

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

**AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2013**

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DYER, TENNESSEE  
June 30, 2013**

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## FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund including budgetary comparisons for the general, federal projects and cafeteria funds of the Gibson County Special School District (District), Dyer, Tennessee, as of June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund thereof and the budgetary comparisons for the general, federal projects and cafeteria funds of the District as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparisons for the general, federal projects and cafeteria funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express and 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.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other information listed as other supplementary information in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other information listed as other supplementary information in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

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

Cowart Reese Sargent, CPAs  
Martin, TN

November 20, 2013

**Gibson County Special School District  
Management's Discussion and Analysis  
For the year ended June 30, 2013**

This section of the Gibson County Special School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2013 and a comparison of financial information between the 2012 and 2013 fiscal years. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Gibson County Special School District.

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

**USING THIS ANNUAL REPORT**

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

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

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

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

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

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

**Gibson County Special School District  
Management's Discussion and Analysis  
For the year ended June 30, 2013**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

Recall that the statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets as of June 30, 2012 and June 30, 2013:

**STATEMENT OF NET ASSETS**

	Governmental Activities	
	6/30/2013	6/30/2012
<b>Assets</b>		
Current and other assets	\$ 17,097,100	\$ 17,704,983
Capital assets, net of accumulated depreciation	<u>41,490,792</u>	<u>37,330,516</u>
Total assets	<u>58,587,862</u>	<u>55,035,499</u>
<b>Liabilities</b>		
Current liabilities	7,072,456	7,418,113
Long-term liabilities	<u>36,365,046</u>	<u>34,396,444</u>
Total liabilities	<u>43,437,502</u>	<u>41,814,577</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	5,560,762	3,335,516
Restricted	1,221,822	570,056
Unrestricted	<u>8,367,776</u>	<u>9,315,350</u>
Total net assets	<u>15,150,360</u>	<u>13,220,922</u>
Total liabilities and net assets	<u>\$ 58,587,862</u>	<u>\$ 55,035,499</u>

The above analysis focuses on the net assets. The change in net assets of the District's governmental activities is discussed below. The District's net assets were \$15,150,360 and \$13,220,922 as of June 30, 2013 and 2012 respectively.

Capital assets, net of related debt totaling \$5,560,762 compares the original cost, less depreciation of the District's capital assets, to long-term debt, including accreted interest on capital appreciation bonds, used to finance the acquisition of those assets. Most of the debt will be repaid from property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, \$8,367,776, was unrestricted.

The \$8,367,776 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal year 2013. The following schedule also provides the changes in net assets for fiscal year 2012 so that comparisons can be made between the two years presented.

**Gibson County Special School District  
Management's Discussion and Analysis  
For the year ended June 30, 2013**

	<u>Governmental Activities</u>	
	<u>6/30/2013</u>	<u>6/30/2012</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,007,919	\$ 999,942
Operating grants and contributions	3,548,634	4,280,449
Capital grants and contributions	-	-
General revenues:		
Property taxes	4,990,098	4,978,935
Local option sales taxes	2,266,381	1,841,762
Other taxes	13,354	11,268
Intergovernmental	18,924,777	16,986,000
Interest	19,718	23,233
Other sources	<u>100,254</u>	<u>-</u>
Total revenues	<u>30,871,135</u>	<u>29,122,863</u>
<b>Function/Program Expenses</b>		
Instruction	16,061,507	15,106,036
Support services	8,828,437	8,249,505
Food service	1,832,254	1,906,724
Other non-instructional services	711,817	823,843
Bond Issue Costs	67,109	-
Interest on debt	<u>1,523,777</u>	<u>1,492,240</u>
Total expenses	<u>29,024,901</u>	<u>27,588,662</u>
Change in net assets	1,846,234	1,534,201
Net assets, beginning	13,220,922	<u>11,686,721</u>
Restatement Adjustment	83,204	
Net assets, beginning (restated)	<u>13,304,126</u>	
Net assets - ending	<u>\$ 11,686,721</u>	<u>\$ 13,220,922</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$30,871,135 with an increase of \$1,748,272 between the 2013 and 2012 fiscal years. Certain activities were partially funded from those who benefited from the programs (\$1,007,919) or by other governments and organizations that subsidized certain programs with grants (\$3,548,634). We paid for the remaining "public benefit" portion of our governmental activities with \$7,256,479 in taxes, and with our other revenues, such as interest and general entitlements.

The District experienced an increase in net assets of \$1,846,234.

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

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

As noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide

**Gibson County Special School District  
Management's Discussion and Analysis  
For the year ended June 30, 2013**

to it and may provide more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of \$10,467,477, which is a decrease of \$285,522 from last year. In the General Fund, our principal operating fund, the fund balance increased by \$4,206,379, mainly due to the proceeds from bonds issued.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** At June 30, 2013, the District had \$41,490,762 invested in a broad range of capital assets, including buildings, furniture, and equipment. Additional information on the District's capital assets, including depreciation expense, can be found in Note 4 of the Notes to Financial Statements.

**Debt.** At the end of the current fiscal year, the District had general long-term debt outstanding of \$35,930,000 versus \$33,590,000 at June 30, 2012, a change of 7%. We present more detailed information about our long-term liabilities in Note 4 of the Notes to Financial Statements.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Gibson County Special School District  
130 Highway 45 West  
P.O. Box 60  
Dyer, Tennessee 38330

## Basic Financial Statements

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DISTRICT-WIDE STATEMENT OF NET POSITION  
June 30, 2013**

**ASSETS**

Cash	\$ 10,878,981
Investments	500,000
Accounts Receivable	8,562
Taxes Receivable	4,821,563
Due from other Governments	849,685
Inventory	38,309
Capital Assets:	
Land	124,936
Construction in Progress	4,651,638
Buildings and Improvements	52,348,631
Vehicles	3,241,166
Furniture and Equipment	1,365,696
Less: Accumulated Depreciation	<u>(20,241,305)</u>
<b>Total Assets</b>	<b><u><u>58,587,862</u></u></b>

**LIABILITIES**

Accounts Payable	6,221
Accrued Liabilities	615,708
Accrued Payroll	1,430,820
Deferred Revenue	4,576,874
Accrued Interest Payable	442,833
Long-term Liabilities:	
Net OPEB Obligation	435,046
Portion due or payable within one year:	
Bonds and notes payable	1,395,000
Portion due or payable after one year:	
Bonds and notes payable	<u>34,535,000</u>
<b>Total Liabilities</b>	<b><u><u>43,437,502</u></u></b>

**NET POSITION**

Invested in Capital Assets, net of Related Debt	5,560,762
Restricted for:	
Federal Projects	-
Cafeteria	554,062
Unrestricted	<u>8,920,131</u>
<b>Total Net Position</b>	<b><u><u>\$ 15,150,360</u></u></b>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular Education	\$ 12,943,764	\$ -	\$ -	\$ 1,102,499	\$ (11,841,265)
Special Education	2,178,784	-	-	636,631	(1,542,153)
Student Body Education	125,000	-	-	-	(125,000)
Vocational Education	813,736	-	-	33,509	(780,227)
Support Services:					
Attendance Services	58,896	-	-	-	(58,896)
Health Services	284,602	-	-	-	(284,602)
Other Student Support	614,421	-	-	-	(614,421)
Regular Instruction	1,750,114	-	-	-	(1,750,114)
Vocational Education	46,613	-	-	-	(46,613)
Special Education	226,932	-	-	-	(226,932)
Guidance	12,314	-	-	-	(12,314)
Adult School	4,000	-	-	-	(4,000)
Board of Education	393,398	-	-	-	(393,398)
Office of Superintendent	197,489	-	-	-	(197,489)
Office of the Principal	1,411,709	-	-	-	(1,411,709)
Fiscal Services	151,791	-	-	-	(151,791)
School Age Childcare	200,718	192,148	-	-	(8,570)
Operation of Plant	1,719,224	-	-	-	(1,719,224)
Maintenance of Plant	441,634	-	-	-	(441,634)
Transportation	1,315,974	-	-	-	(1,315,974)
Non-Instructional Services:					
Food Service	1,832,254	815,771	-	1,106,843	90,360
Community Services	302,202	-	-	-	(302,202)
Early Childhood Education	408,446	-	-	-	(408,446)
Capital Outlay	-	-	-	-	-
Bond Issue Costs	67,109	-	-	-	(67,109)
Interest on Debt	1,523,777	-	-	-	(1,523,777)
<b>Total District</b>	<b>\$ 29,024,901</b>	<b>\$ 1,007,919</b>	<b>\$ -</b>	<b>\$ 2,879,482</b>	<b>\$ (25,137,500)</b>

General Revenues:	
Local Option Sales Tax	2,266,381
Property Taxes	4,990,098
Interstate Telecommunications Taxes	1,746
Other Taxes	11,608
Intergovernmental:	
Basic Education Program	19,593,929
Interest	19,718
Other Miscellaneous Revenues	100,254
<b>Total General Revenues</b>	<b>26,983,734</b>
<b>Change in Net Assets</b>	<b>1,846,234</b>
<b>Net Position, Beginning</b>	<b>13,220,922</b>
<b>Prior Period Adjustment (Note 7)</b>	<b>83,204</b>
<b>Net Position, Beginning (Restated)</b>	<b>13,304,126</b>
<b>Net Position, Ending</b>	<b>\$ 15,150,360</b>

## Fund Financial Statements

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013**

	<u>General</u>	<u>Federal Projects</u>	<u>Cafeteria</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 9,812,177	\$ 516,769	\$ 550,035	\$ 10,878,981
Investments	500,000	-	-	500,000
Accounts Receivable	8,562	-	-	8,562
Property Taxes Receivable	4,821,563	-	-	4,821,563
Due from Other Governments	231,176	617,509	1,000	849,685
Due from Other Funds	1,132,260	-	-	1,132,260
Inventory	-	-	38,309	38,309
Total Assets	<u>\$ 16,505,738</u>	<u>\$ 1,134,278</u>	<u>\$ 589,344</u>	<u>\$ 18,229,360</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 4,203	\$ 2,018	\$ -	\$ 6,221
Accrued Liabilities	615,708	-	-	615,708
Accrued Payroll	1,430,820	-	-	1,430,820
Due To Other Funds	-	1,132,260	-	1,132,260
Deferred Revenue - Taxes	4,576,874	-	-	4,576,874
Total Liabilities	<u>6,627,605</u>	<u>1,134,278</u>	<u>-</u>	<u>7,761,883</u>
Fund Balances:				
Nonspendable:				
Inventory	-	-	35,282	35,282
Restricted for:				
Career Ladder	115,405	-	-	115,405
Federal Projects	-	-	-	-
Cafeteria	-	-	554,062	554,062
Committed	2,549,046	-	-	2,549,046
Unassigned	7,213,682	-	-	7,213,682
Total Fund Balances	<u>9,878,133</u>	<u>-</u>	<u>589,344</u>	<u>10,467,477</u>
Total Liabilities and Fund Balance:	<u>\$ 16,505,738</u>	<u>\$ 1,134,278</u>	<u>\$ 589,344</u>	<u>\$ 18,229,360</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013**

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

Fund balances - total governmental funds	\$ 10,467,477
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in governmental funds	41,490,762
Some payables are not due and payable in the current period and, therefore are not reported in the funds:	
Accrued interest	(442,833)
Net OPEB Obligation is considered a long-term liability and not due in the current period, therefore, is not reported in the funds	(435,046)
Long-term liabilities, including bonds, notes, and lease payables, are not due in the current period and , therefore, are not reported in the funds	<u>(35,930,000)</u>
Net position of governmental activities	<u><u>\$ 15,150,360</u></u>

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2013**

	<b>General Fund</b>	<b>Federal Projects</b>	<b>Cafeteria</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 7,295,722	\$ -	\$ -	\$ 7,295,722
Intergovernmental	19,593,929	1,772,639	1,106,843	22,473,411
Miscellaneous	285,392	-	816,610	1,102,002
<b>Total Revenues</b>	<u>27,175,043</u>	<u>1,772,639</u>	<u>1,923,453</u>	<u>30,871,135</u>
<b>Expenditures</b>				
Current:				
Instruction	13,475,898	1,034,496	-	14,510,394
Student Support	8,288,658	380,425	-	8,669,083
Food Services	-	-	1,832,254	1,832,254
Operation of Non-Instructional Services	408,446	302,202	-	710,648
Capital Outlay	5,782,764	55,516	-	5,838,280
Debt Service:				
Principal	1,065,000	-	-	1,065,000
Interest	1,523,777	-	-	1,523,777
<b>Total Expenditures</b>	<u>30,544,543</u>	<u>1,772,639</u>	<u>1,832,254</u>	<u>34,149,436</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(3,369,500)</u>	<u>-</u>	<u>91,199</u>	<u>(3,278,301)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds From Bond Issue	3,000,000	-	-	3,000,000
Premiums on Bond Issue	59,888	-	-	59,888
Bond Issue Costs	(45,975)	-	-	(45,975)
Underwriter's Discount	(21,134)	-	-	(21,134)
Total Other Financing Sources (Uses)	<u>2,992,779</u>	<u>-</u>	<u>-</u>	<u>2,992,779</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(376,721)</u>	<u>-</u>	<u>91,199</u>	<u>(285,522)</u>
<b>Fund Balance, Beginning</b>	<u>10,254,854</u>	<u>-</u>	<u>498,145</u>	<u>10,752,999</u>
<b>Fund Balance, Ending</b>	<u>\$ 9,878,133</u>	<u>\$ -</u>	<u>\$ 589,344</u>	<u>\$ 10,467,477</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
RECONCILIATION OF STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013**

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

Net change in fund balances - total governmental funds	\$ (285,522)
Governmental funds report capital outlay as expenditures. However, in the district-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	5,838,280
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets	1,065,000
Increase in the Net OPEB Obligation is reported in the district-wide statement of activities and changes in net assets, but it does not require the use of current financial resources.	(33,604)
The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,059,888)
Depreciation expense on capital assets is reported in the district-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(1,678,032)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.	-
Change in net assets of governmental activities	<u>\$ 1,846,234</u>

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
Real Estate Taxes	\$ 4,900,062	\$ 4,900,062	\$ 4,990,098	\$ 90,036
In Lieu of Taxes	9,714	9,714	9,714	-
Penalties and Interest	20,000	20,000	25,889	5,889
Local Sales Tax	2,120,000	2,120,000	2,266,381	146,381
Interstate Telecommunications	1,500	1,500	1,746	246
Trustee Collections - Bankruptcy	-	-	-	-
Marriage License	1,400	1,400	1,374	(26)
Alcoholic Beverage Tax	477	477	520	43
<b>Total Taxes</b>	<u>7,053,153</u>	<u>7,053,153</u>	<u>7,295,722</u>	<u>242,569</u>
<b>Intergovernmental Revenues</b>				
State of Tennessee - Basic Education Program	18,090,502	18,090,502	18,090,502	-
State of Tennessee - Career Ladder	105,700	105,700	109,801	4,101
Federal Emergency Management Agency	669,152	669,152	669,152	-
State of Tennessee - Other	723,230	723,230	724,474	1,244
<b>Total Intergovernmental Revenues</b>	<u>19,588,584</u>	<u>19,588,584</u>	<u>19,593,929</u>	<u>5,345</u>
<b>Miscellaneous Revenues</b>				
Receipts From Individual Schools	42,840	42,840	74,365	31,525
Interest Earnings	20,000	20,000	18,879	(1,121)
School Age Childcare	219,468	219,468	192,148	(27,320)
Miscellaneous	-	-	-	-
<b>Total Miscellaneous Revenues</b>	<u>282,308</u>	<u>282,308</u>	<u>285,392</u>	<u>3,084</u>
<b>Total Revenues</b>	<u>26,924,045</u>	<u>26,924,045</u>	<u>27,175,043</u>	<u>250,998</u>
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular Instruction Program</b>				
Salaries - Teachers	8,108,686	8,034,595	7,914,246	120,349
Salaries - Career Ladder	94,200	94,200	75,320	18,880
Salaries - Educational Assistants	300,018	300,018	286,976	13,042
Salaries - Substitute Teachers	85,000	176,881	176,881	-
Salaries - Homebound ISS	5,000	5,000	2,415	2,585
Social Security	532,760	534,203	478,478	55,725
State Retirement	756,279	756,829	720,001	36,828
Life Insurance	10,000	10,000	7,280	2,720
Medical Insurance	795,322	858,322	790,760	67,562
Medicare	124,597	124,934	113,343	11,591
Other Contracted Services	85,000	85,000	75,416	9,584
Instructional Supplies	140,000	140,000	133,449	6,551
Other Supplies and Materials	95,000	95,000	38,152	56,848
Equipment	10,000	10,000	7,000	3,000
Maintenance and Repair	1,000	1,000	-	1,000
Textbooks	130,000	275,762	270,807	4,955
<b>Total Regular Instructional Program</b>	<u>11,272,862</u>	<u>11,501,744</u>	<u>11,090,524</u>	<u>411,220</u>
<b>Special Education Program</b>				
Salaries - Teachers	873,570	892,638	881,349	11,289
Salaries - Career Ladder	4,000	4,000	3,330	670
Salaries - Homebound ISS	2,000	4,370	4,370	-
Salaries - Educational Assistants	286,946	286,946	278,909	8,037
Salaries - Substitute Teachers	6,000	7,835	7,054	781
Social Security	72,696	74,139	61,547	12,592
State Retirement	99,914	101,981	99,393	2,588
Medicare	17,001	17,338	14,755	2,583

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Medical Insurance	160,711	160,711	155,861	4,850
Contracted Services	15,000	56,000	14,687	41,313
Evaluation and Testing	38,000	38,000	26,309	11,691
Instructional Supplies	2,000	42,434	11,991	30,443
Equipment	-	-	-	-
In-service Training	-	-	-	-
Maintenance and Repair	4,000	4,000	696	3,304
Textbooks	-	-	-	-
Other Supplies and Materials	4,000	6,000	3,670	2,330
Total Special Education Program	<u>1,585,838</u>	<u>1,696,392</u>	<u>1,563,921</u>	<u>132,471</u>
Student Body Education Program				
Salaries - Other	83,559	81,559	81,559	-
Social Security	5,181	4,456	4,456	-
State Retirement	6,350	6,932	6,932	-
Medicare	1,212	1,042	1,042	-
Medical Insurance	8,840	9,047	9,047	-
Communication	1,700	1,141	1,141	-
Contracted services	-	-	-	-
Travel	7,000	10,590	10,590	-
Other Charges	3,000	1,245	1,245	-
Other Supplies and Materials	3,158	8,988	8,988	-
Total Student Body Education Program	<u>120,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Vocational Education Program				
Salaries - Teachers	536,376	531,851	531,521	330
Salaries - Career Ladder	2,000	2,000	2,000	-
Salaries - Substitute Teachers	10,000	12,736	12,427	309
Other Charges	5,000	5,000	4,654	346
Social Security	33,999	33,999	31,188	2,811
State Retirement	47,808	47,808	45,918	1,890
Medical Insurance	46,976	48,562	48,562	-
Medicare	7,951	7,951	7,331	620
Equipment	6,000	6,000	4,982	1,018
Instructional Supplies	12,150	13,353	7,870	5,483
Other Supplies and Materials	1,000	-	-	-
Total Vocational Education Program	<u>709,260</u>	<u>709,260</u>	<u>696,453</u>	<u>12,807</u>
<b>Total Instruction</b>	<u>13,687,960</u>	<u>14,032,396</u>	<u>13,475,898</u>	<u>556,498</u>
<b>Student Support</b>				
Student Support Attendance Services				
Salaries - Supervisor/Director	42,527	44,916	44,916	-
Salaries - Career Ladder	1,000	1,000	1,000	-
Social Security	2,637	2,610	2,610	-
State Retirement	3,776	4,077	4,077	-
Medical Insurance	3,574	3,626	3,626	-
Medicare	617	610	610	-
Travel	2,700	2,057	2,057	-
Total Student Support Attendance Services	<u>56,831</u>	<u>58,896</u>	<u>58,896</u>	<u>-</u>
Health Services				
Medical Personnel	227,283	222,364	221,278	1,086
Travel	7,500	7,500	3,752	3,748
Drugs and Medical Supplies	5,000	6,611	6,611	-
Social Security	14,092	14,092	12,757	1,335
State Retirement	17,274	17,274	16,737	537
Medical Insurance	13,811	17,554	17,554	-
Medicare	3,296	3,296	2,984	312

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND  
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other Charges	5,004	4,569	2,550	2,019
Equipment	3,000	3,000	379	2,621
Total Student Support Health Services	<u>296,260</u>	<u>296,260</u>	<u>284,602</u>	<u>11,658</u>
Other Student Support				
Salaries - Career Ladder	2,000	1,000	1,000	-
Salaries - Guidance Personnel	392,899	391,536	391,536	-
Social Security	24,484	22,660	22,660	-
Travel	1,200	-	-	-
Medical Insurance	33,852	31,156	31,156	-
State Retirement	35,067	34,370	34,370	-
Medicare	5,726	5,301	5,301	-
Evaluation and Testing	63,000	66,842	66,842	-
Instructional Supplies and Materials	2,700	2,700	2,700	-
Contracted Services	42,076	46,507	46,507	-
Total Student Support Other Services	<u>603,004</u>	<u>602,072</u>	<u>602,072</u>	<u>-</u>
Regular Instruction Program				
Salaries - Supervisor/Director	214,190	214,190	212,456	1,734
Salaries - Career Ladder	1,000	1,000	1,000	-
Salaries - Librarians	221,641	221,641	218,882	2,759
Salaries - Other	203,639	203,640	203,640	-
Medicare	9,287	9,254	8,574	680
Social Security	39,709	39,709	36,369	3,340
Consultants	5,000	5,000	-	5,000
State Retirement	54,267	54,277	54,277	-
Medical Insurance	50,963	54,252	54,252	-
Maintenance and Repair	15,000	15,000	12,197	2,803
In-service Training	55,000	55,000	46,538	8,462
Equipment	262,000	262,000	244,640	17,360
Travel	24,000	24,000	11,781	12,219
Contracted Services	272,097	268,830	212,791	56,039
Other Supplies and Materials	40,000	40,000	27,129	12,871
Library Books/Media	56,500	56,500	56,284	216
Total Regular Instruction Program	<u>1,524,293</u>	<u>1,524,293</u>	<u>1,400,810</u>	<u>123,483</u>
Special Education Program				
Salaries - Supervisor/Director	80,563	80,563	80,563	-
Salaries - Career Ladder	1,000	1,000	1,000	-
Salaries - Clerical Personnel	28,157	28,157	28,157	-
Travel	8,000	10,000	9,289	711
Medical Insurance	8,047	8,478	8,478	-
Social Security	6,803	6,803	6,301	502
State Retirement	9,405	9,405	9,383	22
Other Supplies and Materials	1,000	2,000	1,590	410
Medicare	1,591	1,591	1,474	117
In-service Training	5,000	13,000	10,519	2,481
Equipment	2,400	29,969	25,042	4,927
Consultants	-	-	-	-
Contracted Services	45,000	45,000	45,000	-
Repairs	1,000	1,000	136	864
Total Special Education Program	<u>197,966</u>	<u>236,966</u>	<u>226,932</u>	<u>10,034</u>
Vocational Education Program				
Salaries - Supervisor/Director	32,994	32,994	32,994	-
Salaries - Career Ladder	500	500	500	-
Medicare	486	486	437	49
Medical Insurance	4,482	4,524	4,524	-
Social Security	2,077	2,077	1,867	210

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
State Retirement	2,974	2,974	2,974	-
Travel	5,000	4,958	3,317	1,641
Total Vocational Education Program	<u>48,513</u>	<u>48,513</u>	<u>46,613</u>	<u>1,900</u>
Adult Education				
Other Contracted Services	4,000	4,000	4,000	-
Total Adult Education	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Office of the Superintendent				
Salaries - Administrative Officer	95,000	96,000	96,000	-
Salaries - Other	29,748	29,748	29,748	-
Salaries - Career Ladder	1,000	-	-	-
Social Security	7,796	7,796	7,146	650
State Retirement	10,786	10,786	10,786	-
Medical Insurance	19,084	19,150	19,150	-
Medicare	1,823	1,823	1,671	152
Communication	18,500	18,500	16,653	1,847
Travel	4,000	4,000	2,250	1,750
Office Supplies	13,000	12,934	9,800	3,134
Postal Charges	4,500	4,500	4,285	215
Total Office of the Superintendent	<u>205,237</u>	<u>205,237</u>	<u>197,489</u>	<u>7,748</u>
School Age Childcare				
Supervisor/Director	38,529	33,539	30,442	3,097
Educational Assistants	78,241	74,886	67,971	6,915
Instructional Supplies	25,500	-	-	-
Other Supplies and Materials	50,440	87,594	79,506	8,088
Other Charges	10,000	10,000	9,077	923
Social Security	7,240	6,636	6,023	613
State Retirement	1,825	1,317	1,195	122
Medicare	1,693	1,572	1,427	145
Travel	500	22	20	2
Equipment	5,500	5,572	5,057	515
Total School Age Childcare	<u>219,468</u>	<u>221,138</u>	<u>200,718</u>	<u>20,420</u>
Office of the Principal				
Salaries - Principals	619,024	619,024	619,024	-
Salaries - Assistant Principals	303,916	311,649	311,649	-
Salaries - Career Ladder	13,500	14,500	14,500	-
Salaries - Secretaries	199,535	199,640	199,640	-
Social Security	70,430	66,035	66,035	-
Medicare	16,472	15,444	15,444	-
State Retirement	98,321	99,734	99,734	-
Medical Insurance	85,575	85,683	85,683	-
Total Office of the Principal	<u>1,406,773</u>	<u>1,411,709</u>	<u>1,411,709</u>	<u>-</u>
Fiscal Services				
Salaries - Supervisor/Director	81,959	81,959	81,959	-
Salaries - Accountants/Bookkeepers	48,621	48,074	36,943	11,131
Salaries - Internal Audit Personnel	1,000	1,000	-	1,000
State Retirement	10,973	10,973	10,086	887
Social Security	8,096	8,096	6,843	1,253
Medicare	1,893	1,893	1,682	211
Medical Insurance	3,722	3,735	3,735	-
In-service Training	3,000	3,000	1,804	1,196
Travel	1,000	1,000	957	43
Other Contracted Services	6,600	6,600	6,348	252
Data Processing Supplies	900	1,434	1,434	-
Total Fiscal Services	<u>167,764</u>	<u>167,764</u>	<u>151,791</u>	<u>15,973</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND  
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Maintenance of Plant				
Salaries - Maintenance Personnel	170,639	170,639	154,194	16,445
Social Security	10,580	10,580	9,029	1,551
State Retirement	-	12,969	11,601	1,368
Medical Insurance	19,814	19,814	11,395	8,419
Medicare	15,443	2,474	2,128	346
Other Supplies and Materials	110,000	110,000	86,516	23,484
Maintenance and Repairs	110,000	110,000	108,386	1,614
Other Contracted Services	60,000	60,000	52,040	7,960
Other Charges	8,000	8,000	6,345	1,655
Total Maintenance of Plant	<u>504,476</u>	<u>504,476</u>	<u>441,634</u>	<u>62,842</u>
Board of Education				
Board Fees	22,000	22,000	13,386	8,614
Social Security	1,364	1,364	330	1,034
State Retirement	-	-	-	-
Medicare	319	319	77	242
Audit Service	34,000	34,000	34,000	-
Dues and Memberships	15,000	19,343	19,343	-
Legal Services	45,000	34,197	26,250	7,947
Travel	8,000	8,000	3,454	4,546
Other Contracted Services	10,000	10,000	1,687	8,313
Insurance	51,980	53,748	53,748	-
Workers Compensation	72,613	77,062	77,062	-
Trustee Commission	119,600	121,805	121,805	-
Premium on Bonds	4,080	4,459	4,459	-
Unemployment Compensation	50,000	47,660	37,797	9,863
Total Board of Education	<u>433,956</u>	<u>433,957</u>	<u>393,398</u>	<u>40,559</u>
Operation of Plant				
Contracted Services	734,300	734,870	734,870	-
Disposal Fee	48,000	48,000	41,512	6,488
Electricity	650,000	649,208	587,162	62,046
Natural Gas	175,000	175,000	141,986	33,014
Water and Sewer	85,000	85,000	80,516	4,484
Other Supplies	20,000	20,000	7,487	12,513
Insurance	125,469	125,691	125,691	-
Total Operation of Plant	<u>1,837,769</u>	<u>1,837,769</u>	<u>1,719,224</u>	<u>118,545</u>
Transportation				
Salaries - Supervisor/Director	21,327	22,128	22,128	-
Salaries - Bus Drivers	344,458	358,259	358,259	-
State Retirement	32,209	23,465	23,465	-
Social Security	22,679	20,767	18,972	1,795
Medicare	5,304	5,214	5,214	-
Medical Insurance	37,063	30,752	30,752	-
Gasoline	206,500	205,541	200,227	5,314
Travel	2,000	2,000	1,866	134
Contracts with Public Agencies	132,250	160,901	158,901	2,000
Vehicle and Equipment Insurance	36,723	36,813	36,813	-
Equipment	302,500	275,171	275,171	-
Other Charges	15,000	17,002	17,002	-
Total Transportation	<u>1,158,013</u>	<u>1,158,013</u>	<u>1,148,770</u>	<u>9,243</u>
<b>Total Student Support</b>	<u>8,664,323</u>	<u>8,711,063</u>	<u>8,288,658</u>	<u>422,405</u>

**Operation of Non-instructional Services**

Early Childhood Education

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND  
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Salaries - Teachers	153,429	154,333	154,333	-
Salaries - Career Ladder	-	1,000	1,000	-
Salaries - Other	74,120	79,057	79,057	-
Social Security	13,798	12,875	12,875	-
State Retirement	18,878	19,283	19,283	-
Medical Insurance	33,970	24,590	24,590	-
Medicare	3,227	3,032	3,032	-
Travel	8,000	1,430	1,430	-
Other Contracted Services	40,000	45,107	45,107	-
Other Supplies and Materials	45,921	57,838	57,782	56
In-service Training	8,000	7,574	7,574	-
Equipment	2,000	1,517	1,517	-
Total Early Childhood Education	<u>401,343</u>	<u>407,636</u>	<u>407,580</u>	<u>56</u>
Debt Services				
Principal	1,065,000	1,065,000	1,065,000	-
Interest	1,523,796	1,523,796	1,523,777	19
Total Debt Services	<u>2,588,796</u>	<u>2,588,796</u>	<u>2,588,777</u>	<u>19</u>
Capital Outlay/Capital Projects				
Architects	-	175,514	164,680	10,834
Other Contracted Services	149,000	5,310,818	5,310,818	-
Other Capital Outlay	467,071	682,579	309,535	373,044
Total Capital Outlay/Capital Projects	<u>616,071</u>	<u>6,168,911</u>	<u>5,785,033</u>	<u>383,878</u>
<b>Total Expenditures</b>	<u>25,958,493</u>	<u>31,909,733</u>	<u>30,544,543</u>	<u>1,365,190</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>965,552</u>	<u>(4,985,688)</u>	<u>(3,369,500)</u>	<u>1,616,188</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds From Bond Issue	-	3,000,000	3,000,000	-
Premiums on Bond Issue	-	59,888	59,888	-
Bond Issue Costs	-	(46,987)	(45,975)	1,012
Underwriter's Discount	-	(22,500)	(21,134)	1,366
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>2,990,401</u>	<u>2,992,779</u>	<u>2,378</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>965,552</u>	<u>(1,995,287)</u>	<u>(376,721)</u>	<u>1,618,566</u>
<b>Fund Balance - Beginning</b>	<u>10,254,854</u>	<u>10,254,854</u>	<u>10,254,854</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 11,220,406</u>	<u>\$ 8,259,567</u>	<u>\$ 9,878,133</u>	<u>\$ 1,618,566</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - FEDERAL PROJECTS FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State of Tennessee	\$ 1,999,439	\$ 1,999,439	\$ 1,772,639	\$ (226,800)
<b>Total Revenues</b>	<u>1,999,439</u>	<u>1,999,439</u>	<u>1,772,639</u>	<u>(226,800)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Vocational Instruction				
Salaries - Teachers	-	-	-	-
Social Security	-	-	-	-
State Retirement	-	-	-	-
Medical Insurance	-	-	-	-
Maintenance & Repair	1,000	1,000	1,000	-
Instructional Supplies	23,920	24,528	24,528	-
Equipment	90,936	35,439	35,439	-
Capital Outlay	-	55,516	55,516	-
Other Charges	1,400	800	800	-
Total Vocational Instruction	<u>117,256</u>	<u>117,283</u>	<u>117,283</u>	<u>-</u>
Regular Instruction				
Salaries - Teachers	87,812	85,782	85,712	70
Salaries - Educational Assistants	207,613	199,219	193,261	5,958
Salaries - Other	-	-	-	-
Social Security	18,318	17,664	15,783	1,881
State Retirement	21,866	21,504	20,541	963
Medical Insurance	30,823	21,772	28,149	(6,377)
Medicare	4,286	4,134	3,699	435
Instructional Supplies	13,941	13,830	7,962	5,868
Equipment	15,744	15,744	1,750	13,994
Other Charges	500	500	1,970	(1,470)
Total Regular Instruction	<u>400,903</u>	<u>380,149</u>	<u>358,827</u>	<u>21,322</u>
Special Education				
Salaries - Teachers	129,732	129,732	121,697	8,035
Salaries - Speech Pathologist	81,269	81,269	81,269	-
Salaries - Educational Assistants	251,371	251,371	243,273	8,098
Salaries - Homebound ISS	3,660	3,660	2,160	1,500
Salaries - Other	-	-	-	-
Social Security	31,385	31,385	27,712	3,673
State Retirement	38,830	38,830	36,367	2,463
Medical Insurance	49,926	49,926	48,941	985
Medicare	7,332	7,332	6,146	1,186
Evaluation and Testing	17,000	17,000	17,000	-
Contracted Services	-	-	-	-
Instructional Supplies	12,407	12,407	4,034	8,373
Equipment	-	-	-	-
Maintenance and Repairs	1,000	1,000	225	775
In-Service Training	-	-	-	-
Other Supplies and Materials	52,386	52,386	26,039	26,347
Total Special Education	<u>676,298</u>	<u>676,298</u>	<u>614,863</u>	<u>61,435</u>
<b>Total Instruction</b>	<u>1,194,457</u>	<u>1,173,730</u>	<u>1,090,973</u>	<u>82,757</u>
<b>Other Student Support</b>				
Regular Instruction				
Salaries - Supervisors	38,665	37,720	37,190	530

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - FEDERAL PROJECTS FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Salaries - Substitutes	-	-	-	-
Salaries - Clerical Personnel	17,279	17,279	17,279	-
Salaries - Other	156,277	156,524	157,772	(1,248)
Social Security	14,027	13,790	12,738	1,052
State Retirement	19,633	19,578	19,178	400
Medical Insurance	13,302	9,931	9,728	203
Medicare	3,383	3,328	3,061	267
Travel	6,035	5,843	4,101	1,742
Other Supplies and Materials	10,000	12,500	5,294	7,206
Equipment	4,500	24,095	12,364	11,731
In-Service Training	74,616	151,274	37,830	113,444
Other Charges	46,500	37,816	32,808	5,008
Total Regular Instruction	<u>404,217</u>	<u>489,678</u>	<u>349,343</u>	<u>140,335</u>
<b>Guidance</b>				
Salaries - Guidance Personnel			-	-
Salaries - Social Workers			-	-
Social Security			-	-
State Retirement			-	-
Medical Insurance			-	-
Medicare			-	-
Travel			-	-
Contracted Services			-	-
Other Supplies and Materials		-	-	-
In-Service Training		-	-	-
Total Guidance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Health Services</b>				
Medical Personnel			-	-
Social Security			-	-
State Retirement			-	-
Medical Insurance			-	-
Medicare			-	-
Total Health Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Office of the Principal</b>				
Salaries - Assistant Principals			-	-
Social Security			-	-
State Retirement			-	-
Medical Insurance			-	-
Medicare			-	-
Total Office of the Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Student Support</b>				
Travel	-	-	-	-
Contracted Services	-	-	-	-
In-Service Training	-	-	-	-
Total Other Student Support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Education</b>				
Communication	-	-	-	-
Travel	12,314	12,314	12,314	-
Maintenance and Repairs	-	-	-	-
Equipment	-	-	-	-
Contracted Services	10,541	10,541	9,516	1,025
In-Service Training	2,545	2,545	1,833	712

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - FEDERAL PROJECTS FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Total Special Education	25,400	25,400	23,663	1,737
Transportation				
Salaries - Bus Drivers	5,604	5,604	5,604	-
Social Security	347	347	347	-
State Retirement	426	426	426	-
Medicare	81	81	81	-
Gasoline	-	-	-	-
Equipment	-	-	-	-
Total Transportation	<u>6,458</u>	<u>6,458</u>	<u>6,458</u>	<u>-</u>
<b>Total Other Student Support</b>	<u>436,075</u>	<u>521,536</u>	<u>379,464</u>	<u>142,072</u>
<b>Non-Instructional Services</b>				
Community Services				
Salaries - Supervisors	97,116	100,384	100,384	-
Salaries - Teachers	81,808	87,322	87,322	-
Salaries - Educational Assistants	43,339	48,014	48,014	-
Social Security	13,782	13,956	13,956	-
State Retirement	17,021	16,610	16,610	-
Medical Insurance	13,847	11,020	11,022	(2)
Medicare	3,223	3,300	3,300	-
Communication	1,505	1,297	1,297	-
Maintenance and Repairs	-	-	-	-
Travel	1,200	14,866	14,866	-
In-Service Training	-	-	-	-
Other Contracted Services	177	-	-	-
Other Supplies and Materials	4,181	5,431	5,431	-
Total Community Services	<u>277,199</u>	<u>302,200</u>	<u>302,202</u>	<u>(2)</u>
<b>Total Non-Instructional Services</b>	<u>277,199</u>	<u>302,200</u>	<u>302,202</u>	<u>(2)</u>
<b>Total Expenditures</b>	<u>1,907,731</u>	<u>1,997,466</u>	<u>1,772,639</u>	<u>224,827</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	91,708	1,973	-	(1,973)
<b>Other Financing Sources (Uses)</b>				
Transfer From Other Funds	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing</b>				
<b>Sources Over (Under) Expenditures</b>				
<b>and Other Financing Uses</b>	91,708	1,973	-	(1,973)
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 91,708</u>	<u>\$ 1,973</u>	<u>\$ -</u>	<u>\$ (1,973)</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - CAFETERIA FUND  
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Lunch Payment - Children	\$ 717,039	\$ 717,039	\$ 707,028	\$ (10,011)
Lunch Payment - Adults	13,536	13,536	51,627	38,091
U.S.D.A. Reimbursements	1,081,823	1,081,823	1,087,266	5,443
State School Matching	18,948	18,948	19,577	629
Interest	532	532	839	307
A La Carte Sales	41,886	41,886	57,116	15,230
<b>Total Revenues</b>	<u>1,873,764</u>	<u>1,873,764</u>	<u>1,923,453</u>	<u>49,689</u>
<b>Expenditures</b>				
Food	925,072	925,072	941,534	(16,462)
Labor	486,419	486,419	481,833	4,586
Supervisor	48,664	48,664	47,664	1,000
Accountants	19,664	19,664	19,664	-
Other Contracted Services	15,500	15,500	6,963	8,537
Social Security	32,587	32,587	30,088	2,499
State Retirement	47,725	47,725	39,819	7,906
Medical Insurance	85,800	85,800	87,150	(1,350)
Unemployment	500	500	-	500
Employer Medicare	7,805	7,805	7,037	768
Communication	550	550	646	(96)
Utilities	100,000	100,000	92,325	7,675
In-Service Training	7,136	7,136	2,155	4,981
Equipment	7,492	7,492	6,649	843
Non-Food Supplies	65,250	65,250	56,840	8,410
Maintenance and Repair	16,500	16,500	5,959	10,541
Travel	1,700	1,700	1,025	675
Uniforms	5,400	5,400	4,903	497
<b>Total Expenditures</b>	<u>1,873,764</u>	<u>1,873,764</u>	<u>1,832,254</u>	<u>41,510</u>
<b>Excess Revenues Over (Under) Expenditures</b>	-	-	91,199	91,199
<b>Fund Balance - Beginning</b>	<u>498,145</u>	<u>498,145</u>	<u>498,145</u>	-
<b>Fund Balance - Ending</b>	<u>\$ 498,145</u>	<u>\$ 498,145</u>	<u>\$ 589,344</u>	<u>\$ 91,199</u>

See auditors' report and accompanying notes to financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

**A. Reporting Entity**

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

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

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

The district-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

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

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

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

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

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

**Deposits and Investments**

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

Investments for the District are reported at fair value.

**Receivables and Payables**

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

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

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

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

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

**Inventories and Prepaid Items**

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

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

**Capital Assets**

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

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

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

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

**Deferred Revenue**

Deferred revenue represents amounts that were receivable and measurable at June 30, 2013 but were not available to finance expenditures for the year ended June 30, 2013. Deferred revenues primarily include unearned or unavailable revenues.

**Compensated Absences**

The School District provides one day of vacation for each month of service for employees. employees receive one day of sick leave for each month of service. Any sick leave unused is not paid, but is used to increase retirement benefits.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

**Long-term Liabilities**

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

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

**Fund Equity**

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

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

Committed fund balance of \$2,549,046 is for construction and related costs associated with the expansion of the South Gibson County High School.

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

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

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period, and; therefore, are not reported in the funds." The details of this \$35,930,000 are as follows:

School Bonds Payable, Series 2001	\$ 4,465,000
School Bonds Payable, Series 2005	1,235,000
School Bonds Payable, Series 2007	14,075,000
School Bonds Payable, Series 2008	6,700,000
School Bonds Payable, Series 2009	3,255,000
School Bonds Payable, Series 2012	3,200,000
School Bonds Payable, Series 2013	<u>3,000,000</u>
	 \$ <u>35,930,000</u>

Another element of that reconciliation explains that "capital assets used in governmental funds are not financial resources and therefore are not reported as assets in the governmental funds." The details of this \$37,330,516 are as follows:

Land	\$ 124,936
Construction in Progress	4,651,638
Buildings and Improvements	52,348,631
Vehicles	3,241,166
Furniture and Equipment	<u>1,365,696</u>
	61,732,066
Less accumulated depreciation	<u>(20,241,304)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 41,490,762</u>

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

One element of that reconciliation states that, "the repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets." The details of this \$945,000 are as follows:

Principal repayments:

School Bonds Payable, Series 2001	\$ 545,000
School Bonds Payable, Series 2005	80,000
School Bonds Payable, Series 2007	100,000
School Bonds Payable, Series 2008	100,000
School Bonds Payable, Series 2009	315,000
School Bonds Payable, Series 2012	130,000
School Bonds Payable, Series 2013	<u>125,000</u>
	<u>\$ 1,395,000</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

**A. Budgetary Information**

The School District is required by State statute to adopt annual budgets. The annual budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the School Board and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year unless the Board authorizes retention. The School District's policy is not to allow expenditures to exceed budgetary amounts at the total fund expenditure level.

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

**A. Deposits and Investments**

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

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

**Custodial Credit Risk**

The School District's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the School District's agent in the School District's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the School District to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2013, all bank deposits were fully collateralized or insured.

**B. Receivables**

	<u>General</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 4,821,563	\$ -	\$ -	\$ 4,821,563
Accounts	8,562	-	-	8,562
Intergovernmental	<u>231,176</u>	<u>617,509</u>	<u>1,000</u>	<u>849,685</u>
Total Receivables	<u>\$ 5,061,301</u>	<u>\$ 188,495</u>	<u>\$ 1,000</u>	<u>\$ 5,679,810</u>

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beg Balance	Increases	Decreases	End Balance
<b>Capital Assets</b>				
<i>Nondepreciable Assets</i>				
Land	\$ 124,936	\$ -	\$ -	\$ 124,936
Construction in Progress	463,313	4,188,325	-	4,651,638
<i>Depreciable Assets</i>				
Buildings and Improvements	51,146,693	1,201,938	-	52,348,631
Vehicles	2,956,386	284,780	-	3,241,166
Furniture and Equipment	1,202,459	163,238	-	1,365,697
<b>Total Capital Assets</b>	<b>\$ 55,893,787</b>	<b>\$ 5,838,281</b>	<b>\$ -</b>	<b>\$ 61,732,068</b>
<b>Less: Accumulated Depreciation for</b>				
Buildings and Improvements	\$ 15,696,855	\$ 1,351,843	\$ -	\$ 17,048,698
Vehicles	2,421,540	160,746	-	2,582,286
Furniture and Equipment	444,876	165,444	-	610,320
<b>Total Accumulated Depreciation</b>	<b>\$ 18,563,271</b>	<b>\$ 1,678,033</b>	<b>\$ -</b>	<b>\$ 20,241,304</b>
<b>Net Capital Assets</b>	<b>\$ 37,330,516</b>	<b>\$ 4,160,248</b>	<b>\$ -</b>	<b>\$ 41,490,764</b>

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

Governmental Activities:

Regular Instruction	\$ 1,517,287
Transportation	<u>160,746</u>
<b>Total Depreciation Expense-</b>	
<b>Governmental Activities</b>	<u><u>\$ 1,678,033</u></u>

**D. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Projects	\$ 1,133,652

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**E. Long-Term Debt**

Long-Term Debt consists of the following:

During the year ended June 30, 2002, the School system issued \$6,350,000 in School Refunding Bonds, Series 2001, that bears interest varying from 4.0% to 5.25% to advance refund \$6,170,000 of outstanding 1999 Series bonds bearing interest in a range of 4.75% to 5.625%. The net proceeds of \$6,543,491 (after payment of \$125,975 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1999 Series bonds. As a result, a portion of the 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. No principal payments were made on the defeased bonds during the year ended June 30, 2010, which resulted in a \$6,225,000 balance. Principal payments of \$2,595,000 were made on the remaining Series 1999 bonds during the year ended June 30, 2010 through the issuance of Series 2009 bonds.. Principal payments of \$490,000 were made on the Series 2001 bonds during the year which resulted in a June 30, 2013 balance of \$4,465,000.

During the year ended June 30, 2006, the School system issued \$1,700,000 in School Bonds, Series 2005, which bears interest at an average rate of 4.5%. The bonds are callable on April 1, 2015 at par for bonds maturing April 1, 2016 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2025. The proceeds of the bonds were used for building construction within the School system. Principal payments of \$75,000 were made on the Series 2005 bonds during the year which resulted in a June 30, 2013 balance of \$1,235,000.

During the year ended June 30, 2008, the School system issued \$14,575,000 in School Bonds, Series 2007, which bears interest at an average rate of 4.73%. The bonds are callable on April 1, 2017 at par for bonds maturing April 1, 2018 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2033. The proceeds of the bonds were used for building construction of a new high school within the School system. Principal payments of \$100,000 were made on the Series 2007 bonds during the year which resulted in a June 30, 2013 balance of \$14,175,000.

During the year ended June 30, 2009, the School system issued \$7,100,000 in School Bonds, Series 2008, which bears interest at an average rate of 4.83%. The bonds are callable on April 1, 2018 at par for bonds maturing April 1, 2019 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2029. The proceeds of the bonds were used for building construction of a new high school within the School system. Principal payments of \$100,000 were made on the Series 2008 bonds during the year which resulted in a June 30, 2013 balance of \$6,700,000.

During the year ended June 30, 2010, the School system issued \$4,285,000 in School Bonds, Series 2009, which bears interest at an average rate of 4.01%. The bonds are callable on April 1, 2018 at par for bonds maturing April 1, 2019 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2029. The proceeds of the bonds were used for building construction of a new high school within the School system and the refinance of Series 1993 & 1999 Bonds. Principal payments of \$300,000 were made on the Series 2009 bonds during the year which resulted in a June 30, 2013 balance of \$3,255,000.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

During the year ended June 30, 2012, the School system issued \$3,200,000 in School Bonds, Series 2012, which bears interest at an average rate of 2.53%. The bonds are callable on April 1, 2022 at par for bonds maturing April 1, 2022 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2032. The proceeds of the bonds were used for building construction of an addition to Medina Middle School. No principle payments were made on the Series 2012 bonds during the year which resulted in a June 30, 2013 balance of \$3,200,000.

During the year ended June 30, 2013, the School system issued \$3,000,000 in School Bonds, Series 2013, which bears interest at an average rate of 2.707%. The bonds are callable on April 1, 2023 at par for bonds maturing April 1, 2023 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2033. The proceeds of the bonds were used for capital improvements to South Gibson High School. No principle payments were made on the Series 2013 bonds during the year which resulted in a June 30, 2013 balance of \$3,000,000.

The annual requirements to amortize all long-term debt obligations outstanding as of June 30, 2013 are as follows:

Year Ending	Bonds		
	Principal	Interest	Total
June 30,			
2014	\$ 1,395,000	\$ 1,553,661	\$ 2,948,661
2015	1,465,000	1,514,946	2,979,946
2016	1,550,000	1,458,673	3,008,673
2017	1,650,000	1,396,535	3,046,535
2018	1,750,000	1,328,223	3,078,223
2019-2023	9,470,000	5,492,099	14,962,099
2024-2028	11,185,000	3,250,131	14,435,131
2029-2033	7,275,000	875,457	8,150,457
2034-2038	190,000	47,113	997,113
	<u>\$ 35,930,000</u>	<u>\$ 16,916,834</u>	<u>\$ 53,606,834</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

Following is a summary of long-term debt transactions for the year ended June 30, 2013:

<i>Governmental Activities</i>	Beg Bal	Additions	Retirements	End Bal
<b>Bonds Payable:</b>				
School Bonds, Series 2004, 4.50% interest interest, payable serially through 2019	\$ 4,955,000	\$ -	\$ 490,000	\$ 4,465,000
School Bonds, Series 2005, 4.50% interest payable serially through 2025	1,310,000	-	75,000	1,235,000
School Bonds, Series 2007, 4.73% interest payable serially through 2033	14,175,000	-	100,000	14,075,000
School Bonds, Series 2008, 4.83% interest payable serially through 2029	6,800,000	-	100,000	6,700,000
School Bonds, Series 2009, 4.01% interest payable serially through 2029	3,555,000	-	300,000	3,255,000
School Bonds, Series 2012, 2.53% interest payable serially through 2032	3,200,000	-	-	3,200,000
School Bonds, Series 2013, 2.71% interest payable serially through 2033	-	3,000,000		3,000,000
	<b>\$ 33,995,000</b>	<b>\$ 3,000,000</b>	<b>\$ 1,065,000</b>	<b>\$ 35,930,000</b>

**NOTE 5 - OTHER INFORMATION**

**A. Pensions**

Plan Description Non-Certified

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

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**A. Pensions (continued)**

Funding Policy

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

Gibson County Special School District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013, was 8.88% for certified employees and 7.6% for classified employees of the annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Gibson County Special School District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2013, Gibson County Special School District's annual pension cost of \$110,110 to TCRS was equal to Gibson County Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Gibson County Special School District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 6 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of <i>A</i> Contributed</u>	<u>Net Pension Obligation</u>
6/30/2013	\$ 110,100	100.00%	\$ 0
6/30/2012	110,100	100.00%	0
6/30/2011	110,100	100.00%	0

Plan Description - Certified

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Gibson County Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2013 was 8.88% for certified employees and 7.6% for classified employees of the annual covered payroll. The employer contribution requirement for Gibson County Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2013, 2012, and 2011 were \$1,303,969, \$1,063,401, and \$1,009,321, respectively, equal to the required contributions for each year.

**B. Contingent Liabilities and Losses**

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

**C. Risk Management**

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

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

**D. Postemployment Healthcare Plan**

Plan Description

The Gibson County Special School District participates in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**D. Postemployment Healthcare Plan (continued)**

Funding Policy

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

<u>Annual OPEB Cost and Net OPEB Obligation</u> (dollars in thousands)	<u>Teacher Group</u> <u>Plan</u>
ARC	\$ 174,413
Interest on the NPO	16,058
Adjustment to the ARC	<u>(17,045)</u>
Annual OPEB cost:	173,424
Amount of contribution:	<u>(139,821)</u>
Increase/Decrease in NPO	33,604
Net OPEB obligation—beginning of year	<u>401,444</u>
Net OPEB obligation—end of year	\$ 435,048

<u>Year End</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u> <u>at Year End</u>
6/30/2010	Teacher Group	247,036	147,870 (59.86%)	207,441
6/30/2011	Teacher Group	269,552	151,620 (56.24%)	295,849
6/30/2012	Teacher Group	246,836	141,241 (57.20%)	401,444
6/30/2013	Teacher Group	173,424	139,821 (80.62%)	435,048

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

Actuarial Methods and Assumptions

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**D. Postemployment Healthcare Plan (continued)**

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of 5 percent by fiscal year 2021. The annual healthcare premium trend rate for the Medicare Supplement plan was 6.50 percent initially. The rate reduced to 6.25 percent for fiscal year 2013 and then will be reduced by decrements to an ultimate rate of 5 percent by fiscal year 2018. Both rates include a 2.5 percent inflation assumption, which also represent projected salary increase. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007.

**NOTE 6 – SUBSEQUENT EVENTS**

Management of the District has evaluated events and transactions through November 20, 2013, which is the earliest date the financials were available.

**NOTE 7 – PRIOR PERIOD ADJUSTMENT (ACCOUNTING CHANGE)**

The District implemented GASB 65 for the year ended which establishes the reporting of certain inflows and outflows of certain items that used to be reported as deferred inflows or deferred outflows to be reported as current period expenditures or revenues. This change affected the District by reclassifying deferred bond offering premiums (liabilities) and prepaid bond issuance costs (assets). The net affect of reclassifying these items required a restatement of beginning Net Assets of \$83,204.

## REQUIRED SUPPLEMENTARY INFORMATION

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

**Pension Plan**

(Dollar Amounts in Thousnads)

Actuarial Valuation Date	Actuarial Value of assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered ((b-a)/c)
07/01/11	\$ 379	\$ 703	\$ 324	53.90%	\$ -	0.00%
07/01/09	254	772	518	32.91%	-	0.00%
07/01/07	166	844	678	19.67%	-	0.00%

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

July 1, 2011 is the most recent actuarial valuation date.

**Postemployment Healthcare Plan**

(Dollar Amounts in Thousnads)

Actuarial Valuation Date	Actuarial Value of assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered ((b-a)/c)
7/1/2011	\$ -	\$ 2,568	\$ 2,568	0.00%	\$ 15,146	16.95%
07/01/09	\$ -	\$ 2,537	\$ 2,537	0.00%	\$ 14,024	18.09%
07/01/07	-	2,527	2,527	0.00%	13,223	19.11%

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

July 1, 2009 is the most recent actuarial valuation date.

## OTHER SUPPLEMENTARY INFORMATION

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2001  
For the Year Ended June 30, 2013**

<u>Due Date</u>	<u>Principal Payment</u>	<u>Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
10/01/13	\$ -		\$ 115,712	\$ 115,712
04/01/14	545,000	5.00	115,712	660,712
10/01/14			102,088	102,088
04/01/15	650,000	5.00	102,088	752,088
10/01/15			85,838	85,838
04/01/16	715,000	5.25	85,838	800,838
10/01/16			67,069	67,069
04/01/17	785,000	5.25	67,069	852,069
10/01/17			46,463	46,463
04/01/18	850,000	5.25	46,463	896,463
10/01/18			24,150	24,150
04/01/19	920,000	5.25	24,150	944,150
	<u>\$ 4,465,000</u>		<u>\$ 882,640</u>	<u>\$ 5,347,640</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2005  
For the Year Ended June 30, 2013**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/13	\$ -		\$ 27,788	\$ 27,788
04/01/14	80,000	4.50	27,787	107,787
10/01/14			25,988	25,988
04/01/15	85,000	4.50	25,987	110,987
10/01/15			24,075	24,075
04/01/16	85,000	4.50	24,075	109,075
10/01/16			22,163	22,163
04/01/17	90,000	4.50	22,162	112,162
10/01/17			20,138	20,138
04/01/18	95,000	4.50	20,137	115,137
10/01/18			18,000	18,000
04/01/19	100,000	4.50	18,000	118,000
10/01/19			15,750	15,750
04/01/20	105,000	4.50	15,750	120,750
10/01/20			13,388	13,388
04/01/21	110,000	4.50	13,387	123,387
10/01/21			10,913	10,913
04/01/22	115,000	4.50	10,912	125,912
10/01/22			8,325	8,325
04/01/23	120,000	4.50	8,325	128,325
10/01/23			5,625	5,625
04/01/24	125,000	4.50	5,625	130,625
10/01/24			2,813	2,813
04/01/25	125,000	4.50	2,812	127,812
	<u>\$ 1,235,000</u>		<u>\$ 389,925</u>	<u>\$ 1,624,925</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2007  
For the Year Ended June 30, 2013**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/13	\$ -		\$ 346,163	\$ 346,163
04/01/14	100,000	4.00	346,162	446,162
10/01/14			344,163	344,163
04/01/15	100,000	4.00	344,162	444,162
10/01/15			342,163	342,163
04/01/16	100,000	4.125	342,162	442,162
10/01/16			340,100	340,100
04/01/17	100,000	4.20	340,100	440,100
10/01/17			338,000	338,000
04/01/18	100,000	4.25	338,000	438,000
10/01/18			335,875	335,875
04/01/19	100,000	4.30	335,875	435,875
10/01/19			333,725	333,725
04/01/20	900,000	4.30	333,725	1,233,725
10/01/20			314,375	314,375
04/01/21	1,000,000	5.00	314,375	1,314,375
10/01/21			289,375	289,375
04/01/22	1,000,000	5.00	289,375	1,289,375
10/01/22			264,375	264,375
04/01/23	1,000,000	5.00	264,375	1,264,375
10/01/23			239,375	239,375
04/01/24	1,000,000	5.00	239,375	1,239,375
10/01/24			214,375	214,375
04/01/25	1,000,000	5.00	214,375	1,214,375
10/01/25			189,375	189,375
04/01/26	1,000,000	5.00	189,375	1,189,375
10/01/26			164,375	164,375
04/01/27	1,000,000	5.00	164,375	1,164,375
10/01/27			139,375	139,375
04/01/28	1,000,000	5.00	139,375	1,139,375
10/01/28			114,375	114,375
01/01/29	1,000,000	5.00	114,375	1,114,375
10/01/29			89,375	89,375
04/01/30	1,000,000	5.00	89,375	1,089,375
10/01/30			64,375	64,375
04/01/31	1,000,000	5.00	64,375	1,064,375
10/01/31			39,375	39,375
04/01/32	1,000,000	5.00	39,375	1,039,375
10/01/32			14,375	14,375
04/01/33	575,000	5.00	14,375	589,375
	<u>\$ 14,075,000</u>		<u>\$ 9,034,125</u>	<u>\$ 23,109,125</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2008  
For the Year Ended June 30, 2013**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/13	\$ -		\$ 160,306	\$ 160,306
04/01/14	100,000	3.65	160,306	260,306
10/01/14			158,481	158,481
04/01/15	100,000	3.80	158,481	258,481
10/01/15			156,581	156,581
04/01/16	100,000	4.00	156,581	256,581
10/01/16			154,581	154,581
04/01/17	100,000	4.15	154,581	254,581
10/01/17			152,506	152,506
04/01/18	100,000	4.25	152,506	252,506
10/01/18			150,381	150,381
04/01/19	100,000	4.38	150,381	250,381
10/01/19			148,194	148,194
04/01/20	400,000	4.50	148,194	548,194
10/01/20			139,194	139,194
04/01/21	400,000	4.60	139,194	539,194
10/01/21			129,994	129,994
04/01/22	400,000	4.65	129,994	529,994
10/01/22			120,694	120,694
04/01/23	475,000	4.75	120,694	595,694
10/01/23			109,413	109,413
04/01/24	550,000	4.80	109,413	659,413
10/01/24			96,213	96,213
04/01/25	625,000	4.85	96,213	721,213
10/01/25			81,056	81,056
04/01/26	775,000	4.95	81,056	856,056
10/01/26			61,875	61,875
04/01/27	825,000	5.00	61,875	886,875
10/01/27			41,250	41,250
04/01/28	825,000	5.00	41,250	866,250
10/01/28			20,625	20,625
04/01/29	825,000	5.00	20,625	845,625
	<u>\$ 6,700,000</u>		<u>\$ 3,762,688</u>	<u>\$ 10,462,688</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2009  
For the Year Ended June 30, 2013**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/13	\$ -		\$ 56,864	\$ 56,864
04/01/14	315,000	3.00	56,864	371,864
10/01/14			52,139	52,139
04/01/15	285,000	3.00	52,139	337,139
10/01/15			47,864	47,864
04/01/16	300,000	3.00	47,864	347,864
10/01/16			43,364	43,364
04/01/17	320,000	3.00	43,364	363,364
10/01/17			38,564	38,564
04/01/18	345,000	3.20	38,564	383,564
10/01/18			33,044	33,044
04/01/19	365,000	3.38	33,044	398,044
10/01/19			26,884	26,884
04/01/20	110,000	3.75	26,884	136,884
10/01/20			24,822	24,822
04/01/21	115,000	3.75	24,822	139,822
10/01/21			22,666	22,666
04/01/22	120,000	3.88	22,666	142,666
10/01/22			20,341	20,341
04/01/23	125,000	3.88	20,341	145,341
10/01/23			17,919	17,919
04/01/24	130,000	4.00	17,919	147,919
10/01/24			15,319	15,319
04/01/25	135,000	4.00	15,319	150,319
10/01/25			12,619	12,619
04/01/26	140,000	4.20	12,619	152,619
10/01/26			9,679	9,679
04/01/27	145,000	4.20	9,679	154,679
10/01/27			6,634	6,634
04/01/28	150,000	4.35	6,634	156,634
10/01/28			3,371	3,371
04/01/29	155,000	4.35	3,371	158,371
	<u>\$ 3,255,000</u>		<u>\$ 864,180</u>	<u>\$ 4,119,180</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2012  
For the Year Ended June 30, 2013**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/13	\$ -		\$ 39,322	\$ 39,322
04/01/14	130,000	1.00	39,322	169,322
10/01/14			38,682	38,682
04/01/15	130,000	1.00	38,672	168,672
10/01/15			38,022	38,022
04/01/16	135,000	1.00	38,022	173,022
10/01/16			37,347	37,347
04/01/17	135,000	2.00	37,347	172,347
10/01/17			35,997	35,997
04/01/18	140,000	2.00	35,997	175,997
10/01/18			34,597	34,597
04/01/19	145,000	2.00	34,597	179,597
10/01/19			33,147	33,147
04/01/20	145,000	2.00	33,147	178,147
10/01/20			31,697	31,697
04/01/21	150,000	2.25	31,697	181,697
10/01/21			30,009	30,009
04/01/22	155,000	2.25	30,009	185,009
10/01/22			28,266	28,266
04/01/23	160,000	2.38	28,266	188,266
10/01/23			26,366	26,366
04/01/24	170,000	2.50	26,366	196,366
10/01/24			24,241	24,241
04/01/25	175,000	2.63	24,241	199,241
10/01/25			21,944	21,944
04/01/26	180,000	2.75	21,944	201,944
10/01/26			19,469	19,469
04/01/27	190,000	2.88	19,469	209,469
10/01/27			16,738	16,738
04/01/28	195,000	3.00	16,738	211,738
10/01/28			13,812	13,812
04/01/29	205,000	3.00	13,812	218,812
10/01/29			10,738	10,738
04/01/30	210,000	3.13	10,738	220,738
10/01/30			7,456	7,456
04/01/31	220,000	3.25	7,456	227,456
10/01/31			3,881	3,881
04/01/32	230,000	3.38	3,881	233,881
	<u>\$ 3,200,000</u>		<u>\$ 983,452</u>	<u>\$ 4,183,452</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2013  
For the Year Ended June 30, 2013**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/13	\$ -		\$ 24,785	\$ 24,785
04/01/14	125,000	1.00	36,569	161,569
10/01/14			35,944	35,944
04/01/15	115,000	2.00	35,944	150,944
10/01/15			34,794	34,794
04/01/16	115,000	2.00	34,794	149,794
10/01/16			33,644	33,644
04/01/17	120,000	2.00	33,644	153,644
10/01/17			32,444	32,444
04/01/18	120,000	2.00	32,444	152,444
10/01/18			31,244	31,244
04/01/19	120,000	2.00	31,244	151,244
10/01/19			30,044	30,044
04/01/20	125,000	2.00	30,044	155,044
10/01/20			28,794	28,794
04/01/21	125,000	2.00	28,794	153,794
10/01/21			27,544	27,544
04/01/22	130,000	2.00	27,544	157,544
10/01/22			26,244	26,244
04/01/23	135,000	2.00	26,244	161,244
10/01/23			24,894	24,894
04/01/24	135,000	2.00	24,894	159,894
10/01/24			23,544	23,544
04/01/25	140,000	2.25	23,544	163,544
10/01/25			21,969	21,969
04/01/26	145,000	2.25	21,969	166,969
10/01/26			20,338	20,338
04/01/27	150,000	2.75	20,338	170,338
10/01/27			18,275	18,275
04/01/28	155,000	2.75	18,275	173,275
10/01/28			16,144	16,144
04/01/29	160,000	3.00	16,144	176,144
10/01/29			13,744	13,744
04/01/30	165,000	3.00	13,744	178,744
10/01/30			11,269	11,269
04/01/31	170,000	3.00	11,269	181,269
10/01/31			8,719	8,719
04/01/32	175,000	3.00	8,719	183,719
10/01/32			6,094	6,094
04/01/33	185,000	3.25	6,094	191,094
10/01/33			3,088	3,088
04/01/34	190,000	3.25	3,088	193,088
	<u>\$ 3,000,000</u>		<u>\$ 958,902</u>	<u>\$ 3,958,902</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCEDULE OF OFFICIAL BOND AND SALARIES OF PRINCIPAL OFFICIALS  
For the Year Ended June 30, 2013**

<u>Title</u>	<u>Name</u>	<u>Salary</u>	<u>Official Bond</u>
Superintendent	Eddie Pruett	\$ 96,000	\$ 563,500

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS  
For the Year Ended June 30, 2013**

Program Name	CFDA Number	Grantor Agency	Unearned (Due From) 07/01/12	Receipts	Expenditures	Unearned (Due From) 06/30/13
IDEA Part B	84.027 *	State of Tennessee Dept. of Education	\$ -	\$ 425,972	\$ 622,092	\$ (196,120)
Carl Perkins-Vocational Education	84.048	State of Tennessee Dept. of Education	(2,707)	109,225	106,518	-
IDEA-Pre-school	84.173 *	State of Tennessee Dept. of Education	(223)	7,397	10,578	(3,404)
ESEA-Title I	84.010	State of Tennessee Dept. of Education	(10,001)	280,411	382,449	(112,039)
21st Century Community Learning	84.287 *	State of Tennessee Dept. of Education	(157,519)	202,636	302,200	(257,083)
Transition to Teaching	84.350 *	State of Tennessee Dept. of Education	(21,117)	21,117	-	-
Title II-Training	84.367	State of Tennessee Dept. of Education	(2,457)	35,092	57,350	(24,715)
Youth Empowerment Initiative	93.910	State of Tennessee Dept. of Education	-	-	-	-
First to the Top	84.395	State of Tennessee Dept. of Education	6,316	111,732	142,196	(24,148)
National School Lunch Program	10.555	U.S. Dept of Agriculture	(63,162)	824,814	761,652	-
National School Breakfast Program	10.553	U.S. Dept of Agriculture	(21,932)	263,868	241,936	-
USDA Commodity Supplemental	10.555	TN Dept of Agriculture	-	83,678	83,678	-
			<u>\$ (272,802)</u>	<u>\$ 2,365,942</u>	<u>\$ 2,710,649</u>	<u>\$ (617,509)</u>

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

\* considered as major program

See auditors' report



**COWART REESE**

**S A R G E N T**

Certified Public Accountants, P.C.

Brownsville | Jackson | Martin | Milan | Paris

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Martin, TN 38237

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Gibson County Special School District  
Dyer, Tennessee

We have audited the financial statements of the governmental activities and each major fund including budgetary comparisons for the general, federal projects, and cafeteria funds of the Gibson County Special School District, as of and for the year ended June 30, 2013, and have issued our report thereon dated November 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Cowart Reese Sargent, CPAs.  
Martin, TN

November 20, 2013



Brownsville | Jackson | Martin | Milan | Paris

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133** [www.crs CPA.com](http://www.crs CPA.com)

Board of Education  
Gibson County Special School District  
Dyer, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the District's 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, 2013. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of The District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of The District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The District's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Cowart Reese Sargent, CPAs  
Martin, TN

November 20, 2013

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2013**

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Gibson County Special School District.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Gibson County Special School District was disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of internal control over major federal awards programs.
5. The auditors' report on compliance for the major federal awards program for Gibson County Special School District expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as a major programs were

<u>Program</u>	<u>CFDA No.</u>
IDEA Part B	84.027
IDEA Preschool	84.173
School Nutrition (Breakfast)	10.553
School Nutrition (Lunch)	10.555

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Gibson County Special School District was determined to be a low risk auditee.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2013**

**B. Finding – Financial Statement Audit**

None Noted

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

None Noted