

**TRENTON SPECIAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

***June 30, 2009***

**TRENTON SPECIAL SCHOOL DISTRICT  
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## Independent Auditor's Report

To the Board of Trustees  
Trenton Special School District  
Trenton, Tennessee

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Trenton 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 the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Trenton Special School District as of June 30, 2009, and the respective changes in financial position thereof, and the budgetary comparison for the general purpose school fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2010, on our consideration of the Trenton Special School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

To the Board of Trustees  
Trenton Special School District

Management's Discussion and Analysis and the Schedule of Funding Progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trenton Special School District basic financial statements. The other supplementary information identified in the table of contents, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Alexander Thompson Arnold PLLC*

Trenton, Tennessee  
January 28, 2010

## Management's Discussion and Analysis

As management of the Trenton Special School District (the District), we offer readers of the financial statements for the District this narrative overview and analysis of the financial activities for the year ended June 30, 2009. We encourage the readers to consider the information here in conjunction with the Independent Auditor's Report and the District's financial statements. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

### Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2009 by \$19,710,938. Of this amount, \$2,815,893 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the District reported combined ending reserves and fund balance of \$2,880,693. Approximately 42% of this total amount, \$1,203,159, is unreserved in the general purpose fund. Approximately 8% represents funds unreserved in the centralized cafeteria fund and less than 1% represents funds unreserved in the bus garage fund.
- At the end of the current fiscal year, unreserved fund balance for the general purpose fund was \$1,203,159 or 13% of total general purpose fund expenditures.
- The District's total bonded debt decreased by \$410,000.

### Overview of the Financial Statements

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

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

The *statement of activities* presents information showing how the government'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 flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs. The District's governmental activities include general administration, finance and education. The District has no business-type activities to report.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with

finance-related legal requirements. All of the funds of the District can be grouped into one category: governmental funds.

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

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

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances- budget-to-actual for the general purpose fund and the non-major funds. The general purpose is considered a major fund, while the public law, cafeteria, and bus garage are considered non-major funds.

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

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

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

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

## **District-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$19,710,938 at the close of the fiscal year ended June 30, 2009.

A large portion of the District's net assets reflects its investment in capital assets (e.g., buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related

debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<b>The District's Net Assets</b>	Governmental Activities <u>June 30, 2009</u>	Governmental Activities <u>June 30, 2008</u>
<b>Assets</b>		
Current and other	\$ 5,630,650	\$ 4,737,102
Capital assets - net of accumulated depreciation	<u>25,355,045</u>	<u>25,957,889</u>
Total assets	<u>30,985,695</u>	<u>30,694,991</u>
<b>Liabilities</b>		
Long-term liabilities	8,025,000	8,460,000
Other liabilities	<u>3,249,757</u>	<u>2,866,329</u>
Total liabilities	<u>11,274,757</u>	<u>11,326,329</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	16,895,045	17,087,889
Unrestricted	<u>2,815,893</u>	<u>2,280,773</u>
Total net assets	<u>\$ 19,710,938</u>	<u>\$ 19,368,662</u>

The above provides a summary of the District's net assets for 2009 and 2008.

During the current fiscal year, the District's total net assets increased by \$342,276. This increase was related in part to additional revenues not anticipated and the ability of the District to prevent budget overruns.

The following summary shows the changes in net assets for fiscal years 2009 and 2008.

### The District's Changes in Net Assets

	Governmental Activities <u>June 30, 2009</u>	Governmental Activities <u>June 30, 2008</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 713,804	\$ 545,493
Operating grants and contributions	1,777,881	1,667,106
General revenues		
Property taxes	2,002,768	1,989,515
Sales taxes	675,619	693,732
Grants and contributions not restricted to specific programs:		
Basic Education Program	6,306,000	6,176,000
Other	234,361	318,791
Interest	32,053	73,328
Other miscellaneous revenues	40,625	51,783
Other Local Revenue	<u>47,053</u>	<u>38,770</u>
Total Revenues	<u>\$ 11,830,164</u>	<u>\$ 11,554,518</u>

	Governmental Activities June 30, 2009	Governmental Activities June 30, 2008
<b>Expenses</b>		
Instruction	6,943,139	6,915,585
Support Services	3,371,389	3,138,379
Non-instructional services	1,173,360	1,171,694
Total expenses	<u>11,487,888</u>	<u>11,225,658</u>
<b>Increase (decrease) in net assets</b>	342,276	328,860
<b>Net assets, beginning</b>	<u>19,368,662</u>	<u>19,039,802</u>
<b>Net assets, ending</b>	<u><u>19,710,938</u></u>	<u><u>19,368,662</u></u>

**Governmental activities.** Governmental activities increased the District's net assets by \$342,276. The key element of this increase is the transfer of the capital assets that were previously mentioned. Also, the District was able to prevent budget overruns.

Total governmental activities' revenue for the fiscal year was \$11,830,164. The largest single revenue source was state revenues in the form of Basic Education Program payments.

#### **Expense and Program Revenues – Governmental Activities**

Certain revenues are generated that are specific to governmental program activities. Among major funds, the general purpose had \$10,028,714 in revenues and \$9,537,305 in expenditures. In the non-major funds, the public law fund had \$803,096 in revenues and \$788,041 in expenditures. The cafeteria fund had \$721,049 in revenues and \$708,540 in expenditures. The bus garage fund had \$277,305 in revenues and \$271,189 in expenditures.

#### **Revenue by Source – Governmental Funds**

Total governmental revenues allocated by each revenue type.

	June 30, 2009		June 30, 2008	
	Amount	Percent	Amount	Percent
Program revenues				
Charges for services	\$ 713,804	6.03%	\$ 545,493	4.74%
Operating grants and contributions	1,777,881	15.03%	1,618,647	14.07%
General revenues				
Property taxes	2,002,768	16.93%	1,989,515	17.29%
Sales taxes	675,619	5.71%	693,732	6.03%
Grants and contributions not restricted to specific programs	6,540,361	55.29%	6,494,791	56.45%
Interest	32,053	0.27%	73,328	0.64%
Other miscellaneous revenues	40,625	0.34%	51,783	0.45%
Other Local Revenue	47,053	0.40%	38,770	0.34%
Total revenues	<u><u>\$ 11,830,164</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 11,506,059</u></u>	<u><u>100.00%</u></u>

## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,880,693. Of this amount, \$1,438,876 constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contract and purchase orders of the prior period, 2) to pay for the administration of food service, 3) for inventory, and 4) for a variety of other restricted purposes.

The general purpose fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance was \$1,203,159.

As a measure of the general purpose fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13% of the total general purpose fund expenditures, while total fund balances represents 30% of that same amount.

### General Purpose Fund Budgetary Highlights

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

	Governmental Activities		
	June 30, 2009		
	Original	Final	Difference
<b>General Purpose Fund</b>			
<b>Revenues</b>			
Taxes	\$ 2,681,450	\$ 2,681,450	\$ -
Intergovernmental	6,903,238	6,980,665	77,427
Miscellaneous	138,000	140,000	2,000
Total revenues	<u>9,722,688</u>	<u>9,802,115</u>	<u>79,427</u>
<b>Expenses</b>			
Instruction	5,531,244	5,479,104	(52,140)
Support Services	3,022,620	3,068,398	45,778
Non-instructional services	1,374,715	1,463,492	88,777
Total expenditures	<u>9,928,579</u>	<u>10,010,994</u>	<u>82,415</u>
<b>Deficiency of revenues under expenditures</b>	<u>\$ (205,891)</u>	<u>\$ (208,879)</u>	<u>\$ (2,988)</u>

In 2009, there were no major increases or decreases in budgets.

**Long-term debt.** As of June 30, 2009, the District had total bonded debt outstanding of \$8,460,000. All debt is backed by the full faith and credit of the government.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
School Bonds, Series 2003	\$ 2,005,000	\$ 2,375,000
1998 Refunding Bonds	6,455,000	6,495,000
	<u>\$ 8,460,000</u>	<u>\$ 8,870,000</u>

The specifics on these bonds are located in the notes to the financial statements. Please refer to the Table of Contents to locate the notes to the financial statements.

### **Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Trenton Special School District, 201 West Tenth Street, Trenton, TN 38382.

**TRENTON SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
*June 30, 2009*

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 3,162,204
Receivables	
Accounts	594
Property Taxes	1,959,117
Due from Other Governments	65,124
Due from Grantor	369,007
Inventories	74,660
Capital Assets	
Land	266,057
Buildings and Improvements	33,503,528
Vehicles	1,007,356
Office Equipment	39,446
Furniture and Fixtures	16,744
Less: Accumulated Depreciation	(9,478,086)
<b>Total Assets</b>	<b>30,985,751</b>
 <b>LIABILITIES</b>	
Accounts Payable	425,226
Salaries Payable	292,032
Insurance Payable	72,108
Accrued Interest Payable	64,800
Unearned Revenue - Federal and State	195
Unearned Revenue - Local	1,335
Deferred Property Taxes	1,959,117
Noncurrent Liabilities:	
Due Within One Year	435,000
Due in More Than One Year	8,025,000
<b>Total Liabilities</b>	<b>11,274,813</b>
 <b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	16,895,045
Unrestricted	2,815,893
<b>Total Net Assets</b>	<b>\$ 19,710,938</b>

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

**TRENTON SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2009*

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 6,943,139	\$ 99,737	\$ 1,274,427	\$ -	\$ (5,568,975)
Support Services	3,371,389	337,993	508,691	-	(2,524,705)
Non-Instructional Services	1,183,489	276,074	2,659	-	(904,756)
Total Governmental Activities	\$11,498,017	\$ 713,804	\$ 1,785,777	\$ -	(8,998,436)
General Revenues:					
					2,002,768
					674,089
					1,530
Intergovernmental:					
					6,306,000
					178,587
					55,774
					32,053
					40,625
					49,286
					9,340,712
<b>Change in Net Assets</b>					<b>342,276</b>
Net Assets - Beginning					19,368,662
<b>Net Assets - Ending</b>					<b>\$ 19,710,938</b>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
*June 30, 2009*

	<u>General Purpose School Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 2,895,671	\$ 266,533	\$ 3,162,204
Accounts Receivable	594	-	594
Property Taxes Receivable	1,959,117	-	1,959,117
Due from Other Funds	73,724	-	73,724
Due from Other Governments	57,257	7,867	65,124
Due from Grantor	161,633	207,374	369,007
Inventories	-	74,660	74,660
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u><u>\$ 5,147,996</u></u></b>	<b><u><u>\$ 556,434</u></u></b>	<b><u><u>\$ 5,704,430</u></u></b>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 254,423	\$ 170,803	\$ 425,226
Salaries Payable	292,032	-	292,032
Insurance Payable	72,108	-	72,108
Due to Other Funds	-	73,724	73,724
Unearned Revenue - Federal and State Grants	-	195	195
Unearned Revenue - Local	-	1,335	1,335
Deferred Property Taxes	1,959,117	-	1,959,117
Total Liabilities	<u>2,577,680</u>	<u>246,057</u>	<u>2,823,737</u>
 Fund Balance			
Designated Fund Balance	1,367,157	-	1,367,157
Reserved Fund Balance	-	74,660	74,660
Unreserved Fund Balance	1,203,159	235,717	1,438,876
Total Fund Balance	<u>2,570,316</u>	<u>310,377</u>	<u>2,880,693</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Fund Balance</b>	<b><u><u>\$ 5,147,996</u></u></b>	<b><u><u>\$ 556,434</u></u></b>	<b><u><u>\$ 5,704,430</u></u></b>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
*June 30, 2009*

**Amounts reported for the governmental activities in the statement of net assets are different because:**

Fund Balance - Total Governmental Funds	\$ 2,880,693
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in funds.	25,355,045
Long-term liabilities, including notes and bonds payable, are not due in the the current period and, therefore, are not reported in the funds.	<u>(8,524,800)</u>
Net Assets - Governmental Activities	<u><u>\$ 19,710,938</u></u>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2009*

	<u>General Purpose School Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local Taxes	\$ 2,677,791	\$ -	\$ 2,677,791
Current Charges for Education Services	219,737	-	219,737
Licenses and Permits	596	-	596
Other Local Revenues	87,300	506,678	593,978
State Funds	7,010,036	16,790	7,026,826
Federal Funds	3,085	1,227,639	1,230,724
Commodities	-	58,588	58,588
Interest	30,169	1,884	32,053
<b>Total Revenues</b>	<u>10,028,714</u>	<u>1,811,579</u>	<u>11,840,293</u>
<b>EXPENDITURES</b>			
Current			
Instruction	5,208,825	577,846	5,786,671
Support Services	2,882,530	481,384	3,363,914
Non-Instructional Services	463,820	718,669	1,182,489
Education Capital Outlay	184,528	-	184,528
Education Debt Service			
Principal	410,000	-	410,000
Interest	387,602	-	387,602
<b>Total Expenditures</b>	<u>9,537,305</u>	<u>1,777,899</u>	<u>11,315,204</u>
<b>Excess Revenues over Expenditures</b>	<b>491,409</b>	<b>33,680</b>	<b>525,089</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	14,433	-	14,433
Transfers Out	-	(14,433)	(14,433)
<b>Net Change in Fund Balance</b>	<b>505,842</b>	<b>19,247</b>	<b>525,089</b>
Fund Balance - July 1, 2008	2,064,474	291,373	2,355,847
Increase (Decrease) in Reserves	-	(243)	(243)
<b>Fund Balance - June 30, 2009</b>	<u><b>\$ 2,570,316</b></u>	<u><b>\$ 310,377</b></u>	<u><b>\$ 2,880,693</b></u>

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

**TRENTON SPECIAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

*June 30, 2009*

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

Net Change in Fund Balances - Total Governmental Funds	\$	525,089
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 in the current period. This is the amount by which depreciation exceeded capital outlay in the current period.		(602,845)
In governmental funds, inventory items are considered expenditures when purchased and any increase (decrease) in the reserve for inventory is a direct adjustment to fund balance. In the government-wide financial statements, inventory is reported using the consumption approach and no reserve is required.		(243)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the net effect of these differences in the treatment of long-term debt and related items.		420,275
Change in Net Assets of Governmental Activities	\$	342,276

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2009

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUES</b>				
<b>Local Taxes</b>				
Property Tax - Current	\$ 1,893,250	\$ 1,893,250	\$ 1,896,274	\$ 3,024
Property Tax - Prior	80,000	80,000	88,204	8,204
Interest and Penalty on Delinquent Tax	13,000	13,000	16,043	3,043
Payment in Lieu of Taxes	2,000	2,000	2,247	247
County Sales Tax	692,000	692,000	674,089	(17,911)
Interstate Telecommunications Tax	1,200	1,200	934	(266)
Total Local Taxes	<u>2,681,450</u>	<u>2,681,450</u>	<u>2,677,791</u>	<u>(3,659)</u>
<b>Current Charges for Education Services</b>				
Receipts from Individual Schools	13,000	13,000	32,680	19,680
Tuition	3,780	3,780	3,050	(730)
Contract for Instructional Staff	10,000	10,000	10,000	-
School-based Health Services	110,000	110,000	110,000	-
Community Service Fees	55,350	55,350	55,154	(196)
Transportation	5,000	5,000	5,393	393
Other Charges for Services	4,000	4,000	3,460	(540)
Total Current Charges for Education Services	<u>201,130</u>	<u>201,130</u>	<u>219,737</u>	<u>18,607</u>
<b>Licenses and Permits</b>	<u>600</u>	<u>600</u>	<u>596</u>	<u>(4)</u>
<b>Other Local Revenues</b>				
Interest on Temporary Investments	65,000	65,000	30,169	(34,831)
Rent for Use of School Facilities	45,000	45,000	40,625	(4,375)
E-Rate Funding	15,000	15,000	21,552	6,552
Reimbursement	4,000	4,000	2,233	(1,767)
Miscellaneous	13,000	15,000	22,890	7,890
Total Other Local Revenues	<u>142,000</u>	<u>144,000</u>	<u>117,469</u>	<u>(26,531)</u>
<b>State Funds</b>				
Basic Education Program	6,176,000	6,176,000	6,306,000	130,000
Driver Education Funds	3,200	3,200	2,455	(745)
Early Childhood Education Funds	322,735	382,559	382,559	-
Career Ladder Program	83,123	83,123	81,606	(1,517)
Career Ladder Program - Extended	57,700	57,700	50,200	(7,500)
School Food Service	7,500	7,500	1,428	(6,072)
Other State Education Funds	-	-	46,781	46,781
Other State Grants	7,250	15,850	15,417	(433)
Non-cash Contribution - Fringe Benefits	-	-	52,943	52,943
Other State Revenues	33,300	40,357	40,357	-
Child Handicapped	5,200	7,146	30,290	23,144
Total State Funds	<u>6,696,008</u>	<u>6,773,435</u>	<u>7,010,036</u>	<u>236,601</u>
<b>Federal Funds Received Directly</b>				
P.L. 81-874 Entitlement	<u>1,500</u>	<u>1,500</u>	<u>3,085</u>	<u>1,585</u>
<b>Total Revenues</b>	<u><b>9,722,688</b></u>	<u><b>9,802,115</b></u>	<u><b>10,028,714</b></u>	<u><b>226,599</b></u>

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

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget		Actual	Variance
	Original	Final		Over (Under)
<b>EXPENDITURES</b>				
<b>Instruction</b>				
<b>Regular Education Program</b>				
Teachers	3,132,634	3,101,677	3,010,867	(90,810)
Career Ladder Program	46,000	46,000	42,600	(3,400)
Career Ladder Program - Extended	49,000	44,000	32,620	(11,380)
Homebound Teachers	8,500	8,500	3,638	(4,862)
Educational Assistants	57,013	57,013	37,638	(19,375)
Other Salaries and Wages	143,926	96,154	67,768	(28,386)
Substitute Teachers	20,000	20,774	20,774	-
Non-certified Substitute Teachers	45,000	45,517	43,344	(2,173)
Social Security Taxes	212,765	187,533	184,249	(3,284)
State Retirement	214,187	214,194	200,659	(13,535)
Medical Insurance	325,324	325,339	300,023	(25,316)
Unemployment	8,637	15,637	1,595	(14,042)
Medicare Taxes	48,218	48,204	43,242	(4,962)
Other Fringe Benefits	7,200	7,200	6,145	(1,055)
Fee Waivers	3,000	3,000	2,959	(41)
Maintenance and Repair - Equipment	33,000	29,000	24,535	(4,465)
Other Contracted Services	15,000	21,726	21,726	-
Instructional Supplies	173,131	192,968	171,996	(20,972)
Textbooks	104,700	90,379	86,352	(4,027)
Other Supplies and Materials	2,700	2,700	2,070	(630)
Other Charges	41,495	23,047	13,720	(9,327)
Non-cash Fringe Benefits	-	-	52,943	52,943
Capital Outlay - Equipment	149,858	209,425	169,684	(39,741)
<b>Total Regular Education Program</b>	<b>4,841,288</b>	<b>4,789,987</b>	<b>4,541,147</b>	<b>(248,840)</b>
<b>Alternate Instruction Program</b>				
Teachers	40,309	40,488	40,488	-
Educational Assistants	14,675	14,675	14,675	-
Certified Substitute Teachers	-	100	60	(40)
Social Security Taxes	3,409	3,409	3,105	(304)
State Retirement	2,588	2,599	2,599	-
Medical Insurance	7,499	7,309	6,894	(415)
Medicare Taxes	797	797	726	(71)
Maintenance and Repair Services	500	500	-	(500)
Instructional Supplies	3,500	3,400	741	(2,659)
Other Charges	1,000	1,000	884	(116)
<b>Total Alternate Instruction Program</b>	<b>74,277</b>	<b>74,277</b>	<b>70,172</b>	<b>(4,105)</b>
<b>Special Education Program</b>				
Teachers	291,614	286,285	284,907	(1,378)
Career Ladder Program	4,870	3,000	2,928	(72)
Other Salaries and Wages	-	368	368	-
Educational Assistants	-	10,740	-	(10,740)
Social Security Taxes	18,382	18,839	16,466	(2,373)
State Retirement	18,500	18,818	18,479	(339)

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

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	<b>Budget</b>		<b>Actual</b>	<b>Variance Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Medical Insurance	20,149	23,604	23,604	-
Other Fringe Benefits	1,156	1,156	279	(877)
Unemployment Compensation	4,447	4,447	4,336	(111)
Medicare Taxes	4,299	4,299	3,851	(448)
Contract With Private Agencies	2,700	5,400	5,400	-
<b>Total Special Education Program</b>	<b>366,117</b>	<b>376,956</b>	<b>360,618</b>	<b>(16,338)</b>
<b>Vocational Education Program</b>				
Teachers	155,767	156,305	156,304	(1)
Career Ladder Program	1,000	1,000	1,000	-
Substitute Teachers	1,000	1,649	1,649	-
Non-certified Substitute Teachers	1,500	1,759	1,759	-
Social Security Taxes	9,875	9,463	9,462	(1)
State Retirement	10,129	10,099	10,099	-
Medical Insurance	22,158	10,664	10,663	(1)
Medicare Taxes	2,310	2,214	2,214	-
Instructional Supplies	5,795	4,948	4,414	(534)
Contracts With Other School Systems	17,772	17,772	17,772	-
Other Contracted Services	1,000	774	773	(1)
Other Charges	4,000	4,820	4,819	(1)
<b>Total Vocational Education Program</b>	<b>232,306</b>	<b>221,467</b>	<b>220,928</b>	<b>(539)</b>
<b>Student Body Education Program</b>				
Other Salaries and Wages	11,000	11,257	11,257	-
Social Security Taxes	696	696	640	(56)
State Retirement	686	429	62	(367)
Medical Insurance	225	225	193	(32)
Medicare Taxes	160	160	159	(1)
<b>Total Student Body Education Program</b>	<b>12,767</b>	<b>12,767</b>	<b>12,311</b>	<b>(456)</b>
<b>Adult Education Program</b>				
Teachers	4,000	3,185	3,185	-
Social Security Taxes	240	186	186	-
State Retirement	55	64	64	-
Medical Insurance	135	169	168	(1)
Medicare Taxes	56	43	43	-
Other Fringe Benefits	3	3	3	-
<b>Total Adult Education Program</b>	<b>4,489</b>	<b>3,650</b>	<b>3,649</b>	<b>(1)</b>
<b>Total Instruction</b>	<b>5,531,244</b>	<b>5,479,104</b>	<b>5,208,825</b>	<b>(270,279)</b>
<b>Support Services</b>				
<b>Students</b>				
<i>Attendance</i>				
Supervisor/Director	33,876	33,876	33,493	(383)
Career Ladder Program	500	500	500	-
Clerical Personnel	50,982	50,982	50,865	(117)
Social Security Taxes	5,293	5,293	4,319	(974)

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

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Over (Under)</b>
State Retirement	2,207	2,207	2,182	(25)
Medical Insurance	15,566	15,566	12,659	(2,907)
Medicare Taxes	1,238	1,238	1,010	(228)
Communication	468	468	468	-
Travel	2,769	2,769	1,584	(1,185)
Other Supplies and Materials	600	600	312	(288)
Other Charges	200	200	-	(200)
<i>Total Attendance</i>	<u>113,699</u>	<u>113,699</u>	<u>107,392</u>	<u>(6,307)</u>
<i>Health Services</i>				
Medical Personnel	81,893	82,313	72,468	(9,845)
Other Salaries and Wages	21,000	19,540	18,540	(1,000)
Social Security Taxes	6,380	5,954	5,281	(673)
Medical Insurance	6,953	6,700	6,700	-
Medicare Taxes	1,492	1,392	1,235	(157)
Other Fringe Benefits	96	269	269	-
Communications	1,900	2,261	1,998	(263)
Postal Charges	250	36	36	-
Travel	6,000	7,571	7,571	-
Other Contracted Services	6,000	6,524	6,524	-
Drugs and Medical Supplies	3,500	3,779	3,779	-
Other Supplies and Materials	9,000	19,163	18,333	(830)
In-Service/Staff Development	700	700	563	(137)
Other Charges	2,500	3,205	3,205	-
Health Equipment	12,958	1,215	1,215	-
<i>Total Health Services</i>	<u>160,622</u>	<u>160,622</u>	<u>147,717</u>	<u>(12,905)</u>
<i>Other Student Support</i>				
Career Ladder Program	5,000	5,000	5,000	-
Guidance Personnel	135,187	135,769	135,769	-
Career Ladder Extended	4,000	5,800	5,800	-
Other Salaries and Wages	1,000	42	-	(42)
Social Security Taxes	9,001	9,001	8,725	(276)
State Retirement	9,060	9,410	9,410	-
Medical Insurance	7,160	7,321	6,999	(322)
Medicare Taxes	2,106	2,171	2,041	(130)
Travel	1,000	1,000	420	(580)
Evaluation and Testing	12,000	10,000	9,985	(15)
<i>Total Other Student Support</i>	<u>185,514</u>	<u>185,514</u>	<u>184,149</u>	<u>(1,365)</u>
<b><i>Total Students</i></b>	<u>459,835</u>	<u>459,835</u>	<u>439,258</u>	<u>(20,577)</u>
<i>Instructional Staff</i>				
<i>Regular Instruction Program</i>				
Supervisor/Director	73,211	73,211	66,456	(6,755)
Career Ladder Program	8,000	8,000	6,225	(1,775)
Career Ladder Program - Extended	-	4,000	4,000	-
Librarians	125,455	126,005	126,005	-

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**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	<b>Budget</b>		<b>Actual</b>	<b>Variance Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Materials Supervisor	33,875	33,875	33,493	(382)
Instructional Computer Personnel	38,129	38,129	38,129	-
In-service Training	100	100	-	(100)
Social Security Taxes	17,278	17,278	13,888	(3,390)
State Retirement	17,891	17,891	15,092	(2,799)
Medical Insurance	17,056	17,056	15,983	(1,073)
Medicare Taxes	4,041	4,041	3,817	(224)
Communications	2,000	2,000	1,655	(345)
Library Books/Media	15,000	15,000	13,357	(1,643)
Travel	3,738	11,738	9,598	(2,140)
Other Contracted Services	-	1,200	1,200	-
In-Service/Staff Development	37,000	21,378	19,897	(1,481)
<i>Total Regular Instruction Program</i>	<u>392,774</u>	<u>390,902</u>	<u>368,795</u>	<u>(22,107)</u>
<i>Alternative Instruction Program</i>				
Travel	1,000	1,000	538	(462)
<i>Special Education Program</i>				
Supervisor/Director	34,522	17,398	17,398	-
Career Ladder Program	1,000	1,000	1,000	-
Social Security Taxes	2,202	2,065	1,068	(997)
State Retirement	2,217	1,678	1,181	(497)
Medical Insurance	1,380	1,380	859	(521)
Unemployment	533	479	276	(203)
Medicare Taxes	515	515	256	(259)
Other Fringe Benefits	163	125	4	(121)
<i>Total Special Education Program</i>	<u>42,532</u>	<u>24,640</u>	<u>22,042</u>	<u>(2,598)</u>
<i>Vocational Education Program</i>				
Supervisor/Director	-	17,398	17,397	(1)
Social Security Taxes	-	1,052	1,045	(7)
State Retirement	-	1,117	1,117	-
Medical Insurance	-	840	825	(15)
Medicare Taxes	-	246	244	(2)
Travel	500	500	423	(77)
Total Vocational Education Program	<u>500</u>	<u>21,153</u>	<u>21,051</u>	<u>(102)</u>
<b>Total Instructional Staff</b>	<u>436,806</u>	<u>437,695</u>	<u>412,426</u>	<u>(25,269)</u>
<b>General Administration</b>				
<i>Board of Education</i>				
Other Fringe Benefits	1,500	1,500	532	(968)
Audit Services	11,000	11,000	10,430	(570)
Dues and Memberships	7,048	7,048	6,958	(90)
Legal Services	7,500	6,000	5,981	(19)
Postage Charges	400	400	-	(400)
Travel	6,600	7,100	7,050	(50)
Maintenance and Repair	1,000	1,000	-	(1,000)

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**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Over (Under)</b>
Other Contracted Services	3,000	11,500	10,750	(750)
In-Service/Staff Development	500	500	500	-
Other Supplies and Materials	7,000	500	171	(329)
Liability Insurance	7,554	7,554	7,379	(175)
Corporate Surety Bonds	2,746	2,746	1,440	(1,306)
Trustee Commissions	50,000	50,000	46,751	(3,249)
Workers' Compensation Insurance	34,875	34,875	32,471	(2,404)
Criminal Investigation of Applicants	2,600	600	600	-
Other Charges	4,000	5,000	3,858	(1,142)
<i>Total Board of Education</i>	<u>147,323</u>	<u>147,323</u>	<u>134,871</u>	<u>(12,452)</u>
<i>Office of Superintendent</i>				
Administrative Officer	95,000	95,000	95,000	-
Assistant	16,307	16,307	16,307	-
Career Ladder Program	1,000	1,000	1,000	-
Other Salaries and Wages	11,900	11,950	11,950	-
Social Security Taxes	7,701	7,701	6,612	(1,089)
State Retirement	6,866	6,930	6,930	-
Life Insurance	56	56	56	-
Medical Insurance	8,138	7,738	7,504	(234)
Medicare Taxes	1,801	1,801	1,779	(22)
Other Fringe Benefits	1,700	1,700	1,400	(300)
Communication	8,000	8,402	8,402	-
Dues and Memberships	2,500	3,000	2,975	(25)
In-Service/Staff Development	500	500	500	-
Postal Charges	250	150	91	(59)
Travel	6,900	6,384	6,188	(196)
Administrative Equipment	7,000	7,000	7,000	-
Office Supplies	1,500	1,500	1,245	(255)
<i>Total Office of Superintendent</i>	<u>177,119</u>	<u>177,119</u>	<u>174,939</u>	<u>(2,180)</u>
<b>Total General Administration</b>	<u>324,442</u>	<u>324,442</u>	<u>309,810</u>	<u>(14,632)</u>
<b>School Administration</b>				
<i>Office of Principal</i>				
Principal(s)	206,899	207,642	207,642	-
Career Ladder Program	5,500	5,500	5,500	-
Career Ladder Program - Extended	3,000	4,000	4,000	-
Assistant Principal(s)	115,559	111,913	83,725	(28,188)
Secretaries	61,690	61,690	61,690	-
Social Security Taxes	24,344	24,344	18,625	(5,719)
State Retirement	21,248	21,248	17,390	(3,858)
Medical Insurance	30,875	33,688	33,688	-
Medicare Taxes	5,694	5,694	4,789	(905)
Communications	12,950	12,950	10,178	(2,772)
Dues and Memberships	5,199	5,199	2,829	(2,370)
Operating Lease Payments	10,000	10,000	8,571	(1,429)

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

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Over (Under)</b>
Postal Charges	2,175	2,175	1,220	(955)
Travel	4,400	4,400	2,859	(1,541)
Other Contracted Services	3,210	3,710	3,708	(2)
Data Processing Supplies	1,000	500	24	(476)
Office Supplies	4,100	4,100	3,321	(779)
In-Service/Staff Development	600	600	557	(43)
Other Charges	5,628	5,718	5,718	-
Administrative Equipment	-	3,000	3,000	-
<i>Total Office of Principal</i>	<u>524,071</u>	<u>528,071</u>	<u>479,034</u>	<u>(49,037)</u>
<b>Business Administration</b>				
<i>Fiscal Services</i>				
Supervisor/Director	42,944	42,944	39,597	(3,347)
Accountants/Bookkeepers	26,893	27,125	27,125	-
Social Security Taxes	4,330	4,098	3,531	(567)
Medical Insurance	6,539	6,539	5,897	(642)
Medicare Taxes	1,013	1,013	826	(187)
Data Processing	700	700	497	(203)
Dues and Memberships	20	20	20	-
Operating Lease Payments	768	768	640	(128)
Postal Charges	2,800	2,800	1,806	(994)
Maintenance and Repair	200	200	-	(200)
Travel	2,800	2,800	2,127	(673)
Office Supplies	3,000	3,000	2,959	(41)
In-Service/Staff Development	500	500	359	(141)
Administrative Equipment	15,500	15,500	15,480	(20)
<i>Total Fiscal Services</i>	<u>108,007</u>	<u>108,007</u>	<u>100,864</u>	<u>(7,143)</u>
<b>Operation and Maintenance of Plant</b>				
<i>Operation of Plant</i>				
Supervisor/Director	24,692	24,692	24,692	-
Custodial Personnel	171,365	164,334	163,359	(975)
Social Security Taxes	12,156	12,156	10,870	(1,286)
State Retirement	1,585	1,585	1,585	-
Medical Insurance	11,005	11,005	9,780	(1,225)
Medicare Taxes	2,843	2,843	2,542	(301)
Other Fringe Benefits	50	50	23	(27)
Other Contracted Services	5,457	5,787	5,787	-
Custodial Supplies	28,275	29,119	29,119	-
Electricity	284,382	275,143	246,137	(29,006)
Natural Gas	105,000	119,000	105,733	(13,267)
Water and Sewer	39,500	39,500	34,725	(4,775)
Other Supplies and Materials	25	25	19	(6)
Boiler Insurance	2,949	2,949	1,799	(1,150)
Building and Contents Insurance	30,745	30,895	30,895	-
Other Charges	1,000	1,946	1,946	-
Plant Operation Equipment	-	2,025	2,025	-
<i>Total Operation of Plant</i>	<u>721,029</u>	<u>723,054</u>	<u>671,036</u>	<u>(52,018)</u>

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

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Over (Under)</b>
<i>Maintenance of Plant</i>				
Maintenance Personnel	60,517	60,517	60,517	-
Social Security Taxes	3,753	3,785	3,785	-
Medicare Taxes	878	885	885	-
Communication	1,500	1,500	951	(549)
Laundry Service	1,000	1,000	432	(568)
Maintenance and Repair - Buildings	38,500	32,674	29,056	(3,618)
Maintenance and Repair - Equipment	4,550	3,116	1,715	(1,401)
Maintenance and Repair - Vehicles	400	400	256	(144)
Travel	1,538	1,538	1,538	-
Other Contracted Services	15,420	10,568	9,893	(675)
Equipment and Machinery Parts	9,363	12,440	12,440	-
Gasoline	500	500	-	(500)
Other Supplies and Materials	30,675	39,353	34,645	(4,708)
Vehicle and Equipment Insurance	400	400	400	-
Other Charges	7,000	7,318	7,318	-
<i>Total Maintenance of Plant</i>	<u>175,994</u>	<u>175,994</u>	<u>163,831</u>	<u>(12,163)</u>
<b>Total Operation and Maintenance of Plant</b>	<u>897,023</u>	<u>899,048</u>	<u>834,867</u>	<u>(64,181)</u>
<b>Student Transportation</b>				
<i>Transportation</i>				
Supervisor/Director	33,471	33,349	33,349	-
Mechanics	12,208	12,217	12,217	-
Bus Drivers	57,296	68,411	68,411	-
Clerical Personnel	1,332	1,333	1,333	-
Social Security Taxes	6,487	6,170	6,169	(1)
State Retirement	2,149	2,141	2,141	-
Medical Insurance	3,477	3,335	3,335	-
Unemployment Compensation	1,565	204	203	(1)
Medicare Taxes	1,513	1,613	1,613	-
Fringe Benefits	333	551	551	-
Communication	4,329	2,847	2,847	-
Laundry Service	659	259	259	-
Medical and Dental	1,550	862	862	-
Travel	200	-	-	-
Other Contracted Services	1,335	485	485	-
Diesel Fuel	77,000	47,765	47,765	-
Garage Supplies	5,054	1,332	1,332	-
Gasoline	8,000	-	-	-
Lubricants	2,107	799	799	-
Tires and Tubes	4,000	6,988	6,987	(1)
Vehicle Parts	12,000	9,648	9,647	(1)
Other Supplies and Materials	574	221	221	-
Vehicle and Equipment Insurance	8,703	5,704	5,703	(1)
Other Charges	3,615	1,669	1,669	-
Administrative Equipment	-	380	379	(1)
Capital Outlay	-	79,538	79,538	-
<b>Total Transportation</b>	<u>248,957</u>	<u>287,821</u>	<u>287,815</u>	<u>(6)</u>

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

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2009**

	Budget		Actual	Variance
	Original	Final		Over (Under)
<b>Other</b>				
<i>Central and Other</i>				
Operating Lease Payments	8,000	8,000	6,938	(1,062)
Other Contracted Services	8,345	8,345	8,345	-
Maintenance and Repair - Equipment	734	734	-	(734)
Data Processing Supplies	4,000	4,000	2,025	(1,975)
Other Supplies and Materials	1,000	1,000	606	(394)
Other Charges	1,400	1,400	542	(858)
<i>Total Central and Other</i>	<u>23,479</u>	<u>23,479</u>	<u>18,456</u>	<u>(5,023)</u>
<b>Total Support Services</b>	<u>3,022,620</u>	<u>3,068,398</u>	<u>2,882,530</u>	<u>(185,868)</u>
<b>Operation of Non-Instructional Services</b>				
<b>Community Services</b>				
Supervisor/Director	10,000	10,000	10,000	-
Other Salaries and Wages	68,972	69,478	58,291	(11,187)
Social Security Taxes	4,855	4,802	3,717	(1,085)
State Retirement	2,826	2,844	1,928	(916)
Medicare Taxes	1,140	1,123	869	(254)
Medical Insurance	9,984	9,927	6,935	(2,992)
Other Fringe Benefits	12	203	203	-
Travel	1,500	2,030	1,530	(500)
Other Contracted Services	5,080	4,910	4,910	-
Food Supplies	5,233	4,914	4,750	(164)
Other Supplies and Materials	5,384	7,663	7,663	-
Refunds	75	75	75	-
Other Charges	880	1,209	767	(442)
Other Equipment	-	590	590	-
<b>Total Community Services</b>	<u>115,941</u>	<u>119,768</u>	<u>102,228</u>	<u>(17,540)</u>
<b>Early Childhood Education</b>				
Supervisor/Director	-	17,397	17,397	-
Teachers	134,992	131,960	131,960	-
Educational Assistants	42,650	43,527	43,526	(1)
Other Salaries and Wages	17,160	58,637	58,637	-
Noncertified Substitute Teachers	-	861	861	-
Social Security Taxes	12,039	14,172	14,172	-
State Retirement	8,186	10,278	10,278	-
Medical Insurance	20,649	23,649	23,649	-
Unemployment Compensation	2,923	3,760	3,760	-
Medicare Taxes	2,826	3,315	3,315	-
Other Fringe Benefits	838	1,559	1,560	1
Maintenance and Repair - Equipment	19,500	24,757	24,757	-
Travel	5,000	784	783	(1)
Instructional Supplies	50,972	2,434	2,434	-
Other Charges	1,000	43,552	43,552	-
Other Equipment	4,000	1,917	1,917	-
<b>Total Early Childhood Education</b>	<u>322,735</u>	<u>382,559</u>	<u>382,558</u>	<u>(1)</u>
<b>Total Operation of Non-Instructional Services</b>	<u>438,676</u>	<u>502,327</u>	<u>484,786</u>	<u>(17,541)</u>

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

**TRENTON SPECIAL SCHOOL DISTRICT  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**  
*For the Year Ended June 30, 2009*

	<b>Budget</b>		<b>Actual</b>	<b>Variance Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Education Capital Outlay</b>				
<i>Regular Capital Outlay</i>				
Building Improvements	138,436	163,562	163,562	-
<b>Education Debt Service</b>				
Principal on Bonds	410,000	410,000	410,000	-
Interest on Bonds	387,603	387,603	387,602	(1)
<b>Total Education Debt Service</b>	<b>797,603</b>	<b>797,603</b>	<b>797,602</b>	<b>(1)</b>
<b>Total Expenditures</b>	<b>9,928,579</b>	<b>10,010,994</b>	<b>9,537,305</b>	<b>(473,689)</b>
<b>Excess (Deficiency) of Revenues     over (under) Expenditures</b>	<b>(205,891)</b>	<b>(208,879)</b>	<b>491,409</b>	<b>700,288</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	40,000	40,000	14,433	(25,567)
<b>Net change in fund balance</b>	<b>(165,891)</b>	<b>(168,879)</b>	<b>505,842</b>	<b>674,721</b>
Fund Balance - July 1, 2008	2,064,474	2,064,474	2,064,474	-
<b>Fund Balance - June 30, 2009</b>	<b>\$ 1,898,583</b>	<b>\$ 1,895,595</b>	<b>\$ 2,570,316</b>	<b>\$ 674,721</b>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

Reporting Entity - The Trenton Special School District is a public municipal corporation governed by a five-member board. It operates three schools: Trenton Elementary School, Trenton Rosenwald Middle School, and Trenton Peabody High School. The District's general purpose financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, the Trenton Special School District has no component units.

**B. District-wide and Fund Financial Statements**

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

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

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

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

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

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

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

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

The District reports the following major governmental fund:

The General Purpose School Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The financial statements of the District are prepared in accordance with generally accepted accounting principles. The District's reporting entity applies all relevant *Governmental Accounting Standards Board* (GASB) pronouncements and applicable *Financial Accounting Standards Board* (FASB) pronouncements and *Accounting Principle Board* (APB) opinions issued on or before November 30, 1989 unless they conflict with GASB pronouncements. The District's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Amounts reported as program revenues include: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

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

**D. Assets, Liabilities and Net Assets or Equity**

***Deposits and Investments***

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

***Receivables and Payables***

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

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

A portion of the property taxes collected each year by Gibson County is specifically earmarked for the Trenton Special School District. The County collects the property taxes and sends the District its portion once a month. Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any unpaid taxes. Additional costs attach to delinquent taxes after court suit has been filed.

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

***Inventory***

Inventory for the Gibson County School Bus Garage consists of repair parts and oil and is reported using the consumption approach. An annual physical inventory count is performed at the end of each fiscal year and used to adjust inventory to actual. The Cafeteria Fund maintains an inventory consisting of food supplies using the purchases method and expenses inventory when purchased throughout the year. At year-end, the actual cost of the items in inventory is used to capitalize the inventory, with a corresponding entry to reserved fund balance in the Cafeteria Fund .

***Capital Assets***

Capital assets, including property, plant, and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$15,000 for equipment, vehicles, building improvements and buildings and an estimated useful life in excess of three years. The remaining capital outlay expenditures will be expensed. All land, construction in progress, and works of art will be included. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the District are depreciated using the straight line method over their estimated useful lives, summarized as follows:

Buildings and Improvements	20 – 40 years
Machinery and Equipment	7 – 15 years
Furniture and Fixtures	5 years
Vehicles	5 – 10 years

***Deferred Revenue***

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

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

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

***Compensated Absences***

Certified employees of the Trenton Special School District are entitled to one day of sick leave for each month employed and two personal days a year. Sick leave days are accumulated from year to year, with no maximum total. Personal days are not accumulated, but the remaining amount at the end of each year is added to the sick leave accumulation. An accrual is not required since all sick and personal days that are not used are added to the length of service for each employee at retirement. Therefore, there are no monetary values associated with accumulated sick leave or personal leave.

Non-certified employees are entitled to one-half of one day of sick leave for each month employed. Sick leave days are accumulated from year to year, with no maximum total. Non-certified employees are not allowed to apply unused sick days to the length of service at retirement. Non-certified employees receive \$10 per unused sick day upon retirement. A reserve for unused sick days has been apportioned for this purpose. Noncertified employees are not entitled to personal days.

***On-Behalf Payments for Fringe Benefits***

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

***Long-term Obligations***

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

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

***Fund Equity***

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

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

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

The reconciliation of the balance sheet of governmental funds to the statement of net assets includes a reconciliation between the total fund balance of governmental funds and total net assets of governmental

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

**NOTE 2 – RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

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

activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.” The details of this \$8,524,800 difference are as follows:

1998 Refunding Bonds	\$ 6,455,000
2003 School Bonds	2,005,000
Interest Payable	<u>64,800</u>
Net adjustment to reduce Fund Balance - Total Governmental Funds to arrive at Net Assets - Governmental Activities	<u>\$ 8,524,800</u>

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the district-wide statement of activities. One element of that reconciliation explains that “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 in the current period.” The details of this \$602,845 difference are as follows:

Capital Outlay	\$ 184,526
Depreciation Expense	<u>(787,371)</u>
Net adjustment to reduce Net Change in Fund Balances - Total Governmental Funds to arrive at Change in Net Assets of Governmental Activities	<u>\$ (602,845)</u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” The details of this \$420,275 are:

Principal Repayment - 1998 Refunding Bonds	\$ 40,000
Principal Repayment - 2003 School Bonds	370,000
Change in Interest Payable	<u>10,275</u>
Net adjustment to increase Net Change in Fund Balances - Total Governmental Funds to arrive at Changes in Net Assets of Governmental Activities	<u>\$ 420,275</u>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

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

**Budgetary Information**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
2. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
3. Budgets are adopted on a basis consistent with generally accepted accounting principles.

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At June 30, 2009, the District's deposits with local banks were covered by federal depository insurance or collateralized by securities held by the District's agent in the District's name. The District has also invested \$2,797,832 in the Tennessee Local Government Investment Pool (TLGIP). The TLGIP is collateralized by the State of Tennessee. Therefore, all funds deposited in the TLGIP are secure.

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Board's agent in the Board's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the District to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2009, all deposits met the District's policy.

**B. Receivables**

Receivables at year end for the District's individual major funds and non-major funds in the aggregate, are shown on the statement of net assets and the balance sheet for governmental funds. As of June 30, 2009, there were no allowances for uncollectible accounts.

**C. Interfund Balances and Transfers**

Interfund balances consist of amounts owed to the General Purpose School Fund for insurance and other shared administrative expenses. During the year ended June 30, 2009, there was an operating transfer for \$14,433 made from the Public Law Fund to the General Purpose School Fund for their share of utilities.

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)**

At June 30, 2009, interfund balances consisted of the following:

Due from Cafeteria Fund	\$13,127
Due from Public Law Fund	<u>60,597</u>
Due to General Purpose School Fund	<u><u>\$73,724</u></u>

**D. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 266,057	\$ -	\$ -	\$ 266,057
Total capital assets, not being depreciated	<u>266,057</u>	<u>-</u>	<u>-</u>	<u>266,057</u>
Capital assets being depreciated:				
Buildings and Improvements	33,398,570	104,958	-	33,503,528
Vehicles	927,788	79,568	-	1,007,356
Office Equipment	39,446	-	-	39,446
Furniture and Fixtures	16,744	-	-	16,744
Total capital assets being depreciated	<u>34,382,548</u>	<u>184,526</u>	<u>-</u>	<u>34,567,074</u>
Less accumulated depreciation for:				
Buildings	(7,955,807)	(737,636)	-	(8,693,443)
Vehicles	(692,330)	(40,111)	-	(732,441)
Office Equipment	(32,213)	(7,232)	-	(39,445)
Furniture and Fixtures	(10,365)	(2,392)	-	(12,757)
Total accumulated depreciation	<u>(8,690,715)</u>	<u>(787,371)</u>	<u>-</u>	<u>(9,478,086)</u>
Total capital assets being depreciated, net	<u>25,691,833</u>	<u>(602,845)</u>	<u>-</u>	<u>25,088,988</u>
Governmental activities capital assets, net	<u><u>\$ 25,957,890</u></u>	<u><u>\$ (602,845)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,355,045</u></u>

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

Instruction	\$779,139
Support Services	7,232
Non-Instructional Support	<u>1,000</u>
Total	<u><u>\$787,371</u></u>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

**E. General Long-Term Debt**

Bonds Payable - The 1998 Limited Tax School Refunding Bonds were issued in the amount of \$6,805,000 with interest rates ranging from 3.95% to 4.95%. Interest payments are due semi-annually on November 1 and May 1, with principal payments due annually on November 1. Final maturity is November 1, 2020.

The 2003 Limited Tax School Refunding Bonds were issued in the amount of \$3,090,000 with interest rates ranging from 2.00% to 4.25%. Interest payments are due semi-annually on November 1 and May 1, with principal payments due annually on November 1 for the years 2006 thru 2011 and for the years 2022 thru 2023. Final maturity is November 1, 2023.

A summary of changes in general long-term debt for the year ended June 30, 2009, is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due in One Year
1998 Bonds	\$6,495,000	\$ --	\$ 40,000	\$6,455,000	\$ 45,000
2003 Bonds	2,375,000	--	370,000	2,005,000	390,000
Total	<u>\$8,870,000</u>	<u>\$ --</u>	<u>\$ 410,000</u>	<u>\$8,460,000</u>	<u>\$ 435,000</u>

A summary of estimated annual debt service requirements for the District is shown below.

June 30,	Principal	Interest	Total
2010	\$ 435,000	\$ 374,333	\$ 809,333
2011	460,000	359,240	819,240
2012	480,000	340,312	820,312
2013	505,000	318,265	823,265
2014	540,000	294,617	834,617
2015 – 2019	3,225,000	1,054,714	4,279,714
2020 – 2023	2,815,000	234,747	3,049,747
	<u>\$ 8,460,000</u>	<u>\$ 2,976,228</u>	<u>\$11,436,228</u>

**G. Designations of Fund Equity**

The following funds had reserved or designated fund balances as of June 30, 2009:

General Purpose fund balance designated for future expenditures	\$1,367,157
Cafeteria fund balance reserved for inventory	\$24,544
Bus Garage fund balance reserved for inventory	\$50,116

**H. Insurance Coverage**

The School District is exposed to various risks related to general liability, property, boiler and machinery, automobile liability, workers' compensation and legal liability. The School District decided it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for these areas. The School District is a member of the Tennessee School Boards Liability Trust (TSBLT) and the Tennessee School Boards Workers Compensation Trust (TSB-WCT), which

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

are public entity risk pools established by the Tennessee School Boards Association, an association of member school districts. The School District pays an annual premium to these pools, which are designed to be self-sustaining through member premiums. The TSBLT reinsures through commercial insurance companies for claims in excess of \$100,000 for each insured event and the TSB-WCT reinsures through commercial insurance companies for claims in excess of \$250,000 for each insured event.

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

**I. Defined Benefit Plan**

***Plan Description***

Employees of the Trenton 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 5 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 on or after July 1, 1979 become vested after 5 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 the Trenton Special School District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

***Funding Policy***

The Trenton Special School District requires employees to contribute 5.0 percent of earnable compensation. Trenton Special School District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009, was 0.00% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Trenton Special School District is established and may be amended by the TCRS Board of Trustees.

***Annual Pension Cost***

For the year ending June 30, 2009, the Trenton Special School District's annual pension cost of \$0 to TCRS was equal to Trenton Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Trenton Special School District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 9 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
6/30/09	\$0	100.00%	\$0
6/30/08	\$0	100.00%	\$0
6/30/07	\$0	100.00%	\$0

***Funded Status and Funding Progress***

As of July 1, 2007, the most recent actuarial valuation date, the plan was 121.20% funded. The actuarial accrued liability for benefits was \$2.87 million, and the actuarial value of assets was \$3.48 million, resulting in an unfunded actuarial accrued liability (UAAL) of (\$.61) million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.11 million, and the ratio of the UAAL to the covered payroll was -55.11%.

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

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

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/07	\$3,482	\$2,873	(\$609)	121.20%	\$1,105	-55.11%

*(Dollar amounts in thousands)*

**TRENTON SPECIAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2009*

**School Systems - Defined Benefit Plan**

***Plan Description***

The Trenton Special Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), 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 5 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, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided 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 maximum 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

***Funding Policy***

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Trenton Special Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009, was 6.42% of annual covered payroll. The employer contribution requirement of Trenton Special Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007 were \$315,670, \$298,730 and \$284,484, respectively, equal to the required contributions for each year.

**J. On-Behalf Payments for Postretirement Insurance Benefits**

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and Medicare Plan on behalf of the District's employees. For the year ended June 30, 2009, the State made contributions of \$61,561.

***REQUIRED SUPPLEMENTARY INFORMATION***

**TRENTON SPECIAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF RETIREMENT FUNDING PROGRESS  
 June 30, 2009**

*(Dollar amounts in thousands)*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability (AAL) – Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/01/07	\$3,482	\$2,873	(\$609)	121.20%	\$1,105	-55.11%

The Governmental Accounting Standards Board 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 current fiscal year and therefore, only the most current year is presented.

***OTHER SUPPLEMENTARY INFORMATION***

**TRENTON SPECIAL SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*June 30, 2009*

	<u>Special Revenue</u>			<u>Total</u>
	<u>Public Law Fund</u>	<u>Cafeteria Fund</u>	<u>Bus Garage Fund</u>	
<b>ASSETS</b>				
Cash	\$ 67,574	\$ 198,796	\$ 163	\$ 266,533
Due from Other Governments	-	-	7,867	7,867
Due from Grantor	165,996	41,378	-	207,374
Inventories	-	24,544	50,116	74,660
<b>Total Assets</b>	<u>\$ 233,570</u>	<u>\$ 264,718</u>	<u>\$ 58,146</u>	<u>\$ 556,434</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts Payable	\$ 170,803	\$ -	\$ -	\$ 170,803
Due to Other Funds	60,597	13,127	-	73,724
Unearned Revenue - Federal and State Grants	195	-	-	195
Unearned Revenue - Local	1,335	-	-	1,335
Total Liabilities	<u>232,930</u>	<u>13,127</u>	<u>-</u>	<u>246,057</u>
Fund Balance				
Reserved Fund Balance	-	24,544	50,116	74,660
Unreserved Fund Balance	640	227,047	8,030	235,717
Total Fund Balance	<u>640</u>	<u>251,591</u>	<u>58,146</u>	<u>310,377</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 233,570</u>	<u>\$ 264,718</u>	<u>\$ 58,146</u>	<u>\$ 556,434</u>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2009*

	<u>Special Revenue</u>			<u>Total</u>
	<u>Public Law Fund</u>	<u>Cafeteria Fund</u>	<u>Bus Garage Fund</u>	
<b>Revenues</b>				
Local Revenue	\$ -	\$ 227,993	\$ 276,074	\$ 504,067
State Funds	-	8,172	-	8,172
Federal Funds	798,170	429,469	-	1,227,639
Commodities	-	58,588	-	58,588
Other Local Revenues	-	2,611	-	2,611
Interest	1	1,883	-	1,884
Non-cash Contribution - Fringe Benefits	4,925	2,462	1,231	8,618
<b>Total Revenues</b>	<u>803,096</u>	<u>731,178</u>	<u>277,305</u>	<u>1,811,579</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular Instruction	269,859	-	-	269,859
Special Education	224,237	-	-	224,237
Vocational Education	26,678	-	-	26,678
Adult Education	57,072	-	-	57,072
<b>Support Services</b>				
Student Support	14,549	-	-	14,549
Regular Instruction	73,609	-	-	73,609
Special Education	28,745	-	-	28,745
Vocational Education	601	-	-	601
Adult Programs	76,731	-	-	76,731
Transportation	15,960	-	271,189	287,149
Food Service	-	718,669	-	718,669
<b>Total Expenditures</b>	<u>788,041</u>	<u>718,669</u>	<u>271,189</u>	<u>1,777,899</u>
<b>Excess Revenues over Expenditures</b>	<b>15,055</b>	<b>12,509</b>	<b>6,116</b>	<b>33,680</b>
Other Financing Sources (Uses)				
Operating Transfers Out	<u>(14,433)</u>	<u>-</u>	<u>-</u>	<u>(14,433)</u>
<b>Excess Revenues and Other Sources over Expenditures and Other Uses</b>	<b>622</b>	<b>12,509</b>	<b>6,116</b>	<b>19,247</b>
Fund Balance - July 1, 2008	18	239,325	52,030	291,373
Increase (Decrease) in Reserves	<u>-</u>	<u>(243)</u>	<u>-</u>	<u>(243)</u>
<b>Fund Balance - June 30, 2009</b>	<u><b>\$ 640</b></u>	<u><b>\$ 251,591</b></u>	<u><b>\$ 58,146</b></u>	<u><b>\$ 310,377</b></u>

See independent auditor's report.

**TRENTON SPECIAL SCHOOL DISTRICT**  
**PUBLIC LAW FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
*For the year ended June 30, 2009*

Revenues	Budget		Actual	Variance Over (Under)
	Original	Final		
Federal	\$ 906,140	\$ 888,918	\$ 798,170	\$ (90,748)
Interest	-	-	1	1
Non-cash Contribution - Fringe Benefits	-	-	4,925	4,925
<b>Total Revenues</b>	<u>906,140</u>	<u>888,918</u>	<u>803,096</u>	<u>(85,822)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular Instruction	281,800	275,588	269,859	(5,729)
Special Education	242,277	243,131	224,237	(18,894)
Vocational Education	28,527	26,499	26,678	179
Adult Education	73,761	74,818	57,072	(17,746)
<b>Support Services</b>				
Other Student Support	13,329	15,594	14,549	(1,045)
Regular Instruction	108,231	97,046	73,609	(23,437)
Special Education	38,338	38,637	28,745	(9,892)
Vocational Education	1,000	602	601	(1)
Adult Programs	85,306	84,029	76,731	(7,298)
Transportation	16,194	15,960	15,960	-
<b>Total Expenditures</b>	<u>888,763</u>	<u>871,904</u>	<u>788,041</u>	<u>(83,863)</u>
<b>Excess Revenues over Expenditures</b>	<b>17,377</b>	<b>17,014</b>	<b>15,055</b>	<b>(1,959)</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	(17,377)	(17,014)	(14,433)	2,581
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	622	<u>\$ 622</u>
Fund Balance - July 1, 2008			18	
<b>Fund Balance - June 30, 2009</b>			<u><b>\$ 640</b></u>	

**TRENTON SPECIAL SCHOOL DISTRICT  
CAFETERIA FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2009**

	Budget		Actual	Variance
	Original	Final		Over (Under)
<b>Revenues</b>				
Student Lunches	\$ 200,000	\$ 200,000	\$ 184,289	\$ (15,711)
Adult Lunches	31,633	31,633	31,599	(34)
Breakfast Sales	14,500	14,500	12,105	(2,395)
State Matching	10,000	10,000	8,172	(1,828)
USDA Lunch Funds	335,000	335,000	325,697	(9,303)
USDA Breakfast Funds	105,000	105,000	103,772	(1,228)
Commodities	-	-	58,588	58,588
Non-cash Contributions - Fringe Benefits	-	-	2,462	2,462
Other Local Revenues	-	-	2,611	2,611
Interest Earned	4,000	4,000	1,883	(2,117)
Total Revenues	<u>700,133</u>	<u>700,133</u>	<u>731,178</u>	<u>31,045</u>
<b>Expenditures</b>				
Supervisor/Director	18,032	18,032	18,032	-
Accountants/Bookkeepers	5,793	5,793	5,793	-
Cafeteria Personnel	237,119	232,124	221,698	(10,426)
Other Salaries	15,019	16,416	16,416	-
Employee Benefits	52,995	52,995	41,646	(11,349)
Communication	1,900	1,903	1,903	-
Equipment Maintenance	3,675	3,783	3,783	-
Travel and Transportation	7,300	7,300	6,691	(609)
Other Contracted Services	3,000	4,227	4,227	-
Food Services	274,669	274,669	264,256	(10,413)
Commodities	-	-	58,588	58,588
Uniforms	1,425	1,425	1,382	(43)
Utilities	32,000	32,000	29,006	(2,994)
In-Service Training	3,000	3,000	259	(2,741)
Supplies	34,206	36,466	36,466	-
Other Charges	10,000	10,000	5,492	(4,508)
Non-cash Fringe Benefits	-	-	2,462	2,462
Capital Outlay - Equipment	214,538	214,538	569	(213,969)
Total Expenditures	<u>914,671</u>	<u>914,671</u>	<u>718,669</u>	<u>(196,002)</u>
<b>Excess Revenues over (under)</b>				
<b>Expenditures</b>	<u><u>\$(214,538)</u></u>	<u><u>\$(214,538)</u></u>	<u><u>12,509</u></u>	<u><u>\$ 227,047</u></u>
Fund Balance - July 1, 2008			239,325	
Increase (Decrease) in Reserve for Inventory			<u>(243)</u>	
<b>Fund Balance - June 30, 2009</b>			<u><u>\$ 251,591</u></u>	

See independent auditor's report.

**TRENTON SPECIAL SCHOOL DISTRICT  
GIBSON COUNTY SCHOOL BUS GARAGE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

*For the year ended June 30, 2009*

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Over (Under)</b>
<b>Revenues</b>				
Local Revenues	\$ 271,134	\$ 275,777	\$ 276,074	\$ 297
Non-cash Contribution - Fringe Benefits	-	-	1,231	1,231
<b>Total Revenues</b>	<b>271,134</b>	<b>275,777</b>	<b>277,305</b>	<b>1,528</b>
<b>Expenditures</b>				
Salaries - Mechanics	99,246	99,243	99,243	-
Salaries - Other	10,830	10,830	10,831	1
Employee Benefits	13,180	13,047	13,047	-
Communications	2,678	1,306	1,306	-
Laundry Service	2,100	2,108	2,108	-
Other Contracted Services	4,500	3,942	3,942	-
Postal Charges	600	-	-	-
Fuel and Lubricants	9,000	6,490	6,490	-
Garage Supplies	10,000	9,426	9,425	(1)
Tires and Tubes	31,000	41,937	41,936	(1)
Repair Parts for Vehicles	80,000	75,248	69,430	(5,818)
Insurance on Vehicles	3,000	3,000	3,000	-
Other Charges	5,000	6,363	6,363	-
Non-cash Fringe Benefits	-	-	1,231	1,231
Capital Outlay - Administrative Equipment	-	2,837	2,837	-
<b>Total Expenditures</b>	<b>271,134</b>	<b>275,777</b>	<b>271,189</b>	<b>(4,588)</b>
<b>Excess Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,116</b>	<b>\$ 6,116</b>
Fund Balance - July 1, 2008			52,030	
<b>Fund Balance - June 30, 2009</b>			<b>\$ 58,146</b>	

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT**  
*June 30, 2009*

<u>Year Ending June 30,</u>	<u>1998 Refunding Bonds</u>		<u>2003 School Bonds</u>		<u>Total Requirement</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 45,000	\$ 302,958	\$ 390,000	\$ 71,375	\$ 809,333
2011	45,000	300,975	415,000	58,265	819,240
2012	480,000	289,312	--	51,000	820,312
2013	505,000	267,265	--	51,000	823,265
2014	540,000	243,617	--	51,000	834,617
2015	565,000	218,334	--	51,000	834,334
2016	605,000	191,276	--	51,000	847,276
2017	640,000	162,170	--	51,000	853,170
2018	685,000	130,861	--	51,000	866,861
2019	730,000	97,073	--	51,000	878,073
2020	780,000	60,443	--	51,000	891,443
2021	835,000	20,666	--	51,000	906,666
2022	--	--	585,000	38,569	623,569
2023	--	--	615,000	13,069	628,069
	<u><b>\$ 6,455,000</b></u>	<u><b>\$ 2,284,950</b></u>	<u><b>\$ 2,005,000</b></u>	<u><b>\$ 691,278</b></u>	<u><b>\$ 11,436,228</b></u>

See independent auditor's report.

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF INTERFUND TRANSFERS - ALL FUNDS**  
*For the year ended June 30, 2009*

<u>TRANSFER FROM</u>	<u>TRANSFER TO</u>	<u>AMOUNT</u>
Public Law Fund	General Purpose School Fund	\$ 14,433

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS**  
*For the Year Ended June 30, 2009*

**TEN YEAR SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS**

<u>Year Ended June 30,</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>	<u>Levy</u>
2008	\$ 92,550,884	\$2.04	\$ 1,888,038
2007	\$ 91,880,323	\$2.04	\$ 1,874,359
2006	\$ 90,784,195	\$2.04	\$ 1,851,998
2005	\$ 89,525,867	\$1.75	\$ 1,566,703
2004	\$ 89,365,355	\$1.75	\$ 1,563,894
2003	\$ 88,266,881	\$1.71	\$ 1,509,364
2002	\$ 83,331,186	\$2.00	\$ 1,424,693
2001*			
2000*			
1999*			

The following tax was levied on January 1, 2009

2009	\$ 92,550,884	\$2.16	\$ 1,999,099
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\* *information not available*

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2009

Grantor Agency/ Pass-through Agency/ Program Name and Number	CFDA #	Balance July 1, 2008 (Receivable) Unearned	Receipts	Amount Earned	Expenditures	Balance June 30, 2009 (Receivable) Unearned
<b>U.S. Department of Education/ Tennessee Department of Education/</b>						
Title I	84.010	\$ 103	\$ --	\$ --	\$ --	\$ 103
Title I	84.010	--	188,724	--	231,990	(43,266)
Title I	84.010	22,845	--	--	22,845	--
Title I	84.010	(4)	--	--	--	(4)
		<u>22,944</u>	<u>188,724</u>	<u>--</u>	<u>254,835</u>	<u>(43,167)</u>
Title V	84.298	(1,059)	1,059	--	--	--
Title III A	84.365	--	--	--	1,022	(1,022)
Title III ESL 08-01	84.365	(1,674)	1,674	--	--	--
		<u>(1,674)</u>	<u>1,674</u>	<u>--</u>	<u>1,022</u>	<u>(1,022)</u>
Drug Free	84.184	(1,441)	1,441	--	--	--
Drug Free	84.184	--	4,453	--	4,453	--
		<u>(1,441)</u>	<u>5,894</u>	<u>--</u>	<u>4,453</u>	<u>--</u>
Title II	84.367	(11,460)	11,460	--	--	--
Title II	84.367	--	49,553	--	67,127	(17,574)
Title II	84.367	--	2,359	--	2,359	--
		<u>(11,460)</u>	<u>63,372</u>	<u>--</u>	<u>69,486</u>	<u>(17,574)</u>
IDEA	84.027	--	193,927	--	229,454	(35,527)
IDEA	84.027	(17,555)	54,666	--	37,111	--
IDEA - Part B	84.027	--	30,290	--	30,290	--
		<u>(17,555)</u>	<u>278,883</u>	<u>--</u>	<u>296,855</u> *	<u>(35,527)</u>
IDEA Preschool	84.173	--	7,485	--	7,945	(460)
IDEA Preschool	84.173	480	--	--	480	--
IDEA Preschool	84.173	(999)	999	--	--	--
		<u>(519)</u>	<u>8,484</u>	<u>--</u>	<u>8,425</u> *	<u>(460)</u>

See independent auditor's report.

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the year ended June 30, 2009*

Grantor Agency/ Pass-through Agency/ Program Name and Number	CFDA #	Balance July 1, 2008 (Receivable) Unearned	Receipts	Amount Earned	Expenditures	Balance June 30, 2009 (Receivable) Unearned
ABE 08-01	84.002	(5,856)	5,856	--	--	--
COABE Grant 08-01		324	--	--	324	--
ABE 08-01	84.002	--	2,916	--	2,916	--
ABE 2009 (75% Federal; 25% State)	84.002	--	53,947	--	83,831	(29,884)
ABE 2006 (79% Federal; 21% State)	84.002	57	--	--	--	57
ABE 2002-03	84.002	20	--	--	--	20
Workforce Essentials Inc.		956	--	--	956	--
Workforce Essentials Inc.		--	1,500	--	1,556	(56)
		<u>(4,499)</u>	<u>64,219</u>	<u>--</u>	<u>89,583</u>	<u>(29,863)</u>
Carl Perkins	84.048	(20,502)	20,502	--	--	--
Carl Perkins	84.048	--	28,796	--	33,627	(4,831)
		<u>(20,502)</u>	<u>49,298</u>	<u>--</u>	<u>33,627</u>	<u>(4,831)</u>
JTG	84.004	--	5,008	--	12,500	(7,492)
JTG	84.004	(7,036)	7,036	--	--	--
		<u>(7,036)</u>	<u>12,044</u>	<u>--</u>	<u>12,500</u>	<u>(7,492)</u>
Title I - P.L. 874 (Impact Aid)	84.041	--	3,085	--	3,085	--
<b>Total Department of Education</b>		<b><u>(42,801)</u></b>	<b><u>676,736</u></b>	<b><u>--</u></b>	<b><u>773,871</u></b>	<b><u>(139,936)</u></b>
<b>U.S. Department of Agriculture/</b>						
<i>Tennessee Department of Agriculture/</i>						
School Breakfast Program	10.553	(8,310)	103,035	103,773 *	--	(9,048)
National School Lunch Program	10.555	(24,954)	318,321	325,697 *	--	(32,330)
<b>Total Department of Agriculture</b>		<b><u>(33,264)</u></b>	<b><u>421,356</u></b>	<b><u>429,470</u></b>	<b><u>--</u></b>	<b><u>(41,378)</u></b>

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the year ended June 30, 2009*

<u>Grantor Agency/ Pass-through Agency/ Program Name and Number</u>	<u>CFDA #</u>	<u>Balance July 1, 2008 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Amount Earned</u>	<u>Expenditures</u>	<u>Balance June 30, 2009 (Receivable) Unearned</u>
U.S. Department of Labor/ Jackson State University/ JTPA Summer Program	17.246	--	6,394	--	6,394	--
<b>Total Federal Awards</b>		<b><u>\$ (76,065)</u></b>	<b><u>\$ 1,098,092</u></b>	<b><u>\$ 429,470</u></b>	<b><u>\$ 773,871</u></b>	<b><u>\$ (181,314)</u></b>

\* denotes major program

**NOTE:** The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

**NON-CASH ASSISTANCE**

<u>Grantor Agency/ Pass-through Agency/ Program Name and Number</u>	<u>CFDA #</u>	<u>Balance on Hand July 1, 2008</u>	<u>Receipts</u>	<u>Amount Issued</u>	<u>Balance on Hand June 30, 2009</u>
U.S. Department of Agriculture/ Tennessee Department of Agriculture/ Food Distribution - Commodities	10.550	\$ --	58,588	58,588 *	\$ --

**NOTE:** Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and issued.

**TRENTON SPECIAL SCHOOL DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE**

*For the year ended June 30, 2009*

<u>Grantor Agency/ Program Name</u>	<u>Number</u>	<u>Balance July 1, 2008 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2009 (Receivable) Unearned</u>
<b>Tennessee Department of Education</b>					
WIA Dropout Academic Tutoring		\$ (1)	\$ --	\$ --	\$ (1)
Family Resource		(1,974)	26,516	33,300	(8,758)
GED Testing Grant		--	8,121	8,121	--
Coordinated School Health	GZ8/AAX9	(43,561)	124,525	110,000	(29,036)
ABE 2006 (79% Federal; 21% State)	Z-06-027825	15	--	--	15
ABE 2009 (75% Federal; 25% State)	Z-09-213510	--	17,982	27,944	(9,962)
ABE 08-01 (75% Federal; 25% State)	Z-08-020829	(1,952)	1,952	--	--
Adult Education Salary Increase	Z-08-201257	(12)	12	--	--
Dislocated Worker		--	--	8,427	(8,427)
Child Care Food Program		--	6,817	6,817	--
Safe Schools		(8,700)	8,700	8,600	(8,600)
Early Childhood Grant - Pilot		(79,033)	298,216	286,919	(67,736)
Early Childhood Grant - Lottery		(23,480)	71,615	95,640	(47,505)
TN Wings		--	7,057	7,057	--
JTG		(7,036)	7,036	--	--
JTG		--	5,008	12,500	(7,492)
<b>Total State Financial Assistance</b>		<b><u>\$ (165,734)</u></b>	<b><u>\$ 583,557</u></b>	<b><u>\$ 605,325</u></b>	<b><u>\$ (187,502)</u></b>

***INTERNAL CONTROL AND COMPLIANCE***



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**Report on Internal Control over Financial Reporting and on Compliance  
And Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Trustees  
Trenton Special School District  
Trenton, Tennessee

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Trenton Special School District as of and for the year ended June 30, 2009, which collectively comprise the Trenton Special School District's basic financial statements and have issued our report thereon dated January 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

Our 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 that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 96-1 to be significant deficiencies in internal control over financial reporting.

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

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

To the Board of Trustees  
Trenton Special School District

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 District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trenton Special School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Trenton Special School District in a separate letter dated January 28, 2010.

Trenton Special School District's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

*Alexander Thompson Arnold PLLC*

Trenton, Tennessee  
January 28, 2010



Certified Public Accountants

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**Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

To the Board of Trustees  
Trenton Special School District  
Trenton, Tennessee

**Compliance**

We have audited the compliance of the Trenton 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 Trenton Special School District's major federal programs are identified in the summary of auditors' 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 Trenton Special School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Trenton 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.

To the Board of Trustees  
Trenton Special School District

**Internal Control over Compliance**

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

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.

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.

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

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

*Alexander Thompson Arnold PLLC*

Trenton, Tennessee  
January 28, 2010

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the year ended June 30, 2009*

**SECTION A - SUMMARY OF AUDITORS' RESULTS**

1. The "Independent Auditor's Report" expresses an unqualified opinion on the governmental activities, each major fund, and the aggregate remaining fund information of the Trenton Special School District.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the "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*." The deficiency is not reported as a material weakness.
3. No instances of noncompliance or other matters material to the financial statements of the Trenton Special School District were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of major federal award programs that are reported in the "Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major federal award programs of the Trenton Special School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the Trenton Special School District.
7. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA No.</u>
IDEA	84.027
IDEA Preschool	84.173
School Breakfast Program	10.553
National School Lunch Program	10.555
Commodities	10.550

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

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the year ended June 30, 2009*

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

***Significant Deficiencies***

**96-1 Segregation of duties**

Condition: The Trenton Special School District lacks adequate staff to implement the desired level of segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: We realize that the staff size will not allow the District to completely segregate the duties to the optimum level desired. However, the accounting functions should be segregated as much as possible. Management needs to be aware that this weakness exists in the system of internal accounting controls.

Response: *We will segregate bookkeeping and accounting duties to the fullest extent possible.*

**TRENTON SPECIAL SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**  
*For the year ended June 30, 2009*

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

96-1 Segregation of Duties – repeated