003	-
Instructional support	51,773	-
Operation and maintenance	10,732	-
Auxiliary services	20,979	-
Other expenditures	3,155	-
Total expenditures	271,642	-
Excess of revenues over expenditures	98,417	-
Other financing sources (uses):		
Transfers in	107,777	-
Transfers out	(169,135)	-
Total other financing sources (uses)	(61,358)	-
Net change in fund balance	37,059	-
Fund balance, beginning of year	164,029	-
Fund balance, end of year	\$ 201,088	\$ -

See notes to financial statements.

Heritage Elementary School
Madison, Alabama
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES

The financial statements of Heritage Elementary School (the "School") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Financial statement presentation

The financial statements include only the Student Activity Fund of the Heritage Elementary School and do not include any other funds of the Madison City Board of Education (the "Board"). Accordingly, they are not intended to report the financial position or activities of any other fund of the Board taken as whole.

B. Fund accounting

The School uses funds to report on financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

**Heritage Elementary School
Madison, Alabama
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired.

The State Attorney General has issued a legal opinion that public funds may not be put at risk by investing in companies not insured by the federal government.

E. Fixed assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported as fixed assets of the Board. All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date received.

Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

F. Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

G. Fund equity

The reporting of fund balances is prescribed by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. In fund financial statements, government funds report aggregate amounts for five classifications of fund balance based on the constraints imposed on the use of these resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance is comprised of the remaining four classifications: restricted, committed, assigned and unassigned.

Heritage Elementary School
Madison, Alabama
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund equity (continued)

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the School Board - the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the entity removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects amounts constrained by the government entity's "intent" to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - This amount is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds (if applicable).

When both restricted and unrestricted resources are available for use, it is the Board's policy to use externally restricted resources first, followed by unrestricted resources - committed, assigned and unassigned - in order as needed.

NOTE 2 - DEPOSITS

As of September 30, 2016, the carrying amount of the School's bank deposits was \$200,200 and the bank balance was \$221,084. The deposits are covered by the Security for Alabama Funds Enhancement Program (SAFE Program). Under the SAFE program all public deposits are protected through a collateral pool administered by the Alabama State Treasurer's office.

Public deposits include the funds of any covered public entity or covered public official placed on deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit but excluding bonds, notes, money market mutual funds, repurchase agreements and similar investment instruments. Covered public entities include the state and its political subdivisions, including school boards. In the past, the bank pledged collateral directly to each



**Heritage Elementary School
Madison, Alabama
Notes to Financial Statements**

NOTE 2 – DEPOSITS (CONTINUED)

public entity. Under SAFE, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss.

Supplementary Information

Heritage Elementary School
Madison, Alabama

**Schedule of Revenues, Expenditures, Transfers and Fund Balance
For the Year Ended September 30, 2016**

Activity	Fund Balance, 9/30/2015	Revenues and Transfers	Expenditures and Transfers	Fund Balance, 9/30/2016
General	\$ 22,762	\$ 196,074	\$ 156,467	\$ 62,369
Clubs	3,516	12,269	11,723	4,062
Classes	6,650	11,401	8,636	9,415
Student activities	41,584	141,284	136,705	46,163
Other	89,517	116,808	127,246	79,079
Totals	\$ 164,029	\$ 477,836	\$ 440,777	\$ 201,088

**Heritage Elementary School
Madison, Alabama**

Supporting Schedule Statement of Revenues and Expenditures

<i>For the year ended September 30, 2016</i>	Public	Non-Public
Revenues		
Local sources:		
Accommodations	\$ 133,816	\$ -
Appropriations	6,094	-
Commissions	9,192	-
Fines & penalties	894	-
Grants	5,160	-
Sales	8,030	-
Donations	19,812	-
Other	187,061	-
Total local sources	\$ 370,059	\$ -
Expenditures		
Instructional services:		
Purchased services	\$ 38,216	\$ -
Materials and supplies	19,614	-
Other objects	127,173	-
Total instructional services	\$ 185,003	\$ -
Instructional support:		
Purchased services	\$ 31,763	\$ -
Materials and supplies	20,010	-
Total instructional support	\$ 51,773	\$ -
Operation and maintenance:		
Materials and supplies	\$ 10,732	\$ -
Total operation and maintenance	\$ 10,732	\$ -

Heritage Elementary School
Madison, Alabama

Supporting Schedule Statement of Revenues and Expenditures (Continued)

For the year ended September 30, 2016

	Public	Non-Public
Auxiliary services:		
Purchased services	\$ 20,979	\$ -
Total auxiliary services	\$ 20,979	\$ -
Other expenditures:		
Purchased services	\$ 42	\$ -
Materials and supplies	3,113	-
Total other expenditures	\$ 3,155	\$ -