

GIBSON COUNTY SPECIAL SCHOOL DISTRICT

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

**JOHN R. REESE**  
CERTIFIED PUBLIC ACCOUNTANT  
PERSONAL FINANCIAL SPECIALIST





**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DYER, TENNESSEE  
June 30, 2009**

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Gibson County Special School District  
Dyer, Tennessee

We have audited the accompanying financial statements of the governmental activities and each major fund including budgetary comparisons for the general, federal projects and cafeteria funds of the Gibson County Special School District (District), Dyer, Tennessee, as of June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund thereof and the budgetary comparisons for the general, federal projects and cafeteria funds of the District as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparisons for the general, federal projects and cafeteria funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the Gibson County Special School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and other matters and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 6 and the required supplementary information on page 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Gibson County Special School District's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

*John R. Reese, CPA*

November 30, 2009

## Management's Discussion and Analysis

This section of the Gibson County Special School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2009 and a comparison of financial information between the 2009 and 2008 fiscal years. The District was required to implement the Governmental Accounting Standards Board (GASB) Statement No. 34 for fiscal year ending June 30, 2003. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Gibson County Special School District.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Gibson County Special School District financially as a whole. The District-wide Financial Statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's funds which include the General Fund, Federal Projects Fund and the Cafeteria Fund.

**District-wide Financial Statements.** The statement of net assets and the statement of activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that provides readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the District.

The statement of net assets and statement of activities report the governmental activities for the District, which encompass all of the District's services, including instruction, support services, community services, athletics, child care, and food services. Property taxes and state and federal grants finance most of these activities.

**Fund Financial Statements.** The School District's fund financial statements provide detailed information about the funds that are maintained by the District. Some funds are required to be established by State law and by bond covenants. However, the District may establish other funds to help it control and manage money for particular purposes or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money.

All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets as of June 30, 2009 and June 30, 2008:

### STATEMENT OF NET ASSETS

	Governmental Activities	
	<u>6/30/2009</u>	<u>6/30/2008</u>
<b>Assets</b>		
Current and other assets	\$ 15,648,262	\$ 20,345,667
Capital assets, net of accumulated depreciation	<u>31,540,922</u>	<u>17,594,606</u>
Total assets	<u>47,189,184</u>	<u>39,940,273</u>
<b>Liabilities</b>		
Current liabilities	7,237,084	6,413,053
Long-term liabilities	<u>31,562,411</u>	<u>25,895,000</u>
Total liabilities	<u>38,799,495</u>	<u>32,308,053</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	(714,078)	(7,561,134)
Restricted	6,040,905	93,744
Unrestricted	<u>3,062,862</u>	<u>15,099,610</u>
Total net assets	<u>8,389,689</u>	<u>7,632,220</u>
Total liabilities and net assets	<u>\$ 47,189,184</u>	<u>\$ 39,940,273</u>

The above analysis focuses on the net assets. The change in net assets of the District's governmental activities is discussed below. The District's net assets were \$8,389,689 and \$7,632,220 as of June 30, 2009 and 2008 respectively.

Capital assets, net of related debt totaling -\$714,078 compares the original cost, less depreciation of the District's capital assets, to long-term debt, including accreted interest on capital appreciation bonds, used to finance the acquisition of those assets. Most of the debt will be repaid from property taxes collected as the debt service comes due. The balance is negative due to the fact that bonds were issued to finance the construction of a new high school prior to year end, but the construction was still in progress. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, \$3,062,862, was unrestricted.

The \$3,062,862 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal year 2009. The following schedule also provides the changes in net assets for fiscal year 2008 so that comparisons can be made between the two years presented.

	<u>Governmental Activities</u>	
	<u>6/30/2009</u>	<u>6/30/2008</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 906,385	\$ 877,278
Operating grants and contributions	3,166,112	2,917,049
General revenues:		
Property taxes	4,039,301	3,515,462
Local option sales taxes	1,595,288	1,526,179
Other taxes	3,757	2,266
Intergovernmental	14,212,000	13,159,000
Interest	406,153	496,057
Other sources	<u>94,157</u>	<u>15,643</u>
Total revenues	<u>24,423,153</u>	<u>22,508,934</u>
<b>Function/Program Expenses</b>		
Instruction	13,198,894	11,938,213
Support services	6,464,254	6,181,502
Food service	1,487,451	1,363,172
Other non-instructional services	729,018	610,361
Capital outlay	311,164	77,695
Interest on debt	<u>1,474,903</u>	<u>1,211,143</u>
Total expenses	<u>23,665,684</u>	<u>21,382,086</u>
Change in net assets	757,469	(1,126,848)
Net assets - beginning	7,632,220	6,465,372
Prior period adjustment	-	40,000
Net assets, beginning – restated	<u>7,632,220</u>	<u>6,505,372</u>
Net assets - ending	<u>\$ 8,389,689</u>	<u>\$ 7,632,220</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$23,665,684 with an increase of \$2,283,598 between the 2009 and 2008 fiscal years. Certain activities were partially funded from those who benefited from the programs (\$906,385) or by other governments and organizations that subsidized certain programs with grants (\$3,166,112). We paid for the remaining "public benefit" portion of our governmental activities with \$5,638,346 in taxes, and with our other revenues, such as interest and general entitlements.

The District experienced a increase in net assets of \$757,469.

As discussed above, the net cost shows the financial burden that was placed on the State and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of the District's operating revenue sources, the Board of Education must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

As the District completed this year, the governmental funds reported a combined fund balance of \$9,673,255, which is a decrease of 6,752,358 from last year. In the General Fund, our principal operating fund, the fund balance decreased by \$6,888,471 to \$9,247,112, which is more than the final budgeted decrease of \$259,612.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the basic financial statements section of these financial statements. Changes to the General Fund original budget were as follows:

- \* Budgeted revenues were increased \$583,194, which is mainly attributable to increases in basic education program revenues received during the current fiscal year.
- \* Budgeted expenditures were increased \$629,914 to basically account for additional costs incurred during the year relating to equipment purchases, maintenance of facilities and other instructional expenses.
- \* There were several immaterial variances between the final budget and actual amounts regarding the general purpose expenditures. However, there was a large variance in the anticipated proceeds from bond issue and the actual amount.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** At June 30, 2009, the District had \$31,540,922 invested in a broad range of capital assets, including buildings, furniture, and equipment. Additional information on the District's capital assets, including depreciation expense, can be found in Note 4 of the Notes to Financial Statements.

**Debt.** At the end of the current fiscal year, the District had general long-term debt outstanding of \$32,255,000 versus \$25,895,000 at June 30, 2008, a change of 24%. We present more detailed information about our long-term liabilities in Note 4 of the Notes to Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate of Gibson County as of June 30, 2009 was 14.8%. This compares unfavorably to the state's average unemployment rate of 10.8% and the national average of 9.5%. Inflationary trends in the region compare favorably to national indices. All of the above factors were considered in preparing the District's budget for the 2009-2010 fiscal year.

The District's undesignated fund balance in the general purpose fund was \$3,206,207 at June 30, 2009. It is intended that this available balance, along with expected tax and state grant revenues, will be used to administer the programs of the District without having to raise the tax rate during the upcoming fiscal year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those interested parties and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Gibson County Special School District  
130 Highway 45 West  
P.O. Box 0  
Dyer, Tennessee 38330

## Basic Financial Statements

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DISTRICT-WIDE STATEMENT OF NET ASSETS  
June 30, 2009**

**ASSETS**

Cash	\$ 4,758,260
Investments	5,583,446
Accounts Receivable	339,437
Taxes Receivable	3,812,590
Due from other Governments	658,483
Inventory	56,022
Prepaid Expenses	212,687
Prepaid Bond Issue Costs	71,742
Prepaid Bond Insurance	103,905
Prepaid Bond Discount	51,690
Capital Assets:	
Land	35,436
Construction in Progress	16,573,744
Buildings and Improvements	26,666,995
Vehicles	2,449,865
Furniture and Equipment	396,592
Less: Accumulated Depreciation	<u>(14,581,710)</u>
<b>Total Assets</b>	<u><u>47,189,184</u></u>

**LIABILITIES**

Accounts Payable	518,625
Accrued Payroll	1,209,044
Deferred Revenue	3,812,590
Accrued Interest Payable	467,637
Deferred Bond Reoffering Premium	329,188
Long-term Liabilities:	
Net OPEB Obligation	207,411
Portion due or payable within one year:	
Bonds and notes payable	900,000
Portion due or payable after one year	
Bonds and notes payable	<u>31,355,000</u>
<b>Total Liabilities</b>	<u><u>38,799,495</u></u>

**NET ASSETS**

Invested in Capital Assets, net of Related Debt	(714,078)
Restricted for:	
Career Ladder	101,219
Capital Projects	5,939,686
Unrestricted	<u>3,062,862</u>
<b>Total Net Assets</b>	<u><u>\$ 8,389,689</u></u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular Education	\$ 10,559,434	\$ -	\$ 1,705,497	\$ (8,853,937)
Special Education	1,953,246	-	534,049	(1,419,197)
Student Body Education	105,000	-	-	(105,000)
Vocational Education	581,214	-	33,944	(547,270)
Support Services:				
Attendance Services	2,167	-	-	(2,167)
Health Services	125,559	-	-	(125,559)
Other Student Support	427,542	-	-	(427,542)
Regular Instruction	1,185,777	-	-	(1,185,777)
Vocational Education	66,395	-	-	(66,395)
Special Education	104,973	-	-	(104,973)
Adult School	2,380	-	-	(2,380)
Board of Education	329,815	-	-	(329,815)
Office of Superintendent	165,846	-	-	(165,846)
Office of the Principal	1,068,699	-	-	(1,068,699)
Fiscal Services	120,378	-	-	(120,378)
School Age Childcare	171,926	177,115	-	5,189
Operation of Plant	1,444,081	-	-	(1,444,081)
Maintenance of Plant	218,468	-	-	(218,468)
Transportation	1,030,248	-	-	(1,030,248)
Non-Instructional Services:				
Food Service	1,487,451	729,270	892,622	134,441
Community Services	349,999	-	-	(349,999)
Early Childhood Education	379,019	-	-	(379,019)
Capital Outlay	311,164	-	-	(311,164)
Interest on Debt	1,474,903	-	-	(1,474,903)
<b>Total District</b>	<b>\$ 23,665,684</b>	<b>\$ 906,385</b>	<b>\$ 3,166,112</b>	<b>\$ (19,593,187)</b>

General Revenues:	
Local Option Sales Tax	1,595,288
Property Taxes	4,039,301
Interstate Telecommunications Taxes	2,213
Other Taxes	1,544
Intergovernmental:	
Basic Education Program	14,212,000
Interest	406,153
Other Miscellaneous Revenues	94,157
<b>Total General Revenues</b>	<b>20,350,656</b>
<b>Change in Net Assets</b>	<b>757,469</b>
<b>Net Assets, Beginning</b>	<b>7,632,220</b>
<b>Net Assets, Ending</b>	<b>\$ 8,389,689</b>

## Fund Financial Statements

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009**

	<u>General</u>	<u>Federal Projects</u>	<u>Cafeteria</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 4,190,937	\$ 272,759	\$ 294,564	\$ 4,758,260
Investments	5,583,446	-	-	5,583,446
Accounts Receivable	339,437	-	-	339,437
Property Taxes Receivable	3,812,590	-	-	3,812,590
Due from Other Governments	231,373	359,941	67,169	658,483
Due from Other Funds	625,231	919	-	626,150
Prepaid Expenses	212,687	-	-	212,687
Inventory	-	-	56,022	56,022
Total Assets	<u>\$ 14,995,701</u>	<u>\$ 633,619</u>	<u>\$ 417,755</u>	<u>\$ 16,047,075</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 518,625	\$ -	\$ -	\$ 518,625
Accrued Payroll	1,209,044	-	-	1,209,044
Due To Other Funds	919	623,731	1,500	626,150
Deferred Revenue - Taxes	3,812,590	-	-	3,812,590
Net OPEB Obligation	207,411	-	-	207,411
Total Liabilities	<u>5,748,589</u>	<u>623,731</u>	<u>1,500</u>	<u>6,373,820</u>
Fund Balances:				
Reserved for:				
Career Ladder	101,219	-	-	101,219
Capital Projects	5,939,686	-	-	5,939,686
Unreserved:				
Undesignated	3,206,207	9,888	416,255	3,632,350
Total Fund Balances	<u>9,247,112</u>	<u>9,888</u>	<u>416,255</u>	<u>9,673,255</u>
Total Liabilities and Fund Balances	<u>\$ 14,995,701</u>	<u>\$ 633,619</u>	<u>\$ 417,755</u>	<u>\$ 16,047,075</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009**

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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Fund balances - total governmental funds	\$ 9,673,255
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in governmental funds	31,540,922
Prepaid bond issue costs, insurance, and discount are carried as a prepaid asset on the statement of net assets and are to be amortized over the life of the bond issue	227,337
Some payables are not due and payable in the current period and, therefore are not reported in the funds: Accrued interest	(467,637)
Deferred bond reoffering premium is carried as a deferred liability on the statement of net assets and is to be recognized over the life of the bond issue	(329,188)
Long-term liabilities, including bonds, notes, and lease payables, are not due in the current period and, therefore, are not reported in the funds	<u>(32,255,000)</u>
Net assets of governmental activities	<u><u>\$ 8,389,689</u></u>

The Notes to Basic Financial Statements are an integral part of this statement.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009**

	<u>General Fund</u>	<u>Federal Projects</u>	<u>Cafeteria</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 5,638,346	\$ -	\$ -	\$ 5,638,346
Intergovernmental	15,161,260	1,324,230	892,622	17,378,112
Miscellaneous	662,593	-	730,412	1,393,005
<b>Total Revenues</b>	<u>21,462,199</u>	<u>1,324,230</u>	<u>1,623,034</u>	<u>24,409,463</u>
<b>Expenditures</b>				
Current:				
Instruction	11,616,318	854,488	-	12,470,806
Student Support	6,185,264	119,213	-	6,304,477
Food Services	-	-	1,487,451	1,487,451
Operation of Non-Instructional Services	379,019	349,999	-	729,018
Capital Outlay	15,137,133	-	-	15,137,133
Debt Service:				
Principal	740,000	-	-	740,000
Interest	1,282,388	-	-	1,282,388
<b>Total Expenditures</b>	<u>35,340,122</u>	<u>1,323,700</u>	<u>1,487,451</u>	<u>38,151,273</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(13,877,923)</u>	<u>530</u>	<u>135,583</u>	<u>(13,741,810)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds From Bond Issue	7,100,000	-	-	7,100,000
Bond Reoffering Premium	2,344	-	-	2,344
Bond Issue Costs	(59,642)	-	-	(59,642)
Underwriter's Discount	(53,250)	-	-	(53,250)
Transfer From (To) Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,989,452</u>	<u>-</u>	<u>-</u>	<u>6,989,452</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(6,888,471)</u>	<u>530</u>	<u>135,583</u>	<u>(6,752,358)</u>
<b>Fund Balance, Beginning</b>	<u>16,135,583</u>	<u>9,358</u>	<u>280,672</u>	<u>16,425,613</u>
<b>Fund Balance, Ending</b>	<u>\$ 9,247,112</u>	<u>\$ 9,888</u>	<u>\$ 416,255</u>	<u>\$ 9,673,255</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
RECONCILIATION OF STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009**

Amounts reported for governmental activities in that statement of activities  
are different because:

Net change in fund balances - total governmental funds	\$ (6,752,358)
Governmental funds report capital outlay as expenditures. However, in the district-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	14,825,969
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.	740,000
Bond proceeds are recognized as other recognized as other financial sources in the governmental funds, but are recognized as a liability on the district-wide statement of net assets	(7,100,000)
Amortization of bond issue costs, insurance, and discount is reported in the district-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. The expense is recognized over the life of the bond issue.	104,680
Amortization of bond reoffering premium is reported in the district-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. The premium is recognized over the life of the bond issue	11,346
Depreciation expense on capital assets is reported in the district-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(879,653)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.	<u>(192,515)</u>
Change in net assets of governmental activities	<u><u>\$ 757,469</u></u>

The Notes to Basic Financial Statements are an integral part of this statement.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Real Estate Taxes	\$ 3,967,912	\$ 3,967,912	\$ 4,019,129	\$ 51,217
Penalties and Interest	35,000	35,000	20,172	(14,828)
Local Sales Tax	1,486,000	1,486,000	1,595,288	109,288
Interstate Telecommunications	2,000	2,000	2,213	213
Trustee Collections - Bankruptcy	-	-	156	156
Marriage License	1,400	1,400	1,388	(12)
Total Taxes	<u>5,492,312</u>	<u>5,492,312</u>	<u>5,638,346</u>	<u>146,034</u>
Intergovernmental Revenues				
State of Tennessee - Basic Education Program	13,539,000	14,212,000	14,212,000	-
State of Tennessee - Career Ladder	230,000	230,000	211,606	(18,394)
State of Tennessee - Other	851,210	677,444	737,654	60,210
Total Intergovernmental Revenues	<u>14,620,210</u>	<u>15,119,444</u>	<u>15,161,260</u>	<u>41,816</u>
Miscellaneous Revenues				
Receipts From Individual Schools	25,000	25,000	-	(25,000)
Interest Earnings	864,030	864,030	405,011	(459,019)
School Age Childcare	165,000	171,926	177,115	5,189
On-Behalf of Insurance Payments	-	77,034	80,436	3,402
Miscellaneous	5,000	5,000	31	(4,969)
Total Miscellaneous Revenues	<u>1,059,030</u>	<u>1,142,990</u>	<u>662,593</u>	<u>(480,397)</u>
<b>Total Revenues</b>	<u>21,171,552</u>	<u>21,754,746</u>	<u>21,462,199</u>	<u>(292,547)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular Instruction Program				
Salaries - Teachers	6,650,839	6,854,210	6,747,004	107,206
Salaries - Career Ladder	108,000	107,765	107,765	-
Salaries - Educational Assistants	306,900	296,561	292,894	3,667
Salaries - Substitute Teachers	85,000	89,408	89,408	-
Salaries - Homebound ISS	5,000	5,255	5,255	-
Social Security	443,656	420,928	405,414	15,514
State Retirement	455,077	459,667	443,914	15,753
Life Insurance	10,000	10,000	7,386	2,614
Medical Insurance	685,702	685,702	677,281	8,421
Medicare	103,758	104,805	97,759	7,046
OPEB Expense	-	59,243	207,411	(148,168)
On-Behalf of Insurance Payments	-	77,034	80,436	(3,402)
Other Contracted services	95,000	76,199	76,199	-
Instructional Supplies	120,000	120,000	102,718	17,282
Other Supplies and Materials	20,000	40,208	40,127	81
Equipment	5,000	5,000	4,140	860
Maintenance and Repair	1,000	1,000	100	900
Textbooks	170,000	170,000	152,104	17,896
Total Regular Instructional Program	<u>9,264,932</u>	<u>9,582,985</u>	<u>9,537,315</u>	<u>45,670</u>
Special Education Program				
Salaries - Teachers	791,150	815,888	815,888	-
Salaries - Career Ladder	13,000	16,938	16,938	-
Salaries - Homebound ISS	4,000	4,000	1,500	2,500
Salaries - Educational Assistants	185,400	233,681	233,681	-
Salaries - Speech Pathologists	38,100	-	-	-

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Salaries - Substitute Teachers	7,000	2,707	2,707	-
Social Security	64,396	61,678	61,678	-
State Retirement	66,918	68,552	68,552	-
Medicare	14,959	14,959	14,322	637
Medical Insurance	96,964	91,149	92,090	(941)
Contracted Services	56,800	47,325	39,079	8,246
Evaluation and Testing	40,000	40,000	22,600	17,400
Instructional Supplies	14,000	44,032	44,032	-
Maintenance and Repair	-	1,065	1,066	(1)
Textbooks	6,000	6,000	365	5,635
Equipment	2,000	6,894	6,894	-
In-Service Training	-	5,900	-	5,900
Other Supplies and Materials	10,000	10,000	9,341	659
Total Special Education Program	<u>1,410,687</u>	<u>1,470,768</u>	<u>1,430,733</u>	<u>40,035</u>
<b>Student Body Education Program</b>				
Salaries - Teachers	60,272	58,843	58,844	(1)
Social Security	3,737	3,186	3,187	(1)
State Retirement	3,940	3,994	3,994	-
Medicare	874	748	747	1
Medical Insurance	7,947	7,947	7,946	1
Communication	-	683	683	-
Contracted services	9,000	2,539	2,539	-
Travel	7,000	8,653	8,653	-
Other Charges	5,000	6,386	6,386	-
Other Supplies and Materials	7,230	12,021	12,021	-
Total Student Body Education Program	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
<b>Vocational Education Program</b>				
Salaries - Teachers	413,200	413,200	411,064	2,136
Salaries - Career Ladder	9,000	9,250	9,250	-
Salaries - Substitute Teachers	10,000	9,750	6,585	3,165
Other Charges	6,000	6,000	3,725	2,275
Social Security	26,796	26,796	22,254	4,542
State Retirement	27,105	27,105	25,160	1,945
Medical Insurance	52,645	52,645	44,928	7,717
Medicare	6,267	6,267	5,631	636
Equipment	8,000	8,000	3,828	4,172
Instructional Supplies	11,000	11,000	10,845	155
Total Vocational Education Program	<u>570,013</u>	<u>570,013</u>	<u>543,270</u>	<u>26,743</u>
<b>Total Instruction</b>	<u>11,350,632</u>	<u>11,728,766</u>	<u>11,616,318</u>	<u>112,448</u>
<b>Student Support</b>				
<b>Student Support Attendance Services</b>				
Travel	2,000	2,167	2,167	-
Total Student Support Attendance Services	<u>2,000</u>	<u>2,167</u>	<u>2,167</u>	<u>-</u>
<b>Health Services</b>				
Medical Personnel	79,050	90,219	90,219	-
Travel	4,000	1,711	1,711	-
Drugs and Medical Supplies	4,800	4,439	4,439	-
Social Security	4,901	5,078	5,078	-
State Retirement	5,367	6,465	6,465	-
Medical Insurance	7,587	14,628	14,628	-
Medicare	1,146	1,188	1,188	-

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other Charges	1,500	1,287	1,287	-
Equipment	3,000	544	544	-
Total Student Support Attendance Services	<u>111,351</u>	<u>125,559</u>	<u>125,559</u>	<u>-</u>
Other Student Support				
Salaries - Career Ladder	16,000	9,000	9,000	-
Salaries - Guidance Personnel	262,100	260,361	260,361	-
Social Security	17,242	15,310	15,310	-
Travel	1,200	-	-	-
Medical Insurance	20,580	20,579	20,579	-
State Retirement	17,854	17,293	17,293	-
Medicare	4,032	3,581	3,581	-
Evaluation and Testing	43,000	61,183	61,183	-
Contracted Services	-	40,235	40,235	-
Total Student Support Attendance Services	<u>382,008</u>	<u>427,542</u>	<u>427,542</u>	<u>-</u>
Regular Instruction Program				
Salaries - Supervisor/Director	170,030	170,944	170,944	-
Salaries - Career Ladder	14,500	14,500	9,500	5,000
Salaries - Librarian	263,690	269,465	269,465	-
Other Salaries	88,127	89,383	89,383	-
Medicare	7,777	7,777	7,250	527
Social Security	37,290	33,254	30,136	3,118
Consultants	5,000	5,000	-	5,000
State Retirement	34,760	35,110	35,110	-
Medical Insurance	37,151	46,449	46,449	-
Maintenance and Repair	15,000	15,000	14,755	245
In-service Training	65,000	65,000	62,837	2,163
Equipment	250,000	216,465	216,465	-
Travel	27,000	34,099	34,099	-
Contracted Services	-	143,494	102,583	40,911
Other Supplies and Materials	50,000	22,845	839	22,006
Library Books/Media	13,000	13,000	13,000	-
Total Regular Instruction Program	<u>1,078,325</u>	<u>1,181,785</u>	<u>1,102,815</u>	<u>78,970</u>
Special Education Program				
Salaries - Supervisor/Director	35,739	35,739	35,739	-
Salaries - Career Ladder	3,500	3,500	3,500	-
Salaries - Clerical Personnel	25,863	26,128	26,128	-
Travel	15,000	11,709	5,806	-
Medical Insurance	1,741	1,741	1,741	-
Social Security	-	4,036	3,883	153
State Retirement	4,275	4,293	4,293	-
Other Supplies and Materials	1,000	1,000	90	910
Medicare	944	944	908	36
In-service Training	5,000	8,008	8,008	-
Equipment	8,000	8,000	3,257	4,743
Contracted services	2,500	2,500	142	2,358
Repairs	1,000	1,000	470	530
Total Special Education Program	<u>104,562</u>	<u>108,598</u>	<u>93,965</u>	<u>8,730</u>
Vocational Education Program				
Salaries - Supervisor/Director	34,071	34,071	34,071	-
Salaries - Career Ladder	3,500	3,500	3,500	-
Medicare	545	545	503	42
Travel	4,000	4,000	3,078	922

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Total Vocational Education Program	42,116	42,116	41,152	964
Adult Education				
Other Contracted Services	2,700	2,700	2,380	320
Total Adult Education	2,700	2,700	2,380	320
Office of the Superintendent				
Salaries - Administrative Officer	102,900	102,900	102,900	-
Career Ladder	1,000	1,000	1,000	-
Social Security	6,442	6,201	6,201	-
State Retirement	6,670	6,670	6,670	-
Medical Insurance	13,794	13,794	13,794	-
Medicare	1,507	1,507	1,450	57
Communication	15,000	18,302	18,302	-
Travel	2,500	2,356	1,275	1,081
Office Supplies	13,000	10,083	10,083	-
Postal Charges	4,500	4,500	4,171	329
Total Office of the Superintendent	167,313	167,313	165,846	1,467
School Age Childcare				
Educational Assistants	69,160	66,492	66,492	-
Instructional Supplies	7,000	-	-	-
Other Supplies and Materials	50,000	87,455	87,455	-
Other Charges	23,249	12,707	12,707	-
Social Security	4,288	4,270	4,270	-
Medicare	1,003	1,002	1,002	-
Travel	300	-	-	-
Equipment	10,000	-	-	-
Total School Age Childcare	165,000	171,926	171,926	-
Office of the Principal				
Salaries - Principals	504,000	497,537	493,076	4,461
Salaries - Assistant Principals	183,543	184,893	184,893	-
Salaries - Career Ladder	15,000	19,000	18,500	500
Salaries - Secretaries	180,254	181,367	181,367	-
Social Security	54,733	54,733	47,939	6,794
Medicare	12,801	12,801	11,687	1,114
State Retirement	57,343	57,343	54,859	2,484
Medical Insurance	80,433	80,433	76,378	4,055
Total Office of the Principal	1,088,107	1,088,107	1,068,699	19,408
Fiscal Services				
Salaries - Supervisor/Director	57,155	60,013	60,013	-
Salaries - Accountants/Bookkeepers	44,800	44,800	37,723	7,077
Salaries - Internal Audit Personnel	10,000	1,490	-	1,490
State Retirement	3,042	5,836	5,836	-
Social Security	2,778	4,786	4,786	-
Medicare	650	1,378	1,378	-
Medical Insurance	3,195	3,195	2,659	536
In-service Training	1,000	1,000	50	950
Travel	1,000	1,000	811	189
Data Processing Supplies	7,000	7,122	7,122	-
Total Fiscal Services	130,620	130,620	120,378	10,242
Maintenance of Plant				
Other Supplies and Materials	110,000	110,000	85,070	24,930

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Maintenance and Repairs	100,000	100,000	95,844	4,156
Other Contracted Services	40,000	40,000	34,833	5,167
Other Charges	7,000	7,000	2,721	4,279
Total Maintenance of Plant	<u>257,000</u>	<u>257,000</u>	<u>218,468</u>	<u>38,532</u>
<b>Board of Education</b>				
Board Fees	22,000	20,906	20,906	-
Social Security	900	921	921	-
State Retirement	-	473	473	-
Medical Insurance	-	505	505	-
Medicare	200	215	215	-
Audit Service	28,500	26,640	26,640	-
Dues and Memberships	15,000	12,762	12,762	-
Legal Services	45,000	28,995	28,995	-
Travel	3,500	5,719	5,719	-
Other Contracted Services	5,000	14,693	14,693	-
Insurance	36,407	37,767	37,767	-
Workers Compensation	57,730	65,136	65,136	-
Trustee Commission	85,000	96,465	96,347	118
Premium on Bonds	3,100	2,820	2,820	-
Unemployment Compensation	15,000	15,916	15,916	-
Total Board of Education	<u>317,337</u>	<u>329,933</u>	<u>329,815</u>	<u>118</u>
<b>Operation of Plant</b>				
Salaries - Custodial Personnel	123,471	135,244	135,244	-
Salaries - Guards	35,000	-	-	-
Contracted Services	564,265	560,507	560,507	-
Social Security	7,655	8,050	8,050	-
Medical Insurance	9,865	9,864	9,864	-
State Retirement	8,384	7,698	7,698	-
Medicare	1,790	1,885	1,885	-
Disposal Fee	44,000	34,500	34,500	-
Electricity	425,000	432,173	432,173	-
Natural Gas	130,000	135,025	135,025	-
Water and Sewer	50,000	46,599	46,599	-
Other Supplies	3,000	4,020	4,020	-
Insurance	67,152	68,516	68,516	-
Total Operation of Plant	<u>1,469,582</u>	<u>1,444,081</u>	<u>1,444,081</u>	<u>-</u>
<b>Transportation</b>				
Salaries - Supervisor/Director	20,967	20,967	20,297	670
Salaries - Bus Drivers	317,956	317,956	304,416	13,540
State Retirement	22,935	22,935	20,127	2,808
Social Security	21,013	21,013	20,333	680
Medicare	4,914	4,918	4,918	-
Medical Insurance	26,100	26,100	17,116	8,984
Gasoline	232,500	219,492	146,983	72,509
Travel	1,000	1,791	1,791	-
Contracts with Public Agencies	125,000	134,513	134,513	-
Vehicle and Equipment Insurance	25,112	25,112	24,610	502
Equipment	165,000	167,700	167,700	-
Other Charges	15,000	15,000	7,667	7,333
Total Transportation	<u>977,497</u>	<u>977,497</u>	<u>870,471</u>	<u>107,026</u>
<b>Total Student Support</b>	<u>6,295,518</u>	<u>6,456,944</u>	<u>6,185,264</u>	<u>265,777</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operation of Non-instructional Services</b>				
Community Service				
Salaries - Teachers	114,500	-	-	-
Salaries - Supervisors	40,500	-	-	-
Salaries - Educational Assistants	73,941	-	-	-
Social Security	14,194	-	-	-
State Retirement	15,083	-	-	-
Medical Insurance	8,500	-	-	-
Medicare	3,320	-	-	-
Communication	1,380	-	-	-
Travel	17,500	-	-	-
Postal Charges	1,000	-	-	-
Other Supplies and Materials	60,082	-	-	-
<b>Total Community Service</b>	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Early Childhood Education				
Salaries - Teachers	164,926	164,926	164,926	-
Other Salaries	53,649	53,649	53,649	-
Social Security	13,552	13,552	13,415	137
State Retirement	14,173	14,173	14,173	-
Medical Insurance	29,129	29,129	29,129	-
Medicare	3,169	3,169	3,063	106
Travel	10,000	10,000	9,992	8
Other Contracted Services	24,000	24,000	24,000	-
Food Supplies	19,000	19,000	17,211	1,789
Other Supplies and Materials	39,290	39,290	39,290	-
In-service Training	10,000	10,000	8,560	1,440
Equipment	1,672	1,672	1,611	61
<b>Total Early Childhood Education</b>	<u>382,560</u>	<u>382,560</u>	<u>379,019</u>	<u>3,541</u>
Debt Services				
Principal	740,000	740,000	740,000	-
Interest	1,282,418	1,282,418	1,282,388	30
<b>Total Debt Services</b>	<u>2,022,418</u>	<u>2,022,418</u>	<u>2,022,388</u>	<u>30</u>
Capital Outlay/Capital Projects				
Other Salaries	31,564	43,701	43,701	-
Social Security	1,957	2,570	2,570	-
State Retirement	2,143	2,967	2,967	-
Medical Insurance	-	3,737	3,737	-
Medicare	458	601	601	-
Architects	108,449	118,458	118,458	-
Other Contracted Services	13,975,064	14,489,343	14,489,343	-
Other Charges	-	4,978	4,978	-
Furniture and Fixtures	100,000	-	-	-
Other Equipment	200,000	-	-	-
Building Improvements	200,000	-	-	-
Other Capital Outlay	31,394	425,028	470,778	(45,750)
<b>Total Capital Outlay/Capital Projects</b>	<u>14,651,029</u>	<u>15,091,383</u>	<u>15,137,133</u>	<u>(45,750)</u>
<b>Total Expenditures</b>	<u>35,052,157</u>	<u>35,682,071</u>	<u>35,340,122</u>	<u>336,046</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(13,880,605)</u>	<u>(13,927,325)</u>	<u>(13,877,923)</u>	<u>(628,593)</u>
<b>Other Financing Sources (Uses)</b>				

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Proceeds From Bond Issue	13,780,605	13,780,605	7,100,000	(6,680,605)
Bond Reoffering Premium	-	-	2,344	2,344
Bond Issue Costs	-	(59,642)	(59,642)	-
Underwriter's Discount	-	(53,250)	(53,250)	-
Transfer From Other Funds	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>13,780,605</u>	<u>13,667,713</u>	<u>6,989,452</u>	<u>(6,678,261)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(100,000)	(259,612)	(6,888,471)	(7,306,854)
<b>Fund Balance - Beginning</b>	<u>16,135,583</u>	<u>16,135,583</u>	<u>16,135,583</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 16,035,583</u>	<u>\$ 15,875,971</u>	<u>\$ 9,247,112</u>	<u>\$ (7,306,854)</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - FEDERAL PROJECTS FUND  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State of Tennessee	\$ 1,463,855	\$ 1,476,233	\$ 1,324,230	\$ (152,003)
<b>Total Revenues</b>	<u>1,463,855</u>	<u>1,476,233</u>	<u>1,324,230</u>	<u>(152,003)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Vocational Instruction				
Salaries - Teachers	17,805	17,805	17,805	-
Social Security	1,104	1,026	1,026	-
State Retirement	1,143	1,143	1,143	-
Medical Insurance	-	491	491	-
Medicare	258	240	240	-
Equipment	11,832	13,633	13,633	-
Other Contracted Services	5,000	-	-	-
Other Supplies and Materials	-	3,331	3,331	-
Other Charges	802	275	275	-
Total Vocational Instruction	<u>37,944</u>	<u>37,944</u>	<u>37,944</u>	<u>-</u>
Regular Instruction				
Salaries - Teachers	122,225	110,990	106,691	4,299
Salaries - Educational Assistants	132,048	140,075	123,592	16,483
Salaries - Substitutes	1,000	-	-	-
Social Security	15,364	15,141	13,929	1,212
State Retirement	15,380	15,718	15,717	1
Medical Insurance	7,500	18,268	18,268	-
Medicare	3,561	3,496	3,258	238
Instructional Supplies	23,472	2,025	2,025	-
Other Supplies and Materials	5,761	103	103	-
Other Contracted Services	20,000	10,628	10,628	-
Other Charges	1,000	(180)	(180)	-
Total Regular Instruction	<u>347,311</u>	<u>316,264</u>	<u>294,031</u>	<u>22,233</u>
Special Education				
Salaries - Teachers	162,195	162,195	142,948	19,247
Salaries - Speech Pathologist	82,158	82,158	82,158	-
Salaries - Educational Assistants	184,347	184,491	149,271	35,220
Salaries - Substitutes	300	250	250	-
Social Security	29,894	29,902	21,227	8,675
State Retirement	28,498	28,508	24,434	4,074
Medical Insurance	32,424	40,973	40,973	-
Medicare	7,134	7,005	4,964	2,041
Evaluation and Testing	12,000	12,000	3,899	8,101
Postal Charges	1,195	7	-	7
Other Contracted Services	7,098	11,959	10,861	1,098
Instructional Supplies	23,756	20,459	15,770	4,689
Other Supplies and Materials	28,731	30,335	25,758	4,577
Total Special Education	<u>599,730</u>	<u>610,242</u>	<u>522,513</u>	<u>87,729</u>
<b>Total Instruction</b>	<u>984,985</u>	<u>964,450</u>	<u>854,488</u>	<u>109,962</u>
<b>Other Student Support</b>				
Regular Instruction				
Salaries - Supervisors	35,080	32,605	30,101	2,504
Salaries - Clerical Personnel	16,850	15,759	15,759	-

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - FEDERAL PROJECTS FUND**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Social Security	3,221	2,472	2,296	176
State Retirement	2,920	3,182	3,182	-
Medical Insurance	5,688	2,524	2,524	-
Medicare	767	712	670	42
Travel	1,750	858	858	-
Other Contracted Services	7,874	7,874	7,650	224
Other Supplies and Materials	-	17,811	5,000	12,811
In-Service Training	46,220	41,735	14,922	26,813
<b>Total Regular Instruction</b>	<u>120,370</u>	<u>125,532</u>	<u>82,962</u>	<u>42,570</u>
<b>Guidance</b>				
Salaries - Social Workers	-	14,678	14,678	-
Social Security	-	910	910	-
State Retirement	-	942	942	-
Medicare	-	213	213	-
Travel	6,788	6,788	6,788	-
In-service Training	1,712	1,712	1,712	-
<b>Total Vocational Instruction</b>	<u>8,500</u>	<u>25,243</u>	<u>25,243</u>	<u>-</u>
<b>Special Education</b>				
Career Ladder Extended Contracts	-	2,000	2,000	-
Social Security	-	124	124	-
State Retirement	-	76	76	-
Medicare	-	29	29	-
Other Supplies and Materials	-	5,200	5,200	-
In-service Training	-	3,579	3,579	-
<b>Total Special Education</b>	<u>-</u>	<u>11,008</u>	<u>11,008</u>	<u>-</u>
<b>Total Other Student Support</b>	<u>128,870</u>	<u>161,783</u>	<u>119,213</u>	<u>42,570</u>
<b>Non-Instructional Services</b>				
<b>Community Services</b>				
Salaries - Supervisors	40,500	39,436	39,436	-
Salaries - Teachers	114,500	158,926	158,925	1
Salaries - Educational Assistants	73,941	65,098	65,098	-
Social Security	14,194	16,182	16,182	-
State Retirement	15,083	2,377	2,377	-
Medical Insurance	8,500	7,098	7,098	-
Medicare	3,320	3,785	3,785	-
Communication	1,380	1,595	1,595	-
Postal Charges	1,000	31	31	-
Travel	17,500	4,708	4,708	-
Other Contracted Services	20,000	9,593	9,593	-
Other Supplies and Materials	40,082	41,171	41,171	-
<b>Total Community Services</b>	<u>350,000</u>	<u>350,000</u>	<u>349,999</u>	<u>1</u>
<b>Total Non-Instructional Services</b>	<u>350,000</u>	<u>350,000</u>	<u>349,999</u>	<u>1</u>
<b>Total Expenditures</b>	<u>1,463,855</u>	<u>1,476,233</u>	<u>1,323,700</u>	<u>152,533</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	-	-	530	530
<b>Other Financing Sources (Uses)</b>				
Transfer to Other Funds	-	-	-	-

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - FEDERAL PROJECTS FUND  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	530	530
Fund Balance - Beginning	9,358	9,358	9,358	-
Fund Balance - Ending	<u>\$ 9,358</u>	<u>\$ 9,358</u>	<u>\$ 9,888</u>	<u>\$ 530</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - CAFETERIA FUND  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Lunch Payment - Children	\$ 752,000	\$ 752,000	\$ 688,589	\$ (63,411)
Lunch Payment - Adults	25,000	25,000	16,622	(8,378)
U.S.D.A. Reimbursements	665,000	665,000	874,967	209,967
State School Matching	17,000	17,000	17,655	655
Interest	1,000	1,000	1,142	142
A La Carte Sales	21,500	21,500	24,059	2,559
<b>Total Revenues</b>	<u>1,481,500</u>	<u>1,481,500</u>	<u>1,623,034</u>	<u>141,534</u>
<b>Expenditures</b>				
Food	620,000	610,659	657,413	(46,754)
Labor	434,300	443,642	440,332	3,310
Supervisor	46,900	46,900	46,171	729
Accountants	11,938	11,938	11,938	-
Other Contracted Services	2,000	6,594	6,594	-
Social Security	30,575	30,575	27,383	3,192
State Retirement	33,311	33,311	31,121	2,190
Medical Insurance	84,410	84,410	68,911	15,499
Unemployment	500	500	-	500
Employer Medicare	7,151	7,151	6,406	745
Utilities	64,800	72,605	72,605	-
In-Service Training	1,000	1,000	654	346
Equipment	41,000	41,000	33,898	7,102
Non-Food Supplies	81,115	61,916	57,947	3,969
Maintenance and Repair	14,000	20,799	20,799	-
Travel	2,500	2,500	1,040	1,460
Uniforms	5,000	5,000	4,131	869
Miscellaneous	1,000	1,000	108	892
<b>Total Expenditures</b>	<u>1,481,500</u>	<u>1,481,500</u>	<u>1,487,451</u>	<u>(5,951)</u>
<b>Excess Revenues Over (Under) Expenditures</b>	-	-	135,583	147,485
<b>Fund Balance - Beginning</b>	<u>280,672</u>	<u>280,672</u>	<u>280,672</u>	-
<b>Fund Balance - Ending</b>	<u>\$ 280,672</u>	<u>\$ 280,672</u>	<u>\$ 416,255</u>	<u>\$ 147,485</u>

## NOTES TO BASIC FINANCIAL STATEMENTS

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Gibson County School District's Board of Education (the District) is an on-going board which has governance responsibilities over all activities related to the public elementary and secondary education within the jurisdiction of Gibson County exclusive of Special School Districts within the County. The Board is elected by the public and receives funding from local, state and federal government sources. It must therefore comply with the requirements of these funding entities.

As required by generally accepted accounting principles, these financial statements present all funds, which comprise the District. These financial statements present the District as "The Primary Government" and there are no other component units, entities for which the District is considered financially accountable, which should be included.

**B. District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation (Continued)**

The District reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The federal projects fund is used to account for the federal funding received and disbursed for educational purposes.

The cafeteria fund is established to account for all funds received and disbursed relating to the operations of the cafeteria for each school in the district.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**D. Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements and the state's investment pool.

Investments for the District are reported at fair value.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds".

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and become delinquent on March 1. The property taxes are collected by the Trustee of Gibson County and remitted to the District. District property tax revenues are recognized when levied to the extent the resources can be spent, otherwise the revenue is deferred to subsequent periods.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by non-current receivables is deferred in the governmental fund statements until they become current receivables.

For the purpose of operating and maintaining the District, the private act creating the District authorized an annual property tax on every one hundred (\$100) assessment of real and personal property located within, the District. The current property tax is \$1.80 on every \$100 of real and personal property located within the District.

**Inventories and Prepaid Items**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

**Capital Assets**

Capital assets, which include buildings and improvements, vehicles, and furniture and equipment, are reported in the applicable district-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (amount not rounded) or more and an estimated useful life in excess of two years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District is depreciated using the straight line method over the following useful lives:

Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 20 years

**Deferred Revenue**

Deferred revenue represents amounts that were receivable and measurable at June 30, 2009 but were not available to finance expenditures for the year ended June 30, 2009. Deferred revenues primarily include unearned or unavailable revenues.

**Compensated Absences**

The School District provides one day of vacation for each month of service for professional employees. Professional employees receive one day of sick leave for each month of service. Any sick leave unused is not paid, but is used to increase retirement benefits. Non-professional employees receive 1 day per month to be used as sick leave. The non-professional employees can accumulate up to a maximum of 15 days. The days accumulated in excess of the maximum are to be paid to the employees as .5 days pay for days accumulated in excess of the maximum allowed.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**Long-term Liabilities**

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**

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

**NOTE 2 - RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the District-wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period, and; therefore, are not reported in the funds." The details of this \$32,255,000 are as follows:

School Bonds Payable, Series 1993	\$ 345,000
School Bonds Payable, Series 1999	2,595,000
School Bonds Payable, Series 2001	6,225,000
School Bonds Payable, Series 2005	1,515,000
School Bonds Payable, Series 2007	14,475,000
School Bonds Payable, Series 2007	<u>7,100,000</u>
	<u>\$ 32,255,000</u>

Another element of that reconciliation explains that "capital assets used in governmental funds are not financial resources and therefore are not reported as assets in the governmental funds." The details of this \$17,594,606 are as follows:

Land	\$ 35,436
Construction in Progress	16,573,744
Buildings and Improvements	26,666,995
Vehicles	2,449,865
Furniture and Equipment	<u>396,592</u>
	46,122,632
Less accumulated depreciation	<u>(14,581,710)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 31,540,922</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 2 - RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the District-wide Statement of Activities**

One element of that reconciliation states that, "the repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets." The details of this \$740,000 are as follows:

Principal repayments:

School Bonds Payable, Series 1993	\$ 60,000
School Bonds Payable, Series 1999	495,000
School Bonds Payable, Series 2001	20,000
School Bonds Payable, Series 2005	65,000
School Bonds Payable, Series 2007	<u>100,000</u>
	<u>\$ 740,000</u>

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The School District is required by State statute to adopt annual budgets. The annual budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the School Board and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year. The School District's budgetary basis of accounting is consistent with generally accepted accounting principles.

**NOTE 4 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The School District has implemented GASB Statement No. 40, "Deposits and Investment Risk Disclosures" for financial reporting of deposit and investment risks.

Investments were made up of certificates of deposits investments with the State of Tennessee Local Government Investment Pool.

**Custodial Credit Risk**

The School District's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the School District's agent in the School District's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the School District to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2009, all bank deposits were fully collateralized or insured.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables**

	<u>General</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 3,812,590	\$ -	\$ -	\$ 3,812,590
Accounts	339,437	-	-	339,437
Intergovernmental	<u>231,373</u>	<u>359,941</u>	<u>67,169</u>	<u>658,483</u>
Total Receivables	<u>\$ 4,383,400</u>	<u>\$ 359,941</u>	<u>\$ 67,169</u>	<u>\$ 4,810,510</u>

Amounts in the General Fund called due from other governments represent the normal amounts due from state and county governments for shared revenues and tax allocations.

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Land	\$ 35,436	\$ -	\$ -	\$ 35,436
Construction in Progress	1,960,966	14,612,778	-	16,573,744
Buildings and Improvements	26,632,245	34,750	-	26,666,995
Vehicles	2,271,425	178,440	-	2,449,865
Furniture and Equipment	<u>396,592</u>	<u>-</u>	<u>-</u>	<u>396,592</u>
Total Capital Assets, being depreciated	<u>\$31,296,664</u>	<u>\$14,825,968</u>	<u>\$ -</u>	<u>\$46,122,632</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	11,642,003	679,720	-	12,321,723
Vehicles	1,879,071	159,777	-	2,038,848
Furniture and Equipment	<u>180,984</u>	<u>40,156</u>	<u>-</u>	<u>221,140</u>
Total Accumulated Depreciation	<u>13,702,058</u>	<u>879,653</u>	<u>-</u>	<u>14,581,710</u>
Net Capital Assets	<u>\$17,594,607</u>	<u>\$13,946,315</u>	<u>\$ -</u>	<u>\$31,540,922</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

Depreciation Expense was charged to function/programs of the primary government as follows:

Governmental Activities:	
Regular Instruction	\$ 719,876
Transportation	159,777
Total Depreciation Expense- Governmental Activities	\$ 879,653

**D. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Projects	\$ 623,731
General Fund	Cafeteria	1,500
Federal Projects	General Fund	919

The outstanding balances between funds are basically due to timing differences between the dates that reimbursable expenditures occur and the payments between funds are made. The School District expects that all of the balances noted will be repaid within the next fiscal year.

**E. Long-Term Debt**

Long-Term Debt consists of the following:

During the year ended June 30, 1994, the School District issued bonds in the amount of \$975,000. The proceeds from these bonds were used to construct a new building at Medina, TN. The bonds bear interest at a rate varying from 4.3% at June 30, 1994, to 5.5% at June 30, 2013. During the year ended June 30, 2009, principal payments of \$60,000 were made which reduced the principal balance of the bonds to \$345,000.

During the year ended June 30, 2002, the School system issued \$6,350,000 in School Refunding Bonds, Series 2001, that bears interest varying from 4.0% to 5.25% to advance refund \$6,170,000 of outstanding 1999 Series bonds bearing interest in a range of 4.75% to 5.625%. The net proceeds of \$6,543,491 (after payment of \$125,975 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1999 Series bonds. As a result, a portion of the 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. No principal payments were made on the defeased bonds during the year ended June 30, 2009, which resulted in a \$6,170,000 balance. Principal payments of \$495,000 were made on the remaining Series 1999 bonds during the year ended June 30, 2009, which resulted in a \$2,595,000 balance. Principal payments of \$20,000 were made on the Series 2001 bonds during the year which resulted in a June 30, 2009 balance of \$6,225,000.

During the year ended June 30, 2006, the School system issued \$1,700,000 in School Bonds, Series 2005, which bears interest at an average rate of 4.5%. The bonds are callable on April 1, 2015 at par for bonds maturing April 1, 2016 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2025. The proceeds of the bonds were used for building construction within the School system. Principal payments of \$65,000 were made on the Series 2005 bonds during the year which resulted in a June 30, 2009 balance of \$1,515,000.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 4 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-Term Debt (Continued)**

During the year ended June 30, 2008, the School system issued \$14,575,000 in School Bonds, Series 2007, which bears interest at an average rate of 4.73%. The bonds are callable on April 1, 2017 at par for bonds maturing April 1, 2018 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2033. The proceeds of the bonds were used for building construction of a new high school within the School system. Principal payments of \$100,000 were made on the Series 2007 bonds during the year which resulted in a June 30, 2009 balance of \$14,475,000.

During the year ended June 30, 2009, the School system issued \$7,100,000 in School Bonds, Series 2008, which bears interest at an average rate of 4.83%. The bonds are callable on April 1, 2018 at par for bonds maturing April 1, 2019 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2029. The proceeds of the bonds were used for building construction of a new high school within the School system. No principal payments were made on the Series 2008 bonds during the year which resulted in a June 30, 2009 balance of \$7,100,000.

The annual requirements to amortize all long-term debt obligations outstanding as of June 30, 2009 are as follows:

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2010	\$ 900,000	\$ 1,688,901	\$ 2,588,901
2011	910,000	1,541,750	2,451,750
2012	975,000	1,501,589	2,476,589
2013	1,045,000	1,458,146	2,503,146
2014	1,125,000	1,407,680	2,532,680
2015-2019	7,025,000	6,113,445	13,138,445
2020-2024	7,700,000	4,285,428	11,985,428
2025-2029	9,000,000	2,251,413	11,251,413
2030-2034	3,575,000	415,000	3,990,000
	<u>\$ 32,255,000</u>	<u>\$ 20,663,352</u>	<u>\$ 52,918,352</u>

Following is a summary of long-term debt transactions for the year ended June 30, 2009:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Bonds Payable:				
School Bonds, Series 1993, 4.60% to 5.50% interest, payable serially through 2013	\$ 405,000	\$ -	\$ 60,000	\$ 345,000
School Bonds, Series 1999, 4.50% to 5.75% interest, payable serially through 2019	3,090,000	-	495,000	2,595,000
School Bonds, Series 2001, 4.00% to 5.25% interest, payable serially through 2019	6,245,000	-	20,000	6,225,000
School Bonds, Series 2005, 4.50% interest payable serially through 2025	1,580,000	-	65,000	1,515,000
School Bonds, Series 2007, 4.73% interest payable serially through 2033	14,575,000	-	100,000	14,475,000

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

School Bonds, Series 2008, 4.83% interest  
payable serially through 2029

	-	7,100,000	-	7,100,000
	\$25,895,000	\$7,100,000	\$ 740,000	\$32,255,000

**NOTE 5 - OTHER INFORMATION**

**A. Pensions**

Plan Description Non-Certified

Employees of the Gibson County Special School District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Gibson County Special School District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Gibson County Special School District requires employees to contribute 5.0 percent of earnable compensation.

Gibson County Special School District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009, was 6.79% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Gibson County Special School District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2009, Gibson County Special School District's annual pension cost of \$150,216 to TCRS was equal to Gibson County Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base,

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 5 - OTHER INFORMATION (Continued)**

**A. Pensions (Continued)**

and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Gibson County Special School District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 14 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2009	\$ 150,216	100.00%	\$ 0
6/30/2008	175,444	100.00%	0
6/30/2007	153,364	100.00%	0

Plan Description - Certified

The Gibson County Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHHTPP. The report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 5 - OTHER INFORMATION (Continued)**

**A. Pensions (Continued)**

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Gibson County Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009 was 6.42% of annual covered payroll. The employer contribution requirement for Gibson County Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2009, 2008, and 2007 were \$646,253, \$572,706, and \$516,692, respectively, equal to the required contributions for each year.

**B. Contingent Liabilities and Losses**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the District's management expects such amounts, if any, to be immaterial.

**C. Risk Management**

The School Board has obtained insurance from the Tennessee School Board Liability Trust (TSBLT), which is a public entity risk pool established to provide insurance coverage to local school boards in Tennessee. The Board pays an annual premium to TSBLT for insurance. The creation of TSBLT provides for it to be self-sustaining through member premiums. The TSBLT reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event.

It is the policy of the School to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker's compensation, employee health, public officials liability, accident and environmental. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**D. Litigation**

At June 30, 2009, Gibson County Special School District was noted to be the defendants in the following lawsuits. The lawsuit has been filed by parents of a student in which the student has claimed physical bodily harm from another student while riding on the bus. The lawsuit has been filed in the County Circuit Court and is currently pending with any outcomes from rulings unknown. The District will actively defend their position and do not expect losses to exceed any insurance that is maintained.

**E. Postemployment Healthcare Plan**

Plan Description

The Gibson County Special School District participates in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. The plans are

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 5 - OTHER INFORMATION (Continued)**

**E. Post Employment Healthcare (Continued)**

reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan.

<u>Annual OPEB Cost and Net OPEB Obligation</u> (dollars in thousands)	<u>Teacher Group Plan</u>
ARC	\$231,819.23
Interest on the NPO	-
Adjustment to the ARC	-
Annual OPEB cost:	<u>231,819.23</u>
Amount of contribution:	<u>( 24,408.37)</u>
Increase/Decrease in NPO	207,410.76
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	<u>\$207,410.76</u>

<u>Year End*</u> 6/30/2008	<u>Plan</u> Teacher Group	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year End</u>
		\$ 231,819.23	\$ 24,408.47 (10.52%)	\$207,410.76

\*Data not available for two preceding years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 5 - OTHER INFORMATION (Continued)**

**E. Post Employment Healthcare (Continued)**

In the June 30, 2008, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6 percent after ten years. Both rates include a 3 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
For the Year Ended June 30, 2009**

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered ((b-a)/c)
7/1/07	\$ 3,954	\$ 4,117	\$ 163	96.03%	\$ 2,026	8.06%
7/1/05	3,272	3,458	186	94.62%	1,593	11.68%
7/1/03	2,883	3,080	197	93.60%	1,292	15.25%

The above schedules are designed to show the extent to which a pension plan has been successful over time in setting aside assets sufficient to cover its actuarial accrued liability.

July 1, 2007 is the most recent actuarial valuation date.

## OTHER SUPPLEMENTARY INFORMATION

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 1993  
For the Year Ended June 30, 2009**

<u>Due Date</u>	<u>Principal Payment</u>	<u>Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
8/1/2009	60,000	5.30	9,344	69,344
2/1/2010			7,754	7,754
8/1/2010	65,000	5.35	7,754	72,754
2/1/2011			6,015	6,015
8/1/2011	70,000	5.40	6,015	76,015
2/1/2012			4,125	4,125
8/1/2012	75,000	5.50	4,125	79,125
2/1/2013			2,062	2,062
8/1/2013	75,000	5.50	2,062	77,062
	<u>\$ 345,000</u>		<u>\$ 49,256</u>	<u>\$ 394,256</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 1999  
For the Year Ended June 30, 2009**

<u>Due Date</u>	<u>Principal Payment</u>	<u>Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
10/01/09			71,534	71,534
04/01/10	165,000	5.00	71,534	236,534
10/01/10			67,409	67,409
04/01/11	165,000	5.13	67,409	232,409
10/01/11			63,181	63,181
04/01/12	185,000	5.25	63,181	248,181
10/01/12			58,324	58,324
04/01/13	205,000	5.35	58,324	263,324
10/01/13			52,841	52,841
04/01/14	225,000	5.40	52,841	277,841
10/01/14			46,766	46,766
04/01/15	275,000	5.75	46,766	321,766
10/01/15			38,859	38,859
04/01/16	300,000	5.75	38,859	338,859
10/01/16			30,234	30,234
04/01/17	325,000	5.625	30,234	355,234
10/01/17			21,094	21,094
04/01/18	360,000	5.625	21,094	381,094
10/01/18			10,969	10,969
04/01/19	390,000	5.625	10,969	400,969
	<u>\$ 2,595,000</u>		<u>\$ 922,422</u>	<u>\$ 3,517,422</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2001  
For the Year Ended June 30, 2009**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/09			154,437	154,437
04/01/10	410,000	4.00	154,437	564,437
10/01/10			146,238	146,238
04/01/11	410,000	4.25	146,238	556,238
10/01/11			137,525	137,525
04/01/12	450,000	4.25	137,525	587,525
10/01/12			127,962	127,962
04/01/13	490,000	5.00	127,962	617,962
10/01/13			115,712	115,712
04/01/14	545,000	5.00	115,712	660,712
10/01/14			102,088	102,088
04/01/15	650,000	5.00	102,088	752,088
10/01/15			85,838	85,838
04/01/16	715,000	5.25	85,838	800,838
10/01/16			67,069	67,069
04/01/17	785,000	5.25	67,069	852,069
10/01/17			46,463	46,463
04/01/18	850,000	5.25	46,463	896,463
10/01/18			24,150	24,150
04/01/19	920,000	5.25	24,150	944,150
	<u>\$ 6,225,000</u>		<u>\$ 2,014,964</u>	<u>\$ 8,239,964</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2005  
For the Year Ended June 30, 2009**

<u>Due Date</u>	<u>Principal Payment</u>	<u>Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
10/01/09			34,088	34,088
04/01/10	65,000	4.50	34,087	99,087
10/01/10			32,625	32,625
04/01/11	70,000	4.50	32,625	102,625
10/01/11			31,050	31,050
04/01/12	70,000	4.50	31,050	101,050
10/01/12			29,475	29,475
04/01/13	75,000	4.50	29,475	104,475
10/01/13			27,788	27,788
04/01/14	80,000	4.50	27,787	107,787
10/01/14			25,988	25,988
04/01/15	85,000	4.50	25,987	110,987
10/01/15			24,075	24,075
04/01/16	85,000	4.50	24,075	109,075
10/01/16			22,163	22,163
04/01/17	90,000	4.50	22,162	112,162
10/01/17			20,138	20,138
04/01/18	95,000	4.50	20,137	115,137
10/01/18			18,000	18,000
04/01/19	100,000	4.50	18,000	118,000
10/01/19			15,750	15,750
04/01/20	105,000	4.50	15,750	120,750
10/01/20			13,388	13,388
04/01/21	110,000	4.50	13,387	123,387
10/01/21			10,913	10,913
04/01/22	115,000	4.50	10,912	125,912
10/01/22			8,325	8,325
04/01/23	120,000	4.50	8,325	128,325
10/01/23			5,625	5,625
04/01/24	125,000	4.50	5,625	130,625
10/01/24			2,813	2,813
04/01/25	125,000	4.50	2,812	127,812
	<u>\$ 1,515,000</u>		<u>\$ 644,400</u>	<u>\$ 2,159,400</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2007  
For the Year Ended June 30, 2009**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/09			354,163	354,163
04/01/10	100,000	4.00	354,162	454,162
10/01/10			352,163	352,163
04/01/11	100,000	4.00	352,162	452,162
10/01/11			350,163	350,163
04/01/12	100,000	4.00	350,162	450,162
10/01/12			348,163	348,163
04/01/13	100,000	4.00	348,162	448,162
10/01/13			346,163	346,163
04/01/14	100,000	4.00	346,162	446,162
10/01/14			344,163	344,163
04/01/15	100,000	4.00	344,162	444,162
10/01/15			342,163	342,163
04/01/16	100,000	4.125	342,162	442,162
10/01/16			340,100	340,100
04/01/17	100,000	4.20	340,100	440,100
10/01/17			338,000	338,000
04/01/18	100,000	4.25	338,000	438,000
10/01/18			335,875	335,875
04/01/19	100,000	4.30	335,875	435,875
10/01/19			333,725	333,725
04/01/20	900,000	4.30	333,725	1,233,725
10/01/20			314,375	314,375
04/01/21	1,000,000	5.00	314,375	1,314,375
10/01/21			289,375	289,375
04/01/22	1,000,000	5.00	289,375	1,289,375
10/01/22			264,375	264,375
04/01/23	1,000,000	5.00	264,375	1,264,375
10/01/23			239,375	239,375
04/01/24	1,000,000	5.00	239,375	1,239,375
10/01/24			214,375	214,375
04/01/25	1,000,000	5.00	214,375	1,214,375
10/01/25			189,375	189,375
04/01/26	1,000,000	5.00	189,375	1,189,375
10/01/26			164,375	164,375
04/01/27	1,000,000	5.00	164,375	1,164,375
10/01/27			139,375	139,375
04/01/28	1,000,000	5.00	139,375	1,139,375
10/01/28			114,375	114,375
01/01/29	1,000,000	5.00	114,375	1,114,375
10/01/29			89,375	89,375
04/01/30	1,000,000	5.00	89,375	1,089,375
10/01/30			64,375	64,375
04/01/31	1,000,000	5.00	64,375	1,064,375
10/01/31			39,375	39,375
04/01/32	1,000,000	5.00	39,375	1,039,375
10/01/32			14,375	14,375
04/01/33	575,000	5.00	14,375	589,375
	<u>\$ 14,475,000</u>		<u>\$ 11,843,425</u>	<u>\$ 26,318,425</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2008  
For the Year Ended June 30, 2009**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/09			276,055	276,055
04/01/10	100,000	3.5	167,306	267,306
10/01/10			165,556	165,556
04/01/11	100,000	3.5	165,556	265,556
10/01/11			163,806	163,806
04/01/12	100,000	3.5	163,806	263,806
10/01/12			162,056	162,056
04/01/13	100,000	3.5	162,056	262,056
10/01/13			160,306	160,306
04/01/14	100,000	3.65	160,306	260,306
10/01/14			158,481	158,481
04/01/15	100,000	3.8	158,481	258,481
10/01/15			156,581	156,581
04/01/16	100,000	4	156,581	256,581
10/01/16			154,581	154,581
04/01/17	100,000	4.15	154,581	254,581
10/01/17			152,506	152,506
04/01/18	100,000	4.25	152,506	252,506
10/01/18			150,381	150,381
04/01/19	100,000	4.375	150,381	250,381
10/01/19			148,194	148,194
04/01/20	400,000	4.5	148,194	548,194
10/01/20			139,194	139,194
04/01/21	400,000	4.6	139,194	539,194
10/01/21			129,994	129,994
04/01/22	400,000	4.65	129,994	529,994
10/01/22			120,694	120,694
04/01/23	475,000	4.75	120,694	595,694
10/01/23			109,413	109,413
04/01/24	550,000	4.8	109,413	659,413
10/01/24			96,213	96,213
04/01/25	625,000	4.85	96,213	721,213
10/01/25			81,056	81,056
04/01/26	775,000	4.95	81,056	856,056
10/01/26			61,875	61,875
04/01/27	825,000	5	61,875	886,875
10/01/27			41,250	41,250
04/01/28	825,000	5	41,250	866,250
10/01/28			20,625	20,625
04/01/29	825,000	5	20,625	845,625
	<u>\$ 7,100,000</u>		<u>\$ 5,188,885</u>	<u>\$ 12,288,885</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF OFFICIAL BOND AND SALARIES OF PRINCIPAL OFFICIALS  
For the Year Ended June 30, 2009**

<u>Title</u>	<u>Name</u>	<u>Salary</u>	<u>Official Bond</u>
Superintendent	Robert Galloway	\$ 102,900	\$ 415,000

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS**  
For the Year Ended June 30, 2009

Assistance Programs as Identified in the  
Catalog of Federal Domestic Assistance

Program Name	CFDA Number	Grantor Agency	Unearned (Due From) 07/01/08	Receipts	Expenditures	Unearned (Due From) 06/30/09
IDEA Part B	84.027	State of Tennessee Dept. of Education	\$ (191,363)	\$ 579,237	\$ 519,869	\$ (131,995)
Carl Perkins-Vocational Education	84.048	State of Tennessee Dept. of Education	(13,311)	37,758	33,944	(9,497)
IDEA-Pre-school	84.173	State of Tennessee Dept. of Education	(5,200)	17,274	14,180	(2,106)
ESEA-Title I	84.010	State of Tennessee Dept. of Education	(95,256)	326,571	301,170	(69,855)
Job Trianing Partnership Act	N/A	State of Tennessee Dept. of Education	(6,461)	10,940	12,500	(8,021)
Drug Free School	84.186	State of Tennessee Dept. of Education	(2,110)	252,698	357,650	(107,062)
Even Start	84.213	State of Tennessee Dept. of Education	(21,721)	21,721	-	-
Title II-Training	84.367	State of Tennessee Dept. of Education	(26,781)	76,736	73,671	(23,716)
Title II-Tech	84.318	State of Tennessee Dept. of Education	(3,098)	3,098	3,240	(3,240)
			<u>\$ (365,301)</u>	<u>\$ 1,326,033</u>	<u>\$ 1,316,224</u>	<u>\$ (355,492)</u>

This schedule of expenditures of federal awards includes the federal grant activity of Gibson County Special Schhol District and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS**  
**For the Year Ended June 30, 2009**

<u>Program Name</u>	<u>CFDA Number</u>	<u>Grantor Agency</u>	<u>Balance 07/01/08 (Receivable)</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Unearned 06/30/09 (Receivable)</u>
National School Lunch Program	10.555	U.S. Department of Agriculture *	\$ (40,152)	\$ 580,566	\$ 592,559	\$ (52,145)
National School Breakfast Program	10.553	U.S. Department of Agriculture *	(12,702)	171,778	174,100	(15,024)
USDA Commodity Supplemental	10.550	Tennessee Dept of Agriculture *	-	108,308	108,308	-
Distributed - State Grant Number 2-24689						
Total			<u>\$ (52,854.00)</u>	<u>\$ 860,652</u>	<u>\$ 874,967</u>	<u>\$ (67,169)</u>

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The cash based assistance of the programs noted above are reported on the modified accrual basis of accounting.

\* considered as major program

# JOHN R. REESE

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PLANNING SECTION

## 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  
Gibson County Special School District  
Dyer, Tennessee

We have audited the financial statements of the governmental activities and each major fund including budgetary comparisons for the general, federal projects, and cafeteria funds of the Gibson County Special School District, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gibson County Special School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. Finding 02-1.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

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

This report is intended for the information of management and the Board of Education, federal awarding agencies, pass through entities, and the State of Tennessee Office of the Comptroller and is not intended to be and should not be used by anyone other than those specified parties.

*John R. Reese, CPA*

November 30, 2009

# JOHN R. REESE

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PERSONAL FINANCIAL SPECIALIST



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PLANNING SECTION

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Gibson County Special School District  
Dyer, Tennessee

### Compliance

We have audited the compliance of Gibson County Special School District with the types of compliance requirements described in the *US. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Gibson County Special School District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Gibson County Special School District's management. Our responsibility is to express an opinion on Gibson County Special School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gibson County Special School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Gibson County Special School District's compliance with those requirements.

In our opinion, Gibson County Special School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of Gibson County Special School District is responsible for establishing and maintaining effective internal controls over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Gibson County Special School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and the Board of Education, federal awarding agencies, pass-through entities, and the State of Tennessee Office of the Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

*John R. Reese, CPA*

November 30, 2009

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009**

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Gibson County Special School District.
2. One significant deficiency was disclosed during the audit of the financial statements and is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters. The condition is not considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of Gibson County Special School District were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of internal control over major federal awards programs.
5. The auditors' report on compliance for the major federal awards program for Gibson County Special School District expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as a major programs were National School Lunch Program #10.555, National School Breakfast Program # 10.553, and the USDA Commodity Supplemental Program # 10.550.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Gibson County Special School District was determined to be a low risk auditee.

**B. Finding – Financial Statement Audit**

02-1 General Accounting Functions

Condition: In performing the current year audit, we noted that proper reconciliations were not performed relating to payroll expenditures as compared to the filing of payroll tax reports. This condition has also been noted in prior years.

Criteria: The reconciliation of account balances to applicable supporting documentation is important to verify proper financial reporting to the Board. The reconciliations also facilitate the safeguarding of school assets and the strengthening of internal controls in those areas.

Effect: Account balances are not adequately monitored to insure that accurate financial statement information is reported to the Board on a timely basis.

Recommendation: We recommend that adequate reconciliations are performed on a regular basis in the areas noted.

Comments: Efforts will be made to complete the reconciliations on a timely basis.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009**

**C. Finding – Relative to Federal Grants**

None Noted

**D. Prior Year Findings Corrected**

None Noted

