

TRENTON SPECIAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2010

**TRENTON SPECIAL SCHOOL DISTRICT
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**TRENTON SPECIAL SCHOOL DISTRICT
DIRECTORY
JUNE 30, 2010**

ELECTED OFFICIALS

Dr. Mark Harper, Chairman
Sherry Whitby, Vice Chairman
Jim Overall, Treasurer/Fiscal Agent
Sharon Petty, Board Liaison
Dotty Jones, Board Secretary

APPOINTED OFFICIALS

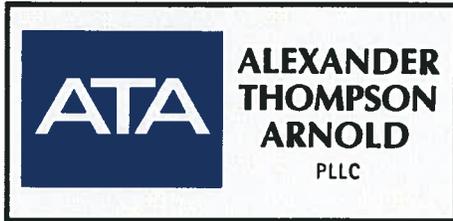
Sandra Harper, Director of Schools
Shannon Parra, General Accounting Finance Director
Lisa Seiber, Bookkeeper - Public Law and Cafeteria

COUNSEL

J. Mark Johnson, Attorney

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC
Trenton, Tennessee



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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Trenton Special School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Trenton Special School District as of June 30, 2010, and the respective changes in financial position thereof, and the budgetary comparison for the general purpose school fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2011, on our consideration of the Trenton Special School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Dyersburg, TN
Henderson, TN
Jackson, TN
Martin, TN
McKenzie, TN

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

To the Board of Trustees
Trenton Special School District

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of retirement funding progress on pages 4 through 9 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriated operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section and other supplementary information section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Managements and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Alexander Thompson Arnold PLLC

Trenton, Tennessee
January 25, 2011

Management's Discussion and Analysis

As management of the Trenton Special School District (the District), we offer readers of the financial statements for the District this narrative overview and analysis of the financial activities for the year ended June 30, 2010. We encourage the readers to consider the information here in conjunction with the Independent Auditor's Report and the District's financial statements. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2010 by \$19,961,098. Of this amount, \$1,040,238 (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 \$2,580,064. Approximately 34% of this total amount, \$869,576, is unreserved in the general purpose fund. Approximately 9% represents funds unreserved in the centralized cafeteria fund and less than 1% represents funds unreserved in the bus garage fund.
- At the end of the current fiscal year, unreserved fund balance for the general purpose fund was \$869,576 or 8% of total general purpose fund expenditures.
- The District's total bonded debt decreased by \$435,000.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$19,961,098 at the close of the fiscal year ended June 30, 2010.

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 <u>June 30, 2010</u>	Governmental Activities - Restated <u>June 30, 2009</u>
Assets		
Current and other	\$ 5,467,661	\$ 5,630,650
Capital assets - net of accumulated depreciation	25,468,816	25,392,545
Total assets	<u>30,936,477</u>	<u>31,023,195</u>
Liabilities		
Long-term liabilities	8,025,000	8,460,000
Other liabilities	2,950,379	2,814,757
Total liabilities	<u>10,975,379</u>	<u>11,274,757</u>
Net assets		
Invested in capital assets, net of related debt	16,835,278	16,932,545
Unrestricted	3,125,820	2,815,893
Total net assets	<u>\$ 19,961,098</u>	<u>\$ 19,748,438</u>

The above provides a summary of the District's net assets for 2010 and 2009.

During the current fiscal year, the District's total net assets increased by \$212,660. This increase was related in part to a prior period adjustment to record the CRC Building and property that was deeded to the District from the City of Trenton in fiscal year 2007, but was mistakenly not recorded on the books.

The following summary shows the changes in net assets for fiscal years 2010 and 2009.

The District's Changes in Net Assets

	Governmental Activities <u>June 30, 2010</u>	Governmental Activities <u>June 30, 2009</u>
Revenues		
Program revenues		
Charges for services	\$ 598,775	\$ 713,804
Operating grants and contributions	2,599,923	1,777,881
General revenues		
Property taxes	2,096,692	2,002,768
Sales taxes	655,855	675,619
Grants and contributions not restricted to specific programs:		
Basic Education Program	6,115,300	6,306,000
Other	128,244	234,361
Interest	8,088	32,053
Other miscellaneous revenues	1,251	40,625
Other Local Revenue	46,934	47,053
Total Revenues	<u>\$ 12,251,062</u>	<u>\$ 11,830,164</u>

	Governmental Activities June 30, 2010	Governmental Activities June 30, 2009
Expenses		
Instruction	7,153,249	6,943,139
Support Services	3,695,942	3,371,389
Non-instructional services	1,189,211	1,173,360
Total expenses	<u>12,038,402</u>	<u>11,487,888</u>
Increase (decrease) in net assets	<u>212,660</u>	<u>342,276</u>
Net assets, beginning	19,748,438	19,368,662
Prior Period Adjustment	-	37,500
Net assets, beginning - restated	<u>19,748,438</u>	<u>19,406,162</u>
Net assets, ending	<u>\$ 19,961,098</u>	<u>\$ 19,748,438</u>

Governmental activities. Governmental activities increased the District's net assets by \$212,660. The part of this increase is the prior period adjustment that was previously mentioned.

Total governmental activities' revenue for the fiscal year was \$12,251,062. The largest single revenue source was state revenues in the form of Basic Education Program payments.

Expense and Program Revenues – Governmental Activities

Certain revenues are generated that are specific to governmental program activities. Among major funds, the general purpose had \$10,081,765 in revenues and \$10,400,573 in expenditures. In the non-major funds, the public law fund had \$1,176,489 in revenues and \$1,163,179 in expenditures. The cafeteria fund had \$730,226 in revenues and \$733,593 in expenditures. The bus garage fund had \$262,582 in revenues and \$262,327 in expenditures.

Revenue by Source – Governmental Funds

Total governmental revenues allocated by each revenue type.

	June 30, 2010		June 30, 2009	
	Amount	Percent	Amount	Percent
Program revenues				
Charges for services	\$ 598,775	4.89%	\$ 713,804	6.03%
Operating grants and contributions	2,599,923	21.22%	1,777,881	15.03%
General revenues				
Property taxes	2,096,692	17.11%	2,002,768	16.93%
Sales taxes	655,855	5.35%	675,619	5.71%
Grants and contributions not restricted to specific programs	6,243,544	50.96%	6,540,361	55.29%
Interest	8,088	0.07%	32,053	0.27%
Other miscellaneous revenues	1,251	0.02%	40,625	0.34%
Other Local Revenue	46,934	0.38%	47,053	0.40%
Total revenues	<u>\$ 12,251,062</u>	<u>100.00%</u>	<u>\$ 11,830,164</u>	<u>100.00%</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 \$2,580,064. Of this amount, \$1,103,020 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 \$869,576.

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 8% of the total general purpose fund expenditures, while total fund balances represents 22% of that same amount.

General Purpose Fund Budgetary Highlights

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

	Governmental Activities		
	June 30, 2010		
	Original	Final	Difference
General Purpose Fund Revenues			
Taxes	\$ 2,765,275	\$ 2,765,275	\$ -
Intergovernmental	7,225,997	7,280,397	54,400
Miscellaneous	123,000	123,000	-
Total revenues	<u>10,114,272</u>	<u>10,168,672</u>	<u>54,400</u>
Expenses			
Instruction	5,460,874	5,499,414	38,540
Support Services	3,236,014	3,249,400	13,386
Non-instructional services	1,622,838	2,235,766	612,928
Total expenditures	<u>10,319,726</u>	<u>10,984,580</u>	<u>664,854</u>
Deficiency of revenues under expenditures	<u>\$ (205,454)</u>	<u>\$ (815,908)</u>	<u>\$ (610,454)</u>

In 2010, there was one major increase in budget, which was due to several construction projects consisting of a new football stadium, new roof at the High school, and additions to the Elementary and Middle schools.

Long-term debt. As of June 30, 2010, the District had total bonded debt outstanding of \$8,025,000. All debt is backed by the full faith and credit of the government.

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
School Bonds, Series 2003	\$ 1,615,000	\$ 2,005,000
1998 Refunding Bonds	6,410,000	6,455,000
	<u>\$ 8,025,000</u>	<u>\$ 8,460,000</u>

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

Request for Information

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

TRENTON SPECIAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities
ASSETS	
Cash	\$ 2,712,802
Receivables	
Accounts	14,878
Property Taxes	2,228,400
Due from Other Governments	65,913
Due from Grantor	407,595
Inventories	82,641
Capital Assets	
Construction in Progress	608,538
Land	266,057
Buildings and Improvements	33,815,490
Vehicles	1,110,462
Office Equipment	39,446
Furniture and Fixtures	16,744
Less: Accumulated Depreciation	(10,387,921)
Total Assets	30,981,045
 LIABILITIES	
Accounts Payable	341,036
Salaries Payable	282,249
Insurance Payable	78,950
Accrued Interest Payable	62,782
Unearned Revenue - Federal and State	195
Unearned Revenue - Local	1,335
Deferred Property Taxes	2,228,400
Noncurrent Liabilities:	
Due Within One Year	460,000
Due in More Than One Year	7,565,000
Total Liabilities	11,019,947
 NET ASSETS	
Invested in Capital Assets, Net of Related Debt	17,443,816
Restricted for:	
Other local education reserves	1,387,405
Career Ladder - Extended Contract	6,998
Inventory	82,641
Unrestricted	1,040,238
Total Net Assets	\$ 19,961,098

TRENTON SPECIAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 7,153,249	\$ 78,045	\$ 2,075,235	\$ -	\$ (4,999,969)
Support Services	3,695,942	208,444	517,739	-	(2,969,759)
Non-Instructional Services	1,189,211	312,286	6,949	-	(869,976)
Total Governmental Activities	\$ 12,038,402	\$ 598,775	\$ 2,599,923	\$ -	(8,839,704)
General Revenues:					
Property Taxes					2,096,692
Sales Taxes					655,855
Other Local Taxes and Licenses					1,251
Intergovernmental:					
Basic Education Program					6,115,300
Other					72,458
Unrestricted Grants and Contributions					55,786
Interest					8,088
Other Local Revenue					46,934
Total General Revenues and Special Items					9,052,364
Change in Net Assets					212,660
Net Assets - Beginning					19,710,938
Prior Period Adjustment					37,500
Net Assets - Beginning - Restated					19,748,438
Net Assets - Ending					\$ 19,961,098

TRENTON SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General Purpose School Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 2,450,038	\$ 262,764	\$ 2,712,802
Accounts Receivable	6,101	8,777	14,878
Property Taxes Receivable	2,228,400	-	2,228,400
Due from Other Funds	210,681	29	210,710
Due from Other Governments	63,083	2,830	65,913
Due from Grantor	226,742	180,853	407,595
Inventories	-	82,641	82,641
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,185,045</u>	<u>\$ 537,894</u>	<u>\$ 5,722,939</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 331,438	\$ 9,598	\$ 341,036
Salaries Payable	282,249	-	282,249
Insurance Payable	78,950	-	78,950
Due to Other Funds	29	210,681	210,710
Unearned Revenue - Federal and State Grants	-	195	195
Unearned Revenue - Local	-	1,335	1,335
Deferred Property Taxes	2,228,400	-	2,228,400
Total Liabilities	<u>2,921,066</u>	<u>221,809</u>	<u>3,142,875</u>
Fund Balance			
Reserved for:			
Other local education reserves	1,387,405	-	1,387,405
Career Ladder - Extended Contract	6,998	-	6,998
Inventory	-	82,641	82,641
Unreserved Fund Balance	869,576	233,444	1,103,020
Total Fund Balance	<u>2,263,979</u>	<u>316,085</u>	<u>2,580,064</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 5,185,045</u>	<u>\$ 537,894</u>	<u>\$ 5,722,939</u>

TRENTON SPECIAL SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010

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

Fund Balance - Total Governmental Funds	\$ 2,580,064
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in funds.	25,468,816
Long-term liabilities, including notes and bonds payable, are not due in the the current period and, therefore, are not reported in the funds.	<u>(8,087,782)</u>
Net Assets - Governmental Activities	<u>\$ 19,961,098</u>

TRENTON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	<u>General Purpose School Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Taxes	\$ 2,753,211	\$ -	\$ 2,753,211
Current Charges for Education Services	78,045	-	78,045
Licenses and Permits	587	-	587
Other Local Revenues	93,141	474,523	567,664
Federal and State Funds	7,149,244	1,650,460	8,799,704
Commodities	-	43,763	43,763
Interest	7,537	551	8,088
Total Revenues	<u>10,081,765</u>	<u>2,169,297</u>	<u>12,251,062</u>
EXPENDITURES			
Current			
Instruction	5,260,062	723,537	5,983,599
Support Services	3,002,499	701,969	3,704,468
Non-Instructional Services	455,073	733,593	1,188,666
Education Capital Outlay	873,606	-	873,606
Education Debt Service			
Principal	435,000	-	435,000
Interest	374,333	-	374,333
Total Expenditures	<u>10,400,573</u>	<u>2,159,099</u>	<u>12,559,672</u>
Excess Revenues over Expenditures	(318,808)	10,198	(308,610)
Other Financing Sources (Uses)			
Transfers In	12,471	-	12,471
Transfers Out	-	(12,471)	(12,471)
Net Change in Fund Balance	(306,337)	(2,273)	(308,610)
Fund Balance - July 1, 2009	2,570,316	310,377	2,880,693
Increase (Decrease) in Reserves	-	7,981	7,981
Fund Balance - June 30, 2010	<u>\$ 2,263,979</u>	<u>\$ 316,085</u>	<u>\$ 2,580,064</u>

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

June 30, 2010

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

Net Change in Fund Balances - Total Governmental Funds	\$ (308,610)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlay exceeded depreciation in the current period.	76,271
In governmental funds, inventory items are considered expenditures when purchased and any increase (decrease) in the reserve for inventory is a direct adjustment to fund balance. In the government-wide financial statements, inventory is reported using the consumption approach and no reserve is required.	7,981
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the net effect of these differences in the treatment of long-term debt and related items.	<u>437,018</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 212,660</u></u>

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Local Taxes				
Property Tax - Current	\$ 1,977,275	\$ 1,977,275	\$ 1,978,602	\$ 1,327
Property Tax - Prior	80,000	80,000	99,716	19,716
Interest and Penalty on Delinquent Tax	13,000	13,000	16,223	3,223
Payment in Lieu of Taxes	2,000	2,000	2,151	151
County Sales Tax	692,000	692,000	655,855	(36,145)
Interstate Telecommunications Tax	1,000	1,000	664	(336)
Total Local Taxes	<u>2,765,275</u>	<u>2,765,275</u>	<u>2,753,211</u>	<u>(12,064)</u>
Current Charges for Education Services				
Receipts from Individual Schools	15,000	15,000	15,626	626
Tuition	1,000	1,000	2,300	1,300
School-based Health Services	105,000	105,000	-	(105,000)
Community Service Fees	55,750	55,750	51,389	(4,361)
Transportation	5,000	5,000	5,300	300
Other Charges for Services	3,600	3,600	3,430	(170)
Total Current Charges for Education Services	<u>185,350</u>	<u>185,350</u>	<u>78,045</u>	<u>(107,305)</u>
Licenses and Permits	<u>600</u>	<u>600</u>	<u>587</u>	<u>(13)</u>
Other Local Revenues				
Interest on Temporary Investments	30,000	30,000	7,537	(22,463)
Rent for Use of School Facilities	64,000	64,000	49,704	(14,296)
E-Rate Funding	16,000	16,000	20,648	4,648
Reimbursement	2,000	2,000	9,566	7,566
Miscellaneous	13,000	13,000	13,223	223
Total Other Local Revenues	<u>125,000</u>	<u>125,000</u>	<u>100,678</u>	<u>(24,322)</u>
State Funds and Federal Passed Through State				
Basic Education Program	6,113,300	6,113,300	6,115,300	2,000
Basic Education Program - ARRA	254,700	254,700	254,700	-
Driver Education Funds	2,600	2,600	3,544	944
Early Childhood Education Funds	384,661	384,661	384,661	-
Career Ladder Program	81,607	81,607	72,192	(9,415)
Career Ladder Program - Extended	30,622	-	-	-
School Food Service	6,500	6,500	6,949	449
Other State Education Funds	147,076	-	266	266
Coordinated School Health ARRA	-	105,000	105,000	-
Internet Connectivity ARRA	-	5,432	4,006	(1,426)
Internet Connectivity	-	-	2,439	2,439
Family Resource Centers ARRA	-	33,300	33,300	-
SSMS ARRA	-	3,344	3,526	182
Career Ladder Program - Extended ARRA	-	30,622	27,400	(3,222)
Other State Grants	7,250	57,250	55,786	(1,464)
Non-cash Contribution - Fringe Benefits	-	-	65,529	65,529
Safe Schools	-	4,400	4,400	-
Child Handicapped	8,231	8,231	8,231	-
Total State Funds and Federal Passed Through State	<u>7,036,547</u>	<u>7,090,947</u>	<u>7,147,229</u>	<u>56,282</u>
Federal Funds Received Directly				
P.L. 81-874 Entitlement	1,500	1,500	2,015	515
Total Revenues	<u>10,114,272</u>	<u>10,168,672</u>	<u>10,081,765</u>	<u>(86,907)</u>

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance Over (Under)
	Original	Final		
EXPENDITURES				
Instruction				
Regular Education Program				
Teachers	3,083,157	3,106,878	3,049,192	(57,686)
Career Ladder Program	43,600	43,600	41,600	(2,000)
Career Ladder Program - Extended	43,000	43,000	16,760	(26,240)
Homebound Teachers	6,000	5,500	2,610	(2,890)
Educational Assistants	41,628	41,628	34,865	(6,763)
Other Salaries and Wages	14,671	21,542	19,988	(1,554)
Substitute Teachers	21,314	21,314	18,076	(3,238)
Non-certified Substitute Teachers	45,000	50,100	44,468	(5,632)
Social Security Taxes	204,502	205,158	182,445	(22,713)
State Retirement	204,722	205,728	200,509	(5,219)
Medical Insurance	325,000	328,730	326,332	(2,398)
Unemployment	25,000	25,000	11,626	(13,374)
Medicare Taxes	47,829	47,955	42,780	(5,175)
Other Fringe Benefits	7,000	7,027	5,709	(1,318)
Fee Waivers	3,000	4,000	3,717	(283)
Maintenance and Repair - Equipment	29,000	39,000	38,168	(832)
Other Contracted Services	23,292	31,208	25,622	(5,586)
Instructional Supplies	232,870	249,522	182,623	(66,899)
Textbooks	134,800	134,800	120,173	(14,627)
Other Supplies and Materials	57,700	53,066	34,188	(18,878)
Other Charges	40,855	37,271	15,771	(21,500)
Non-cash Fringe Benefits	-	-	65,529	65,529
Capital Outlay - Equipment	201,182	201,493	201,493	-
Total Regular Education Program	4,835,122	4,903,520	4,684,244	(219,276)
Alternate Instruction Program				
Teachers	41,160	41,160	40,887	(273)
Educational Assistants	15,262	15,262	15,262	-
Certified Substitute Teachers	200	200	-	(200)
Social Security Taxes	3,511	3,511	3,450	(61)
State Retirement	2,643	2,643	2,625	(18)
Medical Insurance	7,499	7,499	-	(7,499)
Medicare Taxes	822	822	807	(15)
Operating Lease Payments	700	700	359	(341)
Instructional Supplies	1,200	1,200	44	(1,156)
Other Supplies and Materials	200	200	-	(200)
Other Charges	1,000	1,000	148	(852)
Total Alternate Instruction Program	74,197	74,197	63,582	(10,615)
Special Education Program				
Teachers	248,434	213,872	213,872	-
Career Ladder Program	2,000	3,563	3,563	-
Social Security Taxes	15,527	10,815	10,799	(16)
State Retirement	16,078	12,348	12,348	-
Medical Insurance	24,679	20,491	19,443	(1,048)
Other Fringe Benefits	977	1,152	1,152	-
Unemployment Compensation	3,757	2,710	1,069	(1,641)
Medicare Taxes	3,632	2,893	2,870	(23)
Other Charges	-	900	900	-

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance Over (Under)
	Original	Final		
Contract With Private Agencies	2,700	1,590	1,590	-
Instructional Supplies	-	7,500	7,500	-
Maintenance and Repair - Equipment	-	7,014	7,014	-
Total Special Education Program	317,784	284,848	282,120	(2,728)
Vocational Education Program				
Teachers	159,647	162,233	162,233	-
Career Ladder Program	1,000	1,000	1,000	-
Substitute Teachers	1,800	1,800	1,355	(445)
Non-certified Substitute Teachers	1,800	2,300	1,898	(402)
Social Security Taxes	10,184	10,184	9,856	(328)
State Retirement	10,430	10,480	10,480	-
Medical Insurance	11,197	11,197	10,939	(258)
Medicare Taxes	2,382	2,382	2,306	(76)
Maintenance and Repair - Equipment	1,000	1,000	30	(970)
Instructional Supplies	7,600	4,964	3,756	(1,208)
Contracts With Other School Systems	6,000	6,000	6,000	-
Other Contracted Services	1,000	1,000	683	(317)
Other Charges	4,362	3,862	2,980	(882)
Total Vocational Education Program	218,402	218,402	213,516	(4,886)
Student Body Education Program				
Other Salaries and Wages	12,000	13,809	13,454	(355)
Social Security Taxes	744	744	716	(28)
State Retirement	770	754	33	(721)
Medical Insurance	400	400	151	(249)
Medicare Taxes	174	190	190	-
Total Student Body Education Program	14,088	15,897	14,544	(1,353)
Adult Education Program				
Teachers	1,000	2,180	1,910	(270)
Social Security Taxes	62	136	118	(18)
State Retirement	65	65	-	(65)
Medical Insurance	135	135	-	(135)
Medicare Taxes	15	30	28	(2)
Other Fringe Benefits	4	4	-	(4)
Total Adult Education Program	1,281	2,550	2,056	(494)
Total Instruction	5,460,874	5,499,414	5,260,062	(239,352)
Support Services				
Students				
<i>Attendance</i>				
Supervisor/Director	33,949	33,949	33,949	-
Career Ladder Program	500	500	500	-
Clerical Personnel	52,735	52,735	52,735	-
Social Security Taxes	5,406	5,406	4,863	(543)
State Retirement	5,598	5,598	2,208	(3,390)
Medical Insurance	15,000	15,000	7,706	(7,294)
Medicare Taxes	1,265	1,265	1,137	(128)
Communication	1,000	1,000	732	(268)
Travel	2,769	2,769	1,721	(1,048)

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance
	Original	Final		Over (Under)
Other Supplies and Materials	600	600	184	(416)
In-Service/Staff Development	2,000	2,000	314	(1,686)
<i>Total Attendance</i>	<u>120,822</u>	<u>120,822</u>	<u>106,049</u>	<u>(14,773)</u>
<i>Health Services</i>				
Medical Personnel	72,843	73,243	64,242	(9,001)
Other Salaries and Wages	19,040	19,596	19,096	(500)
Social Security Taxes	5,698	5,391	4,777	(614)
Medical Insurance	7,035	7,701	7,701	-
Medicare Taxes	1,334	1,262	1,117	(145)
Other Fringe Benefits	6,091	189	189	-
Communications	2,500	3,938	3,120	(818)
Postal Charges	250	250	250	-
Travel	6,200	4,731	4,441	(290)
Other Contracted Services	6,000	3,066	3,066	-
Drugs and Medical Supplies	3,500	2,284	2,282	(2)
Other Supplies and Materials	9,000	19,612	18,766	(846)
In-Service/Staff Development	500	500	200	(300)
Other Charges	2,500	3,728	3,728	-
Health Equipment	3,000	-	-	-
<i>Total Health Services</i>	<u>145,491</u>	<u>145,491</u>	<u>132,975</u>	<u>(12,516)</u>
<i>Other Student Support</i>				
Career Ladder Program	5,000	5,000	5,000	-
Guidance Personnel	138,659	138,659	136,952	(1,707)
Career Ladder Extended	4,000	4,000	3,260	(740)
Other Salaries and Wages	1,000	1,000	-	(1,000)
Social Security Taxes	9,217	9,217	8,589	(628)
State Retirement	9,544	9,544	9,323	(221)
Medical Insurance	8,000	8,903	8,903	-
Medicare Taxes	2,156	2,156	2,009	(147)
Travel	1,000	2,925	2,925	-
In-Service/Staff Development	2,000	2,000	525	(1,475)
Evaluation and Testing	15,000	12,172	9,372	(2,800)
<i>Total Other Student Support</i>	<u>195,576</u>	<u>195,576</u>	<u>186,858</u>	<u>(8,718)</u>
<i>Total Students</i>	<u>461,889</u>	<u>461,889</u>	<u>425,882</u>	<u>(36,007)</u>
<i>Instructional Staff</i>				
<i>Regular Instruction Program</i>				
Supervisor/Director	33,578	33,878	33,878	-
Career Ladder Program	8,000	8,000	5,125	(2,875)
Career Ladder Program - Extended	4,000	4,000	4,000	-
Librarians	129,265	129,265	128,965	(300)
Materials Supervisor	33,949	33,949	33,849	(100)
Instructional Computer Personnel	45,308	45,308	45,208	(100)
Other Salaries and Wages	53,481	53,481	53,381	(100)
In-service Training	1,500	1,500	-	(1,500)
Social Security Taxes	19,071	19,071	17,683	(1,388)
State Retirement	19,747	19,747	16,644	(3,103)
Medical Insurance	17,500	17,500	17,500	-
Medicare Taxes	4,460	4,460	4,136	(324)

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance
	Original	Final		Over (Under)
Communications	4,500	5,500	4,692	(808)
Maintenance and Repair	1,000	-	-	-
Library Books/Media	15,000	15,000	14,282	(718)
Travel	35,000	33,084	11,867	(21,217)
Other Contracted Services	-	-	1,807	1,807
Other Charges	8,000	8,000	1,940	(6,060)
Other Equipment	15,000	29,832	29,804	(28)
In-Service/Staff Development	36,000	33,861	16,602	(17,259)
<i>Total Regular Instruction Program</i>	<u>484,359</u>	<u>495,436</u>	<u>441,363</u>	<u>(54,073)</u>
<i>Alternative Instruction Program</i>				
Travel	1,200	1,200	537	(663)
<i>Special Education Program</i>				
Supervisor/Director	35,724	35,122	35,122	-
Career Ladder Program	-	1,000	1,000	-
Social Security Taxes	2,215	2,156	2,156	-
State Retirement	2,293	2,319	2,319	-
Medical Insurance	1,784	1,883	1,883	-
Unemployment	536	543	543	-
Medicare Taxes	518	505	504	(1)
Other Fringe Benefits	139	123	123	-
<i>Total Special Education Program</i>	<u>43,209</u>	<u>43,651</u>	<u>43,650</u>	<u>(1)</u>
<i>Vocational Education Program</i>				
Supervisor/Director	8,912	17,561	16,834	(727)
Social Security Taxes	553	1,090	1,003	(87)
State Retirement	573	1,128	1,081	(47)
Medical Insurance	882	913	913	-
Medicare Taxes	130	256	235	(21)
In-Service/Staff Development	600	569	-	(569)
Travel	1,000	1,000	145	(855)
<i>Total Vocational Education Program</i>	<u>12,650</u>	<u>22,517</u>	<u>20,211</u>	<u>(2,306)</u>
<i>Total Instructional Staff</i>	<u>541,418</u>	<u>562,804</u>	<u>505,761</u>	<u>(57,043)</u>
<i>General Administration</i>				
<i>Board of Education</i>				
Other Fringe Benefits	1,500	1,500	307	(1,193)
Audit Services	22,185	15,085	14,119	(966)
Dues and Memberships	7,339	7,339	7,189	(150)
Legal Services	7,500	7,500	6,240	(1,260)
Postage Charges	400	400	-	(400)
Travel	8,100	8,100	5,353	(2,747)
Maintenance and Repair	1,000	400	-	(400)
Other Contracted Services	3,000	3,000	2,250	(750)
In-Service/Staff Development	1,000	2,500	2,300	(200)
Other Supplies and Materials	7,500	8,100	8,024	(76)
Liability Insurance	8,043	8,884	8,884	-
Corporate Surety Bonds	2,680	2,680	1,651	(1,029)
Trustee Commissions	50,000	57,100	56,928	(172)
Workers' Compensation Insurance	40,314	37,973	33,125	(4,848)

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance
	Original	Final		Over (Under)
Criminal Investigation of Applicants	2,000	2,000	1,020	(980)
Other Charges	5,000	5,000	4,309	(691)
<i>Total Board of Education</i>	<u>167,561</u>	<u>167,561</u>	<u>151,699</u>	<u>(15,862)</u>
<i>Office of Superintendent</i>				
Administrative Officer	95,500	95,900	95,900	-
Career Ladder Program	1,000	1,000	1,000	-
Other Salaries and Wages	11,900	11,975	11,975	-
Social Security Taxes	6,721	6,721	6,614	(107)
State Retirement	6,900	6,990	6,990	-
Life Insurance	56	56	56	-
Medical Insurance	6,100	6,100	5,818	(282)
Medicare Taxes	1,572	1,572	1,558	(14)
Other Fringe Benefits	1,700	1,700	1,200	(500)
Communication	9,500	9,500	8,103	(1,397)
Dues and Memberships	4,000	4,368	4,368	-
In-Service/Staff Development	800	800	522	(278)
Postal Charges	150	92	12	(80)
Travel	7,700	7,025	6,741	(284)
Other Charges	1,300	1,300	1,300	-
Office Supplies	1,000	800	551	(249)
<i>Total Office of Superintendent</i>	<u>155,899</u>	<u>155,899</u>	<u>152,708</u>	<u>(3,191)</u>
<i>Total General Administration</i>	<u>323,460</u>	<u>323,460</u>	<u>304,407</u>	<u>(19,053)</u>
<i>School Administration</i>				
<i>Office of Principal</i>				
Principal(s)	209,850	209,850	209,550	(300)
Career Ladder Program	5,500	5,500	4,500	(1,000)
Career Ladder Program - Extended	4,000	4,000	4,000	-
Assistant Principal(s)	75,432	75,432	74,715	(717)
Secretaries	63,705	63,705	63,705	-
Social Security Taxes	22,227	20,282	20,187	(95)
State Retirement	18,926	18,926	18,795	(131)
Medical Insurance	34,244	36,189	36,189	-
Medicare Taxes	5,199	5,199	4,721	(478)
Communciations	14,683	14,683	12,515	(2,168)
Dues and Memberships	3,466	3,466	2,831	(635)
Operating Lease Payments	10,000	10,000	8,415	(1,585)
Postal Charges	2,350	2,658	1,696	(962)
Travel	6,400	6,092	3,459	(2,633)
Other Contracted Services	3,264	3,264	3,210	(54)
Data Processing Supplies	1,000	897	658	(239)
Office Supplies	4,100	4,100	3,002	(1,098)
In-Service/Staff Development	1,200	1,200	100	(1,100)
Other Charges	5,895	5,998	5,997	(1)
<i>Total Office of Principal</i>	<u>491,441</u>	<u>491,441</u>	<u>478,245</u>	<u>(13,196)</u>
<i>Business Administration</i>				
<i>Fiscal Services</i>				
Supervisor/Director	44,278	44,278	43,470	(808)
Accountants/Bookkeepers	27,993	40,213	40,213	-

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance
	Original	Final		Over (Under)
Secretaries	26,000	15,232	7,292	(7,940)
Social Security Taxes	6,093	6,093	5,006	(1,087)
Medical Insurance	6,600	6,600	6,187	(413)
Medicare Taxes	1,426	1,426	1,178	(248)
Data Processing	700	700	501	(199)
Dues and Memberships	25	60	60	-
Operating Lease Payments	768	768	704	(64)
Postal Charges	2,800	2,800	240	(2,560)
Maintenance and Repair	1,200	1,200	-	(1,200)
Travel	3,200	1,713	1,459	(254)
Office Supplies	3,500	3,500	3,428	(72)
In-Service/Staff Development	600	600	203	(397)
Other Charges	600	600	181	(419)
<i>Total Fiscal Services</i>	<u>125,783</u>	<u>125,783</u>	<u>110,122</u>	<u>(15,661)</u>
Operation and Maintenance of Plant				
<i>Operation of Plant</i>				
Supervisor/Director	49,359	26,440	24,169	(2,271)
Custodial Personnel	158,661	158,661	150,742	(7,919)
Other Salaries and Wages	18,320	18,320	18,320	-
Social Security Taxes	3,775	11,119	11,119	-
State Retirement	3,170	1,552	1,552	-
Medical Insurance	11,459	11,459	9,999	(1,460)
Medicare Taxes	3,283	3,283	2,600	(683)
Other Fringe Benefits	50	360	250	(110)
Other Contracted Services	42,850	42,050	38,139	(3,911)
Custodial Supplies	28,275	31,837	31,837	-
Electricity	266,000	286,694	264,643	(22,051)
Natural Gas	109,000	96,493	96,493	-
Water and Sewer	39,500	52,610	52,610	-
Other Supplies and Materials	2,192	2,192	1,316	(876)
Boiler Insurance	2,057	2,057	1,857	(200)
Building and Contents Insurance	34,666	34,666	32,666	(2,000)
In-Service/Staff Development	500	500	28	(472)
Other Charges	4,000	4,000	1,654	(2,346)
Plant Operation Equipment	8,000	-	-	-
<i>Total Operation of Plant</i>	<u>785,117</u>	<u>784,293</u>	<u>739,994</u>	<u>(44,299)</u>
<i>Maintenance of Plant</i>				
Maintenance Personnel	32,000	32,500	32,500	-
Other Salaries and Wages	-	348	348	-
Social Security Taxes	1,984	1,984	1,752	(232)
Medical Insurance	6,600	6,600	3,753	(2,847)
Medicare Taxes	464	464	410	(54)
Communication	1,500	1,500	1,350	(150)
Laundry Service	1,000	1,000	-	(1,000)
Maintenance and Repair - Buildings	32,500	31,000	27,389	(3,611)
Maintenance and Repair - Equipment	4,050	4,000	1,602	(2,398)
Maintenance and Repair - Vehicles	400	400	60	(340)
Travel	1,708	1,823	1,823	-
Other Contracted Services	18,075	18,075	10,151	(7,924)

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance
	Original	Final		Over (Under)
Equipment and Machinery Parts	10,500	10,234	7,329	(2,905)
Other Supplies and Materials	40,000	34,640	28,896	(5,744)
Vehicle and Equipment Insurance	400	400	400	-
Other Charges	8,000	8,000	7,865	(135)
Repair and Maintenance - Equipment	5,000	4,037	357	(3,680)
<i>Total Maintenance of Plant</i>	<u>164,181</u>	<u>157,005</u>	<u>125,985</u>	<u>(31,020)</u>
Total Operation and Maintenance of Plant	<u>949,298</u>	<u>941,298</u>	<u>865,979</u>	<u>(75,319)</u>
Student Transportation				
<i>Transportation</i>				
Supervisor/Director	33,599	34,000	34,000	-
Mechanics	12,525	12,525	12,229	(296)
Bus Drivers	71,357	71,357	68,721	(2,636)
Clerical Personnel	1,338	1,338	1,338	-
Social Security Taxes	7,370	7,370	6,215	(1,155)
State Retirement	2,157	2,183	2,183	-
Medical Insurance	4,000	4,000	3,529	(471)
Unemployment Compensation	317	317	-	(317)
Medicare Taxes	1,719	1,719	1,625	(94)
Fringe Benefits	977	977	276	(701)
Communication	3,311	3,311	3,214	(97)
Laundry Service	687	687	255	(432)
Maintenance and Repair - Vehicles	122	122	32	(90)
Medical and Dental	3,948	4,072	1,851	(2,221)
Travel	448	448	-	(448)
Other Contracted Services	1,478	1,478	1,337	(141)
Diesel Fuel	50,000	43,322	38,191	(5,131)
Garage Supplies	5,318	5,194	861	(4,333)
Lubricants	2,075	2,075	1,157	(918)
Tires and Tubes	7,000	7,000	2,684	(4,316)
Vehicle Parts	10,000	10,000	6,912	(3,088)
Other Supplies and Materials	839	865	865	-
Vehicle and Equipment Insurance	9,278	9,278	8,919	(359)
In-Service/Staff Development	-	360	360	-
Other Charges	2,577	2,577	2,538	(39)
Capital Outlay	82,866	88,731	88,731	-
Total Transportation	<u>315,306</u>	<u>315,306</u>	<u>288,023</u>	<u>(27,283)</u>
Other				
<i>Central and Other</i>				
Operating Lease Payments	8,000	8,000	7,799	(201)
Other Contracted Services	10,685	10,685	10,684	(1)
Maintenance and Repair - Equipment	734	734	-	(734)
Data Processing Supplies	3,000	3,000	2,692	(308)
Other Supplies and Materials	1,200	1,200	1,200	-
Other Charges	800	800	584	(216)
Data Processing Equipment	3,000	3,000	1,121	(1,879)
<i>Total Central and Other</i>	<u>27,419</u>	<u>27,419</u>	<u>24,080</u>	<u>(3,339)</u>
Total Support Services	<u>3,236,014</u>	<u>3,249,400</u>	<u>3,002,499</u>	<u>(246,901)</u>

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance Over (Under)
	Original	Final		
Operation of Non-Instructional Services				
Community Services				
Supervisor/Director	16,243	16,243	16,243	-
Educational Assistants	4,048	1,253	-	(1,253)
Other Salaries and Wages	55,688	66,094	65,641	(453)
Social Security Taxes	4,444	4,579	4,439	(140)
State Retirement	2,244	2,797	2,765	(32)
Medicare Taxes	1,008	1,071	1,038	(33)
Medical Insurance	7,081	7,823	7,403	(420)
Other Fringe Benefits	335	359	356	(3)
Travel	2,030	2,360	1,911	(449)
Other Contracted Services	4,910	3,633	1,000	(2,633)
Food Supplies	4,908	4,556	3,961	(595)
Other Supplies and Materials	15,525	8,989	5,668	(3,321)
Refunds	75	75	75	-
Other Charges	305	3,402	3,402	-
Total Community Services	118,844	123,234	113,902	(9,332)
Early Childhood Education				
Supervisor/Director	15,637	17,153	17,153	-
Teachers	149,949	138,053	138,053	-
Educational Assistants	49,337	48,609	48,609	-
Other Salaries and Wages	37,278	34,373	34,373	-
Clerical Personnel	5,748	6,131	6,131	-
Social Security Taxes	15,993	13,625	13,625	-
State Retirement	11,504	10,538	10,538	-
Medical Insurance	24,666	25,731	25,731	-
Unemployment Compensation	3,870	1,222	1,222	-
Medicare Taxes	3,740	3,187	3,187	-
Other Fringe Benefits	1,006	1,143	1,143	-
Operating Lease Payments	3,000	1,751	1,751	-
Maintenance and Repair - Equipment	27,000	27,000	27,000	-
Travel	4,000	876	876	-
Instructional Supplies	20,433	54,909	54,909	-
Other Supplies and Materials	6,000	-	-	-
In-Service/Staff Development	2,000	-	-	-
Other Charges	1,500	360	360	-
Other Equipment	2,000	-	-	-
Total Early Childhood Education	384,661	384,661	384,661	-
Total Operation of Non-Instructional Services	503,505	507,895	498,563	(9,332)
Education Capital Outlay				
Regular Capital Outlay				
Building Improvements	225,000	225,000	141,420	(83,580)
Architects	-	550,517	550,517	-
Legal Services	-	22,900	22,900	-
Other Contracted Services	-	33,121	33,121	-
Other Capital Outlay	85,000	85,000	80,158	(4,842)
Site Development	-	2,000	2,000	-
Total Regular Capital Outlay	310,000	918,538	830,116	(88,422)

**TRENTON SPECIAL SCHOOL DISTRICT
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Budget		Actual	Variance Over (Under)
	Original	Final		
Education Debt Service				
Principal on Bonds	435,000	435,000	435,000	-
Interest on Bonds	374,333	374,333	374,333	-
Total Education Debt Service	809,333	809,333	809,333	-
Total Expenditures	10,319,726	10,984,580	10,400,573	(584,007)
Excess (Deficiency) of Revenues over (under) Expenditures	(205,454)	(815,908)	(318,808)	497,100
Other Financing Sources (Uses)				
Transfers In	42,000	42,000	12,471	(29,529)
Net change in fund balance	(163,454)	(773,908)	(306,337)	467,571
Fund Balance - July 1, 2009	2,570,316	2,570,316	2,570,316	-
Fund Balance - June 30, 2010	\$ 2,406,862	\$ 1,796,408	\$ 2,263,979	\$ 467,571

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. District-wide and Fund Financial Statements

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

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

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

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

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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

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

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

The District reports the following major governmental fund:

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

Receivables and Payables

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

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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

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

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

Inventory

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

Capital Assets

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

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

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

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

Deferred Revenue

Deferred revenue represents amounts that were receivable and measurable at June 30, 2010 but were not available to finance expenditures for the year ended June 30, 2010. Deferred revenues primarily include unearned or unavailable revenues.

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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

Compensated Absences

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

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

On-Behalf Payments for Fringe Benefits

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

Long-term Obligations

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

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

Fund Equity

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

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

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

The reconciliation of the balance sheet of governmental funds to the statement of net assets includes a

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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

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

reconciliation between the total fund balance of governmental funds and total net assets of governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.” The details of this \$8,087,782 difference are as follows:

1998 Refunding Bonds	\$ 6,410,000
2003 School Bonds	1,615,000
Interest Payable	<u>62,782</u>
Net adjustment to reduce Fund Balance - Total Governmental Funds to arrive at Net Assets - Governmental Activities	<u><u>\$ 8,087,782</u></u>

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the district-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.” The details of this \$76,271 difference are as follows:

Capital Outlay	\$ 873,606
Depreciation Expense	<u>(797,335)</u>
Net adjustment to reduce Net Change in Fund Balances - Total Governmental Funds to arrive at Change in Net Assets of Governmental Activities	<u><u>\$ 76,271</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” The details of this \$437,018 are:

Principal Repayment - 1998 Refunding Bonds	\$ 45,000
Principal Repayment - 2003 School Bonds	390,000
Change in Interest Payable	<u>2,018</u>
Net adjustment to increase Net Change in Fund Balances - Total Governmental Funds to arrive at Changes in Net Assets of Governmental Activities	<u><u>\$ 437,018</u></u>

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2010, the District's deposits with local banks were covered by federal depository insurance or collateralized by securities held by the District's agent in the District's name. The District has also invested \$2,360,891 in the Tennessee Local Government Investment Pool (TLGIP). The TLGIP is collateralized by the State of Tennessee. Therefore, all funds deposited in the TLGIP are secure.

Custodial Credit Risk - The District's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Board's agent in the Board's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the District to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2010, all deposits met the District's policy.

B. Receivables

Receivables at year end for the District's individual major funds and non-major funds in the aggregate, are shown on the statement of net assets and the balance sheet for governmental funds. As of June 30, 2010, there were no allowances for uncollectible accounts.

C. Interfund Balances and Transfers

Interfund balances consist of amounts owed to the General Purpose School Fund and Public Law Fund for insurance and other shared administrative expenses. During the year ended June 30, 2010, there was an operating transfer for \$12,471 made from the Public Law Fund to the General Purpose School Fund for their share of indirect costs.

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 4 – DETAILED NOTES ON ALL FUNDS (continued)

At June 30, 2010, interfund balances consisted of the following:

Due from Cafeteria Fund	\$ 281
Due from Public Law Fund	<u>210,400</u>
Due to General Purpose School Fund	<u>\$ 210,681</u>

Due from General Purpose School Fund	\$ <u>29</u>
Due to Public Law Fund	<u>\$ 29</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance Restated	Increases	Decreases	Ending Balance
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 266,057	\$ -	\$ 266,057	\$ -	\$ -	\$ 266,057
Construction in progress	-	-	-	608,538	-	608,538
Total capital assets, not being depreciated	<u>266,057</u>	<u>-</u>	<u>266,057</u>	<u>608,538</u>	<u>-</u>	<u>874,595</u>
Capital assets being depreciated:						
Buildings and Improvements	33,503,528	150,000	33,653,528	161,962	-	33,815,490
Vehicles	1,007,356	-	1,007,356	103,106	-	1,110,462
Office Equipment	39,446	-	39,446	-	-	39,446
Furniture and Fixtures	16,744	-	16,744	-	-	16,744
Total capital assets being depreciated	<u>34,567,074</u>	<u>150,000</u>	<u>34,717,074</u>	<u>265,068</u>	<u>-</u>	<u>34,982,142</u>
Less accumulated depreciation for:						
Buildings	(8,693,443)	(112,500)	(8,805,943)	(745,651)	-	(9,551,594)
Vehicles	(732,441)	-	(732,441)	(47,068)	-	(779,509)
Office Equipment	(39,445)	-	(39,445)	(1)	-	(39,446)
Furniture and Fixtures	(12,757)	-	(12,757)	(4,615)	-	(17,372)
Total accumulated depreciation	<u>(9,478,086)</u>	<u>(112,500)</u>	<u>(9,590,586)</u>	<u>(797,335)</u>	<u>-</u>	<u>(10,387,921)</u>
Total capital assets being depreciated, net	<u>25,088,988</u>	<u>37,500</u>	<u>25,126,488</u>	<u>(532,267)</u>	<u>-</u>	<u>24,594,221</u>
Governmental activities capital assets, net	<u>\$ 25,355,045</u>	<u>\$ 37,500</u>	<u>\$ 25,392,545</u>	<u>\$ 76,271</u>	<u>\$ -</u>	<u>\$ 25,468,816</u>

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

Instruction	\$ 2,224
Support Services	49,461
Non-Instructional Support	<u>745,650</u>
Total	<u>\$797,335</u>

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

E. General Long-Term Debt

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

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

A summary of changes in general long-term debt for the year ended June 30, 2010, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
1998 Bonds	\$6,455,000	\$ --	\$ 45,000	\$6,410,000	\$ 45,000
2003 Bonds	2,005,000	--	390,000	1,615,000	415,000
Total	<u>\$8,460,000</u>	<u>\$ --</u>	<u>\$ 435,000</u>	<u>\$8,025,000</u>	<u>\$ 460,000</u>

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 460,000	\$ 359,240	\$ 819,240
2012	480,000	340,312	820,312
2013	505,000	318,265	823,265
2014	540,000	294,617	834,617
2015	565,000	269,334	834,334
2016 – 2020	3,440,000	896,823	4,336,823
2021 – 2023	<u>2,035,000</u>	<u>123,304</u>	<u>2,158,304</u>
	<u>\$ 8,025,000</u>	<u>\$ 2,601,895</u>	<u>\$10,626,895</u>

G. Designations of Fund Equity

The following funds had reserved or designated fund balances as of June 30, 2010:

General Purpose fund balance reserved for:	
Other local education	\$ 1,387,405
Career ladder – extended contract	\$ 6,998
Cafeteria fund balance reserved for inventory	\$ 33,070
Bus Garage fund balance reserved for inventory	\$ 49,571

H. Insurance Coverage

The School District is exposed to various risks related to general liability, property, boiler and machinery, automobile liability, workers' compensation and legal liability. The School District decided it was more economically feasible to join public entity risk pools as opposed to purchasing commercial

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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

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

I. Defined Benefit Plan

Plan Description

Employees of the Trenton Special School District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system on or after July 1, 1979 become vested after 5 years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Trenton Special School District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The Trenton Special School District requires employees to contribute 5.0 percent of earnable compensation. Trenton Special School District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010, was 0.00% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Trenton Special School District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2010, the Trenton Special School District's annual pension cost of \$0 to TCRS was equal to Trenton Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Trenton Special School District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 9 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$0	100.00%	\$0
6/30/09	\$0	100.00%	\$0
6/30/08	\$0	100.00%	\$0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 106.45% funded. The actuarial accrued liability for benefits was \$3.36 million, and the actuarial value of assets was \$3.57 million, resulting in an unfunded actuarial accrued liability (UAAL) of (\$.22) million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.34 million, and the ratio of the UAAL to the covered payroll was -16.11%.

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

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

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/09	\$3,571	\$3,355	(\$216)	106.45%	\$1,342	-16.11%
07/01/07	\$3,482	\$2,873	(\$609)	121.20%	\$1,105	-55.11%

(Dollar amounts in thousands)

School Systems - Defined Benefit Plan

TRENTON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Plan Description

The Trenton Special Schools contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after 5 years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The maximum annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Trenton Special Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2010, was 6.42% of annual covered payroll. The employer contribution requirement of Trenton Special Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008 were \$323,302, \$315,670 and \$298,730, respectively, equal to the required contributions for each year.

J. On-Behalf Payments for Postretirement Insurance Benefits

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and Medicare Plan on behalf of the District's employees. For the year ended June 30, 2010, the State made contributions of \$65,529.

K. Prior Period Adjustment

A prior period adjustment of \$37,500 was made to record the CRC Building and property that was deeded to the District from the City of Trenton in fiscal year 2007, but was mistakenly not recorded on the books.

REQUIRED SUPPLEMENTARY INFORMATION

**TRENTON SPECIAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF RETIREMENT FUNDING PROGRESS
 June 30, 2010**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/09	\$3,571	\$3,355	(\$216)	106.45%	\$1,342	-16.11%
07/01/07	\$3,482	\$2,873	(\$609)	121.20%	\$1,105	-55.11%

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 went into effect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

OTHER SUPPLEMENTARY INFORMATION

TRENTON SPECIAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue			Total
	Public Law Fund	Cafeteria Fund	Bus Garage Fund	
ASSETS				
Cash	\$ 82,980	\$ 174,329	\$ 5,455	\$ 262,764
Accounts Receivable	-	8,777	-	8,777
Due from Other Funds	29	-	-	29
Due from Other Governments	-	-	2,830	2,830
Due from Grantor	139,998	40,855	-	180,853
Inventories	-	33,070	49,571	82,641
Total Assets	\$ 223,007	\$ 257,031	\$ 57,856	\$ 537,894
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 9,598	\$ -	\$ -	\$ 9,598
Due to Other Funds	210,400	281	-	210,681
Unearned Revenue - Federal and State Grants	195	-	-	195
Unearned Revenue - Local	1,335	-	-	1,335
Total Liabilities	221,528	281	-	221,809
Fund Balance				
Reserved Fund Balance - inventory	-	33,070	49,571	82,641
Unreserved Fund Balance	1,479	223,680	8,285	233,444
Total Fund Balance	1,479	256,750	57,856	316,085
Total Liabilities and Fund Balance	\$ 223,007	\$ 257,031	\$ 57,856	\$ 537,894

TRENTON SPECIAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Special Revenue			Total
	Public Law Fund	Cafeteria Fund	Bus Garage Fund	
Revenues				
Local Revenue	\$ -	\$ 208,444	\$ 262,582	\$ 471,026
Federal and State Funds	1,176,484	464,974	-	1,641,458
Commodities	-	43,763	-	43,763
Other Local Revenues	-	3,497	-	3,497
Interest	5	546	-	551
Insurance Recovery	-	9,002	-	9,002
Total Revenues	1,176,489	730,226	262,582	2,169,297
Expenditures				
Instruction				
Regular Instruction	257,709	-	-	257,709
Special Education	360,635	-	-	360,635
Vocational Education	32,927	-	-	32,927
Adult Education	72,266	-	-	72,266
Support Services				
Student Support	15,296	-	-	15,296
Regular Instruction	286,827	-	-	286,827
Special Education	51,442	-	-	51,442
Vocational Education	1,013	-	-	1,013
Adult Programs	70,358	-	-	70,358
Transportation	14,706	-	262,327	277,033
Food Service	-	733,593	-	733,593
Total Expenditures	1,163,179	733,593	262,327	2,159,099
Excess Revenues over Expenditures	13,310	(3,367)	255	10,198
Other Financing Sources (Uses)				
Operating Transfers Out	(12,471)	-	-	(12,471)
Excess Revenues and Other Sources over Expenditures and Other Uses	839	(3,367)	255	(2,273)
Fund Balance - July 1, 2009	640	251,591	58,146	310,377
Increase (Decrease) in Reserves	-	8,526	(545)	7,981
Fund Balance - June 30, 2010	\$ 1,479	\$ 256,750	\$ 57,856	\$ 316,085

**TRENTON SPECIAL SCHOOL DISTRICT
PUBLIC LAW FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2010**

Revenues	Budget		Actual	Variance Over (Under)
	Original	Final		
Federal and State Funds	\$ 1,581,414	\$ 1,579,845	\$ 1,176,484	\$ (403,361)
Interest	-	-	5	5
Total Revenues	1,581,414	1,579,845	1,176,489	(403,356)
Expenditures				
Instruction				
Regular Instruction	340,567	315,286	257,709	(57,577)
Special Education	375,979	472,982	360,635	(112,347)
Vocational Education	32,662	32,927	32,927	-
Adult Education	103,359	106,273	72,266	(34,007)
Support Services				
Other Student Support	110,042	15,716	15,296	(420)
Regular Instruction	273,175	391,907	286,827	(105,080)
Special Education	232,059	91,122	51,442	(39,680)
Vocational Education	500	1,013	1,013	-
Adult Programs	76,185	74,304	70,358	(3,946)
Transportation	15,702	14,706	14,706	-
Total Expenditures	1,560,230	1,516,236	1,163,179	(353,057)
Excess Revenues over Expenditures	21,184	63,609	13,310	(50,299)
Other Financing Sources (Uses)				
Operating Transfers Out	(21,181)	(19,241)	(12,471)	6,770
Net Change in Fund Balance	\$ 3	\$ 44,368	839	\$ (43,529)
Fund Balance - July 1, 2009			640	
Fund Balance - June 30, 2010			\$ 1,479	

**TRENTON SPECIAL SCHOOL DISTRICT
CAFETERIA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2010**

	Budget		Actual	Variance
	Original	Final		Over (Under)
Revenues				
Student Lunches	\$ 200,000	\$ 200,000	\$ 168,193	\$ (31,807)
Adult Lunches	31,633	31,633	29,495	(2,138)
Breakfast Sales	14,500	14,500	10,756	(3,744)
State Matching	10,000	10,000	7,721	(2,279)
USDA Lunch Funds	335,000	335,000	342,283	7,283
USDA Breakfast Funds	105,000	105,000	104,970	(30)
Commodities	-	-	43,763	43,763
Insurance Recovery	-	-	9,002	9,002
Other Local Revenues	-	-	3,497	3,497
Equipment Grant	-	-	10,000	10,000
Interest Earned	4,000	4,000	546	(3,454)
Total Revenues	<u>700,133</u>	<u>700,133</u>	<u>730,226</u>	<u>30,093</u>
Expenditures				
Supervisor/Director	18,586	17,203	13,441	(3,762)
Accountants/Bookkeepers	5,988	6,866	6,866	-
Cafeteria Personnel	234,904	235,022	235,022	-
Other Salaries	16,500	16,783	16,783	-
Employee Benefits	51,961	51,784	46,899	(4,885)
Communication	2,000	2,000	1,870	(130)
Equipment Maintenance	3,800	3,800	3,105	(695)
Travel and Transportation	7,300	5,377	5,095	(282)
Other Contracted Services	3,000	3,000	2,219	(781)
Food Services	274,669	274,669	265,789	(8,880)
Commodities	-	-	43,763	43,763
Uniforms	1,425	1,589	1,589	-
Utilities	32,000	32,000	22,043	(9,957)
In-Service Training	1,000	1,573	1,573	-
Supplies	37,000	37,000	36,226	(774)
Other Charges	10,000	11,467	11,467	-
Capital Outlay - Equipment	227,047	227,047	19,843	(207,204)
Total Expenditures	<u>927,180</u>	<u>927,180</u>	<u>733,593</u>	<u>(193,587)</u>
Excess Revenues over (under) Expenditures	<u><u>\$ (227,047)</u></u>	<u><u>\$ (227,047)</u></u>	<u><u>(3,367)</u></u>	<u><u>\$ 223,680</u></u>
Fund Balance - July 1, 2009			251,591	
Increase (Decrease) in Reserve for Inventory			<u>8,526</u>	
Fund Balance - June 30, 2010			<u><u>\$ 256,750</u></u>	

**TRENTON SPECIAL SCHOOL DISTRICT
GIBSON COUNTY SCHOOL BUS GARAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2010**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
Revenues				
Local Revenues	\$ 305,439	\$ 305,439	\$ 262,582	\$ (42,857)
Expenditures				
Salaries - Mechanics	102,419	102,419	102,419	-
Salaries - Other	11,204	11,204	11,204	-
Employee Benefits	16,316	16,316	9,015	(7,301)
Travel	400	400	-	(400)
Communications	2,600	2,600	2,405	(195)
Laundry Service	2,400	2,400	2,138	(262)
Other Contracted Services	4,000	5,337	5,336	(1)
Postal Charges	600	600	264	(336)
Fuel and Lubricants	9,000	9,688	9,687	(1)
Garage Supplies	12,000	12,000	7,849	(4,151)
Tires and Tubes	35,000	36,416	36,415	(1)
Repair Parts for Vehicles	76,000	71,907	54,698	(17,209)
Insurance on Vehicles	3,000	3,000	-	(3,000)
Other Charges	6,500	7,152	7,152	-
Capital Outlay - Administrative Equipment	24,000	24,000	13,745	(10,255)
Total Expenditures	<u>305,439</u>	<u>305,439</u>	<u>262,327</u>	<u>(43,112)</u>
Excess Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	255	<u>\$ 255</u>
Fund Balance - July 1, 2009			58,146	
Increase (Decrease) in Reserve for Inventory			<u>(545)</u>	
Fund Balance - June 30, 2010			<u>\$ 57,856</u>	

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
June 30, 2010

<u>Year Ending June 30,</u>	<u>1998 Refunding Bonds</u>		<u>2003 School Bonds</u>		<u>Total Requirement</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 45,000	\$ 300,975	\$ 415,000	\$ 58,265	\$ 819,240
2012	480,000	289,312	--	51,000	820,312
2013	505,000	267,265	--	51,000	823,265
2014	540,000	243,617	--	51,000	834,617
2015	565,000	218,334	--	51,000	834,334
2016	605,000	191,276	--	51,000	847,276
2017	640,000	162,170	--	51,000	853,170
2018	685,000	130,861	--	51,000	866,861
2019	730,000	97,073	--	51,000	878,073
2020	780,000	60,443	--	51,000	891,443
2021	835,000	20,666	--	51,000	906,666
2022	--	--	585,000	38,569	623,569
2023	--	--	615,000	13,069	628,069
	<u>\$ 6,410,000</u>	<u>\$ 1,981,992</u>	<u>\$ 1,615,000</u>	<u>\$ 619,903</u>	<u>\$ 10,626,895</u>

See independent auditor's report.

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF INTERFUND TRANSFERS - ALL FUNDS
For the year ended June 30, 2010

<u>TRANSFER FROM</u>	<u>TRANSFER TO</u>	<u>AMOUNT</u>
Public Law Fund	General Purpose School Fund	\$ 12,471

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
For the Year Ended June 30, 2010

TEN YEAR SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS

<u>Year Ended June 30,</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>	<u>Levy</u>
2010	\$ 104,451,432	\$1.89	\$ 1,974,132
2009	\$ 92,550,884	\$2.04	\$ 1,888,038
2008	\$ 91,880,323	\$2.04	\$ 1,874,359
2007	\$ 90,784,195	\$2.04	\$ 1,851,998
2006	\$ 89,525,867	\$1.75	\$ 1,566,703
2005	\$ 89,365,355	\$1.75	\$ 1,563,894
2004	\$ 83,331,186	\$1.75	\$ 1,458,296
2003	\$ 83,755,382	\$1.71	\$ 1,432,217
2002*			
2001*			

The following tax was levied on January 1, 2010

2011	\$ 104,619,721	\$2.13	\$ 2,228,400
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* *information not available*

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

<u>Grantor Agency/ Pass-through Agency/ Program Name and Number</u>	<u>CFDA #</u>	<u>Balance July 1, 2009 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2010 (Receivable) Unearned</u>
U.S. Department of Education/ Tennessee Department of Education/						
ARRA - Title I	84.389	\$ -	\$ 81,557	\$ 87,430	\$ -	\$ (5,873)
Title I	84.010	103	-	-	-	103
Title I	84.010	(43,266)	294,972	295,449	-	(43,743)
Title I	84.010	(4)	4	-	-	-
		<u>(43,167)</u>	<u>376,533</u>	<u>382,879</u> *	<u>-</u>	<u>(49,513)</u>
ARRA - Title VII	84.387	-	23	23	-	-
Title III A	84.365	(1,022)	4,198	3,176	-	-
Drug Free	84.186	-	4,540	4,540	-	-
Title VI, Rural and Low Income Schools	84.358	-	33,769	36,173	-	(2,404)
ARRA - Title II, Part D	84.405	-	6,564	6,653	-	(89)
Title II, Part D	84.318	-	678	2,705	-	(2,027)
Title II, Part A Training	84.367	(17,574)	102,446	99,885	-	(15,013)
		<u>(17,574)</u>	<u>109,688</u>	<u>109,243</u>	<u>-</u>	<u>(17,129)</u>
ARRA - IDEA, Part B	84.391	-	105,403	114,019	-	(8,616)
IDEA - Assistive Technology	84.027	-	8,231	8,231	-	-
IDEA, Part B	84.027	(35,527)	306,223	305,423	-	(34,727)
		<u>(35,527)</u>	<u>419,857</u>	<u>427,673</u> *	<u>-</u>	<u>(43,343)</u>
ARRA - IDEA Preschool	84.392	-	6,003	6,003	-	-
IDEA Preschool	84.173	(460)	8,089	8,497	-	(868)
		<u>(460)</u>	<u>14,092</u>	<u>14,500</u> *	<u>-</u>	<u>(868)</u>

*major program

See independent auditor's report.

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

Grantor Agency/ Pass-through Agency/ Program Name and Number	CFDA #	Balance July 1, 2009 (Receivable) Unearned	Receipts	Expenditures	Adjustments	Balance June 30, 2010 (Receivable) Unearned
ABE 2009 (75% Federal; 25% State)	84.002	-	69,489	79,018	-	(9,529)
ABE 2009	84.002	(29,884)	29,884	-	-	-
ABE 2006	84.002	57	-	-	-	57
ABE 2002-03	84.002	20	-	-	-	20
Workforce Essentials Inc.		(56)	-	-	56	-
		<u>(29,863)</u>	<u>99,373</u>	<u>79,018</u>	<u>56</u>	<u>(9,452)</u>
Carl Perkins	84.048	(4,831)	40,231	38,940	-	(3,540)
Title IV Part B, 21st Century	84.287	-	12,057	50,000	-	(37,943)
ARRA - SMMS	84.397	-	3,526	3,526	-	-
ARRA - State Fiscal Stabilization - BEP	84.397	-	254,700	254,700	-	-
ARRA - Family Resource	84.397	-	26,990	33,300	-	(6,310)
ARRA- Safe Schools	84.397	-	-	4,400	-	(4,400)
ARRA - Coordinated School Health	84.397	-	71,470	105,000	-	(33,530)
ARRA - Career Ladder Extended	84.397	-	11,088	27,400	-	(16,312)
ARRA - Internet Connectivity	84.397	-	4,006	4,006	-	-
Total State Fiscal Stabilization Funds		-	<u>371,780</u>	<u>432,332</u> *	-	<u>(60,552)</u>
Internet Connectivity		-	2,439	2,439	-	-
Title I - P.L. 874 (Impact Aid)	84.041	-	2,015	2,015	-	-
Total Department of Education		(132,444)	1,490,595	1,582,951	56	(224,744)

*major program

See independent auditor's report.

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

Grantor Agency/ Pass-through Agency/ Program Name and Number	CFDA #	Balance July 1, 2009 (Receivable) Unearned	Receipts	Expenditures	Adjustments	Balance June 30, 2010 (Receivable) Unearned
U.S. Department of Labor						
<i>Passed through Dyersburg State</i>						
JTG	17.259	(7,492)	27,523	25,000	-	(4,969)
WIA Youth Activities	17.259	-	5,234	10,156	-	(4,922)
Total Department of Labor		(7,492)	32,757	35,156	-	(9,891)
U.S. Department of Agriculture/						
<i>Tennessee Department of Agriculture/</i>						
Team Nutrition Training Grant - ARRA	10.579	-	10,000	10,000	-	-
Food Distribution - Commodities	10.550	-	43,763	43,763 *	-	-
School Breakfast Program	10.553	(9,048)	104,399	104,970 *	-	(9,619)
National School Lunch Program	10.555	(32,330)	343,377	342,283 *	-	(31,236)
Total USDA Cluster		(41,378)	491,539	491,016	-	(40,855)
Total Department of Agriculture		(41,378)	501,539	501,016	-	(40,855)
Total Federal Awards		\$ (181,314)	\$ 2,024,891	\$ 2,119,123	\$ 56	\$ (275,490)

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

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

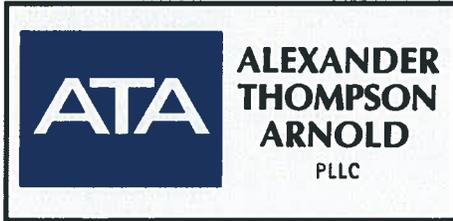
*major program

See independent auditor's report.

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the year ended June 30, 2010

<u>Grantor Agency/ Program Name</u>	<u>Number</u>	<u>Balance July 1, 2009 (Receivable) Unearned</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Balance June 30, 2010 (Receivable) Unearned</u>
Tennessee Department of Education						
WIA Dropout Academic Tutoring		\$ (1)	\$ --	\$ --	\$ --	\$ (1)
Family Resource		(8,758)	8,758	--	--	--
Coordinated School Health	GZ8/AAX9	(29,036)	29,036	--	--	--
ABE 2006 (79% Federal; 21% State)	Z-06-027825	15	--	--	--	15
ABE 2009 (75% Federal; 25% State)	Z-09-213510	(9,962)	9,962	--	--	--
ABE 08-01 (75% Federal; 25% State)	Z-10-218552	--	23,163	26,339	--	(3,176)
Dislocated Worker		(8,427)	4,194	--	4,233	--
Dislocated Worker		--	25,409	25,910	--	(501)
Child Care Food Program		--	5,786	5,786	--	--
Safe Schools		(8,600)	8,600	--	--	--
Early Childhood Grant - Pilot		(67,736)	324,150	384,661	--	(128,247)
Early Childhood Grant - Lottery		(47,505)	47,505	--	--	--
JTG		(7,492)	7,492	--	--	--
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total State Financial Assistance		<u>\$ (187,502)</u>	<u>\$ 494,055</u>	<u>\$ 442,696</u>	<u>\$ 4,233</u>	<u>\$ (131,910)</u>

INTERNAL CONTROL AND COMPLIANCE



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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Trenton Special School District as of and for the year ended June 30, 2010, which collectively comprise the Trenton Special School District's basic financial statements and have issued our report thereon dated January 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Jackson, TN
Martin, TN
McKenzie, TN

Milan, TN
Murray, KY
Paris, TN
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To the Board of Trustees
Trenton Special School District

weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting and is described as item 96-1.

Compliance and Other Matters

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

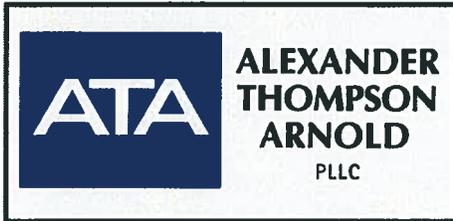
We noted certain matters that we reported to the management of the Trenton Special School District in a separate letter dated January 25, 2011.

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

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

Alexander Thompson Arnold PLLC

Trenton, Tennessee
January 25, 2011



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

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

Compliance

We have audited the compliance of the Trenton Special School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Trenton Special School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Trenton Special School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Trenton Special School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

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To the Board of Trustees
Trenton Special School District

Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Alexander Thompson Arnold PLLC

Trenton, Tennessee
January 25, 2011

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

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 deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ no
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 deficiencies identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> no

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.839	ARRA - Title I
84.010	Title I
84.391	ARRA - IDEA, Part B
84.027	IDEA - Assistive Technology
84.027	IDEA, Part B
84.392	ARRA - IDEA Preschool
84.173	IDEA Preschool
84.397	State Fiscal Stabilization Funds
10.553	School Breakfast Program
10.555	National School Lunch Program
10.550	Food Distribution - Commodities

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

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

TRENTON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

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

Significant Deficiencies

96-1 Segregation of duties

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

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

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

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

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

TRENTON SPECIAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

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

96-1 Segregation of Duties – repeated