

HUNTINGDON SPECIAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**HUNTINGDON SPECIAL SCHOOL DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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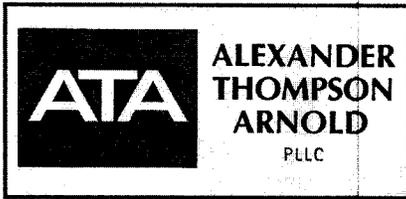
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INTRODUCTORY SECTION

HUNTINGDON SPECIAL SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2009

<u>Title</u>	<u>Name</u>
Board Chairman	Lee Carter
Board Member	Jerry Morris
Board Member	Paul Ward, Jr.
Board Member	Tony Tucker
Board Member	Steven Nolen
Board Member	Paul Stokes
Superintendent	Lynn Twyman

FINANCIAL SECTION



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Independent Auditor's Report

Board of Education
Huntingdon Special School District
Huntingdon, Tennessee

We have audited the district-wide financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Huntingdon Special School District, (District), as of June 30, 2009, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the management of the Board of Education. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying 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 District as of June 30, 2009, and the respective changes in financial position and the budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The District has not presented a management's discussion and analysis that the *Governmental Accounting Standards Board* has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information on page 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the accompanying financial statements that collectively comprise the District's basic financial statements. The introductory section and additional information listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial

Martin, TN
Dyersburg, TN
Fulton, KY
Jackson, TN
Henderson, TN

Milan, TN
McKenzie, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Board of Education
Huntingdon Special School District
Huntingdon, Tennessee

statements of the Huntingdon Special School District. The combining and individual fund financial statements and additional schedules as listed in the table of contents as other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects to the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 42 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Alexander Thompson Arnold PLLC

Martin, Tennessee
January 8, 2010

BASIC FINANCIAL STATEMENTS

**HUNTINGDON SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS

Cash and cash equivalents	\$	308,831
Investments		3,605,263
Taxes receivable		1,442,935
Due from other governmental agencies - non-grant		127,935
Due from other governmental agencies - grants		454,873
Accounts receivable		7,902
Inventory		22,690
Capital assets not being depreciated:		
Land		155,200
Construction in process		449,557
Capital assets net of accumulated depreciation:		
Buildings and improvements		10,247,553
Other fixed assets		276,850
Total Assets		<u>17,099,589</u>

LIABILITIES

Accounts payable		17,901
Other accrued expenses		283,537
Contracts payable		166,584
Deferred revenue		1,442,935
Long-term liabilities:		
Portion due or payable within one year:		
Bonds, notes payable, and capital leases payable		375,000
Portion due or payable after one year:		
Bonds, notes payable, and capital leases payable		5,670,000
Total Liabilities		<u>7,955,957</u>

NET ASSETS

Invested in capital assets, net of related debt		5,084,159
Restricted for		
Other local education reserves		4,955
Career Ladder		2,817
Career Ladder - Extended Contract		7,958
Food Service		167,446
Debt Service		445,334
Unrestricted		3,430,963
Total Net Assets	\$	<u><u>9,143,632</u></u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular education	\$ 4,399,201	\$ -	\$ 1,186,493	\$ (3,212,708)
Alternate education	16,543	-	-	(16,543)
Special education	885,463	-	296,610	(588,853)
Vocational education	236,105	-	22,160	(213,945)
Student Body Education	9,760	-	-	(9,760)
Support Services:				
Student support	339,526	-	-	(339,526)
Instructional staff	367,781	-	-	(367,781)
General administration	216,077	-	-	(216,077)
School administration	457,785	-	-	(457,785)
Business administration	50,142	-	-	(50,142)
Operation and maintenance of plant	1,189,974	-	-	(1,189,974)
Noninstructional Services				
Food service	657,642	220,701	453,192	16,251
Community services	74,389	-	-	(74,389)
Early Childhood Education	295,979	-	-	(295,979)
Capital outlay	200,762	-	-	(200,762)
Debt service	239,354	-	-	(239,354)
Total District	\$ 9,636,483	\$ 220,701	\$ 1,958,455	(7,457,327)
General Revenues:				
				558,181
				1,610,101
				Intergovernmental:
				Basic Education Program 5,532,370
				Other 1,013
				Interest 106,764
				Other miscellaneous revenues 37,606
				Total general revenues 7,846,035
				Change in net assets 388,708
				Net assets, beginning 8,754,924
				Net assets, ending \$ 9,143,632

FUND FINANCIAL STATEMENTS

**HUNTINGDON SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 273,252	\$ 100,762	\$ 81,080	\$ 455,094
Investments	3,238,670	336,593	30,000	3,605,263
Taxes receivable	988,174	454,761	-	1,442,935
Due from other governmental agencies	119,956	7,979	-	127,935
Due from other governmental agencies - grants	268,517	-	186,356	454,873
Accounts receivable - other	7,447	-	455	7,902
Inventory	-	-	22,690	22,690
Total Assets	\$ 4,896,016	\$ 900,095	\$ 320,581	\$ 6,116,692
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Cash drawn in excess of available funds	\$ -	\$ -	\$ 146,262	\$ 146,262
Accounts payable	11,029	-	6,873	17,902
Contracts payable	166,584	-	-	166,584
Other accrued expenses	283,537	-	-	283,537
Deferred revenue - grants	-	-	-	-
Deferred revenue - taxes	988,174	454,761	-	1,442,935
Total Liabilities	1,449,324	454,761	153,135	2,057,220
FUND EQUITY				
Fund Balance:				
Reserved:				
Other local education reserves	4,955	-	-	4,955
Career Ladder	2,817	-	-	2,817
Career Ladder - Extended Contract	7,958	-	-	7,958
Food Service	-	-	144,756	144,756
Food Service - inventory	-	-	22,690	22,690
Debt Service	-	445,334	-	445,334
Unreserved:				
Undesignated	3,430,962	-	-	3,430,962
Total Fund Equity	3,446,692	445,334	167,446	4,059,472
Total Liabilities and Fund Equity	\$ 4,896,016	\$ 900,095	\$ 320,581	\$ 6,116,692

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

Total Governmental Fund Balances	\$ 4,059,472
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in governmental funds.	11,129,160
Long-term liabilities, including bonds, notes, and leases payable, are not due in the current period and, therefore, are not reported in the funds	<u>(6,045,000)</u>
Net Assets of Governmental Activities	<u>\$ 9,143,632</u>

HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,634,807	\$ 533,475	\$ -	\$ 2,168,282
Intergovernmental	6,310,383	-	1,194,221	7,504,604
Meal sales	-	-	220,701	220,701
Interest earnings	97,849	7,665	1,250	106,764
Miscellaneous	37,607	-	-	37,607
Total Revenues	8,080,646	541,140	1,416,172	10,037,958
EXPENDITURES				
Instruction	4,914,701	-	670,594	5,585,295
Support services	2,172,379	-	76,023	2,248,402
Food services	-	-	655,410	655,410
Non-instructional services	383,132	-	-	383,132
Debt service	40,000	549,354	-	589,354
Education capital projects	728,832	-	-	728,832
Total Expenditures	8,239,044	549,354	1,402,027	10,190,426
Excess (Deficit) of Revenues Over (Under) Expenditures	(158,398)	(8,214)	14,145	(152,468)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	5,588	5,588
Operating transfers out	(5,588)	-	-	(5,588)
Total Other Financing Sources (Uses)	(5,588)	-	5,588	-
Excess (Deficiency) of Revenues and Other Sources (Uses) Over (Under) Expenditures	(163,986)	(8,214)	19,733	(152,468)
FUND BALANCE, BEGINNING	3,610,678	453,548	149,946	4,214,172
Increase (decrease) in inventory	-	-	(2,233)	(2,233)
FUND BALANCE, ENDING	\$ 3,446,692	\$ 445,334	\$ 167,446	\$ 4,059,472

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ (152,468)
Amounts reported for governmental activities on the statement of activities are different because of the following:	
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.	350,000
The increase (decrease) in inventory is reported as a direct change to beginning fund balance. However, in the statement of activities this increase is reported as an expense based on the consumption method.	(2,233)
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	572,791
Depreciation	<u>(379,383)</u>
Change in Net Assets of Governmental Activities	<u>\$ 388,708</u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES				
Taxes:				
Local option sales tax	\$ 588,000	\$ 588,000	\$ 557,411	\$ (30,589)
Interstate telecommunications tax	1,300	1,300	770	(530)
Total Special School District	<u>589,300</u>	<u>589,300</u>	<u>558,181</u>	<u>(31,119)</u>
Special School District:				
Current property tax	885,000	885,000	882,230	(2,770)
Prior year's property tax	37,000	37,000	59,110	22,110
Interest and penalty	4,500	4,500	4,977	477
Payment in lieu of taxes	68,099	68,099	130,309	62,210
Total Special School District	<u>994,599</u>	<u>994,599</u>	<u>1,076,626</u>	<u>82,027</u>
Total Taxes	<u>1,583,899</u>	<u>1,583,899</u>	<u>1,634,807</u>	<u>50,908</u>
Intergovernmental:				
Licenses and Permits:				
Marriage licenses	500	500	463	(37)
State Revenues:				
State Education Funds:				
Basic Education Program	5,473,000	5,473,000	5,532,370	59,370
Other state education funds	404,755	556,545	618,086	61,541
Career Ladder	84,000	84,000	93,047	9,047
Career Ladder - extended contract	61,067	61,067	53,100	(7,967)
Total State Education Revenue	<u>6,022,822</u>	<u>6,174,612</u>	<u>6,296,603</u>	<u>121,991</u>
Other State Revenues:				
Mixed drink tax	500	500	550	50
State on-behalf payments for post retirement benefits	-	-	12,767	12,767
	<u>500</u>	<u>500</u>	<u>13,317</u>	<u>12,817</u>

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES (Cont.)				
Total State Revenues	<u>6,023,822</u>	<u>6,175,612</u>	<u>6,310,383</u>	<u>134,771</u>
Federal Revenues:				
Federal Funds Received Through State:				
Other Federal through State	<u>7,400</u>	<u>7,400</u>	<u>-</u>	<u>(7,400)</u>
Total Federal Funds Received Through State	<u>7,400</u>	<u>7,400</u>	<u>-</u>	<u>(7,400)</u>
Total Intergovernmental	<u>6,031,222</u>	<u>6,183,012</u>	<u>6,310,383</u>	<u>127,370</u>
Other local revenues:				
Interest earned	41,276	41,276	97,849	56,573
Lease/rentals	3,200	3,200	3,935	735
Miscellaneous refunds	5,000	5,000	14,557	9,557
E-Rate funding	87,252	87,252	12,099	(75,153)
Contributions	2,000	2,000	2,000	-
Other local revenues	<u>-</u>	<u>-</u>	<u>5,016</u>	<u>5,016</u>
Total Other Local Revenues	<u>138,728</u>	<u>138,728</u>	<u>135,456</u>	<u>(3,272)</u>
Total Miscellaneous	<u>138,728</u>	<u>138,728</u>	<u>135,456</u>	<u>(3,272)</u>
Total Revenues	<u>7,753,849</u>	<u>7,905,639</u>	<u>8,080,646</u>	<u>175,006</u>

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES				
Instruction:				
Regular Education:				
Teachers	2,855,162	2,884,108	2,836,973	(47,135)
Career Ladder program	60,900	60,900	54,590	(6,310)
Career Ladder - extended contract	43,570	43,570	31,540	(12,030)
Homebound teachers	1,000	1,000	1,000	-
Teacher assistants	136,444	136,444	120,580	(15,864)
Other salaries and wages	500	500	75	(425)
Substitute teachers	26,000	26,000	22,384	(3,616)
Non-certified substitute teachers	27,000	27,000	26,340	(660)
Social security	198,001	199,809	178,842	(20,967)
State retirement	208,810	210,648	199,443	(11,205)
Medical insurance	281,138	281,138	205,400	(75,738)
Unemployment compensation	2,200	2,235	2,167	(68)
Medicare	46,307	46,730	42,463	(4,267)
Contracts with other schools	25,000	25,000	25,000	-
Maintenance and repair - equipment	14,000	14,000	13,988	(12)
Travel	1,540	1,307	1,307	-
Other contracted services	73,980	73,188	43,963	(29,225)
Instructional supplies/materials	80,250	80,470	70,986	(9,484)
Textbooks	75,000	75,000	74,692	(308)
Other supplies and materials	7,000	7,000	5,051	(1,949)
Fee waivers	1,500	1,500	265	(1,235)
Other charges	7,000	9,903	7,559	(2,344)
Equipment	82,800	106,280	106,279	-
Total Regular Education	<u>4,255,102</u>	<u>4,313,730</u>	<u>4,070,887</u>	<u>(242,842)</u>
Alternate Instruction Program:				
Contracts with other schools	19,000	19,000	16,543	(2,457)
Total Alternate Instruction Program	<u>19,000</u>	<u>19,000</u>	<u>16,543</u>	<u>(2,457)</u>

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Instruction (Cont.):				
Special Education:				
Teachers	280,860	299,253	299,148	(105)
Career Ladder program	7,000	7,000	7,000	-
Homebound teachers	2,000	2,000	870	(1,130)
Aides	23,481	23,481	22,931	(550)
Substitute teachers	2,500	2,500	2,500	-
Non-certified substitute teachers	2,500	2,500	2,500	-
Social security	19,427	19,427	19,230	(197)
State retirement	21,359	21,359	21,359	-
Medical insurance	28,128	28,128	27,911	(217)
Unemployment compensation	235	235	219	(16)
Medicare	4,544	4,544	4,465	(79)
Contracts with other school systems	28,000	40,342	40,342	-
Contracts with private agencies	5,940	6,440	5,940	(500)
Other contracted services	23,000	131,440	131,440	-
Instructional supplies/materials	3,000	3,000	3,000	-
Total Special Education	<u>451,974</u>	<u>591,649</u>	<u>588,855</u>	<u>(2,794)</u>
Vocational Education:				
Teachers	171,509	171,509	170,660	(849)
Career Ladder program	4,000	4,000	4,000	-
Career Ladder - extended contract	5,500	5,500	2,660	(2,840)
Substitute teachers	400	400	400	-
Non-certified substitute teachers	800	800	800	-
Social security	11,297	11,297	10,044	(1,253)
State retirement	11,621	11,621	11,384	(237)
Medical insurance	20,666	20,666	18,740	(1,926)
Unemployment compensation	115	115	90	(25)
Medicare	2,644	2,644	2,349	(295)
Maintenance and repair - equipment	2,500	2,500	-	(2,500)
Other contracted services	1,000	1,000	-	(1,000)
Instructional supplies	2,000	2,000	1,428	(572)
Other supplies and materials	3,132	3,132	3,124	(8)
Other charges	3,000	3,000	2,451	(549)
Equipment	1,500	1,500	525	(975)
Total Vocational Education	<u>241,684</u>	<u>241,684</u>	<u>228,655</u>	<u>(13,029)</u>

(Continued)

HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Instruction (Cont.):				
Student Body Education:				
Other Salaries & Wages	400	400	250	(150)
Social Security	25	25	15	(10)
State retirement	26	26	26	-
Employer Medicare	6	6	4	(2)
Other Contracted Services	8,500	9,401	9,400	(1)
Other Charges	800	800	65	(735)
Total Student Body Education	<u>9,757</u>	<u>10,658</u>	<u>9,760</u>	<u>(898)</u>
Total Instruction	<u>4,977,517</u>	<u>5,176,721</u>	<u>4,914,701</u>	<u>(262,020)</u>
Support Services:				
Student Support:				
Attendance:				
Director	25,970	25,970	25,970	-
Clerical personnel	15,399	15,399	14,962	(437)
Social security	2,566	2,566	2,355	(211)
State retirement	3,471	3,471	3,426	(45)
Medical insurance	3,561	3,561	3,428	(133)
Medicare	600	600	551	(49)
Travel	850	850	-	(850)
Other charges	500	500	-	(500)
Total Attendance	<u>52,917</u>	<u>52,917</u>	<u>50,692</u>	<u>(2,225)</u>
Health Services:				
Medical personnel	31,924	31,924	31,094	(830)
Social security	1,980	1,980	1,928	(52)
State retirement	3,739	3,739	3,641	(98)
Unemployment compensation	25	25	23	(2)
Medicare	463	463	451	(12)
Travel	1,600	2,200	1,808	(392)
Other supplies/materials	2,000	2,000	1,776	(224)
Health Equipment	5,000	5,000	4,183	(817)
Total Health Services	<u>46,731</u>	<u>47,331</u>	<u>44,904</u>	<u>(2,427)</u>

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

EXPENDITURES (Cont.)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Over (Under)</u>
Support Services (Cont.):				
Other Student Support:				
Career Ladder program	3,000	3,000	3,000	-
Guidance personnel	132,752	132,752	132,752	-
Career Ladder - extended contract	4,400	4,400	4,400	-
Social security	8,690	8,690	8,690	-
State retirement	8,998	8,998	8,998	-
Unemployment compensation	75	75	72	(3)
Medicare	2,033	2,033	2,033	-
Evaluation/testing	8,500	8,500	7,171	(1,329)
Other equipment	1,000	1,000	791	(209)
Other charges	500	500	-	(500)
Total Other Student Support	<u>169,948</u>	<u>169,948</u>	<u>167,907</u>	<u>(2,041)</u>
Total Student Support	<u>269,596</u>	<u>270,196</u>	<u>263,503</u>	<u>(6,693)</u>
Instructional Staff:				
Regular Education:				
Director	88,600	88,600	88,350	(250)
Career Ladder Program	7,000	7,000	7,000	-
Career Ladder - extended contract	9,600	9,600	8,200	(1,400)
Librarian(s)	136,998	136,998	135,506	(1,492)
Clerical personnel	22,491	22,491	22,491	-
In-service/staff development	1,000	1,000	90	(910)
Other salaries and wages	22,032	22,032	22,032	-
Social security	17,777	17,777	16,081	(1,696)
State retirement	20,763	20,763	20,543	(220)
Medical insurance	25,464	25,464	21,194	(4,270)
Unemployment compensation	150	150	150	-
Medicare	4,158	4,158	3,761	(397)
Travel	5,000	7,500	5,623	(1,877)
Library books	4,800	4,800	4,761	(39)
Other supplies and materials	1,000	1,000	887	(113)
In-service/staff development	8,000	8,000	8,000	-
Other charges	300	300	300	-
Other equipment	1,000	1,000	-	(1,000)
Total Regular Education	<u>376,133</u>	<u>378,633</u>	<u>364,969</u>	<u>(13,664)</u>

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Over (Under)</u>
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Instructional Staff:				
Vocational Education:				
Travel	3,000	3,000	2,812	(188)
Total Vocational Education	<u>3,000</u>	<u>3,000</u>	<u>2,812</u>	<u>(188)</u>
Total Instructional Staff	<u>379,133</u>	<u>381,633</u>	<u>367,781</u>	<u>(13,852)</u>
General Administration:				
Board of Education Services:				
Secretary to Board	10,191	10,691	10,398	(293)
Social security	633	664	618	(46)
State retirement	1,195	1,195	1,180	(15)
Unemployment	30	30	24	(6)
Medicare	150	158	149	(9)
Audit services	8,500	8,500	6,750	(1,750)
Dues and memberships	4,500	4,500	3,995	(505)
Legal services	6,000	6,000	977	(5,023)
Travel	2,000	2,000	1,683	(317)
Other contracted services	2,000	2,000	1,653	(347)
Liability insurance	23,000	23,726	23,725	(1)
Trustee commissions	25,500	27,000	25,486	(1,514)
Workmen's compensation insurance	25,000	25,000	22,268	(2,732)
Criminal investigation of applicant	1,250	1,250	792	(458)
Other charges	12,000	12,000	11,587	(413)
Total Board of Education Services	<u>121,949</u>	<u>124,714</u>	<u>111,285</u>	<u>(13,429)</u>
Office of the Superintendent:				
County official/administrative officer	77,009	77,298	77,298	-
Career Ladder program	1,000	1,000	1,000	-
Social security	4,838	4,856	4,695	(161)
State retirement	5,009	5,027	5,027	-
Medical insurance	3,789	3,789	3,654	(135)
Unemployment compensation	25	25	23	(2)
Medicare	1,132	1,136	1,098	(38)
Communication	5,000	5,000	4,662	(338)
Dues and memberships	1,800	1,800	768	(1,032)

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
General Administration (Cont.):				
Office of the Superintendent (Cont.):				
Postal charges	3,500	3,500	3,466	(34)
Travel	1,500	1,500	1,427	(73)
Office supplies	1,000	1,000	753	(247)
Administration equipment	500	500	186	(314)
Other charges	750	750	735	(15)
Total Office of the Superintendent	106,852	107,181	104,792	(2,389)
Total General Administration	228,801	231,895	216,077	(15,818)
School Administration:				
Office of the Principal:				
Principals	195,100	195,100	181,150	(13,950)
Career ladder program	3,000	3,000	3,000	-
Assistant(s)	100,516	100,516	100,516	-
Secretary(s)	77,944	77,944	77,944	-
Social Security	23,161	23,161	21,887	(1,274)
State retirement	27,948	27,948	27,676	(272)
Medical insurance	7,122	16,622	16,607	(15)
Unemployment compensation	215	215	215	-
Medicare	5,417	5,417	5,142	(275)
Communication	12,000	12,000	11,864	(136)
Maintenance and repair	2,000	2,000	790	(1,210)
Postal charges	3,000	3,000	1,794	(1,206)
Travel	500	500	411	(89)
Other contracted services	1,800	1,800	1,770	(30)
Office supplies	3,600	3,600	2,836	(764)
Equipment	5,000	5,000	4,183	(817)
Total School Administration	468,323	477,823	457,785	(20,038)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
School Administration (Cont.):				
Fiscal Services:				
Accountants/bookkeepers	37,477	37,477	37,237	(240)
Social Security	2,323	2,323	2,268	(55)
State retirement	4,388	4,388	4,361	(27)
Unemployment compensation	25	25	23	(2)
Medicare	543	543	531	(12)
Maintenance & repair	500	500	289	(211)
Travel	700	700	-	(700)
Other contracted services	3,700	3,700	3,667	(33)
Data processing services	1,500	1,500	1,500	-
Office supplies	500	500	266	(234)
Administration Equipment	500	500	-	(500)
Total Business Administration	52,156	52,156	50,142	(2,014)
Operation and Maintenance of Plant:				
Operation of Plant:				
Other salaries & wages	18,000	18,000	15,357	(2,643)
Social security	1,116	1,116	933	(183)
State retirement	2,108	2,108	1,798	(310)
Unemployment compensation	35	35	22	(13)
Medicare	261	261	218	(43)
Janitorial services	238,646	238,646	238,646	-
Electricity	262,500	257,500	257,499	(1)
Natural gas	76,000	76,000	66,944	(9,056)
Water and sewer	22,500	22,500	16,695	(5,805)
Other supplies and materials	5,500	5,500	5,499	(1)
Building and contents insurance	38,000	38,000	37,460	(540)
Other charges	25,000	30,000	29,597	(403)
Plant operation equipment	10,000	5,000	1,295	(3,705)
Total Operation of Plant	699,666	694,666	671,963	(22,703)

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Operation and Maintenance of Plant (Cont.):				
Director	33,056	33,056	33,056	-
Maintenance personnel	19,000	19,000	18,592	(408)
Other salaries and wages	22,000	22,000	17,722	(4,278)
Social security	4,592	4,592	4,301	(291)
State retirement	6,096	6,096	6,048	(48)
Unemployment compensation	90	90	84	(6)
Medicare	1,074	1,074	1,006	(68)
Maintenance and repair - Building	25,000	25,000	14,375	(10,625)
Maintenance and repair - Equipment	28,600	28,600	28,027	(573)
Travel	4,500	4,500	2,998	(1,502)
Other supplies and materials	5,000	5,000	4,550	(450)
Maintenance Equipment	5,000	5,000	2,534	(2,466)
Other charges	9,670	9,670	7,357	(2,313)
Total Maintenance of Plant	<u>163,678</u>	<u>163,678</u>	<u>140,650</u>	<u>(23,028)</u>
Total Operation and Maintenance of Plant	<u>863,344</u>	<u>858,344</u>	<u>812,613</u>	<u>(45,731)</u>
Central and Other:				
Maintenance and repair	1,200	1,200	984	(216)
Travel	500	500	-	(500)
Other contracted services	1,000	1,000	-	(1,000)
Data processing supplies	1,500	1,500	526	(974)
Other supplies and materials	500	500	9	(491)
Other equipment	500	500	459	(41)
Office supplies	2,500	2,500	2,500	-
Total Central and Other	<u>7,700</u>	<u>7,700</u>	<u>4,478</u>	<u>(3,222)</u>
Total Support Services	<u>2,269,053</u>	<u>2,279,747</u>	<u>2,172,379</u>	<u>(107,368)</u>
Non-Instructional Services				
Community Services:				
Medical insurance	7,122	7,122	6,889	(233)
Other salaries and wages	43,680	46,280	46,280	-
Social security	2,709	2,869	2,869	-
State retirement	2,877	3,183	3,183	-

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Cont.)
GENERAL PURPOSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Non-instructional (Cont.):				
Community Services (Cont.):				
Medicare	634	671	671	-
Travel	1,000	-	-	-
Instructional supplies	16,600	14,497	14,497	-
Total Community Services	<u>74,622</u>	<u>74,622</u>	<u>74,389</u>	<u>(233)</u>
Early Childhood Education:				
Teachers	129,677	134,246	134,246	-
Educational assistants	25,400	25,906	25,906	-
Other salaries and wages	18,082	18,443	18,443	-
Social security	10,736	10,456	10,456	-
State retirement	12,553	12,798	12,798	-
Medical insurance	10,534	5,349	5,349	-
Employer medicare	2,511	2,445	2,445	-
Travel	4,139	1,251	1,251	-
Other contracted services	-	17,017	17,017	-
Instructional supplies	30,000	21,210	24,529	3,319
In-service/staff development	2,825	395	395	-
Other charges	1,200	1,074	1,074	-
Other equipment	19,000	42,067	42,067	-
Total Early Childhood Education	<u>266,657</u>	<u>292,657</u>	<u>295,976</u>	<u>3,319</u>
State On-Behalf Payments:				
State on-behalf payments for post retirement benefits	-	-	12,767	12,767
Capital Outlay:				
Architects	-	34,045	34,045	-
Site development	-	5,500	5,500	-
Building improvements	100,000	689,471	689,287	(184)
Total Capital Outlay	<u>100,000</u>	<u>729,016</u>	<u>728,832</u>	<u>(184)</u>
Debt Service:				
Principal on bonds	40,000	40,000	40,000	-
Total Debt Service	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Non-Instructional Services	<u>481,279</u>	<u>1,136,295</u>	<u>1,151,964</u>	<u>15,669</u>
Total Expenditures	<u>7,727,849</u>	<u>8,592,763</u>	<u>8,239,044</u>	<u>(353,719)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>\$ 26,000</u>	<u>\$ (687,124)</u>	<u>(158,398)</u>	<u>\$ (178,713)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers	-	(5,588)	(5,588)	-
Excess (Deficiency) of Revenues and Other Sources (Uses) Over (Under) Expenditures	<u>\$ 26,000</u>	<u>\$ (692,712)</u>	<u>(163,986)</u>	<u>\$ 528,725</u>
FUND BALANCE, BEGINNING			<u>3,610,678</u>	
FUND BALANCE, ENDING			<u>\$ 3,446,692</u>	

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Huntingdon Special School District (District) is a school district separately chartered by the State Legislature.

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 Board 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 Board’s reporting entity applies to all relevant GASB pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Board’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

The District reports the following major governmental funds:

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

The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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 and 2) operating grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

Investments for the District are reported at fair value. The State Local Government Investment Pool operated in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and become delinquent on April 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 are intended to be used.

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Assets, Liabilities, and Net Assets or Equity (Cont.)

Receivables and Payables (Cont.)

For the purpose of operating and maintaining the District, the private act creating the District authorized an annual property tax on every one hundred dollars (\$100) assessment of real and personal property located within the District. The current property tax is \$1.65 on every \$100 of real and personal property located within the District.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include land, buildings and improvements, and other fixed 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 asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings and improvements	20 – 50 years
Machinery and equipment	4 – 20 years

Deferred Revenue

Deferred revenue represents amounts that were receivable and measurable at June 30, 2009 but were not available to finance expenditures for the year ended June 30, 2009. Deferred revenues primarily include unearned or unavailable revenues.

Compensated Absences

No provision for compensated absences has been shown in the financial statements presented. District employees do not have a right to receive any unpaid vacation and/or sick leave upon leaving employment or retirement.

Long-term Liabilities

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

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Assets, Liabilities, and Net Assets or Equity (Cont.)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

On-Behalf Payments for Fringe Benefits

The Board receives on-behalf payments from the State of Tennessee to be used for postemployment health insurance benefits for employees not yet eligible for Medicare. Such payments are recorded as intergovernmental revenue and instruction expenses/expenditures in the GAAP basis department-wide and general purpose fund financial statements, but are not budgeted and, therefore, are not included in the general purpose fund budgetary basis financial statements.

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

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period, and; therefore, are not reported in the funds.” The details of this \$6,045,000 are as follows:

Capital Outlay Notes Payable, Series 2003	\$ 6,045,000
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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 \$11,129,160 are as follows:

Land	\$ 155,200
Buildings and improvements	14,599,315
Other fixed assets	707,318
Construction in process	449,557
	15,911,390
Less accumulated depreciation	(4,782,230)
Total capital assets, net of accumulated depreciation	\$ 11,129,160

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

One element of that reconciliation states that “the repayment of the principal of long-term debt is expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets” The details of this \$350,000 are as follows:

Capital Outlay Notes Payable, Series 2003	\$ 350,000
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**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. These include the general purpose, federal projects, and cafeteria 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 department level without obtaining additional appropriation approval from the Board of Education.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the 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, note 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, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2009, all bank deposits were fully collateralized or insured.

The following is a summary of cash and cash equivalents as of June 30, 2009

Cash in Bank	\$	301,984
Certificates of Deposit		3,605,263
	<u>\$</u>	<u>3,907,247</u>

B. Receivables

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

	General	Debt Service	Nonmajor and Other Funds	Total
Receivables:				
Taxes	\$ 988,174	\$ 454,761	\$ -	\$ 1,442,935
Accounts	7,447	-	455	7,902
Grants	268,517	-	186,356	454,873
Intergovernmental	119,956	7,979	-	127,935
Net total receivables	<u>\$ 1,384,094</u>	<u>\$ 462,740</u>	<u>\$ 186,811</u>	<u>\$ 2,033,645</u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Cont.)

B. Receivables (Cont.)

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 155,200	\$ -	\$ -	\$ 155,200
Construction in progress	142,777	306,780	-	449,557
Total capital assets, not being depreciated	<u>297,977</u>	<u>306,780</u>	<u>-</u>	<u>604,757</u>
Capital assets being depreciated				
Buildings and improvements	14,398,867	200,448	-	14,599,315
Other fixed assets	641,756	65,562	-	707,318
Total capital assets, being depreciated	<u>15,040,623</u>	<u>266,011</u>	<u>-</u>	<u>15,306,633</u>
Less accumulated depreciation for:				
Buildings and improvements	4,011,148	340,614	-	4,351,762
Other fixed assets	391,700	38,768	-	430,468
Total accumulated depreciation	<u>4,402,848</u>	<u>379,383</u>	<u>-</u>	<u>4,782,231</u>
Total capital assets being depreciated, net	<u>10,637,775</u>	<u>(113,372)</u>	<u>-</u>	<u>10,524,403</u>
Capital assets, net	<u>\$ 10,935,752</u>	<u>\$ 193,408</u>	<u>\$ -</u>	<u>\$ 11,129,160</u>

D. Long-term Debt

The annual requirements to amortize all long-term debt and obligations outstanding, excluding compensated absences, as of June 30, 2009 are as follows:

Years Ending June 30,	Series 2003	
	Principal	Interest
2010	375,000	218,410
2011	390,000	207,160
2012	410,000	195,460
2013	435,000	182,135
2014	455,000	167,998
2015-2019	2,665,000	578,205
2020-2021	1,315,000	79,800
	<u>\$ 6,045,000</u>	<u>\$ 1,629,168</u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Cont.)

D. Long-term Debt (Cont.)

The District issued \$ 6,956,000 of limited tax school refunding bonds to provide resources to purchase securities issued by the Federal Home Loan Mortgage Corporation that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$7,625,000 of limited tax school bonds. The following is a summary of long-term debt transactions for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due in Less Than One Year</u>
Governmental activities:					
Bonds Payable:					
School Bonds, Series 2003, 2.00% interest, payable serially through 2021	\$ 6,730,000	\$ -	\$ 685,000	\$ 6,045,000	\$ 375,000
	6,730,000	-	685,000	6,045,000	\$ 375,000

NOTE 5 – OTHER INFORMATION

A. Pensions – Defined Benefit Plan

State Employees, Teachers, and Higher Education Employees Pension Plan

Plan Description

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

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

Funding Policy

Huntingdon Special School District requires employees to contribute 5.0 percent of earnable compensation. Huntingdon Special School District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 11.71% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Huntingdon Special School District is established and may be amended by the TCRS Board of Trustees.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 5 – OTHER INFORMATION (Cont.)

A. Pensions (Cont.)

Annual Pension Cost

For the year ending June 30, 2009, Huntingdon Special School District's annual pension cost of \$69,161 to TCRS was equal to Huntingdon Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Huntingdon Special School District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost(APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2009	\$69,161	100.00%	\$0.00
June 30, 2008	\$64,993	100.00%	\$0.00
June 30, 2007	\$61,939	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.32% percent funded. The actuarial accrued liability for benefits was \$1.76 million, and the actuarial value of assets was \$1.52 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.24 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1 million, and the ratio of the UAAL to the covered payroll was 45.13% percent.

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

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$1,521	\$1,762	\$241	86.32%	\$534	45.13%

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 5 – OTHER INFORMATION (Cont.)

A. Pensions (Cont.)

Required Supplementary Information

Schedule of Funding Progress for HUNTINGDON SPEC SCH DIST 83210
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$1,521	\$1,762	\$241	86.32%	\$534	45.13%

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

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for HUNTINGDON CITY SCHOOLS is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009 was 6.42% of annual covered payroll. The employer contribution requirement for HUNTINGDON CITY SCHOOLS is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2009, 2008, and 2007 were \$300,428, \$291,813, and \$264,967 respectively, equal to the required contributions for each year.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 5 – OTHER INFORMATION (Cont.)

B. Contingent Liabilities and Losses

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

C. Risk Management

The 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 School Boards Liability Trust (TSBLT) and the Tennessee School Boards Workers Compensation Trust (TSB-WCT), which are public entity risk pools, established by the Tennessee School Boards Association, an association of member school districts. 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. The creation of the TSBLT and the TSB-WCT provides for it to be self-sustaining through member premiums. The TSBLT and the TSB-WCT reinsure through commercial insurance companies for claims in excess of a specified amount for each uninsured event.

The District continues to carry commercial insurance for all other risks of loss, including employee health and accident, business trip accidental death and dismemberment and public officials' bond. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

C. On-Behalf Payments for Postretirement Insurance Benefits

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and Medicare Plan on behalf of the District's employees. For the year ended June 30, 2009, the State made contributions of \$30,114 and \$3,690 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information section of this report includes information required to be included in the Basic Financial Statements.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	\$ 1,521	\$ 1,762	\$ 241	86.32%	\$ 534	45.13%

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

OTHER SUPPLEMENTARY INFORMATION

The other supplementary information section of this report includes information not required to be included in the Basic Financial Statements and is provided for the purpose of additional analysis.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2009**

	Federal Projects Fund	Centralized Cafeteria Fund	Totals
ASSETS			
Cash	\$ -	\$ 81,080	\$ 81,080
Investments	-	30,000	30,000
Due From other governmental agencies - grants	146,262	40,094	186,356
Accounts receivable - Other	-	455	455
Inventory	-	22,690	22,690
Total Assets	<u>\$ 146,262</u>	<u>\$ 174,319</u>	<u>\$ 320,581</u>
LIABILITIES			
Cash drawn in excess of funds	\$ 146,262	\$ -	\$ 146,262
Accounts payable	-	6,873	6,873
Total Liabilities	<u>146,262</u>	<u>6,873</u>	<u>153,135</u>
FUND BALANCES			
Reserved inventory	-	22,690	22,690
Reserved	-	144,756	144,756
Total fund balances	<u>-</u>	<u>167,446</u>	<u>167,446</u>
Total Liabilities and Fund Balances	<u>\$ 146,262</u>	<u>\$ 174,319</u>	<u>\$ 320,581</u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Federal Projects Fund</u>	<u>Centralized Cafeteria Fund</u>	<u>Totals</u>
REVENUES			
Charges for current services	\$ -	\$ 220,701	\$ 220,701
Other local revenues	-	1,250	1,250
State revenue	-	8,222	8,222
Federal revenue	<u>741,029</u>	<u>444,970</u>	<u>1,185,999</u>
Total Revenues	<u>741,029</u>	<u>675,143</u>	<u>1,416,172</u>
EXPENDITURES			
Current:			
Instruction	670,594	-	670,594
Support services	76,023	-	76,023
Food services	<u>-</u>	<u>655,410</u>	<u>655,410</u>
Total Expenditures	<u>746,617</u>	<u>655,410</u>	<u>1,402,027</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	(5,588)	19,733	14,145
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>5,588</u>	<u>-</u>	<u>5,588</u>
Total Other Financing Sources (Uses)	<u>5,588</u>	<u>-</u>	<u>5,588</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	19,733	19,733
FUND BALANCE, BEGINNING	-	149,946	149,946
Increase(decrease) in inventory	<u>-</u>	<u>(2,233)</u>	<u>(2,233)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 167,446</u>	<u>\$ 167,446</u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES				
Federal through State:				
Vocational program improvement - Carl D. Perkins	\$ 22,160	\$ 22,160	\$ 22,160	\$ -
Title I	306,028	300,473	260,018	(40,455)
Innovative Education Program Strategies	-	4,500	-	(4,500)
Education of the Handicapped - IDEA	312,502	286,502	280,005	(6,497)
Education of the Handicapped - Preschool	16,487	16,605	16,605	-
Education for Homeless Children	31,000	31,000	31,000	-
Eisenhower	91,625	90,795	90,287	(508)
Other federal through state - Safe and Drug Free	30,862	42,983	40,954	(2,029)
Total Revenues	<u>810,664</u>	<u>795,018</u>	<u>741,029</u>	<u>(53,989)</u>
EXPENDITURES				
Instruction:				
Regular Instruction:				
Teachers	289,661	285,441	254,990	(30,451)
Other Salaries & Wages	7,000	7,000	7,000	-
Social Security	15,207	18,356	15,518	(2,838)
State retirement	15,782	19,043	17,142	(1,901)
Medical insurance	13,164	20,538	20,538	-
Unemployment Compensation	163	186	114	(72)
Medicare	3,589	4,325	3,634	(691)
Other contracted services	1,000	-	-	-
Instructional supplies	10,270	5,673	5,673	-
Other supplies and materials	19,351	27,443	27,443	-
Other Charges	1,800	1,842	1,842	-
Regular instruction equipment	2,059	3,547	3,547	-
Total Regular Instruction	<u>379,046</u>	<u>393,394</u>	<u>357,441</u>	<u>(35,953)</u>
Special Education Program:				
Aides	37,761	38,820	38,820	-
Other salaries and wages	16,438	16,438	16,438	-
Social security	3,894	3,894	3,384	(510)
State retirement	5,791	5,791	5,791	-
Unemployment compensation	80	80	80	-
Medicare	862	862	862	-
Contracts with other schools	147,270	147,388	147,388	-

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Cont.)
SCHOOL FEDERAL PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Instruction (Cont.):				
Special Education Program (Cont.):				
Other contracted services	40,000	42,363	39,618	(2,745)
Instructional supplies	25,468	24,893	23,462	(1,431)
Travel	2,500	2,500	2,500	-
In-service/staff development	4,000	4,000	3,135	(865)
In-service training	3,926	3,080	2,131	(949)
Equipment	41,000	13,000	13,000	-
Total Special Education	328,990	303,109	296,609	(6,500)
Vocational Education:				
Instructional supplies and materials	2,302	2,386	2,386	-
Other charges	3,750	4,107	4,107	-
Equipment	11,000	10,051	10,051	-
Total Vocational Education	17,052	16,544	16,544	-
Total Instruction	725,088	713,047	670,594	(42,453)
Support Services:				
Other Student Support:				
Travel	4,000	4,453	4,453	-
Other supplies and materials	5,227	6,124	6,124	-
Inservice/Staff Development	1,794	1,163	1,163	-
Other charges	3,962	6,594	6,594	-
Total Other Student Support	14,983	18,334	18,334	-
Regular Instruction:				
Supervisor/director	21,311	21,311	17,379	(3,932)
Clerical personnel	3,973	3,973	3,973	-
Other salaries and wages	5,000	3,000	2,000	(1,000)
Social security	1,603	1,603	1,324	(279)
State retirement	1,805	1,805	1,583	(222)
Medical insurance	1,689	1,689	1,689	-
Medicare	376	376	310	(66)
Travel	200	200	200	-
Library Books/Media	4,500	4,500	4,500	-
Other Supplies and Materials	-	1,000	1,000	-
Other Charges	-	1,000	551	(449)

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Cont.)
SCHOOL FEDERAL PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Over (Under)</u>
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Regular Instruction (Cont.):				
In-service-staff development	30,136	23,180	23,180	-
Total Regular Instruction	<u>70,593</u>	<u>63,637</u>	<u>57,689</u>	<u>(5,949)</u>
Total Support Services	<u>85,576</u>	<u>81,971</u>	<u>76,023</u>	<u>(5,949)</u>
Total Expenditures	<u>810,664</u>	<u>795,018</u>	<u>746,617</u>	<u>(48,401)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	(5,588)	<u>\$ (5,588)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	5,588	5,588
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,588</u>	<u>5,588</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING			<u>-</u>	
FUND BALANCE, ENDING			<u>\$ -</u>	

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CENTRAL CAFETERIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES				
Charges for Current Services:				
Lunch payments - children	\$ 125,000	\$ 125,000	\$ 135,065	\$ 10,065
Lunch payments - adults	23,000	23,000	20,370	(2,630)
Income from breakfast	16,500	16,500	14,324	(2,176)
A La Carte sales	55,000	55,000	50,942	(4,058)
Total Charges for Current Services	<u>219,500</u>	<u>219,500</u>	<u>220,701</u>	<u>1,201</u>
Other Local Revenues:				
Interest earned	<u>2,500</u>	<u>2,500</u>	<u>1,250</u>	<u>(1,250)</u>
State Education Funds:				
School Food Services	<u>8,400</u>	<u>8,400</u>	<u>8,222</u>	<u>(178)</u>
Federal through State:				
USDA - Lunch	245,000	245,000	276,530	31,530
USDA - Snack	2,500	2,500	2,211	(289)
Breakfast Reimbursement	115,000	115,000	111,142	(3,858)
Commodity Reimbursement	<u>-</u>	<u>-</u>	<u>55,087</u>	<u>55,087</u>
Total Federal through State	<u>362,500</u>	<u>362,500</u>	<u>444,970</u>	<u>82,470</u>
Total Revenues:	<u>592,900</u>	<u>592,900</u>	<u>675,143</u>	<u>82,243</u>
EXPENDITURES				
Current Expenditures:				
Food Services:				
Director	45,664	45,664	45,664	-
Accountants / Bookkeepers	10,041	10,041	10,041	-
Cafeteria personnel	170,000	172,939	169,813	(3,126)
Commodity expense	-	-	55,087	55,087
Social Security	14,000	14,000	13,495	(505)
State retirement	15,000	15,513	14,293	(1,220)
Medicare liability	2,600	2,600	2,506	(94)
Unemployment compensation	450	450	406	(44)
Communication	1,700	1,850	1,629	(221)
Utilities	15,000	15,000	15,000	-
Food supplies	245,000	265,000	253,633	(11,367)
Other supplies & materials	25,000	25,000	21,589	(3,411)

(Continued)

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Cont.)
CENTRAL CAFETERIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Over (Under)</u>
EXPENDITURES (Cont.)				
Current Expenditures (Cont.):				
Food Services (Cont.):				
Other charges	40,000	44,000	44,000	-
Equipment	<u>8,445</u>	<u>9,445</u>	<u>8,254</u>	<u>(1,191)</u>
Total Expenditures	<u>592,900</u>	<u>621,502</u>	<u>655,410</u>	<u>33,909</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (28,602)</u>	\$ 19,733	<u>\$ 48,335</u>
FUND BALANCE, BEGINNING			149,946	
Increase (decrease) in inventory			<u>(2,233)</u>	
FUND BALANCE, ENDING			<u>\$ 167,446</u>	

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Over (Under)</u>
REVENUES				
Other local revenues:				
Interest earned	\$ 6,300	\$ 6,300	\$ 7,665	\$ 1,365
Other local revenues	<u>545,115</u>	<u>545,115</u>	<u>533,475</u>	<u>(11,640)</u>
Total Revenues	<u>551,415</u>	<u>551,415</u>	<u>541,140</u>	<u>(10,275)</u>
 EXPENDITURES				
Current Expenditures:				
Noninstructional Services				
Education Debt Service:				
Principal on bonds	310,000	310,000	310,000	-
Interest on bonds	228,915	228,915	228,915	-
Trustee's Commission	11,000	11,000	9,921	(1,079)
Other charges	<u>1,500</u>	<u>1,500</u>	<u>518</u>	<u>(983)</u>
Total Debt Service	<u>551,415</u>	<u>551,415</u>	<u>549,354</u>	<u>(2,061)</u>
 Excess (Deficit) of Revenues Over (Under) Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 (8,214)	 <u>\$ (8,214)</u>
 FUND BALANCE, BEGINNING	 <u>453,548</u>	 <u>453,548</u>	 <u>453,548</u>	 <u>-</u>
 FUND BALANCE, ENDING	 <u>\$ 453,548</u>	 <u>\$ 453,548</u>	 <u>\$ 445,334</u>	 <u>\$ (8,214)</u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS -
 GENERAL OBLIGATION DEBT
 JUNE 30, 2009**

Year Ended June 30,	Bonds Series 2003	
	Principal	Interest
2010	375,000	218,410
2011	390,000	207,160
2012	410,000	195,460
2013	435,000	182,135
2014	455,000	167,998
2015	475,000	152,528
2016	505,000	135,665
2017	535,000	117,232
2018	560,000	97,170
2019	590,000	75,610
2020	635,000	52,600
2021	680,000	27,200
	<u>\$ 6,045,000</u>	<u>\$ 1,629,168</u>

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BONDS
JUNE 30, 2009**

	<u>Salary</u>	<u>Bond</u>	
Superintendent	<u>\$ 77,009</u>	<u>\$ 262,000</u>	*

*All other employees of the school district are covered by a fidelity bond of \$150,000 for each occurrence.

See independent auditor's report.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Federal CFDA Number	Agency or Pass-through Number	Balance 7/1/2008	Cash Receipts	Expenditures/ Amount Earned/ Amount Issued	Balance Unearned (Receivable) 6/30/2009
U.S. DEPARTMENT OF EDUCATION						
Pass-through the Tennessee Department of Education						
Special Education Grants to States						
IDEA Program	84.027 *	N/A	\$ (89,866)	\$ 294,154	\$ 304,999	\$ (100,711)
Preschool Program	84.173 *	N/A	-	54,913	166,156	(111,243)
<u>Total Special Education Grants To States</u>			<u>(86,947)</u>	<u>349,067</u>	<u>471,155</u>	<u>(211,954)</u>
Title I, Grants to Local Education Agencies	84.010	N/A	(35,207)	277,522	260,018	(17,703)
Vocational Education - Carl D. Perkins	84.048	N/A	(16,456)	27,398	22,160	(11,218)
Title VI, Safe and Drug Free Schools	84.186	N/A	-	-	14,800	(14,800)
Homeless Education	84.196	N/A	(13,249)	19,595	31,000	(24,654)
Title II, Eisenhower Professional Development						
State Grants, Part D	84.281	N/A	-	2,729	2,729	-
Title IV, Drug-Free Schools and Communities	84.186	N/A	(900)	39,928	40,954	(1,926)
Title II, Eisenhower Professional Development						
State Grants, Part A3	84.367	N/A	(10,871)	91,628	87,558	(6,801)
<u>Total Pass-through the Tennessee Department of Education</u>			<u>(153,737)</u>	<u>807,867</u>	<u>930,374</u>	<u>(289,056)</u>
U.S. DEPARTMENT OF AGRICULTURE						
Pass-through the Tennessee Department of Agriculture						
School Breakfast Program	10.553	N/A	(13,217)	111,462	111,142	(12,897)
National School Lunch Program	10.555	N/A	(27,246)	276,579	276,530	(27,198)
Snack Program	10.555	N/A	-	2,211	2,211	-
			<u>(40,390)</u>	<u>390,252</u>	<u>389,883</u>	<u>(40,094)</u>
<u>Total Cash Federal Awards</u>			<u>(194,127)</u>	<u>1,198,119</u>	<u>1,320,257</u>	<u>(329,150)</u>
U.S. DEPARTMENT OF AGRICULTURE						
Pass-through the Tennessee Department of Agriculture						
Food-Distribution - Commodities	10.555	N/A	-	55,087	55,087	-
<u>Total Federal Awards</u>			<u>\$ (194,127)</u>	<u>\$ 1,253,206</u>	<u>\$ 1,375,344</u>	<u>\$ (329,150)</u>

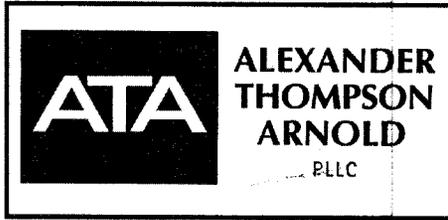
* - a major program

Note: The above schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting

**HUNTINGDON SPECIAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Contract Number	Balance 7/1/2008	Cash Receipts	Expenditures/ Amount Earned/ Amount Issued	Balance Unearned (Receivable) 6/30/2009
Early Childhood	N/A	\$ (53,312)	\$ 282,400	\$ 292,657	\$ (63,569)
Tennessee ARTS Commission	Z-09-216069-00	-	28,970	28,970	-
ACT Explore	N/A	-	6,014	7,185	(1,171)
Lottery for Education - After School Program (LEAPS)	019-07-2-026	-	6,517	67,500	(60,983)
Total State Awards		<u>\$ (53,312)</u>	<u>\$ 323,901</u>	<u>\$ 396,312</u>	<u>\$ (125,723)</u>

INTERNAL CONTROL AND COMPLIANCE SECTION



Certified Public Accountants

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

Board of Education
Huntingdon Special School District
Huntingdon, Tennessee

We have audited the district-wide financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Huntingdon Special School District (the District), as of and for the year ended June 30, 2009, which collectively comprise Huntingdon Special School District's basic financial statements and have issued our report thereon dated January 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Martin, TN
Dyersburg, TN
Fulton, KY
Jackson, TN

Milan, TN
McKenzie, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Board of Education
Huntingdon Special School District

Compliance and Other Matters

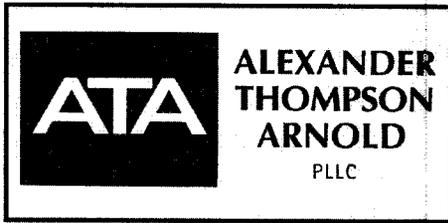
As part of obtaining reasonable assurance about whether Huntingdon Special School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a 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*.

This report is intended solely for the information and use of the Superintendent, board of education, management, the State of Tennessee Comptroller's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Martin, Tennessee

January 8, 2010



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Huntingdon Special School District
Huntingdon, Tennessee

Compliance

We have audited the compliance of the Huntingdon Special School District (District), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Huntingdon 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Huntingdon Special School District's management. Our responsibility is to express an opinion on the Huntingdon Special School District's compliance based on our audit.

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

In our opinion, the Huntingdon Special School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

Martin, TN
Dyersburg, TN
Fulton, KY
Jackson, TN
Henderson, TN

Milan, TN
McKenzie, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Board of Education
Huntingdon Special School District

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

This report is intended solely for the information and use of management, board of education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Martin, Tennessee
January 8, 2010

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

SECTION A – SUMMARY OF AUDITOR’S RESULTS

1. The “Independent Auditor’s Report” expresses an unqualified opinion on the basic financial statements of the Huntingdon Special School District.
2. No significant deficiencies in internal control over financial reporting were identified during the audit of the financial statements that were not considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the Huntingdon Special School District were disclosed during the audit of the financial statements.
4. There were no significant deficiencies considered material weaknesses disclosed during the audit of the major federal award programs.
5. The auditor’s report on compliance for the major federal award programs of the Huntingdon Special School District expresses an unqualified opinion.
6. There were no audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133.
7. The programs tested as major programs were the following:

<u>Program Name</u>	<u>CFDA No.</u>
Department of Education	
Special Education-Grants to States	84.027
Special Education-Preschool Grants	84.073

8. The threshold for distinguishing Type A from Type B programs was \$300,000.
9. The low-risk auditee criteria was applied to the Huntingdon Special School District.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

**SECTION B - FINDINGS RELATIVE TO THE AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Current year findings - none reported

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2009**

Prior year findings – none reported