

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

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2014**

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
DYER, TENNESSEE
June 30, 2014**

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FINANCIAL SECTION

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, 2014, 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, 2014, 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 December 1, 2014 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 horizontal line extending to the right.

Cowart Reese Sargent, CPAs
Martin, TN

December 1, 2014

**Gibson County Special School District
Management's Discussion and Analysis
For the year ended June 30, 2014**

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, 2014 and a comparison of financial information between the 2013 and 2014 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 position 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 position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position - 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 position 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 position 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, 2014**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position as of June 30, 2013 and June 30, 2014:

STATEMENT OF NET POSITION

	<u>Governmental Activities</u>	
	<u>6/30/2014</u>	<u>6/30/2013</u>
Assets		
Current and other assets	\$ 14,865,710	\$ 17,097,100
Capital assets, net of accumulated depreciation	<u>44,641,978</u>	<u>41,490,792</u>
Total assets	<u>59,507,688</u>	<u>58,587,862</u>
Liabilities		
Current liabilities	4,391,736	4,543,244
Long-term liabilities	<u>33,140,000</u>	<u>36,365,046</u>
Total liabilities	<u>37,531,736</u>	<u>40,908,290</u>
Deferred Inflows of Resources		
Deferred revenue	\$ <u>5,080,220</u>	<u>4,613,969</u>
Net Position		
Net investment in capital assets	10,106,978	5,560,762
Restricted	640,895	1,221,822
Unrestricted	<u>6,047,056</u>	<u>8,367,776</u>
Total net position	<u>16,895,732</u>	<u>15,150,360</u>
Total liabilities and net position	<u>\$ 59,507,688</u>	<u>\$ 58,587,862</u>

The above analysis focuses on the net position. The change in net position of the District's governmental activities is discussed below. The District's net position was \$6,895,732 and \$15,150,360 as of June 30, 2014 and 2013 respectively.

Net investment in capital assets totaling \$10,106,978 compares the original cost, less depreciation of the District's capital assets, to long-term debt, including accrued 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 position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$6,047,056, was unrestricted.

The \$6,047,056 in unrestricted net position 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 position 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 position for fiscal year 2014. The following schedule also provides the changes in net position for fiscal year 2013 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, 2014**

	<u>Governmental Activities</u>	
	<u>6/30/2014</u>	<u>6/30/2013</u>
Revenues		
Program revenues:		
Charges for services	\$ 928,372	\$ 1,007,919
Operating grants and contributions	2,817,583	3,548,634
Capital grants and contributions	-	-
General revenues:		
Property taxes	5,030,055	4,990,098
Local option sales taxes	2,451,320	2,266,381
Other taxes	79,366	13,354
Intergovernmental	20,034,039	18,924,777
Interest	19,560	19,718
Other sources	<u>99,091</u>	<u>100,254</u>
Total revenues	<u>31,459,386</u>	<u>30,871,135</u>
Function/Program Expenses		
Instruction	16,060,415	16,061,507
Support services	9,838,875	8,828,437
Food service	1,856,151	1,832,254
Other non-instructional services	404,966	711,817
Bond Issue Costs	0	67,109
Interest on debt	<u>1,553,607</u>	<u>1,523,777</u>
Total expenses	<u>29,714,014</u>	<u>29,024,901</u>
Change in net position	1,745,372	1,846,234
Net position, beginning	15,150,360	13,220,922
Restatement Adjustment -	<u>0</u>	<u>83,204</u>
Net position, beginning (restated)	<u>15,150,360</u>	<u>13,304,126</u>
Net position - ending	<u>\$ 16,895,732</u>	<u>\$ 15,150,360</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$29,714,014 with an increase of \$1,745,372 between the 2014 and 2013 fiscal years. Certain activities were partially funded from those who benefited from the programs (\$928,372) or by other governments and organizations that subsidized certain programs with grants (\$2,817,583). We paid for the remaining "public benefit" portion of our governmental activities with \$7,560,741 in taxes, and with our other revenues, such as interest and general entitlements.

The District experienced an increase in net position of \$1,745,372

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.

**Gibson County Special School District
Management's Discussion and Analysis
For the year ended June 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed this year, the governmental funds reported a combined fund balance of \$16,895,732, which is an increase of \$1,745,372 from last year. In the General Fund, our principal operating fund, the fund balance decreased by \$2,807,715, mainly due to construction costs associated with enlarging the middle school at Medina..

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, 2014, the District had \$44,641,978 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 \$34,535,000 versus \$35,930,000 at June 30, 2014, a change of 4%. 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, 2014**

ASSETS	
Cash	\$ 8,505,704
Investments	500,000
Accounts Receivable	71
Taxes Receivable	5,080,220
Due from other Governments	741,340
Inventory	38,375
Capital Assets:	
Land	124,936
Construction in Progress	8,947,294
Buildings and Improvements	52,474,977
Vehicles	3,447,918
Furniture and Equipment	1,559,945
Less: Accumulated Depreciation	<u>(21,913,092)</u>
Total Assets	<u><u>59,507,688</u></u>
LIABILITIES	
Accounts Payable	12,023
Accrued Liabilities	642,406
Accrued Payroll	1,482,176
Accrued Interest Payable	442,833
Long-term Liabilities:	
Net OPEB Obligation	417,298
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>33,140,000</u>
Total Liabilities	<u><u>37,531,736</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	<u>5,080,220</u>
NET POSITION	
Net investment in capital assets	10,106,978
Restricted for:	
Career Ladder	100,803
Cafeteria	540,092
Unrestricted	<u>6,047,056</u>
Total Net Position	<u><u>\$ 16,895,732</u></u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction:					
Regular Education	\$ 12,850,720	\$ -	\$ -	\$ 1,041,205	\$ (11,809,515)
Special Education	2,212,211	-	-	636,631	(1,575,580)
Student Body Education	129,940	-	-	-	(129,940)
Vocational Education	867,544	-	-	33,509	(834,035)
Support Services:					
Attendance Services	60,029	-	-	-	(60,029)
Health Services	292,337	-	-	-	(292,337)
Other Student Support	614,915	-	-	-	(614,915)
Regular Instruction	2,118,653	-	-	-	(2,118,653)
Vocational Education	48,923	-	-	-	(48,923)
Special Education	183,757	-	-	-	(183,757)
Guidance	302,500	-	-	-	(302,500)
Adult School	3,000	-	-	-	(3,000)
Board of Education	397,129	-	-	-	(397,129)
Office of Superintendent	199,886	-	-	-	(199,886)
Office of the Principal	1,581,872	-	-	-	(1,581,872)
Fiscal Services	159,289	-	-	-	(159,289)
School Age Childcare	193,211	190,225	-	-	(2,986)
Operation of Plant	1,873,570	-	-	-	(1,873,570)
Maintenance of Plant	432,844	-	-	-	(432,844)
Transportation	1,376,960	-	-	-	(1,376,960)
Non-Instructional Services:					
Food Service	1,856,151	738,147	-	1,106,238	(11,766)
Community Services	-	-	-	-	-
Early Childhood Education	404,966	-	-	-	(404,966)
Capital Outlay	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-
Interest on Debt	1,553,607	-	-	-	(1,553,607)
Total District	\$ 29,714,014	\$ 928,372	\$ -	\$ 2,817,583	\$ (25,968,059)
General Revenues:					
Local Option Sales Tax					2,451,320
Property Taxes					5,030,055
Interstate Telecommunications Taxes					2,189
Other Taxes					79,366
Intergovernmental:					
Basic Education Program					20,034,039
Interest					19,560
Other Miscellaneous Revenues					96,902
Total General Revenues					27,713,431
Change in Net Position					1,745,372
Net Position, Beginning					15,150,360
Net Position, Ending					\$ 16,895,732

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General</u>	<u>Federal Projects</u>	<u>Cafeteria</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 7,547,945	\$ 392,685	\$ 565,074	\$ 8,505,704
Investments	500,000	-	-	500,000
Accounts Receivable	41	-	30	71
Property Taxes Receivable	5,080,220	-	-	5,080,220
Due from Other Governments	271,966	390,226	79,148	741,340
Due from Other Funds	881,777	3,972	-	885,749
Inventory	-	-	38,375	38,375
Total Assets	<u>\$ 14,281,949</u>	<u>\$ 786,883</u>	<u>\$ 682,627</u>	<u>\$ 15,751,459</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 2,757	\$ 9,266	\$ -	\$ 12,023
Accrued Liabilities	642,406	-	-	642,406
Accrued Payroll	1,482,176	-	-	1,482,176
Due To Other Funds	3,972	777,617	104,160	885,749
Deferred Revenue - Taxes	5,080,220	-	-	5,080,220
Total Liabilities	<u>7,211,531</u>	<u>786,883</u>	<u>104,160</u>	<u>8,102,574</u>
Fund Balances:				
Nonspendable:				
Inventory	-	-	38,375	38,375
Restricted for:				
Career Ladder	100,803	-	-	100,803
Federal Projects	-	-	-	-
Cafeteria	-	-	540,092	540,092
Committed	1,443,908	-	-	1,443,908
Unassigned	5,525,707	-	-	5,525,707
Total Fund Balances	<u>7,070,418</u>	<u>-</u>	<u>578,467</u>	<u>7,648,885</u>
Total Liabilities and Fund Balance:	<u>\$ 14,281,949</u>	<u>\$ 786,883</u>	<u>\$ 682,627</u>	<u>\$ 15,751,459</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
STATEMENT OF NET POSITION
JUNE 30, 2014**

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

Fund balances - total governmental funds	\$ 7,648,885
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in governmental funds	44,641,978
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	(417,298)
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>(34,535,000)</u>
Net position of governmental activities	<u>\$ 16,895,732</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, 2014

	General Fund	Federal Projects	Cafeteria	Total Governmental Funds
Revenues				
Taxes	\$ 7,590,007	\$ -	\$ -	\$ 7,590,007
Intergovernmental	20,034,039	1,711,345	1,106,238	22,851,622
Miscellaneous	278,721	-	739,036	1,017,757
Total Revenues	<u>27,902,767</u>	<u>1,711,345</u>	<u>1,845,274</u>	<u>31,459,386</u>
Expenditures				
Current:				
Instruction	13,729,725	1,050,096	-	14,779,821
Student Support	9,010,446	648,713	-	9,659,159
Food Services	-	-	1,856,151	1,856,151
Operation of Non-Instructional Services	404,966	-	-	404,966
Capital Outlay	4,616,738	12,536	-	4,629,274
Debt Service:				
Principal	1,395,000	-	-	1,395,000
Interest	1,553,607	-	-	1,553,607
Total Expenditures	<u>30,710,482</u>	<u>1,711,345</u>	<u>1,856,151</u>	<u>34,277,978</u>
Excess Revenues Over (Under) Expenditures	<u>(2,807,715)</u>	<u>-</u>	<u>(10,877)</u>	<u>(2,818,592)</u>
Fund Balance, Beginning	<u>9,878,133</u>	<u>-</u>	<u>589,344</u>	<u>10,467,477</u>
Fund Balance, Ending	<u>\$ 7,070,418</u>	<u>\$ -</u>	<u>\$ 578,467</u>	<u>\$ 7,648,885</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, 2014

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

Net change in fund balances - total governmental funds	\$ (2,818,592)
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.	4,903,002
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.	1,395,000
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.	17,750
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.	<u>(1,751,788)</u>
Change in net position of governmental activitie	<u><u>\$ 1,745,372</u></u>

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

Fund 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Real Estate Taxes	\$ 4,934,961	\$ 4,963,470	\$ 5,030,055	\$ 66,585
In Lieu of Taxes	-	10,045	10,045	-
Penalties and Interest	20,000	27,077	27,077	-
Local Sales Tax	2,200,000	2,200,000	2,451,320	251,320
Interstate Telecommunications	1,500	2,189	2,189	-
Pick-Up Taxes	30,000	67,321	67,321	-
Marriage License	1,400	1,400	1,471	71
Alcoholic Beverage Tax	500	500	529	29
Total Taxes	<u>7,188,361</u>	<u>7,272,002</u>	<u>7,590,007</u>	<u>318,005</u>
Intergovernmental Revenues				
State of Tennessee - Basic Education Program	18,584,000	18,842,000	18,842,000	-
State of Tennessee - Early Childhood Education	407,637	407,637	404,966	(2,671)
State of Tennessee - Career Ladder	97,500	101,815	101,815	-
State of Tennessee - Energy Efficient School	-	16,082	14,300	(1,782)
Federal Emergency Management Agency	415,217	415,217	114,276	(300,941)
Safe Schools- ARRA	20,000	-	-	-
State of Tennessee - Other	125,000	523,164	556,682	33,518
Total Intergovernmental Revenues	<u>19,649,354</u>	<u>20,305,915</u>	<u>20,034,039</u>	<u>(271,876)</u>
Miscellaneous Revenues				
Receipts From Individual Schools	43,904	69,825	69,825	-
Interest Earnings	20,000	20,000	18,671	(1,329)
School Age Childcare	205,284	205,284	190,225	(15,059)
Total Miscellaneous Revenues	<u>269,188</u>	<u>295,109</u>	<u>278,721</u>	<u>(16,388)</u>
Total Revenues	<u>27,106,903</u>	<u>27,873,026</u>	<u>27,902,767</u>	<u>29,741</u>
Expenditures				
Instruction				
Regular Instruction Program				
Salaries - Teachers	8,292,320	8,292,320	8,140,809	151,511
Salaries - Career Ladder	87,000	87,000	73,939	13,061
Salaries - Educational Assistants	312,825	329,132	329,132	-
Salaries - Substitute Teachers	85,000	151,219	151,219	-
Salaries - Homebound ISS	5,000	5,000	3,867	1,133
Social Security	544,493	544,493	494,398	50,095
State Retirement	772,476	772,476	744,157	28,319
Life Insurance	10,000	10,000	7,892	2,108
Medical Insurance	868,059	885,405	843,512	41,893
Medicare	127,341	127,341	116,083	11,258
Maintenance and Repair- Equipment	1,000	1,000	-	1,000
Other Contracted Services	87,000	87,000	80,540	6,460
Instructional Supplies	140,000	140,000	91,580	48,420
Other Supplies and Materials	75,000	75,000	38,021	36,979
Equipment	10,000	10,000	9,193	807
Textbooks	156,000	51,111	49,889	1,222
Total Regular Instructional Program	<u>11,573,514</u>	<u>11,568,497</u>	<u>11,174,231</u>	<u>394,266</u>
Special Education Program				
Salaries - Teachers	922,321	922,321	893,658	28,663
Salaries - Career Ladder	3,000	3,000	2,440	560
Salaries - Homebound ISS	3,000	3,000	2,380	620
Salaries - Educational Assistants	291,105	291,105	278,358	12,747
Salaries - Substitute Teachers	6,000	24,872	22,836	2,036
Social Security	75,976	76,596	66,718	9,878

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
State Retirement	104,559	104,559	99,797	4,762
Medicare	17,769	17,914	15,629	2,285
Medical Insurance	168,073	159,201	143,865	15,336
Contracted Services	7,000	7,000	2,228	4,772
Evaluation and Testing	38,000	48,000	26,950	21,050
Instructional Supplies	8,750	44,109	12,306	31,803
Maintenance and Repair	2,000	2,000	294	1,706
Other Supplies and Materials	2,000	12,000	2,781	9,219
Total Special Education Program	<u>1,649,553</u>	<u>1,715,677</u>	<u>1,570,240</u>	<u>145,437</u>
Student Body Education Program				
Salaries - Other	86,311	89,472	89,472	-
Social Security	5,351	4,975	4,975	-
State Retirement	7,342	7,621	7,621	-
Medicare	1,252	1,164	1,163	1
Medical Insurance	9,881	9,043	9,043	-
Communication	1,500	1,268	1,203	65
Travel	11,000	7,080	7,088	(8)
Other Charges	-	566	566	-
Other Supplies and Materials	2,363	8,810	8,809	1
Total Student Body Education Program	<u>125,000</u>	<u>129,999</u>	<u>129,940</u>	<u>59</u>
Vocational Education Program				
Salaries - Teachers	657,158	657,694	657,694	-
Salaries - Career Ladder	3,000	2,000	2,000	-
Salaries - Substitute Teachers	10,000	10,293	10,293	-
Other Charges	5,000	4,127	4,127	-
Social Security	41,550	37,781	37,781	-
State Retirement	58,622	57,037	57,037	-
Medical Insurance	40,943	62,251	62,251	-
Medicare	9,717	8,890	8,890	-
Instructional Supplies	14,400	14,957	14,957	-
Other Supplies and Materials	500	284	284	-
Vocational Instruction Equipment	3,000	-	-	-
Total Vocational Education Program	<u>843,890</u>	<u>855,314</u>	<u>855,314</u>	<u>-</u>
Total Instruction	<u>14,191,957</u>	<u>14,269,487</u>	<u>13,729,725</u>	<u>539,762</u>
Student Support				
Student Support Attendance Services				
Salaries - Supervisor/Director	45,938	46,184	46,184	-
Salaries - Career Ladder	1,000	1,000	1,000	-
Social Security	2,848	2,848	2,672	176
State Retirement	4,079	4,190	4,190	-
Medical Insurance	3,841	3,886	3,886	-
Medicare	666	666	625	41
Travel	2,800	2,397	1,472	925
Total Student Support Attendance Services	<u>61,172</u>	<u>61,171</u>	<u>60,029</u>	<u>1,142</u>
Health Services				
Medical Personnel	235,069	235,069	226,161	8,908
Travel	7,500	7,500	3,686	3,814
Drugs and Medical Supplies	5,000	6,210	4,874	1,336
Social Security	-	14,574	13,047	1,527
State Retirement	32,439	17,865	17,166	699
Medical Insurance	26,826	23,969	15,536	8,433
Medicare	3,409	3,409	3,051	358
Other Charges	5,630	7,276	7,084	192
Equipment	3,000	3,000	1,732	1,268

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Total Student Support Health Services	318,873	318,872	292,337	26,535
Other Student Support				
Salaries - Career Ladder	-	2,000	2,000	-
Salaries - Guidance Personnel	391,151	391,151	388,025	3,126
Career Ladder	1,000	1,000	-	1,000
Social Security	24,313	24,313	22,239	2,074
Travel	1,200	1,285	1,285	-
Medical Insurance	35,050	34,259	33,153	1,106
State Retirement	34,823	34,823	34,374	449
Medicare	5,686	5,686	5,202	484
Evaluation and Testing	68,000	64,842	64,842	-
Instructional Supplies and Materials	2,700	2,700	2,700	-
Contracts with Government Agencies	45,000	45,000	44,822	178
Contracted Services	3,000	4,865	4,865	-
Total Student Support Other Services	611,923	611,924	603,507	8,417
Regular Instruction Program				
Salaries - Supervisor/Director	232,366	232,366	228,581	3,785
Salaries - Career Ladder	1,000	1,000	1,000	-
Salaries - Librarians	260,002	275,351	275,351	-
Salaries - Other	234,687	249,479	245,844	3,635
Medicare	10,557	10,772	10,072	700
Social Security	45,139	46,056	43,068	2,988
State Retirement	61,647	64,194	64,194	-
Medical Insurance	63,921	65,321	57,228	8,093
Consultants	5,000	5,000	-	5,000
Maintenance and Repair	15,000	15,000	6,162	8,838
In-service Training	55,000	55,000	41,668	13,332
Equipment	245,100	528,140	492,905	35,235
Travel	24,000	24,000	16,851	7,149
Contracted Services	338,000	320,331	299,444	20,887
Other Supplies and Materials	40,000	40,000	23,329	16,671
Library Books/Media	31,500	32,397	32,397	-
Total Regular Instruction Program	1,662,919	1,964,407	1,838,094	126,313
Special Education Program				
Salaries - Supervisor/Director	77,461	77,461	77,461	-
Salaries - Career Ladder	1,000	1,000	1,000	-
Salaries - Clerical Personnel	28,848	28,848	28,848	-
Travel	6,000	7,000	4,109	2,891
Medical Insurance	8,765	8,765	8,625	140
Social Security	6,653	6,653	6,133	520
State Retirement	9,183	9,183	9,160	23
Other Supplies and Materials	1,000	4,000	990	3,010
Medicare	1,556	1,556	1,434	122
Maintenance and Repair- Equipment	1,000	1,000	-	1,000
In-service Training	10,000	12,395	12,395	-
Equipment	1,000	13,605	760	12,845
Contracted Services	45,000	50,000	32,842	17,158
Total Special Education Program	197,466	221,466	183,757	37,709
Vocational Education Program				
Salaries - Supervisor/Director	33,411	33,411	33,411	-
Salaries - Career Ladder	500	500	500	-
Medicare	492	492	439	53
Medical Insurance	4,859	4,859	4,849	10
Social Security	2,102	2,102	1,877	225
State Retirement	3,011	3,011	3,011	-

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Travel	5,000	5,000	4,836	164
Total Vocational Education Program	<u>49,375</u>	<u>49,375</u>	<u>48,923</u>	<u>452</u>
Adult Education				
Other Contracted Services	4,000	4,000	3,000	1,000
Total Adult Education	<u>4,000</u>	<u>4,000</u>	<u>3,000</u>	<u>1,000</u>
Office of the Superintendent				
Salaries - Administrative Officer	96,900	97,900	97,900	-
Salaries - Other	30,180	30,180	30,180	-
Career Ladder	1,000	-	-	-
Social Security	7,941	7,941	7,385	556
State Retirement	15,882	15,882	15,882	-
Medical Insurance	20,496	20,496	20,495	1
Dental Insurance	950	1,293	1,292	1
Vision Insurance	325	325	267	58
Medicare	1,857	1,857	1,727	130
Communication	18,500	18,500	12,615	5,885
Travel	4,000	3,657	2,117	1,540
Office Supplies	13,000	13,000	7,211	5,789
Postal Charges	4,500	4,500	2,815	1,685
Total Office of the Superintendent	<u>215,531</u>	<u>215,531</u>	<u>199,886</u>	<u>15,645</u>
School Age Childcare				
Supervisor/Director	29,326	30,188	30,188	-
Educational Assistants	75,545	75,545	74,933	612
Social Security	6,735	6,735	6,510	225
State Retirement	2,046	2,046	1,285	761
Medicare	1,587	1,587	1,524	63
Travel	500	500	-	500
Instructional Supplies	14,560	-	-	-
Other Supplies and Materials	52,485	70,771	70,771	-
Other Charges	10,000	10,000	8,000	2,000
Regular Instruction Equipment	12,500	7,912	-	7,912
Total School Age Childcare	<u>205,284</u>	<u>205,284</u>	<u>193,211</u>	<u>12,073</u>
Office of the Principal				
Salaries - Principals	642,103	642,103	634,965	7,138
Salaries - Assistant Principals	426,095	427,895	427,895	-
Salaries - Career Ladder	14,500	14,500	14,500	-
Salaries - Secretaries	203,481	204,380	204,380	-
Social Security	79,743	74,644	74,156	488
Medicare	18,650	18,650	17,343	1,307
State Retirement	111,608	111,608	111,164	444
Medical Insurance	95,069	97,469	97,469	-
Total Office of the Principal	<u>1,591,249</u>	<u>1,591,249</u>	<u>1,581,872</u>	<u>9,377</u>
Fiscal Services				
Salaries - Supervisor/Director	85,989	85,989	85,989	-
Salaries - Accountants/Bookkeepers	49,351	47,694	37,932	9,762
Internal Audit Personnel	1,000	1,000	-	1,000
State Retirement	11,386	11,386	10,519	867
Social Security	8,391	8,391	7,175	1,216
Medicare	1,962	1,962	1,742	220
Medical Insurance	3,988	5,524	5,524	-
In-service Training	3,000	3,000	202	2,798
Travel	1,000	1,121	1,121	-
Other Contracted Services	6,348	6,348	812	5,536
Data Processing Supplies	1,000	1,000	456	544

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other Equipment	10,000	10,000	7,817	2,183
Total Fiscal Services	<u>183,415</u>	<u>183,415</u>	<u>159,289</u>	<u>24,126</u>
Maintenance of Plant				
Salaries - Maintenance Personnel	204,927	204,927	186,526	18,401
Social Security	12,705	12,705	10,655	2,050
State Retirement	15,574	15,574	14,157	1,417
Medical Insurance	16,186	20,253	20,253	-
Medicare	2,971	2,971	2,492	479
Other Supplies and Materials	110,000	110,000	81,482	28,518
Maintenance and Repairs	110,000	105,933	60,396	45,537
Other Contracted Services	68,000	68,000	52,561	15,439
Other Charges	8,000	8,000	4,322	3,678
Total Maintenance of Plant	<u>548,363</u>	<u>548,363</u>	<u>432,844</u>	<u>115,519</u>
Board of Education				
Board Fees	22,000	22,000	19,769	2,231
Social Security	1,364	1,364	360	1,004
Medicare	319	319	84	235
Audit Service	34,000	34,000	33,000	1,000
Dues and Memberships	15,000	16,738	16,738	-
Legal Services	45,000	36,106	27,300	8,806
Travel	8,000	8,000	2,739	5,261
Other Contracted Services	10,000	10,000	2,219	7,781
Insurance	58,666	58,666	58,634	32
Workers Compensation	79,290	81,759	81,759	-
Trustee Commission	121,578	125,678	125,678	-
Premium on Bonds	4,080	4,667	4,667	-
Unemployment Compensation	50,000	50,000	24,182	25,818
Total Board of Education	<u>449,297</u>	<u>449,297</u>	<u>397,129</u>	<u>52,168</u>
Operation of Plant				
Contracted Services	782,170	798,252	791,582	6,670
Disposal Fee	48,000	48,000	43,285	4,715
Electricity	675,000	675,000	626,719	48,281
Natural Gas	175,000	175,000	173,893	1,107
Water and Sewer	90,000	90,000	82,623	7,377
Other Supplies	20,000	20,000	15,047	4,953
Insurance	142,067	142,067	140,421	1,646
Total Operation of Plant	<u>1,932,237</u>	<u>1,948,319</u>	<u>1,873,570</u>	<u>74,749</u>
Transportation				
Salaries - Supervisor/Director	22,934	22,728	22,728	-
Salaries - Bus Drivers	332,530	344,020	344,020	-
State Retirement	27,309	22,855	22,855	-
Social Security	22,039	18,482	18,482	-
Medicare	5,154	5,115	5,115	-
Medical Insurance	30,839	24,448	24,448	-
Gasoline	206,500	206,932	206,932	-
Travel	2,000	1,564	1,564	-
Contracts with Public Agencies	130,000	154,510	154,510	-
Other Contracted Services	2,250	2,250	2,250	-
Vehicle and Equipment Insurance	40,849	40,849	40,849	-
Equipment	284,000	282,452	282,452	-
Other Charges	15,000	16,793	16,793	-
Total Transportation	<u>1,121,404</u>	<u>1,142,998</u>	<u>1,142,998</u>	<u>-</u>
Total Student Support	<u>9,152,508</u>	<u>9,515,671</u>	<u>9,010,446</u>	<u>505,225</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operation of Non-instructional Services				
Early Childhood Education				
Salaries - Teachers	157,546	158,446	158,446	-
Salaries - Career Ladder	-	1,000	1,000	-
Salaries - Other	81,909	86,385	86,385	-
Social Security	14,846	13,756	13,756	-
State Retirement	20,549	20,549	20,384	165
Medical Insurance	23,754	20,809	20,809	-
Medicare	3,472	3,227	3,227	-
Travel	8,000	942	942	-
Other Contracted Services	40,000	42,675	42,675	-
Other Supplies and Materials	45,561	49,872	49,872	-
In-service Training	8,000	8,000	6,009	1,991
Equipment	2,000	1,977	1,461	516
Total Early Childhood Education	<u>405,637</u>	<u>407,638</u>	<u>404,966</u>	<u>2,672</u>
Debt Services				
Principal	1,395,000	1,395,000	1,395,000	-
Interest	1,553,663	1,553,663	1,553,607	56
Total Debt Services	<u>2,948,663</u>	<u>2,948,663</u>	<u>2,948,607</u>	<u>56</u>
Capital Outlay/Capital Projects				
Architects	23,727	136,451	116,353	20,098
Other Contracted Services	450,807	4,179,303	4,179,303	-
Furniture & Fixtures	57,200	63,446	63,446	-
Instruction Equipment	76,300	69,188	42,489	26,699
Other Equipment	19,400	19,400	-	19,400
Other Capital Outlay	225,000	299,406	215,147	84,259
Total Capital Outlay/Capital Projects	<u>852,434</u>	<u>4,767,194</u>	<u>4,616,738</u>	<u>150,456</u>
Total Expenditures	<u>27,551,199</u>	<u>31,908,653</u>	<u>30,710,482</u>	<u>1,198,171</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(444,296)</u>	<u>(4,035,627)</u>	<u>(2,807,715)</u>	<u>1,227,912</u>
and Other Financing Uses	<u>(444,296)</u>	<u>(4,035,627)</u>	<u>(2,807,715)</u>	<u>1,227,912</u>
Fund Balance - Beginning	<u>9,878,133</u>	<u>9,878,133</u>	<u>9,878,133</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,433,837</u>	<u>\$ 5,842,506</u>	<u>\$ 7,070,418</u>	<u>\$ 1,227,912</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State of Tennessee	\$ 1,794,382	\$ 1,929,028	\$ 1,711,345	\$ (217,683)
Total Revenues	<u>1,794,382</u>	<u>1,929,028</u>	<u>1,711,345</u>	<u>(217,683)</u>
Expenditures				
Instruction				
Vocational Instruction				
Maintenance & Repair	948	1,985	1,985	-
Instructional Supplies	8,201	8,648	8,648	-
Equipment	758	649	649	-
Capital Outlay	13,910	12,536	12,536	-
Travel	948	948	948	-
Total Vocational Instruction	<u>24,765</u>	<u>24,766</u>	<u>24,766</u>	<u>-</u>
Regular Instruction				
Salaries - Teachers	85,880	85,810	85,310	500
Salaries - Educational Assistants	209,725	227,574	218,820	8,754
Social Security	18,319	19,359	17,231	2,128
State Retirement	21,638	22,914	22,664	250
Medical Insurance	27,990	38,595	29,540	9,055
Medicare	4,284	4,528	4,030	498
Instructional Supplies	7,930	48,363	14,206	34,157
Other Charges	500	500	-	500
Equipment	8,165	33,855	4,094	29,761
Total Regular Instruction	<u>384,431</u>	<u>481,498</u>	<u>395,895</u>	<u>85,603</u>
Special Education				
Salaries - Teachers	112,455	116,455	114,547	1,908
Salaries - Speech Pathologist	91,381	92,881	92,664	217
Salaries - Educational Assistants	231,119	244,128	226,365	17,763
Social Security	26,968	27,775	24,125	3,650
State Retirement	35,666	36,655	34,636	2,019
Medical Insurance	55,466	55,466	54,367	1,099
Medicare	6,307	6,496	5,645	851
Maintenance and Repair- Equipment	1,000	1,000	-	1,000
Evaluation and Testing	18,500	19,751	18,130	1,621
Contracted Services	8,253	25,503	25,503	-
Instructional Supplies	5,500	31,727	15,590	16,137
Equipment	3,700	30,443	30,399	44
Total Special Education	<u>596,315</u>	<u>688,280</u>	<u>641,971</u>	<u>46,309</u>
Total Instruction	<u>1,005,511</u>	<u>1,194,544</u>	<u>1,062,632</u>	<u>131,912</u>
Other Student Support				
Regular Instruction				
Salaries - Supervisors	40,128	40,130	40,028	102
Salaries - Clerical Personnel	17,537	18,138	18,138	-
Salaries - Other	101,661	111,054	108,554	2,500
Social Security	9,306	10,510	9,374	1,136
State Retirement	12,536	14,782	14,572	210
Medical Insurance	7,426	12,836	10,597	2,239
Medicare	2,410	2,457	2,257	200
Travel	1,500	7,500	1,888	5,612
Other Supplies and Materials	3,052	45,162	45,162	-

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Equipment	2,521	13,522	6,491	7,031
In-Service Training	4,295	53,818	7,305	46,513
Other Charges	1,000	1,000	100	900
Other Equipment	11,731	16,110	16,093	17
Total Regular Instruction	<u>215,103</u>	<u>347,019</u>	<u>280,559</u>	<u>66,460</u>
Community Service				
Salaries- Supervisor/Director	108,818	103,491	103,491	-
Salaries- Teachers	215,770	73,658	73,658	-
Salaries- Assistants	56,831	35,337	35,337	-
Social Security	23,649	12,387	12,387	-
State Retirement	31,931	15,297	15,297	-
Medical Insurance	19,136	14,334	14,334	-
Medicare	5,535	2,924	2,924	-
Communication	540	288	288	-
Maintenance and Repaor	200	81	81	-
Travel	19,330	12,841	12,841	-
Contracted Services	21,500	3,944	3,944	-
Other Supplies and Materials	31,760	27,918	27,918	-
Other Equipment	5,000	-	-	-
Total Community Service	<u>540,000</u>	<u>302,500</u>	<u>302,500</u>	<u>-</u>
Health Services				
Contracted Services	-	10,458	1,005	9,453
Supplies & Materials	-	31,124	21,266	9,858
Equipment	-	9,615	9,615	-
Total Health Services	<u>-</u>	<u>51,197</u>	<u>31,886</u>	<u>19,311</u>
Other Student Support				
Travel	11,408	11,408	11,408	-
Total Other Student Support	<u>11,408</u>	<u>11,408</u>	<u>11,408</u>	<u>-</u>
Transportation				
Salaries - Bus Drivers	17,232	17,232	17,232	-
Social Security	1,068	1,068	1,068	-
State Retirement	1,310	1,310	1,310	-
Medicare	250	250	250	-
Gasoline	2,500	2,500	2,500	-
Total Transportation	<u>22,360</u>	<u>22,360</u>	<u>22,360</u>	<u>-</u>
Total Other Student Support	<u>788,871</u>	<u>734,484</u>	<u>648,713</u>	<u>85,771</u>
Total Expenditures	<u>1,794,382</u>	<u>1,929,028</u>	<u>1,711,345</u>	<u>217,683</u>
Excess Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditors' report and accompanying notes to financial statements.

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAFETERIA FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Lunch Payment - Children	\$ 706,999	\$ 706,999	\$ 640,035	\$ (66,964)
Lunch Payment - Adults	51,627	51,627	44,485	(7,142)
U.S.D.A. Reimbursements	1,132,091	1,132,091	1,086,096	(45,995)
State School Matching	19,577	19,577	20,142	565
Interest	665	665	889	224
A La Carte Sales	56,116	56,116	53,627	(2,489)
Total Revenues	<u>1,967,075</u>	<u>1,967,075</u>	<u>1,845,274</u>	<u>(121,801)</u>
Expenditures				
Food	862,250	838,665	788,802	49,863
USDA Commodities	128,970	128,970	119,807	9,163
Labor	509,902	509,902	495,235	14,667
Supervisor	48,227	48,227	48,227	-
Accountants	19,960	19,960	19,794	166
Other Contracted Services	9,500	12,883	12,883	-
Social Security	34,793	34,793	30,742	4,051
State Retirement	42,464	42,464	40,176	2,288
Medical Insurance	97,752	97,752	72,763	24,989
Unemployment	500	500	-	500
Employer Medicare	8,137	8,137	7,260	877
Communication	550	868	868	-
Utilities	100,000	100,160	100,160	-
In-Service Training	3,058	3,058	-	3,058
Staff Development	2,292	7,159	7,159	-
Equipment	24,250	29,058	29,058	-
Non-Food Supplies	58,770	68,457	68,457	-
Maintenance and Repair	8,500	8,862	8,862	-
Travel	1,500	1,500	1,144	356
Uniforms	5,700	5,700	4,754	946
Total Expenditures	<u>1,967,075</u>	<u>1,967,075</u>	<u>1,856,151</u>	<u>110,924</u>
Excess Revenues Over (Under) Expenditures	-	-	(10,877)	(10,877)
Fund Balance - Beginning	<u>589,344</u>	<u>589,344</u>	<u>589,344</u>	-
Fund Balance - Ending	<u>\$ 589,344</u>	<u>\$ 589,344</u>	<u>\$ 578,467</u>	<u>\$ (10,877)</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, 2014**

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 position 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, 2014**

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 Position 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, 2014**

D. Assets, Liabilities, and Net Position 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, 2014 but were not available to finance expenditures for the year ended June 30, 2014. 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, 2014**

D. Assets, Liabilities, and Net Position 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 position.

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 \$1,443,918 includes \$1,387,181 committed for renovation of the Gibson County High School athletic complex and an addition of a FEMA safe space at Yorkville School. The remaining \$56,737 is committed for the School Age Children program.

- 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, 2014**

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 Position

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the district-wide statement of net position. 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 \$34,535,000 are as follows:

School Bonds Payable, Series 2001	\$ 3,920,000
School Bonds Payable, Series 2005	1,155,000
School Bonds Payable, Series 2007	13,975,000
School Bonds Payable, Series 2008	6,600,000
School Bonds Payable, Series 2009	2,940,000
School Bonds Payable, Series 2012	3,070,000
School Bonds Payable, Series 2013	<u>2,875,000</u>
	\$ <u>34,535,000</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 \$44,641,978 are as follows:

Land	\$ 124,936
Construction in Progress	8,947,294
Buildings and Improvements	52,474,977
Vehicles	3,447,918
Furniture and Equipment	<u>1,559,945</u>
	66,555,070
Less accumulated depreciation	<u>(21,913,092)</u>
Total capital assets, net of accumulated depreciation	\$ <u>44,641,978</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 \$1,395,000 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, 2014**

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	\$ 5,080,220	\$ -	\$ -	\$ 5,080,220
Accounts	41	-	30	71
Intergovernmental	<u>271,996</u>	<u>390,226</u>	<u>79,148</u>	<u>741,340</u>
Total Receivables	<u>\$ 5,352,257</u>	<u>\$ 390,226</u>	<u>\$ 79,178</u>	<u>\$ 5,821,631</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, 2014**

C. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

Capital Assets	Beg Bal	Increases	Decreases	End Bal
<i>Nondepreciable Assets</i>				
Land	124,936	-	-	124,936
Construction in Progress	4,651,638	4,295,656	-	8,947,294
<i>Depreciable Assets</i>				
Buildings and Improvements	52,348,631	126,346	-	52,474,977
Vehicles	3,241,166	286,752	80,000	3,447,918
Furniture and Equipment	1,365,697	194,248	-	1,559,945
Total Capital Assets	61,732,068	4,903,002	80,000	66,555,070
<i>Less: Accumulated Depreciation</i>				
Buildings and Improvements	17,048,698	1,364,498	-	18,413,196
Vehicles	2,582,286	211,602	80,000	2,713,888
Furniture and Equipment	610,320	175,688	-	786,008
Total Accumulated Depreciation	20,241,304	1,751,788	80,000	21,913,092
Net Capital Assets	41,490,764	3,151,214	-	44,641,978

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

Governmental Activities:

Regular Instruction	\$ 1,540,186
Transportation	211,602
Total Depreciation Expense-	<u>1,751,788</u>
Governmental Activities	<u>\$ 1,751,788</u>

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Projects	\$ 777,617
General Fund	Cafeteria Fund	104,160
Federal Projects	General Fund	3,972

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, 2014

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 \$545,000 were made on the Series 2001 bonds during the year which resulted in a June 30, 2014 balance of \$3,920,000.

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 \$80,000 were made on the Series 2005 bonds during the year which resulted in a June 30, 2014 balance of \$1,155,000.

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, 2014 balance of \$13,975,000.

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, 2014 balance of \$6,600,000.

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 \$315,000 were made on the Series 2009 bonds during the year which resulted in a June 30, 2014 balance of \$2,940,000.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

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. Principle payments of \$130,000 were made on the Series 2012 bonds during the year which resulted in a June 30, 2014 balance of \$3,070,000.

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. Principle payments of \$125,000 were made on the Series 2013 bonds during the year which resulted in a June 30, 2014 balance of \$2,875,000.

The annual requirements to amortize all long-term debt obligations outstanding as of June 30, 2014 are as follows:

Year Ending June 30,	Bonds		
	Principal	Interest	Total
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	1,850,000	1,254,582	3,104,582
2020-2024	9,730,000	5,084,701	14,814,701
2025-2029	11,420,000	2,739,603	14,159,603
2030-2034	5,120,000	544,976	5,664,976
	<u>\$ 34,535,000</u>	<u>\$ 15,322,236</u>	<u>\$ 49,857,236</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

E. Long-Term Debt (Continued)

Following is a summary of long-term debt transactions for the year ended June 30, 2014:

<i>Governmental Activities</i>	Beg Bal	Additions	Retirements	End Bal
Bonds Payable:				
School Bonds, Series 2004, 4.50% interest interest, payable serially through 2019	\$ 4,465,000	\$ 545,000	\$ -	\$ 3,920,000
School Bonds, Series 2005, 4.50% interest payable serially through 2025	1,235,000	80,000	-	1,155,000
School Bonds, Series 2007, 4.73% interest payable serially through 2033	14,075,000	100,000	-	13,975,000
School Bonds, Series 2008, 4.83% interest payable serially through 2029	6,700,000	100,000	-	6,600,000
School Bonds, Series 2009, 4.01% interest payable serially through 2029	3,255,000	315,000	-	2,940,000
School Bonds, Series 2012, 2.53% interest payable serially through 2032	3,200,000	130,000	-	3,070,000
School Bonds, Series 2013, 2.71% interest payable serially through 2033	3,000,000	125,000	-	2,875,000
	\$35,930,000	\$ 1,395,000	\$ -	\$34,535,000

NOTE 5 - OTHER INFORMATION

A. Pensions

Plan Description Non-Certified

Employees of the Gibson County Special School District are members of the Political Subdivision Pension Plan (PSP), 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 PSP. 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, 2014**

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, 2014, was 9.04% for certified employees and 7.10% 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, 2014, Gibson County Special School District's annual pension cost of \$98,988 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, 2011 was 4 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of ^A Contributed	Net Pension Obligation
6/30/2014	\$ 98,988	100.00%	\$ 0
6/30/2013	110,100	100.00%	0
6/30/2012	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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Gibson County Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2013 was 9.04% for certified employees and 7.1% 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, 2014, 2013, and 2012 were \$1,140,084, \$1,303,969, and \$1,063,401, 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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>

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 Plan</u>
ARC	\$ 119,993
Interest on the NPO	17,402
Adjustment to the ARC	<u>(16,954)</u>
Annual OPEB cost:	120,441
Amount of contribution:	<u>(138,190)</u>
Increase/Decrease in NPO	(17,750)
Net OPEB obligation—beginning of year	<u>435,048</u>
Net OPEB obligation—end of year	\$ 417,298

<u>Year End</u>	<u>Plan</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year End</u>
6/30/2010	Teacher Group	247,036	147,870 (59.86%)	207,441
6/30/2011	Teacher Group	269,552	151,620 (56.24%)	295,849
6/30/2012	Teacher Group	246,836	141,241 (57.20%)	401,444
6/30/2013	Teacher Group	173,424	139,821 (80.62%)	435,048
6/30/2014	Teacher Group	120,441	138,190(114.73%)	417,298

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, 2014**

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 December 1, 2014, which is the earliest date the financials were available.

REQUIRED SUPPLEMENTARY INFORMATION

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULES OF FUNDING PROGRESS
For the Year Ended June 30, 2014

Pension Plan

(Dollar Amounts in Thousands)

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

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

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

Postemployment Healthcare Plan

(Dollar Amounts in Thousands)

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

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

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

OTHER SUPPLEMENTARY INFORMATION

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2001
For the Year Ended June 30, 2014**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 3,920,000</u>		<u>\$ 651,216</u>	<u>\$ 4,571,216</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2005
For the Year Ended June 30, 2014**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 1,155,000</u>		<u>\$ 334,350</u>	<u>\$ 1,489,350</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2007
For the Year Ended June 30, 2014**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 13,975,000</u>		<u>\$ 8,341,800</u>	<u>\$ 22,316,800</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2008
For the Year Ended June 30, 2014**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 6,600,000</u>		<u>\$ 3,442,076</u>	<u>\$ 10,042,076</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2009
For the Year Ended June 30, 2014**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 2,940,000</u>		<u>\$ 750,453</u>	<u>\$ 3,690,453</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2012
For the Year Ended June 30, 2014**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 3,070,000</u>		<u>\$ 904,808</u>	<u>\$ 3,974,808</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SCHOOL BONDS - SERIES 2013
For the Year Ended June 30, 2014**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 2,875,000</u>		<u>\$ 897,548</u>	<u>\$ 3,772,548</u>

See auditors' report

GIBSON COUNTY SPECIAL SCHOOL DISTRICT
SCHEDULE OF OFFICIAL BOND AND SALARIES OF PRINCIPAL OFFICIALS
For the Year Ended June 30, 2014

<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, 2014

Program Name	CFDA Number	Grantor Agency	Unearned (Due From) 07/01/13	Receipts	Expenditures	Unearned (Due From) 6/30/2014.
IDEA Part B	84.027	State of Tennessee Dept. of Education	\$ (196,120)	\$ 702,100	\$ 653,874	\$ (147,894)
Carl Perkins-Vocational Education	84.048	State of Tennessee Dept. of Education	-	47,199	61,226	(14,027)
IDEA-Pre-school	84.173	State of Tennessee Dept. of Education	(3,404)	10,808	10,481	(3,077)
ESEA-Title I	84.010	* State of Tennessee Dept. of Education	(112,039)	612,602	608,167	(107,604)
21st Century Community Learning	84.287	* State of Tennessee Dept. of Education	(257,083)	306,053	138,954	(89,984)
Transition to Teaching	84.350	State of Tennessee Dept. of Education	-	-	-	-
Title II-Training	84.367	State of Tennessee Dept. of Education	(24,715)	96,719	86,099	(14,095)
Youth Empowerment Initiative	93.910	State of Tennessee Dept. of Education	-	-	13,545	(13,545)
First to the Top	84.395	State of Tennessee Dept. of Education	(24,148)	24,148	-	-
National School Lunch Program	10.555	U.S. Dept of Agriculture	-	721,401	800,549	(79,148)
National School Breakfast Program	10.553	U.S. Dept of Agriculture	-	233,806	233,806	-
National School Other	10.555	U.S. Dept of Agriculture	-	11,081	11,081	-
USDA Commodity Supplemental	10.555	TN Dept of Agriculture	-	119,808	119,808	-
			<u>\$ (617,509)</u>	<u>\$ 2,885,725</u>	<u>\$ 2,737,590</u>	<u>\$ (469,374)</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



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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, 2014, and have issued our report thereon dated December 1, 2014. 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 fluid and cursive, with a long horizontal flourish extending to the right.

Cowart Reese Sargent, CPAs.
Martin, TN

December 1, 2014



John R. (Jack) Reese, CPA
David R. Horner, CPA

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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

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, 2014. 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, 2014.

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

December 1, 2014

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

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>
Title I Grants to Local Education Agencies	84.010
Twenty-First Century Community Learning Centers	84.287

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, 2014**

B. Finding – Financial Statement Audit

None Noted

C. Finding – Relative to Federal Grants

None Noted