LEBANON SPECIAL SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

LEBANON SPECIAL SCHOOL DISTRICT

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INTRODUCTORY SECTION

LEBANON SPECIAL SCHOOL DISTRICT

Roster of District Officials

June 30, 2009

Director of Schools

Dr. Sharon Roberts

Board of Education

Steve Jones, Chairman
Andy Brummett, Secretary-Treasurer
Mark Tomlinson

JOEL D. PARKS, P.C.
CERTIFIED PUBLIC ACCOUNTANT

199 Enon Springs Road West, Suite 400
Smyrna, Tennessee 37167
Phone: (615) 459-8248
Fax: (615) 459-8610

INDEPENDENT AUDITOR'S REPORT

To the Director of Schools and
Board of Education
Lebanon Special School District

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lebanon Special School District as of and for the year ended 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 Lebanon Special School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. Those standards require that I 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, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Lebanon Special School District as of June 30, 2009, and the respective changes in financial position and the budgetary comparison for the General Fund and School Federal Projects 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*, I have also issued my report dated January 20, 2010, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of my 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis on pages 4 through 8 is not a required part of the financial statements but is supplementary information required by the Government Accounting Standards Board. I 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, I did not audit the information and do not express an opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lebanon Special School District's basic financial statements. The introductory Section (page 1), combining and individual nonmajor fund statement and schedules (pages 42 through 46) are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund statement and schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by me in the audit of the basic financial statements, and accordingly, I express no opinion on it.

Joel D. Parks, P.C.

January 20, 2010

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Fiscal Year ending June 30, 2009

Lebanon Special School District

Introduction

The Management's Discussion and Analysis (MD&A) is a required supplementary document to the District's annual financial report to comply with the more stringent requirements of the accounting standards established by the Governmental Accounting Standards Board (GASB 34). The MD&A portion of this audit report has been prepared by management of the Lebanon Special School District, and presents a narrative overview and analysis of the District's financial performance for the fiscal year ended June 30, 2009.

Overview of the Financial Statements

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

Government-wide financial statements. The government-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 assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 District's net assets changed during the most recent fiscal year. All changes in net assets 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). Interfund services provided and used are not eliminated in the process of consolidation.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reflected as governmental funds.

Overview of the Financial Statements (Cont.)

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-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 that that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District'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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Condensed financial information

The following schedules presents a summary of the financial position for the fiscal years ended June 30, 2009 and 2008 and the amount and percentage of increases and decreases in relation to the year ended June 30, 2008.

	FY 09	FY 08	Percentage Inc / (Dec)
Statement of Net Assets			
Capital assets net of accumulated depr	$15,180,587	$15,085,944	(0.6)
Other assets	17,591,366	15,980,486	10.1
Total assets	$32,771,953	$31,066,430	5.5
Long-term liabilities	$9,267,587	$10,419,548	(11.1)
Other liabilities	8,197,438	8,576,755	(4.4)
Total liabilities	17,465,025	18,996,303	(8.1)
Net assets invested in capital assets	5,280,304	3,993,659	32.2
Restricted net assets	4,114,807	3,698,276	11.3
Unrestricted net assets	5,911,817	4,378,192	35.0
Total net assets	$15,306,928	$12,070,127	26.8

Condensed financial information (Cont.)

	FY 09	FY 08	Percentage Inc / (Dec)
Statement of Activities			
Revenues			
Charges for services	$ 1.073,161	$ 1,074,423	(0.1)
Operating grants and contributions	15,429,590	15,256,911	1.1
General revenues:			
Local taxes	12,180,632	10,482,744	16.2
Licenses and permits	1,202	1,266	(5.1)
Other local revenues	289,016	257,933	12.1
Other financing proceeds	-	36,832	(100.0)
	28,973,601	27,110,109	6.9
Expenses			
Instruction	14,323,453	14,248,646	0.5
Support Services	8,239,643	7,691,429	7.1
Operation of non-instructional svcs	2,742,791	2,652,249	3.4
Interest on long-term debt	430,913	585,395	(26.4)
	25,736,800	25,177,719	2.2
Increase (decrease) in net assets	3,236,801	1,932,390	67.5
Net assets, beginning	12,070,127	10,137,737	19.1
Net assets, ending	$15,306,928	$12,070,127	26.8

The significant increases in net assets invested in capital assets resulted primarily from major capital asset additions and payment of long-term debt. The significant increases in unrestricted net assets resulted from the net efficient operations of the general and education debt service funds respectively.

The significant increases in local taxes resulted primarily from the District's share of Wilson County's property tax increase.

Capital Expenditures

Some of the significant capital expenditures made during fiscal year 2009 were:

Three Buses	$244,190
Building improvements – Coles Ferry	259,690
Air Unit – Sam Houston	124,397
Building improvements - various	59,704
Computer lab – WJ Baird	25,599
2009 Chevrolet Silverado	19,125

See Note 3 on pages 31-32 for more detailed information concerning capital asset activity.

Financial Analysis – General Fund

Highlights of Governmental Fund Balance sheet include:

- Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the Governmental Fund Balance Sheet. The net amount of these accounts are combined and shown as "internal balances" on the Statement of Net Assets.
- Net assets related to federal programs are restricted by the awarding agency, while net assets related to career ladder, debt service and capital outlay are restricted by the Board of Education.

General Fund Budgetary Highlights

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Overall, the District stayed within its spending guidelines and had a favorable budget variance.

	Original Budget	Final Budget	Inc / (Dec)
Revenue			
Taxes	$ 9,016,286	$ 9,913,286	$ 897,000
Licenses and permits	1,500	1,500	-
State of Tennessee	12,810,211	12,908,006	97,795
Other local revenues	281,709	203,209	(78,500)
	22,109,706	23,026,001	916,295
Expenditures			
Instruction	13,451,628	13,297,628	(154,000)
Support Services	7,936,523	7,984,919	48,396
Operation of non-instructional svcs	835,939	806,539	(29,400)
	22,224,090	22,089,086	(135,004)
Excess (deficiency) of revenues over expenditures	(114,384)	936,915	1,051,299
Other financing sources (uses)	114,384	-	(114,384)
Net change in fund balances	-	936,915	936,915
Fund balance, beginning	-	3,153,046	3,153,046
Fund balance, ending	$ -	$ 4,089,961	$4,089,961

The original budget for taxes and State of Tennessee revenues increased significantly due to the Board's conservative estimates on the original budget. The decrease in the original budget for instruction is due primarily to the overly conservative estimation of salaries for both regular instruction teachers and related payroll taxes and retirement.

General Fund Budgetary Highlights (Cont.)

The increase in the budget for support services is primarily due to unscheduled maintenance of buildings and equipment. The Board generally does not include the beginning fund balance in its budget.

Debt Administration

As of June 30, 2009, the District had outstanding bonds totaling $10,015,000 which consisted entirely of refunding issues. See Note 5 on pages 34-35 for more detailed information concerning long-term debt.

Economic Issues and Problem Areas:

The trend at the state level is toward taking more and more of local government's share of state collected taxes (sales, income, etc.). Many governmental entities have been forced to increase their local revenue and/or reduced their services in order to make ends meet. The District of Lebanon Special School District has minimized its increase in local taxes and reduction of any services to date.

Independent Audit

State statutes require an annual audit by an independent certified public accounting firm. In addition to meeting the requirements set forth in state statutes, the audit is conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States of America. The auditor's report on the basic financial statements and supplementary schedules is included in the financial section of this report.

Contacting the District's Financial Management

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact the Lebanon Special School District, 701 Coles Ferry Pike, Lebanon, TN 37087. Our phone number is 615-449-6060.

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 9,576,227
Investments	650,000
Receivables, net of allowance for uncollectibles	
Taxes	6,506,190
Due from other governments	506,811
Other	39,299
Inventories, at cost	25,535
Land	287,304
Capital assets (net of accumulated depreciation)	15,180,587
Total Assets	$ 32,771,953
LIABILITIES	
Accounts payable	$ 15,279
Accrued liabilities	696,382
Interest payable	59,587
Deferred revenue	6,506,190
Long-term liabilities due within one year	920,000
Long-term liabilities due in more than one year	9,267,587
Total Liabilities	17,465,025
NET ASSETS	
Investments in capital assets, net of related debt	5,280,304
Restricted for:	
Career ladder	12,295
Federal projects	23,059
Debt service	4,075,925
Capital outlay	3,528
Unrestricted	5,911,817
Total Net Assets	$ 15,306,928

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2009

Functions / Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Primary Government Governmental Activities	Total
Primary Government:					
Governmental Activities:					
Instruction	$ 14,323,453	$ -	$ 15,429,590	$ 1,106,137	$ 1,106,137
Support services	8,239,643	-	-	(8,239,643)	(8,239,643)
Operation of non-instructional services	2,742,791	1,073,161	-	(1,669,630)	(1,669,630)
Interest expense on long-term debt	388,520	-	-	(388,520)	(388,520)
Other debt service	42,393	-	-	(42,393)	(42,393)
Total Government Activities	25,736,800	1,073,161	15,429,590	(9,234,049)	(9,234,049)
Total Primary Government	$ 25,736,800	$ 1,073,161	$ 15,429,590	(9,234,049)	(9,234,049)
General Revenues:					
Local taxes				12,180,632	12,180,632
Licenses and permits				1,202	1,202
Other local revenues				289,016	289,016
Total general revenues				12,470,850	12,470,850
Change in net assets				3,236,801	3,236,801
Net assets - beginning of year				12,070,127	12,070,127
Net assets - end of year				$ 15,306,928	$ 15,306,928

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

	Major Funds			Nonmajor Funds	
	General	School Federal Projects	Education Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,664,795	$ 10,855	$ 4,175,628	$ 712,745	$ 9,564,023
Investments	-	-	-	650,000	650,000
Accounts receivable	23,180	-	-	-	23,180
Interest receivable	-	-	-	16,119	16,119
Due from other governments	481,807	12,204	25,004	-	519,015
Due from other funds	124,707	-	-	51,444	176,151
Taxes receivable	6,555,355	-	-	-	6,555,355
Allowance for uncollectibles	(49,165)	-	-	-	(49,165)
Inventories	-	-	-	25,535	25,535
Total assets	$ 11,800,679	$ 23,059	$ 4,200,632	$ 1,455,843	$ 17,480,213
LIABILITIES:					
Accounts payable	$ 15,279	$ -	$ -	$ -	$ 15,279
Accrued liabilities	696,382	-	-	-	696,382
Due to other funds	51,444	-	124,707	-	176,151
Deferred revenue	6,506,190	-	-	-	6,506,190
Total liabilities	7,269,295	-	124,707	-	7,394,002
FUND BALANCES					
Reserved for:					
Career ladder	12,295	-	-	-	12,295
Federal projects	-	23,059	-	-	23,059
Debt service	-	-	4,075,925	-	4,075,925
Inventory	-	-	-	25,535	25,535
Capital outlay	-	-	-	3,528	3,528
Unreserved, reported in					
General fund	4,519,089	-	-	-	4,519,089
Special revenue funds	-	-	-	1,426,780	1,426,780
Total fund balances	4,531,384	23,059	4,075,925	1,455,843	10,086,211
Total liabilities and fund balances	$ 11,800,679	$ 23,059	$ 4,200,632	$ 1,455,843	$ 17,480,213

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet to Statement of Net Assets

June 30, 2009

Amounts reported for fund balance - total governmental funds	$ 10,086,211
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	15,467,891
Interest payable on long-term debt obligations is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	(59,587)
Long-term liabilities, including notes and bonds payable are not due and payable in the current period and therefore are not recorded in the governmental funds.	
Bonds payable	(10,015,000)
Other post employment benefits are not due and payable in the current period and therefore recorded in the governmental funds.	(172,587)
Net assets of governmental activities	$ 15,306,928

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended June 30, 2009

	Major Funds			Nonmajor Funds	
	General	School Federal Projects	Education Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Local taxes	$ 9,964,026	$ -	$ 2,216,606	$ -	$ 12,180,632
Licenses and permits	1,202	-	-	-	1,202
Charges for current services	-	-	-	1,073,161	1,073,161
Other local revenues	249,915	-	8,227	30,874	289,016
State of Tennessee	12,941,629	-	-	28,740	12,970,369
Federal government	-	1,499,759	-	959,462	2,459,221
Total revenue	23,156,772	1,499,759	2,224,833	2,092,237	28,973,601
Expenditures					
Instruction	13,175,185	1,148,818	-	-	14,324,003
Support services	7,803,967	443,948	-	-	8,247,915
Operation of non-instructional services	801,782	-	-	1,943,791	2,745,573
Debt service	-	-	1,718,756	-	1,718,756
Total expenditures	21,780,934	1,592,766	1,718,756	1,943,791	27,036,247
Excess (deficiency) of revenues over expenditures	1,375,838	(93,007)	506,077	148,446	1,937,354
Other financing sources and (uses)					
Transfers in	2,500	-	-	-	2,500
Transfers out	-	-	-	(2,500)	(2,500)
Total other financing sources and (uses)	2,500	-	-	(2,500)	-
Net change in fund balances	1,378,338	(93,007)	506,077	145,946	1,937,354
Fund balances, beginning	3,153,046	116,066	3,569,848	1,309,897	8,148,857
Fund balances, ending	$ 4,531,384	$ 23,059	$ 4,075,925	$ 1,455,843	$ 10,086,211

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balances to the Statement of Activities

June 30, 2009

Net change in fund balances - total governmental funds	$	1,937,354
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Cost of assets acquired		737,845
Depreciation expense		(643,202)
The issuance of long-term debt provided financial resources to government funds while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds, but has no affect on net assets.		
Repayment of notes payable		70,041
Repayment of bonds payable		1,205,000
Interest is accrued on outstanding obligations in governmental activities whereas in governmental funds interest is reported when due:		
Notes payable		699
Bonds payable		12,103
Other post employment benefits are accrued when earned whereas in governmental funds the benefits are expensed when paid.		(83,039)
Change in net assets of governmental activities	$	3,236,801

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Revenues				
County taxes				
Current property taxes	$ 4,975,806	$ 6,115,806	$ 6,122,155	$ 6,349
Trustee's collections - prior	100,000	120,500	121,097	597
Trustee's collections - bankruptcy	1,900	1,900	2,625	725
Circuit/C&M - prior year	120,000	138,700	152,001	13,301
Interest & penalty	18,000	21,400	23,160	1,760
Local option sales tax	2,617,671	2,356,671	2,379,331	22,660
Bank excise tax	28,000	28,000	27,859	(141)
Interstate telecommunications	2,500	2,500	3,124	624
Total	7,863,877	8,785,477	8,831,352	45,875
Special school taxes				
Current property taxes	1,136,409	1,102,809	1,105,754	2,945
Trustee's collections - prior	13,000	22,000	22,741	741
Interest & penalty	3,000	3,000	4,179	1,179
Total	1,152,409	1,127,809	1,132,674	4,865
Total taxes	9,016,286	9,913,286	9,964,026	50,740
Licenses and permits				
Marriage licenses	1,500	1,500	1,202	(298)
Total	1,500	1,500	1,202	(298)
Other local revenues				
Recurring items				
Investment income	100,000	150,000	162,010	12,010
E-rate funding	155,909	13,909	14,159	250
Miscellaneous refunds	15,000	21,000	46,781	25,781
Nonrecurring items				
Sale of equipment	300	7,800	7,927	127
Damages recovered from individuals	500	500	95	(405)
Contributions & gifts	10,000	10,000	18,943	8,943
Total	281,709	203,209	249,915	46,706
State of Tennessee				
Basic Education Program	11,821,000	11,821,000	11,821,000	-
Early childhood education	645,911	645,911	647,321	1,410
School food serv. (state matching)	19,000	19,000	19,238	238
Other state education funds	128,300	215,300	246,129	30,829
Career ladder (regular)	131,000	122,000	123,147	1,147
Career ladder - extended contract	65,000	56,900	56,900	-
Special Ed Grants (EHAB)	-	27,895	27,895	-
Total	12,810,211	12,908,006	12,941,629	33,623
Total revenue	22,109,706	23,026,001	23,156,772	130,771

(Continued)

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures				
Instruction				
Regular instruction program				
Teachers	$ 8,277,045	$ 8,318,940	$ 8,318,483	$ 457
Career ladder program	84,000	76,500	76,500	-
Career ladder extended contract	60,000	40,000	40,857	(857)
Homebound teachers	2,000	2,000	997	1,004
Educational assistants	421,495	411,495	411,578	(83)
Other salaries & wages	210,610	215,610	215,457	153
Substitute teachers	34,000	34,600	34,573	27
Non-certified substitute teachers	72,000	78,100	77,965	135
Social security	552,501	495,501	524,375	(28,874)
State retirement	597,250	592,250	591,346	904
Life insurance	9,500	8,500	8,244	256
Employee insurance	555,080	595,080	601,230	(6,150)
Unemployment compensation	2,490	2,490	2,262	228
Employer medicare liability	129,213	123,213	122,271	942
Tuition	-	2,400	2,392	8
Instructional supplies & materials	46,500	46,500	46,500	-
Textbooks	202,656	202,656	121,244	81,412
Other supplies & materials	55,000	55,000	48,990	6,010
Other charges	45,000	45,000	26,891	18,109
Regular instruction equipment	245,880	185,880	154,004	31,876
Total	11,602,220	11,531,715	11,426,159	105,556
Alternative instruction program				
Teachers	143,660	144,560	144,509	51
Career ladder program	2,000	2,000	2,000	-
Educational Assistants	16,767	16,767	15,573	1,194
Social security	9,950	9,950	9,522	428
State retirement	10,663	10,663	9,406	1,257
Life insurance	120	120	147	(27)
Employee insurance	9,502	10,702	10,549	153
Unemployment compensation	42	42	35	7
Employer medicare liability	2,174	2,174	2,219	(45)
Total	194,878	196,978	193,960	3,018
Special education program				
Teachers	839,458	881,458	882,531	(1,073)
Career ladder program	10,000	10,000	9,000	1,000
Career ladder extended contracts	2,000	2,000	-	2,000
Homebound teachers	8,000	3,000	3,216	(216)
Educational assistants	259,500	267,000	266,914	86
Speech pathologist	167,280	85,280	84,902	378
Substitute teachers	3,200	4,000	3,987	13
Non-certified substitute teachers	4,500	4,500	3,784	716
Social security	75,690	68,190	71,939	(3,749)
State retirement	88,646	80,646	80,353	293
Life insurance	1,500	1,500	1,142	358
Employee insurance	94,775	86,775	81,249	5,526

(Continued)

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Instruction (cont.)				
Special education program (cont.)				
Unemployment compensation	$ 475	$ 475	$ 376	$ 99
Employer medicare liability	18,006	17,506	16,783	723
Contracts with private agencies	55,000	22,105	15,470	6,635
Maintenance and repair services - equip	1,500	1,500	1,512	(12)
Instructional supplies	20,000	28,000	26,908	1,092
Special educational equipment	5,000	5,000	5,000	-
Total	1,654,530	1,568,935	1,555,066	13,869
Total instruction	13,451,628	13,297,628	13,175,185	122,443
Support services				
Students				
Attendance				
Supervisor/director	61,309	61,309	61,309	-
Career ladder program	1,000	1,000	1,000	-
Social security	3,701	3,701	3,674	27
State retirement	3,924	3,924	4,000	(76)
Life insurance	37	37	37	-
Medical insurance	2,426	4,426	4,040	386
Unemployment compensation	12	12	10	2
Employer medicare liability	868	868	856	12
Communication	500	500	410	90
Travel	800	800	400	400
Other charges	500	500	305	195
Health services				
Medical personnel	49,704	49,704	49,219	485
Other salaries & wages	166,862	162,862	162,518	344
Social security	13,383	12,383	12,445	(62)
State retirement	16,604	16,604	16,698	(94)
Life insurance	185	185	236	(51)
Medical insurance	12,180	14,180	13,953	227
Unemployment compensation	85	85	61	24
Employer medicare liability	3,045	3,045	2,900	145
Communication	100	100	22	78
Postal	500	500	465	35
Travel	4,500	4,500	4,477	23
Drugs and medical supplies	5,000	5,000	5,000	-
Other supplies and materials	5,500	5,500	6,191	(691)
In-service	1,000	1,000	1,000	-
Other charges	14,279	14,279	14,279	-
Health equipment	1,000	1,000	997	3
Other student support				
Career ladder program	3,000	3,000	3,000	-
Guidance personnel	281,095	289,095	289,066	29
Career ladder extended contracts	-	900	900	-
School resource officer	56,374	56,374	56,374	-
Social security	17,425	15,925	16,865	(940)
State retirement	17,540	18,140	18,077	63
Life insurance	240	240	220	20

(Continued)

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Support services (cont.)				
Other student support (cont.)				
Employee insurance	$ 17,250	$ 22,850	$ 22,763	$ 87
Unemployment compensation	68	68	67	1
Employer medicare liability	4,070	4,070	3,927	143
Evaluation and testing	52,500	52,500	44,371	8,129
Other supplies & materials	500	500	50	450
Total	819,066	831,666	822,182	9,484
Instructional staff				
Regular instruction program				
Supervisor/director	90,631	89,631	89,565	66
Career ladder program	7,000	7,000	7,000	-
Career ladder extended contracts	4,000	4,000	4,000	-
Librarians	244,850	245,350	245,081	269
Materials supervisor	70,859	70,859	70,859	-
Instructional computer personnel	61,781	61,781	61,781	-
Secretary(s)	31,671	31,671	31,671	-
Clerical personnel	41,196	24,696	24,637	59
Educational assistants	78,195	76,195	76,097	98
Other salaries and wages	500	500	-	500
Social security	38,420	33,420	34,538	(1,118)
State retirement	42,885	41,885	41,764	121
Life insurance	962	962	519	443
Employee insurance	31,583	39,583	39,517	67
Unemployment compensation	200	200	152	48
Employer medicare liability	8,905	8,905	8,171	734
Communication	1,000	1,000	902	98
Travel	1,000	1,000	285	715
Library books/media	20,000	20,000	18,533	1,467
Other supplies & materials	1,000	1,000	104	896
In-service	25,000	25,000	21,173	3,827
Other charges	1,000	1,000	409	591
Special educational program				-
Supervisor/director	70,761	70,761	70,761	-
Career ladder program	4,000	4,000	4,000	-
Secretary(s)	36,270	36,270	36,270	-
Other salaries & wages	104,159	104,159	104,159	-
Social security	12,930	12,930	12,267	663
State retirement	14,167	14,667	14,654	13
Life insurance	156	156	154	2
Employee insurance	21,690	14,690	13,917	773
Unemployment compensation	43	43	38	5
Employer medicare liability	3,050	3,050	2,858	192
Consultants	2,000	2,000	-	2,000
Maintenance and repair svc - equip	2,500	2,500	2,500	-
Travel	2,000	2,300	2,276	24
Other contracted services	25,000	26,100	26,024	76
Other supplies & materials	-	25,000	24,955	45
In-service	1,000	1,000	1,000	-
Other charges	-	2,895	2,895	-
Total	1,102,364	1,108,159	1,095,486	12,673

(Continued)

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Support services (cont.)				
General administration				
Board of education				
Audit services	$ 15,700	$ 13,100	$ 17,759	$ (4,659)
Dues and memberships	8,216	8,216	8,216	-
Legal services	6,400	6,400	5,400	1,000
Travel	8,500	5,500	1,240	4,260
Other contracted services	1,000	1,000	1,000	-
Liability insurance	17,602	17,602	17,602	-
Premiums on corporate surety bonds	1,354	1,354	1,354	-
Trustee's commission	142,000	184,000	177,922	6,078
Workman's compensation ins	183,441	169,441	189,609	(20,168)
Criminal Investigation of Applicants TBI	1,000	1,000	338	662
Other charges	23,000	27,000	23,859	3,141
Office of the superintendent				
County official/administrative officer	115,159	115,159	115,159	-
Assistants	96,298	96,298	96,298	-
Carerr ladder program	1,000	2,000	2,000	-
Secretary(s)	25,888	17,888	28,068	(10,180)
Clerical personnel	-	28,500	-	28,500
Other salaries & wages	1,000	1,000	1,000	-
Social security	14,840	14,840	13,648	1,192
State retirement	15,669	17,769	16,111	1,658
Life insurance	117	117	186	(69)
Employee insurance	18,890	20,290	15,849	4,441
Unemployment compensation	26	26	39	(13)
Employer medicare liability	3,685	3,685	3,354	331
Communication	12,500	11,500	10,546	954
Dues and memberships	3,000	3,000	2,921	79
Postal charges	3,000	3,000	2,054	946
Travel	12,000	10,500	7,085	3,415
Other contracted services	10,000	12,700	9,324	3,376
Office supplies	500	500	13	487
In-service	4,800	3,800	2,662	1,138
Other charges	15,000	15,000	12,589	2,411
Administration equipment	500	500	-	500
Total	762,085	812,685	783,205	29,480
School administration				
Office of the prinicipal				
Principals	372,075	375,675	375,642	33
Career ladder program	6,000	7,000	7,000	-
Accountants/bookkeepers	133,100	132,100	132,344	(244)
Assistant principals	370,285	362,785	362,699	86
Secretary(s)	140,403	123,403	140,881	(17,478)
Other salaries & wages	6,150	6,150	5,933	217
Social security	63,171	56,371	60,795	(4,424)
State retirement	71,999	70,999	72,293	(1,294)
Life insurance	820	820	776	44
Employee insurance	74,883	65,783	69,689	(3,906)

(Continued)

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Support services (cont.)				
School administration (cont.)				
Office of the prinicipal (cont.)				
Unemployment compensation	$ 265	$ 265	$ 226	$ 39
Employer medicare liability	14,775	14,775	14,165	610
Communication	16,200	16,200	15,399	801
Travel	9,500	500	-	500
Other contracted services	500	13,000	11,398	1,602
Other charges	22,000	22,000	22,000	-
Total	1,302,126	1,267,826	1,291,240	(23,414)
Business administration				
Fiscal services				
Supervisor/director	53,397	53,398	53,398	-
Social security	3,311	3,311	3,252	59
State retirement	4,834	4,834	4,832	2
Life insurance	38	38	49	(11)
Employee insurance	4,539	3,539	3,519	20
Unemployment compensation	12	12	10	2
Employer medicare liability	774	774	758	16
Travel	1,250	1,250	362	888
Other contracted services	20,000	20,000	16,691	3,309
Data Processing Supplies	2,000	2,000	1,040	960
Office supplies	6,500	6,500	6,482	18
Other supplies and materials	500	500	500	-
In-service	500	500	124	376
Other charges	5,000	5,000	4,983	17
Administrative equipment	2,000	2,000	2,000	-
Human services (resources)/personnel				-
Supervisor/director	48,343	48,343	48,343	-
Secretary(s)	27,641	27,641	27,641	-
Social security	4,211	4,211	3,907	304
State retirement	6,877	6,877	6,877	1
Life insurance	72	72	97	(25)
Medical insurance	9,122	5,122	5,007	115
Unemployment compensation	24	24	20	4
Employer medicare	1,001	1,001	910	91
Advertising	300	300	-	300
Travel	1,500	1,500	889	611
Office supplies	1,000	1,000	32	968
In-service	1,000	1,000	624	376
Other charges	1,000	1,000	860	140
Administrative equipment	2,000	2,000	1,109	891
Total	208,746	203,747	194,316	9,431

(Continued)

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Support services (cont.)				
Operation and maintenance of plant				
Operation of plant				
Custodial personnel	$ 494,300	$ 520,800	$ 518,986	$ 1,814
Social security	30,650	30,650	31,170	(520)
State retirement	44,300	44,300	42,027	2,273
Life insurance	819	819	677	142
Employee insurance	78,372	36,372	34,036	2,336
Unemployment compensation	312	312	261	51
Employer medicare liability	7,168	7,368	7,264	104
Disposal fees	20,000	20,000	16,867	3,133
Custodial supplies	19,000	17,000	7,507	9,493
Electricity	551,000	605,000	603,693	1,307
Natural gas	110,000	126,000	125,773	227
Water and sewer	65,000	61,000	59,525	1,475
Other supplies and materials	97,400	87,400	72,108	15,292
Boiler insurance	4,333	4,333	4,333	-
Building and contents insurance	76,231	73,231	76,231	(3,000)
Other charges	20,000	20,000	12,622	7,378
Plant operation equipment	3,000	3,000	3,000	-
Maintenance of plant				
Supervisor/director	47,260	47,260	47,260	-
Maintenance personnel	129,196	129,196	129,196	-
Other salaries & wages	38,917	37,917	37,737	180
Social security	13,300	11,800	12,117	(317)
State retirement	19,490	18,990	18,864	126
Life insurance	180	180	244	(64)
Employee insurance	27,525	14,525	14,114	411
Unemployment compensation	72	72	57	15
Employer medicare liability	3,025	3,025	2,823	202
Communication	300	300	140	160
Laundry service	1,800	1,800	1,731	69
Maintenance and repair svcs - bldgs	310,167	317,167	315,239	1,928
Maintenance and repair svcs - equip	500	500	-	500
Equipment and machinery parts	60,000	60,000	59,096	904
Other supplies & materials	15,000	15,000	13,182	1,818
Other charges	172,146	183,146	183,612	(466)
Total	2,460,763	2,498,463	2,451,492	46,971
Student Transportation				
Transportation				
Supervisor/director	47,872	47,872	47,872	-
Mechanics	47,535	47,535	47,535	-
Bus drivers	338,500	325,500	325,281	219
Other salaries & wages	66,657	81,657	82,512	(855)
Social security	31,035	30,035	31,121	(1,086)
State retirement	45,310	40,310	39,886	424
Life insurance	270	270	101	169
Employee insurance	9,179	33,179	33,151	28

(Continued)

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Support services (cont.)				
Student Transportation (cont.)				
Transportation (cont.)				
Unemployment compensation	$ 250	$ 250	$ 217	$ 33
Employer medicare liability	7,259	7,259	7,253	6
Communication	150	150	84	66
Laundry service	325	525	515	10
Maintenance and repair svcs - vehicles	500	500	-	500
Travel	1,000	1,000	554	446
Other contracted services	2,000	2,000	2,021	(21)
Diesel fuel	100,000	60,000	53,512	6,488
Garage supplies	1,000	1,800	1,594	206
Gasoline	12,000	12,000	11,003	997
Lubricants	2,000	2,000	1,444	557
Tires and tubes	12,000	12,000	12,080	(80)
Vehicle parts	28,000	36,000	37,753	(1,753)
Other supplies & materials	500	500	500	-
Vehicle and equipment insurance	24,372	24,372	24,372	-
In-service	1,500	1,500	1,318	182
Other charges	2,000	2,000	2,000	-
Transportation equipment	244,190	244,190	174,391	69,800
Total	1,025,404	1,014,404	938,070	76,334
Central and Other				
Data processing personnel	87,370	87,370	87,370	-
Other Salaries & Wages	43,050	43,050	43,050	-
Social security	8,006	8,006	7,523	483
State retirement	11,804	11,804	11,803	1
Life insurance	112	112	146	(34)
Medical insurance	15,700	8,700	8,594	106
Unemployment compensation	36	36	29	7
Employer medicare liability	1,891	1,891	1,786	105
Travel	6,000	5,000	3,134	1,866
Other contracted services	2,000	2,000	1,952	48
In-service	2,000	2,000	1,569	431
Other charges	18,000	18,000	1,408	16,592
Other equipment	60,000	60,000	59,612	388
Total	255,969	247,969	227,976	19,993
Total support services	7,936,523	7,984,919	7,803,967	180,952
Operation of non-instructional services				
Food service				
Supervisor/director	48,142	48,142	48,142	-
Other salaries & wages	6,868	7,968	7,938	30
Social security	3,411	3,411	3,516	(105)
State retirement	4,358	4,358	4,357	1
Life insurance	37	137	52	85
Unemployment compensation	20	20	21	(1)
Employer medicare liability	698	798	787	11
Total	63,534	64,834	64,813	21

(Continued)

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) General Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Operation of non-instructional services (cont.)				
Community services				
Supervisor/director	$ 35,178	$ 35,178	$ 35,178	$ -
Clerical personnel	6,000	6,000	5,601	399
Social security	2,554	2,554	2,590	(36)
State retirement	3,195	3,195	3,184	11
Life insurance	37	37	49	(12)
Unemployment compensation	22	22	19	3
Employer medicare liability	597	597	608	(11)
Travel	1,000	1,000	1,000	-
Other contracted services	600	600	565	35
Food supplies	3,500	3,500	3,091	409
Instructional supplies & materials	1,837	1,837	1,837	-
Other supplies & materials	5,000	5,000	5,000	-
Other charges	6,974	6,974	6,974	-
Total	66,494	66,494	65,696	798
Operation of non-instructional services				
Early childhood education				
Teachers	366,500	366,800	366,709	91
Educational assistants	139,933	126,933	126,461	472
Other salaries & wages	13,433	12,433	11,983	450
Certified substitute teachers	1,000	1,000	895	105
Non-certified substitute teachers	3,000	3,000	2,320	680
Social security	30,231	26,631	28,279	(1,648)
State retirement	36,748	33,648	33,623	25
Life insurance	667	667	604	63
Employee insurance	52,110	33,310	33,287	23
Unemployment compensation	228	228	180	48
Employer medicare liability	7,180	7,180	6,585	595
Travel	8,600	8,600	7,221	1,379
Other contracted services	5,500	7,700	7,443	257
Instructional supplies & materials	23,762	27,262	26,980	282
Other supplies & materials	200	200	-	200
In-service	1,800	4,600	4,600	-
Other charges	3,200	3,200	2,691	509
Other equipment	11,819	11,819	11,412	407
Total	705,911	675,211	671,273	3,938
Total operation of non-instructional services	835,939	806,539	801,782	4,757
Total expenditures	22,224,090	22,089,086	21,780,934	308,152
Excess (deficiency) of revenues over expenditures	(114,384)	936,915	1,375,838	438,923
Other financing sources and (uses)				
Transfers in	114,384	-	2,500	2,500
Total other financing sources and (uses)	114,384	-	2,500	2,500
Net change in fund balances	-	936,915	1,378,338	441,423
Fund balance, beginning	-	3,153,046	3,153,046	-
Fund balance, ending	$ -	$ 4,089,961	$ 4,531,384	$ 441,423

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual School Federal Projects Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Revenues				
Federal funds received thru state				
Title 1- basic grants to local educ agencies	$ 698,923	$ 698,923	$ 557,532	$ (141,391)
Innovative educ program stategies	773	773	686	(87)
Special education - grants to states	832,844	832,844	711,647	(121,197)
Special education preschool grants	31,760	32,179	33,930	1,751
Eisenhower prof dev state grants	156,270	156,270	142,009	(14,261)
Other fed thru state	59,985	60,197	53,955	(6,242)
Total revenue	1,780,555	1,781,186	1,499,759	(281,427)
Other sources				
Operating transfers	158,340	158,340	-	(158,340)
Total other sources	158,340	158,340	-	(158,340)
Expenditures				
Instruction				
Regular				
Teachers	486,734	486,734	484,151	2,583
Educational assistants	31,643	31,643	29,294	2,349
Social security	29,949	29,949	27,439	2,510
State retirement	30,600	30,600	31,465	(865)
Life insurance	452	452	406	46
Medical insurance	28,458	28,458	28,866	(408)
Unemployment compensation	139	139	112	27
Employer medicare liability	7,004	7,004	6,417	587
Other contracted services	3,605	3,605	3,091	514
Instructional supplies and materials	46,044	42,176	31,259	10,917
Other supplies and materials	1,380	3,973	3,712	261
Other charges	1,000	2,380	367	2,013
Regular instructional equipment	11,719	11,719	2,359	9,360
Total	678,727	678,832	648,938	29,894
Education for handicapped				
Teachers	51,500	51,500	9,078	42,422
Educational assistants	206,000	206,000	212,934	(6,934)
Other salaries and wages	99,600	99,600	95,436	4,164
Certified substitute teachers	1,550	1,550	-	1,550
Social security	18,650	18,650	18,914	(264)
State retirement	21,200	21,200	22,629	(1,429)
Life insurance	885	885	598	287
Medical insurance	34,450	34,450	35,481	(1,031)
Unemployment compensation	165	165	166	(1)
Employer medicare liability	4,360	4,360	4,403	(43)
Contracts with private agencies	55,000	55,000	19,373	35,627
Maintenance and repair services	2,000	3,000	2,597	403
Instructional supplies and materials	80,602	63,294	60,912	2,382
Special education equipment	5,000	20,000	17,359	2,641
Total	580,962	579,654	499,880	79,774
Total instruction	1,259,689	1,258,486	1,148,818	109,668

(Continued)

See Accompanying Notes to Financial Statements

LEBANON SPECIAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual (Continued) School Federal Projects Fund

For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Expenditures (cont.)				
Support services				
Students				
Communication	$ -	$ 1,000	$ 889	$ 111
Evaluation and testing	40,000	40,000	6,986	33,014
Other contracted services	9,605	9,605	9,552	53
Other supplies and materials	2,200	1,200	1,341	(141)
Other charges	24,077	23,957	14,454	9,503
Other equipment	2,394	2,394	2,394	-
Total	78,276	78,156	35,616	42,540
Instructional staff				
Regular instruction program				
Supervisor/director	74,727	74,727	74,727	-
Secretary(s)	16,559	16,559	16,559	-
Clerical personnel	15,047	15,047	15,187	(140)
Certified substitute teachers	6,500	6,500	732	5,768
Non-certified substitute teachers	4,986	4,986	2,080	2,906
Social security	6,593	6,593	6,496	97
State retirement	5,957	5,957	5,938	19
Life insurance	98	98	94	4
Medical Insurance	10,337	10,337	10,090	247
Unemployment compensation	31	31	29	2
Employer medicare liability	1,541	1,541	1,523	18
Travel	1,500	1,500	1,281	219
Other supplies and materials	5,451	5,381	5,170	211
In-service	45,621	45,621	26,883	18,738
Other Equipment	4,000	4,000	373	3,628
Total	198,948	198,878	167,162	31,716
Special education program				
Maintenance and repair services - equip	3,000	3,000	3,124	(124)
Travel	17,700	17,700	11,694	6,006
Other contracted services	75,000	75,000	81,271	(6,271)
Other supplies and materials	22,000	23,273	33,178	(9,905)
In-service	37,000	37,454	22,961	14,493
Total	154,700	156,427	152,228	4,199
Transportation				
Transportation equipment	88,942	88,942	88,942	-
Total	88,942	88,942	88,942	-
Total support services	520,866	522,403	443,948	78,455
Total expenditures	1,780,555	1,780,889	1,592,766	188,123
Excess (deficiency) of revenues over expenditures	158,340	158,637	(93,007)	(251,644)
Other financing sources and (uses)				
Transfers to other funds	(158,340)	(158,530)	-	(158,530)
Total other financing sources and (uses)	(158,340)	(158,530)	-	(158,530)
Net change in fund balances	-	107	(93,007)	(93,114)
Fund balance, beginning	-	-	116,066	116,066
Fund balance, ending	$ -	$ 107	$ 23,059	$ 22,952

See Accompanying Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lebanon Special School District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard–setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

Reporting Entity

The Lebanon Special School District is a school district governed by an appointed director and an elected three-member board. The District is engaged in providing and maintaining an educational system for children residing within the boundaries of the District. The Board of Education, through its executive committee (Superintendent of Schools and Chairman of the Board), is the governing body to which each department's management is accountable.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-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.

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

Government-wide and Fund Financial Statements (Cont.)

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental funds 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 30 days of the end of the current fiscal period, except for property taxes that are collected within 60 days of year-end. Sales taxes and other shared revenues received through intermediary collecting governments are considered measurable and available if received by the District within 60 days of year-end. Expenditures are generally recognized when the liability is incurred, as under accrual accounting. However, debt service expenditure, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when the government receives cash.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The School Federal Projects Fund accounts for certain federal grants received by the District for the purpose of assisting in the education of students with special needs.

The Education Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

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

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

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include (i) charges to customer or applicants (including fines and fees) for goods, services or privileges provided, (ii) operating grants and contributions and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources. When both restricted resources and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash, Cash Equivalents and Investments

Cash and cash equivalents consists of cash, savings and short-term certificates of deposit with an original maturity of three months or less.

The District is authorized to invest in U.S. Treasury Bills, mutual funds and certificates of deposit in local banks as well as participate in the Local Government Investment Pool administered by the State of Tennessee. The District limits its investments to certificates of deposit. District policy dictates that collateral meet certain requirements, such as, be deposited in an in institution which participates in the state collateral pool or be deposited in an escrow account in another institution for the benefit of the District and must be a minimum of 110% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance. The state collateral pool is administered by the State of Tennessee. Members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at the lower of cost or market based on the first-in, first-out method.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

All trade receivables and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance account is equal to approximately 1.4 percent of the gross receivable.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation has been calculated using the straight-line method and estimated useful lives as follows:

Infrastructure (roads, sidewalks, bridges)	15-40 years
Buildings	25-50 years
Equipment	5-10 years
Furniture and fixtures	7-10 years

Appropriations

Appropriations to other funds are accounted for as inter-fund transfers in the governmental fund statements, and are eliminated in the government-wide statements. Exchanges of equal or near equal value between funds are accounted for as inter-fund services provided and used.

Compensated Absences

The Lebanon Special School District does not provide for the accumulation of vacation days beyond the end of the year. It is the policy of the District to permit professional, central office and maintenance employees to accumulate an unlimited amount of earned but unused sick leave. The granting of sick leave has no guaranteed payment attached and therefore requires no accrual.

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

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable loss on refundings. Bond issue costs are reported net of amortization in other assets 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. Premiums received on debt issuance are 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as a formal budgetary tool in the governmental funds. Encumbrances do not constitute expenditures or liabilities and are recorded as reservations of fund balance with the related expenditure being recorded in the subsequent year.

Fund Equity and Reserves

In 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. All reserves (with the exception of Reserve for Encumbrances discussed previously) represent unexpended revenues that legally require reappropriation and expended for specific purposes in subsequent years.

Taxes Receivable

The District's property tax is levied by the Wilson County Trustee each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the District's boundaries. Taxes become delinquent and begin accumulating interest and penalty the following March 1. The Wilson County Trustee collects all property taxes.

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

Taxes Receivable (Cont.)
Taxes receivable on file in the Trustee's office are presented on the balance sheet with offsetting contra-account, deferred revenue – taxes. Delinquent taxes filed in Chancery Court are not presented on the balance sheet.

Risk Financing
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District annually reviews its insurance needs based on claims and/or potential claims to minimize exposure. There were no claims in excess of insurance coverage during the past three years.

NOTE 2 – DEPOSITS

The District's cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are comprised of certificates of deposit with maturities of greater than three months. The bank balance was covered by federal depository insurance or by collateral held by the government's agent in the government's name at June 30, 2009.

NOTE 3 – CAPITAL ASSETS

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

Description	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not depreciated				
Land	$ 287,304	$ -	$ -	$ 287,304
Capital assets depreciated				
Buildings and improvements	19,351,994	446,491	-	19,798,785
Equipment	3,141,026	291,054	92,000	3,340,080
Total	$22,780,324	$737,845	$92,000	$23,426,169

NOTE 3 – CAPITAL ASSETS (CONT.)

Accumulated depreciation				
Buildings and improvements	$ 5,011,603	$365,403	$ -	$ 5,377,006
Equipment	2,395,473	277,799	92,000	2,581,272
Total	7,407,076	643,202	92,000	7,958,278
Governmental capital assets - net	$15,373,248	$ 94,643	$ -	$15,467,891

Depreciation expense was charged to functions/programs of the District in the government-wide financial statements as follows:

Instruction	$545,545
Support services	39,319
Operation of non-instructional services	58,338
	$643,202

NOTE 4 – RECEIVABLES AND DEFERRED REVENUE

A summary of receivables totaling $7,052,300 as of June 30, 2009 is as follows:

	General	School Federal Projects	Education Debt Service	Cafeteria	Total
Property taxes	$6,555,355	$ -	$ -	$ -	$6,555,355
Due from other govts	481,807	-	25,004	-	506,811
Interest receivable	-	-	-	16,119	16,119
Other receivable	23,180	-	-	-	23,180
Less allowance	(49,165)	-	-	-	(49,165)
Total	$7,011,177	$ -	$25,004	$16,119	$7,052,300

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not earned.

The government-wide financial statements report estimated net realizable 2009 property taxes of $6,506,190 which is net of an allowance for doubtful accounts of $49,165. The 2009 property taxes are presented as deferred revenue since they are not available until the next fiscal year.

NOTE 5 – LONG-TERM DEBT

The following is a summary of note and bond transactions included in general long-term debt for the fiscal year ended June 30, 2009:

		Notes	Bonds	Total
The	Outstanding, beginning	$70,041	$11,220,000	$11,290,041
	Debt issued:			
	General obligation	-	-	-
	Debt retired			
	General obligation	70,041	1,205,000	1,275,041
	Outstanding, ending	$ -	$10,015,000	$10,015,000

annual requirements to amortize all general obligation bonds outstanding as of June 30, 2009, including interest payments of $2,044,113 on bonds carrying interest rates ranging from 2.0% to 4.1%, are as follows:

Year Ending June 30	Principal	Interest	Total
2010	$ 920,000	$ 365,796	$ 1,285,796
2011	955,000	323,007	1,278,007
2012	980,000	293,876	1,273,876
2013	1,005,000	263,093	1,268,093
2014	1,040,000	230,518	1,270,518
2015-2019	5,115,000	567,825	5,682,825
Total	$10,015,000	$2,044,113	$12,059,113

Total general long-term debt due within one year includes $920,000 of general obligation bonds noted above.

Total general long-term debt due in more than one year includes $9,095,000 general obligation bonds presented above and noncurrent post employment benefit obligation (OPEB) of $172,587 for a total of $9,267,587.

There is $4,075,925 available in the Education Debt Service fund to service general long-term debt.

NOTE 5 – LONG-TERM DEBT (CONT.)

Advance refunding

The District issued on February 28, 2008, $4,345,000 of general obligation refunding bonds to provide resources to refund the Refunding Bonds, Series 1998;Refunding Bonds, Series 1998A the remaining non-refunded maturity of the School bonds, Series 1999. The refunded bonds are considered to be defeased and the liability has been removed from its accounts. The refunding resulted in a savings to the District of $234,340.

The District issued on November 1, 2004, $6,465,000 of general obligation refunding bonds to provide resources to refund a portion of the Series 1999 School Building Bonds. Only Series 1999 Bonds maturing on April 1, 2008, through April 1, 2010, were refunded. The refunded bonds are considered to be defeased and the liability has been removed from its accounts. The refunding resulted in a savings to the District of $202,118.

The District issued on December 1, 1998, $4,005,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on $3,796,667 of refunded debt. The refunded bonds are considered to be defeased and the liability has been removed from its accounts. The refunding resulted in a savings to the District of $308,328.

Debt refinanced in advance of their maturity consists of: 1) $5,500,000 School Bonds, Series 1995 (outstanding balance of $1,270,000 maturing April 1, 2003 through April 1, 2007); its $1,500,000 School Bond, Series 1996 (maturing March 14, 2014; and its $1,100,000 School Bond Series 1997 (outstanding balance of $1,026,667 maturing May 1, 2012).

NOTE 6 – BUDGET ACCOUNTABILITY AND COMPLIANCE

The District is required by state statute to adopt annual budgets. The District legally adopts budgets for all governmental funds except for the Education Capital Projects Fund. These budgets are prepared on the basis that current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the School Board. The budgets of the General, School Federal Projects and Education Debt Service funds were amended prior to June 30, 2009. Unencumbered appropriations lapse at the end of each fiscal year.

NOTE 7 – ON BEHALF PAYMENTS

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the District. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were $60,227 and $15,310, respectively. The District has not recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

NOTE 8 – POST EMPLOYMENT HEALTHCARE PLAN

Plan Description

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

NOTE 8 – POST EMPLOYMENT HEALTHCARE PLAN (CONT.)

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	$133,210
Interest on the net plan obligation	4,030
Adjustment to the annual required obligation	(3,922)
Annual OPEB cost:	133,318
Amount of contribution:	50,279
Increase/decrease in net plan obligation	83,039
Net OPEB obligation—beginning of year	89,548
Net OPEB obligation—end of year	$172,587

Year End	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6/30/2008	Teacher Group	$139,827	35.9%	$89,548
6/30/2009	Teacher Group	$133,318	37.7%	$172,587

NOTE 8 – POST EMPLOYMENT HEALTHCARE PLAN (CONT.)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2007
Actuarial accrued liability (AAL)	$841,966
Actuarial value of plan assets	$ 0
Unfunded actuarial accrued liability (UAAL)	$841,966
Actuarial Value of Assets as a % of the AAL	0
Covered payroll (active plan members)	$ N/A
UAAL as a percentage of covered payroll	N/A

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 funding progress, presented above, 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, 2007, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6 percent after ten years. Both rates include a 3 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007.

NOTE 9 – DEFINED BENEFIT PLAN

Plan Description

The Lebanon Special School District contributes 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.

Plan Description

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.treasury.state.tn.us..

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for the District 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.

NOTE 9 – DEFINED BENEFIT PLAN (CONT.)

Funding Policy (Cont.)

The employer contribution requirement for the District 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 $828,098, $780,322, and $718,642, respectively, equal to the required contributions for each year.

Plan Description

Employees of Lebanon 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 Lebanon 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 the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at http://treasury.state.tn.us/tcrs/PS/.

NOTE 9 – DEFINED BENEFIT PLAN (CONT.)

Funding Policy

Lebanon Special School District requires employees to contribute 5.0 percent of earnable compensation. The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008 was 9.28% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Lebanon Special School District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2008, Lebanon Special School District's annual pension cost of $326,661 to TCRS was equal to Lebanon Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 2005 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 fine-year period. Lebanon 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, 2005 was 10 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	$326,661	100.0%	$0.00
June 30, 2007	$305,590	100.0%	$0.00
June 30, 2006	$241,525	100.0%	$0.00

As of July 1, 2007, the most recent actuarial valuation date, the plan was 82.48% funded.

NOTE 9 – DEFINED BENEFIT PLAN (CONT.)

Annual Pension Cost (Cont.)

The actuarial accrued liability for benefits was $6.08 million, and the actuarial value of assets was $5.01 million, resulting in an unfunded actuarial accrued liability (UAAL) of $1.07 million. The covered payroll (annual payroll of active employees covered by the plan) was $3.32 million, and the ratio of the UAAL to the covered payroll was 32.04%. The schedules of funding progress present multi-year 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.

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	$5,013	$6,078	$1,065	82.48%	$3,224	32.04%

(Dollar amounts in thousands)

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 was a change made during the year and therefore only the most current year is presented.

NOTE 10 – SUBSEQUENT EVENTS

The District received authorization to issue $20 million in bonds for the construction of an additional middle school. Land was purchased for the school at a cost of $1.8 million. Proposals for bond issuance are being considered by the Board. A construction manager has been contracted at 3.5% of total costs. No additional contracts have been agreed upon.

NONMAJOR GOVERNMENTAL FUNDS

The Cafeteria Fund accounts for all revenue and expenditures from the District's schools cafeteria meal program. Revenue is comprised of state reimbursements for meal costs incurred and payments from children and adults for meals served.

The Extended School Projects Fund accounts for revenue and expenditures of the after school care program. Children participate in activities and are closely monitored by District staff. Revenue is generally limited to charged fees.

The Education Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital assets.

LEBANON SPECIAL SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	Cafeteria	Extended School Projects	Education Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 419,124	$ 290,093	$ 3,528	$ 712,745
Investments	650,000	-	-	650,000
Interest receivable	16,119	-	-	16,119
Due from other funds	51,444	-	-	51,444
Inventories	25,535	-	-	25,535
Total assets	$ 1,162,222	$ 290,093	$ 3,528	$ 1,455,843
FUND BALANCES				
Reserved for:				
Inventory	$ 25,535	$ -	$ -	$ 25,535
Capital outlay	-	-	3,528	3,528
Unreserved	1,136,687	290,093	-	1,426,780
Total fund balances	1,162,222	290,093	3,528	1,455,843
Total liabilities and fund balances	$ 1,162,222	$ 290,093	$ 3,528	$ 1,455,843

LEBANON SPECIAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2009

	Cafeteria	Extended School Projects	Education Capital Projects	Total
Revenues				
Charges for current services	$ 445,791	$ 627,370	$ -	$ 1,073,161
Other local revenues	30,828	-	46	30,874
State of Tennessee	28,740	-	-	28,740
Federal government	959,462	-	-	959,462
Total revenue	1,464,821	627,370	46	2,092,237
Expenditures				
Operation of non-instructional services	1,328,644	615,147	-	1,943,791
Total expenditures	1,328,644	615,147	-	1,943,791
Excess (deficiency) of revenues over expenditures	136,177	12,223	46	148,446
Other financing sources and (uses)				
Transfers out	-	(2,500)	-	(2,500)
Total other financing sources and (uses)	-	(2,500)	-	(2,500)
Net change in fund balances	136,177	9,723	46	145,946
Fund balances, beginning	1,026,045	280,370	3,482	1,309,897
Fund balances, ending	$ 1,162,222	$ 290,093	$ 3,528	$ 1,455,843

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual
Central Cafeteria Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Revenues				
Charges for current services				
Lunch payments - children	$ 300,000	$ 300,000	$ 303,207	$ 3,207
Lunch payments - adults	45,000	45,000	46,989	1,989
Income from breakfast	36,000	36,000	37,542	1,542
Special milk sales	12,000	12,000	8,017	(3,983)
A la carte sales	55,000	55,000	50,036	(4,964)
Receipts from individual schools	125	125	-	(125)
Total	448,125	448,125	445,791	(2,334)
Other local revenues				
Recurring items				
Investment income	25,000	25,000	27,977	2,977
Miscellaneous refunds	-	-	2,851	2,851
Total	25,000	25,000	30,828	5,828
State of Tennessee				
Other state revenues	-	-	28,740	28,740
Total	-	-	28,740	28,740
Federal funds received thru state				
USDA lunch	760,000	760,000	709,078	(50,922)
USDA breakfast	263,501	263,501	230,699	(32,802)
USDA other	-	-	19,685	19,685
Total	1,023,501	1,023,501	959,462	(64,039)
Total revenue	1,496,626	1,496,626	1,464,821	(31,805)
Expenditures				
Food services				
Clerical personnel	26,461	26,461	26,461	-
Cafeteria personnel	527,000	531,883	531,883	-
Social security	42,400	42,400	33,257	9,143
State retirement	47,000	47,000	39,545	7,455
Life insurance	1,900	1,900	1,003	897
Medical insurance	82,000	82,541	82,457	84
Unemployment insurance	600	600	412	188
Employer medicare liability	8,000	8,000	7,772	228
Laundry service	400	400	-	400
Maintenance & repair serv. equip.	20,000	20,000	18,048	1,952
Postal charges	900	900	406	494
Transportation - other than students	15,000	15,000	10,981	4,019
Travel	1,000	1,000	797	203
Other contracted services	3,140	3,140	3,140	-
Food preparation supplies	5,500	6,347	6,669	(322)
Food supplies	626,000	626,000	519,103	106,897
Office supplies	3,000	3,000	1,984	1,017
Uniforms	200	383	383	-
Other supplies & materials	35,000	35,538	35,538	-
In-service	1,000	1,000	184	816
Other charges	15,125	8,132	4,616	3,517
Food service equipment	35,000	35,000	4,005	30,995
Total expenditures	1,496,626	1,496,626	1,328,644	167,982
Net change in fund balances	-	-	136,177	136,177
Fund balance, beginning	-	-	1,026,045	1,026,045
Fund balance, ending	$ -	$ -	$ 1,162,222	$ 1,162,222

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Extended School Projects Fund

For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance - Favorable/
	Original	Final	Amounts	(Unfavorable)
Revenues				
Charges for current services				
Tuition - regular day students	$ 525,000	$ 525,000	$ 521,375	$ (3,625)
Tuition - other	450	450	270	(180)
Community service fees - children	132,665	132,665	105,725	(26,940)
Total	658,115	658,115	627,370	(30,745)
Expenditures				
Community services				
Supervisor/director	42,365	42,365	42,365	-
Clerical personnel	25,400	25,789	25,789	-
Temporary/part-time personnel	132,000	96,293	96,293	-
Other salaries & wages	253,510	276,230	275,230	1,000
Social security	25,000	26,367	26,367	-
State retirement	22,000	24,584	24,584	-
Life insurance	422	422	422	-
Employee insurance	55,000	33,300	33,302	(2)
Unemployment compensation	518	361	361	-
Employer medicare liability	7,000	6,957	6,957	-
Maintenance & repair - equipment	2,500	2,570	2,570	-
Travel	8,000	5,527	5,527	-
Food supplies	24,000	26,080	26,080	-
Instructional supplies and materials	14,000	12,191	12,191	-
Refunds	200	214	214	-
In-service	5,500	4,619	4,619	-
Other charges	34,000	28,670	28,670	-
Other equipment	4,200	3,966	3,606	360
Total expenditures	655,615	616,505	615,147	1,358
Excess (deficiency) of revenues over expenditures	2,500	41,610	12,223	(29,387)
Other uses:				
Operating transfers	2,500	2,500	2,500	-
Total expenditures and other uses	2,500	2,500	2,500	-
Net change in fund balances	-	39,110	9,723	(29,387)
Fund balance, beginning	-	-	280,370	280,370
Fund balance, ending	$ -	$ 39,110	$ 290,093	$ 250,984

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance
Education Capital Projects Fund

For the Fiscal Year Ended June 30, 2009

Revenues	
Other local revenues	
Recurring items	
Interest earned	$ 46
Total revenue	46
Expenditures	
Education capital projects	-
Total	-
Excess (deficiency) of revenues over expenditures	46
Net change in fund balances	46
Fund balance, beginning	3,482
Fund balance, ending	$ 3,528

LEBANON SPECIAL SCHOOL DISTRICT

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2009

	Land	Buildings and Improvements	Equipment	Total
Instruction	$ 229,843	$ 17,818,906	$ 2,605,262	$ 20,654,011
Support Services	57,461	1,979,879	33,401	2,070,741
Operation of non-instructional services	-	-	701,417	701,417
Total governmental capital assets	$ 287,304	$ 19,798,785	$ 3,340,080	$ 23,426,169

LEBANON SPECIAL SCHOOL DISTRICT

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes - By Function and Activity

For the Fiscal Year Ended June 30, 2009

	Beginning Balance	Additions	Deletions	Ending Balance
Instruction	$ 20,096,637	$ 629,134	$ 71,760	$ 20,654,011
Support Services	2,024,070	47,591	920	2,070,741
Operation of non-instructional services	659,617	61,120	19,320	701,417
Total	$ 22,780,324	$ 737,845	$ 92,000	$ 23,426,169

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Changes in General Long-Term Notes and Bonds

For the Fiscal Year Ended June 30, 2009

Description of Debt	Original Amount of Issue	Interest Rate	Date of Issue	Outstanding Beginning	Issued During Period	Paid and/or Matured During Period	Outstanding Ending
Notes payable							
Payable through Education Debt Service Fund							
Utility Upgrades - Water	$ 376,133	3.0	1-28-02	$ 58,613	$ -	$ 58,613	$ -
Utility Upgrades - Electric	80,000	3.95	3-25-02	11,428	-	11,428	-
				$ 70,041	$ -	$ 70,041	$ -
General bonded debt							
Payable through Education Debt Service Fund							
School Building	6,500,000	4.75 to 5.3	6-15-99	$ 610,000	$ -	$ 610,000	$ -
School Bond Refunding - Series 2004	6,465,000	2.0 to 4.1	11-1-04	6,265,000	-	55,000	6,210,000
School Bond Refunding - Series 2008	4,345,000	3.0 to 3.25	2-28-08	4,345,000	-	540,000	3,805,000
				$ 11,220,000	$ -	$ 1,205,000	$ 10,015,000

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Bonded Indebtedness and Interest Requirements

For the Fiscal Year Ended June 30, 2009

Fiscal Year Ending June 30,	11-1-04 Principal	2-28-08 Principal	Total Principal	Interest
2010	$ 55,000	$ 865,000	$ 920,000	$ 365,796
2011	385,000	570,000	955,000	323,007
2012	395,000	585,000	980,000	293,876
2013	485,000	520,000	1,005,000	263,093
2014	490,000	550,000	1,040,000	230,518
2015	490,000	580,000	1,070,000	196,378
2016	970,000	135,000	1,105,000	159,398
2017	1,170,000	-	1,170,000	118,150
2018	1,220,000	-	1,220,000	71,350
2019	550,000	-	550,000	22,550
	$ 6,210,000	$ 3,805,000	$ 10,015,000	$ 2,044,117

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Interfund Transfers

For the Fiscal Year Ended June 30, 2009

From Fund	To Fund	Purpose	Amount
Operating transfers			
Extended School Projects	General	Operations	$ 2,500

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Salary and Official Bond of Director of Schools

For the Fiscal Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	Minimum salary - State Board of Education Salary Schedule, Local Supplement - Board of Education	$115,159	$275,000	First Insurance Group

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended June 30, 2009

Program Name	CFDA Number	Contract Number	Grantor Agency	(Accrued) or Deferred Revenue July 1, 2008	Receipts	Expenditures	Amount Earned	(Accrued) or Deferred Revenue June 30, 2009
Federal Awards								
Federal awards as identified in the Catalog of Federal Domestic Assistance								
School breakfast program	10.553	-	Dept. of Agriculture	$ (18,887)	$ 249,586	$ 230,699	$ -	$ -
School lunch program	10.555	-	"	(56,384)	765,462	709,078	-	-
Fresh fruit and vegetable program	10.582	-	"	-	19,685	48,425	-	(28,740)
Total				(75,271)	1,034,733	988,202	-	(28,740)
Federal entitlement programs								
Title I	84.010	-	Dept. of Education	(55,828)	613,360	-	557,532	-
Title II	84.367	-	"	(16,259)	158,268	-	142,009	-
Title III	-	-	"	-	41,839	-	42,494	(655)
Title V	-	-	"	-	686	-	686	-
Education of the handicapped	84.027	-	"	(60,966)	761,063	-	711,647	(11,550)
Preschool	-	-	"	(3,220)	37,150	-	33,930	-
Drug Free Schools	-	-	"	-	12,117	-	12,117	-
Coordinated School Health	-	-	"	-	93,306	-	94,154	(848)
Other federal programs	-	-	"	(16,516)	66,516	-	50,000	-
Total				(152,789)	1,784,305	-	1,644,569	(13,053)
Non-cash federal assistance program								
Food distribution - commodities	10.550	-	Dept. of Agriculture	-	125,275	125,275	-	-
Total				-	125,275	125,275	-	-
Total federal awards				$ (228,060)	$ 2,944,313	$ 1,113,477	$ 1,644,569	$ (41,793)
State Financial Assistance								
State awards								
L.E.A.P.S.	-	-	Dept. of Education	$ -	$ 90,137	$ 90,137	$ -	$ -
One-time nonrecurring state bonus	-	-	"	-	89,926	89,926	-	-
Family Resource Center	-	-	"	-	33,300	33,300	-	-
Other state awards	-	-	"	-	15,142	27,902	-	(12,760)
State Matching - Food Service	-	-	Dept. of Agriculture	-	19,238	19,238	-	-
Total state financial assistance				$ -	$ 247,743	$ 260,503	$ -	$ (12,760)

This schedule was prepared using the accrual basis of accounting.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

JOEL D. PARKS, P.C.
CERTIFIED PUBLIC ACCOUNTANT

199 Enon Springs Road West, Suite 400
Smyrna, Tennessee 37167
Phone: (615) 459-8248
Fax: (615) 459-8610

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*

To the Director of Schools and
Board of Education
Lebanon Special School District

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lebanon Special School District as of and for the year ended June 30, 2009, and have issued my report thereon dated January 20, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified one deficiency in internal control over financial reporting that I consider to be a significant deficiency.

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 District's internal control.

I consider the deficiency described in the accompanying schedule of findings and questioned costs, identified as item 1, to be a significant deficiency in internal control over financial reporting.

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

My consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe the significant deficiency described is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I have noted certain additional matters that I reported to the District in a separate letter dated January 20, 2010.

The District's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the District's response, and accordingly, I express no opinion on it.

This report is intended solely for the information and use of the management of Lebanon Special School District, the Tennessee Department of Education, the Tennessee State Comptroller's Office, Federal awarding agencies and other regulatory bodies and is not intended to be and should not be used by anyone other that these specified parties.

Joel D. Parks, P.C.

January 20, 2010

JOEL D. PARKS, P.C.
CERTIFIED PUBLIC ACCOUNTANT

199 Enon Springs Road West, Suite 400
Smyrna, Tennessee 37167
Phone: (615) 459-8248
Fax: (615) 459-8610

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

To the Director of Schools and
Board of Education
Lebanon Special School District

Compliance

I have audited the compliance of Lebanon Special School 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 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 District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted my 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 of America; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the District's compliance with those requirements.

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

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I 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 my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified one deficiency in internal control over compliance that I consider to be a significant deficiency.

A *control deficiency* in an entity'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 entity's ability to administer a federal program such that there is more than a 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 entity's internal control. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, identified as item 1, to be a significant deficiency.

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 entity's internal control. I did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The District's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the District's response, and accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Tennessee State Comptroller's Office, federal awarding agencies and other regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Joel D. Parks, P.C.

January 20, 2010

LEBANON SPECIAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2009

PART I - SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of the District.

2. The audit of the financial statements disclosed one significant deficiency in internal control. This significant deficiency was not considered a material weakness.

3. The audit disclosed no instances of noncompliance or other matters that is material to the financial statements of the District.

4. The audit of the financial statements disclosed one significant deficiency in internal control over the District's major programs by the audit of the financial statements. This significant deficiency was not considered a material weakness.

5. An unqualified opinion was issued on compliance for the District's major programs.

6. The audit disclosed one finding relevant to Section 510(a) of OMB Circular A-133.

7. The following federal awards were determined to be major programs:

   The Child Nutrition Cluster:
   School Breakfast Program, CFDA No. 10.553
   National School Lunch Program, CFDA No. 10.555
   Title I, CFDA No. 84.010
   Education of the Handicapped, CFDA No. 84.027

8. A threshold of $300,000 was used to distinguish between Type A and Type B federal programs.

9. The District qualified as a low-risk auditee.

PART II - FINDINGS AND QUESTIONED COSTS REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING PROCEDURES

1. **Preparation of Financial Statements**
   Management lacks the skills and knowledge to fully apply generally accepted accounting principles in recording the Organization's financial transactions and preparing its financial statements.

Recommendation

The Board should consider obtaining, on a periodic basis, the services of a qualified accountant or accounting firm independent of the auditor, to oversee the application of the generally accepted accounting principles.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Same as 1 identified above.

LEBANON SPECIAL SCHOOL DISTRICT

Disposition of Prior Year Findings

June 30, 2009

PRIOR YEAR AUDIT RECOMMENDATIONS NOT IMPLEMENTED
(REF: Comprehensive Annual Financial Report for the FYE June 30, 2008)

Finding	Page Number	Subject
1b	59	Preparation of Financial Statements

PRIOR YEAR AUDIT RECOMMENDATIONS IMPLEMENTED
(REF: Comprehensive Annual Financial Report for the FYE June 30, 2008)

Finding	Page Number	Subject
1a	59	Segregation of Duties