

**GIBSON COUNTY SPECIAL
SCHOOL DISTRICT
DYER, TENNESSEE**

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2012**

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
DYER, TENNESSEE
June 30, 2012**

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion And Analysis	3
BASIC FINANCIAL STATEMENTS	
District-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Federal Projects Fund	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Cafeteria Fund	22
Notes to the Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedule of Funding Progress	36
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Principal and Interest Requirements	37
Schedule of Official Bonds and Salaries of Principal Officials	42
Schedule of Expenditures of Federal Award Programs	43
INTERNAL CONTROL AND COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Program on Internal Control over Compliance in Accordance with OMB Circular A-133	47
Schedule of Findings and Questioned Costs	49

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, 2012, 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, 2012, 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 20, 2012, 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.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to an essential part of financial reporting for placing the basic

financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

A handwritten signature in cursive script that reads "Cowart Reese Sargent". The signature is written in black ink and includes a long, sweeping horizontal line extending to the right.

Cowart Reese Sargent, CPAs
Martin, TN

November 20, 2012

**Gibson County Special School District
Management's Discussion and Analysis
For the year ended June 30, 2012**

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, 2012 and a comparison of financial information between the 2012 and 2011 fiscal years. 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.

**Gibson County Special School District
Management's Discussion and Analysis
For the year ended June 30, 2012**

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, 2012 and June 30, 2011:

STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>	
	<u>6/30/2011</u>	<u>6/30/2012</u>
Assets		
Current and other assets	\$ 13,367,073	\$ 17,704,983
Capital assets, net of accumulated depreciation	<u>37,592,352</u>	<u>37,330,516</u>
Total assets	<u>50,959,425</u>	<u>55,035,499</u>
Liabilities		
Current liabilities	7,053,196	7,418,113
Long-term liabilities	<u>32,219,508</u>	<u>34,396,444</u>
Total liabilities	<u>39,272,704</u>	<u>41,814,577</u>
Net Assets		
Invested in capital assets, net of related debt	5,797,352	3,335,516
Restricted	668,265	570,056
Unrestricted	<u>5,221,104</u>	<u>9,315,350</u>
Total net assets	<u>11,686,721</u>	<u>13,220,922</u>
Total liabilities and net assets	<u>\$ 50,959,425</u>	<u>\$ 55,035,499</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 \$11,686,721 and \$13,220,922 as of June 30, 2011 and 2012 respectively.

Capital assets, net of related debt totaling \$3,335,516 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. 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, \$9,315,350, was unrestricted.

The \$9,315,350 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 2012. The following schedule also provides the changes in net assets for fiscal year 2011 so that comparisons can be made between the two years presented.

**Gibson County Special School District
Management's Discussion and Analysis
For the year ended June 30, 2012**

	<u>Governmental Activities</u>	
	<u>6/30/2011</u>	<u>6/30/2012</u>
Revenues		
Program revenues:		
Charges for services	\$ 911,378	\$ 999,942
Operating grants and contributions	4,336,449	4,280,449
Capital grants and contributions	-	-
General revenues:		
Property taxes	4,805,784	4,978,935
Local option sales taxes	1,736,608	1,841,762
Other taxes	43,867	11,268
Intergovernmental	16,342,000	16,986,000
Interest	27,507	23,233
Other sources	<u>102,754</u>	<u>-</u>
Total revenues	<u>28,306,347</u>	<u>29,122,863</u>
Function/Program Expenses		
Instruction	14,938,522	15,106,036
Support services	7,675,848	82,49,505
Food service	1,717,647	1,906,724
Other non-instructional services	841,821	823,843
Capital outlay	212,076	-
Interest on debt	<u>1,522,062</u>	<u>1,492,240</u>
Total expenses	<u>26,907,976</u>	<u>27,588,662</u>
Change in net assets	1,398,371	1,534,201
Net assets, beginning	<u>10,288,350</u>	<u>11,686,721</u>
Net assets - ending	<u>\$ 11,686,721</u>	<u>\$ 13,220,922</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$29,122,863 with an increase of \$762,516 between the 2011 and 2012 fiscal years. Certain activities were partially funded from those who benefited from the programs (\$999,942) or by other governments and organizations that subsidized certain programs with grants (\$4,280,449). We paid for the remaining "public benefit" portion of our governmental activities with \$6,831,965 in taxes, and with our other revenues, such as interest and general entitlements.

The District experienced a increase in net assets of \$1,534,201.

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.

**Gibson County Special School District
Management's Discussion and Analysis
For the year ended June 30, 2012**

As the District completed this year, the governmental funds reported a combined fund balance of \$10,752,999, which is an increase of \$3,227,225 from last year. In the General Fund, our principal operating fund, the fund balance increased by \$4,206,379, mainly due to the proceeds from bonds issued.

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 \$576,275, which is mainly attributable to increases in basic education program revenues received during the current fiscal year.
- * Budgeted expenditures were increased \$5,170,760 to basically account for an increase in capital outlay.
- * There were several immaterial variances between the final budget and actual amounts regarding the general purpose expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At June 30, 2012, the District had \$37,330,516 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 \$33,995,000 versus \$31,795,000 at June 30, 2011, a change of 7%. We present more detailed information about our long-term liabilities in Note 4 of the Notes to Financial Statements.

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 60
Dyer, Tennessee 38330

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET ASSETS
June 30, 2012**

ASSETS	
Cash	\$ 11,286,463
Investments	500,000
Accounts Receivable	7,613
Taxes Receivable	4,576,874
Due from other Governments	926,049
Inventory	35,282
Prepaid Bond Issue Costs	134,561
Prepaid Bond Insurance	125,513
Prepaid Bond Discount	112,628
Capital Assets:	
Land	124,936
Construction in Progress	463,313
Buildings and Improvements	51,146,693
Vehicles	2,956,386
Furniture and Equipment	1,202,459
Less: Accumulated Depreciation	<u>(18,563,271)</u>
Total Assets	<u><u>55,035,499</u></u>
 LIABILITIES	
Accounts Payable	3,185
Accrued Liabilities	593,992
Accrued Payroll	1,405,231
Deferred Revenue	4,576,874
Accrued Interest Payable	442,833
Deferred Bond Reoffering Premium	396,018
Long-term Liabilities:	
Net OPEB Obligation	401,444
Portion due or payable within one year:	
Bonds and notes payable	1,000,000
Portion due or payable after one year	
Bonds and notes payable	<u>32,995,000</u>
Total Liabilities	<u><u>41,814,577</u></u>
 NET ASSETS	
Invested in Capital Assets, net of Related Debt	3,335,516
Restricted for:	
Career Ladder	97,305
Federal Projects	9,888
Cafeteria	462,863
Unrestricted	<u>9,315,350</u>
Total Net Assets	<u><u>\$ 13,220,922</u></u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular Education	\$ 12,023,289	\$ -	\$ -	\$ 2,546,767	\$ (9,476,522)
Special Education	2,328,653	-	-	636,631	(1,692,022)
Student Body Education	120,001	-	-	-	(120,001)
Vocational Education	634,093	-	-	33,509	(600,584)
Support Services:					
Attendance Services	56,328	-	-	-	(56,328)
Health Services	279,709	-	-	-	(279,709)
Other Student Support	476,088	-	-	-	(476,088)
Regular Instruction	1,528,713	-	-	-	(1,528,713)
Vocational Education	33,119	-	-	-	(33,119)
Special Education	99,270	-	-	-	(99,270)
Guidance	170,321	-	-	-	(170,321)
Adult School	3,600	-	-	-	(3,600)
Board of Education	389,563	-	-	-	(389,563)
Office of Superintendent	191,019	-	-	-	(191,019)
Office of the Principal	1,331,838	-	-	-	(1,331,838)
Fiscal Services	152,934	-	-	-	(152,934)
School Age Childcare	221,138	220,769	-	-	(369)
Operation of Plant	1,579,800	-	-	-	(1,579,800)
Maintenance of Plant	517,315	-	-	-	(517,315)
Transportation	1,218,750	-	-	-	(1,218,750)
Non-Instructional Services:					
Food Service	1,906,724	779,173	-	1,063,542	(64,009)
Community Services	422,500	-	-	-	(422,500)
Early Childhood Education	401,343	-	-	-	(401,343)
Capital Outlay	-	-	-	-	-
Amortization of Bond Costs	10,314	-	-	-	(10,314)
Interest on Debt	1,492,240	-	-	-	(1,492,240)
Total District	\$ 27,588,662	\$ 999,942	\$ -	\$ 4,280,449	\$ (22,308,271)
General Revenues:					
Local Option Sales Tax					1,841,762
Property Taxes					4,978,935
Interstate Telecommunications Taxes					1,274
Other Taxes					11,268
Intergovernmental:					
Basic Education Program					16,986,000
Interest					23,233
Other Miscellaneous Revenues					-
Total General Revenues					23,842,472
Change in Net Assets					1,534,201
Net Assets, Beginning					11,686,721
Net Assets, Ending					\$ 13,220,922

See auditors' report and accompanying notes to financial statements.

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	<u>General</u>	<u>Federal Projects</u>	<u>Cafeteria</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 9,888,901	\$ 1,019,494	\$ 378,068	\$ 11,286,463
Investments	500,000	-	-	500,000
Accounts Receivable	7,613	-	-	7,613
Property Taxes Receivable	4,576,874	-	-	4,576,874
Due from Other Governments	652,459	188,495	85,095	926,049
Due from Other Funds	1,205,983	-	-	1,205,983
Inventory	-	-	35,282	35,282
Total Assets	<u>\$ 16,831,830</u>	<u>\$ 1,207,989</u>	<u>\$ 498,445</u>	<u>\$ 18,538,264</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 879	\$ 2,006	\$ 300	\$ 3,185
Accrued Liabilities	593,992	-	-	593,992
Accrued Payroll	1,405,231	-	-	1,405,231
Due To Other Funds	-	1,205,983	-	1,205,983
Deferred Revenue - Taxes	4,576,874	-	-	4,576,874
Total Liabilities	<u>6,576,976</u>	<u>1,207,989</u>	<u>300</u>	<u>7,785,265</u>
Fund Balances:				
Nonspendable:				
Inventory	-	-	35,282	35,282
Restricted for:				
Career Ladder	97,305	-	-	97,305
Federal Projects	-	-	-	-
Cafeteria	-	-	462,863	462,863
Committed	4,280,318	-	-	4,280,318
Unassigned	5,877,231	-	-	5,877,231
Total Fund Balances	<u>10,254,854</u>	<u>-</u>	<u>498,145</u>	<u>10,752,999</u>
Total Liabilities and Fund Balances	<u>\$ 16,831,830</u>	<u>\$ 1,207,989</u>	<u>\$ 498,445</u>	<u>\$ 18,538,264</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

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

Fund balances - total governmental funds	\$ 10,752,999
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in governmental funds	37,330,516
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	372,702
Some payables are not due and payable in the current period and, therefore are not reported in the funds:	
Accrued interest	(442,833)
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.	(396,018)
Net OPEB Obligation is considered a long-term liability and not due in the current period, therefore, is not reported in the funds	(401,444)
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>(33,995,000)</u>
Net assets of governmental activities	<u><u>\$ 13,220,922</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, 2012

	General Fund	Federal Projects	Cafeteria	Total Governmental Funds
Revenues				
Taxes	\$ 6,833,239	\$ -	\$ -	\$ 6,833,239
Intergovernmental	17,808,150	2,309,400	1,070,352	21,187,902
Miscellaneous	328,278	-	773,445	1,101,723
Total Revenues	<u>24,969,667</u>	<u>2,309,400</u>	<u>1,843,797</u>	<u>29,122,864</u>
Expenditures				
Current:				
Instruction	12,738,641	1,331,874	-	14,070,515
Student Support	7,534,374	564,914	-	8,099,288
Food Services	-	-	1,906,724	1,906,724
Operation of Non-Instructional Services	401,343	422,500	-	823,843
Capital Outlay	822,757	-	-	822,757
Debt Service:				
Principal	1,000,000	-	-	1,000,000
Interest	1,493,398	-	-	1,493,398
Total Expenditures	<u>23,990,513</u>	<u>2,319,288</u>	<u>1,906,724</u>	<u>28,216,525</u>
Excess Revenues Over (Under) Expenditures	<u>979,154</u>	<u>(9,888)</u>	<u>(62,927)</u>	<u>906,339</u>
Other Financing Sources (Uses)				
Proceeds From Bond Issue	3,200,000	-	-	3,200,000
Premiums on Bond Issue	86,883			86,883
Bond Issue Costs	(39,656)			(39,656)
Underwriter's Discount	(20,002)			(20,002)
Total Other Financing Sources (Uses)	<u>3,227,225</u>	<u>-</u>	<u>-</u>	<u>3,227,225</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>4,206,379</u>	<u>(9,888)</u>	<u>(62,927)</u>	<u>4,133,564</u>
Fund Balance, Beginning	<u>6,048,475</u>	<u>9,888</u>	<u>561,072</u>	<u>6,619,435</u>
Fund Balance, Ending	<u>\$ 10,254,854</u>	<u>\$ -</u>	<u>\$ 498,145</u>	<u>\$ 10,752,999</u>

See auditors' report and accompanying notes to financial statements.

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, 2012

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

Net change in fund balances - total governmental funds	\$ 4,133,564
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.	1,261,555
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.	1,000,000
Increase in the Net OPEB Obligation is reported in the district-wide statement of activities and changes in net assets, but it does not require the use of current financial resources.	(105,595)
The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,231,933)
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.	(1,523,390)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.	-
Change in net assets of governmental activities	<u>\$ 1,534,201</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Real Estate Taxes	\$ 4,796,975	\$ 4,796,976	\$ 4,949,254	\$ 152,278
In Lieu of Taxes	-	-	9,403	9,403
Penalties and Interest	20,000	20,000	28,946	8,946
Local Sales Tax	1,700,000	1,700,000	1,841,762	141,762
Interstate Telecommunications	1,500	1,500	1,274	(226)
Trustee Collections - Bankruptcy	-	-	735	735
Marriage License	1,400	1,400	1,387	(13)
Alcoholic Beverage Tax	-	-	478	478
Total Taxes	<u>6,519,875</u>	<u>6,519,876</u>	<u>6,833,239</u>	<u>313,363</u>
Intergovernmental Revenues				
State of Tennessee - Basic Education Program	16,534,000	16,986,000	16,986,000	-
State of Tennessee - Career Ladder	129,000	129,000	165,031	36,031
State of Tennessee - Other	541,804	630,630	657,119	26,489
Total Intergovernmental Revenues	<u>17,204,804</u>	<u>17,745,630</u>	<u>17,808,150</u>	<u>62,520</u>
Miscellaneous Revenues				
Receipts From Individual Schools	43,653	43,653	85,358	41,705
Interest Earnings	20,000	20,000	22,151	2,151
School Age Childcare	185,688	221,136	220,769	(367)
Miscellaneous	-	-	-	-
Total Miscellaneous Revenues	<u>249,341</u>	<u>284,789</u>	<u>328,278</u>	<u>43,489</u>
Total Revenues	<u>23,974,020</u>	<u>24,550,295</u>	<u>24,969,667</u>	<u>419,372</u>
Expenditures				
Instruction				
Regular Instruction Program				
Salaries - Teachers	7,563,923	7,477,887	7,379,262	98,625
Salaries - Career Ladder	92,500	95,082	71,802	23,280
Salaries - Educational Assistants	249,910	266,584	266,584	-
Salaries - Substitute Teachers	85,000	163,625	163,625	-
Salaries - Homebound ISS	5,000	5,000	3,240	1,760
Social Security	495,773	496,507	445,851	50,656
State Retirement	717,258	718,168	683,733	34,435
Life Insurance	10,000	10,000	7,280	2,720
Medical Insurance	786,191	786,191	730,929	55,262
Medicare	115,947	116,119	105,465	10,654
Other Contracted Services	85,000	85,000	74,551	10,449
Instructional Supplies	140,000	140,000	112,786	27,214
Other Supplies and Materials	101,000	160,604	127,715	32,889
Equipment	10,000	10,000	7,000	3,000
Maintenance and Repair	1,000	1,000	-	1,000
Textbooks	185,000	185,000	130,779	54,221
Total Regular Instructional Program	<u>10,643,502</u>	<u>10,716,767</u>	<u>10,310,602</u>	<u>406,165</u>
Special Education Program				
Salaries - Teachers	883,969	885,468	885,468	-
Salaries - Career Ladder	5,000	8,175	8,175	-
Salaries - Homebound ISS	2,000	1,455	1,455	-
Salaries - Educational Assistants	248,448	278,396	278,396	-
Salaries - Substitute Teachers	6,000	11,114	11,114	-
Social Security	71,016	65,914	65,914	-
State Retirement	99,714	101,896	101,896	-

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Medicare	16,609	15,428	15,428	-
Medical Insurance	132,473	149,292	149,292	-
Contracted Services	25,000	115,430	115,430	-
Evaluation and Testing	35,000	46,980	46,980	-
Instructional Supplies	13,200	14,228	14,228	-
Equipment	-	-	-	-
In-service Training	-	-	-	-
Maintenance and Repair	2,000	384	384	-
Textbooks	1,000	-	-	-
Other Supplies and Materials	4,000	3,093	3,093	-
Total Special Education Program	<u>1,545,429</u>	<u>1,697,253</u>	<u>1,697,253</u>	<u>-</u>
Student Body Education Program				
Salaries - Other	80,125	83,076	83,077	(1)
Social Security	4,968	4,587	4,587	-
State Retirement	6,154	6,421	6,421	-
Medicare	1,162	1,073	1,073	-
Medical Insurance	8,840	8,578	8,578	-
Communication	1,700	1,201	1,201	-
Contracted services	1,000	140	140	-
Travel	7,040	4,931	4,931	-
Other Charges	5,000	5,000	5,000	-
Other Supplies and Materials	4,011	4,993	4,993	-
Total Student Body Education Program	<u>120,000</u>	<u>120,000</u>	<u>120,001</u>	<u>(1)</u>
Vocational Education Program				
Salaries - Teachers	461,719	466,414	466,414	-
Salaries - Career Ladder	4,000	5,406	2,000	3,406
Salaries - Substitute Teachers	8,000	8,000	10,047	(2,047)
Other Charges	5,000	5,000	4,993	7
Social Security	29,371	29,371	27,282	2,089
State Retirement	41,967	42,391	42,391	-
Medical Insurance	42,065	42,797	42,797	-
Medicare	6,869	6,869	6,409	460
Equipment	6,000	130	130	-
Instructional Supplies	10,800	9,413	8,322	1,091
Total Vocational Education Program	<u>615,791</u>	<u>615,791</u>	<u>610,785</u>	<u>5,006</u>
Total Instruction	<u>12,924,722</u>	<u>13,149,811</u>	<u>12,738,641</u>	<u>411,170</u>
Student Support				
Student Support Attendance Services				
Salaries - Supervisor/Director	42,000	41,739	41,739	-
Salaries - Career Ladder	1,000	1,000	1,000	-
Social Security	2,604	2,422	2,422	-
State Retirement	3,801	3,868	3,868	-
Medical Insurance	3,404	3,448	3,448	-
Medicare	609	566	566	-
Travel	2,600	3,285	3,285	-
Total Student Support Attendance Services	<u>56,018</u>	<u>56,328</u>	<u>56,328</u>	<u>-</u>
Health Services				
Medical Personnel	202,979	203,560	203,560	-
Travel	5,000	6,802	6,802	-
Drugs and Medical Supplies	4,800	4,800	3,396	1,404
Social Security	12,585	12,585	11,811	774
State Retirement	15,589	15,589	15,463	126

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Medical Insurance	13,153	13,153	13,153	-
Medicare	2,943	2,943	2,762	181
Other Charges	2,700	2,700	2,252	448
Equipment	3,000	617	-	617
Total Student Support Health Services	<u>262,749</u>	<u>262,749</u>	<u>259,199</u>	<u>3,550</u>
Other Student Support				
Salaries - Career Ladder	11,000	11,000	2,000	9,000
Salaries - Guidance Personnel	318,035	318,035	293,719	24,316
Social Security	20,400	20,400	16,906	3,494
Travel	1,200	1,200	94	1,106
Medical Insurance	20,318	20,318	19,517	801
State Retirement	29,778	29,778	26,518	3,260
Medicare	4,771	4,771	3,954	817
Evaluation and Testing	82,687	81,014	65,849	15,165
Instructional Supplies and Materials	2,100	2,100	-	2,100
Contracted Services	40,403	42,076	42,076	-
Total Student Support Other Services	<u>530,692</u>	<u>530,692</u>	<u>470,633</u>	<u>60,059</u>
Regular Instruction Program				
Salaries - Supervisor/Director	181,238	187,274	187,274	-
Salaries - Career Ladder	10,500	10,500	5,500	5,000
Salaries - Librarians	221,040	221,040	216,013	5,027
Salaries - Other	148,489	148,489	148,489	-
Medicare	8,138	8,138	7,673	465
Social Security	34,799	34,799	32,858	1,941
Consultants	5,000	5,000	-	5,000
State Retirement	48,760	48,760	47,655	1,105
Medical Insurance	51,563	51,563	40,080	11,483
Maintenance and Repair	15,000	15,000	11,219	3,781
In-service Training	55,000	55,000	42,128	12,872
Equipment	314,250	353,610	269,762	83,848
Travel	24,000	24,000	16,430	7,570
Contracted Services	179,627	179,627	171,170	8,457
Other Supplies and Materials	40,000	33,665	6,793	26,872
Library Books/Media	41,500	41,799	41,799	-
Total Regular Instruction Program	<u>1,378,904</u>	<u>1,418,264</u>	<u>1,244,843</u>	<u>173,421</u>
Special Education Program				
Salaries - Supervisor/Director	36,210	36,219	36,219	-
Salaries - Career Ladder	3,500	3,500	3,500	-
Salaries - Clerical Personnel	27,471	27,471	27,471	-
Travel	8,000	8,000	6,400	1,600
Medical Insurance	1,865	7,839	7,839	-
Social Security	4,166	4,166	3,694	472
State Retirement	5,704	5,704	5,704	-
Other Supplies and Materials	1,000	1,000	799	201
Medicare	974	974	864	110
In-service Training	5,000	6,017	5,660	357
Equipment	2,000	2,000	1,120	880
Consultants	1,000	-	-	-
Contracted Services	-	-	-	-
Repairs	1,000	-	-	-
Total Special Education Program	<u>97,890</u>	<u>102,890</u>	<u>99,270</u>	<u>3,620</u>
Vocational Education Program				
Salaries - Supervisor/Director	28,770	28,770	25,894	2,876

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Salaries - Career Ladder	3,500	3,500	2,625	875
Medicare	468	468	360	108
Travel	5,000	5,000	4,240	760
Total Vocational Education Program	<u>37,738</u>	<u>37,738</u>	<u>33,119</u>	<u>4,619</u>
Adult Education				
Other Contracted Services	4,000	4,000	3,600	400
Total Adult Education	<u>4,000</u>	<u>4,000</u>	<u>3,600</u>	<u>400</u>
Office of the Superintendent				
Salaries - Administrative Officer	92,500	93,500	93,500	-
Salaries - Other	29,043	29,043	29,043	-
Salaries - Career Ladder	1,000	-	-	-
Social Security	7,598	7,598	6,929	669
State Retirement	10,692	10,692	10,692	-
Medical Insurance	18,175	18,175	18,175	-
Medicare	1,777	1,777	1,620	157
Communication	18,500	18,500	15,995	2,505
Travel	4,000	4,000	2,421	1,579
Office Supplies	13,000	13,000	8,822	4,178
Postal Charges	4,500	4,500	3,822	678
Total Office of the Superintendent	<u>200,785</u>	<u>200,785</u>	<u>191,019</u>	<u>9,766</u>
School Age Childcare				
Supervisor/Director	38,529	33,539	33,539	-
Educational Assistants	70,257	74,886	74,886	-
Instructional Supplies	17,103	-	-	-
Other Supplies and Materials	33,872	87,594	87,594	-
Other Charges	8,105	10,000	10,000	-
Social Security	6,745	6,636	6,636	-
State Retirement	-	1,317	1,317	-
Medicare	1,577	1,572	1,572	-
Travel	500	22	22	-
Equipment	9,000	5,572	5,572	-
Total School Age Childcare	<u>185,688</u>	<u>221,138</u>	<u>221,138</u>	<u>-</u>
Office of the Principal				
Salaries - Principals	591,952	591,952	590,949	1,003
Salaries - Assistant Principals	198,716	195,387	192,412	2,975
Salaries - Career Ladder	13,250	15,416	15,416	-
Salaries - Secretaries	193,180	194,343	194,343	-
Social Security	61,820	61,820	55,960	5,860
Medicare	14,458	14,458	13,284	1,174
State Retirement	87,591	87,591	85,913	1,678
Medical Insurance	74,157	74,157	70,775	3,382
Total Office of the Principal	<u>1,235,124</u>	<u>1,235,124</u>	<u>1,219,052</u>	<u>16,072</u>
Fiscal Services				
Salaries - Supervisor/Director	79,960	79,960	79,960	-
Salaries - Accountants/Bookkeepers	47,251	47,251	40,501	6,750
Salaries - Internal Audit Personnel	1,000	1,000	-	1,000
State Retirement	10,865	10,865	9,990	875
Social Security	7,887	7,887	6,222	1,665
Medicare	1,845	1,845	1,689	156
Medical Insurance	3,936	4,065	4,065	-
In-service Training	3,000	1,977	1,113	864
Travel	1,000	1,064	1,064	-

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Data Processing Supplies	7,500	8,330	8,330	-
Total Fiscal Services	<u>164,244</u>	<u>164,244</u>	<u>152,934</u>	<u>11,310</u>
Maintenance of Plant				
Salaries - Maintenance Personnel	171,133	169,665	169,665	-
Social Security	10,610	9,843	9,843	-
State Retirement	13,143	11,863	11,863	-
Medical Insurance	14,937	14,558	14,558	-
Medicare	2,481	2,331	2,331	-
Other Supplies and Materials	110,000	126,690	125,970	720
Maintenance and Repairs	110,000	115,428	109,928	5,500
Other Contracted Services	55,000	68,178	68,178	-
Other Charges	8,000	4,978	4,979	(1)
Total Maintenance of Plant	<u>495,304</u>	<u>523,534</u>	<u>517,315</u>	<u>6,219</u>
Board of Education				
Board Fees	22,000	22,000	15,311	6,689
Social Security	900	894	406	488
State Retirement	-	6	6	-
Medicare	200	200	95	105
Audit Service	31,000	31,000	30,000	1,000
Dues and Memberships	15,000	20,142	20,142	-
Legal Services	45,000	29,284	25,968	3,316
Travel	8,000	8,000	3,029	4,971
Other Contracted Services	10,000	10,000	7,470	2,530
Insurance	46,178	47,810	47,810	-
Workers Compensation	63,000	65,060	65,060	-
Trustee Commission	113,369	116,652	117,002	(350)
Premium on Bonds	3,665	3,993	3,993	-
Unemployment Compensation	50,000	53,271	53,271	-
Total Board of Education	<u>408,312</u>	<u>408,312</u>	<u>389,563</u>	<u>18,749</u>
Operation of Plant				
Contracted Services	715,000	715,000	712,392	2,608
Disposal Fee	48,000	48,000	40,169	7,831
Electricity	680,000	606,709	550,730	55,979
Natural Gas	175,000	175,000	76,446	98,554
Water and Sewer	85,000	85,000	82,348	2,652
Other Supplies	20,000	19,658	7,041	12,617
Insurance	110,332	110,674	110,674	-
Total Operation of Plant	<u>1,833,332</u>	<u>1,760,041</u>	<u>1,579,800</u>	<u>180,241</u>
Transportation				
Salaries - Supervisor/Director	20,297	20,558	20,558	-
Salaries - Bus Drivers	337,816	340,915	340,915	-
State Retirement	32,131	22,989	22,989	-
Social Security	22,203	18,105	18,105	-
Medicare	5,193	4,892	4,892	-
Medical Insurance	26,028	35,224	35,224	-
Gasoline	175,000	204,931	204,931	-
Travel	1,500	1,753	1,753	-
Contracts with Public Agencies	141,350	158,346	158,346	-
Vehicle and Equipment Insurance	32,292	32,292	32,292	-
Equipment	260,000	241,024	241,024	-
Other Charges	15,000	15,532	15,532	-
Total Transportation	<u>1,068,810</u>	<u>1,096,561</u>	<u>1,096,561</u>	<u>-</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Total Student Support	7,959,590	8,022,400	7,534,374	488,026
Operation of Non-instructional Services				
Early Childhood Education				
Salaries - Teachers	149,351	151,121	151,121	-
Salaries - Career Ladder	-	1,000	1,000	-
Salaries - Other	71,369	72,560	72,560	-
Social Security	13,375	11,688	11,688	-
State Retirement	18,613	18,452	18,452	-
Medical Insurance	35,898	32,375	32,375	-
Medicare	3,128	2,813	2,813	-
Travel	8,000	1,049	1,049	-
Other Contracted Services	40,000	51,047	51,047	-
Other Supplies and Materials	51,609	46,932	46,932	-
In-service Training	8,000	12,306	12,306	-
Equipment	2,000	-	-	-
Total Early Childhood Education	<u>401,343</u>	<u>401,343</u>	<u>401,343</u>	<u>-</u>
Debt Services				
Principal	1,000,000	1,000,000	1,000,000	-
Interest	1,493,365	1,493,398	1,493,398	-
Total Debt Services	<u>2,493,365</u>	<u>2,493,398</u>	<u>2,493,398</u>	<u>-</u>
Capital Outlay/Capital Projects				
Architects	-	182,389	182,389	-
Other Contracted Services	-	287,424	287,424	-
Other Capital Outlay	195,000	352,944	352,944	-
Total Capital Outlay/Capital Projects	<u>195,000</u>	<u>822,757</u>	<u>822,757</u>	<u>-</u>
Total Expenditures	<u>23,974,020</u>	<u>24,889,709</u>	<u>23,990,513</u>	<u>899,196</u>
Excess of Revenues Over (Under)				
Expenditures	<u>-</u>	<u>(339,414)</u>	<u>979,154</u>	<u>1,318,568</u>
Other Financing Sources (Uses)				
Proceeds From Bond Issue	-	3,200,000	3,200,000	-
Premiums on Bond Issue	-	86,883	86,883	-
Bond Issue Costs	-	(39,656)	(39,656)	-
Underwriter's Discount	-	(20,002)	(20,002)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,227,225</u>	<u>3,227,225</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>2,887,811</u>	<u>4,206,379</u>	<u>1,318,568</u>
Fund Balance - Beginning	<u>6,048,475</u>	<u>6,048,475</u>	<u>6,048,475</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,048,475</u>	<u>\$ 8,936,286</u>	<u>\$ 10,254,854</u>	<u>\$ 1,318,568</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 - FEDERAL PROJECTS FUND
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State of Tennessee	\$ 2,233,432	\$ 2,402,912	\$ 2,309,400	\$ (93,512)
Total Revenues	<u>2,233,432</u>	<u>2,402,912</u>	<u>2,309,400</u>	<u>(93,512)</u>
Expenditures				
Instruction				
Vocational Instruction				
Salaries - Teachers	-	-	-	-
Social Security	-	-	-	-
State Retirement	-	-	-	-
Medical Insurance	-	-	-	-
Medicare	-	-	-	-
Instructional Supplies	9,509	9,509	9,544	(35)
Equipment	13,000	13,000	12,787	213
Other Charges	800	800	977	(177)
Total Vocational Instruction	<u>23,309</u>	<u>23,309</u>	<u>23,308</u>	<u>1</u>
Regular Instruction				
Salaries - Teachers	322,271	335,946	336,570	(624)
Salaries - Educational Assistants	193,880	193,880	190,862	3,018
Salaries - Other	-	-	-	-
Social Security	29,995	30,844	30,534	310
State Retirement	40,214	41,452	43,687	(2,235)
Medical Insurance	54,770	54,930	52,335	2,595
Medicare	7,015	7,054	6,982	72
Instructional Supplies	10,690	7,458	2,998	4,460
Equipment	13,469	13,469	11,966	1,503
Other Charges	1,226	1,726	1,232	494
Total Regular Instruction	<u>673,530</u>	<u>686,759</u>	<u>677,166</u>	<u>9,593</u>
Special Education				
Salaries - Teachers	142,461	141,334	117,604	23,730
Salaries - Speech Pathologist	128,829	128,829	128,579	250
Salaries - Educational Assistants	233,967	233,967	238,700	(4,733)
Salaries - Homebound ISS	4,000	4,000	340	3,660
Salaries - Other	-	-	-	-
Social Security	33,953	33,953	27,598	6,355
State Retirement	43,292	43,292	40,065	3,227
Medical Insurance	63,162	63,162	56,502	6,660
Medicare	7,938	7,938	6,462	1,476
Evaluation and Testing	-	-	-	-
Contracted Services	-	10,792	10,792	-
Instructional Supplies	3,843	3,844	2,658	1,186
Equipment	3,337	5,437	2,100	3,337
Maintenance and Repairs	2,000	2,000	-	2,000
In-Service Training	-	-	-	-
Other Supplies and Materials	205	205	-	205
Total Special Education	<u>666,987</u>	<u>678,753</u>	<u>631,400</u>	<u>47,353</u>
Total Instruction	<u>1,363,826</u>	<u>1,388,821</u>	<u>1,331,874</u>	<u>56,947</u>
Other Student Support				
Regular Instruction				
Salaries - Supervisors	31,612	31,612	31,425	187

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Salaries - Substitutes	-	-	-	-
Salaries - Clerical Personnel	16,969	16,969	16,857	112
Salaries - Other	177,886	171,768	158,621	13,147
Social Security	15,083	13,445	11,889	1,556
State Retirement	18,588	18,942	18,651	291
Medical Insurance	10,409	12,979	12,406	573
Medicare	3,529	3,431	3,064	367
Travel	7,943	6,330	5,046	1,284
Other Supplies and Materials	9,899	966	580	386
Equipment	-	254	254	-
In-Service Training	36,458	30,732	25,047	5,685
Other Charges	2,000	1,000	30	970
Total Regular Instruction	<u>330,376</u>	<u>308,428</u>	<u>283,870</u>	<u>24,558</u>
Guidance				
Salaries - Guidance Personnel	80,057	80,057	80,057	-
Salaries - Social Workers	18,631	18,631	18,630	1
Social Security	6,119	6,119	6,119	-
State Retirement	8,931	8,931	8,931	-
Medical Insurance	7,090	7,090	7,090	-
Medicare	1,431	1,431	1,431	-
Travel	10,200	10,200	10,200	-
Contracted Services	2,458	1,392	1,392	-
Other Supplies and Materials	-	-	-	-
In-Service Training	-	-	-	-
Total Guidance	<u>134,917</u>	<u>133,851</u>	<u>133,850</u>	<u>1</u>
Health Services				
Medical Personnel	17,784	17,784	17,784	-
Social Security	1,102	1,102	1,102	-
State Retirement	1,366	1,366	1,366	-
Medical Insurance	-	-	-	-
Medicare	258	258	258	-
Total Health Services	<u>20,510</u>	<u>20,510</u>	<u>20,510</u>	<u>-</u>
Office of the Principal				
Salaries - Assistant Principals	86,339	86,339	86,339	-
Social Security	5,353	5,353	5,353	-
State Retirement	7,814	7,814	7,814	-
Medical Insurance	12,028	12,028	12,028	-
Medicare	1,252	1,252	1,252	-
Total Office of the Principal	<u>112,786</u>	<u>112,786</u>	<u>112,786</u>	<u>-</u>
Other Student Support				
Travel	1,269	1,269	-	1,269
Contracted Services	-	-	-	-
In-Service Training	1,500	6,500	5,455	1,045
Total Other Student Support	<u>2,769</u>	<u>7,769</u>	<u>5,455</u>	<u>2,314</u>
Special Education				
Communication	-	-	-	-
Travel	-	-	-	-
Maintenance and Repairs	-	-	-	-
Equipment	-	-	-	-
Other Supplies and Materials	-	-	-	-

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
In-Service Training	-	-	-	-
Total Special Education	-	-	-	-
Transportation				
Salaries - Bus Drivers	7,206	7,206	7,321	(115)
Social Security	447	447	454	(7)
State Retirement	490	489	562	(73)
Medicare	104	104	106	(2)
Gasoline	-	-	-	-
Equipment	-	-	-	-
Total Transportation	<u>8,247</u>	<u>8,246</u>	<u>8,443</u>	<u>(197)</u>
Total Other Student Support	<u>609,605</u>	<u>591,590</u>	<u>564,914</u>	<u>26,676</u>
Non-Instructional Services				
Community Services				
Salaries - Supervisors	23,011	138,462	135,122	3,340
Salaries - Teachers	115,749	84,509	82,672	1,837
Salaries - Educational Assistants	65,386	61,359	61,358	1
Social Security	12,659	16,683	16,682	1
State Retirement	13,746	17,116	17,115	1
Medical Insurance	5,041	17,387	16,093	1,294
Medicare	2,960	3,915	3,935	(20)
Communication	1,560	1,505	1,555	(50)
Maintenance and Repairs	1,200	225	225	-
Travel	2,900	15,196	16,461	(1,265)
In-Service Training	-	-	-	-
Other Contracted Services	15,789	16,223	16,222	1
Other Supplies and Materials	-	49,921	55,060	(5,139)
Total Community Services	<u>260,001</u>	<u>422,501</u>	<u>422,500</u>	<u>1</u>
Total Non-Instructional Services	<u>260,001</u>	<u>422,501</u>	<u>422,500</u>	<u>1</u>
Total Expenditures	<u>2,233,432</u>	<u>2,402,912</u>	<u>2,319,288</u>	<u>83,624</u>
Excess Revenues Over (Under)				
Expenditures	-	-	(9,888)	(9,888)
Other Financing Sources (Uses)				
Transfer From Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	(9,888)	(9,888)
Fund Balance - Beginning	<u>9,888</u>	<u>9,888</u>	<u>9,888</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,888</u>	<u>\$ 9,888</u>	<u>\$ -</u>	<u>\$ (9,888)</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 - CAFETERIA FUND
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Lunch Payment - Children	\$ 696,911	\$ 761,628	\$ 761,562	\$ (66)
Lunch Payment - Adults	11,836	11,836	6,906	(4,930)
U.S.D.A. Reimbursements	912,488	1,020,488	1,051,404	30,916
State School Matching	17,000	17,000	18,948	1,948
Interest	1,138	1,138	1,082	(56)
A La Carte Sales	<u>32,386</u>	<u>32,386</u>	<u>3,895</u>	<u>(28,491)</u>
Total Revenues	<u>1,671,759</u>	<u>1,844,476</u>	<u>1,843,797</u>	<u>(679)</u>
Expenditures				
Food	653,834	859,719	821,967	37,752
Labor	514,808	514,203	514,203	-
Supervisor	46,748	46,745	46,745	-
Accountants	19,000	19,000	19,000	-
Other Contracted Services	17,497	19,020	19,020	-
Social Security	34,756	32,049	32,049	-
State Retirement	44,065	42,946	42,946	-
Medical Insurance	96,133	89,537	89,537	-
Unemployment	500	-	-	-
Employer Medicare	8,128	7,495	7,495	-
Communication	750	594	594	-
Utilities	100,000	83,705	83,705	-
In-Service Training	1,500	2,069	2,069	-
Equipment	139,369	145,602	145,602	-
Non-Food Supplies	68,442	61,809	61,809	-
Maintenance and Repair	18,879	13,895	13,895	-
Travel	1,500	1,181	1,181	-
Uniforms	<u>5,850</u>	<u>4,907</u>	<u>4,907</u>	<u>-</u>
Total Expenditures	<u>1,771,759</u>	<u>1,944,476</u>	<u>1,906,724</u>	<u>37,752</u>
Excess Revenues Over (Under) Expenditures	(100,000)	(100,000)	(62,927)	37,073
Fund Balance - Beginning	<u>561,072</u>	<u>561,072</u>	<u>561,072</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 561,072</u>	<u>\$ 461,072</u>	<u>\$ 498,145</u>	<u>\$ 37,073</u>

See auditors' report and accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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 normally are supported by taxes and intergovernmental revenues.

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, 2012

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 has a period public sales of delinquent tax properties. Accordingly, there is no allowance for uncollectibles recorded in the financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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, 2012 but were not available to finance expenditures for the year ended June 30, 2012. Deferred revenues primarily include unearned or unavailable revenues.

Compensated Absences

The School District provides one day of vacation for each month of service for employees. 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.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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

For the fiscal year ending June 30, 2011, the School System implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the System itself, using its highest level of decision-making authority, the School Board. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Committed fund balance of \$4,280,318 is for construction and related costs associated with the expansion of the South Gibson County High School.

- Assigned fund balance—amounts the System intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the Board delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by School Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The details of the fund balances are included in the Governmental Funds Balance Sheet as listed in the table of contents. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the School Board or the Assignment has been changed by the Superintendent. Decreases to fund balance first reduce restricted funds; then committed funds; then assigned funds and finally unassigned funds.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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 \$33,995,000 are as follows:

School Bonds Payable, Series 2001	\$ 4,955,000
School Bonds Payable, Series 2005	1,310,000
School Bonds Payable, Series 2007	14,175,000
School Bonds Payable, Series 2008	6,800,000
School Bonds Payable, Series 2009	3,555,000
School Bonds Payable, Series 2012	<u>3,200,000</u>
	<u>\$ 33,995,000</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 \$37,330,516 are as follows:

Land	\$ 124,936
Construction in Progress	463,313
Buildings and Improvements	51,146,696
Vehicles	2,956,386
Furniture and Equipment	<u>1,202,459</u>
	55,893,787
Less accumulated depreciation	<u>(18,563,271)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 37,330,516</u>

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 \$945,000 are as follows:

Principal repayments:

School Bonds Payable, Series 2001	\$ 450,000
School Bonds Payable, Series 2005	70,000
School Bonds Payable, Series 2007	100,000
School Bonds Payable, Series 2008	100,000
School Bonds Payable, Series 2009	<u>280,000</u>
	<u>\$ 1,000,000</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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 unless the Board authorizes retention. The School District's policy is not to allow expenditures to exceed budgetary amounts at the total fund expenditure level.

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, 2012, all bank deposits were fully collateralized or insured.

B. Receivables

	<u>General</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 4,576,874	\$ -	\$ -	\$ 4,576,874
Accounts	7,613	-	-	7,613
Intergovernmental	<u>652,459</u>	<u>188,495</u>	<u>85,095</u>	<u>926,049</u>
Total Receivables	<u>\$ 5,236,946</u>	<u>\$ 188,495</u>	<u>\$ 85,095</u>	<u>\$ 5,510,536</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.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

C. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beg Balance	Increases	Decreases	End Balance
Capital Assets				
<i>Nondepreciable Assets</i>				
Land	\$ 124,936	\$ -	\$ -	\$ 124,936
Construction in Progress	-	463,313	-	463,313
<i>Depreciable Assets</i>				
Buildings and Improvements	50,825,552	321,141	-	51,146,693
Vehicles	2,715,612	240,774	-	2,956,386
Furniture and Equipment	966,132	236,327	-	1,202,459
Total Capital Assets	\$ 54,632,232	\$ 1,261,555	\$ -	\$ 55,893,787
Less: Accumulated Depreciation for				
Buildings and Improvements	\$ 14,389,890	\$ 1,306,965	\$ -	\$ 15,696,855
Vehicles	2,307,794	113,746	-	2,421,540
Furniture and Equipment	342,197	102,679	-	444,876
Total Accumulated Depreciation	\$ 17,039,881	\$ 1,523,390	\$ -	\$ 18,563,271
Net Capital Assets	\$ 37,592,351	\$ (261,835)	\$ -	\$ 37,330,516

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

Governmental Activities:

Regular Instruction	\$ 1,409,644
Transportation	<u>113,746</u>
Total Depreciation Expense- Governmental Activities	<u><u>\$ 1,523,390</u></u>

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Projects	\$ 1,205,983

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.

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

E. Long-Term Debt

Long-Term Debt consists of the following:

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, 2010, which resulted in a \$6,225,000 balance. Principal payments of \$2,595,000 were made on the remaining Series 1999 bonds during the year ended June 30, 2010 through the issuance of Series 2009 bonds.. Principal payments of \$450,000 were made on the Series 2001 bonds during the year which resulted in a June 30, 2012 balance of \$4,955,000.

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 \$70,000 were made on the Series 2005 bonds during the year which resulted in a June 30, 2012 balance of \$1,310,000.

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, 2012 balance of \$14,175,000.

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. Principal payments of \$100,000 were made on the Series 2008 bonds during the year which resulted in a June 30, 2012 balance of \$6,800,000.

During the year ended June 30, 2010, the School system issued \$4,285,000 in School Bonds, Series 2009, which bears interest at an average rate of 4.01%. 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 and the refinance of Series 1993 & 1999 Bonds. Principal payments of \$280,000 were made on the Series 2009 bonds during the year which resulted in a June 30, 2012 balance of \$3,555,000.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

E. Long-Term Debt (Continued)

During the year ended June 30, 2012, the School system issued \$3,200,000 in School Bonds, Series 2012, which bears interest at an average rate of 2.53%. The bonds are callable on April 1, 2022 at par for bonds maturing April 1, 2022 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2032. The proceeds of the bonds were used for building construction of an addition to Medina Middle School. No principle payments were made on the Series 2012 bonds during the year which resulted in a June 30, 2012 balance of \$3,200,000.

The annual requirements to amortize all long-term debt obligations outstanding as of June 30, 2012 are as follows:

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2013	\$ 1,065,000	\$ 1,523,794	\$ 2,588,794
2014	1,270,000	1,492,307	2,762,307
2015	1,350,000	1,443,058	2,793,058
2016	1,435,000	1,389,085	2,824,085
2017	1,530,000	1,329,247	2,859,247
2017-2021	8,585,000	5,583,692	14,168,692
2022-2026	10,170,000	3,508,100	13,678,100
2027-2031	8,015,000	1,142,759	9,157,759
2032-2036	575,000	115,262	690,262
	<u>\$ 33,995,000</u>	<u>\$ 17,527,304</u>	<u>\$ 51,522,304</u>

Following is a summary of long-term debt transactions for the year ended June 30, 2012:

<i>Governmental Activities</i>	Beg Bal	Additions	Retirements	End Bal
Bonds Payable:				
interest, payable serially through 2019	\$ 5,405,000	\$ -	\$ 450,000	\$ 4,955,000
School Bonds, Series 2005, 4.50% interest				
payable serially through 2025	1,380,000	-	70,000	1,310,000
School Bonds, Series 2007, 4.73% interest				
payable serially through 2033	14,275,000	-	100,000	14,175,000
School Bonds, Series 2008, 4.83% interest				
payable serially through 2029	6,900,000	-	100,000	6,800,000
School Bonds, Series 2009, 4.01% interest				
payable serially through 2029	3,835,000	-	280,000	3,555,000
School Bonds, Series 2012, 2.53% interest				
payable serially through 2032		3,200,000		3,200,000
	<u>\$ 31,795,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 33,995,000</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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://www.tn.gov/treasury/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, 2012, was 7.68% 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, 2012, Gibson County Special School District's annual pension cost of \$110,110 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, 2009 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 3.0 percent annual rate of inflation (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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, 2009 was 6 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

A. Pensions (continued)

Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of <i>A</i> Contributed	Net Pension Obligation
6/30/2012	\$ 110,100	100.00%	\$ 0
6/30/2011	110,100	100.00%	0
6/30/2010	110,100	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.tn.gov/treasury/tcrs/schools.

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, 2012 was 9.05% 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, 2012, 2011, and 2010 were \$1,063,401, \$1,009,321, and \$696,253, 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.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

C. Risk Management

The School Board has obtained insurance from the Tennessee Risk Management Trust (TRMT), 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 TRMT for insurance. The creation of TRMT provides for it to be self-sustaining through member premiums. The TRMT 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. 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 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	\$ 247,563
Interest on the NPO	11,834
Adjustment to the ARC	<u>(12,562)</u>
Annual OPEB cost:	246,835
Amount of contribution:	<u>(141,241)</u>
Increase/Decrease in NPO	105,595
Net OPEB obligation—beginning of year	<u>295,849</u>
Net OPEB obligation—end of year	\$ 401,444

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

D. Postemployment Healthcare Plan (continued)

<u>Year End</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year End</u>
6/30/2010	Teacher Group	247,036	147,870 (59.86%)	207,441
6/30/2011	Teacher Group	269,552	151,620 (56.24%)	295,849
6/30/2012	Teacher Group	246,836	141,241 (57.20%)	401,444

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.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of 5 percent by fiscal year 2021. 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 the fiscal year ended June 30, 2008.

NOTE 6 – SUBSEQUENT EVENTS

Management of the District has evaluated events and transactions through November 20, 2012, which is the earliest date the financials were available.

REQUIRED SUPPLEMENTARY INFORMATION

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULES OF FUNDING PROGRESS
For the Year Ended June 30, 2012**

Pension Plan

(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)
07/01/11	\$ 379	\$ 703	\$ 324	53.90%	\$ -	0.00%
07/01/09	254	772	518	32.91%	-	0.00%
07/01/07	166	844	678	19.67%	-	0.00%

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, 2011 is the most recent actuarial valuation date.

Postemployment Healthcare Plan

(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)
7/1/2011	\$ -	\$ 2,568	\$ 2,568	0.00%	\$ 15,146	16.95%
07/01/09	\$ -	\$ 2,537	\$ 2,537	0.00%	\$ 14,024	18.09%
07/01/07	-	2,527	2,527	0.00%	13,223	19.11%

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, 2009 is the most recent actuarial valuation date.

OTHER SUPPLEMENTARY INFORMATION

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2001
For the Year Ended June 30, 2012**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 4,955,000</u>		<u>\$ 1,138,564</u>	<u>\$ 6,093,564</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2005
For the Year Ended June 30, 2012**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 1,310,000</u>		<u>\$ 448,875</u>	<u>\$ 1,758,875</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2007
For the Year Ended June 30, 2012**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 14,175,000</u>		<u>\$ 9,730,450</u>	<u>\$ 23,905,450</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2008
For the Year Ended June 30, 2012**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/12			\$ 162,056	\$ 162,056
04/01/13	100,000	3.50	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	3.80	158,481	258,481
10/01/15			156,581	156,581
04/01/16	100,000	4.00	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	4.38	150,381	250,381
10/01/19			148,194	148,194
04/01/20	400,000	4.50	148,194	548,194
10/01/20			139,194	139,194
04/01/21	400,000	4.60	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	4.80	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	5.00	61,875	886,875
10/01/27			41,250	41,250
04/01/28	825,000	5.00	41,250	866,250
10/01/28			20,625	20,625
04/01/29	825,000	5.00	20,625	845,625
	<u>\$ 6,800,000</u>		<u>\$ 4,086,800</u>	<u>\$ 10,886,800</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
 SCHEDULE OF DEBT SERVICE REQUIREMENTS
 SCHOOL BONDS - SERIES 2009
 For the Year Ended June 30, 2012**

<u>Due Date</u>	<u>Principal Payment</u>	<u>Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
10/01/12			\$ 61,364	\$ 61,364
04/01/13	300,000	3.00	61,364	361,364
10/01/13			56,864	56,864
04/01/14	315,000	3.00	56,864	371,864
10/01/14			52,139	52,139
04/01/15	285,000	3.00	52,139	337,139
10/01/15			47,864	47,864
04/01/16	300,000	3.00	47,864	347,864
10/01/16			43,364	43,364
04/01/17	320,000	3.00	43,364	363,364
10/01/17			38,564	38,564
04/01/18	345,000	3.20	38,564	383,564
10/01/18			33,044	33,044
04/01/19	365,000	3.38	33,044	398,044
10/01/19			26,884	26,884
04/01/20	110,000	3.75	26,884	136,884
10/01/20			24,822	24,822
04/01/21	115,000	3.75	24,822	139,822
10/01/21			22,666	22,666
04/01/22	120,000	3.88	22,666	142,666
10/01/22			20,341	20,341
04/01/23	125,000	3.88	20,341	145,341
10/01/23			17,919	17,919
04/01/24	130,000	4.00	17,919	147,919
10/01/24			15,319	15,319
04/01/25	135,000	4.00	15,319	150,319
10/01/25			12,619	12,619
04/01/26	140,000	4.20	12,619	152,619
10/01/26			9,679	9,679
04/01/27	145,000	4.20	9,679	154,679
10/01/27			6,634	6,634
04/01/28	150,000	4.35	6,634	156,634
10/01/28			3,371	3,371
04/01/29	155,000	4.35	3,371	158,371
	<u>\$ 3,555,000</u>		<u>\$ 986,908</u>	<u>\$ 4,541,908</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2012
For the Year Ended June 30, 2012**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/12			\$ 26,433	\$ 26,433
04/01/13		1.00	39,322	39,322
10/01/13			39,322	39,322
04/01/14	130,000	1.00	39,322	169,322
10/01/14			38,682	38,682
04/01/15	130,000	1.00	38,672	168,672
10/01/15			38,022	38,022
04/01/16	135,000	1.00	38,022	173,022
10/01/16			37,347	37,347
04/01/17	135,000	2.00	37,347	172,347
10/01/17			35,997	35,997
04/01/18	140,000	2.00	35,997	175,997
10/01/18			34,597	34,597
04/01/19	145,000	2.00	34,597	179,597
10/01/19			33,147	33,147
04/01/20	145,000	2.00	33,147	178,147
10/01/20			31,697	31,697
04/01/21	150,000	2.25	31,697	181,697
10/01/21			30,009	30,009
04/01/22	155,000	2.25	30,009	185,009
10/01/22			28,266	28,266
04/01/23	160,000	2.38	28,266	188,266
10/01/23			26,366	26,366
04/01/24	170,000	2.50	26,366	196,366
10/01/24			24,241	24,241
04/01/25	175,000	2.63	24,241	199,241
10/01/25			21,944	21,944
04/01/26	180,000	2.75	21,944	201,944
10/01/26			19,469	19,469
04/01/27	190,000	2.88	19,469	209,469
10/01/27			16,738	16,738
04/01/28	195,000	3.00	16,738	211,738
10/01/28			13,812	13,812
04/01/29	205,000	3.00	13,812	218,812
10/01/29			10,738	10,738
04/01/30	210,000	3.13	10,738	220,738
10/01/30			7,456	7,456
04/01/31	220,000	3.25	7,456	227,456
10/01/31			3,881	3,881
04/01/32	230,000	3.38	3,881	233,881
	<u>\$ 3,200,000</u>		<u>\$ 1,049,207</u>	<u>\$ 4,249,207</u>

See auditors' report

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF OFFICIAL BOND AND SALARIES OF PRINCIPAL OFFICIALS
For the Year Ended June 30, 2012

<u>Title</u>	<u>Name</u>	<u>Salary</u>	<u>Official Bond</u>
Superintendent	Eddie Pruett	\$ 93,500	\$ 563,500

See auditors' report

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS
For the Year Ended June 30, 2012

Program Name	CFDA Number	Grantor Agency	Unearned (Due From) 07/01/11	Receipts	Expenditures	Unearned (Due From) 06/30/12
IDEA Part B	84.027 *	State of Tennessee Dept. of Education	\$ (174,110)	\$ 810,741	\$ 636,631	\$ -
Carl Perkins-Vocational Education	84.048	State of Tennessee Dept. of Education	(4,960)	35,762	33,509	(2,707)
IDEA-Pre-school	84.173 *	State of Tennessee Dept. of Education	(2,123)	10,567	8,667	(223)
IDEA-Pre-school - ARRA	84.392	State of Tennessee Dept. of Education	(1,786)	1,786	-	-
ESEA-Title I	84.010	State of Tennessee Dept. of Education	(102,174)	502,517	410,344	(10,001)
ESEA-Title I - ARRA	84.389	State of Tennessee Dept. of Education	(5,298)	11,275	5,977	-
21st Century Community Learning	84.287 *	State of Tennessee Dept. of Education	(134,330)	435,706	458,895	(157,519)
Even Start	84.213	State of Tennessee Dept. of Education	(2,563)	3,804	1,241	-
Education Technology	84.318	State of Tennessee Dept. of Education	(2,765)	6,058	3,293	-
Transition to Teaching	84.350 *	State of Tennessee Dept. of Education	(82,368)	583,534	522,283	(21,117)
Title II-Training	84.367	State of Tennessee Dept. of Education	(44,098)	121,456	79,815	(2,457)
Youth Empowerment Initiative	93.910	State of Tennessee Dept. of Education	(55,654)	55,654	-	-
First to the Top	84.395	State of Tennessee Dept. of Education	(20,659)	151,390	124,415	6,316
National School Lunch Program	10.555	U.S. Dept of Agriculture	(61,464)	736,343	738,041	(63,162)
National School Breakfast Program	10.553	U.S. Dept of Agriculture	(19,997)	241,150	243,085	(21,932)
USDA Commodity Supplemental	10.555	TN Dept of Agriculture	-	82,416	82,416	-
			<u>\$ (714,349)</u>	<u>\$ 3,790,159</u>	<u>\$ 3,348,612</u>	<u>\$ (272,802)</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.

* considered as major program



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**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, 2012, and have issued our report thereon dated November 20, 2012. 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 Gibson County Special School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gibson County Special School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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.

A handwritten signature in black ink, reading "Cowart Reese Sargent". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Cowart Reese Sargent, CPAs.
Martin, TN

November 20, 2012



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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON 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 Gibson County Special School District compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Gibson County Special School District major federal programs for the year ended June 30, 2012. Gibson County Special School District major federal programs are identified in the summary of auditor's 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 management. Our responsibility is to express an opinion on Gibson County Special School District 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,⁵ 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 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 of Gibson County Special School District compliance with those requirements.

In our opinion, Gibson County Special School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Gibson County Special School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Gibson County Special School District internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Gibson County Special School District internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

A handwritten signature in black ink, reading "Cowart Reese Sargent". The signature is written in a cursive style with a long, sweeping flourish extending to the right.

Cowart Reese Sargent, CPAs
Martin, TN

November 20, 2012

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

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. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Gibson County Special School District was 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

<u>Program</u>	<u>CFDA No.</u>
IDEA Part B	84.027
IDEA Preschool	84.173
21 st Century Learning	84.287
Transition to Teaching	84.350

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.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

B. Finding – Financial Statement Audit

None Noted

C. Finding – Relative to Federal Grants

None Noted

D. Status of Prior Year Findings

2011-1 ***Noncompliance***

Overexpenditure of budgeted expenditures – Cafeteria Fund

The conditions causing this finding have been corrected