Opp City Board of Education

FINANCIAL STATEMENTS

For The Year Ended September 30, 2016

Opp City Board of Education
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September 30, 2016

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INDEPENDENT AUDITORS' REPORT

Members of the Board
Opp City Board of Education
Opp, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Opp City Board of Education (the "Board"), a component unit of the City of Opp, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of September 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 10, schedule of the employer's proportionate share of the net pension liability, and schedule of employer contributions, on pages 42 – 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2017, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 12, 2017

Introduction

The Management's Discussion and Analysis (MD&A) of the Opp City Board of Education's (the "Board") financial performance provides an overall review of the Board's financial activities for the fiscal year ended September 30, 2016. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the Board's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A and is included in this analysis.

Financial Highlights

Key financial highlights of the 2015-2016 fiscal year include the following:

- General fund expenditures and other uses exceeded revenues and other sources by $145,384 resulting in a fund balance of $1,921,159 available as of fiscal year end, September 30, 2016.
- The assets of the Board exceeded its liabilities at the close of the 2016 fiscal year by $1,262,123 (net position). The majority of the Board's net position is invested in capital assets owned by the Board.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Board's basic financial statements, which are the government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

The first two statements are government-wide financial statements - the *Statement of Net Position* and the *Statement of Activities*. These provide both long-term and short-term information about the Board's overall financial status. Although other governments may report governmental activities and business-type activities, the Board has no business-type activities.

The *Statement of Net Position* presents information on all of the Board's assets less liabilities, which results in net position. The statement is designed to display the financial position of the Board. Over time, increases and decreases in net position help determine whether the Board's financial position is improving or deteriorating.

The *Statement of Activities* provides information which shows how the Board's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid. The statement identifies the extent to which each expenditure function draws from general revenues of the Board

(primarily local taxes) or is financed through charges for services (such as lunchrooms) and intergovernmental aid (primarily federal programs and state appropriations).

The fund financial statements provide more detailed information about the Board's most significant funds - not the Board as a whole. A fund is a grouping of related accounts that is used to keep track of specific sources of funding and spending for particular purposes. The Board uses fund accounting to ensure and demonstrate fiscal accountability. Two kinds of funds - governmental funds and fiduciary funds - are presented in the fund financial statements.

Governmental funds - The Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds statements - the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* - 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 budgetary comparison statement for the general fund is prepared on a budgetary basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). Note 2 to the financial statements include a schedule explaining the differences between actual amounts as reported on the basis of budgeting and the GAAP basis of reporting. The governmental fund statements provide a detailed short-term view that helps readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship (or differences) between them.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

Financial Analysis of the Board as a Whole

As noted earlier, the Board has no business-type activities. Consequently, the Board's net position is reported as Governmental Activities.

Net Position - Governmental Activities

September 30,	**2016**	2015
Assets		
Current assets	**$ 4,263,863**	$ 4,019,651
Restricted assets	**751,805**	179,004
Capital assets, net of depreciation	**17,272,673**	17,358,227
Other assets, unamortized bond issuance	**-**	75,034
Total assets	**22,288,341**	21,631,916

September 30,	**2016**	2015
Deferred Outflows of Resources		
Deferred loss on refunding of debt	**564,752**	-
Deferred outflows related to pension	**1,578,403**	882,313
Total deferred outflows of resources	**2,143,155**	882,313
Liabilities		
Current liabilities	**1,267,770**	1,115,918
Noncurrent liabilities	**21,365,269**	18,535,067
Total liabilities	**22,633,039**	19,650,985
Deferred Inflows of Resources		
Deferred inflows related to pension	**57,000**	685,000
Deferred gain on refunding	**69,511**	-
Unearned property taxes	**409,823**	389,138
Total deferred inflows of resources	**536,334**	1,074,138
Net Position		
Net investment in capital assets	**6,552,868**	7,727,362
Restricted	**751,805**	179,004
Unrestricted (deficit)	**(6,042,550)**	(6,117,260)
Total net position	**$ 1,262,123**	$ 1,789,106

The Board's assets exceeded liabilities by $1,262,123 at the close of the fiscal year. The majority of the Board's net position is invested in capital assets (land, buildings, and equipment) owned by the Board. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations.

The following table of the Board's total revenues and expenditures condenses the results of operations for the fiscal year into a format where the reader can easily see total revenues of the Board for the year. It also shows the impact operations had on changes in net position as of September 30, 2016.

Summary of Changes in Net Position From Operating Results

Years ended September 30,	**2016**	2015
Program Revenues		
Charges for services	**$ 1,340,461**	$ 1,262,345
Operating grants and contributions	**8,971,856**	8,619,022
Capital grants	**411,710**	387,888
General Revenues		
Local property taxes	**681,346**	636,981
Sales and use taxes	**1,478,459**	1,454,069
Miscellaneous taxes	**48,233**	48,551
Grants and contributions not restricted for specific programs	**1,380**	-
Gain on disposition of capital assets	**27,120**	-
Investment earnings	**35,009**	33,346
Miscellaneous	**439,597**	474,848
Total revenues	**13,435,171**	12,917,050
Expenses		
Instructional	**6,844,818**	6,685,422
Instructional support	**2,064,615**	2,027,919
Operation and maintenance	**1,280,733**	1,316,937
Food service	**1,066,100**	1,060,190
Transportation	**467,543**	455,386
General administration and central support	**727,166**	1,418,357
Other	**497,044**	500,036
Interest on long-term debt	**1,014,135**	425,843
Total expenses	**13,962,154**	13,890,090
Change in net position	**(526,983)**	(973,040)
Net Position – Beginning	**1,789,106**	2,762,146
Net Position – Ending	**$ 1,262,123**	$ 1,789,106

Revenue Analysis:

- Program revenues account for 80% of total revenues including capital grant revenue.
- Operating grants and contributions make up 84% of program revenues. The major sources of revenues in this category are state foundation program funds, state transportation operating funds, and state and federal funds restricted for specific programs.
- Capital grants and contributions include state capital outlay funds and state funds to replace buses.
- Charges for services include federal reimbursement for meals, student meal purchases, and local school revenues.
- General revenues, primarily property taxes and sales taxes, were used to provide $2,711,141 for expenses not covered by program revenues.

Expense Analysis:

- Instructional services expenses, primarily salaries and benefits for classroom teachers, are the largest expense function of the Board. In addition to teacher salaries and benefits, instructional services include teacher aides, substitute teachers, textbooks, depreciation of instructional buildings, professional development, and classroom instructional materials, supplies, and equipment.
- Instructional support services include salaries and benefits for school principals, assistant principals, librarians, counselors, school secretaries, school bookkeepers, speech therapists, school nurses, and professional development expenses.
- Operation and maintenance services include utilities, security services, janitorial services, maintenance services, and depreciation of maintenance-related assets.
- In addition to bus driver salaries and benefits, student transportation services include mechanics, bus aides, vehicle maintenance and repair expenses, vehicle fuel, depreciation of buses and the bus shop, and fleet insurance.
- Food services includes salaries and benefits for cooks, servers, lunchroom managers, and cashiers, as well as donated and purchased food, food preparation and service supplies, kitchen and lunchroom equipment, and depreciation of equipment and facilities.
- General administrative services include salaries and benefits for the superintendent, assistants, clerical and financial staff, and other personnel that provide system-wide support for the schools. Also included are legal expenses, liability insurance, training for board members and general administrative staff, printing costs, and depreciation of central office equipment and facilities.
- Other expenses include for preschool teachers and aides. Also included are the materials, supplies, equipment, related depreciation, and other expenses for operating programs outside of those for educating students in the K through 12 instructional programs.
- Debt service includes interest, but not principal payments, on long-term debt issues and other expenses related to the issuance and continuance of debt issues.

Performance of School Board Funds

Governmental Funds – As noted earlier, the Board uses fund accounting to control and manage resources in order to ensure compliance with finance-related legal requirements. Using funds to account for resources for particular purposes helps the reader to determine whether the Board is being accountable for the resources provided by taxpayers and other entities, and it may also help to provide more insight into the Board's overall financial health.

The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financial requirements. (Note that the relationship between the *fund financial statements* and the *government-wide financial statements* are reconciled on pages 14 and 16). The financial performance of the Board as a whole is reflected in its governmental funds as well. At the end of the fiscal year, the Board's governmental funds reported combined ending fund balance of $3,702,370.

General Fund – The general fund is the chief operating fund of the Board. The beginning fund balance was $2,066,543. As of September 30, 2016, the ending fund balance was $1,921,159.

Public School Fund – The Public School Fund ("PSF") is used to account for financial resources used to acquire, repair or construct major capital facilities. For fiscal year ended September 30, 2016, the ending PSF fund balance was $482,208.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources used to acquire, repair or construct major capital facilities. For fiscal year ended September 30, 2016, the ending fund balance was $513,630.

Child Nutrition Program Fund – The City of Opp's Child Nutrition Program is funded primarily by a USDA grant. Funds are received based on the number of free and reduced meals served. On average, 56% of our students receive free and reduced price meals. The Board continued to offer a summer feeding program in 2016. There was no cost to anyone under the age of 18 to participate.

Budgetary Highlights of Major Funds

The original 2016 fiscal year budget, adopted on September 10, 2015, was based on a bare bones approach that reflected guaranteed state and federal revenues, estimated local revenues and necessary expenditures. The original budget was amended two times during the year, March 1, 2016 and June 4, 2016. Amendment #1 was necessary to amend the budgeted 2016 federal allocations, budget carryover funds, and add revenue and expenditures for fund sources not reflected in the original budget. Amendment #2 was the final amendment to the 2016 budget. The amendment included expenses not reflected in the original or amended budget, stipends for summer professional development, the summer school program and summer maintenance staff. In summary, the final budget is reasonable based on the financial activity of the Board.

General Fund – The comparison of the general fund original budget to the final amended budget is on page 17. Because actual expenses exceeded actual revenues there was an overall decrease in fund balance in the general fund.

Capital Asset and Debt Administration

Capital Assets - The Board's investment in capital assets for its governmental activities at September 30, 2016 totaled $17,272,673, net of accumulated depreciation. The capital asset activity for the year is detailed in Note 6 to the financial statements. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year. Capital assets were decreased (depreciated) by $420,973 during fiscal year 2016. The Board expended available resources to acquire $338,598 in capital asset additions during the year. There was $105,980 in assets that were taken out of service during the year.

Long-Term Debt - At year-end, the Board owed $10,361,985 in warrants and notes payable. Of this amount, $534,220 was owed on the Opp High School roof project, $9,130,000 for the new Opp Elementary School, $375,000 for a QSCB loan, and $322,765 on notes payable for school buses purchased in 2016. More information with regard to the Board's long-term debt is presented in Note 8 to the financial statements.

Current Year Events – Series 2007 General Obligation Warrants (that provided for the construction of Opp Elementary School) were refunded through the issuance of the 2016 General Obligation Refunding Warrants in the amount of $9,130,000. The Board entered into a funding agreement with the City of Opp for repayment of the 2016 Refunding Warrants from tax revenues pledged by the Board to the City. Those pledged tax revenues consist of the Special One Cent City Sales Tax and the Four Mill Ad Valorem tax. The revenue pledge will remain in effect until the outstanding warrants are paid in full.

Factors Bearing on the Board's Future

Student Enrollment – The Board's current enrollment, based on the Average Daily Membership (ADM) as of the first 20 days after Labor Day, for the 2016-2017 school year is, 1,287.40 a decrease of 16.05 from the previous year. A decrease in enrollment will have a negative impact on funding for the 2018 fiscal year.

Funding – The rolling reserve act provides stable funding through the Education Trust Fund (ETF). Locally, Opp City Schools collects 12 mills of ad valorem tax through district and county levees. By law, 10 mills are required to be levied and collected on all taxable property excluding motor vehicles for educational purposes. Overall, the economic condition of the Board remains stable. Management continuously monitors finances to ensure prudent oversight of the Board's resources.

County and District Sales Tax – For the year, the county sales tax revenue reflected only marginal growth, while district tax revenue collections slipped by 2.5%. District sales tax is earmarked to the repayment of the bond debt on the Opp Elementary School. Local sources supplement the district sales tax to meet the Board's debt obligation.

Medical and Retirement Costs – Employee health insurance is provided through the Public Education Employees' Health Insurance Program (PEEHIP). PEEHIP employer cost is $800 per employee per month for fiscal year 2017. Employer contributions to the Teachers Retirement System (TRS) are 12.01 percent for Tier I employees and 10.82 for Tier II employees. The Board must use local funds to pay the salary-related benefit costs not paid by state and federal funds.

One Month's Operating Reserve – The Alabama School Fiscal Accountability Act, ACT number 2006-196 became effective June 1, 2006. The Act requires local boards of education to develop a plan to establish and maintain a minimum reserve fund equal to one month's operating expenses. Currently, one month's operating reserve for the Board is approximately $832,000. At the end of 2016, the Board had just over three months of reserve.

Contacting the School Board's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ms. Linda Harper, Chief School Financial Officer or Mr. Michael D. Smithart, Superintendent at P.O. Box 840, Opp, AL 36467, or by calling (334) 493-3173 during regular office hours, Monday through Friday, from 8:00 A.M. to 4:00 P.M.

Opp City Board of Education
Statement of Net Position
September 30, 2016

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,942,403
Investments	1,677,233
Receivables	553,238
Inventories	36,959
Prepaid expenses	54,030
Restricted assets:	
Cash and cash equivalents	751,805
Capital assets, not being depreciated	634,273
Capital assets, net of depreciation	16,638,400
Total assets	22,288,341
Deferred Outflows of Resources	
Deferred loss on refunding of debt	564,752
Deferred outflows related to pension	1,578,403
Total deferred outflows of resources	2,143,155
Liabilities	
Accounts payable	42,482
Salaries and benefits payable	860,993
Long-term liabilities	
Net pension liability	10,557,000
Due and payable within one year	364,295
Due and payable after one year	10,808,269
Total liabilities	22,633,039
Deferred Inflows of Resources	
Deferred inflows related to pension	57,000
Deferred gain on refunding	69,511
Unearned property taxes	409,823
Total deferred inflows of resources	536,334
Net Position	
Net investment in capital assets	6,552,868
Restricted for capital improvements	513,630
Restricted for debt service	238,175
Unrestricted (deficit)	(6,042,550)
Total net position	$ 1,262,123

See accompanying notes to financial statements.

Opp City Board of Education
Statement of Activities
For The Year Ended September 30, 2016

Functions / Programs		Expenses
Instructional services	$	6,844,818
Instructional support services		2,064,615
Operation and maintenance services		1,280,733
Student transportation services		467,543
Food services		1,066,100
General administrative services		727,166
Interest and fiscal charges		1,014,135
Other expenses		497,044
Total	$	13,962,154

See accompanying notes to financial statements.

Program Revenues			Net (Expenses) Revenues and Changes In Net Position Governmental Activities
Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
$ 150,300	$ 5,630,387	$ 122,455	$ (941,676)
169,728	1,506,842	-	(388,045)
17,046	676,475	183,871	(403,341)
17,310	407,934	57,441	15,142
803,213	131,579	-	(131,308)
427	385,698	47,943	(293,098)
-	-	-	(1,014,135)
182,437	232,941	-	(81,666)
$ 1,340,461	$ 8,971,856	$ 411,710	(3,238,127)

General Revenues	
Taxes:	
Property taxes for general purposes	681,346
Local sales tax	1,478,459
Other taxes	48,233
Grants and contributions not restricted for specific program	1,380
Investment earnings	35,009
Gain on disposition of capital assets	27,120
Miscellaneous	439,597
Total general revenues	2,711,144
Change in net position	(526,983)
Net position - beginning	1,789,106
Net position - ending	$ 1,262,123

Opp City Board of Education
Balance Sheet – Governmental Funds
September 30, 2016

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 947,572	$ -	$ 994,831	$ 1,942,403
Investments	1,677,233	-	-	1,677,233
Receivables	415,965	-	137,273	553,238
Inventories	-	-	36,959	36,959
Prepaid expenses	54,030	-	-	54,030
Restricted assets:				
Cash and cash equivalents	-	513,630	238,175	751,805
Total assets	$ 3,094,800	$ 513,630	$ 1,407,238	$ 5,015,668
Liabilities				
Liabilities				
Accounts payable	$ -	$ -	$ 42,482	$ 42,482
Salaries and benefits payable	763,818	-	97,175	860,993
Total liabilities	763,818	-	139,657	903,475
Deferred Inflows of Resources				
Unearned property taxes	409,823	-	-	409,823
Fund balances				
Non-spendable	54,030	-	36,959	90,989
Restricted	-	513,630	238,175	751,805
Assigned	-	-	992,447	992,447
Unassigned	1,867,129	-	-	1,867,129
Total fund balances	1,921,159	513,630	1,267,581	3,702,370
Total liabilities, deferred inflows of resources, and fund balances	$ 3,094,800	$ 513,630	$ 1,407,238	$ 5,015,668

See accompanying notes to financial statements.

Opp City Board of Education
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Position
For The Year Ended September 30, 2016

Amounts reported for governmental activities in the Statement of Net Position on page 11 are different because:

Total fund balance - governmental funds		$ 3,702,370
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
The cost of capital assets is	$ 23,582,764	
Accumulated depreciation is	(6,310,091)	17,272,673
Deferred inflows and outflows related to pension represent an acquisition or consumption of net position, respectively, that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		
Deferred outflows related to pension	1,578,403	
Deferred inflows related to pension	(57,000)	1,521,403
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and therefore, are not reported as assets in the governmental funds.		564,752
Long-term liabilities, including bonds payable, bond discounts, deferred gain on refunding, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Net pension liability	(10,557,000)	
Deferred gain on refunding	(69,511)	
Current portion of long-term debt	(364,295)	
Non-current portion of long-term debt	(10,808,269)	(21,799,075)
Total net position - governmental activities		$ 1,262,123

See accompanying notes to financial statements.

Opp City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For The Year Ended September 30, 2016

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
State revenues	$ 7,803,360	$ -	$ 411,710	$ 8,215,070
Federal revenues	1,520	-	1,640,794	1,642,314
Local revenues	1,781,264	199	1,664,723	3,446,186
Other revenues	33,410	-	48,589	81,999
Total revenues	9,619,554	199	3,765,816	13,385,569
Expenditures				
Instructional services	5,666,544	-	804,173	6,470,717
Instructional support services	1,503,879	-	528,776	2,032,655
Operation and maintenance	1,182,190	-	74,957	1,257,147
Student transportation services	424,007	-	14,974	438,981
Food services	4,527	-	1,022,013	1,026,540
General administrative services	592,137	-	126,171	718,308
Capital outlay	335,712	-	2,886	338,598
Debt service:				
Principal	-	-	321,550	321,550
Interest	-	-	285,981	285,981
Other debt service	-	-	735,295	735,295
Other expenditures	222,167	-	279,965	502,132
Total expenditures	9,931,163	-	4,196,741	14,127,904
Excess (deficiency) of revenues over (under) expenditures	(311,609)	199	(430,925)	(742,335)
Other Financing Sources (Uses)				
Indirect cost	14,831	-	-	14,831
Long-term debt issued	325,958	-	9,130,000	9,455,958
Premiums on long-term debt issued	-	513,431	307,909	821,340
Sale of capital assets	30,300	-	-	30,300
Transfers in	-	-	813,868	813,868
Transfers out	(212,182)	-	(601,686)	(813,868)
Payments to refunding escrow agent	-	-	(8,904,636)	(8,904,636)
Other financing sources	7,318	-	15,163	22,481
Total other financing sources	166,225	513,431	760,618	1,440,274
Net change in fund balances	(145,384)	513,630	329,693	697,939
Fund Balances - beginning	2,066,543	-	937,888	3,004,431
Fund Balances - ending	$ 1,921,159	$ 513,630	$ 1,267,581	$ 3,702,370

See accompanying notes to financial statements.

Opp City Board of Education
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended September 30, 2016

Amounts reported for governmental activities in the Statement of Activities on page 12 are different because:

Total net change in fund balances - governmental funds		$ 697,939
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.		
Capital outlays	$ 338,598	
Depreciation expense	(420,973)	(82,375)
Governmental funds report the entire net sales price (proceeds) from the sale or disposal of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on sale or disposal of the asset. Thus, the change in net position differs from the change in fund balance by the net undepreciated cost of the disposed asset.		(3,179)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Amortization of bond discounts, bond insurance and deferred gain on refunding	4,655	
Current year increase in pension expense	(92,911)	(88,256)
Payments to refunding escrow agent are recorded as other financing uses in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		8,904,636
Proceeds from the issuance of debt are reported as other financing sources in the governmental funds, but are not reported in the Statement of Activities.		(9,455,958)
Premiums on debt issuance are reported as other financing sources in the governmental funds, but are amortized in the Statement of Activities.		(821,340)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Principal payments on long-term debt		321,550
Change in net position of governmental activities		$ (526,983)

See accompanying notes to financial statements.

Opp City Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund
For The Year Ended September 30, 2016

	Budgeted Amounts	
	Original	Final
Revenues		
State revenues	$ 7,548,534	$ 7,700,227
Federal revenues	600	1,200
Local revenues	1,613,170	1,645,170
Other revenues	23,700	35,700
Total revenue	9,186,004	9,382,297
Expenditures		
Instructional services	5,498,460	5,623,953
Instructional support services	1,376,546	1,415,194
Operation and maintenance	1,106,840	1,174,810
Student transportation services	439,881	771,548
Food services	-	-
General administrative services	568,278	571,041
Other expenditures	211,987	211,987
Total expenditures	9,201,992	9,768,533
Excess (deficiency) of revenues over expenditures	(15,988)	(386,236)
Other Financing Sources (Uses)		
Indirect cost	40,605	41,659
Proceeds from issuance of long-term debt	-	325,000
Transfers out	(224,470)	(224,470)
Sale of capital assets	-	-
Other financing sources	-	37,000
Total other financing sources (uses)	(183,865)	179,189
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(199,853)	(207,047)
Fund Balance - beginning	2,066,543	2,066,543
Fund Balance - ending	$ 1,866,690	$ 1,859,496

See accompanying notes to financial statements.

Actual (Budgetary Basis)	Variance with Final Budget
$ 7,803,360	$ 103,133
1,520	320
1,781,264	136,094
33,410	(2,290)
9,619,554	237,257
5,589,839	34,114
1,491,715	(76,521)
1,191,944	(17,134)
744,492	27,056
4,527	(4,527)
592,356	(21,315)
213,399	(1,412)
9,828,272	(59,739)
(208,718)	177,518
14,831	(26,828)
325,958	958
(212,182)	12,288
30,300	30,300
7,318	(29,682)
166,225	(12,964)
(42,493)	164,554
2,066,543	-
$ 2,024,050	$ 164,554

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Opp City Board of Education (the "Board") 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 Board's accounting policies are described below.

Reporting Entity

GASB establishes standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency's governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. There are no component units which should be included as part of the financial reporting entity of the Board.

The Board is a legally separate agency of the State of Alabama. However, for financial reporting, the Board is considered a component unit of the City of Opp, Alabama (the "City") because the City issued bonds for the construction of facilities for the Board and the City is obligated for the debt. The financial statements of the Board include local school activity funds and other funds under the control of school principals. These funds are reported on a reporting period ended September 30, 2016 as a special revenue fund.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Although other governments may report both governmental activities and business-type activities, the Board has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Board does not allocate indirect expenses to the various functions. Program revenues include (a) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and (b) charges to recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all local taxes, are presented as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the Board's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Board reports the following major governmental funds:

General Fund – This is the Board's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. The Board's general fund primarily received revenues from the Education Trust Fund (ETF), appropriated by the Alabama Legislature, and from local taxes. The State Department of Education allocated amounts appropriated from the ETF to the Board on a formula basis.

Capital Projects Fund – This fund accounts for the proceeds received by the Board in the refunding of the 2007 Bonds with the issuance of the 2016 Bonds restricted for capital improvements.

The Board reports the following governmental fund types in the "Other Governmental Funds" column:

Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. Special revenue funds consist of the following:

1. IDEA – Part B
2. Preschool Ages 3 – 5 Part B
3. Vocational Education – Basic Grant
4. Title I Part A
5. Title I Part A School Improvement
6. Title II Part A Teachers Training
7. Title VI Rural & Low Income Program
8. SLC E-Rate Refund
9. Local School Activity Funds
10. Food and Nutrition Fund

Debt Service Funds account for the accumulation of resources for, and the payment of, the Board's principal and interest payments on long-term debt.

Other Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of when the related cash flows take place. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements: Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues reported in the governmental funds (excluding state and federal reimbursements) to be available if the revenues are collected within thirty (30) days after year-end. Revenues from state and federal funds are considered available if transactions eligible for reimbursement have taken place. Expenditures generally are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Board. Investments are stated at amortized cost.

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

Receivables - Receivables are reported as *receivables* in the government-wide financial statements and as *receivables* in the fund financial statements. Receivables include amounts due from grantors or grants issued for specific programs and local taxes. No allowances are made for uncollectible amounts because the amounts are considered immaterial.

Property Tax Calendar - The Covington County Commission levies property taxes for all jurisdictions including the school boards and municipalities within the county. Millage rates for property taxes are levied at the first regular meeting of the County Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items - Inventories are valued at cost using the first-in/first-out (FIFO) method. GAAP requires only material balances of inventories accounted for using the purchases method to be reported as an asset in the appropriate governmental fund. Prepaid items, such as insurance premiums and rent, are recorded as expenditures in governmental funds when paid.

In the government-wide financial statements, inventories and prepaid items are recorded on an accrual basis using the consumption method. Expenses reflect the amount of materials and supplies consumed and the amount of prepaid items applicable to the current period.

Restricted Assets – Restricted assets at September 30, 2016 consist of cash and cash equivalents which are restricted by debt agreements for debt service payments or capital improvements. Cash and cash equivalents restricted for debt service payments and capital improvements totaled $238,175 and $513,630, respectively.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical costs in the statement of net position. Donated assets are recorded at their acquisition value at the date of donation. The cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements. The Board has no general infrastructure assets.

Depreciation of capital assets is recorded in the statement of activities on a straight-line basis over the estimated useful life of the asset. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and the estimated useful lives of capital assets reported in the government-wide statements are as follows:

Asset Class	Capitalization Threshold	Estimated Useful Life
Land improvements - exhaustible	$ 25,000	40 years
Buildings	25,000	40 years
Building improvements	25,000	7 - 40 years
Equipment	5,000	7 years
Equipment under lease	5,000	7 years
Vehicles	5,000	5 - 7 years

The capitalization threshold for land, construction in progress, and inexhaustible land improvements is $1 or more. However, these capital assets are not depreciated.

Long-Term Obligations - In the government-wide financial statements, the unmatured principal of long-term debt, capital leases, and compensated absences are reported in the statement of net position. Interest expense for long-term debt, including accrued interest payable, is reported in the statement of activities. For warrants (bonds) and other long-term debt issued after October 1, 2003, the related premiums and discounts are amortized under accrual accounting and the annual amortization of these accruals is included in the statement of activities. The unamortized portion is reported as an addition or deduction from the related debt on the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, bond premiums and the face amount of debt issued during the year are reported as other financing sources. Debt issuance costs are not deducted from the amount reported as other financing sources but are reported as other debt service expenditures. Any discount resulting from a disparity between the market rate and the stated rate of interest is reported as an other financing use. Expenditures for debt principal, interest and related costs are reported in the fiscal year payments are made. At the inception of a capital lease, an amount equal to the present value of the net minimum lease payments is reported as an other financing source and as an expenditure. The balance sheet does not reflect a liability for long-term debt.

Compensated Absences - For vacation leave and other compensated absences with similar characteristics, GASB Statement No. 16 requires the accrual of a liability (as the benefits are earned by the employees), if both of these conditions are met:

a. The employees' right to receive compensation is attributable to services already rendered.
b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Professional and support employees earn nonvesting sick leave at the rate of one day per month worked. Employees may accumulate an unlimited number of sick leave days. Employees may use their accrued sick leave as membership service in determining the total years of creditable service in the Teachers' Retirement System of Alabama, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

Professional and support personnel are provided two days of personal leave per year with pay. The State provides funding, at the substitute rate, for up to two days of personal leave per employee per year. Professional employees are paid, at the Board's substitute rate, for up to two days of unused personal leave. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Certain employees are allowed two weeks of vacation per year with pay. Personnel considered full time support personnel and instructional personnel contracted for the fiscal year are eligible for vacation leave. Because unused vacation leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items reported in this category, deferred

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

loss on refunding of debt and deferred outflows related to pension. A deferred loss on refunding of debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pension result from pension contributions related to normal and accrued employer liability (net of any refunds or error service payments) subsequent to the measurement date, the net difference between projected and actual earnings on plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has three items that qualify for reporting in this category, deferred gain on refunding, unearned property taxes and the deferred inflows related to pension. A deferred gain on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred inflow related to pension results from differences between expected and actual experience, in accordance with GASB Statement No. 68, and is amortized over the expected remaining service lives of the employees that are provided with pensions through the plan.

Net Position and Fund Balances - Net position are reported on the government-wide financial statements and are required to be classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt and deferred inflows or outflows of resources attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

Fund balances are reported in the fund financial statements in accordance with GASB 54. The intent of GASB 54 is to provide a more structured classification of fund balances and to improve the usefulness of fund balance reporting to the users of the Board's financial statements. The reporting standard established a hierarchy for fund balance classifications and the constraints imposed on the users of those resources. In governmental funds, the Board's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of September 30, 2016, fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board, the highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used or specific purposes. Under the Board's policy, only the Superintendent may assign amounts for specific purposes.

Unassigned – All other spendable amounts.

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	$ -	$ -	$ 36,959	$ 36,959
Prepaid expenses	54,030	-	-	54,030
Restricted:				
Debt service	-	-	238,175	238,175
Capital improvements	-	513,630	-	513,630
Assigned:				
Subsequent years' budget	-	-	992,447	992,447
Unassigned	1,867,129	-	-	1,867,129
	$ 1,921,159	$ 513,630	$ 1,267,581	$ 3,702,370

The financial statements include summary reconciliations of the fund financial statements to the government-wide statements after each of the fund statements. The governmental fund balance sheet is followed by a reconciliation between *Total fund balance - governmental funds* and *Total net position – governmental activities* as reported in the government-wide statement of net position. The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between *Total net change in fund balances - governmental funds* and *Change in net position of governmental activities* as reported in the government-wide statement of activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates and Assumptions

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

Impact of Recently Issued Accounting Pronouncements

Recently Issued and Adopted

The accounting policies of the Board are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Effective October 1, 2015 the Board adopted four (4) new statements issued by GASB as follows:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), addresses accounting and financial reporting issues related to fair value measurements. GASB 72 was effective for the Board beginning with its year ended September 30, 2016. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and the related disclosures. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), extends the approach to accounting and financial reporting established in Statement 68 to all pensions. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. Requirements of this Statement for pension plans that are within the scopes of Statement No. 67 or Statement 68, are effective for fiscal years beginning after June 15, 2015. Thus, these requirements of GASB 73 were effective for

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the Board beginning with its year ended September 30, 2016. GASB 73 clarifies the application of certain provisions of Statements 67 and 68 with regard to: (1) Information that is required to be presented as notes, (2) Accounting and financial reporting for separately financed specific liabilities, and (3) Timing of employer recognition of revenue.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"), supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* GASB 76 was effective for the Board beginning with its year ended September 30, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* ("GASB 79"), addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized costs for financial reporting purposes and for governments that participate in those pools. GASB 79 will be effective for fiscal years beginning after June 15, 2015.

Recently Issued

Other accounting standards that the Board is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. GASB 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and 3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement. GASB 77 will be effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* ("GASB 78"), amends the scope and applicability of Statement 68. It excludes pensions provided to employees of state or local governmental employers through a cost-sharing

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosure; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 ("GASB 80"), amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 will be effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016.

GASB Statement No. 82, *Pension Issues*, *an amendment of GASB Statements No. 67, No. 68, and No. 73* ("GASB 82"), addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (Plan member) contribution requirements. GASB 82 will be effective for fiscal years beginning after June 15, 2016.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Annual budgets are adopted for all governmental funds except the permanent funds. All annual appropriations lapse at fiscal year-end. State law requires Alabama school boards to prepare and submit to the State Superintendent of Education the annual budget adopted by the local board of education. In accordance with the regulations of the State Board of Education, the due date for submission of the budget for the 2016 fiscal year was September 15, 2015. The Board approved and submitted its original 2016 annual budget on September 10, 2015.

The 2016 budget was amended in March 2016 and June 2016 primarily to budget carryover federal funds, adjust federal allocations, and add revenue and expenditures for fund sources not reflected in the original budget.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The City Superintendent of Education or Board cannot approve any budget for operations of the school system for any fiscal year that shows expenditures in excess of income estimated to be available plus any balances on hand. The Superintendent, with the approval of the Board, has the authority to make changes within the approved budget provided that a deficit is not incurred by such changes. The Superintendent may approve amendments to program budgets without Board approval.

The budget is prepared under a budgetary basis of accounting that differs from generally accepted accounting principles (GAAP). Salaries of teachers and other personnel with contracts of less than twelve months are paid over a twelve month period. Expenditures for salaries (and related fringe benefits) and interest expense are budgeted based on the amount that will be paid from budgeted revenues. However, salaries (and related benefits) earned but not paid are reported as expenditures on the financial statements. Similarly, interest expense incurred but not paid as of year-end is reported as an expenditure on the financial statements.

Adjustments to convert the results of operations of the general fund at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows:

	Total Expenditures
Budget basis	$ 9,828,272
Non-budgeted accrued salaries and fringe benefits	
Instructional services	76,705
Instructional support services	12,165
Student transportation services	5,473
General administrative services	(219)
Other expenditures	8,767
GAAP basis	$ 9,931,163

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Board will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Board's deposits at year-end were entirely covered by federal deposit insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14.

Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits with original maturities of greater than three months. In the event of failure of a financial institution, securities pledged by

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

All of the Board's investments and restricted investments were in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

NOTE 4 - RECEIVABLES

Receivables at September 30, 2016 consist of the following:

	General	Other Non-major	Total
State Department of Education			
School Lunch Program	$ -	$ 67,391	$ 67,391
Special Education	5,016	65,944	70,960
Title I - Part A	-	1,801	1,801
Title II - Part A	-	2,137	2,137
Advanced Placement State Transportation	1,126	-	1,126
Covington County Revenue Commissioner	409,823	-	409,823
Total receivables	$ 415,965	$ 137,273	$ 553,238

All receivables are considered fully collectible and, accordingly, no allowance for uncollectible accounts has been recorded.

NOTE 5 - INTERFUND ACTIVITY

Interfund transfers consisted of the following for the year ended September 30, 2016:

`

Transfers Out	Transfers In Nonmajor Governmental
General	$ 212,182
Nonmajor governmental	601,686
	$ 813,868

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	$ 496,815	$ 137,458	$ -	$ 634,273
Construction in progress	137,458	-	137,458	-
Total capital assets, not being depreciated	634,273	137,458	137,458	634,273
Other capital assets:				
Buildings	16,507,866	-	-	16,507,866
Building improvements	4,407,154	-	-	4,407,154
Furniture and equipment	1,800,853	338,598	105,980	2,033,471
Total other capital assets at historical cost	22,715,873	338,598	105,980	22,948,491
Less accumulated depreciation for:				
Buildings	3,757,597	257,228	-	4,014,825
Building improvements	862,662	71,973	-	934,635
Furniture and equipment	1,371,660	91,772	102,801	1,360,631
Total accumulated depreciation	5,991,919	420,973	102,801	6,310,091
Total other capital assets, net	16,723,954	(82,375)	3,179	16,638,400
Total governmental activities capital assets, net	$ 17,358,227	$ 55,083	$ 140,637	$ 17,272,673

Depreciation expense was charged to governmental functions as follows:

Instructional services	$ 308,716
Instructional support services	17,619
Operation and maintenance services	18,363
Student transportation services	25,401
Food services	49,646
General and administrative	1,228
Total governmental activities depreciation expense	$ 420,973

NOTE 7 – UNEARNED PROPERTY TAXES

	General Fund
Property Taxes – Property taxes are levied by the County Commission in February of each year based on property on record as of the preceding October 1. The enforceable legal claim exists as of October 1 preceding the February meeting of the County Commission. The actual billing and collection of these taxes will occur subsequent to year-end.	$ 409,823

As discussed in Note 1, unearned revenue related to property taxes is classified as a deferred inflow of resources on the statement of net position.

NOTE 8 - LONG-TERM DEBT

2007 Board of Education Warrants

On September 1, 2007, the City of Opp issued $25,160,000 of Series 2007 General Obligation Warrants. The City issued the warrants for the benefit of the City, the Utilities Board of the City of Opp, and the Opp City Board of Education. The Board received $10,505,000 of the warrants referred to as the "Board of Education Warrants" to fund the cost of a new elementary school. The Board entered into a funding agreement with the City for repayment of the Board of Education Warrants from tax revenues pledged by the Board to the City. As noted below, the 2007 bonds were refunded through the issuance of the 2016 General Obligation Refunding Warrants. Bond discount expense on the 2007 bonds for the year ended September 30, 2016 was $7,970. The remaining unamortized bond discount of $160,066 and prepaid bond insurance costs of $72,548 were rolled into the deferred loss on refunding amount calculated on the 2016 bonds.

Series 2009-QSCB Capital Outlay Pool Warrant

Pursuant to Act 2009-813 enacted by the Alabama Legislature, the Alabama Public School and College Authority (PSCA) issued the Series 2009-D Capital Improvement Pool Qualified School Construction Bonds (QSCB) to loan funds to participating local school boards for the purpose of funding capital improvements. The Board received a loan of $375,000 from the QSCB funds in 2009. The Board is required to make annual payments of $19,515 into a sinking fund for fifteen years beginning December 15, 2011. Principal payments on the warrant may be made with PSF Capital Purchase funds that are allocated and distributed to the Board by the PSCA pursuant to Section 16-13-234 of the Code of Alabama (1975), as amended.

The warrant bears interest at 1.865% of the original amount borrowed and is due quarterly. The Board has elected to have the quarterly interest payments withheld from annual PSF Capital Purchase allocations in the amount of $6,994 per year through the maturity of the warrant on December 15, 2025.

NOTE 8 - LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the Series 2009-D Capital Outlay Pool Warrant are payable as follows:

Fiscal Year Ending September 30,	Principal	Interest
2017	$ -	$ 6,994
2018	-	6,994
2019	-	6,994
2020	-	6,994
2021	-	6,994
2022 – 2026	375,000	29,723
	$ 375,000	$ 64,693

Series 2012-A Pool Refunding Bonds

Pursuant to Act 98-373 enacted by the Alabama Legislature, the Alabama Public School and College Authority (PSCA) issued the Series 2002-A Capital Improvement Pool Bonds to loan funds to participating local school boards for the purpose of acquiring capital improvements to eliminate portable and sub-standard classrooms in the State of Alabama. Participating local school boards receiving loans from the Pool Bond proceeds were required to execute a warrant payable to the PSCA in the principal amount of the loan. The Board received a loan of $1,462,753 in 2002.

In March 2012, the PSCA issued the Series 2012-A Pool Refunding Bonds to refund, on a current basis, the outstanding Capital Improvement Pool Bonds. The principal and interest payments are payable by an irrevocable pledge of revenues from utility gross receipts taxes, utility service use taxes, sales taxes and use taxes (pledged revenues).

The bonds bear interest rates from 3% to 5%. The Board recognized a deferred gain on refunding on issuance of the 2012-A bonds in the amount of $112,089. This amount represents the difference between the acquisition price of the 2012-A bonds and the net carrying amount of the 2001-A bonds at the time of issuance. Amortization of the deferred gain on refunding for the year ended September 30, 2016 was $9,362.

NOTE 8 - LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the Series 2012-A Pool Refunding Bonds payable are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2017	$ 71,303	$ 24,440
2018	74,997	20,783
2019	78,892	16,936
2020	82,837	12,893
2021	86,981	8,647
2022 - 2024	139,210	5,866
	$ 534,220	$ 89,565

Pledged revenues recognized for the year ended September 30, 2016 were $95,947 while total debt service was $95,947.

2016 Board of Education Warrants

On June 23, 2016, the City of Opp issued $9,130,000 of Series 2016 General Obligation Refunding Warrants. The City issued the warrants for the benefit of the Opp City Board of Education. The Board used these funds to advance refund the outstanding Series 2007 Warrants noted above. As result, the refunded bonds are considered defeased and the Board has removed this liability from its accounts. The Board entered into a funding agreement with the City for repayment of the 2016 Refunding Warrants from tax revenues pledged by the Board to the City. Those pledged tax revenues consist of the Special One Cent City Sales Tax and the Four Mil Ad Valorem tax. The revenue pledge will remain in effect until the outstanding warrants are paid in full.

As required by Governmental Accounting Standards Board Statement No. 23, the carrying difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is carried as deferred charge on refunding and will be amortized over the remaining life of the old bond issue on the straight line basis. The amount deferred on the reacquisition was $572,250. The total amount amortized for the year ended September 30, 2016 was $7,498 and was reported as part of interest expense. Although the advance refunding resulted in the recognition of an accounting loss of $572,250, the Board reduced its aggregate debt service payments by approximately $1,300,000 over the next 20 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $460,000.

NOTE 8 - LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the 2016 General Obligation Refunding Warrants are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2017	$ 265,000	$ 304,783
2018	330,000	298,833
2019	335,000	292,183
2020	345,000	285,383
2021	350,000	278,433
2022 – 2026	1,915,000	1,224,958
2027 – 2031	2,240,000	897,161
2032 – 2036	2,735,000	405,100
2037	615,000	12,300
	$ 9,130,000	$ 3,999,134

Pledged revenues recognized for the year ended September 30, 2016 were $897,440 while total debt service was $500,124. A premium was recorded on the debt issuance in the amount of $821,340. Premium amortization for the year ended September 30, 2016 was $10,761.

Notes Payable

Southern Independent Bank – A note payable in semi-annual installments of $5,264 beginning on November 18, 2016, including interest at 3.35%. All unpaid principal is due at maturity on May 18, 2026. Secured by equipment.	$ 88,628
Southern Independent Bank – A note payable in semi-annual installments of $4,466 beginning on July 25, 2016, including interest at 3.35%. All unpaid principal is due at maturity on January 25, 2026. Secured by equipment.	72,007
Southern Independent Bank – A note payable in semi-annual installments of $9,630 beginning on November 11, 2016, including interest at 3.35%. All unpaid principal is due at maturity on May 11, 2026. Secured by equipment.	162,130
Total notes payable	322,765
Less: current maturities	27,992
Notes payable, net of current maturities	$ 294,773

NOTE 8 - LONG-TERM DEBT (Continued)

Annual debt-service requirements to maturity for notes payable are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2017	$ 27,992	$ 10,730
2018	28,951	9,771
2019	29,943	8,779
2020	30,948	7,774
2021	32,028	6,694
2022 – 2026	172,903	16,249
	$ 322,765	$ 59,997

During the year ended September 30, 2016, the following changes occurred in long-term liabilities reported in the statement of net position:

	Balance October 1, 2015	Proceeds	Retirements	Balance September 30, 2016	Amounts Due Within One Year
Governmental Activities:					
2007 Board of Education Warrants	$ 8,815,000	$ -	$ (8,815,000)	$ -	$ -
2009-D Warrants	375,000	-	-	375,000	-
2012-A Pool Refunding Refunding	602,577	-	(68,357)	534,220	71,303
2016 G.O. Refunding Bonds	-	9,130,000	-	9,130,000	265,000
Unamortized bond discounts	(165,551)	-	165,551	-	-
Unamortized bond premiums	-	821,340	(10,761)	810,579	-
Notes payable	-	325,958	(3,193)	322,765	27,992
	$ 9,627,026	$ 10,277,298	$ (8,731,760)	$ 11,172,564	$ 364,295

NOTE 9 - EMPLOYEE RETIREMENT PLAN

Summary of Significant Accounting Policies for the Pension Plan

Pensions. The Teachers' Retirement System of Alabama (the Plan or TRS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements.

NOTE 9 - EMPLOYEE RETIREMENT PLAN (Continued)

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

General Information about the Pension Plan

Plan description. The Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operating of TRS is vested in its Board of Control.

The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board on Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS employees who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status and eligibility for retirement.

NOTE 9 - EMPLOYEE RETIREMENT PLAN (Continued)

Contributions. Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by a statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2016 was 11.94% of annual pay for Tier 1 members and 10.84% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $766,403 for the year ended September 30, 2016.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2016, the Board reported a liability of $10,557,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2015, the System's proportion was 0.100873%, which was an increase of 0.000267% from its proportion measured as of September 30, 2014.

For the year ended September 30, 2016, the Board recognized pension expense of $852,000. At September 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 57,000
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	691,000	-

NOTE 9 - EMPLOYEE RETIREMENT PLAN (Continued)

Changes in proportion and differences between employer contributions and proportionate share of contributions	121,000	-
Employer contributions subsequent to the measurement date	766,403	-
Total	$ 1,578,403	$ 57,000

$766,403 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2017	$ 152,000
2018	152,000
2019	152,000
2020	300,000
2021	(1,000)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of September 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Investment rate of return*	8.00%
Projected salary increases	3.5% - 8.25%

* Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2014 were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

Mortality rates for TRS were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA projected to 2015 set back one year for females.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

NOTE 9 - EMPLOYEE RETIREMENT PLAN (Continued)

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	25.00%	5.00%
U.S. large stocks	34.00%	9.00%
U.S. mid stocks	8.00%	12.00%
U.S. small stocks	3.00%	15.00%
International developed market stocks	15.00%	11.00%
International emerging market stocks	3.00%	16.00%
Real estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.50%

Discount rate. The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate. The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Board's proportionate share of collective net pension liability	$ 13,966,000	$ 10,557,000	$ 7,666,000

NOTE 9 - EMPLOYEE RETIREMENT PLAN (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2015. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2015 along with supporting schedules is also available. The additional financial and actuarial information is available www.rsa-al.gov.

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

The Board contributes to the Alabama Retired Education Employee's Health Care Trust (Trust), a multiple employer cost sharing defined benefit health care plan established in 2007 under the provisions of Act 2007-16 as an irrevocable trust fund. The Trust is administered by members of the Public Education Employees' Health Insurance Board (the PEEHIB). The Trust provides health care benefits to state and local school system retirees. *Code of Alabama 1975, Section 16-25A-4* provides the PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. The Teachers' Retirement System of Alabama issues a publicly available financial report that may be obtained on the PEEHIP website at http://www.rsa-al.gov under the Employer's Financial Reports section. *Code of Alabama 1975, Section 16-25A-8* provides the PEEHIB explicit authority to set the contribution requirements for plan members and employers. The employer's share of premiums for retired Board employee's health insurance is included as part of the premium for active employees and is funded on a pay-as-you-go basis. Retirees eligible for Medicare benefits must pay $10 per month for coverage while those not eligible for Medicare must pay $151 per month for coverage. The estimated portion of health insurance premiums paid by the Board for retired employees was approximately $391,861 or 27.08% of total Board allocations paid during fiscal year 2016. 100% of the required contributions were paid by the Board. The Board has no responsibility for the payment of health care benefits, beyond the payment of the premium, for retired employees.

NOTE 11 - SUBSEQUENT EVENTS

The Board has evaluated subsequent events between September 30, 2016 and June 12, 2017, the date the financials were available to be issued, and there were none to disclose.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Board has an approved agreement with Covington County Bank for a line of credit with a maximum amount available of $350,000. No formal account has been opened under this agreement and no amounts have been borrowed as of September 30, 2016.

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

The Board has one open construction commitment at September 30, 2016 for the purchase and installation of a fire alarm system. The estimated total cost for this project is $109,572. As of September 30, 2016, no costs had been incurred on this project.

The Board is involved in various claims and litigation arising in the ordinary course of operations. In the opinion of legal counsel, the range of potential recoveries or liabilities in excess of insurance coverage, if any, is not determinable.

NOTE 13 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to $3.5 million per occurrence. The SIF purchases commercial insurance for claims, which in the aggregate exceed $3.5 million. Errors and omissions insurance is purchased from Alabama Risk Management for Schools (ARMS), a public entity risk pool. ARMS collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The Board purchases commercial insurance for vehicle liability and fidelity bonds. Settled claims in the past three years have not exceeded the commercial insurance coverage.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board. The fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are set annually based on the amounts necessary to fund coverage. The Board contributes the specified amount monthly to the PEEHIF for each employee.

The State Board of Adjustments is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board does not have insurance coverage for job-related injuries. Claims for employee job related injuries may be filed with the State Board of Adjustment. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board. No claims or related settlements have occurred in the past three years.

Opp City Board of Education
Required Supplementary Information
Schedule of the Employer's Proportionate Share of the Net Pension Liability

As of September 30,	2016	2015
Employer's proportion of the net pension liability	**0.100873%**	0.100606%
Employer's proportionate share of the net pension liability	**$ 10,557,000**	$ 9,140,000
Employer's covered-employee payroll*	**$ 6,394,118**	$ 6,382,911
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**165.10%**	143.19%
Plan fiduciary net position as a percentage of the total pension liability	**67.51%**	71.01%

*Employer's covered-employee payroll during the measurement period is the total payroll of those employees who are participating in the pension plan. For FY 2016, the measurement period is October 1, 2014 through September 30, 2015.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

For the years ended September 30,	**2016**	**2015**
Contractually Required Contribution**	**$ 766,403**	$ 751,313
Contributions in relation to the actuarially determined contribution	**766,403**	751,313
Contribution deficiency (excess)	**$ -**	$ -
Employer's covered-employee payroll*	**$ 6,434,760**	$ 6,394,118
Contributions as a percentage of covered-employee payroll	**11.91%**	11.75%

* Employer's covered-employee payroll is the total payroll of those employees who are participating in the pension plan.

**The amount of contractually required contributions is equal to the amount that would be recognized as additions from the employer's contributions in the pension plan's schedule of changes in fiduciary net position during the period that coincides with the employer's fiscal year. For participation in the TRS, this would not include amounts paid to TRS for the Pre-retirement Death Benefit, Term Life Insurance or Administrative Expenses. It does include the amounts paid to TRS for the Employer's portion of the Normal Cost and Accrued Liability.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

Opp City Board of Education
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA No.	Pass Through Grantor's Number	Expenditures
Social Security Administration			
Passed through the State of Alabama			
Disability Determination	96.001	11-3830	$ 1,520
U.S. Department of Education			
Passed through State Department of Education			
Title I	84.010	180	604,433
Title II - Teacher Training	84.367	180	53,380
Vocational Education – Basic Grant	84.048	180	19,165
Title VI - Rural Education & Low Income	84.358	180	28,523
Subtotal			705,501
Special Education Cluster			
Special Education Grants to States	84.027	180	278,750
Special Education Preschool Grants	84.173	180	17,548
Subtotal Special Education Cluster			296,298
Total U.S. Department of Education			1,001,799
U.S. Department of Agriculture			
Passed through State Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	180	389,109
Food Distribution Program**	10.555	180	54,866
			443,975
USDA Severe Need Breakfast Program	10.553	180	118,573
Summer Food Meals	10.559	180	96
Subtotal Child Nutrition Cluster			562,644
State Administrative Expenses for Child Nutrition	10.560	180	7,409
Total U.S. Department of Agriculture			570,053
Total federal awards			$ 1,573,372

**USDA Donated Food – No actual cash transactions.

See notes to schedule of expenditures of federal awards.

NOTE 1 – BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed in the schedule of expenditures of federal awards. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. 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 liability is incurred. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Board; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria.

NOTE 2 – SCHOOL-WIDE PROGRAM

The Board utilizes its funding under Title I to operate a “school-wide program”. School-wide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to a targeted group of students.

NOTE 3 - DONATED FOOD PROGRAM

The value of non-cash commodities received from the federal government in connection with the donated food program is reflected in the accompanying financial statements. The total assigned value of commodities donated was $54,866 for fiscal year 2016.

NOTE 4 – CONTINGENCIES

Grant monies received and disbursed by the Board are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Board does not believe that such disallowance, if any, would have a material effect on the financial position of the Board. As of June 12, 2017, there were no known material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 5 – INDIRECT COST RATE

The Board has not elected to use the 10% deminimis cost rate.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified ____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? ____ yes X none reported

Noncompliance material to financial statements noted? ____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? ____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR Part 200.516(a)? ____ yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster
10.553	USDA Severe Need Breakfast Program
10.555	National School Lunch Program
10.555	Food Distribution Program
10.559	Summer Food Meals

Dollar threshold used to distinguish between type A and type B programs? $ 750,000

Auditee qualified as low-risk auditee? X yes ____ no

Section II – Financial Statements Findings

No such findings in the current year.

Section III – Federal Award Findings and Questioned Costs

No such findings or questioned costs in the current year.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board
Opp City Board of Education
Opp, Alabama

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Opp City Board of Education (the "Board") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 12, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

June 12, 2017

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board
Opp City Board of Education
Opp, Alabama

Report on Compliance for Each Major Federal Program

We have audited Opp City Board of Education's (the "Board's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended September 30, 2016. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

June 12, 2017

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June 12, 2017

Members of the Opp City Board of Education
Opp, Alabama

Dear Members of the Opp City Board of Education:

We are pleased to present the results of our audit of the September 30, 2016 financial statements of the Opp City Board of Education (the "Board").

This report to the Board summarizes our audit, the reports issued and various analyses and observations related to the Board's accounting and reporting. The document also contains the communications required by our professional standards.

The audit was designed, primarily, to express an opinion on the Board's September 30, 2016 financial statements. We considered the Board's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Members of the Opp City Board of Education, expect. We received the full support and assistance of the Board's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Board, management and others within the Board and should not be used by anyone other than these specified parties.

We appreciate this opportunity to meet with you. If you have any questions or comments, please call me at 334-348-1322.

Very truly yours,

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Certified Public Accountants

As discussed with management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Board. Specifically, we planned and performed our audit to:

- Perform audit services 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, in order to express an opinion on the Board's financial statements for the year ending September 30, 2016 and to report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with **Government Auditing Standards**; and Uniform Guidance 2 CFR Part 200 in order to express an opinion on compliance with requirements applicable to each major federal program and on internal control over compliance with the types of compliance requirements described in Uniform Guidance 2 CFR Part 200 and the OMB Compliance Supplement;

- Communicate directly with the Members of the Board and management regarding the results of our procedures;

- Address with the Members of the Board and management any accounting and financial reporting issues;

- Anticipate and respond to concerns of the Members of the Board and management; and

- Other audit-related projects as they arise and upon request.

We have audited the financial statements of the Board for the year ended September 30, 2016, and have issued our report thereon dated June 12, 2017. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Auditor's responsibility under Generally Accepted Auditing Standards	As stated in our engagement letter dated August 10, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of the Board over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles • *The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;* • *The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the Board's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures;*	The significant accounting policies used by the Utilities Board are described in Note 1 to the financial statements. New accounting policies were adopted during the fiscal year as a result of the following recently issued accounting pronouncements: • GASB Statement No. 72, *Fair Value Measurement and Application* • GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* • GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* • GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* The adoption of GASB Statements No. 72, 73, 76, and 79 had no significant impact on the financial statements.

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
• *Critical accounting policies and practices applied by the client in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;* • *Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.*	We noted no transactions entered into by the Board during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
Management judgments and accounting estimates *The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.*	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality".
Corrected and Uncorrected Misstatements *All significant audit adjustments arising from the audit, whether or not recorded by the Board, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.*	Please see the following section titled "Summary of Audit Adjustments".

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Potential effect on the financial statements of any significant risks and exposures *Major risks and exposures facing the Board and how they are disclosed.*	No significant risks or exposures disclosed.
Material uncertainties related to events and conditions, specifically going concern issues *Any doubt regarding the Board's ability to continue, as a going concern (if extended procedures, communicate results), and any other material uncertainties.*	No such uncertainties were noted or disclosed.
Other information in documents containing audited financial statements *The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.*	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.
Disagreements with management *Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Board's financial statements or the auditor's report.*	None.
Management consultation with other independent accountants *When management has consulted with other accountants about significant accounting or auditing matters.*	None of which we are aware.
Major issues discussed with management prior to retention *Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.*	None.

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Difficulties encountered in performing the audit *Serious difficulties encountered in dealing with management that relate to the performance of the audit.*	None.
Deficiencies in internal control *Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.*	None reported.
Fraud and illegal acts *Fraud involving senior management, or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.*	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
Other material written communications • *Management representation letter* • *Management "SAS 115" letter* • *Financial Statement Findings*	Please see the following section titled "Management Representation Letter". Management Letter not required. None.
Other matters *Communication of other pertinent matters.*	None.

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Board's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Cash	The Board maintains its cash balances in high quality financial institutions. All of the Board's demand deposits are insured and collateralized by the Federal Deposit Insurance Corporation ("FDIC") and the Security for Alabama Funds Enhancement ("SAFE") Program operated by the office of the Treasurer of the State of Alabama as authorized by Section 41-14A of the Code of Alabama 1975, as amended.	X	No significant judgments or estimates.	The Board's policy is in accordance with all applicable accounting guidelines.
Depreciation of Property and Equipment, net	The Board depreciates assets over the expected remaining useful life of the individual asset.	X	Judgments in this area relate to the estimate of the remaining useful life of the asset.	The Board's recognition methods and disclosures appear appropriate.
Accounts Payable and Program Expenses (including payroll and payroll liabilities)	The Board records expenses on the modified accrual basis of accounting and classifies based on program receiving benefit and allowable/unallowable nature of cost.	X	Significant judgments include identification of nature of cost as allowable versus unallowable.	The Board's policy is in accordance with all applicable accounting guidelines.

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Revenue Recognition	Revenues are recognized when earned, and in 2016 primarily consist of local tax collections, foundation allocations from the State of Alabama DOE, and state and federal grants.	X	Judgments in this are related to timing of revenue recognition and adoption of appropriate methods of accounting.	The Board's policy is in accordance with all applicable accounting guidelines.
Manual Journal Entries	The Board records a number of journal entries each month.	X	The nature of these journal entries is inherently more risky than utilizing system generated information with no manual intervention. These journal entries are subject to a more stringent set of controls.	We noted no journal entries considered inappropriate.
Defined Benefit Pension Plan	The Board participates in the Teachers Retirement System (TRS), a cost sharing multiple-employer plan administered by Retirement Systems of Alabama (RSA). RSA utilizes an independent actuary to estimate for each participating employer their proportionate share of the total pension liability, fiduciary net position, related deferred outflows/ inflows and actuarially required contributions in accordance with the provisions of GASB 68.	X	Key assumptions utilized by the actuary in making the estimates required under GASB 68 included a discount rate and estimated rate of return on plan investments of 8.00% with an inflation rate of 3.00% and projected salary increases of 3.5% to 8.25%. The total pension liability was determined by an actuarial valuation as of September 30, 2014 with a measurement date of September 30, 2015.	We evaluated the assumptions used by the actuary in estimating the Board's proportionate share of the total pension liability, the fiduciary net position, and the related deferred outflows/inflows and found them to be in accordance with the provisions of GASB 68 and reasonable in relation to the financial statements taken as a whole.

During the course of our audit, we accumulate differences between amounts recorded by the Board and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the Board or passed (uncorrected).

See the following section titled "Corrected Audit Adjustments"

Uncorrected Adjustments

Governmental Activities

Overstatement of payroll accrual	$	16,155
Understatement of food inventory		2,964
Understatement of prepaid bond insurance		61,980
Accrued interest not recorded		(30,757)
Net increase in net position not recorded		50,342

General Fund

Overstatement of payroll accrual	12,754

Other Governmental Funds

Overstatement of payroll accrual	3,401
Understatement of food inventory	2,964
Net increase in fund balance not recorded	6,365

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Board's operating environment that has been identified as playing a significant role in the Board's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

June 12, 2017

Carr, Riggs & Ingram, LLC
PO Box 311070
Enterprise, AL 36331

This representation letter is provided in connection with your audit of the financial statements of Opp City Board of Education (the "Board"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of September 30, 2016, and the respective changes in financial position and budgetary comparison for the each major fund for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 12, 2017, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 10, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the Board is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves—

    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21) The Board has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

27) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

28) The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

29) The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .

32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

35) Provisions for uncollectible receivables have been properly identified and recorded.

36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

41) We have appropriately disclosed the Board's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

44) We agree with the findings of the actuary retained by RSA in evaluating the valuation of pension liability, pension expense and related deferred inflows and outflows of resources and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We had no direct contractual relationship with the actuary and did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their

work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuary. We believe the actuarial assumptions used to measure the pension liability and expense are appropriate.

45) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t) We have charged costs to federal awards in accordance with applicable cost principles.

u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings

by federal awarding agencies and pass-through entities, including all management decisions.

v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Signature: _____ Signature: _____

Title: _____ Title: _____

Adjusting Journal Entries JE # 1

To accrue wages at 9/30/16 per computation PBC. PY entry was not posted by client at AL DOE's request. PY accrual amounts will be posted to fund balance and the net change in the CY and PY accrual will run thru exp.
**Linda, do not post. **

1130350000000001110000000000	Unreserved Fund Balance	589,618.00	
1130350000000001220000000000	Unreserved Fund Balance	10,984.00	
1130350000000001230900000000	Unreserved Fund Balance	6,239.00	
1130350000000001310900000000	(r) Unreserved Fund Balance	19,102.00	
1130350000000001410900000000	Unreserved Fund Balance	4,770.00	
1130350000000001520900000000	Unreserved Fund Balance	548.00	
1130350000000001720000000000	Unreserved Fund Balance	11,611.00	
1130350000000006001000000000	Unreserved Fund Balance	18,055.00	
1151100010001011100150000000	Instruction-Teacher	96,657.00	
1152140121821012200821000000	Health Services-Registered Nurse	1,529.00	
1154110111841013100841000000	Trans Adm Services-Supervisor Of Transp	3,197.00	
1159140010003015200210000000	Pre-School-Teacher	151.00	
1159140010003017200471200000	Pre-School, Teacher	10,612.00	
1230350000000032100000000000	Unreserved Fund Balance	11,599.00	
1230350000000032200000000000	Unreserved Fund Balance	2,112.00	
1230350000000041100000000000	Unreserved Fund Balance	28,602.00	
1230350000000041300000000000	Unreserved Fund Balance	10,295.00	
1230350000000051010000000000	Unreserved Fund Balance	34,785.00	
1251100010000041100000000000	Salaries - Regular Teacher	13,943.00	
1254210110001051010842000000	Child Nutrition-Administrative	841.00	
1254290172002053200842000000	Other Food Services, Cook / Baker	2,509.00	
1120211000000001110000000000	(r) Salaries & Wages Payable		686,275.00
1120211000000001220000000000	(r) Salaries & Wages Payable		12,513.00
1120211000000001230000000000	(r) Salaries & Wages Payable		3,914.00
1120211000000001250000000000	Salaries & Wages Payable		
1120211000000001310000000000	Salaries & Wages Payable		22,299.00
1120211000000001410000000000	Salaries & Wages Payable		
1120211000000001520000000000	Salaries & Wages Payable		699.00
1120211000000001720000000000	Salaries & Wages Payable		22,223.00
1120211000000006001000000000	Salaries & Wages Payable		15,895.00
1130350000000001240000000000	Unreserved Fund Balance		
1130350000000001250000000000	Unreserved Fund Balance		
1151100010001012400181000000	Instruction-Teacher		
1151100010002060010120000000	Instruction-Teacher		2,159.00
1151100012812014100170000000	Instruction-Alternative Sch Teacher		4,770.00
1151100101002012500170000000	Instruction-Instructional Aide		
1151100180003012300110000000	Instruction-Substitutes		2,326.00
1220211000000032100000000000	Salaries & Wages Payable		11,563.00
1220211000000032200000000000	Salaries & Wages Payable		1,491.00
1220211000000041100000000000	Salaries & Wages Payable		42,545.00
1220211000000041300000000000	Salaries & Wages Payable		3,441.00
1220211000000051010000000000	Salaries & Wages Payable		35,625.00
1220211000000053200000000000	Salaries & Wages Payable		2,510.00
1251100010002041300120000000	Instruction-Teacher		6,854.00
1251100010003032100230000000	Instruction-Teacher		36.00
1259140010003032200471200000	Pre-School-Teacher		621.00
Total		**877,759.00**	**877,759.00**

Adjusting Journal Entries JE # 12

To record assessed ad valorem tax due to BOE at 10/1/16 in accordance with GASB 33. ** Linda, do not post. **

1110131000000006001000000000	Accounts Receivable	409,823.37	
1120271000000006001000000000	Deferred Revenue		409,823.37
Total		**409,823.37**	**409,823.37**

Adjusting Journal Entries JE # 14

To record the drug subsidy revenue and expense on the books of the school board. **Linda, do not post.**

1151100290000006001000000000	Other Employee Benefits	67,888.32	
1152220290000006001000000000	Other Employee Benefits	16,068.96	
1153200290000006001000000000	Other Employee Benefits	6,121.47	
1154100290000006001000000000	Other Employee Benefits	3,025.59	
1154200290000006001000000000	Other Employee Benefits	4,527.03	
1156210290000006001000000000	Other Employee Benefits	6,642.75	
1159140290000006001000000000	Other Employee Benefits	2,407.83	
1142901000000006001000000000	Other State Sources		106,681.95
Total		**106,681.95**	**106,681.95**

Adjusting Journal Entries JE # 17

To adjust debt service payment for amount allocated to refunding in excess of cash balance at date of refunding.

1358100938920063100920000000	Bonds And Warrants, Payments To Escrow A	10,360.04	
1358100938920063100920000000	Bonds And Warrants, Payments To Escrow A	42,482.15	
1458100939920091100920000000	Bonds And Warrants, Other Debt Service	396.96	
1320251000000000000000000000	Accounts Payable		42,482.15
1358100939920063100920000000	Bonds And Warrants, Other Debt Service		10,757.00
Total		**53,239.15**	**53,239.15**

Adjusting Journal Entries JE # 20

To adjust fund balance for receivable on FS 5320 not set up in FY 15 when funds were moved from FS 5101. This caused a change in revenue for that period.

1245320000000005320000000000	HHS-Head Start	8,710.00	
1230350000000005320000000000	Unreserved Fund Bal		8,710.00
Total		**8,710.00**	**8,710.00**

Adjusting Journal Entries JE # 22

TO ADJUST FOR ENTRIES POSTED BY LINDA TO FY 2015.

1130350000000006001000000000	Unreserved Fund Balance	6,210.76	
1230350000000005320000000000	Unreserved Fund Bal	1,458.73	
1254210172000005101000000000	Salaries - Cook/Baker	1,458.73	
1148990000000006001000000000	Other Miscellaneous Revenues		6,210.76
1230350000000005101000000000	Unreserved Fund Balance		1,458.73
1254290172002053200842000000	Other Food Services, Cook / Baker		1,458.73
Total		**9,128.22**	**9,128.22**

Adjusting Journal Entries JE # 27			
To reclass prepaid insurance for FY 2017.			
1110151000000006001000000000	Prepaid Items	54,030.00	
1153900395830060010839000000	Oth Oper/Maintenance-Insurance Services		54,030.00
Total		**54,030.00**	**54,030.00**