

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

**FINANCIAL STATEMENTS  
JUNE 30, 2015**

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DYER, TENNESSEE  
June 30, 2015**

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**Gibson County Special School District  
Directory  
June 30, 2015**

**ELECTED OFFICIALS**

Treva Maitland, Chairman  
Benny Boals, Member  
Tom Lannom, Member  
Steven Tate, Member  
Eddie Watkins, Member  
Dana Welch, Member

**APPOINTED OFFICIALS**

Eddie Pruett, Director of Schools



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

Brownsville | Jackson | Martin | Milan | Paris

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## **INDEPENDENT AUDITOR'S REPORT**

To The School Board Members  
Gibson County Special School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general purpose fund, 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, 2015, and the related notes to the financial statements, which collectively comprise the District's district-wide 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.

## Opinion

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, 2015, and the respective changes in financial position thereof and the respective 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.

## Change in Accounting Principles

As described in Note 1, Gibson County School District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 69, *Government Combinations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Emphasis of Matters*

We draw attention to Note 6 to the financial statements, which describe a restatement to the beginning net position totaling \$4,079,126. This restatement was necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified in respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis, schedules of contributions, schedule of proportionate share of net pension asset, and schedule of net changes in net pension liability (asset) and related ratios based on the participation in the public employee pension plan of TCRS- as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *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 listed as other supplementary information in the table of contents, such as the introductory 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 supplementary information 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 7, 2015 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.



Cowart Reese Sargent, CPAs  
Martin, TN

December 7, 2015

**Gibson County Special School District  
Management's Discussion and Analysis  
For the year ended June 30, 2015**

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, 2015 and a comparison of financial information between the 2014 and 2015 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, 2015**

**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, 2015 and June 30, 2014:

<b>STATEMENT OF NET POSITION</b>					
<b>Governmental Activities</b>					
<u>6/30/2015</u>					
<u>6/30/2014</u>					
<b>Assets</b>					
Current and other assets				\$ 14,893,357	\$ 14,865,710
Capital assets, net of depreciation				44,276,421	44,641,978
Total assets				<u>59,169,778</u>	<u>59,507,688</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pension expense				1,735,147	-
Total assets and deferred outflows of resources				<u>60,904,925</u>	<u>59,507,688</u>
<b>Liabilities</b>					
Current liabilities				\$ 4,882,531	\$ 4,391,736
Long-term liabilities				31,599,018	33,140,000
Total liabilities				<u>36,481,549</u>	<u>37,531,736</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions				4,803,786	-
Deferred revenues				5,080,220	5,080,220
Total deferred inflows of resources				<u>9,884,006</u>	<u>5,080,220</u>
<b>Net Position</b>					
Net investment in capital assets, net of related debt				11,526,421	10,106,978
Restricted				639,627	640,895
Unrestricted				2,373,322	6,147,859
Total net position				<u>14,539,370</u>	<u>16,895,732</u>
Total liabilities, deferred inflows of resources and net position				<u>60,904,925</u>	<u>59,507,688</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 \$14,539,370 and \$16,895,732 as of June 30, 2015 and 2014 respectively.

Net investment in capital assets totaling \$11,526,421 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

**Gibson County Special School District  
Management's Discussion and Analysis  
For the year ended June 30, 2015**

District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$2,373,322, was unrestricted.

The \$2,373,322 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 2015. The following schedule also provides the changes in net position for fiscal year 2014 so that comparisons can be made between the two years presented.

Our financial statements were severely impacted by the implantation of the GASB 67 and 68 standards. Since our pension plan is a defined benefit plan, these standards require that the net pension liability be reflected in the Statement of Net Position. In order to comply, several entries were made from the Supplemental Information Schedule provided by our actuary. A prior period adjustment in the amount of \$4,079,126 was made in order to recognize the Net Pension Asset as of the date June 30, 2013. The Deferred Inflows and Deferred Outflows for the period ending June 30, 2014 are reflected in the Statement of Net Position.

	<u>Governmental Activities</u>	
	<u>6/30/2015</u>	<u>6/30/2014</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 936,996	\$ 928,372
Operating grants and contributions	2,806,550	2,817,583
Capital grants and contributions	-	-
General revenues:		
Property taxes	5,121,500	5,030,055
Local option sales taxes	2,568,503	2,451,320
Other taxes	75,420	79,366
Intergovernmental	20,341,738	20,034,039
Interest	15,695	19,560
Other sources	<u>123,845</u>	<u>99,091</u>
Total revenues	<u>31,990,247</u>	<u>31,459,386</u>
<b>Function/Program Expenses</b>		
Instruction	15,242,976	16,060,415
Support services	9,845,046	9,838,875
Food service	1,832,191	1,856,151
Other non-instructional services	403,157	404,966
Bond Issue Costs	0	0
Capital Outlay- noncapitalized items	1,294,207	0
Interest on debt	<u>1,649,906</u>	<u>1,553,607</u>
Total expenses	<u>30,267,483</u>	<u>29,714,014</u>
Change in net position	1,722,764	1,745,372
Net position, beginning	16,895,732	15,150,360
Restatement Adjustment -	<u>(4,079,126)</u>	<u>0</u>
Net position, beginning (restated)	<u>12,816,606</u>	<u>15,150,360</u>
Net position - ending	<u>\$ 14,539,370</u>	<u>\$ 16,895,732</u>

**Gibson County Special School District  
Management's Discussion and Analysis  
For the year ended June 30, 2015**

As reported in the statement of activities, the cost of all of our governmental activities this year was \$30,267,483 with an increase of \$1,722,764 between the 2015 and 2014 fiscal years. Certain activities were partially funded from those who benefited from the programs (\$936,996) or by other governments and organizations that subsidized certain programs with grants (\$2,806,550). We paid for the remaining "public benefit" portion of our governmental activities with \$7,765,423 in taxes, and with our other revenues, such as interest and general entitlements.

Due to changes in accounting methods used for pensions, the District lessened its beginning net position by \$4,079,126.

The District experienced an increase in net position of \$1,722,764.

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

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

As noted earlier, the 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 \$14,539,370, which is an increase of \$1,722,764 from last year. In the General Fund, our principal operating fund, the fund balance decreased by \$864,624 mainly due to construction costs associated with the addition of an auxiliary gym at South Gibson County High School.

### **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, 2015, the District had \$44,276,421 invested in a broad range of capital assets, including buildings, furniture, and equipment. Additional information on the District's capital assets, including depreciation expense, can be found in Note 4 of the Notes to Financial Statements.

**Debt.** At the end of the current fiscal year, the District had general long-term debt outstanding of \$32,750,000 versus \$34,535,000 at June 30, 2014, a change of 5%. We present more detailed information about our long-term liabilities in Note 4 of the Notes to Financial Statements.

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

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

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

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DISTRICT-WIDE STATEMENT OF NET POSITION  
June 30, 2015**

<b>ASSETS</b>	
Cash	\$ 8,426,363
Investments	500,000
Accounts Receivable	283,288
Taxes Receivable	5,020,162
Due from other Governments	279,215
Inventory	49,628
Net Pension Asset	334,701
Capital Assets:	
Land	124,936
Construction in Progress	667,560
Buildings and Improvements	62,200,657
Vehicles	3,442,091
Furniture and Equipment	1,590,899
Less: Accumulated Depreciation	<u>(23,749,722)</u>
<b>Total Assets</b>	<u>59,169,778</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows- Contributions Related to Pension	1,380,843
Deferred Outflows- Actuarial Experience Related to Pension	219,994
Deferred Outflows- Change in Net Pension Liability	<u>134,310</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,735,147</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 60,904,925</u></u>
<b>LIABILITIES</b>	
Accounts Payable	4,843
Accrued Liabilities	682,176
Accrued Payroll	1,484,961
Retirement Contributions Payable	492,621
Accrued Interest Payable	652,930
Long-term Liabilities:	
Net OPEB Obligation	414,018
Portion due or payable within one year:	
Bonds and notes payable	1,565,000
Portion due or payable after one year	
Bonds and notes payable	<u>31,185,000</u>
<b>Total Liabilities</b>	<u>36,481,549</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Revenue- Property Taxes	5,080,220
Deferred Inflows- Investment Earnings Related to Pension	<u>4,803,786</u>
<b>Total Inflows of Resources</b>	<u>9,884,006</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
DISTRICT-WIDE STATEMENT OF NET POSITION  
June 30, 2015**

<b>NET POSITION</b>	
Net investment in capital assets	11,526,421
Restricted for:	
Net Pension Asset	334,701
Career Ladder	81,213
Cafeteria	558,414
Unrestricted	<u>2,038,621</u>
<b>Total Net Position</b>	<u>14,539,370</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u><u>\$ 60,904,925</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, 2015**

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
<b>Governmental Activities:</b>					
Instruction:					
Regular Education	\$ 12,144,583	\$ -	\$ -	\$ 1,675,142	\$ (10,469,441)
Special Education	2,254,733	-	-	-	(2,254,733)
Vocational Education	843,660	-	-	-	(843,660)
Support Services:					
Attendance Services	64,527	-	-	-	(64,527)
Health Services	457,773	-	-	-	(457,773)
Other Student Support	676,326	-	-	-	(676,326)
Regular Instruction	1,962,362	-	-	-	(1,962,362)
Vocational Education	45,172	-	-	-	(45,172)
Special Education	170,569	-	-	-	(170,569)
Guidance	292,300	-	-	-	(292,300)
Adult School	2,400	-	-	-	(2,400)
Board of Education	397,182	-	-	-	(397,182)
Office of Superintendent	206,841	-	-	-	(206,841)
Office of the Principal	1,602,642	-	-	-	(1,602,642)
Fiscal Services	169,170	-	-	-	(169,170)
School Age Childcare	189,573	207,497	-	-	17,924
Operation of Plant	1,938,706	-	-	-	(1,938,706)
Maintenance of Plant	500,115	-	-	-	(500,115)
Transportation	1,169,388	-	-	-	(1,169,388)
Non-Instructional Services:					
Food Service	1,832,191	729,499	-	1,131,408	28,716
Early Childhood Education	403,157	-	-	-	(403,157)
Capital Outlay- Noncapitalized items	1,294,207	-	-	-	(1,294,207)
Interest on Debt	1,649,906	-	-	-	(1,649,906)
<b>Total District</b>	<b>\$ 30,267,483</b>	<b>\$ 936,996</b>	<b>\$ -</b>	<b>\$ 2,806,550</b>	<b>\$ (26,523,937)</b>
General Revenues:					
Local Option Sales Tax					2,568,503
Property Taxes					5,121,500
Interstate Telecommunications Taxes					2,140
Other Taxes					73,280
Intergovernmental:					
Basic Education Program					20,341,738
Interest					15,695
Other Miscellaneous Revenues					123,845
<b>Total General Revenues</b>					<b>28,246,701</b>
<b>Change in Net Position</b>					<b>1,722,764</b>
<b>Net Position, Beginning</b>					<b>16,895,732</b>
<b>Prior Period Adjustments (Note 6)</b>					<b>(4,079,126)</b>
<b>Net Position, Beginning- Restated</b>					<b>12,816,606</b>
<b>Net Position, Ending</b>					<b>\$ 14,539,370</b>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2015**

	<u>General</u>	<u>Federal Projects</u>	<u>Cafeteria</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 6,862,715	\$ 1,009,119	\$ 554,529	\$ 8,426,363
Investments	500,000	-	-	500,000
Accounts Receivable	279,403	-	3,885	283,288
Property Taxes Receivable	5,020,162	-	-	5,020,162
Due from Other Governments	188,255	90,960	-	279,215
Due from Other Funds	1,099,425	-	-	1,099,425
Inventory	-	-	49,628	49,628
Total Assets	<u>\$ 13,949,960</u>	<u>\$ 1,100,079</u>	<u>\$ 608,042</u>	<u>\$ 15,658,081</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 4,188	\$ 655	\$ -	\$ 4,843
Accrued Liabilities	682,176	-	-	682,176
Accrued Payroll	1,484,961	-	-	1,484,961
Retirement Contributions Payable	492,621	-	-	492,621
Due To Other Funds	-	1,099,425	-	1,099,425
Total Liabilities	<u>2,663,946</u>	<u>1,100,080</u>	<u>-</u>	<u>3,764,026</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue- taxes	<u>5,080,220</u>	<u>-</u>	<u>-</u>	<u>5,080,220</u>
Fund Balances:				
Nonspendable:				
Inventory	-	-	49,628	49,628
Restricted for:				
Career Ladder	81,213	-	-	81,213
Federal Projects	-	(1)	-	(1)
Cafeteria	-	-	558,414	558,414
Committed	1,380,321	-	-	1,380,321
Unassigned	4,744,260	-	-	4,744,260
Total Fund Balances	<u>6,205,794</u>	<u>(1)</u>	<u>608,042</u>	<u>6,813,835</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,949,960</u>	<u>\$ 1,100,079</u>	<u>\$ 608,042</u>	<u>\$ 15,658,081</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, 2015**

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

Fund balances - total governmental funds	\$ 6,813,835
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in governmental funds	44,276,421
Net Pension Asset is considered a long-term asset and, therefore, not reported in the funds	334,701
Some payables are not due and payable in the current period and, therefore are not reported in the funds:	
Accrued interest	(652,930)
Net OPEB Obligation is considered a long-term liability and not due in the current period, therefore, is not reported in the funds	(414,018)
Amounts reported as deferred inflows and deferred outflows of resources related to pensions will be amortized and recognized as components of pension expense in future years	(3,068,639)
Long-term liabilities, including pensions, bonds, notes, and lease payables, are not due in the current period and , therefore, are not reported in the funds	<u>(32,750,000)</u>
Net position of governmental activities	<u><u>\$ 14,539,370</u></u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	<b>General Fund</b>	<b>Federal Projects</b>	<b>Cafeteria</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 7,793,485	\$ -	\$ -	\$ 7,793,485
Intergovernmental	20,341,738	1,675,142	1,131,408	23,148,288
Miscellaneous	318,116	-	730,358	1,048,474
<b>Total Revenues</b>	<u>28,453,339</u>	<u>1,675,142</u>	<u>1,861,766</u>	<u>31,990,247</u>
<b>Expenditures</b>				
Current:				
Instruction	14,049,275	1,043,767	-	15,093,042
Student Support	9,003,433	616,378	-	9,619,811
Food Services	-	-	1,832,191	1,832,191
Operation of Non-Instructional Services	403,157	-	-	403,157
Capital Outlay	2,957,289	14,998	-	2,972,287
Debt Service:				
Principal	1,465,000	-	-	1,465,000
Interest	1,439,809	-	-	1,439,809
<b>Total Expenditures</b>	<u>29,317,963</u>	<u>1,675,143</u>	<u>1,832,191</u>	<u>32,825,297</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(864,624)</u>	<u>(1)</u>	<u>29,575</u>	<u>(835,050)</u>
<b>Other Financing Sources (Uses)</b>				
Refunding Bonds	23,632,242	-	-	23,632,242
Payment to Refunded Bond Escrow Agent	(23,632,242)	-	-	(23,632,242)
Total Other Financing Sources (Uses)	-	-	-	-
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(864,624)</u>	<u>(1)</u>	<u>29,575</u>	<u>(835,050)</u>
<b>Fund Balance, Beginning</b>	<u>7,070,418</u>	<u>-</u>	<u>578,467</u>	<u>7,648,885</u>
<b>Fund Balance, Ending</b>	<u>\$ 6,205,794</u>	<u>\$ (1)</u>	<u>\$ 608,042</u>	<u>\$ 6,813,835</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, 2015**

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

Net change in fund balances - total governmental funds	\$ (835,050)
Governmental funds report capital outlay as expenditures. However, in the district-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,678,080
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.	1,465,000
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.	3,280
Interest expense is accrued for the district-wide statement of activities and changes in net assets. However, this expense is not reflected in the fund financial statements until actually paid.	(210,097)
The pension contributions subsequent to the measurement date of June 30, 2015 consumes the financial resources in the fund statements, but is considered deferred outflows of resources in the government wide statements. Therefore, these transactions do not have any effect on net position.	1,380,843
The actuarially determined pension expense does not consume current financial resources, and, therefore, is not reported in the governmental funds. It is reported as expenses in the statement of activities.	263,352
The recording of amortization of deferred outflows is considered an increase to revenue on the government-wide statements, but is not recongnized in the fund statements.	(35,655)
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>(1,986,989)</u>
Change in net position of governmental activitie	<u><u>\$ (21,909,478)</u></u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL PURPOSE FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
Real Estate Taxes	\$ 5,077,796	\$ 5,095,554	\$ 5,121,500	\$ 25,946
In Lieu of Taxes	-	9,723	9,723	-
Penalties and Interest	25,000	28,062	28,062	-
Local Sales Tax	2,350,000	2,350,000	2,568,503	218,503
Interstate Telecommunications	1,500	2,140	2,140	-
Pick-Up Taxes	50,000	61,578	61,578	-
Marriage License	1,400	1,400	1,428	28
Alcoholic Beverage Tax	500	551	551	-
<b>Total Taxes</b>	<u>7,506,196</u>	<u>7,549,008</u>	<u>7,793,485</u>	<u>244,477</u>
<b>Intergovernmental Revenues</b>				
State of Tennessee - Basic Education Program	18,965,000	18,978,000	18,978,000	-
State of Tennessee - Early Childhood Education	407,637	407,637	403,155	(4,482)
State of Tennessee - Career Ladder	62,300	89,270	91,631	2,361
State of Tennessee - Energy Efficient School	-	-	1,782	1,782
Federal Emergency Management Agency	415,217	569,253	568,253	(1,000)
State of Tennessee - Other	270,451	298,917	298,917	-
<b>Total Intergovernmental Revenues</b>	<u>20,120,605</u>	<u>20,343,077</u>	<u>20,341,738</u>	<u>(1,339)</u>
<b>Miscellaneous Revenues</b>				
Receipts From Individual Schools	43,904	95,783	95,783	-
Interest Earnings	20,000	14,730	14,836	106
School Age Childcare	187,500	187,500	207,497	19,997
<b>Total Miscellaneous Revenues</b>	<u>251,404</u>	<u>298,013</u>	<u>318,116</u>	<u>20,103</u>
<b>Total Revenues</b>	<u>27,878,205</u>	<u>28,190,098</u>	<u>28,453,339</u>	<u>263,241</u>
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular Instruction Program</b>				
Salaries - Teachers	8,596,728	8,474,049	8,433,835	40,214
Salaries - Career Ladder	36,800	67,800	67,572	228
Salaries - Educational Assistants	323,393	356,176	356,176	-
Salaries - Substitute Teachers	85,000	149,748	149,748	-
Salaries - Homebound ISS	5,000	5,000	3,180	1,820
Social Security	560,909	551,423	507,198	44,225
State Retirement	803,884	804,808	782,609	22,199
Life Insurance	10,000	10,000	7,899	2,101
Medical Insurance	857,562	867,855	867,855	-
Medicare	131,180	131,369	119,394	11,975
Other Contracted Services	88,800	88,800	78,793	10,007
Instructional Supplies	144,350	129,227	104,932	24,295
Other Supplies and Materials	75,000	90,123	57,307	32,816
Equipment	10,000	10,000	6,000	4,000
Textbooks	185,000	185,000	125,101	59,899
<b>Total Regular Instructional Program</b>	<u>11,913,606</u>	<u>11,921,378</u>	<u>11,667,599</u>	<u>253,779</u>
<b>Special Education Program</b>				
Salaries - Teachers	928,379	925,622	925,622	-
Salaries - Career Ladder	3,500	6,107	6,107	-
Salaries - Homebound ISS	2,000	2,000	1,732	268
Salaries - Educational Assistants	261,188	271,535	271,535	-
Salaries - Substitute Teachers	12,000	9,277	9,278	(1)
Social Security	74,838	67,173	67,173	-
State Retirement	102,967	102,967	102,625	342
Medicare	17,502	15,756	15,756	-

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Medical Insurance	137,322	139,502	139,502	-
Contracted Services	5,766	5,766	2,773	2,993
Evaluation and Testing	40,000	40,000	40,000	-
Instructional Supplies	10,000	19,017	13,038	5,979
Maintenance and Repair	1,500	1,256	1,086	170
Other Supplies and Materials	2,000	2,000	1,987	13
Total Special Education Program	<u>1,598,962</u>	<u>1,607,978</u>	<u>1,598,214</u>	<u>9,764</u>
Student Body Education Program				
Salaries - Other	71,160	-	-	-
Social Security	4,412	-	-	-
State Retirement	5,950	-	-	-
Medicare	1,032	-	-	-
Medical Insurance	2,616	-	-	-
Communication	1,300	-	-	-
Travel	5,000	-	-	-
Other Charges	9,000	-	-	-
Other Supplies and Materials	4,530	-	-	-
Total Student Body Education Program	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Vocational Education Program				
Salaries - Teachers	590,934	595,504	595,504	-
Salaries - Career Ladder	3,000	2,000	2,000	-
Salaries - Substitute Teachers	10,000	12,926	12,927	(1)
Other Charges	5,000	3,138	2,557	581
Social Security	37,444	37,549	37,549	-
State Retirement	53,692	51,817	51,817	-
Medical Insurance	60,568	54,901	54,901	-
Medicare	8,757	8,847	8,847	-
Instructional Supplies	14,400	17,114	17,114	-
Other Supplies and Materials	500	500	208	292
Vocational Instruction Equipment	3,000	3,000	38	2,962
Total Vocational Education Program	<u>787,295</u>	<u>787,296</u>	<u>783,462</u>	<u>3,834</u>
<b>Total Instruction</b>	<u>14,404,863</u>	<u>14,316,652</u>	<u>14,049,275</u>	<u>267,377</u>
<b>Student Support</b>				
Student Support Attendance Services				
Salaries - Supervisor/Director	48,211	48,210	48,210	-
Salaries - Career Ladder	1,000	1,000	1,000	-
Social Security	2,989	2,782	2,782	-
State Retirement	4,358	4,449	4,449	-
Medical Insurance	4,122	4,147	4,147	-
Medicare	699	651	651	-
Travel	2,800	3,288	3,288	-
Total Student Support Attendance Services	<u>64,179</u>	<u>64,527</u>	<u>64,527</u>	<u>-</u>
Health Services				
Medical Personnel	230,196	227,529	227,529	-
Other Salaries and Wages	-	71,160	71,160	-
Communications	-	1,291	1,291	-
Travel	7,500	7,545	7,545	-
Drugs and Medical Supplies	5,000	5,001	5,001	-
Other Supplies and Materials	-	6,067	6,067	-
Social Security	14,272	17,002	17,002	-
State Retirement	16,344	22,051	22,051	-
Medical Insurance	28,559	41,994	41,994	-
Medicare	3,338	3,976	3,976	-
Other Charges	5,630	13,391	13,206	185

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Equipment	3,000	3,146	3,146	-
Total Student Support Health Services	<u>313,839</u>	<u>420,153</u>	<u>419,968</u>	<u>185</u>
Other Student Support				
Salaries - Guidance Personnel	406,477	402,692	402,692	-
Career Ladder	1,000	-	-	-
Social Security	25,264	22,446	22,446	-
Travel	1,500	1,165	1,165	-
Medical Insurance	38,230	42,687	42,687	-
State Retirement	36,836	36,254	36,254	-
Medicare	5,908	5,250	5,250	-
Evaluation and Testing	79,200	82,270	82,270	-
Instructional Supplies and Materials	2,700	2,400	2,400	-
Contracts with Government Agencies	45,000	47,400	47,400	-
Contracted Services	5,000	21,044	21,044	-
Total Student Support Other Services	<u>647,115</u>	<u>663,608</u>	<u>663,608</u>	<u>-</u>
Regular Instruction Program				
Salaries - Supervisor/Director	234,529	234,529	234,528	1
Salaries - Career Ladder	1,050	2,050	2,000	50
Salaries - Librarians	320,628	324,178	324,178	-
Salaries - Other	271,759	267,845	267,845	-
Medicare	12,006	12,006	11,320	686
Social Security	51,334	49,328	48,386	942
State Retirement	69,576	70,947	70,947	-
Medical Insurance	61,884	61,884	56,718	5,166
Consultants	5,000	5,000	-	5,000
Maintenance and Repair	16,000	16,000	5,388	10,612
In-service Training	60,000	60,000	37,462	22,538
Equipment	279,000	308,607	284,108	24,499
Travel	24,000	24,000	17,382	6,618
Contracted Services	315,013	285,406	280,419	4,987
Other Supplies and Materials	40,000	40,000	24,465	15,535
Library Books/Media	32,397	32,397	31,500	897
Total Regular Instruction Program	<u>1,794,176</u>	<u>1,794,177</u>	<u>1,696,646</u>	<u>97,531</u>
Special Education Program				
Salaries - Supervisor/Director	78,079	78,080	78,080	-
Salaries - Career Ladder	950	1,000	1,000	-
Salaries - Clerical Personnel	28,848	28,848	28,848	-
Travel	6,000	6,000	3,932	2,068
Medical Insurance	8,815	8,815	6,799	2,016
Social Security	6,688	6,688	6,270	418
State Retirement	9,192	9,197	9,197	-
Other Supplies and Materials	1,000	1,171	1,171	-
Medicare	1,564	1,564	1,466	98
Maintenance and Repair- Equipment	1,000	1,000	735	265
In-service Training	10,000	9,773	7,047	2,726
Equipment	1,000	1,000	1,000	-
Contracted Services	45,000	45,000	25,024	19,976
Total Special Education Program	<u>198,136</u>	<u>198,136</u>	<u>170,569</u>	<u>27,567</u>
Vocational Education Program				
Salaries - Supervisor/Director	33,694	33,694	33,694	-
Salaries - Career Ladder	500	500	500	-
Medicare	496	496	442	54
Medical Insurance	4,771	4,951	4,951	-
Social Security	2,120	2,120	1,889	231
State Retirement	3,091	3,091	3,091	-

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Travel	5,000	4,819	605	4,214
Total Vocational Education Program	<u>49,672</u>	<u>49,671</u>	<u>45,172</u>	<u>4,499</u>
Adult Education				
Other Contracted Services	4,000	4,000	2,400	1,600
Total Adult Education	<u>4,000</u>	<u>4,000</u>	<u>2,400</u>	<u>1,600</u>
Office of the Superintendent				
Salaries - Administrative Officer	98,838	101,969	101,969	-
Salaries - Other	30,180	30,180	30,180	-
Career Ladder	1,000	1,000	1,000	-
Social Security	8,061	8,061	7,576	485
State Retirement	16,160	16,160	16,111	49
Medical Insurance	20,959	18,427	18,427	-
Dental Insurance	1,568	1,045	1,045	-
Vision Insurance	233	168	168	-
Medicare	1,885	1,885	1,772	113
Communication	18,500	18,500	12,509	5,991
Travel	4,000	3,989	2,838	1,151
Office Supplies	13,000	13,000	9,770	3,230
Postal Charges	4,500	4,500	3,476	1,024
Total Office of the Superintendent	<u>218,884</u>	<u>218,884</u>	<u>206,841</u>	<u>12,043</u>
School Age Childcare				
Supervisor/Director	28,273	26,642	26,642	-
Educational Assistants	72,997	76,066	76,066	-
Other Salaries and Wages	10,000	2,818	2,818	-
Social Security	6,279	6,519	6,519	-
State Retirement	675	1,267	1,267	-
Medicare	1,065	1,530	1,530	-
Travel	500	-	-	-
Instructional Supplies	7,711	175	175	-
Other Supplies and Materials	40,000	64,297	64,297	-
Other Charges	10,000	10,000	10,000	-
Regular Instruction Equipment	10,000	259	259	-
Total School Age Childcare	<u>187,500</u>	<u>189,573</u>	<u>189,573</u>	<u>-</u>
Office of the Principal				
Salaries - Principals	645,910	645,910	637,238	8,672
Salaries - Assistant Principals	436,485	436,485	440,447	(3,962)
Salaries - Career Ladder	14,500	14,500	14,500	-
Salaries - Secretaries	204,054	204,054	202,752	1,302
Social Security	80,659	74,629	74,258	371
Medicare	18,864	18,864	17,367	1,497
State Retirement	113,647	113,647	113,097	550
Medical Insurance	96,953	102,983	102,983	-
Total Office of the Principal	<u>1,611,072</u>	<u>1,611,072</u>	<u>1,602,642</u>	<u>8,430</u>
Fiscal Services				
Salaries - Supervisor/Director	87,709	87,709	87,709	-
Salaries - Accountants/Bookkeepers	49,629	43,784	38,289	5,495
Internal Audit Personnel	1,000	1,000	400	600
State Retirement	11,453	11,453	10,647	806
Social Security	8,515	8,515	7,537	978
Medicare	1,991	1,991	1,763	228
Medical Insurance	6,704	6,704	6,704	-
In-service Training	3,000	3,000	120	2,880
Travel	1,200	1,200	948	252
Other Contracted Services	8,367	11,367	8,367	3,000

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Data Processing Supplies	1,000	1,000	841	159
Other Equipment	3,000	5,845	5,845	-
Total Fiscal Services	<u>183,568</u>	<u>183,568</u>	<u>169,170</u>	<u>14,398</u>
Maintenance of Plant				
Salaries - Maintenance Personnel	213,494	213,494	201,003	12,491
Social Security	13,237	13,237	11,209	2,028
State Retirement	15,158	15,158	14,176	982
Medical Insurance	25,491	25,491	23,787	1,704
Medicare	3,096	3,096	2,621	475
Other Supplies and Materials	110,000	109,498	87,773	21,725
Maintenance and Repairs	110,000	110,000	92,742	17,258
Other Contracted Services	68,000	68,000	58,302	9,698
Other Charges	8,000	8,502	8,502	-
Total Maintenance of Plant	<u>566,476</u>	<u>566,476</u>	<u>500,115</u>	<u>66,361</u>
Board of Education				
Board Fees	22,000	22,000	16,374	5,626
Social Security	1,364	1,364	346	1,018
Medicare	319	319	81	238
Audit Service	34,000	34,000	33,000	1,000
Dues and Memberships	16,000	16,000	15,273	727
Legal Services	45,000	39,373	27,775	11,598
Travel	8,000	8,000	6,853	1,147
Other Contracted Services	10,000	10,000	2,578	7,422
Insurance	61,497	61,497	61,465	32
Workers Compensation	87,640	87,640	86,580	1,060
Trustee Commission	124,830	130,103	130,103	-
Premium on Bonds	4,500	4,854	4,854	-
Unemployment Compensation	50,000	50,000	11,900	38,100
Total Board of Education	<u>465,150</u>	<u>465,150</u>	<u>397,182</u>	<u>67,968</u>
Operation of Plant				
Contracted Services	810,816	810,816	804,187	6,629
Disposal Fee	48,000	29,549	29,549	-
Electricity	675,000	706,567	706,567	-
Natural Gas	185,000	169,642	149,585	20,057
Water and Sewer	90,000	92,242	92,242	-
Other Supplies	20,000	20,000	6,986	13,014
Insurance	153,848	153,848	149,590	4,258
Total Operation of Plant	<u>1,982,664</u>	<u>1,982,664</u>	<u>1,938,706</u>	<u>43,958</u>
Transportation				
Salaries - Supervisor/Director	20,661	20,662	20,662	-
Salaries - Bus Drivers	336,882	342,877	342,877	-
State Retirement	25,786	25,786	21,464	4,322
Social Security	22,168	22,168	18,237	3,931
Medicare	5,184	5,184	5,023	161
Medical Insurance	22,886	22,886	21,957	929
Gasoline	206,500	206,500	170,063	36,437
Travel	2,000	2,000	849	1,151
Contracts with Public Agencies	140,000	142,030	140,030	2,000
Other Contracted Services	2,250	12,087	12,087	-
Vehicle and Equipment Insurance	43,273	43,273	43,273	-
Equipment	452,500	432,524	122,679	309,845
Other Charges	15,000	17,113	17,113	-
Total Transportation	<u>1,295,090</u>	<u>1,295,090</u>	<u>936,314</u>	<u>358,776</u>
<b>Total Student Support</b>	<u>9,581,521</u>	<u>9,706,749</u>	<u>9,003,433</u>	<u>703,316</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operation of Non-instructional Services</b>				
Early Childhood Education				
Salaries - Teachers	160,252	158,563	158,863	(300)
Salaries - Educational Assistants	75,594	78,932	78,932	-
Salaries- Certified Substitute Teachers	2,000	303	303	-
Salaries- Non-Certified Substitute Teachers	1,000	1,401	1,401	-
Social Security	14,622	14,622	13,457	1,165
State Retirement	20,308	19,701	19,728	(27)
Medical Insurance	19,644	21,271	21,271	-
Medicare	3,420	3,420	3,161	259
Travel	8,000	3,000	1,870	1,130
Other Contracted Services	42,000	42,000	41,784	216
Other Supplies and Materials	48,797	54,924	53,403	1,521
In-service Training	8,000	7,500	7,098	402
Equipment	4,000	2,000	1,886	114
Total Early Childhood Education	<u>407,637</u>	<u>407,637</u>	<u>403,157</u>	<u>4,480</u>
Debt Services				
Principal	1,465,000	1,465,000	1,465,000	-
Interest	1,514,948	1,514,948	1,439,809	75,139
Total Debt Services	<u>2,979,948</u>	<u>2,979,948</u>	<u>2,904,809</u>	<u>75,139</u>
Capital Outlay/Capital Projects				
Other Contracted Services	-	1,379,549	1,379,549	-
Other Capital Outlay	775,000	1,577,740	1,577,740	-
Total Capital Outlay/Capital Projects	<u>775,000</u>	<u>2,957,289</u>	<u>2,957,289</u>	<u>-</u>
<b>Total Expenditures</b>	<u>28,148,969</u>	<u>30,368,275</u>	<u>29,317,963</u>	<u>1,050,312</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(270,764)</u>	<u>(2,178,177)</u>	<u>(864,624)</u>	<u>1,313,553</u>
<b>Other Financing Sources (Uses)</b>				
Refunding Bonds	23,632,242	-	-	23,632,242
Payment to Refunded Bond Escrow Agent	(23,632,242)	-	-	(23,632,242)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(270,764)</u>	<u>(2,178,177)</u>	<u>(864,624)</u>	<u>1,313,553</u>
<b>Transfers from Other Funds</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Beginning</b>	<u>7,070,418</u>	<u>7,070,418</u>	<u>7,070,418</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 6,799,654</u>	<u>\$ 4,892,241</u>	<u>\$ 6,205,794</u>	<u>\$ 1,313,553</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State of Tennessee	\$ 1,503,840	\$ 1,889,295	\$ 1,675,142	\$ (214,153)
<b>Total Revenues</b>	<u>1,503,840</u>	<u>1,889,295</u>	<u>1,675,142</u>	<u>(214,153)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Vocational Instruction				
Salaries - Teachers	-	37,000	33,000	4,000
Social Security	-	2,831	2,046	785
State Retirement	-	3,345	2,863	482
Medicare	-	-	478	(478)
Maintenance & Repair	1,000	64	64	-
Instructional Supplies	9,300	9,300	9,300	-
Other Supplies	-	6,824	6,824	-
Equipment	750	681	680	1
Capital Outlay	13,900	14,998	14,998	-
Travel	1,978	11,839	4,943	6,896
Total Vocational Instruction	<u>26,928</u>	<u>86,882</u>	<u>75,196</u>	<u>11,686</u>
Regular Instruction				
Salaries - Teachers	50,450	50,450	50,450	-
Salaries - Educational Assistants	188,557	213,757	196,621	17,136
Social Security	14,819	16,381	14,367	2,014
State Retirement	17,949	17,949	16,650	1,299
Medical Insurance	22,744	22,744	15,527	7,217
Medicare	3,467	3,832	3,362	470
Instructional Supplies	7,738	53,819	28,578	25,241
Other Charges	500	500	-	500
Equipment	7,693	39,193	1,495	37,698
Total Regular Instruction	<u>313,917</u>	<u>418,625</u>	<u>327,050</u>	<u>91,575</u>
Special Education				
Salaries - Teachers	114,297	117,297	116,682	615
Salaries - Speech Pathologist	84,403	84,403	83,961	442
Salaries - Educational Assistants	250,580	245,580	241,111	4,469
Social Security	27,855	27,855	24,826	3,029
State Retirement	35,754	35,754	33,729	2,025
Medical Insurance	60,680	62,680	61,932	748
Medicare	6,515	6,515	5,810	705
Maintenance and Repair- Equipment	1,000	1,000	396	604
Evaluation and Testing	19,792	19,792	13,450	6,342
Contracted Services	7,768	35,707	33,121	2,586
Instructional Supplies	10,990	19,653	12,048	7,605
Equipment	8,000	34,025	29,453	4,572
Total Special Education	<u>627,634</u>	<u>690,261</u>	<u>656,519</u>	<u>33,742</u>
<b>Total Instruction</b>	<u>968,479</u>	<u>1,195,768</u>	<u>1,058,765</u>	<u>137,003</u>
<b>Other Student Support</b>				
Regular Instruction				
Salaries - Supervisors	26,174	40,334	39,903	431
Salaries - Clerical Personnel	18,138	18,138	18,138	-
Salaries - Other	117,756	147,250	147,120	130
Social Security	8,281	10,424	10,247	177

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
State Retirement	11,723	15,528	15,444	84
Medical Insurance	8,704	8,709	8,498	211
Medicare	2,351	2,852	2,812	40
Travel	4,000	4,973	1,537	3,436
Equipment	3,500	4,500	223	4,277
In-Service Training	12,126	46,059	6,131	39,928
Other Charges	500	700	665	35
Total Regular Instruction	<u>213,253</u>	<u>299,467</u>	<u>250,718</u>	<u>48,749</u>
Community Service				
Salaries- Supervisor/Director	129,053	129,008	129,008	-
Salaries- Teachers	44,440	39,122	39,432	(310)
Salaries- Clerical Personnel	15,803	9,664	9,663	1
Salaries- Assistants	18,894	16,630	16,628	2
Other Salaries and Wages	9,460	10,583	10,582	1
Social Security	13,330	11,783	11,801	(18)
State Retirement	13,220	11,915	11,926	(11)
Medical Insurance	11,670	12,269	12,268	1
Medicare	3,180	2,787	2,791	(4)
Communication	300	-	-	-
Maintenance and Repair- Equipment	-	154	154	-
Maintenance and Repair- Office	100	-	-	-
Travel	3,100	3,094	2,735	359
Contracted Services	10,000	7,815	7,815	-
Food Supplies	550	476	475	1
Instructional Supplies and Materials	-	17,888	17,884	4
Other Supplies and Materials	1,900	2,680	2,679	1
In Service/Staff Development	4,000	7,244	7,552	(308)
Other Charges	8,800	7,688	7,407	281
Other Equipment	-	1,500	1,500	-
Total Community Service	<u>287,800</u>	<u>292,300</u>	<u>292,300</u>	<u>-</u>
Health Services				
Contracted Services	-	14,453	9,561	4,892
Supplies & Materials	-	50,483	28,244	22,239
Total Health Services	<u>-</u>	<u>64,936</u>	<u>37,805</u>	<u>27,131</u>
Other Student Support				
Travel	7,700	12,718	12,718	-
Total Other Student Support	<u>7,700</u>	<u>12,718</u>	<u>12,718</u>	<u>-</u>
Transportation				
Salaries - Bus Drivers	17,232	17,232	16,555	677
Social Security	1,068	1,068	952	116
State Retirement	1,558	1,558	1,090	468
Medicare	250	250	240	10
Other Contracted Services	-	1,500	1,500	-
Gasoline	2,500	2,500	2,500	-
Total Transportation	<u>22,608</u>	<u>24,108</u>	<u>22,837</u>	<u>1,271</u>
<b>Total Other Student Support</b>	<u>531,361</u>	<u>693,529</u>	<u>616,378</u>	<u>77,151</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Total Expenditures</b>	<u>1,499,840</u>	<u>1,889,297</u>	<u>1,675,143</u>	<u>214,154</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>4,000</u>	<u>(2)</u>	<u>(1)</u>	<u>1</u>
<b>and Other Financing Uses</b>	<u>4,000</u>	<u>(2)</u>	<u>(1)</u>	<u>1</u>
<b>Fund Balance - Ending</b>	<u>\$ 4,000</u>	<u>\$ (2)</u>	<u>\$ (1)</u>	<u>\$ 1</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Lunch Payment - Children	\$ 645,917	\$ 645,917	\$ 634,568	\$ (11,349)
Lunch Payment - Adults	44,566	44,566	49,724	5,158
U.S.D.A. Reimbursements	966,726	966,726	1,006,520	39,794
Commodities Revenue	100,635	100,635	105,712	5,077
State School Matching	20,142	20,142	19,176	(966)
Interest	720	720	859	139
A La Carte Sales	53,338	53,338	45,207	(8,131)
<b>Total Revenues</b>	<u>1,832,044</u>	<u>1,832,044</u>	<u>1,861,766</u>	<u>29,722</u>
<b>Expenditures</b>				
Food	831,762	910,956	910,956	-
USDA Commodities	100,635	105,712	105,712	-
Labor	487,600	486,409	486,409	-
Supervisor	48,227	48,608	48,608	-
Accountants	19,960	20,151	20,151	-
Other Contracted Services	11,000	15,225	15,225	-
Social Security	33,529	30,230	30,230	-
State Retirement	39,255	37,579	37,579	-
Medical Insurance	75,165	80,350	80,350	-
Unemployment	500	-	-	-
Employer Medicare	7,842	7,071	7,071	-
Communication	750	1,157	1,157	-
Utilities	100,000	-	-	-
In-Service Training	2,800	-	-	-
Staff Development	2,000	3,936	3,936	-
Equipment	15,000	3,777	3,777	-
Non-Food Supplies	38,619	53,806	53,806	-
Maintenance and Repair	10,500	21,166	21,166	-
Travel	1,500	1,239	1,239	-
Uniforms	5,400	4,819	4,819	-
<b>Total Expenditures</b>	<u>1,832,044</u>	<u>1,832,191</u>	<u>1,832,191</u>	<u>-</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	-	(147)	29,575	29,722
<b>Fund Balance - Beginning</b>	<u>578,467</u>	<u>578,467</u>	<u>578,467</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 578,467</u>	<u>\$ 578,320</u>	<u>\$ 608,042</u>	<u>\$ 29,722</u>

See auditors' report and accompanying notes to financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**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 non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund 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, 2015**

**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 inter-fund 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 inter-fund loans) or "advances to / from other funds" (i.e., the non-current portion of inter-fund 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 uncollectible accounts recorded in the financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**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 \$1.7415 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 Inflows of Resources**

Deferred inflows of resources represents amounts that were receivable and measurable at June 30, 2015 but were not available to finance expenditures for the year ended June 30, 2015. Deferred inflows of resources primarily include unearned or unavailable revenues.

**Compensated Absences**

The School District provides one day of vacation for each month of service for district administration employees. Full-time 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.

**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.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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

**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:

- Non-spendable fund balance—amounts that are (a) not in non-spendable form (such as inventory) or (b) legally or contractually 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. Restrictions may effectively be changed or lifted with the consent of resource providers.
- 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 \$1,380,321 includes \$1,308,464 committed for building a new gym at South Gibson County High School. The remaining \$71,857 is committed for the School Age Children program.

- Assigned fund balance—amounts the System intends to use for a specific purpose. The School Board and its designees have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.
- 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. 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.

**E. Pensions**

**Teacher Retirement Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**E. Pensions (Continued)**

**Teacher Legacy Pension Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

**Political Subdivision Retirement Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

**F. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred inflows / outflows, and expenses / expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfers of operations.

GASB Statement No. 71, addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**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 \$32,750,000 are as follows:

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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

School Bonds Payable, Series 2001	\$ 3,270,000
School Bonds Payable, Series 2007	200,000
School Bonds Payable, Series 2008	300,000
School Bonds Payable, Series 2009	2,655,000
School Bonds Payable, Series 2012	2,940,000
School Bonds Payable, Series 2013	2,760,000
School Bonds Payable, Series 2015	<u>20,625,000</u>
	 \$ <u>32,750,000</u>

financial resources and therefore are not reported as assets in the governmental funds." The details of this \$44,276,421 are as follows:

Land	\$ 124,936
Construction in Progress	667,560
Buildings and Improvements	62,200,657
Vehicles	3,442,091
Furniture and Equipment	<u>1,590,899</u>
	68,026,143
Less accumulated depreciation	<u>(23,749,722)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 44,276,421</u>

Another element of that reconciliation explains that amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.

Add: Deferred outflows of resources related to pensions	\$ 1,735,147
Less : Deferred inflows of resources related to pensions	<u>4,803,786</u>
	<u>\$(3,068,639)</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 \$1,465,000 are as follows:

Principal repayments:

School Bonds Payable, Series 2001	\$ 650,000
School Bonds Payable, Series 2005	85,000
School Bonds Payable, Series 2007	100,000
School Bonds Payable, Series 2008	100,000
School Bonds Payable, Series 2009	285,000
School Bonds Payable, Series 2012	130,000
School Bonds Payable, Series 2013	<u>115,000</u>
	<u>\$ 1,465,000</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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

Another element of that reconciliation explains that the actuarially determined pension expense (income) does not consume current financial resources, and therefore, is not reported in the governmental funds. It is reported as expense (income) in the statement of activities.

Actuarially determined pension expense (income)	\$ <u>263,352</u>
-------------------------------------------------	-------------------

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

**A. Budgetary Information**

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

Investments that have maturities of three months or less as the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. A summary of cash balances is as follows:

Unrestricted	\$ 6,862,715
Restricted	<u>1,563,648</u>
Total	<u>\$ 8,426,363</u>

**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, 2015, all bank deposits were fully collateralized or insured.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**B. Receivables**

	<u>General</u>	<u>Federal</u>	<u>Cafeteria</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 5,020,162	\$ -	\$ -	\$ 5,020,162
Accounts	279,403	-	3,885	283,288
Intergovernmental	188,255	90,960	-	279,215
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Receivables	<u>\$ 5,487,820</u>	<u>\$ 90,960</u>	<u>\$ 3,885-</u>	<u>\$ 5,582,665</u>

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beg Bal	Increases	Decreases	End Bal
<b>Capital Assets</b>				
<i>Nondepreciable Assets</i>				
Land	124,936	-	-	124,936
Construction in Progress	8,947,294	667,560	8,947,294	667,560
<i>Depreciable Assets</i>				
Buildings and Improvements	52,474,977	9,725,680	-	62,200,657
Vehicles	3,447,918	192,134	197,961	3,442,091
Furniture and Equipment	1,559,945	40,954	10,000	1,590,899
Total Capital Assets	<u>66,555,070</u>	<u>10,626,328</u>	<u>9,155,255</u>	<u>68,026,143</u>
<i>Less: Accumulated Depreciation</i>				
Buildings and Improvements	18,413,196	1,603,030	-	20,016,226
Vehicles	2,713,888	208,155	140,359	2,781,684
Furniture and Equipment	786,008	175,804	10,000	951,812
Total Accumulated Depreciation	<u>21,913,092</u>	<u>1,986,989</u>	<u>150,359</u>	<u>23,749,722</u>
Net Capital Assets	<u>44,641,978</u>	<u>8,639,339</u>	<u>9,004,896</u>	<u>44,276,421</u>

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

## Governmental Activities:

Regular Instruction	\$ 1,788,834
Transportation	208,155
Total Depreciation Expense-	
Governmental Activities	<u>\$ 1,986,989</u>

**D. Inter-fund Receivables and Payables**

The composition of inter-fund balances as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Projects	\$ 1,099,425

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, 2015**

**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 2.0% to 5.00% 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. Principal payments of \$650,000 were made on the Series 2001 bonds during the year which resulted in a June 30, 2015 balance of \$3,270,000.

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, and \$13,675,000 was retired in the Series 2015 School Refunding Bond Issue which resulted in a June 30, 2015 balance of \$200,000.

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 and \$6,200,000 was retired in the Series 2015 School Refunding Bond Issue which resulted in a June 30, 2015 balance of \$300,000.

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 \$285,000 were made on the Series 2009 bonds during the year which resulted in a June 30, 2015 balance of \$2,655,000.

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, 2015 balance of \$2,940,000.

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. Principal payments of \$115,000 were made on the Series 2013 bonds during the year which resulted in a June 30, 2015 balance of \$2,760,000.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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

During the year ended June 30, 2015, the School system issued \$20,625,000 in School Refunding Bonds, Series 2014, that bears interest varying from 4.0% to 5.25% to advance refund \$1,070,000 of outstanding 2005 Series bonds bearing interest at 4.75%, \$13,675,000 of outstanding 2007 Series bonds bearing interest at 4.73%, and \$6,200,000 of outstanding 2008 Series bonds bearing interest at an average rate of 4.83%. The net proceeds of \$23,036,961 (after payment of \$109,412 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 2005, 2007, and 2008 Series bonds. As a result, the 2005 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. Additionally, a portion of the 2007 and 2008 Series bonds are considered to be defeased and the liability for those bonds have been removed from the books. This advance refunding was undertaken to reduce total debt service payments over the next 19 years by \$2,541,189.

The bonds are callable on April 1, 2025 at par for bonds maturing April 1, 2025 and thereafter. The current debt service schedule provides for the bonds to mature as of April 1, 2033. No principal payments were made on the Series 2014 bonds during the year which resulted in a June 30, 2015 balance of \$20,625,000.

The annual requirements to amortize all long-term debt obligations outstanding as of June 30, 2015 are as follows:

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2016	\$ 1,565,000	\$ 1,305,860	\$ 2,870,860
2017	1,660,000	1,245,548	2,905,548
2018	1,750,000	1,179,285	2,929,285
2018	1,830,000	1,110,270	2,940,270
2020	1,765,000	1,038,751	2,803,751
2021-2025	10,070,000	3,927,079	13,997,079
2026-2030	10,575,000	1,566,845	12,143,845
2031-2035	3,535,000	210,463	3,745,463
	<u>\$ 32,750,000</u>	<u>\$ 11,584,101</u>	<u>\$ 44,336,101</u>

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

Following is a summary of long-term debt transactions for the year ended June 30, 2015:

<i>Governmental Activities</i>	Beg Bal	Retirements	Additions	End Bal
<b>Bonds Payable:</b>				
School Bonds, Series 2004, 4.50% interest interest, payable serially through 2019	\$ 3,920,000	\$ 650,000	\$ -	\$ 3,270,000
School Bonds, Series 2005, 4.50% interest payable serially through 2025	1,155,000	1,155,000	-	-
School Bonds, Series 2007, 4.73% interest payable serially through 2033	13,975,000	13,775,000	-	200,000
School Bonds, Series 2008, 4.83% interest payable serially through 2029	6,600,000	6,300,000	-	300,000
School Bonds, Series 2009, 4.01% interest payable serially through 2029	2,940,000	285,000	-	2,655,000
School Bonds, Series 2012, 2.53% interest payable serially through 2032	3,070,000	130,000	-	2,940,000
School Bonds, Series 2013, 2.71% interest payable serially through 2033	2,875,000	115,000	-	2,760,000
School Bonds, Series 2015, 4.35% interest payable serially through 2033	-	-	20,625,000	20,625,000
	<u>\$ 34,535,000</u>	<u>\$ 22,410,000</u>	<u>\$ 20,625,000</u>	<u>\$ 32,750,000</u>

## NOTE 5 - OTHER INFORMATION

### A. Pensions

#### Hybrid Teacher Retirement Plan:

#### General Information about the Pension Plan

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Gibson County Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were \$17,504 which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension liabilities.* Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

*Pension Expense.* Since the measurement date is June 30, 2014, Gibson County Schools did not recognize a pension expense at June 30, 2015.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Gibson County Schools reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Gibson County Schools's contributions subsequent to the measurement date of June 30, 2014	\$ 169,846	Not Applicable

Gibson County Schools' employer contributions of \$169,846 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

**Payable to the Pension Plan**

At June 30, 2015, Gibson County Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Teacher Legacy Pension Plan of TCRS

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Gibson County Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a Gibson County Schools formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Gibson County Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$1,094,179 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension asset.* At June 30, 2014, the Gibson County Schools reported an asset of \$53,153 for its

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Gibson County Schools's proportion of the net pension liability was based on Gibson County Schools's employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Gibson County Schools's proportion was 0.327103 percent. The proportion measured as of June 30, 2013 was 0.317582 percent.

*Pension income.* For the year ended June 30, 2015, Gibson County Schools recognized a pension income of \$23,200.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Gibson County Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of <u>Resources</u>	Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 129,042	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,379,452
Changes in proportion of Net Pension Liability (Asset)	134,310	-
Contributions subsequent to the measurement date of June 30, 2014	1,094,179	-
<b>Total</b>	<b>\$ 1,357,531</b>	<b>\$ 4,379,452</b>

Gibson County Schools employer contributions of \$1,094.179, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (1,050,971)
2017	(1,050,971)
2018	(1,050,971)
2019	(1,050,971)
2020	43,892
Thereafter	43,892
	<b>\$ (4,116,100)</b>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

Inflation:	3.0 percent
Salary increases:	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class:</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The following presents Gibson County Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Gibson County Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Gibson County Schools' share of the Net Pension Liability (Asset)	\$ 8,964,819	\$ (53,153)	\$ (1,360,352)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Payable to the Pension Plan**

At June 30, 2015, Gibson County Schools reported a payable of \$492,621 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**Political Subdivision Retirement Plan:**

**General Information about the Pension Plan**

*Plan description.* Employees of Gibson County Schools are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees covered by benefit terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	119
Active employees	153
	<u>335</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Gibson County Schools makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Gibson County Schools were \$169,846 based on a rate of 7.10 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Gibson County Schools' state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Gibson County Schools' net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3)

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class:</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Gibson County Schools will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2013	\$ 6,042,049	\$ 5,828,441	\$ 213,608
Changes for the year:			
Service Cost	264,015	-	264,015
Interest	463,307	-	463,307
Differences between expected and actual experience	109,143	-	109,143
Contributions - Employer	-	220,630	(220,630)
Contributions - Employees	-	145,152	(145,152)
Net investment income	-	971,411	(971,411)
Benefit payments, including refunds of employee cont	(257,283)	(257,283)	-
Administrative expense	-	(5,571)	5,571
Net changes	579,182	1,074,339	(495,157)
Balance at 6/30/2014	<u>\$ 6,621,231</u>	<u>\$ 6,902,780</u>	<u>\$ (281,549)</u>

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of Gibson County School calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Gibson County Schools's share of the Net Pension Liability (Asset)	\$ 623,651	\$ (281,549)	\$ (1,026,487)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension income.* For the year ended June 30, 2015, Gibson County Schools recognized pension expense of \$58,855.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Gibson County Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**A. Pensions (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,952	\$ -
Net difference between projected and actual earnings on pension plan investments	-	424,334
Contributions subsequent to the measurement date of June 30, 2014	-	-
Total	<u>\$ 90,952</u>	<u>\$ 424,334</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2016	\$	(87,893)
2017		(87,893)
2018		(87,893)
2019		(87,893)
2020		18,191
Thereafter		-
	<u>\$</u>	<u>(333,381)</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

**Payable to the Pension Plan**

At June 30, 2015, Gibson County Schools reported a payable of \$169,846 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**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.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**C. Risk Management (Continued)**

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

**D. Postemployment Healthcare Plan**

Plan Description

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

Funding Policy

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

<u>Annual OPEB Cost and Net OPEB Obligation</u> (dollars in thousands)	<u>Teacher Group Plan</u>
ARC	\$ 123,080
Interest on the NPO	16,692
Adjustment to the ARC	<u>(16,262)</u>
Annual OPEB cost:	123,510
Amount of contribution:	<u>(126,790)</u>
Increase/Decrease in NPO	( 3,280)
Net OPEB obligation—beginning of year	<u>417,298</u>
Net OPEB obligation—end of year	\$ 414,018

<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
6/30/2015	Teacher Group	123,510	126,790(102.66%)	414,018

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

**D. Postemployment Healthcare (Continued)**

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

Actuarial Methods and Assumptions

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

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

In prior periods, the District was not required to recognize a liability for its defined pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement to the District's net position totaling (\$4,079,126) has been recognized in the Statement of Net Position..

**NOTE 7 – SUBSEQUENT EVENTS**

Management of the District has evaluated events and transactions through December 7, 2015, which is the earliest date the financials were available.

Schedule of Gibson County Schools' Contributions  
 Hybrid Teacher Retirement Plan of TCRS  
 Fiscal Year Ending June 30

	2015
Actuarially Determined Contributions (ADC)	\$ 17,504
Contributions in relation to the actuarially determined contribution	17,504
Contribution deficiency (excess)	\$ -
Gibson County Schools' covered - employee payroll	437,604
Contributions as a percentage of Gibson County Schools' covered - employee payroll	4.00%

This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

Schedule of Gibson County Schools'  
Proportionate Share of the Net Pension Asset  
Teacher Legacy Pension Plan of TCRS  
Fiscal Year Ended June 30\*

		2014
Gibson County Schools' proportion of the net pension asset		0.327103%
Gibson County Schools' proportionate share of the net pension asset	\$	53,153
Gibson County Schools' covered - employee payroll	\$	12,838,775
Gibson County Schools' proportionate share of the net pension asset as a percentage of its covered - employee payroll		0.41%
Plan fiduciary net position as a percentage of the total pension liability		100.08%

\*The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

Schedule of Gibson County Schools' Contributions  
 Teacher Legacy Pension Plan of TCRS  
 Fiscal Year Ending June 30

	2014	2015
Actuarially Determined Contributions (ADC)	\$ 1,140,084	\$ 1,193,493
Contributions in relation to the actuarially determined contribution	1,140,084	1,193,493
Contribution deficiency (excess)	\$ -	\$ -
Gibson County Schools' covered - employee payroll	12,838,775	13,202,353
Contributions as a percentage of Gibson County Schools' covered - employee payroll	8.88%	9.04%

This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

Schedule of Changes in Gibson County Schools' Net Pension Liability (Asset) and Related Ratios Based on Participation in  
the Public Employee Pension Plan of TCRS - Political Subdivision Plan  
Last Fiscal Year ending June 30

		2014
Total pension liability		
Service cost	\$	264,015
Interest		463,307
Changes in benefit terms		-
Differences between actual & expected experience		109,143
Change of assumptions		-
Benefit payments, including refunds of employee contributions		(257,283)
Net Change in total pension liability		579,182
Total pension liability - beginning		6,042,049
Total pension liability - ending (a)	\$	6,621,231
Plan fiduciary net position		
Contributions - employer	\$	220,630
Contributions - employee		145,152
Net investment income		971,411
Benefit payments, including refunds of employee contributions		(257,283)
Administrative expense		(5,571)
Net change in plan fiduciary net position		1,074,339
Plan fiduciary net position - beginning		5,828,441
Plan fiduciary net position - ending (b)	\$	6,902,780
Net Pension Liability (asset) - ending (a) - (b)	\$	(281,549)
Plan fiduciary net position as a percentage of total pension liability		104.25%
Covered-employee payroll	\$	2,903,025
Net pension liability (asset) as a percentage of covered-employee payroll		9.70%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

Schedule of Gibson County Schools' Contributions  
Based on Participation in the Public Employee Pension Plan of  
TCRS - Political Subdivision Retirement Plan  
Last Fiscal Year ending June 30

	2014	2015
Actuarially determined contribution	\$ 220,630	\$ 169,846
Contributions in relation to the actuarially determined contribution	220,630	169,846
Contribution in deficiency (excess)	\$ -	\$ -
Covered - employee payroll	\$ 2,903,025	\$ 2,392,204
Contributions as a percentage of covered - employee payroll	7.60%	7.10%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2001  
For the Year Ended June 30, 2015**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 3,270,000</u>		<u>\$ 447,040</u>	<u>\$ 3,717,040</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS  
 SCHOOL BONDS - SERIES 2007  
 For the Year Ended June 30, 2015**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/15	\$ -		\$ 4,163	\$ 4,163
04/01/16	100,000	4.125	4,163	104,163
10/01/16	-		2,100	2,100
04/01/17	100,000	4.20	2,100	102,100
	<u>\$ 200,000</u>		<u>\$ 12,526</u>	<u>\$ 212,526</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2008  
For the Year Ended June 30, 2015**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/15	\$ -		\$ 6,200	\$ 6,200
04/01/16	100,000	4.00	6,200	106,200
10/01/16	-		4,200	4,200
04/01/17	100,000	4.15	4,200	104,200
10/01/17	-		2,125	2,125
04/01/18	100,000	4.25	2,125	102,125
	<u>\$ 300,000</u>		<u>\$ 25,050</u>	<u>\$ 325,050</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2009  
For the Year Ended June 30, 2015**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 2,655,000</u>		<u>\$ 646,180</u>	<u>\$ 3,301,180</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2012  
For the Year Ended June 30, 2015**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 2,940,000</u>		<u>\$ 827,454</u>	<u>\$ 3,767,454</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2013  
For the Year Ended June 30, 2015**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
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>\$ 2,760,000</u>		<u>\$ 825,660</u>	<u>\$ 3,585,660</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
SCHOOL BONDS - SERIES 2015  
For the Year Ended June 30, 2015**

Due Date	Principal Payment	Rate	Interest Payment	Total Payment
10/01/15	\$ -		\$ 436,050	\$ 436,050
04/01/16	100,000	2.0000	436,050	536,050
10/01/16	-		435,050	435,050
04/01/17	100,000	2.0000	435,050	535,050
10/01/17	-		434,050	434,050
04/01/18	195,000	2.0000	434,050	629,050
10/01/18	-		432,100	432,100
04/01/19	280,000	2.0000	432,100	712,100
10/01/19	-		429,300	429,300
04/01/20	1,385,000	5.0000	429,300	1,814,300
10/01/20	-		394,675	394,675
04/01/21	1,495,000	5.0000	394,675	1,889,675
10/01/21	-		357,300	357,300
04/01/22	1,500,000	5.0000	357,300	1,857,300
10/01/22	-		319,800	319,800
04/01/23	1,580,000	5.0000	319,800	1,899,800
10/01/23	-		280,300	280,300
04/01/24	1,660,000	5.0000	280,300	1,940,300
10/01/24	-		238,800	238,800
04/01/25	1,735,000	5.0000	238,800	1,973,800
10/01/25	-		195,425	195,425
04/01/26	1,785,000	5.0000	195,425	1,980,425
10/01/26	-		150,800	150,800
04/01/27	1,835,000	5.0000	150,800	1,985,800
10/01/27	-		104,925	104,925
04/01/28	1,835,000	3.0000	104,925	1,939,925
10/01/28	-		77,400	77,400
04/01/29	1,800,000	3.0000	77,400	1,877,400
10/01/29	-		50,400	50,400
04/01/30	975,000	3.0000	50,400	1,025,400
10/01/30	-		35,775	35,775
04/01/31	955,000	3.0000	35,775	990,775
10/01/31	-		21,450	21,450
04/01/32	930,000	3.0000	21,450	951,450
10/01/32	-		7,500	7,500
04/01/33	480,000	3.1250	7,500	487,500
	<u>\$ 20,625,000</u>		<u>\$ 8,802,200</u>	<u>\$ 29,427,200</u>

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF OFFICIAL BOND AND SALARIES OF PRINCIPAL OFFICIALS**  
**For the Year Ended June 30, 2015**

<u>Title</u>	<u>Name</u>	<u>Salary</u>	<u>Official Bond</u>
Superintendent	Eddie Pruett	\$ 98,838	\$ 563,500

See auditors' report

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS**  
For the Year Ended June 30, 2015

Program Name	CFDA Number	Grantor Agency	Unearned (Due From) 07/01/14	Receipts	Expenditures	Unearned (Due From) 06/30/15
IDEA Part B	84.027	State of Tennessee Dept. of Education	\$ (147,894)	\$ 800,713	\$ 652,819	\$ -
Carl Perkins-Vocational Education	84.048	State of Tennessee Dept. of Education	(14,027)	101,942	87,915	-
IDEA-Pre-school	84.173	State of Tennessee Dept. of Education	(3,077)	21,023	17,946	-
ESEA-Title I	84.010	* State of Tennessee Dept. of Education	(107,604)	587,703	489,041	(8,942)
21st Century Community Learning	84.287	* State of Tennessee Dept. of Education	(89,984)	317,549	305,111	(77,546)
Title II-Training	84.367	State of Tennessee Dept. of Education	(14,095)	110,165	96,070	-
Youth Empowerment Initiative	93.910	State of Tennessee Dept. of Education	(13,545)	43,152	34,079	(4,472)
English Language Acquisition Grants	84.365	State of Tennessee Dept. of Education	-	1,598	1,598	-
National School Lunch Program	10.555	U.S. Dept of Agriculture	(79,148)	814,660	735,512	-
National School Breakfast Program	10.553	U.S. Dept of Agriculture	-	250,425	250,425	-
National School Other	10.555	U.S. Dept of Agriculture	-	16,303	16,303	-
School Food Service	10.555	U.S. Dept of Agriculture	-	19,176	19,176	-
USDA Commodity Supplemental	10.555	TN Dept of Agriculture	-	105,712	105,712	-
			<u>\$ (469,374)</u>	<u>\$ 3,190,121</u>	<u>\$ 2,811,707</u>	<u>\$ (90,960)</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, in accordance with the 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Gibson County Special School District's basic financial statements and have issued our report thereon dated December 7, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Gibson County Special School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

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. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cowart Reese Sargent, CPAs.  
Martin, TN

December 7, 2015



John R. (Jack) Reese, 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, 2015. 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, 2015.

## 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 7, 2015

**GIBSON COUNTY SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE, FEDERAL PROJECTS, AND CAFETERIA FUNDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2015**

**A. Summary of Audit Results**

1. The auditors' report expresses an unmodified 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 unmodified opinion on all major federal programs.
6. There are no 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, 2015**

**B. Finding – Financial Statement Audit**

None Noted

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

None Noted