

**WEST CARROLL SPECIAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
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## **INTRODUCTORY SECTION**

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
DIRECTORY  
June 30, 2012**

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**ELECTED OFFICIALS**

Jimmy Halford, Chairman  
Mike Foster, Vice Chairman  
Jim Pirtle, Treasurer  
Lester Scott, Member  
Greg McClain, Member  
Kristi Moore, Member

**APPOINTED OFFICIALS**

Eric Williams, Director of Schools  
Shan DePriest, Bookkeeper - General Purpose, Federal Projects, Debt Service, Capital Projects, and  
Endowment  
Janet Wilson, Bookkeeper - Food Service  
Lisa Newbill – Payroll and Capital Assets

**COUNSEL**

The King Law Office  
Huntingdon, Tennessee

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Alexander Thompson Arnold PLLC  
Jackson, Tennessee

## **FINANCIAL SECTION**

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AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
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## Independent Auditor's Report

Board of Education  
West Carroll Special School District  
Atwood, Tennessee

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carroll Special School District (the District), as of and for the year ended 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 the 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position and the budgetary comparison of the general-purpose and the federal projects fund 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 December 14, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 States of America require that the management's discussion and analysis and the schedule of funding progress – employee retirement system, and schedule of funding progress – post employment healthcare plan on pages 4 through 11

and on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the 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 opinions on the financial statement that collectively comprise the District's financial statements. The other supplementary information section, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Alexander Thompson Arnold PLLC*

Certified Public Accountants  
Jackson, Tennessee  
December 14, 2012

## Management's Discussion and Analysis

As management of the West Carroll Special School District (the District), we offer readers of the financial statements for the District this narrative overview and analysis of the financial activities for the year ended June 30, 2012. We encourage readers to consider the information here in conjunction with the Independent Auditor's Report and the District's financial statements. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

### Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2012 by \$4,280,665. Of this amount, \$3,483,187 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District reported combined ending fund balance of \$3,602,480. Approximately 88% of this total amount, \$3,153,706, is unassigned in the general-purpose fund. Approximately 6% represents funds restricted in the centralized cafeteria fund.
- At the end of the current fiscal year, unassigned fund balance for the general-purpose fund was \$3,153,706 or 49% of total general-purpose fund expenditures.
- The District's total bonded debt decreased by \$240,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements** The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents all the assets and liabilities for the District, with differences between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs. The District's governmental activities include general administration, finance and education. The District has no business-type activities to report.

Please refer to the Table of Contents to locate the district-wide financial statements.

**Fund financial statements** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be grouped into one category: governmental funds.

**Governmental funds** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general-purpose fund, the federal projects fund, the debt service fund and the non-major funds. The general-purpose, federal projects, and the debt service funds are considered major funds, and the centralized cafeteria and the endowment funds are considered non-major funds.

The District adopts an annual appropriated budget for its general-purpose, federal projects, debt service, and cafeteria funds. The District adopts a federal projects program, and the budgets for the federal projects fund are determined by the grantor of each grant. A budgetary comparison statement has been provided as basic financial statements for the general-purpose fund and the federal projects fund to demonstrate compliance with this budget. A budgetary comparison is presented as other supplementary information for the debt service fund. In addition, a budgetary comparison is provided for the centralized cafeteria fund as a non-major fund.

Please refer to the Table of Contents to locate the basic governmental fund financial statements.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Please refer to the Table of Contents to locate the notes to the financial statements.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This required supplementary information has been presented in the required supplementary information section of this report. The debt service fund's and non-major funds' statements of revenues, expenditures, and changes in fund balances are presented as other supplementary information as well as other additional information.

### **District-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,279,991 at the close of the fiscal year ended June 30, 2012.

A large portion of the District's net assets reflects its investment in capital assets (e.g., buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**The District's Net Assets**

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Assets</b>		
Current and other	\$ 5,281,869	\$ 5,200,237
Capital assets - net of accumulated depreciation	<u>6,017,323</u>	<u>6,177,572</u>
Total assets	<u>11,299,192</u>	<u>11,377,809</u>
<b>Liabilities</b>		
Long-term liabilities	5,650,000	5,890,000
Other liabilities	<u>1,368,527</u>	<u>1,361,173</u>
Total liabilities	<u>7,018,527</u>	<u>7,251,173</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	363,716	283,753
Restricted	433,762	503,875
Unrestricted	<u>3,483,187</u>	<u>3,339,008</u>
Total net assets	<u>\$ 4,280,665</u>	<u>\$ 4,126,636</u>

The above provides a summary of the District's net assets for 2012 and 2011.

An additional portion of the District's net assets, \$433,762, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$3,483,187, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the District's total net assets increased by \$154,029. This increase was related in part to additional revenues not anticipated and the ability of the District to prevent budget overruns.

The following summary shows the changes in net assets for fiscal years 2012 and 2011.

## The District's Changes in Net Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 200,851	\$ 196,548
Operating grants and contributions	1,746,725	1,968,073
Capital grants and contributions	7,000	12,540
General revenues		
Property taxes	1,243,247	1,206,461
Sales taxes	527,339	517,267
Alcoholic beverage tax	548	521
Grants and contributions not restricted to specific programs:		
Basic Education Program	4,789,000	4,414,471
ARRA - Basic Education Program	-	517,692
Interest	21,459	26,319
Gain on sale of capital assets	-	3,285
Insurance recovery	15,581	-
Other miscellaneous revenues	83,750	83,996
Total revenues	<u>8,635,500</u>	<u>8,947,173</u>
<b>Expenses</b>		
Instruction	4,837,412	5,303,945
Support services	2,412,541	2,255,415
Non-instructional services	1,231,518	1,193,225
Total expense	<u>8,481,471</u>	<u>8,752,585</u>
<b>Change in net assets</b>	<u>154,029</u>	<u>194,588</u>
<b>Net assets, beginning</b>	<u>4,126,636</u>	<u>3,932,048</u>
<b>Net assets, ending</b>	<u><u>\$ 4,280,665</u></u>	<u><u>\$ 4,126,636</u></u>

**Governmental activities** Governmental activities increased the District's net assets by \$154,029. The key element of this increase is the ability of the District to prevent budget overruns.

Total governmental activities' revenue for the fiscal year was \$8,635,500. The largest single revenue source was state revenues in the form of Basic Education Program payments.

### Expense and Program Revenues - Governmental Activities

Certain revenues are generated that are specific to governmental program activities.

Among major funds, the general-purpose fund had \$6,812,726 in revenues and \$6,450,391 in expenditures. The debt service fund had \$264,722 in revenues and \$474,810 in expenditures. The federal projects fund had \$967,941 in revenues and \$885,611 in expenditures. Major funding for these funds was provided by federal and state funds. In the non-major funds, the cafeteria fund had \$656,754 in revenues and \$701,693 in expenditures. The endowment fund had \$5,600 in revenues and \$6,000 in expenditures.

## Revenue by Source - Governmental Funds

Total governmental revenues allocated by each revenue type.

	June 30, 2012		June 30, 2011	
	Amount	Percent	Amount	Percent
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 200,851	2%	\$ 196,548	2%
Operating grants and contributions	1,746,725	20%	1,968,073	22%
Capital grants and contributions	7,000	0%	12,540	0%
General revenues				
Property taxes	1,243,247	14%	1,206,461	13%
Sales taxes	527,339	6%	517,267	6%
Alcoholic beverage tax	548	0%	521	0%
Grants and contributions not restricted to specific programs:				
Basic Education Program	4,789,000	55%	4,414,471	49%
ARRA - Basic Education Program	-	0%	517,692	6%
Interest	21,459	0%	26,319	0%
Gain on sale of capital assets	-	0%	3,285	0%
Insurance recovery	15,581	0%	-	0%
Other miscellaneous revenues	83,750	1%	83,996	1%
Total revenues	<u>8,635,500</u>	<u>100%</u>	<u>8,947,173</u>	<u>100%</u>

### Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

**Governmental funds** The focus of the District's *governmental funds* is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,602,480. Of this amount, \$3,153,706 constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder is *non-spendable, restricted, committed* or *assigned* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contract and purchase orders of the prior period, 2) to pay for the administration of food service, 3) for inventory, and 4) for a variety of other restricted purposes.

The general purpose fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$3,154,491.

As a measure of the general purpose fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49% of the total general purpose fund expenditures, while total fund balances represent 56% of that same amount.

The fund balance of the District's general purpose fund increased by \$167,526 during the current fiscal year. A key factor in this growth was the District's ability to remain within the budget adopted.

## General Purpose Fund Budgetary Highlights

Differences between the original budget and the final amended budget are briefly summarized as follows:

		June 30, 2012		
<b>General Purpose Fund</b>				
<b>Revenues</b>		Original	Final	Difference
	Taxes	\$ 1,368,355	\$ 1,368,355	\$ -
	Intergovernmental	5,083,006	5,130,056	47,050
	Miscellaneous	33,720	33,720	-
	<b>Total revenues</b>	<u>6,485,081</u>	<u>6,532,131</u>	<u>47,050</u>
<b>Expenses</b>				
	Instruction	3,765,995	3,802,245	36,250
	Support services	2,274,167	2,272,217	(1,950)
	Non-instructional services	253,982	419,657	165,675
	<b>Total expenditures</b>	<u>6,294,144</u>	<u>6,494,119</u>	<u>199,975</u>
	<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 190,937</u>	<u>\$ 38,012</u>	<u>\$ (152,925)</u>

In 2012, there were no major increases or decreases in the budgets.

		June 30, 2011		
<b>General Purpose Fund</b>				
<b>Revenues</b>		Original	Final	Difference
	Taxes	\$ 1,365,040	\$ 1,365,040	\$ -
	Intergovernmental	5,175,082	5,222,774	47,692
	Miscellaneous	31,700	31,700	-
	<b>Total revenues</b>	<u>6,571,822</u>	<u>6,619,514</u>	<u>47,692</u>
<b>Expenses</b>				
	Instruction	3,856,619	3,871,595	14,976
	Support services	2,243,578	2,257,278	13,700
	Non-instructional services	255,104	274,120	19,016
	<b>Total expenditures</b>	<u>6,355,301</u>	<u>6,402,993</u>	<u>47,692</u>
	<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 216,521</u>	<u>\$ 216,521</u>	<u>\$ -</u>

In 2011, there were no major increases or decreases in the budgets.

## Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets for its governmental funds as of June 30, 2012 amounts to \$363,716 (net of accumulated depreciation and related debt). This investment in capital assets includes buildings and improvements and other capital assets (including equipment). The major capital asset events that occurred during the year included the purchase of an oven and a dishwasher for the Primary School, the cost of paving the Fieldhouse parking lot, and the cost of replacing the Junior Senior High School roof.

	<u>6/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/12</u>
Capital assets not being depreciated:				
Land	\$ 217,127	\$ -	\$ -	\$ 217,127
Capital assets being depreciated:				
Buildings and improvements	11,752,001	167,302		11,919,303
Other capital assets	<u>408,509</u>	<u>64,319</u>	-	<u>472,828</u>
Total	12,160,510	231,621	-	12,392,131
Accumulated depreciation	<u>(6,200,065)</u>	<u>(391,870)</u>	-	<u>(6,591,935)</u>
Capital assets net of accumulated depreciation	6,177,572	(160,249)	-	6,017,323
Long-term debt related to capital assets (including bond premium)	<u>(5,893,819)</u>	-	<u>(240,212)</u>	<u>(5,653,607)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 283,753</u>	<u>\$ (160,249)</u>	<u>\$ (240,212)</u>	<u>\$ 363,716</u>

The District's investment in capital assets for its governmental funds as of June 30, 2011 amounts to \$283,753 (net of accumulated depreciation and related debt). This investment in capital assets includes buildings and improvements and other capital assets (including equipment). The major capital asset events that occurred during the year included the purchase of a portable wheelchair lift, a greenhouse, and a security access door for the schools and two steamers and a tilt skillet for the food service fund, as well as a zero turn lawn mower for the district as a whole.

	<u>6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/11</u>
Capital assets not being depreciated:				
Land	\$ 217,127	\$ -	\$ -	\$ 217,127
Capital assets being depreciated:				
Buildings and improvements	11,707,164	44,837		11,752,001
Other capital assets	<u>374,257</u>	<u>46,183</u>	<u>11,931</u>	<u>408,509</u>
Total	12,081,421	91,020	11,931	12,160,510
Accumulated depreciation	<u>(5,741,437)</u>	<u>(470,559)</u>	<u>(11,931)</u>	<u>(6,200,065)</u>
Capital assets net of accumulated depreciation	6,557,111	(379,539)	-	6,177,572
Long-term debt related to capital assets (including bond premium)	<u>(6,124,031)</u>	-	<u>(230,212)</u>	<u>(5,893,819)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 433,080</u>	<u>\$ (379,539)</u>	<u>\$ (230,212)</u>	<u>\$ 283,753</u>

**Long-term debt.** As of June 30, 2012, the District had total bonded debt outstanding of \$5,650,000. All debt is backed by the full faith and credit of the government.

As of June 30, 2011, the District had total bonded debt outstanding of \$5,890,000. All debt is backed by the full faith and credit of the government.

	<u>6/30/2012</u>	<u>6/30/2011</u>
School Bonds, Series 2005	<u>\$ 5,650,000</u>	<u>\$ 5,890,000</u>

During 2005, the School Bonds issued in 1999 for the construction, furnishings, fixtures, and equipping the West Carroll High School building was defeased. The remaining School Bonds, Series 1999 totaled \$660,000. The principal of the School Bonds, Series 2005 was \$6,535,000.

The District maintains an "Aaa" rating by Moody's Investors Service, Inc. (Moody's) for general obligation debt.

### **Economic Factors and Next year's Budget and Rates**

The unemployment rate for Carroll County is currently 10.5%. The state's average unemployment rate is currently 7.6%. The national average unemployment rate is currently 7.6%. All of the rates are from labor statistics released in September 2012.

Inflationary trends in the region are slightly high according to the national indices.

All of these factors were considered in preparing the District's budget for the 2012-2013 fiscal year.

The District's unassigned fund balance in the general purpose fund was \$3,153,032, for the fiscal year ending June 30, 2012. It is intended that this use of available fund balance and reserves will avoid the need to raise taxes during the 2012-2013 fiscal year.

### **Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Carroll Special School District, P.O. Box 279, Trezevant, TN 38258.

## **BASIC FINANCIAL STATEMENTS**

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
DISTRICT-WIDE STATEMENT OF NET ASSETS  
June 30, 2012**

**Assets:**

Cash and cash equivalents	\$ 3,252,697
Investments	200,000
Accounts receivable	2,498
Due from other governments - nongrant	1,355,821
Due from other governments - grants	86,243
Interest receivable	2,547
Inventory	21,380
Bond issuance cost	360,683
Capital assets, not being depreciated:	
Land	217,127
Capital assets, being depreciated (net of accumulated depreciation):	
Buildings and improvements	5,576,615
Other capital assets	223,581
<b>Total assets</b>	<u><b>11,299,192</b></u>

**Liabilities:**

Accounts payable	40,734
Accrued expenses	47,337
Accrued interest payable	48,761
Deferred revenue - grants	1,784
Deferred revenue - property taxes	1,226,304
Bond premium	3,607
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	250,000
Portion due or payable after one year:	
Bonds payable	5,400,000
<b>Total liabilities</b>	<u><b>7,018,527</b></u>

**Net assets:**

Invested in capital assets, net of related debt	363,716
Restricted for:	
Instruction	785
Operation of non-instructional services	232,977
Endowment Fund Principal	200,000
Unrestricted	3,483,187
<b>Total net assets</b>	<u><b>\$ 4,280,665</b></u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**DISTRICT-WIDE STATEMENT OF ACTIVITIES**  
For The Year Then Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
<b>Instruction:</b>					
Regular education	\$ 3,924,973	\$ -	\$ 583,808	\$ -	\$ (3,341,165)
Alternate education	13,438	-	-	-	(13,438)
Special education	642,233	-	295,675	-	(346,558)
Vocational education	256,768	-	11,816	-	(244,952)
<b>Support Services:</b>					
Attendance	31,096	-	-	-	(31,096)
Health services	77,884	-	28,858	-	(49,026)
Other student support	277,596	-	87,691	-	(189,905)
Regular education	335,771	-	68,385	-	(267,386)
Special education	42,263	-	7,765	-	(34,498)
Vocational education	1,355	-	1,084	-	(271)
Board of Education	115,805	-	-	-	(115,805)
Office of Director of Schools	147,183	-	1,178	-	(146,005)
Office of Principals	436,364	-	2,355	-	(434,009)
Fiscal Services	73,441	-	-	-	(73,441)
Operation and maintenance of plant	645,676	-	-	-	(645,676)
Student transportation	24,401	-	6,250	-	(18,151)
Central and other	203,706	-	-	-	(203,706)
<b>Noninstructional Services</b>					
Food service	677,188	200,851	447,878	7,000	(21,459)
Early Childhood	203,978	-	203,982	-	4
Capital outlay	96,609	-	-	-	(96,609)
Debt service	253,743	-	-	-	(253,743)
	<b>\$ 8,481,471</b>	<b>\$ 200,851</b>	<b>\$ 1,746,725</b>	<b>\$ 7,000</b>	<b>(6,526,895)</b>
<b>General Revenues:</b>					
					1,243,247
Property taxes including interest and penalties					527,339
Sales taxes					548
Alcoholic beverage tax					
Grants and contributions not restricted to specific programs					4,789,000
Basic Education Program					21,459
Interest					15,581
Insurance recovery					83,750
Other miscellaneous revenues					<u>6,680,924</u>
<b>Total general revenues</b>					
<b>Change in net assets</b>					<b>154,029</b>
<b>Net assets, beginning</b>					<b><u>4,126,636</u></b>
<b>Net assets, ending</b>					<b>\$ <u>4,280,665</u></b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012**

	General Purpose Fund	Debt Service Fund	Federal Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,955,913	\$ 15,012	\$ -	\$ 281,772	\$ 3,252,697
Investments	-	-	-	200,000	200,000
Accounts receivable	2,498	-	-	-	2,498
Due from other governments - nongrant	1,066,277	289,544	-	-	1,355,821
Due from other governments - grants	28,788	-	57,455	-	86,243
Due from other funds	85,352	-	-	-	85,352
Inventory	-	-	-	21,380	21,380
<b>Total assets</b>	<b><u>\$ 4,138,828</u></b>	<b><u>\$ 304,556</u></b>	<b><u>\$ 57,455</u></b>	<b><u>\$ 503,152</u></b>	<b><u>\$ 5,003,991</u></b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 240	\$ -	\$ -	\$ 40,494	\$ 40,734
Accrued expenses	47,337	-	-	-	47,337
Due to other funds	-	-	55,671	29,681	85,352
Unearned revenue - grants	-	-	1,784	-	1,784
Unearned revenue - property taxes	936,760	289,544	-	-	1,226,304
<b>Total liabilities</b>	<b><u>984,337</u></b>	<b><u>289,544</u></b>	<b><u>57,455</u></b>	<b><u>70,175</u></b>	<b><u>1,401,511</u></b>
<b>Fund balances:</b>					
Nonspendable					
Inventory	-	-	-	21,380	21,380
Endowment Fund Principal	-	-	-	200,000	200,000
Restricted					
Instruction	785	-	-	-	785
Operation of non-instructional services	-	-	-	211,597	211,597
Committed					
Debt Service	-	15,012	-	-	15,012
Unassigned	3,153,706	-	-	-	3,153,706
<b>Total fund balances</b>	<b><u>3,154,491</u></b>	<b><u>15,012</u></b>	<b><u>-</u></b>	<b><u>432,977</u></b>	<b><u>3,602,480</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 4,138,828</u></b>	<b><u>\$ 304,556</u></b>	<b><u>\$ 57,455</u></b>	<b><u>\$ 503,152</u></b>	<b><u>\$ 5,003,991</u></b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
June 30, 2012**

**Amounts reported for the governmental activities in the statement of net assets (Page 12) are different because:**

<b>Fund balance - total governmental funds (Page 14)</b>	<b>\$</b>	<b>3,602,480</b>
Capital assets used in governmental funds are not financial resources and, therefore, are not reported as assets in governmental funds.		6,017,323
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accrued interest		2,547
Bond issuance cost		360,683
Other liabilities in governmental funds are not financial uses in the current period and, therefore, are not reported as liabilities in governmental funds.		
Accrued interest payable		(48,761)
Bond premium		(3,607)
Long-term liabilities, including bonds, notes, and leases payable, are not due in the current period and, therefore, are not reported in the funds.		<u>(5,650,000)</u>
<b>Net assets of governmental activities (Page 12)</b>	<b>\$</b>	<b><u>4,280,665</u></b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For The Fiscal Year Then Ended June 30, 2012

	General Purpose Fund	Debt Service Fund	Federal Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 1,505,865	\$ 264,722	\$ -	-	\$ 1,770,587
Federal revenue	-	-	967,941	449,144	1,417,085
Intergovernmental	5,242,579	-	-	-	5,242,579
Miscellaneous	49,433	-	-	-	49,433
Interest earned	14,849	-	-	6,625	21,474
Food services	-	-	-	206,585	206,585
<b>Total revenues</b>	<b><u>6,812,726</u></b>	<b><u>264,722</u></b>	<b><u>967,941</u></b>	<b><u>662,354</u></b>	<b><u>8,707,743</u></b>
<b>Expenditures:</b>					
<b>Current:</b>					
Instruction	3,809,628	-	715,505	-	4,525,133
Support services	2,223,158	-	170,106	-	2,393,264
Noninstructional	417,605	474,810	-	707,693	1,600,108
<b>Total expenditures</b>	<b><u>6,450,391</u></b>	<b><u>474,810</u></b>	<b><u>885,611</u></b>	<b><u>707,693</u></b>	<b><u>8,518,505</u></b>
<b>Other financing sources (uses)</b>					
Transfers in	16,204	211,013	-	-	227,217
Transfers (out)	(211,013)	-	(16,204)	-	(227,217)
	<u>(194,809)</u>	<u>211,013</u>	<u>(16,204)</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balance</b>	<b><u>167,526</u></b>	<b><u>925</u></b>	<b><u>66,126</u></b>	<b><u>(45,339)</u></b>	<b><u>189,238</u></b>
<b>Fund balance - beginning</b>	<b>2,986,965</b>	<b>14,087</b>	<b>(66,126)</b>	<b>502,102</b>	<b>3,437,028</b>
Inventory adjustment	-	-	-	(23,786)	(23,786)
<b>Fund balance - beginning - restated</b>	<b><u>2,986,965</u></b>	<b><u>14,087</u></b>	<b><u>(66,126)</u></b>	<b><u>478,316</u></b>	<b><u>3,413,242</u></b>
<b>Fund balance - ending</b>	<b><u>\$ 3,154,491</u></b>	<b><u>\$ 15,012</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 432,977</u></b>	<b><u>\$ 3,602,480</u></b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2012**

**Amounts reported for the governmental activities in the statement of activities (Page 13) are different because:**

<b>Net change in fund balance - total governmental funds (Page 16)</b>	<b>\$</b>	<b>189,238</b>
Expenses on the statement of activities that are not current financial uses are not reported as expenses in governmental funds:		
Accrued interest payable		2,071
Change in inventory		(23,786)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Change in interest		(15)
The payment of the debt issuance costs is an expenditure in the governmental funds, but it is an asset to be amortized over the life of the bonds on the statement of activities.		
		(21,216)
The receipt of the debt premium is a revenue in the governmental funds, but it is a liability to be amortized over the life of the bonds on the statement of activities.		
		212
Revenues in the statement of activities that do not provide current financial resources are not reported as current revenues in the funds.		
Deferred revenue		(72,226)
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 activities.		
		240,000
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital outlays		231,621
Depreciation		<u>(391,870)</u>
<b>Change in Net Assets of Governmental Activities (Page 13)</b>	<b>\$</b>	<b><u>154,029</u></b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Local Taxes:</b>				
County Taxes:				
Trustees collections - bankruptcy	\$ 10,000	\$ 10,000	\$ 735	\$ (9,265)
Clerk and Master collections - prior year	-	-	20,308	20,308
Sales tax	451,000	451,000	505,939	54,939
Interstate telecommunications	400	400	357	(43)
	<u>461,400</u>	<u>461,400</u>	<u>527,339</u>	<u>65,939</u>
Special School District Taxes:				
Property taxes	856,455	856,455	898,719	42,264
Property taxes - prior year	30,000	30,000	53,988	23,988
Interest and penalty	5,500	5,500	9,433	3,933
In lieu of tax payments	15,000	15,000	16,386	1,386
	<u>906,955</u>	<u>906,955</u>	<u>978,526</u>	<u>71,571</u>
<b>Total local taxes</b>	<b><u>1,368,355</u></b>	<b><u>1,368,355</u></b>	<b><u>1,505,865</u></b>	<b><u>137,510</u></b>
<b>Intergovernmental Revenues:</b>				
State Education Funds:				
Basic Education Program	4,783,000	4,783,000	4,789,000	6,000
Early Childhood Education	203,982	203,982	203,982	-
Other state education funds	-	12,750	10,196	(2,554)
Career Ladder	72,877	72,877	66,543	(6,334)
Career Ladder extended contract	-	34,300	68,600	34,300
Safe Schools - ARRA	-	-	6,100	6,100
	<u>5,059,859</u>	<u>5,106,909</u>	<u>5,144,421</u>	<u>37,512</u>
Other State Funds:				
Mixed drink tax	400	400	548	148
Federal Through State:				
Special Education - grants to states	22,747	22,747	-	(22,747)
Special Education Preschool Grants	-	-	18,657	18,657
Statewide student mgmt system - ARRA	-	-	2,580	2,580
Education of handicapped	-	-	26,476	26,476
	<u>22,747</u>	<u>22,747</u>	<u>47,713</u>	<u>24,966</u>
<b>Total intergovernmental revenues</b>	<b><u>5,083,006</u></b>	<b><u>5,130,056</u></b>	<b><u>5,192,682</u></b>	<b><u>62,626</u></b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Revenues (Cont.):</b>				
<b>Miscellaneous Revenues:</b>				
Marriage licenses	\$ 300	\$ 300	\$ 374	\$ 74
Interest earned	16,500	16,500	14,849	(1,651)
Miscellaneous refunds	-	-	11,056	11,056
Insurance recovery	-	-	15,581	15,581
Other	16,920	16,920	22,422	5,502
<b>Total miscellaneous revenues</b>	<b>33,720</b>	<b>33,720</b>	<b>64,282</b>	<b>30,562</b>
<b>Total revenues</b>	<b>6,485,081</b>	<b>6,532,131</b>	<b>6,762,829</b>	<b>230,698</b>
<b>Expenditures</b>				
<b>Instruction:</b>				
Regular Instruction Program:				
Teachers	2,190,819	2,201,819	2,201,696	123
Career Ladder Program	41,500	41,500	38,000	3,500
Career Ladder extended contract	-	22,000	21,785	215
Homebound teachers	7,500	7,500	4,149	3,351
Aides	55,722	59,222	59,194	28
Substitute teachers	3,000	3,000	2,453	547
Noncertified substitute teachers	38,000	38,000	36,190	1,810
Social Security	133,469	133,469	133,913	(444)
State retirement	208,265	208,265	209,616	(1,351)
Medical insurance	200,943	200,943	198,201	2,742
Medicare	30,980	30,980	31,423	(443)
Maintenance and repair services	2,000	2,000	-	2,000
Tuition	10,000	6,500	1,263	5,237
Instructional materials and supplies	40,000	40,000	33,042	6,958
Textbooks	75,000	75,000	69,129	5,871
Fee waivers	10,000	10,000	7,868	2,132
Capital outlay - equipment	40,000	40,000	34,473	5,527
	<u>3,087,198</u>	<u>3,120,198</u>	<u>3,082,395</u>	<u>37,803</u>
Alternate Instruction Program:				
Other contracted services	15,000	15,000	13,438	1,562

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

Expenditures (Cont.)	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	
<b>Instruction (Cont.):</b>				
Special Education Program:				
Teachers	\$ 220,932	\$ 226,032	\$ 225,982	\$ 50
Career Ladder	1,500	1,500	1,500	-
Homebound teachers	1,700	1,700	1,691	9
Aides	55,227	47,827	47,745	82
Substitute teachers	1,000	1,000	-	1,000
Non-certified substitutes	2,000	2,000	1,733	267
Social Security	16,745	16,745	16,089	656
State retirement	24,984	24,984	24,971	13
Medical insurance	21,259	21,259	20,838	421
Medicare	3,811	3,811	3,774	37
Contracts with other schools	40,000	40,000	40,000	-
Other contracted services	-	6,900	6,895	5
Instructional supplies and materials	4,000	2,300	2,239	61
Capital outlay - equipment	8,000	5,300	5,246	54
	<u>401,158</u>	<u>401,358</u>	<u>398,703</u>	<u>2,655</u>
Vocational Education Program:				
Teachers	188,690	191,740	191,694	46
Career Ladder Program	1,000	1,000	1,000	-
Non-certified substitutes	3,800	3,800	2,668	1,132
Social Security	10,582	10,582	10,895	(313)
State retirement	17,076	17,076	17,439	(363)
Medical insurance	18,016	18,016	18,981	(965)
Medicare	2,475	2,475	2,551	(76)
Instructional supplies and materials	8,000	8,000	6,683	1,317
Other supplies and materials	4,000	4,000	4,284	(284)
Capital outlay - equipment	9,000	9,000	9,000	-
	<u>262,639</u>	<u>265,689</u>	<u>265,195</u>	<u>494</u>
<b>Total instruction</b>	<b><u>\$ 3,765,995</u></b>	<b><u>\$ 3,802,245</u></b>	<b><u>\$ 3,759,731</u></b>	<b><u>\$ 42,514</u></b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

<b>Expenditures (Cont.)</b>	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	
<b>Support Services:</b>				
Attendance:				
Medical personnel	\$ 28,459	\$ 28,459	\$ 23,267	\$ 5,192
Social Security	1,672	1,672	1,378	294
State retirement	2,576	2,576	2,106	470
Medical insurance	1,498	1,498	1,271	227
Medicare	450	450	322	128
Postal charges	500	500	500	-
Travel	2,207	2,207	2,252	(45)
Attendance Equipment	1,000	1,000	-	1,000
	<u>38,362</u>	<u>38,362</u>	<u>31,096</u>	<u>7,266</u>
Health Services:				
Medical personnel	33,837	34,837	34,837	-
Social security	1,636	1,636	1,708	(72)
State retirement	2,880	2,880	2,965	(85)
Medical insurance	7,453	7,453	8,046	(593)
Medicare	400	400	399	1
Travel	1,500	500	344	156
Staff development	500	500	-	500
Other charges	1,100	1,100	156	944
Health equipment	1,500	1,500	571	929
	<u>50,806</u>	<u>50,806</u>	<u>49,026</u>	<u>1,780</u>
Other Student Support:				
Career Ladder	5,500	5,500	4,000	1,500
Guidance personnel	138,287	140,337	140,337	-
Career Ladder extended contract	-	4,550	4,550	-
Clerical Personnel	15,000	11,000	10,738	-
Social Security	9,134	9,134	9,213	(79)
State retirement	14,288	14,288	13,474	814
Medical insurance	11,466	11,466	11,313	153
Medicare	2,136	2,136	2,155	(19)
Evaluation and testing	6,000	3,400	1,299	2,101
Travel	1,000	1,000	465	535
Other contracted services	9,000	9,000	8,912	88
Other supplies and materials	500	500	938	(438)
Other equipment	500	500	-	500
	<u>212,811</u>	<u>212,811</u>	<u>207,394</u>	<u>5,155</u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Support Services (Cont.)</b>				
Regular Education Program				
Supervisor	\$ 51,737	\$ 52,837	\$ 52,827	\$ 10
Career Ladder Program	9,000	9,000	9,000	-
Career Ladder extended contract	-	600	600	-
Librarians	133,626	134,726	134,721	5
Other salaries and wages	-	1,750	1,705	45
Non-certified substitute teachers	400	400	-	400
Social Security	11,224	11,224	11,473	(249)
State retirement	17,967	17,967	17,987	(20)
Medical insurance	17,500	17,500	15,419	2,081
Medicare	2,625	2,625	2,683	(58)
Maintenance and repair service - equipment	20,000	20,000	18,692	1,308
Travel	2,500	2,500	2,732	(232)
Other contracted services	2,500	2,500	2,534	(34)
Library books/media	13,000	9,550	9,000	550
In-service/staff development	3,500	2,400	450	1,950
Other equipment	1,000	1,000	-	1,000
	<u>286,579</u>	<u>286,579</u>	<u>279,823</u>	<u>6,756</u>
Special Education Program:				
Supervisor	13,402	13,402	13,082	320
Clerical personnel	8,804	9,254	9,251	3
Social Security	1,586	1,586	1,116	470
State retirement	1,962	1,962	1,971	(9)
Medical insurance	4,977	4,977	4,859	118
Medicare	250	250	261	(11)
Travel	1,500	1,500	1,639	(139)
In-service/staff development	1,000	1,000	1,320	(320)
Other equipment	1,000	1,000	1,000	-
	<u>34,481</u>	<u>34,931</u>	<u>34,499</u>	<u>432</u>
Vocational Education Program				
Travel	1,000	1,000	271	729

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

<b>Expenditures (Cont.)</b>	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Support Services (Cont.)</b>				
Board of Education:				
Unemployment compensation	\$ 8,132	\$ 8,132	\$ 6,952	\$ 1,180
Audit services	24,000	25,100	25,060	40
Dues and memberships	6,000	6,000	5,395	605
Legal services	750	750	1,420	(670)
Travel	1,500	1,500	1,028	472
Liability insurance	2,000	3,100	3,063	37
Trustee commissions	30,000	30,000	29,520	480
Workmen's compensation	35,000	35,000	36,245	(1,245)
Refund to applicants	1,400	1,400	240	1,160
Other charges	5,000	5,000	6,882	(1,882)
	113,782	115,982	115,805	177
Director of Schools:				
County official/administrative officer	83,312	83,812	83,812	-
Career Ladder program	1,000	1,000	1,000	-
Clerical personnel	8,665	8,765	8,751	14
Social Security	5,123	5,123	5,294	(171)
State retirement	8,417	8,417	8,420	(3)
Medical insurance	10,351	10,351	9,388	963
Medicare	1,250	1,250	1,238	12
Communication	6,500	6,500	6,316	184
Dues and memberships	2,000	2,000	1,314	686
Maintenance and repair service - equipment	3,500	3,500	3,140	360
Postal charges	1,000	1,000	630	370
Travel	4,000	4,000	3,116	884
Office supplies	1,500	1,500	1,176	324
Capital outlay - equipment	1,000	1,000	945	55
	137,618	138,218	134,540	3,678

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

<b>Expenditures (Cont.)</b>	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	
<b>Support Services (Cont.)</b>				
Office of Principals:				
Principals	\$ 198,003	\$ 199,253	\$ 199,219	\$ 34
Career Ladder	3,000	3,000	2,000	1,000
Accountants/bookkeepers	8,000	8,550	8,500	50
Assistant principal(s)	53,041	53,541	53,541	-
Secretary(s)	55,361	55,361	55,034	327
Clerical personnel	17,448	18,198	18,161	37
In service / staff development	6,000	6,000	6,000	-
Social Security	19,335	19,335	19,370	(35)
State retirement	29,953	29,953	30,008	(55)
Medical insurance	24,000	23,250	22,104	1,146
Medicare	4,522	4,522	4,530	(8)
Communication	6,500	6,500	7,722	(1,222)
Dues and memberships	2,100	2,100	1,875	225
Postal charges	3,000	2,300	2,300	-
Other supplies and materials	3,000	3,000	3,000	-
Administration equipment	3,000	3,000	3,000	-
	<u>436,263</u>	<u>437,863</u>	<u>436,364</u>	<u>1,499</u>
Fiscal Services:				
Accountants/bookkeepers	52,804	53,854	53,804	50
Social Security	3,089	3,089	3,118	(29)
State retirement	4,494	4,494	4,579	(85)
Medical insurance	2,995	2,995	2,837	158
Medicare	725	725	729	(4)
Travel	1,000	1,000	-	1,000
Other contracted services	7,000	7,000	7,580	(580)
Data processing supplies	1,000	1,000	-	1,000
Office supplies	700	700	160	540
In-service/staff development	500	500	-	500
Other charges	-	-	-	-
Capital outlay - equipment	1,500	1,500	634	866
	<u>75,807</u>	<u>76,857</u>	<u>73,441</u>	<u>3,416</u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

<b>Expenditures (Cont.)</b>	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Support Services (Cont.)</b>				
Operation of Plant:				
Custodial personnel	\$ 132,881	\$ 139,281	\$ 139,204	\$ 77
Social Security	7,823	7,823	7,722	101
State retirement	11,308	11,308	10,831	477
Employee health insurance	6,711	6,711	14,016	(7,305)
Medicare	2,000	2,000	1,806	194
Maintenance and repair - equipment	10,000	10,000	9,130	870
Custodial supplies	31,000	31,000	30,417	583
Electricity	169,500	169,500	170,194	(694)
Gas	44,500	31,700	28,418	3,282
Water and sewer	23,000	23,000	22,768	232
Building and contents insurance	74,000	74,000	74,081	(81)
Plant operation equipment	2,500	2,500	-	2,500
	<u>515,223</u>	<u>508,823</u>	<u>508,587</u>	<u>236</u>
Maintenance of Plant:				
Supervisor	35,000	35,050	35,044	6
Maintenance personnel	25,290	26,290	26,285	5
Other salaries and wages	3,000	3,050	3,023	27
Social Security	3,800	3,800	3,759	41
State retirement	5,386	5,386	5,493	(107)
Medical insurance	3,355	3,355	3,343	12
Medicare	956	956	879	77
Maintenance and repair - buildings	8,000	4,000	3,412	588
Maintenance and repair - equipment	17,000	17,000	17,626	(626)
Maintenance and repair - vehicles	1,000	1,000	1,882	(882)
Travel	1,000	1,000	842	158
Other contracted services	7,500	7,500	10,050	(2,550)
Gasoline	4,500	4,500	6,203	(1,703)
Other supplies and materials	18,000	18,000	10,321	7,679
Other charges	6,000	6,000	1,297	4,703
Capital outlay - equipment	2,670	2,670	996	1,674
	<u>142,457</u>	<u>139,557</u>	<u>130,455</u>	<u>9,102</u>
Transportation				
Other contracted services	<u>25,000</u>	<u>25,000</u>	<u>18,151</u>	<u>6,849</u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Expenditures (Cont.)</b>				
<b>Support Services (Cont.)</b>				
Central and Other:				
Supervisor	\$ 47,530	\$ 48,180	\$ 48,131	\$ 49
Data processing personnel	15,000	15,800	15,760	40
Social Security	3,877	3,877	3,878	(1)
State retirement	5,321	5,321	5,697	(376)
Medicare	1,000	1,000	907	93
Data processing services	25,000	25,000	27,585	(2,585)
Maintenance and repair - equipment	3,000	3,000	2,892	108
Postal Charges	500	500	128	372
Travel	2,750	2,750	3,135	(385)
Other contracted services	30,000	35,200	22,316	12,884
Data processing equipment	40,000	34,800	46,259	(11,459)
Other equipment	30,000	30,000	27,018	2,982
	<u>203,978</u>	<u>205,428</u>	<u>203,706</u>	<u>1,722</u>
<b>Total support services</b>	<b><u>2,274,167</u></b>	<b><u>2,272,217</u></b>	<b><u>2,223,158</u></b>	<b><u>48,797</u></b>
<b>Non-Instructional Services:</b>				
Food service				
Cafeteria personnel	-	7,500	7,500	-
Social Security	-	465	465	-
State Retirement	-	450	426	24
Employer Medicare	-	110	109	1
	<u>-</u>	<u>8,525</u>	<u>8,500</u>	<u>25</u>
Early Childhood Education:				
Supervisor/ Director	5,692	5,692	5,692	-
Teachers	72,997	72,997	70,794	2,203
Career ladder extended contracts	-	1,300	1,300	-
Aides	41,219	45,419	45,415	4
Non-certified substitute teachers	5,500	1,650	1,650	-
Social Security	7,277	7,277	7,300	(23)
State Retirement	10,630	10,630	10,905	(275)
Medical insurance	8,047	8,047	8,364	(317)
Employer Medicare	1,702	1,702	1,707	(5)
Travel	2,000	2,000	1,895	105
Instructional supplies	25,460	25,460	26,031	(571)

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Cont.)</b>				
<b>Non-Instructional Services (Cont.)</b>				
Early Childhood Education (Cont.)				
In-service/staff development	\$ 3,500	\$ 3,500	\$ 3,519	\$ (19)
Other equipment	<u>19,958</u>	<u>19,958</u>	<u>19,406</u>	<u>552</u>
	<u>203,982</u>	<u>205,632</u>	<u>203,978</u>	<u>1,654</u>
Capital Outlay:				
Building improvements	25,000	48,000	47,886	114
Other capital outlay	<u>25,000</u>	<u>157,500</u>	<u>157,241</u>	<u>259</u>
	<u>50,000</u>	<u>205,500</u>	<u>205,127</u>	<u>373</u>
<b>Total non-instructional services</b>	<u>253,982</u>	<u>419,657</u>	<u>417,605</u>	<u>2,052</u>
<b>Total expenditures</b>	<u>6,294,144</u>	<u>6,494,119</u>	<u>6,400,494</u>	<u>93,363</u>
<b>Excess (deficiency) of revenues over (under)   expenditures</b>	<u>190,937</u>	<u>38,012</u>	<u>362,335</u>	<u>324,061</u>
<b>Other financing sources (uses):</b>				
Transfers out	(211,013)	(211,013)	(211,013)	-
Transfers in	<u>20,076</u>	<u>20,076</u>	<u>16,204</u>	<u>(3,872)</u>
	<u>20,076</u>	<u>(190,937)</u>	<u>(194,809)</u>	<u>(3,872)</u>
<b>Net changes in fund balance</b>	<u>\$ 211,013</u>	<u>\$ (152,925)</u>	<u>167,526</u>	<u>\$ 320,189</u>
<b>Fund balance - beginning</b>			<b>2,986,965</b>	
<b>Fund balance - beginning restated</b>			<u>2,986,965</u>	
<b>Fund balance - ending</b>			<u>\$ 3,154,491</u>	

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures</b>				
<b>Inflows/revenues:</b>				
Actual amounts (budgetary basis)			\$ 6,762,829	\$ 230,698
Differences - budget to GAAP:				
Fringe benefits - noncash			49,897	(49,897)
Total Revenues as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			6,812,726	180,801
<b>Outflows/expenditures:</b>				
Actual amounts (budgetary basis)			6,400,494	93,363
Differences - budget to GAAP:				
Fringe expense - noncash			49,897	(49,897)
Total Expenditures as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			6,450,391	43,466
<b>Other financing sources (uses)</b>			(194,809)	(3,872)
<b>Net changes in fund balance</b>			<b>\$ 167,526</b>	<b>\$ 133,463</b>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
FEDERAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Revenues:</b>				
Federal through the State:				
Vocational education - basic grants to states	\$ 21,129	\$ 21,129	\$ 24,867	\$ 3,738
Title I	397,817	389,933	357,309	(32,624)
Other vocational	-	-	62,388	62,388
Special education - grants to states	277,542	277,211	259,395	(17,816)
Special education - preschool	8,396	8,396	8,396	-
Rural education	22,217	22,217	19,968	(2,249)
Eisenhower Professional Development	54,231	51,788	28,433	(23,355)
ARRA - First to the top	112,000	112,000	101,940	(10,060)
Other federal through state	108,775	108,775	105,245	(3,530)
	<u>1,002,107</u>	<u>991,449</u>	<u>967,941</u>	<u>(23,508)</u>
<b>Total revenues</b>	<b><u>1,002,107</u></b>	<b><u>991,449</u></b>	<b><u>967,941</u></b>	<b><u>(23,508)</u></b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular Instruction Program:				
Teachers	287,986	287,821	282,870	4,951
Educational assistants	27,871	27,871	27,533	338
Other salaries and wages	923	923	1,100	(177)
Substitute teachers	1,000	1,000	-	1,000
Non certified substitute teachers	6,000	6,165	3,630	2,535
Social Security	17,450	17,450	15,342	2,108
State retirement	26,849	26,849	23,823	3,026
Medical insurance	14,414	14,414	17,468	(3,054)
Unemployment compensation	665	665	554	111
Medicare	4,321	4,321	4,254	67
Maintenance and repair - equipment	3,200	3,200	-	3,200
Other contracted services	7,000	6,750	5,596	1,154
Instructional supplies	48,122	45,238	33,551	11,687
Instructional Equipment	49,336	45,336	40,370	4,966
	<u>495,137</u>	<u>488,003</u>	<u>456,091</u>	<u>31,912</u>
Special Education Program:				
Teachers	33,107	30,471	28,088	2,383
Educational assistants	68,500	56,000	55,392	608
Speech pathologist	22,000	22,000	21,618	382
Non certified substitute teachers	100	3,000	2,998	2
Social Security	3,419	3,419	5,247	(1,828)
State retirement	10,841	10,841	7,256	3,585
Medical insurance	100	100	-	100
Unemployment compensation	490	490	187	303

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
FEDERAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended June 30, 2012**

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Instruction (Cont.):</b>				
Special Education Program (Cont.):				
Medicare	\$ 1,000	\$ 1,000	\$ 1,543	\$ (543)
Contracts with other school systems	80,429	83,029	68,490	14,539
Other contracted services	42,000	44,305	55,951	(11,646)
Instructional supplies	2,266	2,266	2,006	260
Special education equipment	2,000	5,000	-	5,000
	<u>266,252</u>	<u>261,921</u>	<u>248,776</u>	<u>13,145</u>
Vocational Education Program:				
Other charges	598	574	573	1
Capital outlay - equipment	10,064	10,064	10,065	(1)
	<u>10,662</u>	<u>10,638</u>	<u>10,638</u>	<u>-</u>
<b>Total instruction</b>	<b><u>772,051</u></b>	<b><u>760,562</u></b>	<b><u>715,505</u></b>	<b><u>45,057</u></b>
<b>Support Services:</b>				
Health Services:				
Medical personnel	24,197	24,197	24,196	1
Social security	1,303	1,303	1,420	(117)
State retirement	2,060	2,060	2,059	1
Medical insurance	3,184	3,184	851	2,333
Unemployment Compensation	70	70	-	70
Employer medicare	315	315	332	(17)
	<u>31,129</u>	<u>31,129</u>	<u>28,858</u>	<u>2,271</u>
Other Student Support:				
Assessment personnel	36,794	36,794	36,794	-
Other salaries and wages	1,500	1,500	1,500	-
Social security	2,317	2,317	1,904	413
State retirement	3,466	3,466	3,466	-
Medical insurance	8,050	8,050	7,981	69
Unemployment compensation	68	68	122	(54)
Employer medicare	556	556	445	111
Evaluation and testing	5,000	5,000	4,505	495
Travel	11,660	11,660	6,706	4,954
Other contracted services	1,000	996	899	97
Other supplies and materials	4,200	4,200	820	3,380
In-service/staff development	5,000	5,000	5,000	-
Other charges	1,900	1,900	60	1,840
	<u>81,511</u>	<u>81,507</u>	<u>70,202</u>	<u>11,305</u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
FEDERAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended June 30, 2012**

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Support Services (Cont.):</b>				
Regular Instruction Program:				
Supervisor/director	\$ 28,459	\$ 28,459	\$ 28,459	\$ -
Social Security	1,607	1,607	1,718	(111)
State retirement	2,575	2,575	2,630	(55)
Medical insurance	2,532	2,532	1,632	900
Unemployment compensation	80	80	-	80
Employer Medicare	413	413	402	11
Travel	5,000	4,250	3,470	780
Library books	4,500	4,500	2,007	2,493
In-service/staff development	40,008	37,815	15,630	22,185
	85,174	82,231	55,948	26,283
Special Education Program:				
Supervisor	4,170	4,170	4,000	170
Social Security	260	260	263	(3)
State retirement	371	371	427	(56)
Medical insurance	500	500	557	(57)
Unemployment compensation	70	70	-	70
Medicare	65	65	61	4
Travel	2,000	3,000	681	2,319
Other contracted services	-	-	762	(762)
In-service/staff development	1,000	4,000	1,013	2,987
	8,436	12,436	7,764	4,672
Vocational Education Program:				
Travel	1,056	1,084	1,084	-
Transportation:				
Contracts with other school systems	6,250	6,250	6,250	-
<b>Total support services</b>	<b>213,556</b>	<b>214,637</b>	<b>170,106</b>	<b>44,531</b>
<b>Total expenditures</b>	<b>985,607</b>	<b>975,199</b>	<b>885,611</b>	<b>89,588</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>16,500</b>	<b>16,250</b>	<b>82,330</b>	<b>66,080</b>
<b>Other financing sources (uses)</b>				
Transfers to other funds	(27,750)	(16,250)	(16,204)	46
<b>Net changes in fund balance</b>	<b>\$ (11,250)</b>	<b>\$ -</b>	<b>66,126</b>	<b>\$ 66,126</b>
<b>Fund balance - beginning</b>			<b>(66,126)</b>	
<b>Fund balance - ending</b>			<b>\$ -</b>	

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

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

**A. Reporting Entity:**

The West Carroll Special School District (District) was created by an act to amend Chapter 504 of the Private Acts of 1945 as amended by Chapter 82 of the Private Acts of 1981. This act was passed by the General Assembly of the State of Tennessee on July 23, 1981. The purpose of the West Carroll Special School District is to operate and administer the area of West Carroll County's public schools.

The six-member school board, which is the governing authority, is elected by the public, approves its own budgets and controls surpluses and deficits, has the authority to issue debt and to levy taxes, and has control over hiring and firing employees.

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.

The financial statements of the District are prepared in accordance with generally accepted accounting principles. The District applies all relevant *Governmental Accounting Standards Board* (GASB) pronouncements and applicable *Financial Accounting Standards Board* (FASB) pronouncements and *Accounting Principle Board* (APB) opinions issued on or before November 30, 1989 unless they conflict with GASB pronouncements. The District does not apply FASB pronouncements issued after November 30, 1989.

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

The district-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are the only activities of the District. The District does not maintain any business-type activities.

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, 2) operating grants and contributions restricted to meeting the operational requirements of a particular function or segment, and 3) capital grants and contributions that are restricted to meeting the 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 are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

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 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 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 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 measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The general-purpose 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 the fund used to account for all financial resources and expenditures related to federal and state grants.

The debt service fund is the fund used to account for all financial resources and expenditures related to repayment of debt.

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,

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agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements and the State's investment pool.

***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 Carroll County and remitted to the District. District property tax revenues are recognized in the period for which they were levied.

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 \$1.44 on every \$100 of real and personal property located within the District.

***Inventories***

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

***Capital Assets***

Capital assets, which include buildings and improvements and other capital assets, 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 assets 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 are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	30 years
Machinery and equipment	5-15 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

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primarily include unearned or unavailable revenues.

***Compensated Absences***

All employees, except food service personnel, accumulate sick leave at the rate of one day per month of service. All professional employees and non-professional employees, except food service personnel, hired prior to July 1, 1980, may accumulate an unlimited amount of sick leave to build retirement. Non-professional employees, except food service personnel, hired after July 1, 1980, may accumulate up to 120 days of sick leave to build retirement. Full time non-professional food service employees, effective September 1, 1983, accumulate sick leave at the rate of one day for every 20 days employed. Half-day food service personnel accumulate sick leave at the rate of one-half day for every 20 days employed. Full time and half-day food service personnel may accumulate up to 50 days of sick leave. Food service managers may accumulate a maximum of 120 days of sick leave. Sick leave is not vested; therefore, no accrual is recorded.

All employees of the District, except custodial employees, receive two weeks paid vacation per year, which is not accumulated. All employees, except custodial employees, also receive two days of personal or professional leave per year. Since balances may not be accumulated, no liability is recorded.

***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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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***

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

***Nonspendable fund balance***

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

***Restricted fund balance***

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be

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changed or lifted with the consent of resource providers.

**Committed fund balance**

This classification includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Education of the West Carroll Special School District. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution).

**Assigned fund balance**

This classification includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The Board and its designees (of which there are none) have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

**Unassigned fund balance**

This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

**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 a 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 (\$5,650,000), (\$48,761) and (\$3,607) are as follows:

School Bonds Payable, Series 2005	<u>\$ (5,650,000)</u>
Accrued interest payable	<u>\$ (48,761)</u>
Bond premium related to the school bonds, series 2005	<u>\$ (3,607)</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 \$6,017,323 are as follows:

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Land	\$	217,127
Buildings and improvements		11,919,303
Other capital assets		472,828
		12,609,258
Less accumulated depreciation		(6,591,935)
Total capital assets, net of accumulated depreciation	\$	6,017,323

Another element of that reconciliation explains that "other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds - bond issuance costs." The details of this \$360,683 are as follows:

Bond issuance costs	\$	43,354
Bond insurance premium		35,913
Bond discount		34,717
Loss on bond issuance		246,699
	\$	360,683

**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 payment of debt issuance costs is an expenditure in the governmental funds, but is an asset to be amortized over the life of the bonds in the statement of activities." The details of this \$(21,216) are as follows:

Bond issuance costs	\$	(2,550)
Bond insurance premium		(2,112)
Bond discount		(2,042)
Loss on bond issuance		(14,512)
	\$	(21,216)

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 \$240,000 are as follows:

Principal repayments		
School Bonds Payable, Series 2005	\$	240,000

One element of that reconciliation states that "capital outlays are reported in the governmental funds as expenditures. However, in the statements of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense." The details of this \$231,621 and (\$391,870) are as follows:

Capital Outlays	\$	231,621
Depreciation Expense	\$	(391,870)

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One element of that reconciliation states that “receipt of a debt premium is a revenue in the governmental funds, but it is a liability to be amortized over the life of the bonds on the statements of activities.” The details of this \$212 are as follows:

Debt premium	\$ <u>212</u>
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One element of that reconciliation states that there are “expenses on the statement of activities that are not current financial uses and are not reported as expenses in governmental funds.” The details of \$2,071 and (\$23,786) are as follows:

Accrued interest payable	\$ <u>2,071</u>
Change in inventory	\$ <u>(23,786)</u>

One element of that reconciliation states that there are “revenues in the statement of activities that do not provide current financial resources are not reported as current revenues in the funds.” The details of this (\$72,226) is as follows:

Previous year grant related deferred revenue	
Safe schools	\$ (6,100)
Carl Perkins	<u>(66,126)</u>
	<u>\$ (72,226)</u>

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

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the on-behalf payments paid by the State of Tennessee. These include the general purpose, federal projects, cafeteria, and debt service funds. The Board of Education approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year-end. Each budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

As an extension of the formal budgetary process, the Board of Education may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The District's policy is to not allow expenditures to exceed budgetary amounts at the function level without obtaining additional appropriation approval from the Board of Education. Function level is defined as Regular Instruction Program which is the next level below the category level, Instruction. The District was in compliance with the policy as of June 30, 2012.

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

**A. Deposits and Investments**

As of June 30, 2012, the District had the following investments:

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Investments	Fair Value Cost	Maturity (Years)
Certificate of deposit	\$ 200,000	4.46

***Custodial Credit Risk***

The 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, by the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the 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.

GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, requires investments with a remaining maturity of one year or more to be reported at fair value. The District had investments of \$200,000 as of June 30, 2012. This investment consists of a certificate of deposit at a local financial institution.

The following is a summary of cash and cash equivalents as of June 30, 2012:

Cash and cash equivalents:	
Cash in bank	\$ 3,234,694
Local Government Investment Pool	18,003
	3,252,697
Investments:	
Certificate of deposit	200,000
Total deposits	\$ 3,452,697

**B. Receivables**

Receivables as of the year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

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	General Purpose Fund	Debt Service Fund	Federal Projects Fund	Total
Receivables:				
Accounts receivable	\$ 2,498	\$ -	\$ -	\$ 2,498
Due from other governments - nongrant	1,065,603	289,544	-	1,355,147
Due from other governments - grants	28,788	-	57,455	86,243
Total receivables	<u>\$ 1,096,889</u>	<u>\$ 289,544</u>	<u>\$ 57,455</u>	<u>\$ 1,443,888</u>

Amounts in the general purpose fund called due from other governmental agencies represent the normal amounts due from state and county governments for shared revenues and tax allocations.

The following grant revenues are deferred based on the district not receiving the funds within 60 days of year-end. The following revenues are unearned because they were not spent as of year-end.

Federal Projects Fund

Vocational Education - Basic Grants to States	\$ 1,194
Title II, A Training	140
Title VI, CSR	450
	<u>\$ 1,784</u>

**C. Capital Assets**

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

	6/30/11	Additions	Reductions	6/30/12
Capital assets not being depreciated:				
Land	\$ 217,127	\$ -	\$ -	\$ 217,127
Capital assets being depreciated:				
Buildings and improvements	11,752,001	167,302	-	11,919,303
Other capital assets	408,509	64,319	-	472,828
	<u>12,160,510</u>	<u>231,621</u>	<u>-</u>	<u>12,392,131</u>
Accumulated depreciation:				
Buildings and improvements	6,009,277	333,412		6,342,689
Other capital assets	190,788	58,458	-	249,246
	<u>6,200,065</u>	<u>391,870</u>	<u>-</u>	<u>6,591,935</u>
Capital assets net of accumulated depreciation	6,177,572	(160,249)	-	6,017,323
Long-term debt related to capital assets (including bond premium)	(5,893,819)	-	(240,212)	(5,653,607)
Capital assets net of accumulated depreciation and related debt	<u>\$ 283,753</u>	<u>\$ (160,249)</u>	<u>\$ (240,212)</u>	<u>\$ 363,716</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Instruction:	
Regular education	\$ 365,065
Support services:	
Office of the Director of Schools	12,643
Operation and maintenance of plant	6,634
Food Services	7,528
Total depreciation	<u>\$ 391,870</u>

**Leases**

***Operating Leases***

The District has entered into a lease agreement for the use of its copier. For financial reporting purposes, this lease has been determined to be an operating lease. The cost for this lease for the year ended June 30, 2012, was \$9,300. The future minimum lease payments are as follows:

Year ending June 30,	
2013	\$ 9,300
2014	1,550
	<u>\$ 10,850</u>

**D. Long-term Debt**

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

Years Ending June 30,	Bonds		Total
	Principal	Interest	
2013	\$ 250,000	\$ 226,410	\$ 476,410
2014	255,000	217,660	472,660
2015	265,000	208,735	473,735
2016	275,000	199,460	474,460
2017	285,000	189,560	474,560
2017-2021	1,575,000	778,028	2,353,028
2022-2026	1,880,000	438,035	2,318,035
2027-2029	865,000	57,420	922,420
	<u>\$ 5,650,000</u>	<u>\$ 2,315,308</u>	<u>\$ 7,965,308</u>

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

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	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Bonds Payable:</b>					
School Bonds, Series 2005, 3.5% to 4.10 % interest, payable serially through 2029	\$ 5,890,000	\$ -	\$ 240,000	\$ 5,650,000	\$ 250,000
Bond Issuance Cost	381,899	-	21,216	360,683	
Bond Premium	3,819	-	212	3,607	
<b>Net Bonds Payable</b>	<b>\$ 6,275,718</b>	<b>\$ -</b>	<b>\$ 261,428</b>	<b>\$ 6,014,290</b>	

The District issued school bonds for the purpose of providing funds for the acquisition and construction of a new building. During the year ended June 30, 2005, additional school bonds were issued to refund a portion of the School Bonds, Series 1999. The principal not refunded totaled \$660,000.

During the year ended June 30, 2005, the District issued \$6,535,000 of school refunding bonds for the purpose of providing funds to refund a portion of the District's School Bonds, Series 1999, maturing June 1, 2010, through June 1, 2012, inclusive, June 1, 2014, June 1, 2015, June 1, 2019, June 1, 2024, and June 1, 2029, and to pay costs of issuance on the bonds. The refunded bonds are considered defeased and the liability has been removed from the statement of net assets except for the portion not refunded. The reacquisition principal plus issuance costs, premiums, and discounts exceeded the net carrying amount of the old debt by \$348,281. This amount is being netted against the new debt and being amortized along with the issuance costs and premiums over the life of the new debt, which is the same life as the refunded debt. The advance refunding was undertaken to reduce the total debt service payments over the next fifteen years by \$753,105 and resulted in an economic loss of \$348,281.

**E. Internal Balances**

The following is a summary of due to and due from other funds as of June 30, 2012:

	General Purpose Fund	Federal Projects Fund	Centralized Cafeteria Fund	Total
Due to other funds	\$ -	\$ (55,671)	\$ (29,681)	\$ (85,352)
Due from other funds	85,352	-	-	85,352
	<u>\$ 85,352</u>	<u>\$ (55,671)</u>	<u>\$ (29,681)</u>	<u>\$ -</u>

The above internal balance is the result of indirect costs and salaries that had not been paid as of the year-end.

The following is a summary of transfers during the year ended June 30, 2012:

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Transfers From	Transfers To	Amount
Federal Projects Fund	General Purpose Fund	\$ 16,204
General Purpose Fund	Debt Service Fund	211,013
		\$ 227,217

Transfers are used to transfer indirect costs relating to the grant administration in the federal projects fund and for debt payments in the debt service fund.

**NOTE 5 -OTHER INFORMATION**

**A. Pensions**

Political Subdivision Pension Plan

***Plan Description***

Employees of the District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement District (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 district 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 the 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 the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

***Funding Policy***

The District requires employees to contribute 5.0% of earnable compensation. The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2012 was 8.51% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the District is established and may be amended by the TCRS Board of Trustees.

***Annual Pension Cost***

For the year ending June 30, 2012, the District's annual pension cost of \$69,326 to TCRS was equal to the District's required and actual contributions. The required contribution was determined as part

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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% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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 ten-year period. The 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.

***Trend Information***

Fiscal Year Ending	Annual Pension Cost (APC)	Trend Information	
		Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 69,326	100.00%	\$ -
June 30, 2011	68,309	100.00%	-
June 30, 2010	58,871	100.00%	-

***Funded Status and Funding Progress***

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.12% funded. The actuarial accrued liability for benefits was \$1.86 million, and the actuarial value of assets was \$1.72 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.83 million, and the ratio of the UAAL to the covered payroll was 17.60%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2011	\$1,718	\$1,865	\$147	92.12%	\$835	17.60%
July 1, 2009	\$1,377	\$1,419	\$42	97.04%	\$696	6.03%
July 1, 2007	\$1,257	\$1,310	\$53	95.95%	\$637	8.32%

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State Employees, Teachers, and Higher Education Employees Pension Plan

***Plan Description***

The District contributes 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 3%.

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

***Funding Policy***

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for the District 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 the District 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 \$350,563, \$355,273, and \$247,352, respectively, equal to the required contributions for each year.

**B. On-Behalf Payments for Fringe Benefits and Salaries**

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and the Medicare Supplement Plan on behalf of the District's employees. In fiscal year 2012 the State made contributions allocated to the General Purpose fund for \$49,897.

**C. 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

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the District's management expects such amounts, if any, to be immaterial.

**D. Risk Management**

The District is exposed to various risks related to workers' compensation, general liability, automobile liability, and property. The District felt it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for these areas. The District is a member of the Tennessee Risk Management Trust (TNRMT), which is a public entity risk pool. The District pays an annual premium to these pools for coverage under the above areas. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. TNRMT reinsures through commercial insurance companies for claims in excess of \$100,000 for each uninsured event. The District's premiums are calculated based on its claims history. The District continues to carry commercial insurance for all other risks of loss, including public officials' bond. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

**E. Endowment**

During the year ended June 30, 2005, a certificate of deposit in the amount of \$100,130 was contributed to the District. Another contribution was made during year ended June 30, 2008 in the amount of \$99,870 which brought the balance of the certificate of deposit to \$200,000. The revenue from the certificate of deposit is to be used for scholarships for deserving seniors. The revenue in the endowment fund for the year ended June 30, 2012 was \$5,600. Scholarships paid as of June 30, 2012 totaled \$6,000.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**SCHEDULES OF FUNDING PROGRESS - EMPLOYEE RETIREMENT SYSTEM**  
 June 30, 2012

Actuarial Valuation Date	Actuarial Value of Plan Assets ( a )	Actuarial Accrued Liability (AAL) Entry Age ( b )	Unfunded AAL (UAAL) ( b ) - ( a )	Funded Ratio ( a / b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ( ( b - a ) / c )
July 1, 2011	\$1,718	\$1,865	\$147	92.12%	\$835	17.60%
July 1, 2009	\$1,377	\$1,419	\$42	97.04%	\$696	6.03%
July 1, 2007	\$1,257	\$1,310	\$53	95.95%	\$637	8.32%

(Dollar amounts in thousands)

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method change was made during the year of the most recent actuarial valuation date, therefore only the most current year is presented.

*See independent auditor's report.*

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**OTHER SUPPLEMENTARY INFORMATION**

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
For The Fiscal Year Then Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
County Tax Revenues:				
Property Taxes	\$ -	\$ 264,722	\$ 264,722	\$ -
<b>Total revenues</b>	<u>-</u>	<u>264,722</u>	<u>264,722</u>	<u>-</u>
<b>Expenditures:</b>				
Debt Service				
Principal on bonds	-	240,000	240,000	-
Interest on bonds	-	235,735	234,810	925
<b>Total expenditures</b>	<u>-</u>	<u>475,735</u>	<u>474,810</u>	<u>925</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (211,013)</u>	<u>(210,088)</u>	<u>\$ 925</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	211,013	211,013	-
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>925</u>	<u>\$ 925</u>
<b>Fund balance - beginning</b>			<u>14,087</u>	
<b>Fund balance - ending</b>			<u>\$ 15,012</u>	

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
OTHER GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012**

	Special Revenue Fund	Permanent Fund	
	Centralized Cafeteria Fund	Endowment Fund	Total Other Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 275,239	\$ 6,533	\$ 281,772
Investments	-	200,000	200,000
Inventory	21,380	-	21,380
<b>Total assets</b>	<b>\$ 296,619</b>	<b>\$ 206,533</b>	<b>\$ 503,152</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 40,494	\$ -	\$ 40,494
Due to other funds	29,681	-	29,681
Total liabilities	70,175	-	70,175
<b>Fund balances:</b>			
Nonspendable			
Inventory	21,380	-	21,380
Endowment Fund Principal	-	200,000	200,000
Restricted			
Non-instructional services	205,064	6,533	211,597
Total fund balances	226,444	206,533	432,977
<b>Total liabilities and fund balances</b>	<b>\$ 296,619</b>	<b>\$ 206,533</b>	<b>\$ 503,152</b>

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
OTHER GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
For The Year Ended June 30, 2012**

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	
	Centralized Cafeteria Fund	Endowment Fund	Total Other Governmental Funds
<b>Revenues:</b>			
Federal revenue	\$ 449,144	\$ -	\$ 449,144
Interest earned	1,025	5,600	6,625
Food service	<u>206,585</u>	-	<u>206,585</u>
Total revenues	<u>656,754</u>	<u>5,600</u>	<u>662,354</u>
<b>Expenditures:</b>			
Noninstructional services	<u>701,693</u>	<u>6,000</u>	<u>707,693</u>
Total expenditures	<u>701,693</u>	<u>6,000</u>	<u>707,693</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u><b>(44,939)</b></u>	<u><b>(400)</b></u>	<u><b>(45,339)</b></u>
Fund balances - beginning	295,169	206,933	502,102
Inventory adjustment	<u>(23,786)</u>	-	<u>(23,786)</u>
Fund balances - beginning restated	<u>271,383</u>	<u>206,933</u>	<u>478,316</u>
Fund balances - ending	<u>\$ 226,444</u>	<u>\$ 206,533</u>	<u>\$ 432,977</u>

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
CENTRALIZED CAFETERIA FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
<b>Revenues:</b>				
Lunch payments - students	\$ 111,000	\$ 111,000	\$ 98,425	\$ (12,575)
Lunch payments - adults	15,000	15,000	19,818	4,818
Breakfast - students	21,000	21,000	23,062	2,062
A-la-carte	45,000	45,000	58,562	13,562
USDA Breakfast Reimbursement	120,000	120,000	137,159	17,159
USDA commodities	-	23,500	23,189	(311)
USDA reimbursements	255,500	281,500	281,796	296
USDA grant - ARRA	-	-	7,000	7,000
Interest earnings	1,600	1,600	1,025	(575)
Other local revenues	5,800	5,800	5,733	(67)
Other charges for services	-	-	985	985
	<u>574,900</u>	<u>624,400</u>	<u>656,754</u>	<u>32,354</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Food services:				
Supervisor	25,642	25,642	25,642	-
Accountants/bookkeepers	4,801	1	-	1
Clerical personnel	3,500	8,301	8,301	-
Cafeteria personnel	157,710	157,710	156,060	1,650
Social Security	11,125	11,125	10,751	374
State retirement	16,310	16,310	13,254	3,056
Medical insurance	14,000	14,000	15,285	(1,285)
Unemployment compensation	878	878	317	561
Medicare	2,602	2,602	2,514	88
Maintenance & repair service - equipment	14,732	14,732	10,390	4,342
Travel	3,500	3,500	3,897	(397)
Other contracted services	6,100	6,100	6,951	(851)
Food preparation supplies	15,000	15,000	-	15,000
Food supplies	275,000	323,000	347,114	(24,114)
Uniforms	2,000	2,000	1,793	207
USDA - commodities	-	23,500	23,189	311
Other supplies and materials	4,000	4,000	10,344	(6,344)
In-service/staff development	4,000	4,000	1,130	2,870
Other charges	4,000	4,000	442	3,558
Capital outlay - equipment	-	65,400	64,319	1,081
	<u>564,900</u>	<u>701,801</u>	<u>701,693</u>	<u>108</u>
<b>Total expenditures</b>				

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
CENTRALIZED CAFETERIA FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Cont.):</b>				
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 10,000</b>	<b>\$ (77,401)</b>	<b>(44,939)</b>	<b>\$ 32,462</b>
<b>Other financing sources (uses)</b>				
Transfers out	(10,000)	(10,000)	-	10,000
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ (87,401)</b>	<b>(44,939)</b>	<b>\$ 42,462</b>
<b>Fund balance - beginning</b>			<b>295,169</b>	
<b>Inventory adjustment</b>			<b>(23,786)</b>	
<b>Fund balance - beginning restated</b>			<b>271,383</b>	
<b>Fund balance - ending</b>			<b>\$ 226,444</b>	

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
ENDOWMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
For The Year Ended June 30, 2012**

<b>Revenues:</b>	
Interest earnings	\$ <u>5,600</u>
<b>Expenditures:</b>	
Tuition	<u>6,000</u>
Net changes in fund balance	(400)
Fund balance - beginning	<u>206,933</u>
Fund balance - ending	<u>\$ 206,533</u>

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS - LAST TEN YEARS**  
 June 30, 2012

<u>Year Ended June, 30</u>	<u>Tax Rates</u>	<u>Assessments</u>	<u>Tax Levy</u>
2012	\$ 1.44	\$ 83,725,089	\$ 1,205,641
2011	1.44	83,725,090	1,205,641
2010	1.56	76,152,032	1,187,972
2009	1.56	75,323,670	1,175,041
2008	1.56	71,830,909	1,120,554
2007	1.81	61,221,535	1,108,110
2006	1.81	60,686,035	1,098,417
2005	1.81	59,800,920	1,082,397
2004	1.81	58,799,987	1,064,280
2003	1.91	56,305,629	1,075,438

The following is the tax levied January 1, 2012:

2013	\$ 1.44	\$ 85,164,327	\$ 1,226,304
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*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF LONG-TERM DEBT**  
June 30, 2012

Year Ending June 30,	School Bonds, Series 2005		
	Principal	Interest	Total
2013	\$ 250,000	\$ 226,410	\$ 476,410
2014	255,000	217,660	472,660
2015	265,000	208,735	473,735
2016	275,000	199,460	474,460
2017	285,000	189,560	474,560
2018	295,000	179,015	474,015
2019	305,000	167,953	472,953
2020	315,000	156,210	471,210
2021	325,000	143,925	468,925
2022	335,000	130,925	465,925
2023	350,000	117,525	467,525
2024	360,000	103,175	463,175
2025	375,000	88,415	463,415
2026	390,000	73,040	463,040
2027	405,000	55,880	460,880
2028	425,000	38,060	463,060
2029	440,000	19,360	459,360
	<u>\$ 5,650,000</u>	<u>\$ 2,315,308</u>	<u>\$ 7,965,308</u>

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF INTERFUND TRANSFERS**  
 June 30, 2012

Transfer Out			Transfer In		
	Budget	Actual		Budget	Actual
General Fund	\$ 211,013	\$ 211,013	Debt Service Fund	\$ 211,013	\$ 211,013
Federal Projects Fund	16,250	16,204	General Fund	20,076	16,204
	\$ 227,263	\$ 227,217		\$ 231,089	\$ 227,217

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF SALARIES AND BONDS**  
June 30, 2012

	<u>Salary</u>	<u>Bond</u>	
Director of Schools	\$ 83,812	\$ 150,000	*
Secretary/Treasurer	-	250,000	

\*A fidelity bond of \$150,000 covers all employees including the Director of Schools for each occurrence.

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended June 30, 2012

	Federal CFDA Number	Agency or Pass-through Number	Balance 7/1/11 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/12 (Receivable) Unearned
<b>U.S. Department of Education</b>							
Pass-through the State of Tennessee Department of Education							
ARRA - Title I, Grants to Local Education Agencies	84.389	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Title I, Grants to Local Education Agencies	84.010	N/A	(16,284)	341,557	357,309	548	(31,488)
			<u>(16,284)</u>	<u>341,557</u>	<u>357,309</u>	<u>548</u>	<u>(31,488)</u>
Special Education Grants to States							
IDEA Program	84.027	N/A	(12,899)	268,110	259,395	-	(4,184)
IDEA Program, Additional	84.027	N/A	-	26,476	26,476	-	-
IDEA Preschool	84.173	N/A	-	8,396	8,396	-	-
IDEA Preschool, Additional	84.173	N/A	-	18,657	18,657	-	-
ARRA - IDEA Program	84.391	N/A	(3,500)	3,500	-	-	-
			<u>(16,399)</u>	<u>325,139</u>	<u>312,924</u>	<u>-</u>	<u>(4,184)</u>
Vocational Education-Basic Grants to States	84.048	N/A	(3,738)	26,567	24,867	1,194	(844)
Vocational Education-Basic Grants to States	84.048	N/A	(62,388)	62,388	-	-	-
			<u>(66,126)</u>	<u>88,955</u>	<u>24,867</u>	<u>1,194</u>	<u>(844)</u>
Safe and Drug Free Schools and Communities - State Grants							
Title IV, Part A	84.186	N/A	(64)	64	-	-	-
Innovative Education Program Strategies - State Grants							
Title VI, CSR	84.358	N/A	-	19,968	19,968	450	450

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended June 30, 2012

	Federal CFDA Number	Agency or Pass-through Number	Balance 7/1/11 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/12 (Receivable) Unearned
<b>U.S. Department of Education (Cont.)</b>							
Pass-through the Tennessee Department of Education (Cont.)							
ARRA - Title X, Part C Homeless	84.387	N/A	\$ (191)	\$ 191	\$ -	\$ -	\$ -
ARRA - First to the Top	84.395	N/A	(95,552)	184,276	101,940	-	(13,216)
Improving Teacher Quality State Grants							
Title II, D	84.318	N/A	-	353	353	-	-
ARRA - Title II, D	84.386	N/A	(12,481)	12,481	-	-	-
ARRA - Title II, A Training	84.386	N/A	-	499	499	-	-
			(12,481)	13,333	852	-	-
Title II, A Training	84.367	N/A	1,775	21,067	28,433	140	(5,451)
State Fiscal Stabilization Fund - Education State Grants, Recovery Act							
ARRA - Statewide Student Mgmt System	84.397	N/A	-	2,580	2,580	-	-
ARRA - Career Ladder Extended Contracts	84.397	N/A	(1,167)	1,167	-	-	-
ARRA - Safe Schools	84.397	N/A	(6,100)	6,100	-	-	-
			(7,267)	9,847	2,580	-	-
Education Jobs Fund	84.410	N/A	(14,998)	118,453	104,393	-	(938)
<b>Total Pass-through the U.S. Department of Education</b>			<b>(227,587)</b>	<b>1,122,850</b>	<b>953,266</b>	<b>2,332</b>	<b>(55,671)</b>
<b>U.S. Department of Agriculture</b>							
School Breakfast Program	10.553*	N/A	(9,183)	146,342	137,159	-	-
National School Lunch Program	10.555*	N/A	(17,538)	299,334	281,796	-	-
			(26,721)	445,676	418,955	-	-
Child Nutrition Equipment Grant	10.579	N/A	-	7,000	7,000	-	-
<b>Total Pass-through the U.S. Department of Agriculture</b>			<b>(26,721)</b>	<b>452,676</b>	<b>425,955</b>	<b>-</b>	<b>-</b>
<b>Total Cash Federal Awards</b>			<b>(254,308)</b>	<b>1,575,526</b>	<b>1,379,221</b>	<b>2,332</b>	<b>(55,671)</b>

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2012**

	Federal CFDA Number	Agency or Pass-through Number	Balance 7/1/11 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/12 (Receivable) Unearned
<b>U.S. Department of Agriculture</b>							
Pass-through the Tennessee Department of Agriculture Commodities	10.555*	N/A	-	23,189	23,189	-	-
<b>Total Federal Awards</b>			<b>\$ (254,308)</b>	<b>\$ 1,598,715</b>	<b>\$ 1,402,410</b>	<b>\$ 2,332</b>	<b>\$ (55,671)</b>

\* Major federal assistance programs

All expenditures reported are under the modified accrual basis of accounting, whereby, revenues are recorded when measurable and available, and expenditures are recorded when the liability is incurred.

The adjustments noted above were to account for outstanding checks that were voided.

*See independent auditor's report.*

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
For The Year Ended June 30, 2012**

	State Grant Number	Balance 7/1/11 (Receivable) Unearned	Cash Receipts	Expenditures	Balance 6/30/12 (Receivable) Unearned
<b>Tennessee Department of Education</b>					
Early Childhood Education - Expansion		\$ (58,309)	\$ 233,503	\$ 203,982	\$ (28,788)
Connect TN		-	3,497	3,497	-
Extended Contracts		-	68,600	68,600	-
Safe Schools		-	5,400	5,400	-
<b>Total State Awards</b>		<b>(58,309)</b>	<b>311,000</b>	<b>281,479</b>	<b>(28,788)</b>
Total per Schedule of Expenditures of Federal Awards		(254,308)	1,598,715	1,402,410	(55,671)
<b>Total Grants</b>		<b>\$ (312,617)</b>	<b>\$ 1,909,715</b>	<b>\$ 1,683,889</b>	<b>\$ (84,459)</b>

*See independent auditor's report.*

**INTERNAL CONTROL AND COMPLIANCE SECTION**

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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**

Members of the Board of Education  
West Carroll Special School District  
Atwood, Tennessee

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carroll Special School District (District) as of and for the year ended June 30, 2012 which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 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**

Management of the District is responsible for establishing and monitoring effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 previously.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

We noted a certain matter that we reported to management of the District in a separate letter dated December 14, 2012.

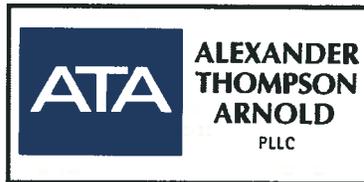
This report is intended for the information and the use of the Board of Education, management, and State of Tennessee, Comptroller of the Treasury, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Alexander Thompson Arnold PLLC*

Certified Public Accountants  
Jackson, Tennessee  
December 14, 2012

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Tennessee Society of Certified Public Accountants  
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**Independent Auditor's 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**

Members of the Board of Education  
West Carroll Special School District  
Atwood, Tennessee

We have audited the West Carroll Special School District's (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 the District's major federal programs for the year ended June 30, 2012. The District's 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above 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**

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 a 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, others within the organization, the Board of Education, the Comptroller of the Treasury, State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Alexander Thompson Arnold PLLC*

Certified Public Accountants  
Jackson, Tennessee  
December 14, 2012

**WEST CARROLL SPECIAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2012**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ X no
Significant deficiency(ies) identified?	_____ yes	_____ X none reported
Noncompliance material to financial statements noted?	_____ yes	_____ X no

**Federal Awards**

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	_____ X no
Significant deficiency(ies) identified?	_____ yes	_____ X none reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ yes	_____ X no
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**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	USDA Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	_____ X yes	_____ no
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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**PRIOR YEAR FINDINGS**

**10-01 Gas Usage not Properly Reconciled (Significant Deficiency) – Corrected**

**11-01 Lack of Controls (Significant Deficiency)**

**CURRENT YEAR FINDINGS**

None reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.