

Financial Statements

GRAINGER COUNTY SCHOOLS
INTERNAL SCHOOL FUNDS

Year Ended June 30, 2023

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Education
Grainger County Schools
Rutledge, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined balance sheet - regulatory basis of Grainger County Schools Internal School Funds as of June 30, 2023, and the related combined statement of revenue, expenditures and changes in fund balances - regulatory basis for the year then ended, and the related notes to the financial statements, which collectively comprise Grainger County Schools Internal School Funds' financial statements, as listed in the table of contents. We also have audited the individual school balance sheets - regulatory basis, and the individual school statements of revenue, expenditures, and changes in fund balances - regulatory basis presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2023, as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of Grainger County Schools Internal School Funds as of June 30, 2023, 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 B. In addition, in our opinion, the accompanying individual school financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of Grainger County Schools' Internal School Funds as of June 30, 2023, 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 B.

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 section of our report, the accompanying 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 Grainger County Schools Internal School Funds as of June 30, 2023, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grainger County Schools Internal School Funds, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 B of the financial statements, the financial statements are prepared by Grainger County Schools 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 B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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*, as described in Note B. 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grainger County Schools Internal School Funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grainger County Schools Internal School Funds' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual financial report. The other information as listed in the table contents does not include the financial statements - regulatory basis and our auditors' report thereon. Our opinions on the financial statements - regulatory basis do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements - regulatory basis, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements - regulatory basis, or the other information otherwise appears to be materially misstated. If, based on work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of Grainger County Schools 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grainger County Schools Internal School Funds' 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 Grainger County Schools Internal School Funds' internal control over financial reporting and compliance.

Mitchell Emert + Hill

December 5, 2023

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

COMBINED BALANCE SHEET - REGULATORY BASIS - ALL SCHOOLS

June 30, 2023

	ASSETS			
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Money Market</u>	<u>Totals</u>
Bean Station Elementary School	\$ 99,635	\$ 0	\$ 0	\$ 99,635
Grainger High School	481,045	150,255	100,000	731,300
Joppa Elementary School	77,549	0	0	77,549
Rutledge Elementary School	90,493	0	0	90,493
Rutledge Middle School	167,809	0	0	167,809
Rutledge Primary School	43,640	0	0	43,640
Washburn School	77,564	100,000	0	177,564
	<u>\$1,037,735</u>	<u>\$ 250,255</u>	<u>\$ 100,000</u>	<u>\$ 1,387,990</u>

See the accompanying notes to the financial statements.

FUND BALANCES

Unassigned	Assigned				Restricted	Totals
	Athletic Accounts	Class Accounts	Club Accounts	Other Accounts		
\$ 85,918	\$ 9,180	\$ 0	\$ 2,039	\$ 2,473	\$ 24	\$ 99,635
191,740	138,125	2,215	123,108	103,628	172,484	731,300
37,397	5,814	0	2,442	31,896	0	77,549
43,953	13,614	0	0	26,699	6,226	90,493
86,205	56,104	0	8,681	16,819	0	167,809
34,215	0	0	0	9,182	243	43,640
<u>9,396</u>	<u>34,362</u>	<u>0</u>	<u>15,460</u>	<u>8,378</u>	<u>109,968</u>	<u>177,564</u>
<u>\$ 488,824</u>	<u>\$ 257,199</u>	<u>\$ 2,215</u>	<u>\$ 151,730</u>	<u>\$ 199,076</u>	<u>\$ 288,946</u>	<u>\$ 1,387,990</u>

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS - ALL SCHOOLS**

Year Ended June 30, 2023

	Fund Balances <u>July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>
Bean Station Elementary School	\$ 100,824	\$ 121,120	\$ 122,309
Grainger High School	678,363	769,547	716,610
Joppa Elementary School	82,083	94,406	98,940
Rutledge Elementary School	90,012	119,789	119,308
Rutledge Middle School	157,730	202,570	192,490
Rutledge Primary School	43,370	45,155	44,884
Washburn School	<u>183,474</u>	<u>281,278</u>	<u>287,189</u>
	<u>\$ 1,335,856</u>	<u>\$ 1,633,864</u>	<u>\$ 1,581,730</u>

See the accompanying notes to the financial statements.

Fund
Balances
June 30, 2023

\$ 99,635
731,300
77,549
90,493
167,809
43,640
177,564

\$ 1,387,990

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE A - DESCRIPTION OF ORGANIZATION

Grainger County Schools consists of seven schools located in Grainger County, Tennessee. This report includes only the internal school funds of Grainger County Schools. Internal school funds reported in the accompanying financial statements include donations and grants made to the individual schools, fees collected by the schools, funds received from the Grainger County Board of Education, funds raised through cooperative agreements, rental fees and student activity funds. Student activity funds include all monies 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 not limited to funds received from:

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

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Internal School Accounting Act (Section 49-2-110, TCA) provides for internal school funds, establishes responsibility for those funds, and requires schools to adopt and follow a uniform accounting manual. The accounting and financial reporting requirements for internal school funds are set forth in the *Tennessee Internal School Uniform Accounting Policy Manual*, issued by the Tennessee Department of Education. These requirements differ from generally accepted accounting principles primarily in the presentation of the financial statements and restricted fund revenue and expenditure accounting and reporting.

Internal school funds are accounted for using the current financial resources measurement focus. Accordingly, only current assets and liabilities are included on the balance sheets 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, revenue is recognized when it becomes both measurable and available. All revenue is considered measurable and available and is recognized as revenue when received. Expenditures are recognized when the liability is incurred.

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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The funds are grouped, in the accompanying financial statements, as follows:

General Fund:

The general fund is used to account for all revenue and expenditures which are intended to benefit the general school population. Revenue and expenditures in the general fund are not restricted to any specific group or activity.

Restricted Fund:

The restricted fund is used to account for revenue and expenditures that are normally restricted in their use to a specific segment of the school population and are not intended to benefit the general school population.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Financial Statement Presentation

The financial statements consist of balance sheets and statements of revenue, 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 statements report the individual schools in total 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. Sources of revenue and object level expenditures are presented only for the general fund. Revenue and expenditures of the restricted fund are reported based on the specific group or activity which will benefit from or expend the funds. Although the restricted fund is a single fund, each account within the fund must present its portion of revenue, expenditures and restricted fund balance in the financial statements. Transfers reported on the financial statements represent authorized movement of funds between restricted accounts as well as between funds.

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.

NOTE C - CASH

Cash represents money on deposit in various banks.

State of Tennessee law authorizes the schools to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the State of Tennessee Local Government Investment Pool (LGIP). The LGIP contains investments in certificated of deposits, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2023 were entirely insured through the Federal Deposit Insurance Corporation or collateralized with securities held by a trustee custodian in the School's name.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment acquired by the individual schools are recorded as expenditures at the time of purchase. Title and accountability for property and equipment purchased by the schools pass automatically to the Grainger County Board of Education.

NOTE E - FUND BALANCES

Restricted Fund Balance

Fund balances reported as restricted are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes Basic Education Program (BEP) funds accounted for in the teacher materials and supplies account 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 as described above.

The Grainger County Board of Education is authorized to assign amounts for specific purposes with respect to the 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 *Tennessee Internal School Uniform Accounting Policy Manual*.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

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.

NOTE F – RECLASSIFICATIONS

Certain fund balances at Washburn School were reclassified as of July 1, 2022 to properly account for restriction of funds. These reclassifications had no effect on the total fund balances.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
BEAN STATION ELEMENTARY SCHOOL

BALANCE SHEET - REGULATORY BASIS

June 30, 2023

ASSET

Cash - checking \$ 99,635

FUND BALANCES

General Fund:		
Unassigned		\$ 85,918
Restricted Fund:		
Assigned:		
Athletic accounts:		
Athletics	\$ 9,180	
Club accounts:		
Buccaneer Club	2,039	
Other accounts:		
Board of Education repair funds	17	
Board of Education library funds	21	
Faculty	1,970	
Teacher appreciation	464	
Restricted:		
Teacher materials and supplies	<u>24</u>	
		<u>13,717</u>
		<u>\$ 99,635</u>

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
BEAN STATION ELEMENTARY SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

Year Ended June 30, 2023

	Fund Balances July 1, 2022	Revenue	Expenditures	Transfers In	Transfers Out	Fund Balances June 30, 2023
GENERAL FUND						
Fundraising		\$ 34,208	\$ 25,181			
Pictures		4,876	0			
Yearbook		6,895	6,090			
Board of Education		2,000	0			
Interest		92	0			
Field trips		10,973	8,942			
Library		500	770			
Awards and incentives		0	1,584			
Schoolwide positive behavior		3,249	2,861			
Pre-K		2,152	2,178			
Administration		0	4,793			
Telephone		1,600	4,194			
Operation and maintenance		1,652	1,728			
Instructional supplies		16,588	18,147			
Playground		0	9,805			
	\$ 86,362	84,785	86,273	\$ 1,043	\$ 0	\$ 85,918
RESTRICTED FUND						
Athletics	8,366	6,672	5,858	0	0	9,180
Buccaneer Club	3,823	7,850	9,633	0	0	2,039
Honors Club	1,043	0	0	0	1,043	0
Board of Education repair funds	7	3,050	3,040	0	0	17
Board of Education library funds	5	54	37	0	0	21
Faculty	127	5,302	3,459	0	0	1,970
Teacher appreciation	1,090	807	1,433	0	0	464
Teacher materials and supplies	0	12,600	12,576	0	0	24
	14,461	36,335	36,036	0	1,043	13,717
	\$ 100,824	\$ 121,120	\$ 122,309	\$ 1,043	\$ 1,043	\$ 99,635

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
GRAINGER HIGH SCHOOL

BALANCE SHEET - REGULATORY BASIS

June 30, 2023

ASSETS

Cash - checking	\$ 481,045
Cash - money market	100,000
Cash - certificates of deposit	<u>150,255</u>
	<u>\$ 731,300</u>

FUND BALANCES

General Fund:	
Unassigned	\$ 191,740
Restricted Fund:	
Assigned:	
Athletic accounts:	
Athletics	\$ 138,125
Class accounts:	
Class of 2023	617
Class of 2024	1,598
Club accounts:	
Beta Club	5,571
D.E.C.A.	195
F.B.L.A.	4,535
F.C.C.L.A.	8,526
F.F.A.	101,313
Fishing Club	1,324
H.O.S.A.	1,644
Other accounts:	
Annual	6,776
Art	214
Auto mechanics	3,381
Band	16,273
C.A.D.	422
Computer technology	619

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
GRAINGER HIGH SCHOOL

BALANCE SHEET - REGULATORY BASIS

(continued)

June 30, 2023

Cosmetology	999	
C.T.E.	6,812	
Drama	1,527	
Graduate scholarships	6,679	
J.R.O.T.C.	2,508	
L.R.E.	10,916	
Needy children	9,211	
Residential construction	12,190	
Royalty	1,600	
Skills U.S.A.	192	
Teacher accounts	21,782	
Welding	1,525	
Restricted:		
Leedy Scholarship	51,689	
Shirley Scholarship	109,039	
Teacher materials and supplies	<u>11,756</u>	
		<u>539,560</u>
		<u>\$ 731,300</u>

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
GRAINGER HIGH SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

Year Ended June 30, 2023

	<u>Fund Balances July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balances June 30, 2023</u>
GENERAL FUND				
Gifts and donations		\$ 1,905	\$ 0	
Pictures		2,500	0	
Vending commissions		4,001	1,595	
Parking permits		2,340	0	
Other student fees		5	0	
Lost textbooks		1,120	77	
Board of Education		14,387	0	
Interest		1,145	0	
Awards and incentives		2,017	0	
Administration		0	3,684	
Telephone		0	7,869	
Operation and maintenance		0	23,942	
Instructional supplies		16,376	23,914	
Restitution		35,397	0	
	\$ 171,628	81,193	61,081	\$ 191,740
RESTRICTED FUND				
Athletics	137,006	311,628	310,509	138,125
Class of 2023	617	400	400	617
Class of 2024	0	15,110	13,512	1,598
Beta Club	5,906	3,431	3,765	5,571
D.E.C.A.	0	438	243	195
F.B.L.A.	6,347	6,062	7,874	4,535
F.C.C.L.A.	7,885	53,779	53,138	8,526
F.F.A.	88,348	79,128	66,163	101,313
Fishing Club	1,734	100	510	1,324
H.O.S.A.	1,279	2,310	1,945	1,644
Annual	6,193	2,720	2,137	6,776

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
GRAINGER HIGH SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

(continued)

Year Ended June 30, 2023

	Fund Balances <u>July 1, 2022</u>	Revenue	Expenditures	Fund Balances <u>June 30, 2023</u>
Art	214	892	892	214
Auto Mechanics	3,798	1,926	2,343	3,381
Band	9,756	100,577	94,060	16,273
Biochemistry	561	0	561	0
C.A.D.	377	525	480	422
Computer Technology	619	0	0	619
Cosmetology	1,001	3,313	3,314	999
C.T.E.	4,157	9,310	6,655	6,812
Drama	1,527	0	0	1,527
Graduate scholarships	7,679	0	1,000	6,679
J.R.O.T.C.	109	28,945	26,546	2,508
L.R.E.	11,759	4,839	5,681	10,916
Needy children	13,322	6,496	10,607	9,211
Residential Construction	11,088	9,447	8,345	12,190
Royalty	1,444	156	0	1,600
Skills U.S.A.	177	15	0	192
Teacher accounts	16,893	15,132	10,243	21,782
Welding	1,709	2,520	2,704	1,525
Leedy Scholarship	52,489	1,700	2,500	51,689
Shirley Scholarship	109,039	0	0	109,039
Teacher materials and supplies	3,703	27,454	19,401	11,756
	<u>506,736</u>	<u>688,353</u>	<u>655,528</u>	<u>539,560</u>
	<u>\$ 678,364</u>	<u>\$ 769,547</u>	<u>\$ 716,610</u>	<u>\$ 731,300</u>

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
JOPPA ELEMENTARY SCHOOL

BALANCE SHEET - REGULATORY BASIS

June 30, 2023

ASSET

Cash - checking \$ 77,549

FUND BALANCES

General Fund:

Unassigned \$ 37,397

Restricted Fund:

Assigned:

Athletic accounts:

Athletics \$ 5,814

Club accounts:

Honors Club 2,442

Other accounts:

Backpack fund 10,414

Brenda's snack fund 3,842

Library 5,011

Needy children 3,547

Social committee 265

Staff account 485

Student activity 50

Yearbook 8,283

40,152

\$ 77,549

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
JOPPA ELEMENTARY SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

Year Ended June 30, 2023

	<u>Fund Balances July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balances June 30, 2023</u>
GENERAL FUND				
Kindergarten		\$ 0	\$ 90	
Box Tops for Education		195	0	
Gifts and donations		5,415	0	
Gym Items		0	289	
Items for resale		2,708	1,182	
Pictures		2,982	0	
Board of Education		8,374	0	
Interest		292	0	
Field trips		6,890	6,251	
Awards and incentives		0	3,548	
Administration		0	12,506	
Telephone		0	5,456	
Operation and maintenance		0	4,260	
Instructional supplies		93	625	
Sponsor A Day		24,226	19,488	
T-Shirts		516	516	
	\$ 39,917	51,692	54,212	\$ 37,397

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
 JOPPA ELEMENTARY SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES - REGULATORY BASIS**
 (continued)

Year Ended June 30, 2023

	<u>Fund Balances July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balances June 30, 2023</u>
RESTRICTED FUND				
Athletics	5,997	3,899	4,083	5,814
Honors Club	1,821	2,707	2,086	2,442
Backpack fund	11,362	0	948	10,414
Brenda's snack fund	4,238	0	396	3,842
Library	2,627	8,757	6,372	5,011
Needy children	5,162	0	1,615	3,547
Social committee	366	280	381	265
Staff account	3,066	678	3,259	485
Student activity	0	5,154	5,104	50
Yearbook	7,526	6,502	5,745	8,283
Teacher materials and supplies	0	14,738	14,738	0
	<u>42,166</u>	<u>42,714</u>	<u>44,728</u>	<u>40,152</u>
	<u>\$ 82,083</u>	<u>\$ 94,406</u>	<u>\$ 98,940</u>	<u>\$ 77,549</u>

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE ELEMENTARY SCHOOL

BALANCE SHEET - REGULATORY BASIS

June 30, 2023

ASSET

Cash - checking \$ 90,493

FUND BALANCES

General Fund:

 Unassigned \$ 43,953

Restricted Fund:

 Assigned:

 Athletic accounts:

 Athletics \$ 13,614

 Other accounts:

 Flowers and gifts 750

 Library 6,965

 Staff account 5,273

 Teacher accounts 100

 Yearbook 13,611

 Restricted:

 Teacher materials and supplies 6,226

46,540

\$ 90,493

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE ELEMENTARY SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

Year Ended June 30, 2023

	<u>Fund Balances July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balances June 30, 2023</u>
GENERAL FUND				
Christmas program		\$ 7,000	\$ 7,000	
Fundraising		24,764	15,668	
Ice cream		5,202	3,144	
Pictures		2,599	0	
Lost textbooks		44	35	
Interest		48	0	
Schoolwide positive behavior		15,280	11,772	
Administration		0	356	
Telephone		0	1,397	
Operation and maintenance		2,871	4,686	
Instructional supplies		<u>10,146</u>	<u>22,174</u>	
	\$ 42,231	<u>67,953</u>	<u>66,231</u>	\$ 43,953
RESTRICTED FUND				
Athletics	12,027	13,900	12,313	13,614
Flowers and gifts	800	0	50	750
Library	7,156	1,337	1,528	6,965
Staff account	7,029	5,071	6,827	5,273
Teacher accounts	96	749	745	100
Yearbook	12,535	5,070	3,994	13,611
Teacher materials and supplies	<u>8,138</u>	<u>25,709</u>	<u>27,620</u>	<u>6,226</u>
	<u>47,782</u>	<u>51,836</u>	<u>53,078</u>	<u>46,540</u>
	<u>\$ 90,012</u>	<u>\$ 119,789</u>	<u>\$ 119,308</u>	<u>\$ 90,493</u>

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE MIDDLE SCHOOL

BALANCE SHEET - REGULATORY BASIS

June 30, 2023

ASSET

Cash - checking \$ 167,809

FUND BALANCES

General Fund:

Unassigned \$ 86,205

Restricted Fund:

Assigned:

Athletic accounts:

Athletics \$ 7,888

Baseball 3,787

Boys basketball 8,372

Cheerleaders 2,829

Girls basketball 5,765

Football 11,589

Golf 1,213

Softball 6,460

Track 648

Volleyball 7,553

Club accounts:

Beta Club 5,974

F.C.A. 1,454

Pioneer Pride Club 1,253

Other accounts:

Band 757

Faculty 1,838

Friends for Change 257

Library 266

Outdoor learning center 1,529

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE MIDDLE SCHOOL

BALANCE SHEET - REGULATORY BASIS

(continued)

June 30, 2023

Resource	1,487	
Yearbook	<u>10,686</u>	
		<u>81,604</u>
		<u>\$ 167,809</u>

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE MIDDLE SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

Year Ended June 30, 2023

	<u>Fund Balances July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balances June 30, 2023</u>
GENERAL FUND				
Concessions		\$ 7,685	\$ 4,966	
Fundraising		22,908	16,806	
Gifts and donations		1,317	0	
Pictures		2,149	0	
Vending commissions		455	0	
Lost textbooks		127	0	
Board of Education		9,615	0	
Interest		87	0	
Student incentive		0	227	
Schoolwide positive behavior		3,572	3,234	
Administration		0	1,563	
Telephone		0	4,575	
Operation and maintenance		0	2,368	
Equipment		0	2,107	
Instructional supplies		0	4,938	
	\$ 79,073	47,915	40,783	\$ 86,205
RESTRICTED FUND				
Athletics	9,153	0	1,265	7,888
Baseball	4,297	3,609	4,119	3,787
Boys basketball	7,375	5,357	4,360	8,372
Cheerleaders	5,221	3,461	5,853	2,829
Girls basketball	4,254	6,878	5,368	5,765
Football	6,966	13,539	8,916	11,589
Golf	2,317	945	2,049	1,213
Softball	7,501	6,751	7,791	6,460
Track	987	686	1,025	648
Volleyball	3,999	10,915	7,360	7,553

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE MIDDLE SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

(continued)

Year Ended June 30, 2023

	Fund Balances <u>July 1, 2022</u>	Revenue	Expenditures	Fund Balances <u>June 30, 2023</u>
Beta Club	7,386	61,545	62,956	5,974
F.C.A.	1,514	0	60	1,454
Pioneer Pride Club	1,031	8,339	8,118	1,253
Band	1,139	2,900	3,282	757
Board of Education repair funds	0	700	700	0
Board of Education library funds	0	578	578	0
Extended resource	490	0	490	0
Faculty	544	4,107	2,813	1,838
Friends for Change	475	4,028	4,246	257
Library	266	0	0	266
Outdoor learning center	1,834	0	305	1,529
Resource	1,196	2,679	2,388	1,487
Yearbook	10,714	5,626	5,654	10,686
Teacher materials and supplies	0	12,013	12,013	0
	<u>78,657</u>	<u>154,655</u>	<u>151,707</u>	<u>81,604</u>
	<u>\$ 157,730</u>	<u>\$ 202,570</u>	<u>\$ 192,490</u>	<u>\$ 167,809</u>

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE PRIMARY SCHOOL

BALANCE SHEET - REGULATORY BASIS

June 30, 2023

ASSET

Cash - checking \$ 43,640

FUND BALANCES

General Fund:

Unassigned \$ 34,215

Restricted Fund:

Assigned:

Other accounts:

Angel Tree gifts \$ 3,401

Flowers and gifts 448

Library 790

Rutledge Rockets 49

Staff account 1,324

Teacher accounts 3,171

Restricted:

Teacher materials and supplies 243

9,425

\$ 43,640

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
RUTLEDGE PRIMARY SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

Year Ended June 30, 2023

	<u>Fund Balances July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balances June 30, 2023</u>
GENERAL FUND				
Gifts and donations		\$ 500	\$ 500	
Pictures		1,605	0	
Yearbook		2,500	1,771	
Board of Education		9,578	0	
Interest		22	0	
Schoolwide positive behavior		1,952	1,928	
Administration		2,344	153	
Telephone		0	3,519	
Operation and maintenance		0	3,589	
Instructional supplies		409	8,953	
	\$ 35,718	18,910	20,414	\$ 34,215
RESTRICTED FUND				
Angel Tree gifts	3,487	5,000	5,086	3,401
Color K-Readiness	0	532	532	0
Flowers and gifts	188	260	0	448
Library	1,069	0	279	790
Rutledge Rockets	30	2,544	2,526	49
Staff account	251	2,292	1,220	1,324
Teacher accounts	2,626	9,323	8,778	3,171
Teacher materials and supplies	0	6,294	6,050	243
	<u>7,652</u>	<u>26,244</u>	<u>24,471</u>	<u>9,425</u>
	<u>\$ 43,370</u>	<u>\$ 45,155</u>	<u>\$ 44,884</u>	<u>\$ 43,640</u>

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
WASHBURN SCHOOL

BALANCE SHEET - REGULATORY BASIS

June 30, 2023

ASSETS

Cash - checking	\$ 77,564
Cash - certificates of deposit	<u>100,000</u>
	<u>\$ 177,564</u>

FUND BALANCES

General Fund:	
Unassigned	\$ 9,396
Restricted Fund:	
Assigned:	
Athletic accounts:	
Athletics	\$ 34,362
Club accounts:	
Bass Fishing Club	637
Beta Club	963
F.B.L.A.	680
F.C.C.L.A.	7,153
Junior Beta Club	3,132
Pirate Pride Club	2,895
Other accounts:	
Faculty	505
Graduation	397
Gym	992
Link Leaders	1,097
Needy children	598
Prom	2,833
Skills U.S.A.	1,141
Teacher accounts	816

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
WASHBURN SCHOOL

BALANCE SHEET - REGULATORY BASIS

(continued)

June 30, 2023

Restricted:

Scholarships	3,584	
Senior Activities	214	
Shirley Scholarship	100,000	
Teacher materials and supplies	<u>6,169</u>	
		<u>168,167</u>
		<u>\$ 177,564</u>

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
WASHBURN SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

Year Ended June 30, 2023

	<u>Fund Balances July 1, 2022</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balances June 30, 2023</u>
GENERAL FUND				
Kindergarten		\$ 7,051	\$ 6,563	
Concessions		11,728	7,932	
Gifts and donations		2,400	0	
Vending commissions		2,000	0	
Yearbook		5,854	4,933	
Other student fees		1,260	0	
Board of Education		4,530	0	
Interest		87	0	
Field trips		0	307	
Library		737	892	
Schoolwide positive behavior		1,724	817	
Pre-K		1,056	1,056	
Administration		1,027	5,419	
Telephone		0	4,682	
Operation and maintenance		0	8,166	
Equipment		0	7,152	
Instructional supplies		<u>1,300</u>	<u>1,300</u>	
	\$ 17,863	<u>40,752</u>	<u>49,218</u>	\$ 9,396
RESTRICTED FUND				
Athletics	27,675	144,760	138,074	34,362
Bass Fishing Club	637	0	0	637
Beta Club	133	6,437	5,607	963
F.B.L.A.	643	3,669	3,632	680
F.C.C.L.A.	6,340	7,184	6,371	7,153
Junior Beta Club	3,515	16,169	16,552	3,132
Pirate Pride Club	2,216	8,862	8,183	2,895
Faculty	989	6,347	6,831	505

See the accompanying notes to the financial statements.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS
WASHBURN SCHOOL

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS**

(continued)

Year Ended June 30, 2023

	Fund Balances <u>July 1, 2022</u>	Revenue	Expenditures	Fund Balances <u>June 30, 2023</u>
Graduation	397	0	0	397
Gym	992	0	0	992
Link Leaders	550	3,408	2,861	1,097
Needy children	817	5,290	5,510	598
Prom	1,499	5,993	4,660	2,833
Skills U.S.A.	216	3,354	2,429	1,141
Teacher accounts	3,610	0	2,794	816
Scholarships	4,563	7,654	8,633	3,584
Senior Activities	39	1,342	1,166	214
Shirley Scholarship	100,000	0	0	100,000
Teacher materials and supplies	<u>10,781</u>	<u>20,057</u>	<u>24,669</u>	<u>6,169</u>
	<u>165,612</u>	<u>240,526</u>	<u>237,971</u>	<u>168,167</u>
	<u>\$ 183,474</u>	<u>\$ 281,278</u>	<u>\$ 287,189</u>	<u>\$ 177,564</u>

OTHER INFORMATION

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

SALARY SUPPLEMENTS

Year Ended June 30, 2023

No salary supplements were paid to employees of Grainger County Schools by the internal school funds during the year ended June 30, 2023.

See the accompanying independent accountants' audit report.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

SURETY BOND COVERAGE

Year Ended June 30, 2023

Company:	Tennessee Risk Management Trust
Type of coverage:	Employee Fidelity Bond
Amount:	\$400,000 each occurrence
Period covered:	7/1/22-6/30/23
Positions covered:	All employees

See the accompanying independent accountants' audit report.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

PRINCIPAL OFFICIALS

June 30, 2023

Harold Frazier, School Board Chairman
Marcus Long, Vice-Chairman
Karen McNish, School Board Member
Steve Hodge, School Board Member
Donnie Kitts, School Board Member
Johnny Brooks, School Board Member
Gary Staley, School Board Member
Norma Tate, School Board Member
Larry Turley, School Board Member
Sheila Bailey, School Board Member
Mark Briscoe, Director of Schools

Matt Gowan, Principal, Bean Station Elementary School
Chad Tate, Principal Grainger High School
Pam Roach, Principal, Joppa Elementary School
Tim Collins, Principal, Rutledge Elementary School
April Sell, Principal, Rutledge Primary School
Lynn Jones, Principal, Rutledge Middle School
Aaron Clay, Principal, Washburn School

See the accompanying independent accountants' audit report.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

INTER-FUND TRANSFERS

Year Ended June 30, 2023

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Bean Station Elementary School Honors Club	General Fund	\$ 1,043

See the accompanying independent accountant's audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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

Board of Education
Grainger County Schools
Rutledge, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Grainger County Schools Internal School Funds, which comprise the combined and individual school balance sheets – regulatory basis as of June 30, 2023, and the related combined and individual school statements of revenue, expenditures and changes in fund balances – regulatory basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2023. The report on Grainger County Schools Internal School Funds was adverse in relation to conformity with accounting principles generally accepted in the United States of America and was unmodified in relation to the financial statements prepared in conformity with the accounting practices prescribed by the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grainger County Schools Internal School Funds’ internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grainger County Schools Internal School Funds’ internal control. Accordingly, we do not express an opinion on the effectiveness of Grainger County Schools Internal School Funds’ 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 Grainger County Schools Internal School Funds’ 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding, recommendation and management response, as item 2023-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grainger County Schools Internal School Funds' 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 financial statements. 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*.

Grainger County Schools Internal School Funds' Response to Finding

Grainger County Schools Internal School Funds' response to the finding identified in our audit is described in the accompanying schedule of finding, recommendation and management response. Grainger County Schools Internal School Funds' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



December 5, 2023

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

FINDING, RECOMMENDATION AND MANAGEMENT RESPONSE

Year Ended June 30, 2023

Finding Number 2023-001 – Segregation of Duties (uncorrected from prior year)

Condition: A lack of segregation of duties exists in the areas of issuing cash receipts, preparing bank deposits, posting accounting records, preparing bank reconciliations, preparing checks and approving purchases.

Cause: This condition is as a result of the limited number of personnel available.

Criteria: Sound internal controls include the division of accounting responsibilities to help mitigate the possibility of fraud, misappropriation of assets and improper financial reporting.

Effect or potential effect: A lack of segregation of duties could result in misappropriation of assets or fraudulent financial reporting.

Recommendation: Accounting duties should be divided among existing personnel to ensure proper segregation of duties. The principals should consider the cost and benefit of adding additional staff members to ensure that proper segregation of duties exists.

Management Response: We concur and will divide the duties among the existing personnel as best we can effective immediately.

GRAINGER COUNTY SCHOOLS INTERNAL SCHOOL FUNDS

SUMMARY SCHEDULE OF PRIOR YEAR FINDING

Year Ended June 30, 2023

Financial Statement Finding

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2022-001	Segregation of duties (original finding #2014-001)	Repeated/ 2023-001

MANAGEMENT'S CORRECTIVE ACTION PLAN

Department of Education
Grainger County

P.O. Box 38
7850 Rutledge Pike
Rutledge, Tennessee 37861
Phone 865-828-3611 Fax 865-828-4357
Mark Briscoe, Director

MANAGEMENT'S CORRECTIVE ACTION PLAN

Grainger County Schools submits the following corrective action plan for the year ended June 30, 2023. The finding from the June 30, 2023 schedule of finding, recommendation and management responses is discussed below. Questions concerning the information provided in this corrective action plan or requests for additional information should be addressed to the Grainger County Schools.

Mark Briscoe, Director of Schools
Grainger County Schools
7850 Rutledge Pike
Rutledge, TN 37861
Telephone 865-828-3611
mbriscoe@gcs123.net

No. 2023-001: Significant Deficiency – Segregation of Duties

Recommendation: Accounting duties should be divided among existing personnel to ensure proper segregation of duties.

Action Taken: We concur and will divide the duties among the existing personnel as best we can effective immediately.

Signature: Mark Briscoe

Title: Director of Schools