

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
INTERNAL SCHOOL FUNDS**

COMBINED FINANCIAL STATEMENTS

June 30, 2015



Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International

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INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Board Members
Germantown Municipal School District
Germantown, Tennessee

Report on the Financial Statements

We have audited the accompanying combined balance sheet – regulatory basis of Germantown Municipal School District Internal School Funds, as of June 30, 2015, and the related combined statement of revenues, expenditures and changes in fund balances – regulatory basis for the year then ended, and the related notes to the financial statements, which collectively comprise Germantown Municipal School District Internal School Funds' basic financial statements, as listed in the table of contents. We have also audited the individual school balance sheets – regulatory basis, and the individual school statements of revenues, expenditures and changes in fund balances – regulatory basis presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying individual school financial statements as of and for the year ended June 30, 2015, 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 the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by Germantown Municipal School District Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Tennessee.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Germantown Municipal School District Internal School Funds as of June 30, 2015, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of Germantown Municipal School District Internal School Funds as of June 30, 2015, and the related revenue, expenditures and changes in fund balances for the year then ended, in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* described in Note 1. In addition, in our opinion, the individual school financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of Germantown Municipal School District’s Internal School Funds as of June 30, 2015, and the related revenue, expenditures and changes in fund balances for the year then ended, in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements – regulatory basis that collectively comprise Germantown Municipal School District Internal School Funds’ basic financial statements. In addition, our audit was conducted for the purpose of forming an opinion on the individual school financial statements – regulatory basis, presented as supplementary information, as defined by the Governmental Accounting Standards Board. The supplemental schedules and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements – regulatory basis of the schools. As described in Note 1 of the financial statements, the supplemental schedules and other information, as listed in the table of contents, are prepared by Germantown Municipal School District Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplemental schedules and other information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements – regulatory basis 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 – regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and other information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements – regulatory basis as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2015, on our consideration of Germantown Municipal School District Internal School Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Germantown Municipal School District Internal School Funds' internal control over financial reporting and compliance.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the internal school funds of Germantown Municipal School District and do not purport to, and do not, present fairly the financial position of the City of Germantown, Tennessee as of June 30, 2015, the changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Watkins Mikusall, PLLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
October 12, 2015

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
INTERNAL SCHOOL FUNDS
COMBINED BALANCE SHEET – REGULATORY BASIS**

June 30, 2015

	<u>Dogwood Elementary</u>	<u>Farmington Elementary</u>	<u>Houston High</u>	<u>Houston Middle</u>	<u>Riverdale Elementary</u>	<u>Total</u>
<u>Assets</u>						
Cash	\$ 41,554	\$ 66,186	\$ 360,550	\$ 157,684	\$ 166,244	\$ 792,218
Inventory	3,105	925	1,020	-	6,572	11,622
Total assets	<u>\$ 44,659</u>	<u>\$ 67,111</u>	<u>\$ 361,570</u>	<u>\$ 157,684</u>	<u>\$ 172,816</u>	<u>\$ 803,840</u>
<u>Fund Balances</u>						
General fund - nonspendable	\$ 3,105	\$ 925	\$ 1,020	\$ -	\$ 6,572	\$ 11,622
General fund - unassigned	19,828	38,482	155,572	106,239	115,291	435,412
Restricted fund - assigned	18,162	14,489	194,683	48,078	46,059	321,471
Restricted fund - restricted	3,564	13,215	10,295	3,367	4,894	35,335
Total fund balances	<u>\$ 44,659</u>	<u>\$ 67,111</u>	<u>\$ 361,570</u>	<u>\$ 157,684</u>	<u>\$ 172,816</u>	<u>\$ 803,840</u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
INTERNAL SCHOOL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – REGULATORY BASIS**

For the Year Ended June 30, 2015

	Dogwood Elementary	Farmington Elementary	Houston High	Houston Middle	Riverdale Elementary	Total
Fund balances - June 30, 2014	\$ 22,960	\$ 102,575	\$ 309,844	\$ 134,029	\$ 156,099	\$ 725,507
Revenues	148,143	180,055	1,137,849	281,639	411,121	2,158,807
Expenditures	128,375	215,636	1,087,026	257,573	400,976	2,089,586
Excess (deficiency) of revenues over expenditures	19,768	(35,581)	50,823	24,066	10,145	69,221
Other Financing Sources (Uses)						
Changes in inventory	1,930	117	903	(411)	6,572	9,111
Transfers in	5,824	5,310	81,180	2,151	2,852	97,317
Transfers out	(5,823)	(5,310)	(81,180)	(2,151)	(2,852)	(97,316)
Total other financing sources (uses)	1,931	117	903	(411)	6,572	9,112
Excess (deficiency) of revenues and other sources over expenditures and other uses	21,699	(35,464)	51,726	23,655	16,717	78,333
Fund balances - June 30, 2015	<u>\$ 44,659</u>	<u>\$ 67,111</u>	<u>\$ 361,570</u>	<u>\$ 157,684</u>	<u>\$ 172,816</u>	<u>\$ 803,840</u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
INTERNAL SCHOOL FUNDS
NOTES TO COMBINED FINANCIAL STATEMENTS**

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Section 49-2-110, *Tennessee Code Annotated*, provides for internal school funds, establishes responsibility for those funds, and requires schools to adopt and follow the *Tennessee Internal School Uniform Policy Manual* (the "Manual"), issued by the Tennessee Department of Education. This section excludes parent-teacher and parent-student support organizations from the accounting, recordkeeping, and other requirements of the section.

Financial Reporting Entity

This report includes certain internal school funds of Germantown Municipal School District. Internal school funds consist of financial resources accounted for at the individual schools.

Internal School Funds

Internal school funds reported in the accompanying combined financial statements include student activity funds and, if applicable, donations and grants made to the individual schools; fees collected by schools; funds received from the local board of education; funds raised through cooperative agreements; and rental fees.

Student Activity Funds

Student activity funds include all money received from any source for school-sponsored student activities or school-sponsored events held at or in connection with a school, and specifically include, but are not limited to funds:

- Derived from a school-sponsored academic, art, athletic, or social event involving students;
- Raised by school-sponsored clubs involving students;
- Raised by school-sponsored fundraisers involving students who are under the supervision of a school employee;
- Received from a commission for the direct sale of items to students pursuant to a cooperative agreement between the school and an outside organization;
- Received for the direct sale of items to students from a school-run bookstore located on school grounds;
- Raised from fees charged to students;
- Obtained from interest from any account that contains student activity funds;
- Obtained from any related school-sponsored activity that involves the use of school personnel, students, and property during the school day.

Special Purpose Framework

The accounting and financial reporting requirements for internal school funds are set forth in the Manual. The requirements established in the Manual differ from generally accepted accounting principles in the United States of America primarily in the presentation of the financial statements and restricted fund revenue and expenditure accounting and reporting. The following is a summary of the basic requirements of this financial reporting framework.

Financial Statement Presentation

The financial statements consist of balance sheets and statements of revenues, expenditures and changes in fund balances.

The combined financial statements present all of the individual schools in a columnar format and are required to be presented before the notes to the financial statements. These statements focus on each of the individual schools rather than the funds within the schools. In keeping with that focus, the columnar headings identify the individual schools rather than the funds. The individual school financial statements present the detailed fund activity in each school and are included after the notes to the financial statements.

Revenues are classified by source and expenditures are classified by either function or object for the general fund but not the restricted fund. Revenues and expenditures of the restricted fund are recorded based on the specific group or activity which will benefit or expend the funds. The activity in the restricted "accounts" is presented as total revenues and transfers in and total expenditures and transfers out of each account. A corresponding "fund balance" is presented for each account. Although the restricted fund is a single fund, each account within the fund must present its portion of the restricted fund balance. Transfers reported on the financial statements represent authorized movement of funds between restricted accounts as well as between the general fund and restricted fund.

Measurement Focus / Basis of Accounting

The accompanying financial statements are reported using the current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet and the fund balances report only spendable resources. Internal school funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Management policies define available as collectible within the fiscal year. Expenditures are generally recognized when the related fund liability is incurred, if measurable.

Fund Structure

The accounts of the individual schools are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that are comprised of the fund's assets, liabilities, fund equity, revenues and expenditures.

The funds are grouped in the accompanying financial statements as follows:

General fund: The general fund is used to account for all money to be used for the general operation of the school or for the welfare of the student body. Revenues and expenditures in this fund are not restricted to any specific group or activity.

Restricted fund: The restricted fund is used to account for money that is restricted for the use of a specific segment of the school population or legally restricted for a specific purpose and not intended to benefit the general school population.

Inventory

Inventories are stated at lower of cost (first in, first out) or market (net realizable value). The purchases method is used to account for inventories. Under the purchases method, inventories are reported as an expenditure when purchased (or when received for donated items) rather than being capitalized as an asset. However, significant amounts of inventory, if any, on hand at year end are reported as an asset in the financial statements. In accordance with generally accepted accounting principles, the fair value of donated goods and supplies are recognized as revenues and expenditures in the financial statements. For the current year, no significant amounts of such donations were received.

Fund Balances

Nonspendable Fund Balance: Fund balances reported as nonspendable in the accompanying financial statements represent amounts for inventory in the general fund.

Restricted Fund Balance: Fund balances reported as restricted, if any, are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes BEP (Basic Education Program) funds and grant funds.

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

Assigned Fund Balance: Amounts that are constrained by each school's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements. This includes accounts reported in the restricted fund at each school, except for those that account for externally restricted resources, if any, as described above. Germantown Municipal School District allocation amounts not spent by the end of the fiscal year are reflected as assigned in the general fund because the Board's intent is for those resources to be expended for instruction, administration, and/or operations and maintenance.

Germantown Municipal School District is authorized to assign amounts for specific purposes with respect to all amounts they allocate to the individual schools. The principal is the official authorized to assign all other amounts to a specific purpose. Authorization is established by the Manual.

Unassigned Fund Balance: In accordance with generally accepted accounting principles, the general fund is the only fund at each school that reports amounts for unassigned fund balance.

This classification represents fund balance that is not restricted and has not been assigned to specific purposes within the general fund.

When both assigned and unassigned resources are available for use, it is the school system’s policy to use assigned resources first, then unassigned resources as they are needed.

The fund balance detail for the activity funds of Germantown Municipal School District at June 30, 2015, is reflected below. Additional detail is provided on the individual school financial statements.

	<u>General Fund</u>	<u>Restricted Fund</u>
Fund Balances:		
Nonspendable:		
Inventory	\$ 11,622	\$ -
Restricted for:		
Grants	-	35,335
Assigned to:		
Library		27,097
Athletics	-	97,211
Class accounts	-	59,929
Club accounts	-	114,388
Other purposes	-	22,846
Unassigned	435,412	-
Total fund balances	<u>\$ 447,034</u>	<u>\$ 356,806</u>

NOTE 2 - DEPOSITS

Legal Provisions

All deposits with financial institutions in excess of FDIC limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution(s) that participates in the State of Tennessee Bank Collateral Pool administered by the state treasurer. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured deposits. For the year ended June 30, 2015, Germantown Municipal School District’s deposits were with a financial institution that participates in the bank collateral pool.

Cash Deposits

Cash in bank represents funds on deposit in various depositories.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the schools' deposits may not be returned to it. None of the schools' deposits were exposed to custodial credit risk because all balances were entirely insured by the FDIC or through the Bank Collateral Pool with the State of Tennessee.

NOTE 3 - CAPITAL ASSETS

Capital assets acquired by the individual schools are recorded as expenditures at the time of purchase. Title and accountability for capital assets purchased pass automatically to Germantown Municipal School District.

NOTE 4 - SALARY SUPPLEMENTS

No salary supplements were paid from activity funds for the year ended June 30, 2015.

NOTE 5 - EMPLOYEE DISHONESTY COVERAGE

Germantown Municipal School District maintained Crime Coverage Insurance covering all employees for the year ended June 30, 2015. The coverage limit is \$150,000 per occurrence with a deductible of \$1,000 per occurrence.

SUPPLEMENTARY INFORMATION

Individual School Financial Statements

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
DOGWOOD ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS
BALANCE SHEET – REGULATORY BASIS**

June 30, 2015

<u>Assets</u>		
Cash		\$ 41,554
Inventory		<u>3,105</u>
Total assets		<u><u>\$ 44,659</u></u>
 <u>Fund Balances</u>		
General fund - nonspendable		\$ 3,105
General fund - unassigned		19,828
Restricted fund - assigned		18,162
Restricted fund - restricted		<u>3,564</u>
Total fund balances		<u><u>\$ 44,659</u></u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
 DOGWOOD ELEMENTARY SCHOOL
 INTERNAL SCHOOL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS**

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
General Fund							
Bookstore		\$ 30,462	\$ 23,821	\$ -	\$ -		
Spirit Wear		1,253	1,217	-	-		
Pictures		9,634	-	-	-		
School Yearbooks		7,809	616	-	-		
Unallocated Donations		117	-	1,894	-		
Incentives/Awards/Student Body		-	372	-	-		
Field Trips		18,507	16,392	-	-		
Administration		340	6,570	-	-		
Instruction		-	1,345	-	-		
Operations and Maintenance		-	73	-	-		
Total general fund	\$ 1,393	\$ 68,122	\$ 50,406	\$ 1,894	\$ -	\$ 1,930	\$ 22,933

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
DOGWOOD ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
Restricted Fund - Assigned For:							
Sports Club	\$ 913	\$ -	\$ -	\$ -	\$ 913	\$ -	\$ -
Library	5,197	7,668	6,871	-	-	-	5,994
P.E.	3,885	1,059	1,824	-	-	-	3,120
Music	1,296	-	443	-	-	-	853
Art Department	3,095	500	1,560	-	-	-	2,035
Violin	-	1,200	1,148	-	-	-	52
Art Club	673	-	-	-	673	-	-
Scrabble/Juggling Club	44	-	-	-	44	-	-
Drama	509	-	-	-	509	-	-
Chorus/Music Club	687	5,297	4,526	-	-	-	1,458
Ambassadors	9	417	394	-	-	-	32
Safety Patrol Club	320	1,988	1,961	-	-	-	347
Chess Club	200	3,454	3,250	-	200	-	204
Destination Imagination	-	2,130	631	-	-	-	1,499
Rube Goldberg	899	1,125	1,616	-	-	-	408
Designing for Dolls	265	-	-	-	265	-	-
Jogging Club	-	899	899	-	-	-	-
Steam Club	-	735	243	-	-	-	492
Sport's Club	-	726	717	913	-	-	922
Lost/Damaged Books	-	143	143	-	-	-	-
Lost Library Books	202	-	-	-	202	-	-
Board Allocations/Special Ed	-	600	600	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
DOGWOOD ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014			Other Financing Sources/(Uses)			June 30, 2015 Balance
	Balance	Revenues	Expenditures	Transfers In	Transfers Out	Changes in Inventory	
Board Allocations/TDF	-	9,612	9,612	3,017	3,017	-	-
BEP Allocations	-	21,991	21,991	-	-	-	-
Fee Waiver	-	540	169	-	-	-	371
Copier	-	-	-	-	-	-	-
21st Century Furniture	-	-	-	-	-	-	-
GMSD Collections	-	1,567	1,567	-	-	-	-
Community Collections	-	3,715	3,715	-	-	-	-
Teacher / Faculty Staff Morale	397	2,349	2,371	-	-	-	375
Total restricted fund - assigned	18,591	67,715	66,251	3,930	5,823	-	18,162
Restricted Fund - Restricted For:							
Local/City Grants	1,612	-	1,244	-	-	-	368
Race for Education	851	105	647	-	-	-	309
Germantown Ed Foundation Grant	-	1,000	988	-	-	-	12
Target Donation	52	6,231	3,659	-	-	-	2,624
Aleks Math	461	4,970	5,180	-	-	-	251
Total restricted fund - restricted	2,976	12,306	11,718	-	-	-	3,564
Total all funds	\$ 22,960	\$ 148,143	\$ 128,375	\$ 5,824	\$ 5,823	\$ 1,930	\$ 44,659

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
FARMINGTON ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS
BALANCE SHEET – REGULATORY BASIS**

June 30, 2015

<u>Assets</u>		
Cash		\$ 66,186
Inventory		<u>925</u>
Total assets		<u><u>\$ 67,111</u></u>
 <u>Fund Balances</u>		
General fund - nonspendable		\$ 925
General fund - unassigned		38,482
Restricted fund - assigned		14,489
Restricted fund - restricted		<u>13,215</u>
Total fund balances		<u><u>\$ 67,111</u></u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
FARMINGTON ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS**

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers out Out	Changes in Inventory	
General Fund							
Bookstore		\$ 31,870	\$ 23,846	\$ -	\$ -		
Pictures		10,208	-	-	-		
School Yearbooks		3,990	3,077	-	-		
Bookfair		9,493	9,493	-	-		
Unallocated Donations		13,345	-	3,108	-		
School Damages		-	-	-	-		
Incentives/Awards/Student Body		404	1,143	-	-		
F/T Kindergarten		1,819	1,557	-	-		
F/T 1st Grade		1,664	1,437	-	-		
F/T 2nd Grade		516	402	-	-		
F/T 5th Grade		5,253	5,193	-	-		
F/T Apex		4,418	4,302	-	-		
Administration		375	17,720	-	-		
Instruction		-	59,619	-	-		
Fees		1,386	-	-	-		
Operations and Maintenance		-	1,789	-	-		
Total general fund	\$ 81,020	\$ 84,741	\$ 129,578	\$ 3,108	\$ -	\$ 117	\$ 39,408

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
FARMINGTON ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014		Other Financing Sources/(Uses)			June 30, 2015	
	Balance	Revenues	Expenditures	Transfers In	Transfers out Out		Changes in Inventory
Restricted Fund - Assigned for:							
Library	\$ 2,464	\$ 6,912	\$ 6,456	\$ -	\$ -	\$ -	\$ 2,920
P.E.	243	40	283	-	-	-	-
Music/Strings	-	1,290	968	-	-	-	322
Drama	10	4,950	4,950	-	-	-	10
Art	-	150	-	681	-	-	831
Technology Dept	5,791	3,926	5,697	-	-	-	4,020
Art Club	1,173	806	1,297	-	681	-	1
Science Club	2,407	5	-	-	2,412	-	-
Computer Club	32	-	-	-	32	-	-
Chorus/Music Club	24	-	24	-	-	-	-
Kiwanis Club	105	-	40	-	-	-	65
Environmental Club	864	-	-	-	-	-	864
Destination Imagination	-	2,080	1,470	-	-	-	610
Manners Club	123	-	-	-	123	-	-
Farmington Fields	344	-	-	-	-	-	344
Math Club	-	405	-	-	-	-	405
Craft Club	-	1,220	1,043	-	-	-	177
Steam Club	-	197	84	-	-	-	113
Passport Club	-	45	-	-	-	-	45
2nd Grade Activities	93	-	-	-	-	-	93
4th Grade Activities	234	-	-	-	-	-	234
5th Grade Activities	349	-	349	-	-	-	-
Lost/Damaged Books	-	116	116	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
FARMINGTON ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014		Other Financing Sources/(Uses)			June 30, 2015
	Balance	Revenues	Expenditures	Transfers In	Transfers out Out	
Lost Library Books	176	-	-	-	176	-
Board Allocations/Special Ed.	-	2,400	2,400	-	-	-
Board Allocations/TDF	-	10,622	10,622	1,521	1,521	-
BEP Allocations	-	22,312	22,312	-	-	-
Fee Waiver	-	1,400	106	-	-	1,294
Enrichment	365	-	-	-	365	-
GMSD Collections	-	2,966	2,966	-	-	-
Community Collections	-	4,186	4,186	-	-	-
Teacher /Faculty Staff Morale	1,997	2,022	1,878	-	-	2,141
Total restricted fund - assigned	16,794	68,050	67,247	2,202	5,310	-

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
FARMINGTON ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers out Out	Changes in Inventory	
Restricted Fund - Restricted for:							
Race for Education	1,052	-	350	-	-	-	702
Greater Memphis Arts Council	3,030	-	-	-	-	-	3,030
Exxon Grant	-	500	256	-	-	-	244
Fitness Park Grant	9	-	-	-	-	-	9
Target Grant	356	-	-	-	-	-	356
Germantown Educ. Foundation	-	1,000	-	-	-	-	1,000
Restricted Donations	103	-	-	-	-	-	103
P.T.A. Donation	-	18,000	12,362	-	-	-	5,638
P.E. Donations	17	-	-	-	-	-	17
Special Ed Donation	194	-	-	-	-	-	194
Golf Tournament	-	7,764	5,843	-	-	-	1,921
Total restricted fund - restricted	4,761	27,264	18,811	-	-	-	13,214
Total all funds	\$ 102,575	\$ 180,055	\$ 215,636	\$ 5,310	\$ 5,310	\$ 117	\$ 67,111

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON HIGH SCHOOL
INTERNAL SCHOOL FUNDS
BALANCE SHEET – REGULATORY BASIS**

June 30, 2015

<u>Assets</u>		
Cash		\$ 360,550
Inventory		<u>1,020</u>
Total assets		<u><u>\$ 361,570</u></u>
 <u>Fund Balances</u>		
General fund - nonspendable		\$ 1,020
General fund - unassigned		155,572
Restricted fund - assigned		194,683
Restricted fund - restricted		<u>10,295</u>
Total fund balances		<u><u>\$ 361,570</u></u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON HIGH SCHOOL
INTERNAL SCHOOL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS**

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
General Fund							
Resale Items		\$ 14,271	\$ 13,183	\$ -	\$ -		
Pictures		12,456	-	-	-		
School Yearbooks		22,256	18,773	-	-		
Unallocated Donations		8,577	-	677			
Field Trips		-	1,805	-	-		
Administration		9,530	20,799	-	-		
Instruction		34	19,215	-	-		
Ins Fees		179,447	129,134	-	-		
Operations and Maintenance		-	3,128	-	-		
Total general fund	\$ 114,478	\$ 246,571	\$ 206,037	\$ 677	\$ -	\$ 903	\$ 156,592

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON HIGH SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
Restricted Fund - Assigned For:							
Athletics	\$ 79,844	\$ 234,471	\$ 246,438	\$ 73,871	\$ 61,261	\$ -	\$ 80,487
Circulation Library	1,104	5,674	4,281	-	-	-	2,497
Reference Library	1,969	5,867	4,469	-	-	-	3,367
Science Department I	72	-	-	-	-	-	72
Science Department II	811	-	367	-	-	-	444
Graduation	22	7,204	6,616	-	610	-	-
Project Graduation	-	1,480	1,680	200	-	-	-
Art 1	1,451	15,600	14,635	-	-	-	2,416
Art 2	292	16,118	15,427	-	-	-	983
Art 3	-	-	-	-	-	-	-
Special Education	82	115	116	-	-	-	81
Dual Enrollment	208	15,305	15,429	-	-	-	84
Student Activity	2,960	14,580	9,797	-	-	-	7,743
Graphics Media	1,344	-	1,344	-	-	-	-
TV Studio	-	1,600	1,600	-	-	-	-
Class Accounts	131	2,210	1,665	-	545	-	131
Family and Consumer Science	4,549	6,919	7,009	-	-	-	4,459
Vocational Board Allocations	-	7,350	7,220	-	-	-	130
General Clubs	91,779	448,398	441,632	1,637	18,114	-	82,068
Gen. Class Act/Incent/Ent.	507	-	374	-	-	-	133
Due to Board	-	1,884	1,820	-	-	-	64
Board Allocations/Special Ed	-	3,000	3,000	247	247	-	-
Board Allocations/TDF	-	18,800	18,800	403	403	-	-
BEP Allocations	-	56,359	56,359	-	-	-	-
Fee Waiver	-	5,325	868	-	-	-	4,457
GMSD Collections	-	655	655	-	-	-	-
Community Collections	-	1,869	1,869	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON HIGH SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
H.S. Principals	138	-	-	-	-	-	138
Teacher / Faculty Staff Morale	4,210	14,354	13,635	-	-	-	4,929
Total restricted fund - assigned	191,473	885,137	877,105	76,358	81,180	-	194,683
Restricted Fund - Restricted For:							
SCS Education Foundation Grant	291	-	-	-	-	-	291
Race for Education	197	105	270	-	-	-	32
Civitan F/S Grant	-	1,940	440	-	-	-	1,500
Germantown Education Foundation	12	151	-	-	-	-	163
Stem Grant	-	1,998	999	-	-	-	999
MidwayUSA Foundation	-	574	574	-	-	-	-
Campus Sign Donation	3	-	-	-	-	-	3
Health Room Donation	290	-	228	-	-	-	62
Facility Improvements Donation	41	-	-	4,145	-	-	4,186
T. Daniel Scholarship	2,527	-	-	-	-	-	2,527
Soccer Scholarship	532	-	-	-	-	-	532
Miscellaneous Accounts	-	1,373	1,373	-	-	-	-
Total restricted fund - restricted	3,893	6,141	3,884	4,145	-	-	10,295
Total all funds	\$ 309,844	\$ 1,137,849	\$ 1,087,026	\$ 81,180	\$ 81,180	\$ 903	\$ 361,570

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON MIDDLE SCHOOL
INTERNAL SCHOOL FUNDS
BALANCE SHEET – REGULATORY BASIS**

June 30, 2015

<u>Assets</u>	
Cash	<u><u>\$ 157,684</u></u>
 <u>Fund Balances</u>	
General fund - unassigned	\$ 106,239
Restricted fund - assigned	48,078
Restricted fund - restricted	<u>3,367</u>
 Total fund balances	 <u><u>\$ 157,684</u></u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON MIDDLE SCHOOL
INTERNAL SCHOOL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS**

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
General Fund							
Pictures		\$ 4,304	\$ 605	\$ -	\$ -		
School Yearbooks		42,605	36,004	-	-		
Bookfair		5,469	4,028	-	1,441		
Unallocated Donations		2,736	-	142	-		
Incentives/Awards/Student Body		-	75	-	-		
Field Trips		12,436	12,025	-	-		
Administration		2,700	2,792	-	-		
Instruction		-	16,244	-	-		
Ins Fees		17,000	20	-	-		
Total general fund	\$ 92,492	\$ 87,250	\$ 71,793	\$ 142	\$ 1,441	\$ (411)	\$ 106,239

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON MIDDLE SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
Restricted Fund - Assigned For:							
Athletics	\$ 1,870	\$ 26,089	\$ 22,060	\$ -	\$ -	\$ -	5,899
Library	3,364	7,427	7,539	1,441	-	-	4,693
P.E.	2,065	10,520	10,346	-	-	-	2,239
Band	3,872	560	911	-	-	-	3,521
Chorus	872	7,462	6,730	-	-	-	1,604
Music / Strings	648	4,938	5,326	-	-	-	260
Drama	11,376	-	4,877	-	-	-	6,499
Science	207	-	207	-	-	-	-
Social Studies	141	-	-	-	-	-	141
Art Department	328	6,935	5,940	-	-	-	1,323
Spanish Dept	32	187	204	-	-	-	15
Technology Dept	7	21,156	14,396	-	-	-	6,767
Inventions/Innovations (INI)	489	15,884	12,809	7	7	-	3,564
Guitar	792	1,270	1,582	-	-	-	480
General Clubs	10,142	27,735	30,415	-	-	-	7,462
Due to Board	1,991	671	671	-	142	-	1,849
Board Allocations/Special Ed	-	2,100	2,100	202	202	-	-
Board Allocations/TDF	-	10,000	10,000	352	352	-	-
BEP Allocations	-	25,865	25,865	-	-	-	-
Fee Waiver	-	900	7	7	7	-	893
GMSD Collections	-	727	727	-	-	-	-
Community Collections	-	2,069	2,069	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON MIDDLE SCHOOL
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
Sunshine	168	1,102	1,035	-	-	-	235
Teacher / Faculty Staff Morale	752	2,872	2,990	-	-	-	634
Total restricted fund - assigned	39,116	176,469	168,806	2,009	710	-	48,078
Restricted Fund - Restricted For:							
SCS Education Foundation Grant	97	1,000	-	-	-	-	1,097
P.T.A. Donation	2,324	16,920	16,974	-	-	-	2,270
Total restricted fund - restricted	2,421	17,920	16,974	-	-	-	3,367
Total all funds	<u>\$ 134,029</u>	<u>\$ 281,639</u>	<u>\$ 257,573</u>	<u>\$ 2,151</u>	<u>\$ 2,151</u>	<u>\$ (411)</u>	<u>\$ 157,684</u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
RIVERDALE ELEMENTARY
INTERNAL SCHOOL FUNDS
BALANCE SHEET – REGULATORY BASIS**

June 30, 2015

<u>Assets</u>		
Cash		\$ 166,244
Inventory		<u>6,572</u>
Total assets		<u>\$ 172,816</u>
 <u>Fund Balances</u>		
General fund - nonspendable		\$ 6,572
General fund - unassigned		115,291
Restricted fund - assigned		46,059
Restricted fund - restricted		<u>4,894</u>
Total fund balances		<u>\$ 172,816</u>

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
RIVERDALE ELEMENTARY
INTERNAL SCHOOL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS**

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
General Fund							
Bookstore		\$ 48,741	\$ 40,296	\$ 1,180	\$ -		
Spirit Wear		12,434	10,149	128	-		
Pictures		11,940	-	-	-		
School Yearbooks		18,765	18,273	-	-		
Spring Musical		39,408	32,331	-	-		
Unallocated Donations		32,786	-	404	-		
Incentives/Awards/Student Body		-	3,036	-	-		
Entertainment/Student Body		-	32	-	-		
F/T Kindergarten		2,766	2,579	17	-		
F/T 1st Grade		3,104	2,968	-	-		
F/T 2nd Grade		3,387	3,034	-	-		
F/T 3rd Grade		3,099	3,199	-	-		
F/T 4th Grade		6,499	6,491	-	-		
F/T 5th Grade		1,305	1,447	32	-		
F/T 6th Grade		11,643	11,825	-	-		
F/T 7th Grade		7,623	7,765	-	-		
F/T 8th Grade		4,304	4,024	-	-		
Summer Camp		28,315	29,690	-	-		
Administration		1,890	12,450	-	-		
Instruction		-	30,113	-	-		
Operations and Maintenance		-	3,142	-	-		
Total general fund	\$ 98,365	\$ 238,009	\$ 222,844	\$ 1,761	\$ -	\$ 6,572	\$ 121,863

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
RIVERDALE ELEMENTARY
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
Restricted Fund - Assigned For:							
Athletics	\$ 9,820	\$ 6,728	\$ 5,723	\$ -	\$ -	\$ -	\$ 10,825
Library	8,424	23,061	23,859	-	-	-	7,626
P.E.	2,331	1,575	954	-	-	-	2,952
Band	30	632	632	-	-	-	30
Chorus	-	4,952	4,754	-	-	-	198
Music / Strings	-	1,590	1,522	-	-	-	68
Guidance	1	3,203	2,850	-	-	-	354
Art Department	2,866	2,452	3,569	-	-	-	1,749
Technology Dept	7,020	-	7,000	-	-	-	20
Accelerated Reader	43	-	-	-	-	-	43
STEM	-	100	25	-	-	-	75
General Class Activities	108	3,380	3,250	4	-	-	242
Riverdale Runners	918	540	393	-	-	-	1,065
Chinese Club	285	3,080	3,248	-	-	-	117
Computer Club	260	-	-	-	-	-	260
Technology Club	-	138	138	-	-	-	-
Builders Club	124	336	206	-	-	-	254
Chorus/Music Club	2	-	-	-	-	-	2
Jr. Beta Club	4,891	4,243	4,355	-	-	-	4,779
Jr. National Honor Society	-	900	798	-	-	-	102
Student Council	759	1,240	1,551	-	-	-	448
Girls Club	-	150	150	-	-	-	-
Chess Club	801	3,305	3,265	-	-	-	841
Environmental Club	10	9,052	8,753	-	-	-	309
Varsity Cheerleaders	(9)	32,013	24,575	-	-	-	7,429
Riverdale Ropers	445	-	-	-	-	-	445
Destination Imagination	-	1,000	810	-	-	-	190
Intramural Club	69	620	685	-	-	-	4

The accompanying notes are an integral part of the financial statements.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
RIVERDALE ELEMENTARY
INTERNAL SCHOOL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – REGULATORY BASIS (cont.)

For the Year Ended June 30, 2015

	July 01, 2014 Balance	Revenues	Expenditures	Other Financing Sources/(Uses)			June 30, 2015 Balance
				Transfers In	Transfers Out	Changes in Inventory	
Kids Care	4	250	254	-	-	-	-
Ceramics Club	-	504	381	-	-	-	123
Mathematical Olympiads	-	315	295	-	-	-	20
Math Counts	-	75	-	-	-	-	75
Kindergarten Activities	81	-	-	-	-	-	81
Lost/Damaged Books	-	54	54	-	-	-	-
Board Workbooks	404	-	-	-	404	-	-
Board Allocations/Special Ed	-	2,400	2,400	200	200	-	-
Board Allocations/TDF	-	14,400	14,400	887	887	-	-
BEP Allocations	-	35,153	35,152	-	-	-	1
Fee Waiver	-	4,760	292	-	1,361	-	3,107
GMSD Collections	-	1,080	1,080	-	-	-	-
Community Collections	-	55	55	-	-	-	-
Teacher / Faculty Staff Morale	2,778	8,681	9,234	-	-	-	2,225
Total restricted fund - assigned	42,465	172,017	166,662	1,091	2,852	-	46,059
Restricted Fund - Restricted For:							
Race for Education	667	70	385	-	-	-	352
Germantown Ed Foundation Grant	-	1,000	-	-	-	-	1,000
Restricted Donations	11,163	-	11,085	-	-	-	78
P.T.A. Donation	-	25	-	-	-	-	25
Autism Donation	4	-	-	-	-	-	4
Clinic	5	-	-	-	-	-	5
Bonnie Tubbs	3,430	-	-	-	-	-	3,430
Total restricted fund - restricted	15,269	1,095	11,470	-	-	-	4,894
Total all funds	\$ 156,099	\$ 411,121	\$ 400,976	\$ 2,852	\$ 2,852	\$ 6,572	\$ 172,816

The accompanying notes are an integral part of the financial statements.

SUPPLEMENTAL SCHEDULES AND OTHER INFORMATION

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
DOGWOOD ELEMENTARY
INTERNAL SCHOOL FUNDS
SCHEDULE OF TRANSFERS**

June 30, 2015

<u>Transferred From:</u>	<u>Transferred To:</u>
	<u>General fund</u>
Scrabble/Juggling Club	\$ 44
Chess Club	200
Designing for Dolls	266
Drama	509
Art Club	673
Lost Library Books	<u>202</u>
 Total	 <u>\$ 1,894</u>

See independent auditor's report.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
FARMINGTON ELEMENTARY
INTERNAL SCHOOL FUNDS
SCHEDULE OF TRANSFERS**

June 30, 2015

<u>Transferred from:</u>	<u>Transferred to:</u>
	<u>General Fund</u>
Science Club	\$ 2,412
Computer Club	32
Manners Club	123
Lost Library Books	176
Enrichment	<u>365</u>
Total	<u><u>\$ 3,108</u></u>

See independent auditor's report.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON HIGH SCHOOL
INTERNAL SCHOOL FUNDS
SCHEDULE OF TRANSFERS**

June 30, 2015

	<u>Transferred To:</u>
<u>Transferred From:</u>	<u>General fund</u>
General Clubs	<u>\$ 677</u>

See independent auditor's report.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
HOUSTON MIDDLE SCHOOL
INTERNAL SCHOOL FUNDS
SCHEDULE OF TRANSFERS**

June 30, 2015

	Transferred to:		
<u>Transferred from:</u>	General Fund	Library	Total
Bookfair	\$ -	\$ 1,441	\$ 1,441
Due to Board	142	-	142
Total	\$ 142	\$ 1,441	\$ 1,583

See independent auditor's report.

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
RIVERDALE ELEMENTARY SCHOOL
INTERNAL SCHOOL FUNDS
SCHEDULE OF TRANSFERS**

June 30, 2015

<u>Transferred from:</u>	<u>Transferred to:</u>
	<u>General Fund</u>
Fee Waiver	\$ 1,357
Board Workbooks	404
	<hr/>
Total	<u>\$ 1,761</u>

See independent auditor's report.



Watkins Uiberall, PLLC
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INDEPENDENT AUDITOR'S 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

To the Superintendent and Board Members
Germantown Municipal School District
Memphis, Tennessee

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 combined financial statements of the internal school funds of Germantown Municipal School District, which comprise the combined and individual school balance sheets – regulatory basis as of June 30, 2015, and the related combined and individual school statements of revenues, expenditures, and changes in fund balances – regulatory basis for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 12, 2015.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Germantown Municipal School District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Germantown Municipal School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Germantown Municipal School District'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. We did identify certain deficiencies in internal control, listed in the accompanying schedule of findings and recommendations, as items 2015-001 through 2015-003, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Germantown Municipal School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are listed in the accompanying schedule of findings and recommendations as items 2015-001 through 2015-003.

Germantown Municipal School District's Responses to Findings

Germantown Municipal School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. Germantown Municipal School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Watkins Mikusall, PLLC

Memphis, Tennessee
October 12, 2015

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

June 30, 2015

Prior Year Findings

Prior year findings and comments have been resolved unless otherwise noted. An asterisk indicates the finding was also a finding for the school in the prior year.

Current Year Findings

2015-001 Money not turned into office timely

Farmington Elementary*

Condition – Collections were not turned into the office the same day they were collected according to the dates recorded.

Criteria – *Tennessee Internal School Uniform Accounting Policy Manual* Section 5, Title 2, Revenues/Receipts, p. 5-4 states, “All collections should be turned in to the cashier daily or more frequently if the teacher/other feels it necessary for safeguarding of money.”

Cause – Either the individual collecting the money did not remit funds in a timely manner, or the money was turned in after the day’s deposit had been made and there was no documentation as to the safekeeping of funds.

Effect – The risk of loss increases when cash is not stored in a secure manner.

Recommendation – We recommend school personnel follow the prescribed policy.

Management Response – The District provides training to all financial secretaries and principals at the beginning of each school which includes proper remittance of cash collections per TISUAPM. We will review this item specifically in our next training and the Finance office will review collections randomly throughout the next school year to ensure the policy is being followed.

2015-002 Sales tax not paid on resale items

Houston Middle

Condition – The school did not pay sales tax on items purchased for resale.

Criteria – *Tennessee Internal School Accounting Policy Manual* Section 4, Title 6, Fundraising and Resale Activities, p. 4-35 states, “Retail sale’ and ‘sale at retail’ subject to tax include any sale of tangible personal property or taxable services to a public or private school, grades kindergarten through twelve (K-12) or school support group, where such property or services are intended for resale by the school or school support group...Sales tax should be paid on the purchase price of all resale items.”

**GERMANTOWN MUNICIPAL SCHOOL DISTRICT
INTERNAL SCHOOL FUNDS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont.)**

June 30, 2015

Cause – School personnel did not follow the prescribed policy.

Effect – The school did not pay the applicable state sales tax.

Recommendation – We recommend school personnel follow the prescribed policy.

Management response – The District provides training to all financial secretaries and principals at the beginning of each school which includes payment of sales tax for resale items per TISUAPM. We will review this item specifically in our next training.

2015-003 Sales tax paid for tax-exempt purchase

Dogwood Elementary

Condition – The school paid sales tax on a tax-exempt purchase.

Criteria – *Tennessee Internal School Accounting Policy Manual* Section 5, Title 3, Purchasing, p. 5-12 and 5-13 states, “Before payment is made, the bookkeeper should check the mathematical accuracy of amounts charged (unit costs multiplied by quantities), and should ensure that sales tax is not charged or paid for tax-exempted purchases.”

Cause – School personnel did not follow the prescribed policy.

Effect – The school experienced an unnecessary loss of funds.

Recommendation – We recommend school personnel follow the prescribed policy.

Management response – The District provides training to all financial secretaries and principals at the beginning of each school which includes ensuring sales tax is not paid on nonresale items per TISUAPM. We will review this item specifically in our next training.