

WEST CARROLL SPECIAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**WEST CARROLL SPECIAL SCHOOL DISTRICT
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INTRODUCTORY SECTION

**WEST CARROLL SPECIAL SCHOOL DISTRICT
DIRECTORY**
June 30, 2015

ELECTED OFFICIALS

Jimmy Halford, Chairman
Mike Foster, Vice Chairman
Greg McClain, Treasurer
Patrick Lindsey, Member
Kyle Foster, Member
Kristi Moore, Member

APPOINTED OFFICIALS

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

COUNSEL

The King Law Office
Huntingdon, Tennessee

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC
Jackson, Tennessee

FINANCIAL SECTION

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Independent Auditor's Report

Board of Education
West Carroll Special School District
Atwood, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Carroll Special School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carroll Special School District, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the general purpose fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and the required supplementary information on pages 55 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the 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 West Carroll Special School District's basic financial statements. The introductory section and supplementary and other information section, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information section 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 and other information section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the West Carroll Special School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and 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 West Carroll Special School District's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 31, 2015

Management's Discussion and Analysis

As management of the West Carroll Special School District (the District), we offer readers of the financial statements for the District this narrative overview and analysis of the financial activities for the year ended June 30, 2015. We encourage readers to consider the information here in conjunction with the Independent Auditor's Report and the District's financial statements. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A). The implementation of Governmental Accounting Standards Board (GASB) Statements No. 68 and 71, *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27* and *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment GASB Statement No. 68*, during 2015 causes some financial information reported in the MD&A for 2015 and 2014 not to be comparable.

Financial Highlights

- The assets and deferred inflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$3,207,092. Of this amount, \$2,334,138 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District reported combined ending fund balance of \$4,073,298. Approximately 88.5% of this total amount, \$3,606,444, is unassigned in the general purpose fund. Approximately 5% represents funds restricted in the centralized cafeteria fund, 0.5% represents funds that are committed in the debt service fund, and 6% represents funds that are nonspendable in the centralized cafeteria fund and the endowment fund.
- At the end of the current fiscal year, unassigned fund balance for the general purpose fund was \$3,606,444 or 53% of total general purpose fund expenditures.
- The District's total bonded debt decreased by \$405,000.

Overview of the Financial Statements

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

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

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

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

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that

are intended to recover all or a significant portion of their costs. The District's governmental activities include general administration, finance and education. The District has no business-type activities to report.

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

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

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

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

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

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

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

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

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

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,207,092 at the close of the fiscal year ended June 30, 2015.

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

The District's Net Position

	June 30, 2015	June 30, 2014
Assets		
Current and other	\$ 5,825,416	\$ 5,353,110
Capital assets - net of accumulated depreciation	5,107,236	5,305,906
Total assets	<u>10,932,652</u>	<u>10,659,016</u>
Deferred outflows of resources:		
Pension related deferred outflows	438,268	-
Loss on refunding of debt	-	217,675
Total deferred outflows of resources	<u>438,268</u>	<u>217,675</u>
Liabilities		
Long-term liabilities	5,024,561	5,181,832
Other liabilities	277,608	103,639
Total liabilities	<u>5,302,169</u>	<u>5,285,471</u>
Deferred inflows of resources		
Pension related deferred inflows	1,615,127	-
Unavailable revenue - property taxes	1,246,532	1,241,233
	<u>2,861,659</u>	<u>1,241,233</u>
Net position		
Net investment in capital asset	161,674	188,356
Restricted	711,280	438,996
Unrestricted	2,334,138	3,722,635
Total net position	<u>\$ 3,207,092</u>	<u>\$ 4,349,987</u>

The above provides a summary of the District's net position for 2015 and 2014.

An additional portion of the District's net position, \$711,280, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,334,138, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the District's total net position decreased by \$1,142,895 (net of change in net position of \$202,896 and restatement of net position for GASB Statements No. 68 and 71 implementation of (\$1,345,791)).

The following summary shows the changes in net position for fiscal years 2015 and 2014.

The District's Changes in Net Position

	June 30, 2015	June 30, 2014
Revenues		
Program revenues		
Charges for services	\$ 143,406	\$ 167,010
Operating grants and contributions	1,409,559	1,534,002
General revenues		
Property taxes	1,235,642	1,252,764
Sales taxes	533,067	541,281
Alcoholic beverage tax	293	485
Grants and contributions not restricted to specific programs:		
Basic Education Program	5,036,000	5,032,000
Interest	15,237	14,788
Gain on sale of capital assets	2,064	1,020
Pension income - implementation of GASB Statement No. 68	32,086	-
Other miscellaneous revenues	75,572	80,154
Total revenues	<u>8,482,926</u>	<u>8,623,504</u>
Expenses		
Instruction	4,482,496	4,676,200
Support services	2,309,602	2,618,323
Non-instructional services	1,487,932	1,205,202
Total expense	<u>8,280,030</u>	<u>8,499,725</u>
Change in net position	<u>202,896</u>	<u>123,779</u>
Net position, beginning	4,349,987	4,267,012
Prior period adjustment	-	(40,804)
Restatement - GASB Statements No. 68 and 71 implementation	<u>(1,345,791)</u>	<u>-</u>
Net position, beginning restated	<u>3,004,196</u>	<u>4,226,208</u>
Net position, ending	<u>\$ 3,207,092</u>	<u>\$ 4,349,987</u>

Governmental activities Governmental activities decreased the District's net position \$1,142,895 (net of change in net position of \$202,896 and restatement of net position for GASB Statements No. 68 and 71 implementation of (\$1,345,791)).

Total governmental activities' revenue for the fiscal year was \$8,482,926. The largest single revenue source was state revenues in the form of Basic Education Program payments.

Expense and Program Revenues - Governmental Activities

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

Among major funds, the general purpose fund had \$6,985,643 in revenues and \$6,927,483 in expenditures (including a transfer out in the amount of \$177,254). The debt service fund had \$5,418,284 in revenues (including a transfer in in the amount of \$177,254 and proceeds from issuance of bonds in the amount of \$4,945,562) and \$5,414,732 in expenditures. Major funding for these funds was provided by federal and state funds. In the non-major funds, the federal projects fund had \$565,742 in revenues and \$560,345 in expenditures, the cafeteria fund had \$620,555 in revenues and \$620,355 in expenditures. The endowment fund had \$5,600 in revenues and \$4,000 in expenditures.

Revenue by Source - Governmental Funds

Total governmental revenues allocated by each revenue type.

	June 30, 2015		June 30, 2014	
	Amount	Percent	Amount	Percent
Revenues				
Program revenues				
Charges for services	\$ 143,406	2%	\$ 167,010	2%
Operating grants and contributions	1,409,559	17%	1,534,002	18%
General revenues				
Property taxes	1,235,642	15%	1,252,764	15%
Sales taxes	533,067	6%	541,281	6%
Alcoholic beverage tax	293	0%	485	0%
Grants and contributions not restricted to specific programs:				
Basic Education Program	5,036,000	59%	5,032,000	58%
Interest	15,237	0%	14,788	0%
Gain on sale of capital assets	2,064	0%	1,020	0%
Pension income	32,086	0%	-	0%
Other miscellaneous revenues	75,572	1%	80,154	1%
Total revenues	<u>8,482,926</u>	<u>100%</u>	<u>8,623,504</u>	<u>100%</u>

Financial Analysis of the Government's Funds

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

Governmental funds The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

At June 30, 2015, the District's governmental funds reported combined fund balances of \$4,073,298, an increase of \$68,909 in comparison with the prior year. Approximately 89% of this amount \$3,606,444 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form \$33,854, 2) legally required to be maintained intact \$200,000, 3) restricted for particular purposes \$214,436, 4) committed for particular purposes \$18,564, or 5) assigned for particular purposes \$0.

The general purpose fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$3,606,444.

As a measure of the general purpose fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 53% of the total general purpose fund expenditures, while total fund balances represent 53% of that same amount.

The fund balance of the District's general purpose fund increased by \$58,160 during the current fiscal year. A key factor in this growth was the District's ability to remain within the budget adopted.

General Purpose Fund Budgetary Highlights

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

		June 30, 2015		
General Purpose Fund				
Revenues		Original	Final	Difference
	Taxes	\$ 1,389,442	\$ 1,389,442	\$ -
	Intergovernmental	5,421,472	5,421,472	-
	Miscellaneous	27,200	52,814	25,614
	Total revenues	<u>6,838,114</u>	<u>6,863,728</u>	<u>25,614</u>
Expenses				
	Instruction	4,029,672	4,004,842	(24,830)
	Support services	2,290,202	2,259,397	(30,805)
	Non-instructional services	327,037	477,496	150,459
	Total expenditures	<u>6,646,911</u>	<u>6,741,735</u>	<u>94,824</u>
	Excess (deficiency) of revenues over (under) expenditures	<u>\$ 191,203</u>	<u>\$ 121,993</u>	<u>\$ (69,210)</u>

In 2015, the District increased the budget revenue for unexpected sale of equipment and other miscellaneous revenues. The District increased the budget expenses for capital outlay and building improvement projects

		June 30, 2014		
General Purpose Fund				
Revenues		Original	Final	Difference
	Taxes	\$ 1,386,350	\$ 1,386,350	\$ -
	Intergovernmental	5,344,120	5,447,259	103,139
	Miscellaneous	25,787	32,787	7,000
	Total revenues	<u>6,756,257</u>	<u>6,866,396</u>	<u>110,139</u>
Expenses				
	Instruction	3,919,759	3,887,609	(32,150)
	Support services	2,334,568	2,477,768	143,200
	Non-instructional services	300,537	311,626	11,089
	Total expenditures	<u>6,554,864</u>	<u>6,677,003</u>	<u>122,139</u>
	Excess (deficiency) of revenues over (under) expenditures	<u>\$ 201,393</u>	<u>\$ 189,393</u>	<u>\$ (12,000)</u>

In 2014, the District increased the budget revenue and expenses for a Technology grant from the State that was used to upgrade the District's technology.

Capital Asset and Debt Administration

Capital Assets. The District's net investment in capital assets for its governmental funds as of June 30, 2015 amounts to \$161,674 (net of accumulated depreciation and related debt). This net investment in

capital assets includes buildings and improvements and other capital assets (including equipment). Additions to current year's capital assets included the parking lot project, which was maintained in work in progress at the end in 2014, a play ground set, an awning, and two HVAC units.

	6/30/14	Additions	Reductions	6/30/15
Capital assets not being depreciated:				
Land	\$ 232,960	\$ -	\$ -	\$ 232,960
Work in progress	18,000	-	18,000	-
Total	<u>250,960</u>	<u>-</u>	<u>18,000</u>	<u>232,960</u>
Capital assets being depreciated:				
Buildings and improvements	11,954,661	195,252	-	12,149,913
Other capital assets	480,800	13,431	-	494,231
Total	<u>12,435,461</u>	<u>208,683</u>	<u>-</u>	<u>12,644,144</u>
Accumulated depreciation	<u>(7,380,515)</u>	<u>(389,353)</u>	<u>-</u>	<u>(7,769,868)</u>
Capital assets net of accumulated depreciation	5,305,906	(180,670)	18,000	5,107,236
Long-term debt related to capital assets (including bond premium and discount)	<u>(5,117,550)</u>	<u>(4,945,562)</u>	<u>(5,117,550)</u>	<u>(4,945,562)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 188,356</u>	<u>\$ (5,126,232)</u>	<u>\$ (5,099,550)</u>	<u>\$ 161,674</u>

District started the construction of a parking lot in 2014 but only completed and paid for a portion of the anticipated cost in 2014. This was added as work in progress. The other additions included a security system for the schools, floor maintenance machine, land for the parking lot, completion of the pavilion that was maintained in work in progress in 2013, and renovation of the floor at the elementary school.

	6/30/13	Additions	Reductions	Reclassification	6/30/14
Capital assets not being depreciated:					
Land	\$ 217,127	\$ 15,833	\$ -	\$ -	\$ 232,960
Work in progress	6,072	18,000	-	(6,072)	18,000
Total	<u>223,199</u>	<u>33,833</u>	<u>-</u>	<u>(6,072)</u>	<u>250,960</u>
Capital assets being depreciated:					
Buildings and improvements	11,919,303	29,286	-	6,072	11,954,661
Other capital assets	473,009	7,791	-	-	480,800
Total	<u>12,392,312</u>	<u>37,077</u>	<u>-</u>	<u>6,072</u>	<u>12,435,461</u>
Accumulated depreciation	<u>(6,981,006)</u>	<u>(399,509)</u>	<u>-</u>	<u>-</u>	<u>(7,380,515)</u>
Capital assets net of accumulated depreciation	5,634,505	(328,599)	-	-	5,305,906
Long-term debt related to capital assets (including bond premium and discount)	<u>(5,370,720)</u>	<u>-</u>	<u>(253,170)</u>	<u>-</u>	<u>(5,117,550)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 263,785</u>	<u>\$ (328,599)</u>	<u>\$ (253,170)</u>	<u>\$ -</u>	<u>\$ 188,356</u>

Long-term debt. As of June 30, 2015 and 2014, the District had total bonded debt outstanding of \$4,945,562 and \$5,117,550, respectively. All debt is backed by the full faith and credit of the government.

	<u>6/30/2015</u>	<u>6/30/2014</u>
School Bonds, Series 2005	\$ -	\$ 5,117,550
School Refunding Bonds, Series 2015	<u>4,945,562</u>	<u>-</u>
	<u>\$ 4,945,562</u>	<u>\$ 5,117,550</u>

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

During 2015, the School Bonds, series 2005 was refunded with School Refunding Bonds, Series 2015. The remaining School Bonds, Series 2005 totaled \$4,880,000. The principal of the School Refunding Bonds, Series 2015 was \$4,740,000.

The District maintains an "AA" rating by Standards and Poor's Rating Services, a Division of McGraw-Hill Companies (S&P).

Economic Factors and Next year's Budget and Rates

The unemployment rate for Carroll County is 8.0%. The state's average unemployment rate is 5.7%. The national average unemployment rate is 5.1%. All of the rates are from labor statistics released in September 2015.

All of these factors were considered in preparing the District's budget for the 2015-2016 fiscal year.

The District's unassigned fund balance in the general purpose fund was \$3,606,444, for the fiscal year ending June 30, 2015. It is intended that this use of available fund balance will avoid the need to raise taxes during the 2015-2016 fiscal year.

Request for Information

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

BASIC FINANCIAL STATEMENTS

WEST CARROLL SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2015

Assets:

Cash and cash equivalents	\$	3,937,191
Investments		200,000
Accounts receivable		482
Due from other governments - nongrant		1,335,783
Due from other governments - grants		52,569
Interest receivable		2,547
Inventory		33,854
Net pension asset		262,990
Capital assets, not being depreciated:		
Land		232,960
Capital assets, being depreciated (net of accumulated depreciation):		
Buildings and improvements		4,763,708
Other capital assets		110,568
Total assets		<u>10,932,652</u>

Deferred outflows of resources:

Pension contributions - subsequent to the measurement date		399,835
Pension - difference between expected and actual experience		38,433
Total deferred outflows of resources		<u>438,268</u>

Liabilities:

Accounts payable		60
Accrued expenses		239,989
Accrued interest payable		37,559
Long-term liabilities:		
Portion due or payable within one year:		
Bonds payable		280,000
Portion due or payable after one year:		
Bonds payable		4,665,562
OPEB liability		78,999
Total liabilities		<u>5,302,169</u>

Deferred inflows of resources:

Pension- changes in proportion of net pension asset		43,833
Pension - net difference between projected and actual earnings of pension plan investments		1,437,718
Pension - difference between expected and actual experience		133,576
Unavailable revenue - property taxes		1,246,532
Total deferred inflows of resources		<u>2,861,659</u>

Net position:

Net investment in capital assets		161,674
Restricted for:		
Pension		262,990
Operation of non-instructional services		248,290
Endowment Fund Principal		200,000
Unrestricted		2,334,138
Total net position		<u>\$ 3,207,092</u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES**

For the Year Then Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular education	\$ 3,677,378	\$ -	\$ 230,924	\$ -	\$ (3,446,454)
Alternate education	13,665	-	-	-	(13,665)
Special education	608,254	-	208,625	-	(399,629)
Vocational education	183,199	-	9,557	-	(173,642)
Support Services:					
Attendance	31,144	-	-	-	(31,144)
Health services	79,636	-	-	-	(79,636)
Other student support	191,500	-	92,210	-	(99,290)
Regular education	325,322	-	128,159	-	(197,163)
Special education	73,613	-	46,074	-	(27,539)
Vocational education	873	-	873	-	-
Board of Education	133,253	-	-	-	(133,253)
Office of Director of Schools	130,303	-	1,109	-	(129,194)
Office of Principals	429,547	-	3,327	-	(426,220)
Fiscal Services	76,835	-	-	-	(76,835)
Operation and maintenance of plant	635,102	-	-	-	(635,102)
Student transportation	15,414	-	5,000	-	(10,414)
Central and other	187,060	-	-	-	(187,060)
Noninstructional Services					
Food service	616,183	143,406	476,665	-	3,888
Early Childhood	182,943	-	207,036	-	24,093
Capital outlay	149,104	-	-	-	(149,104)
Debt service	539,702	-	-	-	(539,702)
	\$ 8,280,030	\$ 143,406	\$ 1,409,559	\$ -	(6,727,065)
General Revenues:					
Property taxes including interest and penalties					1,235,642
Sales taxes					533,067
Alcoholic beverage tax					293
Grants and contributions not restricted to specific programs					
Basic Education Program					5,036,000
Interest					15,237
Gain on sale of capital assets					2,064
Pension income - implementation of GASB Statement No. 68					32,086
Other miscellaneous revenues					75,572
Total general revenues					6,929,961
Change in net position					202,896
Net position, beginning					4,349,987
Restatement - GASB Statements No. 68 and 71 implementation					(1,345,791)
Net position, beginning restated					3,004,196
Net position, ending					\$ 3,207,092

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,699,291	\$ 15,012	\$ 222,888	\$ 3,937,191
Investments	-	-	200,000	200,000
Accounts receivable	-	-	482	482
Due from other governments - nongrant	1,034,548	301,235	-	1,335,783
Due from other governments - grants	36,444	-	16,125	52,569
Due from other funds	24,999	-	-	24,999
Inventory	-	-	33,854	33,854
Total assets	<u>\$ 4,795,282</u>	<u>\$ 316,247</u>	<u>\$ 473,349</u>	<u>\$ 5,584,878</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 60	\$ 60
Accrued expenses	239,989	-	-	239,989
Due to other funds	-	-	24,999	24,999
Total liabilities	<u>239,989</u>	<u>-</u>	<u>25,059</u>	<u>265,048</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	948,849	297,683	-	1,246,532
Total deferred inflows of resources	<u>948,849</u>	<u>297,683</u>	<u>-</u>	<u>1,246,532</u>
Fund balances:				
Nonspendable				
Inventory	-	-	33,854	33,854
Endowment Fund Principal	-	-	200,000	200,000
Restricted				
Operation of non-instructional services	-	-	214,436	214,436
Committed				
Debt Service	-	18,564	-	18,564
Unassigned	3,606,444	-	-	3,606,444
Total fund balances	<u>3,606,444</u>	<u>18,564</u>	<u>448,290</u>	<u>4,073,298</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,795,282</u>	<u>\$ 316,247</u>	<u>\$ 473,349</u>	<u>\$ 5,584,878</u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015**

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

Fund balance - total governmental funds (Page 15)	\$	4,073,298
Capital assets used in governmental funds are not financial resources and, therefore, are not reported as assets in governmental funds.		5,107,236
Asset reported in the statement of net position that do not provide current resources are not reported as assets in the funds.		
Accrued interest		2,547
Net pension asset is not a financial resource in the current period and, therefore, are not reported an asset in governmental funds.		262,990
Deferred outflows of resources related to pensions in which the consumption of net position will occur in future periods, therefore, it is not reported in the funds		438,268
Deferred inflows of resources related to pensions in which the acquisition of net position will occur in future periods, therefore, it is not reported in the funds		(1,615,127)
Other liabilities in governmental funds are not financial uses in the current period and, therefore, are not reported as liabilities in governmental funds.		
Accrued interest payable		(37,559)
Long-term liabilities, including bonds, bond premiums, notes payable, OPEB, and leases payable, are not due in the current period and, therefore, are not reported in the funds.		(5,024,561)
		(5,024,561)
Net position of governmental activities (Page 13)	\$	<u>3,207,092</u>

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

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

For the Year Then Ended June 30, 2015

	General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,473,241	\$ 295,468	-	\$ 1,768,709
Federal revenue	-	-	1,036,164	1,036,164
Intergovernmental	5,453,944	-	-	5,453,944
Miscellaneous	49,241	-	-	49,241
Interest earned	9,217	-	6,020	15,237
Food services	-	-	149,713	149,713
Total revenues	<u>6,985,643</u>	<u>295,468</u>	<u>1,191,897</u>	<u>8,473,008</u>
Expenditures:				
Current:				
Instruction	4,051,921	-	376,152	4,428,073
Support services	2,215,168	-	184,193	2,399,361
Noninstructional	483,140	5,414,732	624,355	6,522,227
Total expenditures	<u>6,750,229</u>	<u>5,414,732</u>	<u>1,184,700</u>	<u>13,349,661</u>
Other financing sources (uses)				
Transfers in	-	177,254	-	177,254
Transfers (out)	(177,254)	-	-	(177,254)
Refunding debt issued	-	4,945,562	-	4,945,562
	<u>(177,254)</u>	<u>5,122,816</u>	<u>-</u>	<u>4,945,562</u>
Net changes in fund balance	<u>58,160</u>	<u>3,552</u>	<u>7,197</u>	<u>68,909</u>
Fund balance - beginning	3,548,284	15,012	432,941	3,996,237
Inventory adjustment	-	-	8,152	8,152
Fund balance - beginning - restated	<u>3,548,284</u>	<u>15,012</u>	<u>441,093</u>	<u>4,004,389</u>
Fund balance - ending	<u>\$ 3,606,444</u>	<u>\$ 18,564</u>	<u>\$ 448,290</u>	<u>\$ 4,073,298</u>

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Year Then Ended June 30, 2015

Amounts reported for the governmental activities in the statement of activities (Page 14) are different because:

Net change in fund balance - total governmental funds (Page 17)	\$ 68,909
Expenses on the statement of activities that are not current financial uses are not reported as expenses in governmental funds:	
Accrued interest payable	6,843
Change in inventory	8,152
The change in OPEB is an expenditure in the governmental funds, but the change reduces or increases the liability on the statement of activities.	(14,717)
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are unavailable in the funds and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Loss on refunding debt	(217,674)
Bond discount	19,401
Bond insurance premium	(31,688)
Bond premium	(252,413)
Revenues in the statement of activities that do not provide current financial resources are not reported as current revenues in the funds.	
Unavailable revenue	(22,168)
The payment of pension contributions consumes current financial resources in the governmental funds. These transactions do not have any effect on the net position, but are considered deferred outflows of resources.	399,835
The actuarially determined pension revenue does not consume current financial resources and, therefore, is not reported in the governmental funds. It is reported as revenue in the statement of activities.	32,086
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.	5,145,000
The issuance of long-term debt provides current financial resources to governmental funds; however, the issuance increases the liability on the statement of activities.	(4,740,000)
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital outlays	190,683
Depreciation	<u>(389,353)</u>
Change in net position of governmental activities (Page 14)	<u>\$ 202,896</u>

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

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Revenues:				
Local Taxes:				
County Taxes:				
Trustees collections - bankruptcy	\$ -	\$ -	\$ 137	\$ 137
Clerk and Master collections - prior year	10,000	10,000	29,604	19,604
Sales tax	450,000	450,000	502,839	52,839
Interstate telecommunications	300	300	487	187
	<u>460,300</u>	<u>460,300</u>	<u>533,067</u>	<u>72,767</u>
Special School District Taxes:				
Property taxes	881,723	881,723	886,917	5,194
Property taxes - prior year	41,919	27,919	31,149	3,230
Interest and penalty	5,500	5,500	6,943	1,443
In lieu of tax payments	-	14,000	15,165	1,165
	<u>929,142</u>	<u>929,142</u>	<u>940,174</u>	<u>11,032</u>
Total local taxes	<u>1,389,442</u>	<u>1,389,442</u>	<u>1,473,241</u>	<u>83,799</u>
Intergovernmental Revenues:				
State Education Funds:				
Basic Education Program	5,035,000	5,035,000	5,036,000	1,000
Early Childhood Education	207,037	207,037	223,807	16,770
Other state education funds	71,623	71,623	77,725	6,102
Career Ladder	64,412	64,412	46,018	(18,394)
Career Ladder extended contract	23,000	23,000	17,170	(5,830)
	<u>5,401,072</u>	<u>5,401,072</u>	<u>5,400,720</u>	<u>(352)</u>
Other State Funds:				
Mixed drink tax	400	400	293	(107)
Federal Through State:				
Special Education Preschool Grants	-	-	3,465	3,465
Education of handicapped	20,000	20,000	21,135	1,135
	<u>20,000</u>	<u>20,000</u>	<u>24,600</u>	<u>4,600</u>
Total intergovernmental revenues	<u>5,421,472</u>	<u>5,421,472</u>	<u>5,425,613</u>	<u>4,141</u>

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

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Miscellaneous Revenues:				
Marriage licenses	\$ 200	\$ 200	\$ 318	\$ 118
Interest earned	7,000	7,000	9,217	2,217
Miscellaneous refunds	-	7,214	10,468	3,254
Gain (loss) on sale	-	2,000	2,000	-
Other	20,000	36,400	36,455	55
Total miscellaneous revenues	27,200	52,814	58,458	5,644
Total revenues	6,838,114	6,863,728	6,957,312	93,584
Expenditures				
Instruction:				
Regular Instruction Program:				
Teachers	2,359,170	2,371,270	2,371,178	(92)
Career Ladder Program	36,000	27,000	27,000	-
Career Ladder extended contract	19,400	13,400	12,805	(595)
Homebound teachers	4,000	4,900	4,831	(69)
Aides	73,205	53,205	52,021	(1,184)
Other salaries and wagers	20,000	20,700	20,610	(90)
Substitute teachers	4,000	2,000	1,812	(188)
Noncertified substitute teachers	35,000	28,000	27,500	(500)
Social Security	144,500	144,500	140,669	(3,831)
State retirement	227,075	227,075	221,640	(5,435)
Medical insurance	232,000	218,000	217,272	(728)
Medicare	34,300	34,300	33,300	(1,000)
Maintenance and repair services	1,000	1,000	-	(1,000)
Tuition	5,000	5,000	3,157	(1,843)
Instructional materials and supplies	50,000	50,000	21,444	(28,556)
Textbooks	77,000	77,000	146,462	69,462
Fee waivers	12,000	12,000	9,555	(2,445)
Capital outlay - equipment	55,000	36,000	35,774	(226)
	<u>3,388,650</u>	<u>3,325,350</u>	<u>3,347,030</u>	<u>21,680</u>
Alternate Instruction Program:				
Other contracted services	<u>15,000</u>	<u>15,000</u>	<u>13,665</u>	<u>(1,335)</u>

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

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Special Education Program:				
Teachers	\$ 224,629	\$ 228,129	\$ 228,113	\$ (16)
Career Ladder	1,500	1,500	1,500	-
Homebound teachers	1,700	1,700	669	(1,031)
Aides	29,084	46,784	46,708	(76)
Speech pathologist	-	250	250	-
Substitute teachers	700	700	-	(700)
Non-certified substitutes	2,300	2,320	2,310	(10)
Social Security	14,222	14,222	15,403	1,181
State retirement	22,766	22,766	24,304	1,538
Medical insurance	27,516	33,516	33,641	125
Medicare	3,326	3,326	3,613	287
Contracts with other schools	72,300	83,300	83,004	(296)
Other contracted services	13,000	13,000	13,116	116
Instructional supplies and materials	4,000	4,000	4,003	3
Capital outlay - equipment	5,000	5,000	4,123	(877)
	<u>422,043</u>	<u>460,513</u>	<u>460,757</u>	<u>244</u>
Vocational Education Program:				
Teachers	141,934	142,984	142,968	(16)
Career Ladder Program	1,000	1,000	1,000	-
Non-certified substitutes	2,500	2,650	2,613	(37)
Social Security	7,944	7,944	8,160	216
State retirement	12,922	12,922	13,015	93
Medical insurance	17,820	17,820	16,268	(1,552)
Medicare	1,859	1,859	1,912	53
Instructional supplies and materials	9,000	9,000	8,596	(404)
Other supplies and materials	-	-	106	106
Capital outlay - equipment	9,000	7,800	7,500	(300)
	<u>203,979</u>	<u>203,979</u>	<u>202,138</u>	<u>(1,841)</u>
Total instruction	<u>\$ 4,029,672</u>	<u>\$ 4,004,842</u>	<u>\$ 4,023,590</u>	<u>\$ 18,748</u>

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

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Support Services:				
Attendance:				
Medical personnel	\$ 25,233	\$ 25,783	\$ 25,742	\$ (41)
Social Security	1,490	1,490	1,547	57
State retirement	2,282	2,282	2,327	45
Medical insurance	1,212	1,212	966	(246)
Medicare	348	348	362	14
Postal charges	500	500	500	-
Travel	2,500	2,500	2,004	(496)
Attendance Equipment	1,000	1,000	-	(1,000)
	<u>34,565</u>	<u>35,115</u>	<u>33,448</u>	<u>(1,667)</u>
Health Services:				
Medical personnel	62,160	63,160	63,160	-
Social security	3,278	3,278	3,304	26
State retirement	5,620	5,620	5,248	(372)
Medical insurance	9,288	9,288	9,279	(9)
Medicare	767	767	773	6
Travel	2,000	2,000	923	(1,077)
Other supplies and materials	2,000	2,000	392	(1,608)
Other charges	1,000	1,000	968	(32)
Health equipment	2,000	785	785	-
	<u>88,113</u>	<u>87,898</u>	<u>84,832</u>	<u>(3,066)</u>
Other Student Support:				
Career Ladder	4,000	4,000	4,000	-
Guidance personnel	147,649	133,649	133,491	(158)
Career Ladder extended contract	-	650	650	-
Clerical Personnel	10,000	10,000	9,221	(779)
Social Security	9,287	9,287	8,957	(330)
State retirement	14,531	14,531	12,576	(1,955)
Medical insurance	12,852	4,852	3,569	(1,283)
Medicare	2,173	2,173	2,095	(78)
Evaluation and testing	4,000	4,000	4,838	838
Travel	1,000	1,000	295	(705)
Other contracted services	11,000	11,000	14,000	3,000
Other supplies and materials	1,100	1,100	1,085	(15)
Other equipment	500	500	-	(500)
	<u>218,092</u>	<u>196,742</u>	<u>194,777</u>	<u>(1,965)</u>

The accompanying notes are integral part of the financial statements.

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Regular Education Program				
Supervisor	\$ 58,000	\$ 58,400	\$ 58,330	\$ (70)
Career Ladder Program	9,000	4,000	4,000	-
Career Ladder extended contract	600	600	600	-
Librarians	77,017	80,517	80,495	(22)
Other salaries and wages	-	3,000	2,985	(15)
Non-certified substitute teachers	300	300	-	(300)
Social Security	8,200	8,200	8,279	79
State retirement	14,000	14,000	13,270	(730)
Medical insurance	13,000	13,000	16,331	3,331
Medicare	2,000	2,000	1,936	(64)
Maintenance and repair service - equipment	20,000	20,000	22,132	2,132
Travel	3,500	3,500	2,596	(904)
Other contracted services	8,000	8,000	2,014	(5,986)
Library books/media	9,000	9,000	9,000	-
In-service/staff development	3,500	3,500	1,140	(2,360)
Other equipment	1,000	1,000	-	(1,000)
	<u>227,117</u>	<u>229,017</u>	<u>223,108</u>	<u>(5,909)</u>
Special Education Program:				
Supervisor	10,120	10,130	10,120	(10)
Clerical personnel	9,195	9,745	9,695	(50)
Social Security	808	808	966	158
State retirement	1,592	1,592	1,638	46
Medical insurance	6,192	5,632	4,461	(1,171)
Medicare	189	189	226	37
Travel	2,500	2,500	1,743	(757)
In-service/staff development	2,500	2,500	700	(1,800)
Other equipment	1,000	1,000	-	(1,000)
	<u>34,096</u>	<u>34,096</u>	<u>29,549</u>	<u>(4,547)</u>

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

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Board of Education:				
Unemployment compensation	\$ 10,000	\$ 10,000	\$ 8,432	\$ (1,568)
Audit services	26,000	26,000	24,500	(1,500)
Dues and memberships	7,000	7,000	6,142	(858)
Legal services	1,000	1,000	1,478	478
Travel	1,500	1,500	1,600	100
Liability insurance	3,000	3,000	3,073	73
Trustee commissions	31,000	31,000	30,092	(908)
Workmen's compensation	41,000	41,000	38,287	(2,713)
Refund to applicants	750	750	294	(456)
Other charges	6,000	6,000	6,712	712
	<u>127,250</u>	<u>127,250</u>	<u>120,610</u>	<u>(6,640)</u>
Director of Schools:				
County official/administrative officer	86,295	86,845	86,795	(50)
Career Ladder program	1,000	1,000	1,000	-
Clerical personnel	9,195	9,205	9,195	(10)
Social Security	5,264	5,264	5,449	185
State retirement	8,578	8,578	8,623	45
Medical insurance	11,604	11,604	10,129	(1,475)
Medicare	1,231	1,231	1,274	43
Communication	8,000	8,000	8,591	591
Dues and memberships	2,000	2,000	1,816	(184)
Maintenance and repair service - equipment	2,000	950	913	(37)
Postal charges	1,200	1,200	762	(438)
Travel	4,500	4,500	3,077	(1,423)
Office supplies	1,500	1,500	1,216	(284)
Capital outlay - equipment	2,000	2,000	-	(2,000)
	<u>144,367</u>	<u>143,877</u>	<u>138,840</u>	<u>(5,037)</u>

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

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

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Office of Principals:				
Principals	\$ 196,000	\$ 206,000	\$ 205,817	\$ (183)
Career Ladder	2,000	3,000	3,000	-
Accountants/bookkeepers	8,776	9,326	9,285	(41)
Assistant principal(s)	55,177	55,877	55,677	(200)
Secretary(s)	55,200	58,200	58,200	-
Clerical personnel	18,489	19,489	19,152	(337)
In service / staff development	6,000	6,000	6,000	-
Social Security	19,193	19,193	20,039	846
State retirement	29,366	29,366	30,238	872
Medical insurance	29,700	29,700	29,778	78
Medicare	4,490	4,490	4,687	197
Communication	10,000	10,000	10,111	111
Dues and memberships	2,175	2,175	-	(2,175)
Postal charges	2,300	2,300	1,500	(800)
Other supplies and materials	3,000	3,000	3,000	-
Administration equipment	3,000	3,000	3,000	-
	<u>444,866</u>	<u>461,116</u>	<u>459,484</u>	<u>(1,632)</u>
Fiscal Services:				
Accountants/bookkeepers	56,063	57,113	57,064	(49)
Social Security	3,092	3,092	3,093	1
State retirement	4,183	4,183	4,257	74
Medical insurance	6,204	6,204	5,686	(518)
Medicare	723	723	723	-
Travel	500	500	472	(28)
Other contracted services	8,000	8,000	8,042	42
Data processing supplies	500	500	-	(500)
Office supplies	2,000	1,400	1,337	(63)
Other charges	500	500	375	(125)
Capital outlay - equipment	2,500	500	-	(500)
	<u>84,265</u>	<u>82,715</u>	<u>81,049</u>	<u>(1,666)</u>

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

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Operation of Plant:				
Custodial personnel	\$ 135,678	\$ 131,678	\$ 130,754	\$ (924)
Social Security	7,732	7,732	7,328	(404)
State retirement	10,122	10,122	9,754	(368)
Employee health insurance	10,980	10,980	10,818	(162)
Medicare	1,808	1,808	1,714	(94)
Maintenance and repair - equipment	11,000	11,000	10,900	(100)
Custodial supplies	29,000	29,000	28,949	(51)
Electricity	170,377	161,377	158,551	(2,826)
Gas	45,000	45,000	46,543	1,543
Water and sewer	23,000	23,000	23,867	867
Building and contents insurance	84,102	84,102	84,102	-
	<u>528,799</u>	<u>515,799</u>	<u>513,280</u>	<u>(2,519)</u>
Maintenance of Plant:				
Supervisor	36,905	37,455	37,405	(50)
Maintenance personnel	21,372	21,922	21,872	(50)
Other salaries and wages	3,500	4,000	3,852	(148)
Social Security	3,446	3,446	3,599	153
State retirement	4,609	4,609	4,484	(125)
Medical insurance	6,204	6,204	6,202	(2)
Medicare	806	806	842	36
Maintenance and repair - buildings	9,000	1,500	1,084	(416)
Maintenance and repair - equipment	22,000	19,500	19,679	179
Maintenance and repair - vehicles	4,000	4,000	1,101	(2,899)
Travel	1,000	1,000	1,111	111
Other contracted services	9,000	9,000	11,055	2,055
Gasoline	4,500	4,500	3,491	(1,009)
Other supplies and materials	19,544	19,544	17,704	(1,840)
Capital outlay - equipment	8,000	1,000	175	(825)
	<u>153,886</u>	<u>138,486</u>	<u>133,656</u>	<u>(4,830)</u>
Transportation				
Other contracted services	<u>21,000</u>	<u>11,000</u>	<u>10,414</u>	<u>(586)</u>

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

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

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Central and Other:				
Supervisor	\$ 50,008	\$ 50,508	\$ 50,508	\$ -
Data processing personnel	16,012	18,012	18,004	(8)
Social Security	4,093	4,093	4,064	(29)
State retirement	5,716	5,716	5,111	(605)
Medical insurance	-	-	2,178	2,178
Medicare	957	957	950	(7)
Data processing services	30,000	30,000	29,615	(385)
Maintenance and repair - equipment	3,000	3,000	2,027	(973)
Postal Charges	500	500	-	(500)
Travel	3,500	3,500	3,242	(258)
Other contracted services	30,000	30,000	23,646	(6,354)
Data processing equipment	40,000	50,000	52,776	2,776
Other equipment	-	-	-	-
	<u>183,786</u>	<u>196,286</u>	<u>192,121</u>	<u>(4,165)</u>
Total support services	<u>2,290,202</u>	<u>2,259,397</u>	<u>2,215,168</u>	<u>(44,229)</u>
Non-Instructional Services:				
Food service				
Cafeteria personnel	-	6,500	6,500	-
Social Security	-	403	403	-
State Retirement	-	411	410	(1)
Employer Medicare	-	95	94	(1)
	<u>-</u>	<u>7,409</u>	<u>7,407</u>	<u>(2)</u>
Early Childhood Education:				
Supervisor/ Director	6,300	6,350	6,311	(39)
Teachers	78,000	78,000	77,299	(701)
Aides	44,000	44,000	43,056	(944)
Non-certified substitute teachers	4,500	4,500	2,888	(1,612)
Social Security	7,800	7,800	7,288	(512)
State Retirement	10,000	10,000	10,770	770
Medical insurance	11,500	11,500	9,850	(1,650)
Unemployment Compensation	1,800	1,800	262	(1,538)
Employer Medicare	1,700	1,700	1,705	5
Travel	2,200	2,200	1,347	(853)
Instructional supplies	18,237	15,137	23,120	7,983

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

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

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
In-service/staff development	\$ 4,000	\$ 4,000	\$ 3,092	\$ (908)
Other equipment	17,000	20,100	20,049	(51)
	207,037	207,087	207,037	(50)
 Capital Outlay:				
Building improvements	25,000	107,000	113,041	6,041
Other capital outlay	95,000	156,000	155,655	(345)
	120,000	263,000	268,696	5,696
 Total non-instructional services	327,037	477,496	483,140	5,644
 Total expenditures	6,646,911	6,741,735	6,721,898	(19,837)
 Excess (deficiency) of revenues over (under) expenditures	191,203	121,993	235,414	113,421
 Other financing sources (uses):				
Transfers out	(201,203)	(201,203)	(177,254)	(23,949)
 Net changes in fund balance	\$ (10,000)	\$ (79,210)	58,160	\$ 89,472
 Fund balance - beginning			3,548,284	
 Fund balance - ending			\$ 3,606,444	

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

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

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Inflows/revenues:

Actual amounts (budgetary basis)	\$ 6,957,312
Differences - budget to GAAP:	
Fringe benefits - noncash	<u>28,331</u>
Total Revenues as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>6,985,643</u>

Outflows/expenditures:

Actual amounts (budgetary basis)	6,721,898
Differences - budget to GAAP:	
Fringe expense - noncash	<u>28,331</u>
Total Expenditures as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>6,750,229</u>

Other financing sources (uses) (177,254)

Net changes in fund balance \$ 58,160

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

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

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

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

The financial statements of the West Carroll Special School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the District are described below.

B. District-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions restricted to meeting the operational requirements of a particular function or segment, and 3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

provider have been met.

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

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

The District reports the following major governmental funds:

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

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

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

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

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

D. Assets, Liabilities, and Net 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.

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds".

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied and mailed on October 1. The payment due dates are October 1 through February 28 and become delinquent on March 1. The property taxes are collected by the Trustee of Carroll County and remitted to the District. District property tax revenues are recognized in the period for which they were levied.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by non-current receivables is reported as unavailable 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 \$1.34 on every \$100 of real and personal property located within the District.

Inventories

The Cafeteria Fund maintains an inventory consisting of food supplies using the purchases method and expenses inventory when purchased throughout the year. At year-end, the actual cost of the items in inventory is used to capitalize the inventory, with a corresponding entry to nonspendable fund balance in the Cafeteria Fund. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets

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

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

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

Buildings and improvements	30 years
Machinery and equipment	5-15 years

Compensated Absences

All employees, except food service personnel, accumulate sick leave at the rate of one day per month of service. All professional employees and non-professional employees, except food service personnel, hired prior to July 1, 1980, may accumulate an unlimited amount of sick leave to build

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

Long-term Liabilities

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting as deferred outflows of resources are disclosed on page 13.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The items that qualify for reporting as deferred outflows of resources are disclosed on page 13 and 15.

Summary of Significant Accounting Policies

Pensions. 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 Legacy Pension Plan, Teacher Retirement Plan, and the District's participation in the Public Employee Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plans' 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 Legacy Pension Plan, Teacher Retirement Plan, and the

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

District's participation in the Public Employee Retirement Plan, respectively. Investments are reported at fair value.

Impact of Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement 25*, and Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Statement 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement 68 will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 15, 2014. For governments to adopt Statement 68, the underlying pension plans must first adopt Statement 67. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. The implementation of this statement resulted in a restatement of beginning net position for (\$1,345,791). Net pension asset and deferred inflows and outflows of resources on the government wide statement are now reported.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, 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. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require the beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The implementation of this statement resulted in a restatement of net position in the government wide statement of activities to report the beginning deferred outflows of resources.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted fund or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Districts' policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Fund Equity

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

Nonspendable fund balance

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

Restricted fund balance

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

Committed fund balance

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

Assigned fund balance

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

Unassigned fund balance

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

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 a 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, and OPEB are not due and payable in the current period and therefore, are not reported in the funds." The details of this (\$5,024,561) and (\$37,559) are as follows:

School Refunding Bonds Payable, Series 2015	\$ (4,740,000)
Bond premium related to the school refunding bonds, series 2015	(255,596)
Bond discount related to the school refunding bonds, series 2015	50,034
OPEB liability	(78,999)
	<u>\$ (5,024,561)</u>
Accrued interest payable	<u>\$ (37,559)</u>

Another element of that reconciliation explains that "capital assets used in governmental funds are not financial resources and, therefore, are not reported as assets in the governmental funds." The details of this \$5,107,236 are as follows:

Land	\$ 232,960
Buildings and improvements	12,149,913
Other capital assets	494,231
	<u>12,877,104</u>
Less accumulated depreciation	(7,769,868)
Total capital assets, net of accumulated depreciation	<u>\$ 5,107,236</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 there are "revenues in the statement of activities that do not provide current financial resources are not reported as current revenues in the funds." The details of this (\$22,168) are as follows:

Previous year grant related unavailable revenue	
Early Childhood Education	\$ (16,771)
Vocational Education - Basic Grants to States	(5,397)
	<u>\$ (22,168)</u>

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

As an extension of the formal budgetary process, the Board of Education may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The District's policy is to not allow expenditures to exceed budgetary amounts at the function level without obtaining additional appropriation approval from the Board of Education. Function level is defined as Regular Instruction Program which is the next level below the category level, Instruction. The District had three functions that were not in compliance with the policy as of June 30, 2015. Under the general fund, the category level of instruction, and the function levels regular instruction program and special education program, expenditures exceeded the budget by \$21,680, and \$244, respectively. Also in the general fund under the category of non-instructional services and the function of capital outlay, the expenditures exceeded the budget by \$5,696.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2015, the District had the following investments:

<u>Investments</u>	<u>Fair Value Cost</u>	<u>Maturity (Years)</u>
Certificate of deposit	\$ 200,000	5

Custodial Credit Risk

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

GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, requires investments with a remaining maturity of one year or more to be reported at fair

WEST CARROLL SPECIAL SCHOOL DISTRICT
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value. The District had investments of \$200,000 as of June 30, 2015. This investment consists of a certificate of deposit at a local financial institution.

The following is a summary of cash and cash equivalents as of June 30, 2015:

Cash and cash equivalents:	
Cash in bank	\$ 3,919,188
Local Government Investment Pool	18,003
	3,937,191
Investments:	
Certificate of deposit	200,000
	200,000
Total deposits	\$ 4,137,191

B. Receivables

Receivables as of the year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts (\$0) are as follows:

	General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:				
Due from other governments - nongrant	\$ 1,034,548	\$ 301,235	\$ -	\$ 1,335,783
Due from other governments - grants	36,444	-	16,125	52,569
Total receivables	\$ 1,070,992	\$ 301,235	\$ 16,125	\$ 1,388,352

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

The following revenues are unavailable because they were not received within sixty days after year-end.

	<u>Unavailable Property Taxes</u>
General Purpose Fund Property Taxes	\$ 948,849
Debt Service Fund Property Taxes	297,683
	\$ 1,246,532

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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C. Capital Assets

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

	6/30/14	Additions	Reductions	6/30/15
Capital assets not being depreciated:				
Land	\$ 232,960	\$ -	\$ -	\$ 232,960
Work in Progress	18,000	-	18,000	-
	<u>250,960</u>	<u>-</u>	<u>18,000</u>	<u>232,960</u>
Capital assets being depreciated:				
Buildings and improvements	11,954,661	195,252	-	12,149,913
Other capital assets	480,800	13,431	-	494,231
	<u>12,435,461</u>	<u>208,683</u>	<u>-</u>	<u>12,644,144</u>
Accumulated depreciation:				
Buildings and improvements	7,030,234	355,971	-	7,386,205
Other capital assets	350,281	33,382	-	383,663
	<u>7,380,515</u>	<u>389,353</u>	<u>-</u>	<u>7,769,868</u>
Capital assets net of accumulated depreciation	5,305,906	(180,670)	18,000	5,107,236
Long-term debt related to capital assets (including bond premium and discount)	<u>(5,117,550)</u>	<u>(4,945,562)</u>	<u>(5,117,550)</u>	<u>(4,945,562)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 188,356</u>	<u>\$ (5,126,232)</u>	<u>\$ (5,099,550)</u>	<u>\$ 161,674</u>

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

Instruction:	
Regular education	\$ 361,422
Support services:	
Office of the Director of Schools	12,643
Operation and maintenance of plant	2,438
Food Services	12,850
Total depreciation	<u>\$ 389,353</u>

D. Long-term Debt

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Years Ending June 30,	Bonds		Total
	Principal	Interest	
2016	\$ 280,000	\$ 140,307	\$ 420,307
2017	300,000	120,875	420,875
2018	310,000	113,375	423,375
2019	315,000	105,625	420,625
2020	320,000	97,750	417,750
2021-2025	1,695,000	365,875	2,060,875
2026-2029	1,520,000	115,500	1,635,500
	<u>\$ 4,740,000</u>	<u>\$ 1,059,307</u>	<u>\$ 5,799,307</u>

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds Payable:					
School Bonds, Series 2005, 3.5% to 4.10 % interest, payable serially through 2029	<u>\$ 5,145,000</u>	<u>\$ -</u>	<u>\$ 5,145,000</u>	<u>\$ -</u>	<u>\$ -</u>
School Refunding Bonds, Series 2015, 2.5% to 3.0% interest, payable serially through 2029	<u>\$ -</u>	<u>\$ 4,740,000</u>	<u>\$ -</u>	<u>\$ 4,740,000</u>	<u>\$ 280,000</u>
Bond Discount	(30,633)	(50,034)	(30,633)	(50,034)	
Bond Premium	3,183	255,596	3,183	255,596	
Net Bonds Payable	<u>\$ 5,117,550</u>	<u>\$ 4,945,562</u>	<u>\$ 5,117,550</u>	<u>\$ 4,945,562</u>	
OPEB	<u>\$ 64,282</u>	<u>\$ 14,717</u>	<u>\$ -</u>	<u>\$ 78,999</u>	

The District issued school bonds for the purpose of providing funds for the acquisition and construction of a new building. During the year ended June 30, 2005, additional school bonds were issued to refund a portion of the School Bonds, Series 1999.

During the year ended June 30, 2015, the District issued \$4,740,000 of school refunding bonds for the purpose of providing funds to refund the District's School Bonds, Series 2005 and to pay costs of issuance on the bonds. The refunded bonds are considered defeased and the liability has been removed from the statement of net position. The amount of the discounts and premiums associating with the new debt is being amortized over the life of the new debt. The advance refunding was undertaken to reduce the total debt service payments over the next fifteen years by \$996,250.

E. Internal Balances

The following is a summary of due to and due from other funds as of June 30, 2015:

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	General Purpose Fund	Federal Projects Fund	Centralized Cafeteria Fund	Total
Due to other funds	\$ -	\$ (24,999)	\$ -	\$ (24,999)
Due from other funds	24,999	-	-	24,999
	\$ 24,999	\$ (24,999)	\$ -	\$ -

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

The following is a summary of transfers during the year ended June 30, 2015:

Transfers From	Transfers To	Amount
General Purpose Fund	Debt Service Fund	\$ 177,254

Transfers are used to transfer debt payments.

NOTE 5 -OTHER INFORMATION

A. Pensions

Teacher Legacy Pension Plan of Tennessee Consolidated Retirement System

Plan description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of West Carroll Special School District 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 (LEA5) 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.

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 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

WEST CARROLL SPECIAL SCHOOL DISTRICT
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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 West Carroll Special School District for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$336,129 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 West Carroll Special School District reported an asset of \$15,830 for its 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. West Carroll Special School District's proportion of the net pension liability was based on West Carroll Special School District'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, West Carroll Special School District's proportion was 0.097421 percent. The proportion measured as of June 30, 2013 was 0.100529 percent.

Pension income

For the year ended June 30, 2015, West Carroll Special School District recognized a pension income of \$20,882.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2015, West Carroll Special School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,433	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,304,329
Changes in proportion of Net Pension Liability (Asset)	-	43,833
Contributions subsequent to the measurement date of June 30, 2014	336,129	-
Total	\$ 374,562	\$ 1,348,162

West Carroll Special School District employer contributions of \$336,129, 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	\$ (326,982)
2017	(326,982)
2018	(326,982)
2019	(326,982)
2020	(900)
Thereafter	(900)

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:

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.

WEST CARROLL SPECIAL SCHOOL DISTRICT
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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 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 West Carroll Special School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what West Carroll

WEST CARROLL SPECIAL SCHOOL DISTRICT
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Special School District's 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%)
West Carroll Special School District's proportionate share of the net pension liability (asset)	\$ 2,669,986	\$ (15,830)	\$ (2,239,395)

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, West Carroll Special School District reported a payable of \$147,644 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Teacher Retirement Plan of Tennessee Consolidated Retirement System

Plan description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of West Carroll Special School District 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.

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 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

WEST CARROLL SPECIAL SCHOOL DISTRICT
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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 \$2,665 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, West Carroll Special School District 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, West Carroll Special School District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date of June 30, 2014	\$ <u>2,665</u>	<u>-</u>

West Carroll Special School District's employer contributions of \$2,665 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.

WEST CARROLL SPECIAL SCHOOL DISTRICT
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Payable to the Pension Plan

At June 30, 2015, West Carroll Special School District reported a payable of \$4,753 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Political Subdivision Pension Plan

Plan description

Employees of West Carroll County Special School District 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.

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 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:

Inacitve employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	28
Active employees	40
	<hr/>
	86
	<hr/> <hr/>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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changed by the Tennessee General Assembly. Employees contribute 5 percent *of salary*. West Carroll County Special School District 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 West Carroll County Special School District were \$61,041 based on a rate of 7.46% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept West Carroll County Special School District's 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)

West Carroll County Special School District's 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:

Infaltion	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) 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:

WEST CARROLL SPECIAL SCHOOL DISTRICT
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<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%
		<hr/> 100%

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 West Carroll County Special School District 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.

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/13	\$ 1,926,925	\$ 1,827,663	\$ 99,262
Changes for the year:			
Service cost	77,876	-	77,876
Interest	147,195	-	147,195
Differences between expected and actual experience	(160,291)	-	(160,291)
Contributions- employer	-	68,253	(68,253)
Contributions- employees	-	39,861	(39,861)
Net investment income	-	304,642	(304,642)
Benefit payments, including refunds of employee contrubutions	(84,404)	(84,404)	-
Administrative expense	-	(1,554)	1,554
Net changes	<u>(19,624)</u>	<u>326,798</u>	<u>(346,422)</u>
Balance at 6/30/14	<u>\$ 1,907,301</u>	<u>\$ 2,154,461</u>	<u>\$ (247,160)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of West Carroll County Special School District 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%)
West Carroll Special School District's net pension liability (asset)	\$ 13,429	\$ (247,160)	\$ (464,466)

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, West Carroll County Special School District recognized pension income of \$11,204.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2015, West Carroll County Special School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 133,576
Net difference between projected and actual earnings on pension plan investments	-	133,389
Contributions subsequent to the measurement date of June 30, 2014	61,041	-
Total	\$ 61,041	\$ 266,965

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:

<u>Year Ended June 30:</u>	
2016	\$ (60,062)
2017	(60,062)
2018	(60,062)
2019	(60,062)
2020	(26,715)
Thereafter	-

Payable to the Pension Plan

At June 30, 2015, West Carroll County Special School District reported a payable of \$6,424 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

B. Postemployment Healthcare Plan

Plan Description

The 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 District pays all of its retiree's premiums.

ARC	\$ 39,000
Interest on NPO	2,893
Adjustment to the ARC	<u>(2,505)</u>
Annual OPEB cost	39,388
Amount of contribution	<u>(24,671)</u>
Increase/decrease in NPO	14,717
Net OPEB obligation - beginning of year	<u>64,282</u>
Net OPEB obligation - end of year	<u><u>\$ 78,999</u></u>

<u>Year End</u>	<u>Plan</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>% of</u> <u>Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation at</u> <u>Year End</u>
6/30/2015	Teacher Group Plan	\$ 39,388	62.64%	\$ 78,999

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, was as follows:

	Teacher Group Plan
Actuarial valuation date	7/1/2013
Actuarial accrued liability (AAL)	\$ 381,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	381,000
Actuarial Value of Assets as a % of the AAL	-
Covered payroll (active plan members)	\$ 4,603,115
UAAL as a percentage of covered payroll	8.28%

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, 2013, actuarial valuation for the Local Education plan, the Projected Unit Credit actuarial cost method was used and the actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent initially. The rate decreased 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.

C. On-Behalf Payments for Fringe Benefits and Salaries

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and the Medicare Supplement Plan on behalf of the District's employees. In fiscal year 2015 the State made contributions allocated to the General Purpose fund for \$28,331.

D. Contingent Liabilities and Losses

Amounts received or receivable from grantor agencies are subject to audit and adjustment by

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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.

E. Risk Management

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

F. Endowment

During the year ended June 30, 2005, a certificate of deposit in the amount of \$100,130 was contributed to the District. Another contribution was made during year ended June 30, 2008 in the amount of \$99,870 which brought the balance of the certificate of deposit to \$200,000. The revenue from the certificate of deposit is to be used for scholarships for deserving seniors. The revenue in the endowment fund for the year ended June 30, 2015 was \$5,600. Scholarships paid as of June 30, 2015 totaled \$4,000.

G. Restatement of beginning net position – GASB Statements No. 68 and 71 implementation

As of July 1, 2014, a restatement of beginning net position was made for net pension asset and the deferred outflows related to pension contributions made subsequent to the measurement date due to the District implementing GASB Statements No. 68 and 71, *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*, and *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and 71 resulted in the District restating July 1, 2014 net position by (\$1,345,791) in the governmental activities with a measurement date of June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
TEACHER LEGACY PENSION PLAN OF TCRS
Fiscal Year Ended June 30, 2015*

	2014
West Carroll Special School District's proportion of the net pension asset	0.097421%
West Carroll Special School District's proportionate share of the net pension asset	\$ 15,830
West Carroll Special School District's covered employee payroll	\$ 3,823,900
West Carroll Special School District's 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.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
Fiscal Year Ending June 30, 2015**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution (ADC)	\$ 339,550	\$ 336,129
Contributions in relation to the actuarially determined contributions	<u>339,550</u>	<u>336,129</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,823,900	\$ 3,718,241
Contributions as a percentage 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.

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS
Fiscal Year Ending June 30, 2015**

	2014
Actuarially determined contribution (ADC)	\$ 1,666
Contributions in relation to the actuarially determined contributions	2,665
Contribution deficiency (excess)	\$ (999)
Covered-employee payroll	\$ 66,632
Contributions as a percentage 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.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN WEST CARROLL SPECIAL SCHOOL DISTRICT'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2014
Total pension liability	
Service cost	\$ 77,876
Interest	147,195
Changes in benefit terms	-
Difference between actual & expected experience	(160,291)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(84,404)
Net change in total pension liability	(19,624)
Total pension liability - beginning	1,926,925
Total pension liability - ending (a)	\$ 1,907,301
 Plan fiduciary net position	
Contributions - employer	\$ 68,253
Contributions - employee	39,861
Net investment income	304,642
Benefit payments, including refunds of employee contributions	(84,404)
Administrative expense	(1,554)
Net change in plan fiduciary net position	326,798
Plan fiduciary net position - beginning	1,827,663
Plan fiduciary net position - ending (b)	\$ 2,154,461
 Net Pension Liability (Asset) - ending (a) - (b)	\$ (247,160)
 Plan fiduciary net position as a percentage of total pension liability	112.96%
 Covered - employee payroll	\$ 797,218
 Net pension liability (asset) as a percentage of covered-employee payroll	31.00%

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.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF WEST CARROLL SPECIAL SCHOOL DISTRICT'S CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2014	2015
Actuarially determined contribution	\$ 68,253	\$ 61,041
Contributions in relation to the actuarially determined contributions	68,253	61,041
Contribution deficiency (excess)	\$ -	-
Covered-employee payroll	\$ 797,218	\$ 818,242
Contributions as a percentage covered-employee payroll	8.56%	7.46%

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.

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	4 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
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 investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

See independent auditor's report.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULES OF FUNDING PROGRESS - POST EMPLOYMENT HEALTHCARE PLAN
 June 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	Teacher Group	\$ -	\$ 381,000	\$ 381,000	0.00%	\$ 4,603,115	8.28%
7/1/2011	Teacher Group	-	641,000	641,000	0.00%	4,702,368	13.63%

The above schedule is designed to show the extent to which a post employment healthcare plan has been successful over time in setting aside assets sufficient to cover its actuarial accrued liability.

See independent auditor's report.

SUPPLEMENTARY AND OTHER INFORMATION

**WEST CARROLL SPECIAL SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
For the Year Then Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Over (Under)
Revenues:				
County Tax Revenues:				
Property Taxes	\$ 272,532	\$ 272,532	\$ 295,468	\$ 22,936
Total revenues	<u>272,532</u>	<u>272,532</u>	<u>295,468</u>	<u>22,936</u>
Expenditures:				
Debt Service				
Principal on bonds	265,000	5,145,000	5,145,000	-
Interest on bonds	208,735	213,251	208,686	(4,565)
Other debt service	-	61,046	61,046	-
Total expenditures	<u>473,735</u>	<u>5,419,297</u>	<u>5,414,732</u>	<u>(4,565)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (201,203)</u>	<u>\$ (5,146,765)</u>	<u>(5,119,264)</u>	<u>\$ 18,371</u>
Other financing sources (uses)				
Refunding debt issued	-	4,945,562	4,945,562	-
Transfers in	201,203	201,203	177,254	(23,949)
Total other financing sources (uses)	<u>201,203</u>	<u>5,146,765</u>	<u>5,122,816</u>	<u>(23,949)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,552</u>	<u>\$ 3,552</u>
Fund balance - beginning			<u>15,012</u>	
Fund balance - ending			<u>\$ 18,564</u>	

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Then Ended June 30, 2015**

	Special Revenue Funds		Permanent Fund	Total Other Governmental Funds
	Federal Projects Fund	Centralized Cafeteria Fund	Endowment Fund	
Assets:				
Cash and cash equivalents	\$ 8,874	\$ 206,181	\$ 7,833	\$ 222,888
Investments	-	-	200,000	200,000
Due from other governments - grants	16,125	-	-	16,125
Accounts receivable	-	482	-	482
Inventory	-	33,854	-	33,854
Total assets	\$ 24,999	\$ 240,517	\$ 207,833	\$ 473,349
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ 60	\$ -	\$ 60
Due to other funds	24,999	-	-	24,999
Total liabilities	24,999	60	-	25,059
Fund balances:				
Nonspendable				
Inventory	-	33,854	-	33,854
Endowment Fund Principal	-	-	200,000	200,000
Restricted				
Non-instructional services	-	206,603	7,833	214,436
Total fund balances	-	240,457	207,833	448,290
Total liabilities, deferred inflows of resources and fund balances	\$ 24,999	\$ 240,517	\$ 207,833	\$ 473,349

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Then Ended June 30, 2015**

	Special Revenue Funds		Permanent Fund	Total Other Governmental Funds
	Federal Projects Fund	Centralized Cafeteria Fund	Endowment Fund	
Revenues:				
Federal revenue	\$ 565,742	\$ 470,422	\$ -	\$ 1,036,164
Interest earned	-	420	5,600	6,020
Food service	-	149,713	-	149,713
Total revenues	565,742	620,555	5,600	1,191,897
Expenditures:				
Instruction	376,152	-	-	376,152
Support services	184,193	-	-	184,193
Noninstructional services	-	620,355	4,000	624,355
Total expenditures	560,345	620,355	4,000	1,184,700
Excess (deficiency) of revenues over (under) expenditures	5,397	200	1,600	7,197
Fund balances - beginning	(5,397)	232,105	206,233	432,941
Inventory adjustment	-	8,152	-	8,152
Fund balances - beginning restated	(5,397)	240,257	206,233	441,093
Fund balances - ending	\$ -	\$ 240,457	\$ 207,833	\$ 448,290

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Then Ended June 30, 2015**

	<u>Budgeted Amounts</u>		Actual	Variance-
	<u>Original</u>	<u>Final</u>		Over (Under)
Revenues:				
Federal through the State:				
Vocational education - basic grants to states	\$ 18,289	\$ 18,289	\$ 23,686	\$ 5,397
Title I	291,732	324,517	254,613	(69,904)
Special education - grants to states	234,038	242,239	224,450	(17,789)
Special education - preschool	7,836	8,989	8,989	-
Rural education	17,920	19,178	14,452	(4,726)
Eisenhower Professional Development	45,084	69,066	39,552	(29,514)
	<u>614,899</u>	<u>682,278</u>	<u>565,742</u>	<u>(116,536)</u>
Total revenues	<u>614,899</u>	<u>682,278</u>	<u>565,742</u>	<u>(116,536)</u>
Expenditures:				
Instruction:				
Regular Instruction Program:				
Teachers	118,458	76,000	74,221	(1,779)
Educational assistants	15,000	22,500	21,858	(642)
Substitute teachers	1,000	1,500	-	(1,500)
Non certified substitute teachers	3,000	3,450	1,375	(2,075)
Social Security	9,250	5,550	5,221	(329)
State retirement	13,340	9,000	8,340	(660)
Medical insurance	23,500	9,500	9,115	(385)
Unemployment compensation	1,785	1,300	320	(980)
Medicare	1,795	1,350	1,226	(124)
Maintenance and repair - equipment	2,000	10,000	1,051	(8,949)
Other contracted services	21,907	44,863	37,963	(6,900)
Instructional supplies	10,000	42,717	10,302	(32,415)
Instructional Equipment	11,220	22,915	14,350	(8,565)
	<u>232,255</u>	<u>250,645</u>	<u>185,342</u>	<u>(65,303)</u>
Special Education Program:				
Teachers	40,248	40,248	38,161	(2,087)
Educational assistants	43,956	43,956	43,956	-
Speech pathologist	21,945	22,145	22,068	(77)
Other salaries and wages	-	1,863	206	(1,657)
Certified substitute teachers	100	100	-	(100)
Non certified substitute teachers	500	300	220	(80)
Social Security	7,922	7,637	4,201	(3,436)
State retirement	6,921	7,091	6,748	(343)
Medical insurance	19,200	19,200	17,010	(2,190)
Unemployment compensation	540	540	218	(322)

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Then Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Special Education Program (Cont.):				
Medicare	\$ 958	\$ 1,388	\$ 1,302	\$ (86)
Contracts with other school systems	19,002	25,679	25,679	-
Instructional supplies	<u>23,423</u>	<u>23,423</u>	<u>22,593</u>	<u>(830)</u>
	<u>184,715</u>	<u>193,570</u>	<u>182,362</u>	<u>(11,208)</u>
Vocational Education Program:				
Maintenance and repair	948	948	946	(2)
Other supplies and materials	500	500	500	-
Capital outlay - equipment	<u>7,000</u>	<u>7,000</u>	<u>7,002</u>	<u>2</u>
	<u>8,448</u>	<u>8,448</u>	<u>8,448</u>	<u>-</u>
Total instruction	<u>425,418</u>	<u>452,663</u>	<u>376,152</u>	<u>(76,511)</u>
Support Services:				
Other Student Support:				
Bus drivers	568	568	568	-
Other salaries and wages	1,000	1,000	1,000	-
Social security	74	74	50	(24)
State retirement	109	109	81	(28)
Employer medicare	17	17	13	(4)
Travel	5,900	5,900	5,900	-
Other contracted services	1,000	1,000	1,056	56
Other supplies and materials	2,000	2,000	287	(1,713)
In-service/staff development	300	300	300	-
Other charges	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
	<u>11,968</u>	<u>11,968</u>	<u>9,255</u>	<u>(2,713)</u>
Regular Instruction Program:				
Supervisor/director	25,000	32,000	31,553	(447)
Other salaries and wages	43,180	56,138	53,794	(2,344)
Non-certified substitute teachers	-	1,000	-	(1,000)
Social Security	4,100	5,200	4,937	(263)
State retirement	6,270	7,910	7,715	(195)
Medical insurance	6,963	9,463	6,943	(2,520)
Unemployment compensation	935	1,070	52	(1,018)
Employer Medicare	1,044	2,314	1,155	(1,159)
Travel	8,399	18,971	7,086	(11,885)
Library books	1,000	2,000	427	(1,573)
Other supplies and materials	1,000	2,000	239	(1,761)
In-service/staff development	<u>9,890</u>	<u>21,050</u>	<u>9,090</u>	<u>(11,960)</u>
	<u>107,781</u>	<u>159,116</u>	<u>122,991</u>	<u>(36,125)</u>

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Then Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Special Education Program:				
Supervisor	\$ 4,344	\$ 4,344	\$ 4,337	\$ (7)
Social Security	270	270	240	(30)
State retirement	393	393	392	(1)
Medical insurance	564	564	553	(11)
Unemployment compensation	10	10	-	(10)
Medicare	65	65	56	(9)
Travel	2,000	2,000	483	(1,517)
Other contracted services	43,263	43,262	38,525	(4,737)
In-service/staff development	1,250	1,750	1,488	(262)
	<u>52,159</u>	<u>52,658</u>	<u>46,074</u>	<u>(6,584)</u>
Vocational Education Program:				
Travel	<u>873</u>	<u>873</u>	<u>873</u>	<u>-</u>
Transportation:				
Contracts with other school systems	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total support services	<u>177,781</u>	<u>229,615</u>	<u>184,193</u>	<u>(45,422)</u>
Total expenditures	<u>603,199</u>	<u>682,278</u>	<u>560,345</u>	<u>(121,933)</u>
Excess (deficiency) of revenues over (under) expenditures	11,700	-	5,397	5,397
Other financing sources (uses)				
Transfers to other funds	<u>(11,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(11,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	\$ -	\$ -	5,397	\$ 5,397
Fund balance - beginning			<u>(5,397)</u>	
Fund balance - ending			<u>\$ -</u>	

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
CENTRALIZED CAFETERIA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
For the Year Then Ended June 30, 2015

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Revenues:				
Lunch payments - students	\$ 80,000	\$ 80,000	\$ 71,631	\$ (8,369)
Lunch payments - adults	19,500	19,500	19,937	437
Breakfast - students	21,800	21,800	18,168	(3,632)
A-la-carte	43,574	43,574	31,568	(12,006)
USDA Breakfast Reimbursement	145,000	145,000	141,085	(3,915)
USDA commodities	-	39,000	38,680	(320)
USDA reimbursements	310,000	310,000	289,263	(20,737)
USDA- Other	-	1,400	1,394	(6)
Sales of equipment	-	-	64	64
Interest earnings	250	250	420	170
School food service	5,800	5,800	6,243	443
Other charges for services	-	2,000	2,102	102
Total revenues	625,924	668,324	620,555	(47,769)
Expenditures:				
Food services:				
Supervisor	26,676	26,776	26,765	(11)
Accountants/bookkeepers	5,097	-	-	-
Clerical personnel	3,680	8,777	8,774	(3)
Cafeteria personnel	155,500	155,500	154,545	(955)
Other salaries and wages	3,000	3,000	-	(3,000)
Social Security	10,966	10,966	10,533	(433)
State retirement	14,544	14,544	12,913	(1,631)
Medical insurance	18,096	18,096	18,159	63
Medicare	2,565	2,565	2,855	290
Maintenance & repair service - buildings	14,000	14,000	225	(13,775)
Maintenance & repair service - equipment	-	-	4,187	4,187
Travel	3,000	3,000	3,179	179
Other contracted services	11,000	11,000	10,337	(663)
Food preparation supplies	14,000	14,000	12,275	(1,725)
Food supplies	331,000	334,300	305,683	(28,617)
Uniforms	1,300	1,300	1,299	(1)
USDA - commodities	-	39,000	38,680	(320)
Other supplies and materials	3,000	3,000	2,833	(167)
In-service/staff development	2,500	2,500	2,207	(293)
Other charges	2,500	2,500	1,820	(680)
Capital outlay - equipment	3,500	3,500	3,086	(414)
Total expenditures	625,924	668,324	620,355	(47,969)

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
CENTRALIZED CAFETERIA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
For the Year Then Ended June 30, 2015

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Net changes in fund balance	\$ -	\$ -	\$ 200	\$ 200
Fund balance - beginning			232,105	
Inventory adjustment			8,152	
Fund balance - beginning restated			240,257	
Fund balance - ending			\$ 240,457	

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
 ENDOWMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES**
 For the Year Then Ended June 30, 2015

Revenues:	
Interest earnings	<u>\$ 5,600</u>
 Expenditures:	
Tuition	<u>4,000</u>
Net changes in fund balance	1,600
Fund balance - beginning	<u>206,233</u>
Fund balance - ending	<u><u>\$ 207,833</u></u>

See independent auditor's report.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS - LAST TEN YEARS
 June 30, 2015

Year Ended June, 30	Tax Rates	Assessments	Tax Levy
2015	\$ 1.44	\$ 86,196,731	\$ 1,241,233
2014	1.44	85,792,420	1,235,411
2013	1.44	85,164,327	1,226,366
2012	1.44	83,725,089	1,205,641
2011	1.44	83,725,090	1,205,641
2010	1.56	76,152,032	1,187,972
2009	1.56	75,323,670	1,175,041
2008	1.56	71,830,909	1,120,554
2007	1.81	61,221,535	1,108,110
2006	1.81	60,686,035	1,098,417

The following is the tax levied January 1, 2015:

2016	\$ 1.34	\$ 93,024,801	\$ 1,246,532
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See independent auditor's report.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF LONG-TERM DEBT
June 30, 2015

Year Ending June 30,	School Bonds, Series 2005		
	Principal	Interest	Total
2016	\$ 280,000	\$ 140,307	\$ 420,307
2017	300,000	120,875	420,875
2018	310,000	113,375	423,375
2019	315,000	105,625	420,625
2020	320,000	97,750	417,750
2021	325,000	89,750	414,750
2022	330,000	81,625	411,625
2023	340,000	73,375	413,375
2024	345,000	64,875	409,875
2025	355,000	56,250	411,250
2026	365,000	45,600	410,600
2027	375,000	34,650	409,650
2028	385,000	23,400	408,400
2029	395,000	11,850	406,850
	<u>\$ 4,740,000</u>	<u>\$ 1,059,307</u>	<u>\$ 5,799,307</u>

See independent auditor's report.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF INTERFUND TRANSFERS
 June 30, 2015

	Transfer Out			Transfer In	
	Budget	Actual		Budget	Actual
General Fund	<u>\$ (201,203)</u>	<u>\$ (177,254)</u>	Debt Service Fund	<u>\$ 201,203</u>	<u>\$ 177,254</u>

See independent auditor's report.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BONDS
June 30, 2015

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

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

See independent auditor's report.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Then Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Pass-through the State of Tennessee Department of Education			
Title I, Grants to Local Education Agencies	84.010	S010A130042	<u>254,613</u>
Special Education Grants to States			
IDEA Program	84.027	N/A	203,200
IDEA Program	84.027	N/A	21,250
IDEA Program, Additional	84.027	N/A	21,135
IDEA Preschool	84.173	N/A	8,989
IDEA Preschool, Additional	84.173	N/A	<u>3,465</u>
			<u>258,039</u>
Vocational Education - Basic Grants to States	84.048	47131	<u>18,289</u>
Innovative Education Program Strategies - State Grants			
Title VI, CSR	84.358	S358B130042	<u>14,452</u>
Title II, A Training	84.367	S367A130040	<u>39,552</u>
Total U.S. Department of Education			<u>584,945</u>
U.S. Department of Agriculture			
Pass-through the Tennessee Department of Agriculture			
School Breakfast Program	10.553*	N/A	141,085
National School Lunch Program	10.555*	N/A	289,263
Commodities	10.555*	N/A	38,680
Commodity rebate	10.555*	N/A	<u>1,394</u>
			<u>470,422</u>
Total Pass-through the U.S. Department of Agriculture			<u>470,422</u>
Total Federal Awards			<u>1,055,367</u>

* Major federal assistance programs

Basis of Presentation:

The accompanying Schedule of Federal Awards summarizes the expenditures of the District under programs of the federal government for the year ended June 30, 2015. The schedule is presented using the modified accrual basis of accounting.

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Then Ended June 30, 2015**

<u>State Grantor</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
Tennessee Department of Education		
Early Childhood Education - Expansion	unknown	\$ <u>207,036</u>
Connect TN	unknown	<u>2,797</u>
Safe Schools	unknown	<u>5,910</u>
ACT/Explore Testing	unknown	<u>1,573</u>
Total State Awards		217,316
Total per Schedule of Expenditures of Federal Awards		<u>1,055,367</u>
Total Grants		\$ <u>1,272,683</u>

Basis of Presentation:

The accompanying Schedule of Federal Awards and State Financial Assistance summarizes the expenditures of the District under programs of the federal and state governments for the year ended June 30, 2015. The schedule is presented using the modified accrual basis of accounting.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:

American Society of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, 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, each major fund, and the aggregate remaining fund information of West Carroll Special School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the West Carroll Special School District's basic financial statements and have issued our report thereon dated December 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Carroll 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 West Carroll Special School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Carroll Special School District's internal control.

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 a 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 by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider 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 West Carroll 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*.

In addition, we noted other matters involving the internal control and its operation that we reported to management of the District in a separate letter dated December 31, 2015.

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.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 31, 2015

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
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**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control over
Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited West Carroll Special School 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 West Carroll Special School District's major federal programs for the year ended June 30, 2015. West Carroll Special School 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 West Carroll Special School 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 West Carroll Special School 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 West Carroll Special School District's compliance.

Opinion on Each Major Federal Program

In our opinion, West Carroll Special School 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 West Carroll Special School 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 West Carroll Special School 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 West Carroll Special School 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.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 31, 2015

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2015

SECTION I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

_____ yes _____ X _____ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____ X _____ yes _____ no

SECTION II – Financial Statement Findings

2014-001 – Uncollateralized Deposits (Significant Deficiency and Noncompliance)

None reported

SECTION III – Federal Award Findings and Questioned Costs

None reported.

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2015

SECTION II – Financial Statement Findings

Finding Number	Finding Title	Status
2014-001	Uncollateralized Deposits	Corrected

SECTION III – Federal Award Findings and Questioned Costs

There were no prior year findings reported.