

WEST CARROLL SPECIAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**WEST CARROLL SPECIAL SCHOOL DISTRICT
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INTRODUCTORY SECTION

**WEST CARROLL SPECIAL SCHOOL DISTRICT
DIRECTORY
JUNE 30, 2009**

ELECTED OFFICIALS

Jimmy Halford, Chairman
Lester Scott, Vice Chairman
Mike Foster, Treasurer
Donald Cunningham, Member
Jim Pirtle, Member
Sam Inman, Member

APPOINTED OFFICIALS

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

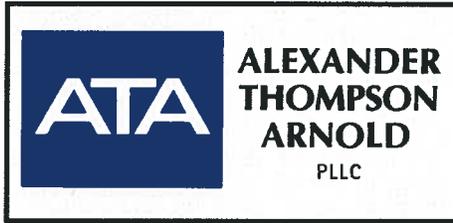
COUNSEL

The King Law Office
Huntingdon, Tennessee

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC
Jackson, Tennessee

FINANCIAL SECTION



Certified Public Accountants

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AICPA Employee Benefit Plan Audit Quality Center
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Independent Auditor's Report

Board of Education
West Carroll Special School District
Atwood, Tennessee

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carroll Special School District (the 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 the 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 District, as of June 30, 2009, and the respective changes in financial position and the budgetary comparison of the general-purpose 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 April 12, 2010, on our consideration of the District's internal control over financial reporting and 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.

The management's discussion and analysis on pages 4 through 10 and the required supplementary information on page 41 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.

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

McKenzie, TN 2
Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Board of Education
West Carroll Special School District
Atwood, Tennessee

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on it. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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.



Certified Public Accountants
Jackson, Tennessee
April 12, 2010

Management's Discussion and Analysis

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

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2009 by \$3,420,297. Of this amount, \$2,485,704 (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 \$2,755,267. Approximately 81% of this total amount, \$2,220,159, is unreserved in the general purpose fund. Approximately 10% represents funds unreserved in the centralized cafeteria fund.
- At the end of the current fiscal year, unreserved fund balance for the general purpose fund was \$2,220,159 or 35% of total general purpose fund expenditures.
- The District's total bonded debt decreased by \$215,000.

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 net assets* presents all the assets and liabilities for the District, with differences between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

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

Governmental funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable*

resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

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

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

District-wide Financial Analysis

As noted earlier, net 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 \$3,420,297 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.

The District's Net Assets

	Governmental Activities June 30, 2009	Governmental Activities June 30, 2008
Assets		
Current and other	\$ 4,425,590	\$ 4,109,445
Capital assets - net of accumulated depreciation	<u>6,640,769</u>	<u>6,860,664</u>
Total assets	<u>11,066,359</u>	<u>10,970,109</u>
Liabilities		
Long-term liabilities	6,345,000	6,560,000
Other liabilities	<u>1,301,062</u>	<u>1,300,198</u>
Total liabilities	<u>7,646,062</u>	<u>7,860,198</u>
Net assets		
Invested in capital assets, net of related debt	715,859	741,758
Restricted	218,734	224,445
Unrestricted	<u>2,485,704</u>	<u>2,143,708</u>
Total net assets	<u>\$ 3,420,297</u>	<u>\$ 3,109,911</u>

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

An additional portion of the District's net assets, \$217,654, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$2,485,704, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the District's total net assets increased by \$310,386. 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.

	Governmental Activities June 30, 2009	Governmental Activities June 30, 2008
Revenues		
Program revenues		
Charges for services	\$ 208,836	\$ 241,975
Operating grants and contributions	1,456,662	1,334,448
Capital grants and contributions	61,869	29,993
General revenues		
Property taxes	1,193,108	1,194,428
Sales taxes	547,262	521,708
Alcoholic beverage tax	498	691
Grants and contributions not restricted to specific programs:		
Basic Education Program	4,818,329	4,718,999
Other	13,015	420
Interest	38,356	39,023
Gain on sale of capital assets	1,055	-
Other miscellaneous revenues	78,651	46,361
Non-operating revenues		
Endowment fund contribution	-	99,870
Total revenues	<u>8,417,641</u>	<u>8,227,916</u>

The District's Changes in Net Assets

	Governmental Activities June 30, 2009	Governmental Activities June 30, 2008
Expenses		
Instruction	4,867,588	4,659,745
Support services	2,218,500	2,110,137
Non-instructional services	<u>1,021,167</u>	<u>1,067,522</u>
Total expenses	<u>8,107,255</u>	<u>7,837,404</u>
Change in net assets	<u>310,386</u>	<u>390,512</u>
Net assets, beginning	<u>3,109,911</u>	<u>2,719,399</u>
Net assets, ending	<u>\$ 3,420,297</u>	<u>\$ 3,109,911</u>

Governmental activities Governmental activities increased the District's net assets by \$310,386. The key element of this increase is the ability of the District to prevent budget overruns.

Total governmental activities' revenue for the fiscal year was \$8,417,641. The largest single revenue source was state revenues in the form of Basic Education Program payments.

Expense and Program Revenues - Governmental Activities

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

Among major funds, the general purpose fund had \$6,811,276 in revenues and \$6,332,008 in expenditures. The debt service fund had \$263,594 in revenues and \$475,697 in expenditures. In the non-major funds, the cafeteria fund had \$582,269 in revenues and \$532,099 in expenditures. The federal projects fund had \$749,630 in revenues and \$741,630 in expenditures. Major funding for these funds was provided by federal funds. The endowment fund had \$10,901 in revenues and \$5,500 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	\$ 208,836	2%	\$ 241,975	3%
Operating grants and contributions	1,456,662	17%	1,334,448	16%
Capital grants and contributions	61,869	1%	29,993	0%
General revenues				
Property taxes	1,193,108	14%	1,194,428	14%
Sales taxes	547,262	7%	521,708	6%
Alcoholic beverage tax	498	0%	691	0%
Grants and contributions not restricted to specific programs	4,818,329	57%	4,719,419	56%
Interest	38,356	0%	39,023	0%
Gain on sale of capital assets	1,055	0%	-	0%
Contribution	13,015	0%	-	0%
Other miscellaneous revenues	78,651	1%	46,361	1%
Non-operating revenues				
Endowment fund contribution	-	0%	99,870	1%
Total revenues	<u>\$ 8,417,641</u>	<u>100%</u>	<u>\$ 8,227,916</u>	<u>100%</u>

Financial Analysis of the Government's Funds

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

Governmental funds The focus of the District's *governmental funds* is to provide information on near-term 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 \$2,755,267. Of this amount, \$2,712,823 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 \$2,220,159.

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 35% of the total general purpose fund expenditures, while total fund balances represent 35% of that same amount.

The fund balance of the District's general purpose fund increased by \$268,200 during the current fiscal year. A key factor in this growth was the District's ability to remain within the budget adopted.

General Purpose Fund Budgetary Highlights

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

General Purpose Fund	June 30, 2009		
	Original	Final	Difference
Revenues			
Taxes	\$ 1,356,753	\$ 1,356,753	\$ -
Intergovernmental	5,136,033	5,199,116	63,083
Miscellaneous	31,700	46,700	15,000
Total revenues	<u>6,524,486</u>	<u>6,602,569</u>	<u>78,083</u>
Expenses			
Instruction	3,808,316	3,832,666	24,350
Support services	2,197,058	2,154,824	(42,234)
Non-instructional services	519,112	615,079	95,967
Total expenditures	<u>6,524,486</u>	<u>6,602,569</u>	<u>78,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

June 30, 2008

General Purpose Fund

Revenues	<u>Original</u>	<u>Final</u>	<u>Difference</u>
Taxes	\$ 1,342,342	\$ 1,342,342	\$ -
Intergovernmental	4,830,773	4,924,273	93,500
Miscellaneous	<u>35,350</u>	<u>35,350</u>	<u>-</u>
Total revenues	<u>6,208,465</u>	<u>6,301,965</u>	<u>93,500</u>
Expenses			
Instruction	3,684,875	3,741,830	56,955
Support services	2,054,772	2,083,797	29,025
Non-instructional services	<u>468,818</u>	<u>476,338</u>	<u>7,520</u>
Total expenditures	<u>6,208,465</u>	<u>6,301,965</u>	<u>93,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In 2008, there were no major increases or decreases in the budgets.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental funds as of June 30, 2009 amounts to \$715,859 (net of accumulated depreciation and related debt). This investment in capital assets includes buildings and improvements and other fixed assets (including equipment). The major capital asset events that occurred during the year included the installation of lights at the baseball and softball fields and purchase of Teach Smart learning system.

The District's investment in capital assets for its governmental funds as of June 30, 2008 amounts to \$741,545 (net of accumulated depreciation and related debt). This investment in capital assets includes buildings and improvements and other fixed assets (including equipment). The major capital asset events that occurred during the year included the construction of the new director of schools office and the maintenance warehouse.

	<u>6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/09</u>
Capital assets not being depreciated:				
Land	\$ 217,127	\$ -	\$ -	\$ 217,127
Capital assets being depreciated:				
Buildings and improvements	11,350,559	176,820	-	11,527,379
Other fixed assets	<u>180,978</u>	<u>26,196</u>	<u>(6,550)</u>	<u>200,624</u>
	11,531,537	203,016	(6,550)	11,728,003
Accumulated depreciation	<u>(4,888,000)</u>	<u>(422,911)</u>	<u>6,550</u>	<u>(5,304,361)</u>
Capital assets net of accumulated depreciation	6,860,664	(219,895)	-	6,640,769
Long-term debt related to capital assets (including bond costs and premiums)	<u>(6,119,119)</u>	<u>-</u>	<u>(194,209)</u>	<u>(5,924,910)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 741,545</u>	<u>\$ (219,895)</u>	<u>\$ (194,209)</u>	<u>\$ 715,859</u>

	<u>6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/08</u>
Capital assets not being depreciated:				
Land	\$ 217,127	\$ -	\$ -	\$ 217,127
Capital assets being depreciated:				
Buildings and improvements	11,325,682	24,877	-	11,350,559
Other fixed assets	<u>126,718</u>	<u>54,260</u>	<u>-</u>	<u>180,978</u>
Total	11,452,400	79,137	-	11,531,537
Accumulated depreciation	(4,482,730)	(405,270)	-	(4,888,000)
Capital assets net of accumulated depreciation	7,186,797	(326,133)	-	6,860,664
Long-term debt related to capital assets (including bond costs and premiums)	<u>(6,307,902)</u>	<u>-</u>	<u>(188,783)</u>	<u>(6,119,119)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 878,895</u>	<u>\$ (326,133)</u>	<u>\$ (188,783)</u>	<u>\$ 741,545</u>

Long-term debt. As of June 30, 2009, the District had total bonded debt outstanding of \$6,345,000. All debt is backed by the full faith and credit of the government.

As of June 30, 2008, the District had total bonded debt outstanding of \$6,560,000. 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 2005	\$ 6,345,000	\$ 6,385,000
School Bonds, Series 1999	<u>-</u>	<u>175,000</u>
	<u>\$ 6,345,000</u>	<u>\$ 6,560,000</u>

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

The District maintains an "Aaa" rating by Moody's Investors Service, Inc. (Moody's) for general obligation debt.

Economic Factors and Next year's Budget and Rates

The unemployment rate for Carroll County is currently 17.3%. The state's average unemployment rate is currently 10.5%. The national average unemployment rate is currently 10.2%. All of the rates are from labor statistics released in October 2009.

Inflationary trends in the region are slightly high according to the national indices.

All of these factors were considered in preparing the District's budget for the 2009-2010 fiscal year.

The District's undesignated fund balance in the general purpose fund was \$2,220,159, for the fiscal year ending June 30, 2009. It is intended that this use of available fund balance and reserves will avoid the need to raise taxes during the 2009-2010 fiscal year.

Request for Information

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

BASIC FINANCIAL STATEMENTS

WEST CARROLL SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets:

Cash and cash equivalents	\$	2,275,454
Investments		200,000
Due from other governments - nongrant		1,311,536
Due from other governments - grants		172,210
Interest receivable		5,913
Inventory		36,144
Bond issuance cost		424,333
Capital assets, not being depreciated:		
Land		217,127
Capital assets, being depreciated (net of accumulated depreciation):		
Buildings and improvements		6,324,565
Other fixed assets		99,077
Total assets		<u>11,066,359</u>

Liabilities:

Accounts payable		6,878
Accrued expenses		50,259
Accrued interest payable		56,742
Deferred revenue - property taxes		1,182,940
Bond premium		4,243
Long-term liabilities:		
Portion due or payable within one year:		
Bonds, notes payable, and capital leases payable		225,000
Portion due or payable after one year:		
Bonds, notes payable, and capital leases payable		6,120,000
Total liabilities		<u>7,646,062</u>

Net assets:

Invested in capital assets, net of related debt		715,859
Restricted for:		
Career Ladder - Extended Contract		6,300
Endowment		212,434
Unrestricted		2,485,704
Total net assets		<u>\$ 3,420,297</u>

WEST CARROLL SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular education	\$ 3,932,928	\$ -	\$ 484,282	\$ -	\$ (3,448,646)
Alternate education	13,998	-	-	-	(13,998)
Special education	656,368	-	224,000	41,869	(390,499)
Vocational education	264,294	-	18,328	-	(245,966)
Support Services:					
Attendance	33,821	-	-	-	(33,821)
Health services	47,618	-	-	-	(47,618)
Other student support	249,351	-	59,457	-	(189,894)
Regular education	323,685	-	71,397	-	(252,288)
Special education	68,749	-	42,857	-	(25,892)
Vocational education	4,828	-	5,156	-	328
Board of Education	111,379	-	-	-	(111,379)
Office of Director of Schools	130,719	-	1,072	-	(129,647)
Office of Principals	414,427	-	3,216	-	(411,211)
Fiscal Services	72,520	-	-	-	(72,520)
Operation and maintenance of plant	627,194	-	-	-	(627,194)
Central and other	134,209	-	-	-	(134,209)
Noninstructional Services					
Food service	527,051	208,836	371,862	-	53,647
Early Childhood	178,817	-	175,035	20,000	16,218
Capital outlay	32,606	-	-	-	(32,606)
Debt service	282,693	-	-	-	(282,693)
	<u>\$ 8,107,255</u>	<u>\$ 208,836</u>	<u>\$ 1,456,662</u>	<u>\$ 61,869</u>	<u>(6,379,888)</u>
General Revenues:					
Property taxes including interest and penalties					1,193,108
Sales taxes					547,262
Alcoholic beverage tax					498
Grants and contributions not restricted to specific programs					
Basic Education Program					4,818,329
Other					13,015
Interest					38,356
Gain on sale of capital assets					1,055
Other miscellaneous revenues					78,651
Total general revenues					<u>6,690,274</u>
Change in net assets					310,386
Net assets, beginning					<u>3,109,911</u>
Net assets, ending					<u>\$ 3,420,297</u>

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

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

	General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,005,114	\$ 7,829	\$ 262,511	\$ 2,275,454
Investments	-	-	200,000	200,000
Due from other governments - nongrant	1,029,781	281,755	-	1,311,536
Due from other governments - grants	31,077	-	141,133	172,210
Due from other funds	150,000	-	26,318	176,318
Inventory	-	-	36,144	36,144
Total assets	<u>\$ 3,215,972</u>	<u>\$ 289,584</u>	<u>\$ 666,106</u>	<u>\$ 4,171,662</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 6,751	\$ -	\$ 127	\$ 6,878
Accrued expenses	50,259	-	-	50,259
Due to other funds	26,318	-	150,000	176,318
Unearned revenue - property taxes	906,185	276,755	-	1,182,940
Total liabilities	<u>989,513</u>	<u>276,755</u>	<u>150,127</u>	<u>1,416,395</u>
Fund balances:				
Reserved for:				
Special revenue funds:				
Inventory	-	-	36,144	36,144
Career ladder extended	6,300	-	-	6,300
Unreserved:				
General-purpose fund	2,220,159	-	-	2,220,159
Special revenue funds	-	-	267,401	267,401
Debt service fund	-	12,829	-	12,829
Permanent fund:				
Endowment	-	-	212,434	212,434
Total fund balances	<u>2,226,459</u>	<u>12,829</u>	<u>515,979</u>	<u>2,755,267</u>
Total liabilities and fund balances	<u>\$ 3,215,972</u>	<u>\$ 289,584</u>	<u>\$ 666,106</u>	<u>\$ 4,171,662</u>

**WEST CARROLL 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 (Page 11) are different because:

Fund balance - total governmental funds (Page 13)	\$ 2,755,267
Capital assets used in governmental funds are not financial resources and, therefore, are not reported as assets in governmental funds.	6,640,769
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Accrued interest	5,913
Bond issuance cost	424,333
Other liabilities in governmental funds are not financial uses in the current period and, therefore, are not reported as liabilities in governmental funds.	
Accrued interest payable	(56,742)
Bond premium	(4,243)
Long-term liabilities, including bonds, notes, and leases payable, are not due in the current period and, therefore, are not reported in the funds.	(6,345,000)
Net assets of governmental activities (Page 11)	<u>\$ 3,420,297</u>

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

	General Purpose Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,476,515	\$ 263,358	-	\$ 1,739,873
Federal revenue	-	-	996,990	996,990
Intergovernmental	5,245,369	-	4,140	5,249,509
Miscellaneous	63,715	-	-	63,715
Interest earned	25,677	236	12,472	38,385
Food services	-	-	329,198	329,198
Total revenues	<u>6,811,276</u>	<u>263,594</u>	<u>1,342,800</u>	<u>8,417,670</u>
Expenditures:				
Current:				
Instruction	3,842,429	-	630,894	4,473,323
Support services	2,082,919	-	110,736	2,193,655
Noninstructional	406,660	475,697	537,599	1,419,956
Total expenditures	<u>6,332,008</u>	<u>475,697</u>	<u>1,279,229</u>	<u>8,086,934</u>
Other financing sources (uses)				
Transfers in	8,000	219,068	-	227,068
Transfers (out)	(219,068)	-	(8,000)	(227,068)
	<u>(211,068)</u>	<u>219,068</u>	<u>(8,000)</u>	<u>-</u>
Net changes in fund balance	<u>268,200</u>	<u>6,965</u>	<u>55,571</u>	<u>330,736</u>
Fund balance - beginning	2,004,394	5,864	407,702	2,417,960
Prior Period Adjustment	(46,135)	-	46,135	-
Inventory adjustment	-	-	6,571	6,571
Fund balance - beginning - restated	<u>1,958,259</u>	<u>5,864</u>	<u>460,408</u>	<u>2,424,531</u>
Fund balance - ending	<u>\$ 2,226,459</u>	<u>\$ 12,829</u>	<u>\$ 515,979</u>	<u>\$ 2,755,267</u>

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

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

Amounts reported for the governmental activities in the statement of activities (Page 12) are different because:

Net change in fund balance - total governmental funds (Page 15)	\$ 330,736
Expenses on the statement of activities that are not current financial uses are not reported as expenses in governmental funds:	
Accrued interest payable	(992)
Change in inventory	6,571
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Change in interest	(30)
The payment of the debt issuance costs is an expenditure in the governmental funds, but it is an asset to be amortized over the life of the bonds on the statement of activities.	(21,216)
The receipt of the debt premium is a revenue in the governmental funds, but it is a liability to be amortized over the life of the bonds on the statement of activities.	212
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.	215,000
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital outlays	203,016
Depreciation	(422,911)
Change in Net Assets of Governmental Activities (Page 12)	<u>\$ 310,386</u>

**WEST CARROLL SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues:				
Local Taxes:				
County Taxes:				
Trustees collections - bankruptcy	\$ -	\$ -	\$ 2,351	\$ 2,351
Clerk & Master collections - prior year	-	-	24,243	24,243
Sales tax	460,000	460,000	519,378	59,378
Interstate telecommunications	650	650	793	143
	<u>460,650</u>	<u>460,650</u>	<u>546,765</u>	<u>86,115</u>
Special School District Taxes:				
Property taxes	824,603	824,603	858,121	33,518
Property taxes - prior year	50,000	50,000	48,237	(1,763)
Interest and penalty	6,000	6,000	7,978	1,978
In lieu of tax payments	15,500	15,500	15,414	(86)
	<u>896,103</u>	<u>896,103</u>	<u>929,750</u>	<u>33,647</u>
Total local taxes	<u>1,356,753</u>	<u>1,356,753</u>	<u>1,476,515</u>	<u>119,762</u>
Intergovernmental Revenues:				
State Education Funds:				
Basic Education Program	4,819,329	4,819,329	4,818,329	(1,000)
Early Childhood Education	195,104	195,104	195,035	(69)
Other state education funds	-	42,190	43,361	1,171
Career Ladder	77,000	77,000	73,440	(3,560)
Career Ladder extended contract	44,150	44,150	48,100	3,950
	<u>5,135,583</u>	<u>5,177,773</u>	<u>5,178,265</u>	<u>492</u>
Other State Funds:				
Other state revenues	-	-	8,616	8,616
On behalf payments	-	-	37,097	37,097
Mixed drink tax	450	450	498	48
	<u>450</u>	<u>450</u>	<u>46,211</u>	<u>45,761</u>
Federal Through State:				
Special Education Preschool Grants	-	20,893	20,893	-
Total intergovernmental revenues	<u>5,136,033</u>	<u>5,199,116</u>	<u>5,245,369</u>	<u>46,253</u>

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

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

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues (Cont.):				
Miscellaneous Revenues:				
Marriage licenses	200	200	497	297
Interest earned	15,000	15,000	25,677	10,677
Miscellaneous refunds	-	15,000	16,374	1,374
Insurance recovery	-	-	4,095	4,095
Sale of equipment	-	-	1,055	1,055
Non cash contributions	-	-	13,015	13,015
Other	16,500	16,500	28,679	12,179
Total miscellaneous revenues	31,700	46,700	89,392	42,692
Total revenues	6,524,486	6,602,569	6,811,276	208,707
Expenditures				
Instruction:				
Regular Instruction Program:				
Teachers	2,223,773	2,281,773	2,273,474	8,299
Career Ladder Program	45,500	45,500	43,935	1,565
Career Ladder extended contract	27,342	35,342	35,100	242
Homebound teachers	5,000	5,000	3,864	1,136
Aides	65,119	71,119	64,617	6,502
Other salaries and wagers	1,500	1,500	-	1,500
Substitute teachers	7,000	3,000	2,870	130
Noncertified substitute teachers	29,000	30,200	30,175	25
Social Security	140,480	140,480	139,649	831
State retirement	155,568	155,568	155,305	263
Medical insurance	183,805	183,805	188,489	(4,684)
Unemployment compensation	2,900	2,900	2,895	5
Medicare	33,000	33,000	33,140	(140)
Maintenance and repair services	5,000	-	-	-
Tuition	20,000	-	-	-
Instructional materials and supplies	47,000	44,000	43,455	545
Textbooks	70,000	67,000	66,179	821
Other supplies and materials	-	-	461	(461)
Fee waivers	12,000	12,000	11,062	938
On behalf payments	-	-	37,097	(37,097)
Capital outlay - equipment	47,667	35,667	35,203	464
	<u>3,121,654</u>	<u>3,147,854</u>	<u>3,166,970</u>	<u>(19,116)</u>
Alternate Instruction Program:				
Other contracted services	18,000	18,000	13,998	4,002

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

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

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Instruction (Cont.):				
Special Education Program:				
Teachers	216,002	222,502	222,211	291
Career Ladder	1,000	1,000	1,000	-
Career Ladder extended contract	4,500	6,000	5,850	150
Homebound teachers	-	1,700	1,653	47
Aides	51,441	56,741	56,726	15
Other salaries and wages	1,200	-	-	-
Substitute teachers	600	600	-	600
Non-certified substitutes	1,400	1,400	925	475
Social Security	17,000	17,000	16,773	227
State retirement	19,000	19,000	18,507	493
Medical insurance	20,538	16,538	16,255	283
Unemployment compensation	413	413	472	(59)
Medicare	3,700	3,700	3,923	(223)
Contracts with other schools	40,000	40,000	40,000	-
Other contracted services	15,000	13,700	12,855	845
Instructional supplies and materials	4,000	4,000	2,034	1,966
Other charges	-	500	410	90
Capital outlay - equipment	6,000	6,000	12,849	(6,849)
	401,794	410,794	412,443	(1,649)
Vocational Education Program:				
Teachers	184,382	184,382	181,484	2,898
Career Ladder Program	1,000	1,000	1,000	-
Career Ladder extended contract	1,300	1,950	1,950	-
Substitute teachers	500	500	-	500
Non-certified substitutes	3,000	3,000	2,300	700
Social Security	10,500	10,500	10,145	355
State retirement	11,902	11,902	11,840	62
Medical insurance	29,608	25,108	25,036	72
Unemployment compensation	176	176	156	20
Medicare	2,500	2,500	2,373	127
Instructional supplies and materials	8,000	8,000	6,734	1,266
Other supplies and materials	4,000	1,000	500	500
Capital outlay - equipment	10,000	6,000	5,500	500
	266,868	256,018	249,018	7,000

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

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

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Instruction (Cont.):				
Total instruction	3,808,316	3,832,666	3,842,429	(9,763)
Support Services:				
Attendance:				
Medical personnel	26,767	26,767	26,767	-
Social Security	1,570	1,570	1,589	(19)
State retirement	1,719	1,719	1,718	1
Medical insurance	1,450	1,450	1,393	57
Unemployment compensation	50	50	21	29
Medicare	367	367	372	(5)
Postal charges	1,000	1,000	265	735
Travel	1,500	1,500	1,326	174
Other charges	1,500	1,500	370	1,130
Attendance Equipment	1,000	1,000	-	1,000
	36,923	36,923	33,821	3,102
Health Services:				
Medical personnel	32,505	33,305	33,294	11
Other salaries and wages	300	300	-	300
Social security	1,600	1,600	1,584	16
State retirement	2,700	2,700	2,673	27
Medical insurance	7,238	7,238	6,953	285
Unemployment compensation	50	50	41	9
Medicare	375	375	371	4
Travel	1,500	1,500	1,294	206
Other contracted services	1,500	300	-	300
Staff development	465	465	120	345
Other charges	1,100	1,100	-	1,100
Health equipment	2,000	2,000	1,287	713
	51,333	50,933	47,617	3,316
Other Student Support:				
Career Ladder	7,000	7,000	7,000	-
Guidance personnel	181,261	183,761	183,754	7
Career Ladder extended contract	3,250	3,250	3,250	-
Social Security	11,323	11,323	11,432	(109)
State retirement	12,376	12,376	12,455	(79)
Medical insurance	10,137	10,137	9,739	398

The accompanying notes are integral part of the financial statements.

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

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Support Services (Cont.)				
Other Student Support (Cont.):				
Unemployment compensation	200	200	165	35
Medicare	2,648	2,648	2,674	(26)
Evaluation and testing	7,000	3,000	5,007	(2,007)
Travel	1,000	1,000	400	600
Other contracted services	9,000	9,000	8,820	180
Other supplies and materials	500	500	20	480
Other equipment	1,000	1,000	-	1,000
	<u>246,695</u>	<u>245,195</u>	<u>244,716</u>	<u>479</u>
Regular Education Program				
Supervisor	54,462	55,262	55,231	31
Career Ladder Program	10,000	10,000	9,500	500
Career Ladder extended contract	1,950	2,250	2,225	25
Librarians	138,541	118,541	117,857	684
Non-certified substitute teachers	400	400	-	400
Social Security	12,000	12,000	10,347	1,653
State retirement	13,149	13,149	11,865	1,284
Medical insurance	26,590	26,590	19,991	6,599
Unemployment compensation	200	200	157	43
Medicare	2,585	2,585	2,420	165
Maintenance and repair service - equipment	26,000	20,000	17,893	2,107
Travel	2,000	2,000	2,134	(134)
Other contracted services	4,000	4,000	1,496	2,504
Library books/media	12,000	12,000	12,000	-
Periodicals	1,500	1,500	-	1,500
In-service/staff development	5,000	5,000	2,480	2,520
Other equipment	1,000	1,000	-	1,000
	<u>311,377</u>	<u>286,477</u>	<u>265,596</u>	<u>20,881</u>
Special Education Program:				
Supervisor	9,591	9,641	9,611	30
Clerical personnel	9,838	10,638	10,626	12
Other salaries and wages	150	150	-	150
Social Security	1,225	1,225	1,161	64
State retirement	1,425	1,425	1,470	(45)
Medical insurance	1,400	1,400	1,444	(44)
Unemployment compensation	100	100	30	70

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

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

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Support Services (Cont.)				
Medicare	300	300	272	28
Travel	1,500	1,500	363	1,137
In-service/staff development	1,000	1,000	586	414
Other equipment	1,000	1,000	-	1,000
	27,529	28,379	25,563	2,816
 Vocational Education Program				
Travel	1,000	1,000	-	1,000
	1,000	1,000	-	1,000
 Board of Education:				
Audit services	25,000	25,000	24,433	567
Communication	-	100	(77)	177
Dues and memberships	5,000	5,000	5,770	(770)
Legal services	1,000	1,000	78	922
Postal Charges	500	500	-	500
Travel	1,500	1,500	1,183	317
Liability insurance	2,200	2,200	1,775	425
Trustee commissions	30,000	30,000	28,688	1,312
Workmen's compensation	38,000	38,000	35,922	2,078
Refund to applicants	1,000	1,000	960	40
Other charges	10,000	9,900	12,647	(2,747)
	114,200	114,200	111,379	2,821
 Director of Schools:				
County official/administrative officer	77,009	77,809	77,798	11
Career Ladder program	1,000	1,000	1,000	-
Clerical personnel	9,838	9,838	9,837	1
Other salaries and wages	150	150	-	150
Social Security	5,025	5,025	5,123	(98)
State retirement	5,820	5,820	5,849	(29)
Medical insurance	7,238	7,238	6,953	285
Unemployment compensation	200	200	61	139
Medicare	1,200	1,200	1,198	2
Communication	3,000	3,000	1,819	1,181
Dues and memberships	1,500	1,500	1,432	68
Maintenance and repair service - equipment	3,500	3,500	3,232	268
Postal charges	1,800	1,800	1,168	632

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

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

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Support Services (Cont.)				
Director of Schools: (Cont.)				
Travel	4,000	4,000	2,170	1,830
Other contracted services	200	200	-	200
Office supplies	2,500	500	902	(402)
Other charges	250	250	112	138
Capital outlay - equipment	1,500	1,500	-	1,500
	125,730	124,530	118,654	5,876
Office of Principals:				
Principals	186,529	189,029	188,895	134
Career Ladder	3,000	3,000	3,000	-
Accountants/bookkeepers	8,858	8,858	5,733	3,125
Assistant principal(s)	51,994	52,794	52,783	11
Secretary(s)	52,553	52,553	51,078	1,475
Clerical personnel	16,469	17,269	17,258	11
Other salaries and wages	7,200	4,700	4,250	450
Social Security	19,500	19,500	18,243	1,257
State retirement	23,000	23,000	21,929	1,071
Medical insurance	27,654	27,654	28,765	(1,111)
Unemployment compensation	400	400	322	78
Medicare	4,550	4,550	4,266	284
Communication	6,500	6,500	6,461	39
Dues and memberships	1,500	1,500	1,475	25
Postal charges	2,500	2,500	2,200	300
Travel	3,600	3,600	3,000	600
Other supplies and materials	3,000	3,000	-	3,000
In service / staff development	3,000	3,000	3,000	-
Other charges	1,500	300	-	300
Administration equipment	1,500	1,500	1,769	(269)
	424,807	425,207	414,427	10,780
Business Administration:				
Fiscal Services:				
Accountants/bookkeepers	52,510	54,110	54,088	22
Other salaries and wages	600	600	-	600
Social Security	3,500	3,500	3,098	402
State retirement	4,500	4,500	4,343	157
Medical insurance	2,900	2,900	2,786	114
Unemployment compensation	100	100	83	17

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

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

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Support Services (Cont.)				
Medicare	800	800	724	76
Travel	1,000	1,000	-	1,000
Other contracted services	7,000	7,000	6,845	155
Data processing supplies	1,000	1,000	-	1,000
Office supplies	1,000	1,000	-	1,000
Other charges	1,500	1,500	247	1,253
Capital outlay - equipment	2,000	400	306	94
	78,410	78,410	72,520	5,890
 Operation of Plant:				
Custodial personnel	126,926	128,426	128,203	223
Other salaries and wages	2,400	400	-	400
Social Security	7,675	7,675	7,498	177
State retirement	10,400	10,400	9,551	849
Employee health insurance	10,000	10,000	8,357	1,643
Unemployment compensation	400	400	330	70
Medicare	1,800	1,800	1,754	46
Maintenance and repair - equipment	8,500	8,500	7,890	610
Other contracted services	700	700	-	700
Custodial supplies	30,000	29,000	28,046	954
Electricity	160,000	158,000	157,948	52
Gas	55,000	54,000	53,746	254
Water and sewer	25,000	22,000	21,671	329
Building and contents insurance	71,000	71,000	70,161	839
Other charges	1,000	100	-	100
Plant operation equipment	5,000	1,500	1,157	343
	515,801	503,901	496,312	7,589
 Maintenance of Plant:				
Supervisor	39,857	40,657	40,646	11
Maintenance personnel	23,900	26,100	26,039	61
Other salaries and wages	3,600	3,600	2,080	1,520
Social Security	4,100	4,100	4,074	26
State retirement	5,500	5,500	5,406	94
Medical insurance	2,900	2,900	2,840	60
Unemployment compensation	150	150	96	54
Medicare	1,000	1,000	953	47
Maintenance and repair - buildings	5,000	1,500	612	888
Maintenance and repair - equipment	15,000	15,000	11,889	3,111

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

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

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Expenditures (Cont.)				
Support Services (Cont.)				
Maintenance of Plant (Cont.):				
Maintenance and repair - vehicles	2,000	2,000	1,601	399
Travel	1,000	1,000	663	337
Gasoline	6,500	6,500	5,208	1,292
Other supplies and materials	13,000	13,000	14,763	(1,763)
Capital outlay - equipment	5,000	1,500	1,235	265
	<u>128,507</u>	<u>124,507</u>	<u>118,105</u>	<u>6,402</u>
Central and Other:				
Supervisor	45,621	46,621	46,610	11
Other salaries and wages	300	300	-	300
Social Security	2,850	2,850	2,890	(40)
State retirement	3,700	3,116	2,992	124
Unemployment compensation	75	75	41	34
Medicare	700	700	676	24
Data processing services	20,000	20,000	19,698	302
Maintenance and repair - equipment	3,000	3,000	2,973	27
Postal Charges	750	750	708	42
Travel	2,750	2,750	2,711	39
Other contracted services	25,000	25,000	24,852	148
Data processing equipment	30,000	30,000	30,058	(58)
	<u>134,746</u>	<u>135,162</u>	<u>134,209</u>	<u>953</u>
Total support services	<u>2,197,058</u>	<u>2,154,824</u>	<u>2,082,919</u>	<u>71,905</u>
Non-Instructional Services:				
Food Service:				
Supervisor	-	789	790	(1)
Cafeteria personnel	-	8,677	8,677	-
Other salaries and wages	4,200	1,000	-	1,000
Social Security	275	275	586	(311)
State Retirement	340	340	633	(293)
Medical insurance	-	701	701	-
Unemployment Compensation	50	50	51	(1)
Employer Medicare	75	75	137	(62)
Maintenance and repair services - Equip	-	-	(74)	74
	<u>4,940</u>	<u>11,907</u>	<u>11,501</u>	<u>406</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Over (Under)
Expenditures (Cont.)				
Non-Instructional Services: (Cont.)				
Early Childhood Education:				
Teachers	69,669	69,669	69,021	648
Aides	39,358	41,658	41,612	46
Non-certified substitute teachers	1,000	1,975	1,975	-
Social Security	6,318	6,318	6,535	(217)
State Retirement	7,563	7,563	7,827	(264)
Medical insurance	7,238	7,238	8,368	(1,130)
Unemployment Compensation	208	208	223	(15)
Employer Medicare	1,478	1,478	1,528	(50)
Travel	2,000	2,000	1,708	292
Instructional supplies	36,772	30,797	32,803	(2,006)
Other supplies and materials	-	-	-	-
In-service/staff development	3,500	3,500	1,345	2,155
Building Improvement	-	10,000	9,880	120
Other equipment	20,000	12,700	12,208	492
	<u>195,104</u>	<u>195,104</u>	<u>195,033</u>	<u>71</u>
Capital Outlay:				
Building improvements	100,000	100,000	51,326	48,674
Other capital outlay	-	89,000	148,800	(59,800)
	<u>100,000</u>	<u>189,000</u>	<u>200,126</u>	<u>(11,126)</u>
Debt Service:				
Principal on bonds	56,933	56,933	-	56,933
Interest on bonds	162,135	162,135	-	162,135
	<u>219,068</u>	<u>219,068</u>	<u>-</u>	<u>219,068</u>
Total non-instructional services	<u>519,112</u>	<u>615,079</u>	<u>406,660</u>	<u>208,419</u>
Total expenditures	<u>6,524,486</u>	<u>6,602,569</u>	<u>6,332,008</u>	<u>270,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>479,268</u>	<u>479,268</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfers out	-	(150,000)	(219,068)	(69,068)
Transfers in	-	-	8,000	8,000
	-	(150,000)	(211,068)	8,000
Net changes in fund balance	\$ -	\$ (150,000)	268,200	\$ 487,268
Fund balance - beginning			2,004,394	
Prior Period Adjustment			(46,135)	
Fund balance - beginning restated			1,958,259	
Fund balance - ending			\$ 2,226,459	

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

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

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

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles. The District 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 does not apply FASB pronouncements issued after November 30, 1989.

B. District-wide and Fund Financial Statements

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

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

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

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

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

Receivables and Payables

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

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009

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

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

Receivables and Payables (Cont.)

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

For the purpose of operating and maintaining the District, the private act creating the District authorized an annual property tax on every one hundred (\$100) assessment of real and personal property located within the District. The current property tax is \$1.56 on every \$100 of real and personal property located within the District.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

Deferred Revenue

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

Compensated Absences

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009**

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

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

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

Long-term Liabilities

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

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

Fund Equity

In the fund financial statements, the governmental fund reports 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 governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period and therefore, are not reported in the funds." The details of this (\$6,345,000) and (\$4,243) are as follows:

School Bonds Payable, Series 2005	\$ <u>(6,345,000)</u>
Bond premium related to the school bonds, series 2005	\$ <u>(4,243)</u>

Another element of that reconciliation explains that "capital assets used in governmental funds are not financial resources and, therefore, are not reported as assets in the governmental funds." The details of this \$6,640,769 are as follows:

Land	\$ 217,127
Buildings and improvements	11,527,379
Other fixed assets	<u>200,624</u>
	11,945,130
Less accumulated depreciation	<u>(5,304,361)</u>
Total capital assets, net of accumulated depreciation	\$ <u>6,640,769</u>

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
 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

Another element of that reconciliation explains that "other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds - bond issuance costs." The details of this \$424,333 are as follows:

Bond issuance costs	\$	51,005
Bond insurance premium		42,250
Bond discount		40,844
Loss on bond issuance		<u>290,234</u>
	\$	<u>424,333</u>

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

One element of that reconciliation states that "the payment of debt issuance costs is an expenditure in the governmental funds, but is an asset to be amortized over the life of the bonds in the statement of activities." The details of this \$(21,216) are as follows:

Bond issuance costs	\$	(2,550)
Bond insurance premium		(2,112)
Bond discount		(2,042)
Loss on bond issuance		<u>(14,512)</u>
	\$	<u>(21,216)</u>

One element of that reconciliation states that "the repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets." The details of this \$215,000 are as follows:

Principal repayments		
School Bonds Payable, Series 1999	\$	175,000
School Bonds Payable, Series 2005		<u>40,000</u>
	\$	<u>215,000</u>

One element of that reconciliation states that "capital outlays are reported in the governmental funds as expenditures. However, in the statements of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense." The details of this \$203,016 and (\$422,911) are as follows:

Capital Outlays	\$	<u>203,016</u>
Depreciation Expense	\$	<u>(422,911)</u>

**WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009**

NOTE 2 - RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Cont.)

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 (Cont.)

One element of that reconciliation states that "receipt of a debt premium is a revenue in the governmental funds, but it is a liability to be amortized over the life of the bonds on the statements of activities." The details of this \$212 are as follows:

Debt premium	\$ <u>212</u>
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One element of that reconciliation states that there are "expenses on the statement of activities that are not current financial uses and are not reported as expenses in governmental funds." The details of (\$992) and \$6,571 are as follows:

Accrued interest payable	\$ <u>(992)</u>
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Change in inventory	\$ <u>6,571</u>
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NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

As an extension of the formal budgetary process, the Board of Education may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The District's policy is to not allow expenditures to exceed budgetary amounts at the category level without obtaining additional appropriation approval from the Board of Education.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2009, the District had the following investments:

Investments	Fair Value	Maturity (Years)
Certificate of deposit	\$ 200,000	1.46

**WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009**

A. Deposits and Investments (Cont.)

Custodial Credit Risk

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

GASB 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, requires investments with a remaining maturity of one year or more to be reported at fair value. The District had investments of \$200,000 as of June 30, 2009. This investment consists of a certificate of deposit at a local financial institution.

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

Cash and cash equivalents:	
Cash in bank	\$ 1,757,784
Local Government Investment Pool	517,670
	<u>2,275,454</u>
Investments:	
Certificate of deposit	200,000
	<u>200,000</u>
Total deposits	\$ <u>2,475,454</u>

B. Receivables

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

	General Purpose Fund	Debt Service Fund	Nonmajor Funds	Total
Receivables:				
Taxes	\$ 1,029,781	\$ 281,755	\$ -	\$ 1,311,536
Grants	31,077	-	141,133	172,210
Intergovernmental	150,000	-	26,318	176,318
Total receivables	\$ 1,210,858	\$ 281,755	\$ 167,451	\$ 1,660,064

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
 JUNE 30, 2009

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

C. Capital Assets

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

	<u>6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/09</u>
Capital assets not being depreciated:				
Land	\$ 217,127	\$ -	\$ -	\$ 217,127
Capital assets being depreciated:				
Buildings and improvements	11,350,559	176,820	-	11,527,379
Infrastructure	-	-	-	-
Other fixed assets	<u>180,978</u>	<u>26,196</u>	<u>6,550</u>	<u>200,624</u>
	<u>11,531,537</u>	<u>203,016</u>	<u>6,550</u>	<u>11,728,003</u>
Accumulated depreciation:				
Buildings and improvements	4,801,695	401,118	-	5,202,813
Other fixed assets	<u>86,305</u>	<u>21,793</u>	<u>6,550</u>	<u>101,548</u>
	<u>4,888,000</u>	<u>422,911</u>	<u>6,550</u>	<u>5,304,361</u>
Capital assets net of accumulated depreciation	6,860,664	(219,895)	-	6,640,769
Long-term debt related to capital assets (including bond costs and premiums)	<u>(6,119,119)</u>	<u>-</u>	<u>(194,209)</u>	<u>(5,924,910)</u>
Capital assets net of accumulated depreciation and related debt	<u>\$ 741,545</u>	<u>\$ (219,895)</u>	<u>\$ (194,209)</u>	<u>\$ 715,859</u>

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

Instruction:	
Regular education	\$ 398,067
Support services:	
Office of the Director of Schools	12,065
Operation and maintenance of plant	<u>12,779</u>
Total depreciation	<u>\$ 422,911</u>

Leases

Operating Leases

The District has entered into a lease agreement for the use of its copier. For financial reporting purposes, this lease has been determined to be an operating lease. The cost for this lease for the year ended June 30, 2009, was \$780. The future minimum lease payments are as follows:

Year ending June 30,	
2009	<u>\$ 780</u>

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
 JUNE 30, 2009

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

D. Long-term Debt

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

Years Ending June 30,	Bonds		Total
	Principal	Interest	
2010	\$ 225,000	\$ 250,735	\$ 475,735
2011	230,000	242,860	472,860
2012	240,000	234,810	474,810
2013	250,000	226,410	476,410
2014	255,000	217,660	472,660
2015-2019	1,425,000	944,723	2,369,723
2020-2024	1,685,000	651,760	2,336,760
2025-2029	2,035,000	274,755	2,309,755
	<u>\$ 6,345,000</u>	<u>\$ 3,043,713</u>	<u>\$ 9,388,713</u>

The following is a summary of long-term debt transactions for the year ended June 30, 2009:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds Payable:					
School Bonds, Series 1999, 4.10% to 5.15% interest, payable serially through 2029	\$ 175,000	\$ -	\$ 175,000	\$ -	\$ -
School Bonds, Series 2005, 3.5% to 4.10 % interest, payable serially through 2029	<u>6,385,000</u>	<u>-</u>	<u>40,000</u>	<u>6,345,000</u>	<u>225,000</u>
	<u>6,560,000</u>	<u>-</u>	<u>215,000</u>	<u>6,345,000</u>	<u>\$ 225,000</u>
Bond Issuance Cost	445,550	-	21,217	424,333	
Bond Premium	4,456	-	213	4,243	
Net Bonds Payable	<u>\$ 7,010,006</u>	<u>\$ -</u>	<u>\$ 236,430</u>	<u>\$ 6,773,576</u>	

The District issued school bonds for the purpose of providing funds for the acquisition and construction of a new building. During the year ended June 30, 2005, additional school bonds were issued to refund a portion of the School Bonds, Series 1999. The principal not refunded totaled \$660,000.

During the year ended June 30, 2005, the District issued \$6,535,000 of school refunding bonds for the purpose of providing funds to refund a portion of the District's School Bonds, Series 1999, maturing June 1, 2010, through June 1, 2012, inclusive, June 1, 2014, June 1, 2015, June 1, 2019, June 1, 2024, and June 1, 2029, and to pay costs of issuance on the bonds. The refunded bonds are considered defeased and the liability has been removed from the statement of net assets except for the portion not refunded. The reacquisition principal plus issuance costs, premiums, and discounts exceeded the net carrying amount of the old debt by \$348,281. This amount is being netted against the new debt and being amortized along with the issuance costs and premiums over the life of the new debt, which is the same life as the refunded debt. The advance refunding was undertaken to reduce the total debt service payments over the next fifteen years by \$753,105 and resulted in an economic loss of \$348,281.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009**

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

E. Internal Balances

The following is a summary of due to/due from other funds as of June 30, 2009:

	General Purpose Fund	Federal Projects Fund	Centralized Cafeteria Fund	Total
Due to other funds	\$ (26,318)	\$ (150,000)	\$ -	\$ (176,318)
Due from other funds	150,000	20	26,298	176,318
	<u>\$ 123,682</u>	<u>\$ (149,980)</u>	<u>\$ 26,298</u>	<u>\$ -</u>

The above internal balance from the federal projects fund to the general purpose fund is the result of indirect costs and salaries that had not been paid as of the year-end. In addition, the internal balance from the general purpose fund to the centralized cafeteria fund is the result of food claims on USDA received in the general purpose fund and not remitted to the centralized cafeteria fund as of the year-end.

The following is a summary of transfers during the year ended June 30, 2009:

Transfers From	Transfers To	Amount
Federal Projects Fund	General Purpose Fund	\$ 8,000
General Purpose Fund	Debt Service Fund	<u>219,068</u>
		<u>\$ 227,068</u>

Transfers are used to transfer indirect costs relating to the grant administration in the federal projects fund and for debt payments.

NOTE 5 - OTHER INFORMATION

A. Pensions

Political Subdivision Pension Plan

Plan Description

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

**WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009**

NOTE 5 -OTHER INFORMATION (Cont.)

A. Pensions (Cont.)

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

Funding Policy

The District requires employees to contribute 5.0% of earnable compensation. The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 8.03% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2009, the District's annual pension cost of \$60,481 to TCRS was equal to the District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% 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. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Trend Information	
		Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 60,481	100.00%	\$ -
June 30, 2008	55,334	100.00%	-
June 30, 2007	53,417	100.00%	-

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 92.09% funded. The actuarial accrued liability for benefits was \$1.36 million, and the actuarial value of assets was \$1.25 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.11 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1 million, and the ratio of the UAAL to the covered payroll was 16.95%.

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 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.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009**

NOTE 5 - OTHER INFORMATION (Cont.)

A. Pensions (Cont.)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2007	\$1,257	\$1,365	\$108	92.09%	\$637	16.95%

State Employees, Teachers, and Higher Education Employees Pension Plan

Plan Description

The District contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at 3%.

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for the District is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009 was 6.42% of annual covered payroll. The employer contribution requirement for the District is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2009, 2008, and 2007 were \$247,510, \$237,451, and \$228,215, respectively, equal to the required contributions for each year.

B. On-Behalf Payments for Fringe Benefits and Salaries

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and the Medicare Supplement Plan on behalf of the District's employees. In fiscal year 2009 the State made contributions of \$41,237.

WEST CARROLL SPECIAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Cont.)
JUNE 30, 2009

NOTE 5 - OTHER INFORMATION (Cont.)

C. Contingent Liabilities and Losses

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

D. Risk Management

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

E. Endowment

During the year ended June 30, 2005, a certificate of deposit in the amount of \$100,130 was contributed to the District. Another contribution was made during year ended June 30, 2008 in the amount of \$99,870 which brought the balance of the certificate of deposit to \$200,000. The revenue from the certificate of deposit is to be used for scholarships for deserving seniors. The revenue in the endowment fund for the year ended June 30, 2009 was \$10,901. Scholarships paid as of June 30, 2009 totaled \$5,500.

F. Prior Period Adjustment

A prior period adjustment was made in the year ended June 30, 2009, to the general purpose fund and the federal projects fund for the amount of \$46,134. This adjustment was to reclassify a prior year transfer from federal projects to general purpose to a due to general purpose and due from federal projects.

REQUIRED SUPPLEMENTARY INFORMATION

**WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULES OF FUNDING PROGRESS - EMPLOYEE RETIREMENT SYSTEM
JUNE 30, 2009**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2007	\$1,257	\$1,365	\$108	92.09%	\$637	16.95%

(Dollar amounts in thousands)

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

OTHER SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues:				
County Tax Revenues:				
Property Taxes	\$ 256,389	\$ 256,389	\$ 263,358	\$ 6,969
Other Revenue:				
Interest earned	-	-	236	236
Total revenues	256,389	256,389	263,594	7,205
Expenditures:				
Debt Service				
Principal on bonds	166,389	215,000	215,000	-
Interest on bonds	90,000	260,448	260,448	-
Other debt service	-	259	249	10
Total expenditures	256,389	475,707	475,697	10
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (219,318)	(212,103)	\$ 7,215
Other financing sources (uses)				
Transfers in	-	219,068	219,068	-
Net changes in fund balance	\$ -	\$ (250)	6,965	\$ 7,215
Fund balance - beginning			5,864	
Fund balance - ending			\$ 12,829	

**WEST CARROLL SPECIAL SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009**

	Special Revenue Fund			Permanent Fund	Total Other Governmental Funds
	Federal Projects Fund	Centralized Cafeteria Fund	Total	Endowment Fund	
Assets					
Cash and cash equivalents	\$ 8,847	\$ 241,230	\$ 250,077	\$ 12,434	\$ 262,511
Due from other governments - grants	141,133	-	141,133	-	141,133
Due from other funds	20	26,298	26,318	-	26,318
Investments	-	-	-	200,000	200,000
Inventory	-	36,144	36,144	-	36,144
Total assets	\$ 150,000	\$ 303,672	\$ 453,672	\$ 212,434	\$ 666,106
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ -	\$ 127	\$ 127	\$ -	\$ 127
Due to other funds	150,000	-	150,000	-	150,000
Total liabilities	150,000	127	150,127	-	150,127
Fund balances:					
Reserved for inventory	-	36,144	36,144	-	36,144
Reserved for endowment scholarships	-	-	-	212,434	212,434
Unreserved	-	267,401	267,401	-	267,401
Total fund balances	-	303,545	303,545	212,434	515,979
Total liabilities and fund balances	\$ 150,000	\$ 303,672	\$ 453,672	\$ 212,434	\$ 666,106

**WEST CARROLL SPECIAL SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue Fund			Permanent Fund	Total Other Governmental Funds
	Federal Projects Fund	Centralized Cafeteria Fund	Total	Endowment Fund	
Revenues:					
Federal revenue	\$ 746,892	\$ 250,098	\$ 996,990	\$ -	\$ 996,990
Intergovernmental	2,738	1,402	4,140		4,140
Interest earned	-	1,571	1,571	10,901	12,472
Food service	-	329,198	329,198	-	329,198
Total revenues	749,630	582,269	1,331,899	10,901	1,342,800
Expenditures:					
Instruction	630,894	-	630,894	-	630,894
Support services	110,736	-	110,736	-	110,736
Noninstructional services	-	532,099	532,099	5,500	537,599
Total expenditures	741,630	532,099	1,273,729	5,500	1,279,229
Other financing sources (uses)					
Transfers (out)	(8,000)	-	(8,000)	-	(8,000)
Net changes in fund balances	-	50,170	50,170	5,401	55,571
Fund balances - beginning	(46,135)	246,804	200,669	207,033	407,702
Prior period adjustment	46,135	-	46,135	-	46,135
Inventory adjustment	-	6,571	6,571	-	6,571
Fund balances - beginning restated	-	253,375	253,375	207,033	460,408
Fund balances - ending	\$ -	\$ 303,545	\$ 303,545	\$ 212,434	\$ 515,979

**WEST CARROLL SPECIAL SCHOOL DISTRICT
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues:				
Federal through the State:				
Vocational education - basic grants to states	\$ 25,171	\$ 25,171	\$ 25,068	\$ (103)
Title I	340,006	351,954	318,373	(33,581)
Special education - grants to states	212,846	322,280	290,086	(32,194)
Special education - preschool	8,901	8,994	8,994	-
Safe and drug free school grant	5,059	6,174	5,878	(296)
Rural education	18,924	33,302	29,503	(3,799)
Eisenhower Professional Development	64,148	66,220	66,753	533
Other federal through state	3,444	3,423	2,237	(1,186)
	<u>678,499</u>	<u>817,518</u>	<u>746,892</u>	<u>(70,626)</u>
Other State Funds:				
On behalf payments	-	-	2,738	2,738
Total revenues	<u>678,499</u>	<u>817,518</u>	<u>749,630</u>	<u>(67,888)</u>
Expenditures:				
Instruction:				
Regular Instruction Program:				
Teachers	222,926	221,988	218,382	3,606
Educational assistants	20,500	25,968	25,395	573
Substitute teachers	1,100	1,250	50	1,200
Non certified substitute teachers	4,900	4,950	4,775	175
Social Security	16,277	16,277	13,923	2,354
State retirement	16,315	16,315	16,059	256
Medical insurance	8,450	22,452	23,151	(699)
Unemployment compensation	329	1,234	303	931
Medicare	3,600	3,600	3,256	344
Maintenance and repair - equipment	3,000	3,000	-	3,000
Instructional supplies	58,366	38,263	33,365	4,898
Other charges	4,500	4,500	-	4,500
On behalf payments	-	-	2,738	(2,738)
Capital outlay - equipment	<u>2,583</u>	<u>33,562</u>	<u>20,996</u>	<u>12,566</u>
	<u>362,846</u>	<u>393,359</u>	<u>362,393</u>	<u>30,966</u>
Special Education Program:				
Educational assistants	52,000	52,000	46,848	5,152
Certified substitute teachers	1,000	1,000	1,000	-
Non certified substitute teachers	2,000	5,350	5,305	45
Social Security	3,230	3,230	3,063	167
State retirement	4,200	4,200	3,762	438

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - Cont.)
FOR THE YEAR ENDED JUNE 30, 2009**

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Instruction (Cont.):				
Special Education Program (Cont.):				
Medical insurance	7,237	7,237	4,086	3,151
Unemployment compensation	200	200	184	16
Medicare	800	800	716	84
Contracts with other school systems	98,901	152,644	140,624	12,020
Other contracted services	2,500	2,500	2,500	-
Instructional supplies	2,539	4,073	3,266	807
Capital outlay - equipment	4,000	51,900	41,869	10,031
	<u>178,607</u>	<u>285,134</u>	<u>253,223</u>	<u>31,911</u>
Vocational Education Program:				
Other salaries and wages	2,943	1,643	1,500	143
Social Security	186	186	93	93
State retirement	165	165	96	69
Medical insurance	12	12	-	12
Employer Medicare	44	44	22	22
Travel	4,000	4,000	4,000	-
Other contracted services	2,000	1,650	1,428	222
Other supplies and materials	8,000	8,000	8,139	(139)
	<u>17,350</u>	<u>15,700</u>	<u>15,278</u>	<u>422</u>
Total instruction	<u>558,803</u>	<u>694,193</u>	<u>630,894</u>	<u>63,299</u>
Support Services:				
Other Student Support:				
Travel	2,000	1,850	1,846	4
In-service/staff development	3,163	2,413	2,788	(375)
	<u>5,163</u>	<u>4,263</u>	<u>4,634</u>	<u>(371)</u>
Regular Instruction Program:				
Supervisor/director	26,298	26,768	26,767	1
Social Security	1,630	1,630	1,589	41
State retirement	1,700	1,700	1,718	(18)
Medical insurance	1,350	1,350	1,393	(43)
Unemployment compensation	25	25	21	4
Employer Medicare	400	399	372	27
Travel	9,750	9,750	7,040	2,710
Library books	3,000	3,000	3,212	(212)
In-service/staff development	16,082	15,082	15,605	(523)
Other charges	5,000	4,510	372	4,138
	<u>65,235</u>	<u>64,214</u>	<u>58,089</u>	<u>6,125</u>

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - Cont.)
FOR THE YEAR ENDED JUNE 30, 2009**

Expenditures (Cont.)	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Support Services (Cont.):				
Special Education Program:				
Supervisor	4,000	4,000	4,000	-
Social Security	250	250	248	2
State retirement	280	280	257	23
Unemployment compensation	50	50	-	50
Medicare	60	60	58	2
Travel	4,000	4,000	4,870	(870)
Other contracted services	28,500	31,500	30,347	1,153
In-service/staff development	3,000	3,000	3,077	(77)
	<u>40,140</u>	<u>43,140</u>	<u>42,857</u>	<u>283</u>
Vocational Education Program:				
Supervisors/directors	1,258	3,908	3,866	42
Social Security	-	240	240	-
State Retirement	-	249	249	-
Unemployment Compensation	-	23	23	-
Employer Medicare	-	56	56	-
Travel	1,400	732	722	10
	<u>2,658</u>	<u>5,208</u>	<u>5,156</u>	<u>52</u>
Total support services	<u>113,196</u>	<u>116,825</u>	<u>110,736</u>	<u>6,089</u>
Total expenditures	<u>671,999</u>	<u>811,018</u>	<u>741,630</u>	<u>69,388</u>
Excess (deficiency) of revenues over (under) expenditures	6,500	6,500	8,000	1,500
Other financing sources (uses)				
Indirect Cost	(5,000)	(5,000)	-	5,000
Transfers to other funds	(3,000)	(3,000)	8,000	11,000
	<u>(8,000)</u>	<u>(8,000)</u>	<u>8,000</u>	<u>16,000</u>
Net changes in fund balance	<u>\$ (1,500)</u>	<u>\$ (1,500)</u>	-	<u>\$ 1,500</u>
Fund balance - beginning			(46,135)	
Prior Period Adjustment			<u>46,135</u>	
Fund balance - beginning restated			-	
Fund balance - ending			<u>\$ -</u>	

**WEST CARROLL SPECIAL SCHOOL DISTRICT
CENTRALIZED CAFETERIA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
Revenues:				
Lunch payments - students	\$ 151,105	\$ 151,105	\$ 113,301	\$ (37,804)
Lunch payments - adults	17,222	17,222	14,777	(2,445)
Breakfast - students	20,998	20,998	13,589	(7,409)
A-la-carte	75,000	75,000	67,058	(7,942)
State	83,177	83,177	86,860	3,683
USDA commodities	-	-	33,502	33,502
USDA reimbursements	231,185	231,185	244,074	12,889
Commodities income - noncash	6,035	6,035	6,024	(11)
Interest earnings	2,550	2,550	1,571	(979)
Other local revenues	8,358	8,358	-	(8,358)
Other charges for services	1,500	1,500	111	(1,389)
	<u>597,130</u>	<u>597,130</u>	<u>580,867</u>	<u>(16,263)</u>
 Other State Funds:				
On behalf payments	-	-	1,402	1,402
 Total revenues	 <u>597,130</u>	 <u>597,130</u>	 <u>582,269</u>	 <u>(14,861)</u>
 Expenditures:				
Food services:				
Supervisor	31,518	31,518	25,784	5,734
Cafeteria personnel	136,000	136,000	134,908	1,092
Social Security	10,450	10,450	9,573	877
State retirement	13,532	13,532	10,987	2,545
Medical insurance	5,575	5,575	4,200	1,375
Unemployment compensation	525	525	519	6
Medicare	2,445	2,445	2,239	206
Communications	950	950	607	343
Maintenance & repair service - equipment	10,000	10,000	16,958	(6,958)
Travel	3,500	3,500	3,551	(51)
Other contracted services	6,100	6,100	6,426	(326)
Food preparation supplies	15,000	15,000	13,130	1,870
Food supplies	350,000	350,000	244,882	105,118
USDA donated food expense	-	-	33,502	(33,502)
Other supplies and materials	4,500	4,500	3,999	501
In-service/staff development	6,035	6,035	5,130	905
Other charges	1,000	1,000	4,324	(3,324)
On behalf payments	-	-	1,402	(1,402)
Capital outlay - equipment	-	-	9,978	(9,978)
Total expenditures	<u>597,130</u>	<u>597,130</u>	<u>532,099</u>	<u>65,031</u>
 Net changes in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>50,170</u>	 <u>\$ 50,170</u>
 Fund balance - beginning			 246,804	
Inventory adjustment			<u>6,571</u>	
Fund balance - beginning restated			<u>253,375</u>	
Fund balance - ending			<u>\$ 303,545</u>	

**WEST CARROLL SPECIAL SCHOOL DISTRICT
ENDOWMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

Revenues:	
Interest earnings	<u>\$ 10,901</u>
Expenditures:	
Tuition	<u>5,500</u>
Net changes in fund balance	5,401
Fund balance - beginning	<u>207,033</u>
Fund balance - ending	<u><u>\$ 212,434</u></u>

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS - LAST TEN YEARS
JUNE 30, 2009

<u>Year Ended</u> <u>June, 30</u>	<u>Tax Rates</u>	<u>Assessments</u>	<u>Tax Levy</u>
2009	\$ 1.56	\$ 75,323,670	\$ 1,175,041
2008	1.56	71,830,909	1,120,554
2007	1.81	61,221,535	1,108,110
2006	1.81	60,686,035	1,098,417
2005	1.81	59,800,920	1,082,397
2004	1.81	58,799,987	1,064,280
2003	1.91	56,305,629	1,075,438
2002	1.74	-	-
2001	1.74	-	-
2000	1.92	-	-

The following is the tax levied January 1, 2009:

2010	\$	1.56	\$	76,152,032	\$	1,187,972
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WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF LONG-TERM DEBT
 JUNE 30, 2009

Year Ending June 30,	School Bonds, Series 2005		
	Principal	Interest	Total
2010	\$ 225,000	\$ 250,735	\$ 475,735
2011	230,000	242,860	472,860
2012	240,000	234,810	474,810
2013	250,000	226,410	476,410
2014	255,000	217,660	472,660
2015	265,000	208,735	473,735
2016	275,000	199,460	474,460
2017	285,000	189,560	474,560
2018	295,000	179,015	474,015
2019	305,000	167,953	472,953
2020	315,000	156,210	471,210
2021	325,000	143,925	468,925
2022	335,000	130,925	465,925
2023	350,000	117,525	467,525
2024	360,000	103,175	463,175
2025	375,000	88,415	463,415
2026	390,000	73,040	463,040
2027	405,000	55,880	460,880
2028	425,000	38,060	463,060
2029	440,000	19,360	459,360
	<u>\$ 6,345,000</u>	<u>\$ 3,043,713</u>	<u>\$ 9,388,713</u>

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF INTERFUND TRANSFERS
 JUNE 30, 2009

<u>Transfer Out</u>			<u>Transfer In</u>		
	<u>Budget</u>	<u>Actual</u>		<u>Budget</u>	<u>Actual</u>
General Fund	\$ 150,000	\$ 219,068	Debt Service Fund	\$ 219,068	\$ 219,068
Federal Projects Fund	(3,000)	8,000	General Fund	-	8,000
	<u>\$ 147,000</u>	<u>\$ 227,068</u>		<u>\$ 219,068</u>	<u>\$ 227,068</u>

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BONDS
JUNE 30, 2009

	<u>Salary</u>	<u>Bond</u>	
Superintendent	\$ 78,798	\$ 150,000	*
Secretary/Treasurer	-	250,000	

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

WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

	Federal CFDA Number	Agency or Pass-through Number	Balance 7/1/08 (Receivable) Unearned	Adjust- ment	Cash Receipts	Expenditures	Balance 6/30/08 (Receivable) Unearned	(Receivable)	Unearned	Net (Receivable) Unearned
U.S. Department of Education										
Pass-through the State of Tennessee Department of Education										
Title I, Grants to Local Education Agencies	84.010	N/A	\$ 5,432	\$ 668	\$284,269	\$ 318,373	\$ (28,004)	\$ (28,004)	\$ -	\$ (28,004)
Special Education Grants to States										
IDEA - Discretionary MCC	84.027*	N/A	-	-	18,819	18,819	-	-	-	-
IDEA - Discretionary AYI	84.027*	N/A	-	-	24,584	24,584	-	-	-	-
IDEA, Part B	84.027*	N/A	(2,499)	(387)	190,333	246,683	(59,236)	(59,236)	-	(59,236)
			<u>(2,499)</u>	<u>(387)</u>	<u>233,736</u>	<u>290,086</u>	<u>(59,236)</u>	<u>(59,236)</u>	<u>-</u>	<u>(59,236)</u>
Vocational Education-Basic Grants to States	84.048	N/A	(2,192)	-	20,077	25,068	(7,183)	(7,183)	-	(7,183)
Special Education Preschool Grants:										
IDEA Preschool, High Cost	84.173*	N/A	-	-	20,893	20,893	-	-	-	-
IDEA Preschool	84.173*	N/A	-	-	93	8,994	(8,901)	(8,901)	-	(8,901)
			<u>-</u>	<u>-</u>	<u>20,986</u>	<u>29,887</u>	<u>(8,901)</u>	<u>(8,901)</u>	<u>-</u>	<u>(8,901)</u>
Safe and Drug Free Schools and Communities - State Grants										
Title IV, Part A	84.186	N/A	(94)	-	5,374	5,878	(598)	(598)	-	(598)
Innovative Education Program Strategies - State Grants										
Title VI, CSR	84.298	N/A	-	-	12,348	29,503	(17,155)	(17,155)	-	(17,155)

**WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont.)
FOR THE YEAR ENDED JUNE 30, 2009**

	Federal CFDA Number	Agency or Pass-through Number	Balance 7/1/08 (Receivable) Unearned	Adjust- ment	Cash Receipts	Expenditures	Balance 6/30/09 (Receivable) Unearned	(Receivable)	Unearned	Net (Receivable) Unearned
U.S. Department of Education (Cont.)										
Improving Teacher Quality State Grants										
	84.367	N/A	\$ -	\$ -	\$ 2,237	\$ 3,423	(1,186)	(1,186)	\$ -	(1,186)
	84.367	N/A	2,207	(281)	44,771	65,567	(18,870)	(18,870)	-	(18,870)
			<u>2,207</u>	<u>(281)</u>	<u>47,008</u>	<u>68,990</u>	<u>(20,056)</u>	<u>(20,056)</u>	<u>-</u>	<u>(20,056)</u>
Total Pass-through the U.S. Department of Education			<u>2,854</u>	<u>-</u>	<u>623,798</u>	<u>767,785</u>	<u>(141,133)</u>	<u>(141,133)</u>	<u>-</u>	<u>(141,133)</u>
U.S. Department of Agriculture										
Pass-through the Tennessee Department of Agriculture										
	10.553*	N/A	(20,497)	-	107,357	86,860	-	-	-	-
	10.555*	N/A	(43,293)	-	287,367	244,074	-	-	-	-
			<u>(63,790)</u>	<u>-</u>	<u>394,724</u>	<u>330,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Federal Awards			<u>(60,936)</u>	<u>-</u>	<u>1,018,522</u>	<u>1,098,719</u>	<u>(141,133)</u>	<u>(141,133)</u>	<u>-</u>	<u>(141,133)</u>
U.S. Department of Agriculture										
Pass-through the Tennessee Department of Agriculture										
	10.555*	N/A	-	-	33,502	33,502	-	-	-	-
Total Federal Awards			<u>\$ (60,936)</u>	<u>\$ -</u>	<u>\$ 1,052,024</u>	<u>\$ 1,132,221</u>	<u>\$ (141,133)</u>	<u>\$ (141,133)</u>	<u>\$ -</u>	<u>\$ (141,133)</u>

* Major federal assistance programs

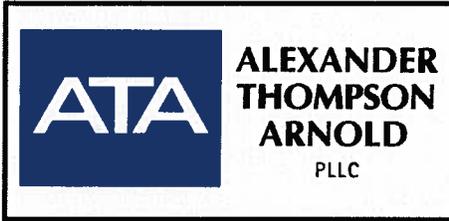
All expenditures reported are under the modified accrual basis of accounting, whereby, revenues are recorded when measurable and available, and expenditures are recorded when the liability is incurred.

See independent auditor's report.

**WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2009**

	State Grant Number	Balance 7/1/08 (Receivable) Unearned	Adjust- ment	Cash Receipts	Expenditures	Balance 6/30/09 (Receivable) Unearned	(Receivable)	Unearned	Net (Receivable) Unearned
Tennessee Department of Education									
Safe Schools	07-08	\$ (6,200)	\$ -	\$ 12,700	\$ 6,500	\$ -	\$ -	\$ -	\$ -
Coordinated School Health		(2,000)	-	2,000	-	-	-	-	-
Coordinated School Health 08-09		-	-	1,400	1,400	-	-	-	-
Early Childhood Education - Lottery		(22,368)	-	106,955	98,053	(13,466)	(13,466)	-	(13,466)
Early Childhood Education - Expansion		(22,368)	-	101,739	96,982	(17,611)	(17,611)	-	(17,611)
		(44,736)	-	208,694	195,035	(31,077)	(31,077)	-	(31,077)
Total State Awards		(52,936)	-	224,794	202,935	(31,077)	(31,077)	-	(31,077)
Total per Schedule of Expenditures of Federal Awards		(60,936)	-	1,052,024	1,132,221	(141,133)	(141,133)	-	(141,133)
Total Grants		\$ (113,872)	\$ -	\$ 1,276,818	\$ 1,335,156	\$ (172,210)	\$ (172,210)	\$ -	\$ (172,210)

INTERNAL CONTROL AND COMPLIANCE SECTION



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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*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carroll Special School District (District) as of and for the year ended June 30, 2009 which collectively comprise the District's basic financial statements and have issued our report thereon dated April 12, 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 the District's internal control over financial reporting as a basis for designing our audit 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 over financial reporting 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 deficiency described in the accompanying schedule of findings and questioned costs as 07-09 to be a significant deficiency in internal control over financial reporting.

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

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

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

McKenzie, TN 57
Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

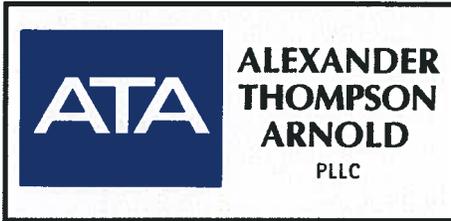
We noted certain matters that we reported to management of the District in a separate letter dated April 12, 2010.

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the District's response, and, accordingly, we express no opinion on it.

This report is intended for the information and the use of the Board of Education, management, and State of Tennessee, Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold LLC

Certified Public Accountants
Jackson, Tennessee
April 12, 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**

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective 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 the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District'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 District's internal control.

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

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

This report is intended solely for the information and use of management, others within the organization, the Board of Education, the Comptroller of the Treasury, State of Tennessee, 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 & LLC

Certified Public Accountants
Jackson, Tennessee
April 12, 2010

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

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:		Unqualified
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Significant deficiency identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Significant deficiency identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	_____ <u>X</u> no
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	<u>Programs:</u>
	USDA Cluster:
10.553	USDA, School Breakfast Program
10.555	USDA, National School Lunch Program
	IDEA Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
--	-------------------

Auditee qualified as low-risk auditee?	_____ yes	_____ <u>X</u> no
--	-----------	-------------------

**WEST CARROLL SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont.)
JUNE 30, 2009**

SECTION II - FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

PRIOR YEAR FINDINGS

All other prior year findings have been satisfactorily corrected.

CURRENT YEAR FINDINGS

07-09 Fund Balance Unreconciled (Significant Deficiency)

Condition: During the testing of fund balances the auditor noted that the District had not made all the adjusting audit entries from the prior year; therefore, fund balances did not reconcile to the prior year audit.

Criteria: Adjusting audit entries should be recorded on the District's books in order for the District to begin the year with appropriate balances.

Effect: The failure to record prior year audit adjusting entries causes the fund balances to not reconcile to the prior year audit and other accounts that were corrected through those entries remain to be misstated.

Recommendation: We recommend that the District make the adjusting journal entries as presented by the auditors to prevent misstatements in the future.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CORRECTIVE ACTION PLAN

The West Carroll Special School District respectfully submits the following corrective action plan for the year ended June 30, 2009.

Name and address of independent public accounting firm:

Alexander Thompson Arnold PLLC
227 Oil Well Road
Jackson, TN 38305

Audit period:

June 30, 2009

The findings from the June 30, 2009, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

07-09 Fund Balance Unreconciled (Significant Deficiency)

Recommendation: We recommend that the District make the adjusting journal entries as presented by the auditors to prevent misstatements in the future.

Action Taken: General ledger for year ending 2009 has been closed and cannot be reopened. We will make the appropriate entries to adjust assets, liabilities, or fund balance.