

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

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FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
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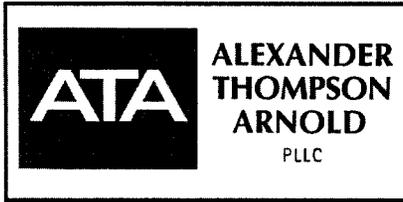
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INTRODUCTORY SECTION

**BRADFORD SPECIAL SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2009**

<u>Title</u>	<u>Name</u>
Board Chairman	Don Lannom
Board Vice-Chairman	Dr. Kelvin Moore
Board Member	Ricky L. Bratton
Board Member	Rich Cunningham
Board Member	Dale Denning
Board Member	Mark Hampton
Director of Schools	Dan Black

FINANCIAL SECTION



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AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Bradford Special School District
Bradford, Tennessee

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund including the budgetary comparison statements for the general purpose and cafeteria funds and the aggregate remaining fund information of the District as of June 30, 2009, and the respective change in financial position, thereof, 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 February 5, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The schedule of funding progress on page 36 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The District has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

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

Our audit was conducted for the purpose of forming opinions on the accompanying financial statements that collectively comprise the District's basic financial statements. The introductory section, the individual nonmajor fund financial statements and additional schedules as listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Bradford Special School District. The accompanying schedule of expenditures of federal awards on page 44 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The individual nonmajor fund financial statements, the schedule of expenditures of federal awards and other additional schedules as listed in the table of contents as other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Alexander Thompson Arnold PLLC

Martin, Tennessee
February 5, 2010

BASIC FINANCIAL STATEMENTS

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

ASSETS

Cash and cash equivalents	\$	408,605
Investments		7,889
Taxes receivable		699,038
Due from other governmental agencies - grants		294,961
Accounts receivable		76,015
Inventory		7,988
Capital assets, not being depreciated:		
Land		88,250
Capital assets, net of accumulated depreciated:		
Buildings and improvements		1,172,856
Other fixed assets		288,284
Total Assets		<u>3,043,885</u>

LIABILITIES

Accounts payable		276,847
Deferred revenue - taxes		699,038
Long-term liabilities:		
Portion due or payable within one year:		
Bonds, notes payable, and capital leases payable		130,299
Portion due or payable after one year:		
Bonds, notes payable, and capital leases payable		379,610
Total Liabilities		<u>1,485,794</u>

NET ASSETS

Invested in capital assets, net of related debt		1,039,481
Restricted for		
Other local education reserves		17,076
Food Service		58,614
Unrestricted		442,920
Total Net Assets		<u>\$ 1,558,091</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Governmental activities:				
Instruction:				
Regular education	\$ 2,133,253	\$ 61,536	\$ 474,684	\$ (1,597,033)
Alternate education	39,806	-	-	(39,806)
Special education	244,342	-	128,647	(115,695)
Vocational education	43,583	-	11,769	(31,814)
Support Services:				
Student support	330,143	-	-	(330,143)
Instructional staff	356,999	-	-	(356,999)
General administration	255,463	-	-	(255,463)
School administration	249,093	-	-	(249,093)
Business administration	63,323	-	-	(63,323)
Operation and maintenance of plant	378,145	-	-	(378,145)
Student transportation	170,670	-	-	(170,670)
Central and other	17,157	-	-	(17,157)
Noninstructional Services				
Food service	336,355	121,786	239,253	24,684
Community services	129,513	-	-	(129,513)
Early childhood education	264,643	-	191,280	(73,363)
Debt service	27,727	-	-	(27,727)
Total District	\$ 5,040,215	\$ 183,322	\$ 1,045,633	(3,811,260)
General Revenues:				
Local taxes				266,300
Property taxes				760,863
Intergovernmental:				
Basic Education Program				2,735,000
Other				137,503
Interest				5,878
Gain on sale of equipment				350
Other miscellaneous revenues				30,438
Total general revenues				3,936,332
Change in net assets				125,073
Net assets, beginning				1,433,019
Net assets, ending				\$ 1,558,092

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

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

	General Purpose Fund	Cafeteria Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 533,355	\$ 55,793	\$ -	\$ 589,148
Investments	7,889	-	-	7,889
Taxes receivable	699,038	-	-	699,038
Due from other governmental agencies - grants	71,118	17,794	206,049	294,961
Due from other funds	-	-	218	218
Accounts receivable	75,757	258	-	76,015
Inventory	-	7,988	-	7,988
Total Assets	\$ 1,387,157	\$ 81,833	\$ 206,267	\$ 1,675,257
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to other funds	218	-	180,543	180,761
Accounts payable	227,904	23,219	25,724	276,847
Deferred revenue - taxes	699,038	-	-	699,038
Total Liabilities	927,160	23,219	206,267	1,156,646
FUND EQUITY				
Fund Balance:				
Reserved:				
Other local education reserves	17,076	-	-	17,076
Food Service	-	50,626	-	50,626
Food Service - inventory	-	7,988	-	7,988
Unreserved:				
Undesignated	442,920	-	-	442,920
Total Fund Equity	459,996	58,614	-	518,610
Total Liabilities and Fund Equity	\$ 1,387,157	\$ 81,833	\$ 206,267	\$ 1,675,257

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

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

Total Governmental Fund Balances	\$ 518,610
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in governmental funds.	1,549,390
Long-term liabilities, including bonds, notes, and leases payable, are not due in the current period and, therefore, are not reported in the funds	<u>(509,909)</u>
Net Assets of Governmental Activities	<u>\$ 1,558,091</u>

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

	General Purpose Fund	Cafeteria Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,027,163	\$ -	\$ -	\$ 1,027,163
Intergovernmental	3,167,414	238,769	511,469	3,917,652
Meal sales	-	121,786	-	121,786
Interest earnings	5,578	300	-	5,878
Miscellaneous	92,324	-	-	92,324
Total Revenues	<u>4,292,479</u>	<u>360,855</u>	<u>511,469</u>	<u>5,164,804</u>
EXPENDITURES				
Instruction	2,044,393	-	313,447	2,357,840
Support services	1,772,980	-	129,272	1,902,252
Food services	-	332,029	-	332,029
Non-instructional services	481,888	-	68,750	550,638
Total Expenditures	<u>4,299,261</u>	<u>332,029</u>	<u>511,469</u>	<u>5,142,759</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(6,782)</u>	<u>28,826</u>	<u>-</u>	<u>22,045</u>
FUND BALANCE, BEGINNING	466,778	33,630	-	500,408
Increase (decrease) in inventory	<u>-</u>	<u>(3,842)</u>	<u>-</u>	<u>(3,842)</u>
FUND BALANCE, ENDING	<u>\$ 459,996</u>	<u>\$ 58,614</u>	<u>\$ -</u>	<u>\$ 518,611</u>

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

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

Net Change in Fund Balances - Total Governmental Funds	\$ 22,045
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>	
<p>The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities</p>	123,055
<p>The increase (decrease) in inventory is reported as a direct change to beginning fund balance. However, in the statement of activities this increase is reported as an expense based on the consumption method.</p>	(3,842)
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
Capital outlays	86,959
Depreciation	<u>(103,144)</u>
Change in Net Assets of Governmental Activities	<u>\$ 125,073</u>

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES				
Taxes:				
Local option sales tax	\$ 291,000	\$ 291,000	\$ 265,770	\$ (25,230)
Interstate telecommunications tax	430	430	353	(77)
Trustee's Collections - Bankruptcy	300	300	177	(123)
Total City/Special School District	291,730	291,730	266,300	(25,430)
 City/Special School District:				
Current property tax	702,435	702,435	716,175	13,740
Prior year's property tax	35,000	35,000	31,162	(3,838)
Interest and penalty	6,000	6,000	4,357	(1,643)
Payment in lieu of taxes	9,400	9,400	9,169	(231)
Total City/Special School District	752,835	752,835	760,863	8,028
 Total Taxes	 1,044,565	 1,044,565	 1,027,163	 (17,402)
 Intergovernmental:				
Licenses and Permits:				
Marriage licenses	300	300	228	(72)
 State Revenues:				
State Education Funds:				
Basic Education Program	2,735,000	2,735,000	2,735,000	-
Other state education funds	271,280	294,202	294,911	709
Career Ladder	33,800	33,800	33,376	(424)
Career Ladder - extended contract	60,990	60,990	55,200	(5,790)
Special Education Preschool Grants	-	-	4,171	4,171
Total State Education Revenue	3,101,070	3,123,992	3,122,658	(1,334)
 Other State Revenues:				
State on-behalf payments for postretirement benefits	-	-	41,952	41,952
Mixed drink tax	50	50	-	(50)
Other state grants	68,750	-	-	-
Other state revenues	3,660	3,660	2,576	(1,084)
	72,460	3,710	44,528	40,818

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

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES (Cont.)				
Total State Revenues	<u>3,173,530</u>	<u>3,127,702</u>	<u>3,167,186</u>	<u>39,484</u>
Total Intergovernmental	<u>3,173,830</u>	<u>3,128,002</u>	<u>3,167,414</u>	<u>39,412</u>
Miscellaneous:				
Charges for Current Services:				
Tuition - other	<u>83,691</u>	<u>83,691</u>	<u>61,536</u>	<u>(22,155)</u>
Other local revenues:				
Interest earned	6,000	6,000	5,578	(422)
Lease/rentals	500	500	450	(50)
Miscellaneous refunds	20,000	20,000	20,690	690
Sale of equipment	500	500	350	(150)
Sale of materials / supplies	-	-	63	63
Damages recovered from individuals	50	50	55	5
Contributions	-	-	100	100
Other local revenues	<u>5,700</u>	<u>9,000</u>	<u>9,080</u>	<u>80</u>
Total Other Local Revenues	<u>32,750</u>	<u>36,050</u>	<u>36,366</u>	<u>316</u>
Total Miscellaneous	<u>116,441</u>	<u>119,741</u>	<u>97,902</u>	<u>(21,839)</u>
Total Revenues	<u>4,334,836</u>	<u>4,292,308</u>	<u>4,292,479</u>	<u>171</u>

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance- Over (Under)
EXPENDITURES				
Instruction:				
Regular Education:				
Teachers	1,204,763	1,270,000	1,269,538	(462)
Career Ladder Program	21,800	21,800	20,799	(1,001)
Career Ladder - extended contract	32,000	32,000	30,422	(1,578)
Teacher Assistants	-	(12,500)	(450)	12,050
Non-certified substitute teachers	26,500	28,725	28,725	-
Social security	79,892	64,694	64,666	(28)
State retirement	80,801	79,501	79,422	(79)
Medical insurance	145,784	148,684	147,098	(1,586)
Medicare	18,685	16,285	16,217	(68)
Maintenance and repair - equipment	15,000	13,100	13,012	(88)
Other contracted services	22,000	15,500	15,487	(13)
Instructional supplies/materials	65,219	49,219	47,112	(2,107)
Textbooks	60,000	58,000	57,644	(356)
Fee waivers	1,500	-	-	-
Equipment	28,098	21,198	21,101	(97)
Total Regular Education	<u>1,802,042</u>	<u>1,806,206</u>	<u>1,810,793</u>	<u>4,587</u>
Alternate Instruction Program:				
Teachers	37,300	32,100	32,017	(83)
Social security	2,313	2,313	1,996	(317)
State retirement	-	2,056	2,055	(1)
Medical insurance	7,312	2,977	2,966	(11)
Medicare	541	541	432	(109)
Instructional supplies/materials	1,000	1,000	340	(660)
Total Alternate Instruction Program	<u>48,466</u>	<u>40,987</u>	<u>39,806</u>	<u>(1,181)</u>
Special Education:				
Teachers	84,900	84,900	84,900	-
Aides	12,450	12,450	12,450	-
Substitute teachers	2,000	2,000	2,000	-
Social security	7,601	7,601	7,601	-
State retirement	5,451	5,451	5,451	-
Medical insurance	16,094	16,094	16,094	-
Medicare	-	2,379	2,379	-
Contracts with private agencies	16,039	10,263	10,263	-
Maintenance and repair - equipment	800	800	800	-
Instructional supplies/materials	6,000	6,000	6,000	-
Other supplies and materials	1,000	1,000	975	(25)
Equipment	1,700	3,285	3,285	-
Total Special Education	<u>154,035</u>	<u>152,223</u>	<u>152,198</u>	<u>(25)</u>

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

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Instruction (Cont.):				
Vocational Education:				
Teachers	31,850	31,850	31,728	(122)
Substitute teachers	300	300	300	-
Social security	1,994	1,994	1,877	(117)
State retirement	2,045	2,014	2,014	-
Medical insurance	3,621	3,621	3,383	(238)
Dental insurance	98	98	97	(1)
Medicare	467	467	439	(28)
Maintenance and repair - equipment	500	500	500	-
Instructional supplies	1,500	1,500	1,258	(242)
Total Vocational Education	<u>42,375</u>	<u>42,344</u>	<u>41,596</u>	<u>(748)</u>
Total Instruction	<u>2,046,918</u>	<u>2,041,760</u>	<u>2,044,393</u>	<u>2,633</u>
Support Services:				
Student Support:				
Attendance:				
Director	38,335	38,335	38,275	(60)
Social security	2,377	2,377	2,286	(91)
State retirement	2,462	2,462	2,457	(5)
Medical insurance	3,941	3,941	2,990	(951)
Medicare	556	556	535	(21)
Maintenance and repair - equipment	500	500	500	-
Travel	2,500	2,500	2,194	(306)
Total Attendance	<u>50,671</u>	<u>50,671</u>	<u>49,237</u>	<u>(1,434)</u>
Health Services:				
Medical personnel	37,890	37,890	37,890	-
Other salaries and wages	51,820	51,820	51,820	-
Social security	5,562	6,197	6,197	-
State retirement	4,746	2,646	2,313	(333)
Medical insurance	14,297	10,397	10,385	(12)
Dental insurance	293	293	248	(45)
Medicare	1,301	1,450	1,450	-
Communication	1,000	1,000	1,000	-
Maintenance and repair services	500	500	500	-
Postal Charges	246	246	246	-
Travel	5,300	4,656	4,381	(275)
Other contracted services	1,000	-	-	-
Drugs and medical supplies	4,000	1,100	1,023	(77)
Other supplies/materials	15,937	17,581	17,581	-
Equipment	500	500	-	(500)
Total Health Services	<u>144,392</u>	<u>136,276</u>	<u>135,034</u>	<u>(1,242)</u>

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

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Student Support (Cont.):				
Other Student Support:				
Career Ladder Program	3,000	3,000	3,000	-
Guidance personnel	86,000	86,000	85,880	(120)
Career Ladder - extended contract	9,520	9,520	9,520	-
Social workers	12,600	12,180	12,180	-
Social security	6,890	5,990	5,958	(32)
State retirement	6,325	6,325	6,279	(46)
Medical insurance	14,500	14,500	13,586	(914)
Dental insurance	195	195	170	(25)
Medicare	1,612	1,612	1,393	(219)
Evaluation/testing	3,000	3,000	2,580	(420)
Maintenance and repair	1,000	1,000	1,000	-
Other charges	1,000	1,000	920	(80)
Travel	3,500	1,800	1,730	(70)
Inservice/staff development	1,000	1,000	1,000	-
Total Other Student Support	<u>150,142</u>	<u>147,122</u>	<u>145,196</u>	<u>(1,926)</u>
Total Student Support	<u>345,205</u>	<u>334,069</u>	<u>329,467</u>	<u>(4,602)</u>
Instructional Staff:				
Regular Education:				
Director	65,071	65,071	65,070	(1)
Career Ladder Program	4,000	4,000	4,000	-
Career Ladder - extended contract	10,710	10,710	8,925	(1,785)
Librarian(s)	90,500	92,740	92,740	-
Social security	10,558	758	7,511	6,753
State retirement	10,933	7,533	7,495	(38)
Medical insurance	18,910	21,470	21,467	(3)
Dental insurance	292	292	251	(41)
Medicare	2,470	2,470	2,121	(349)
Communication	500	500	500	-
Maintenance and repair	1,000	1,000	1,000	-
Travel	1,000	1,000	462	(538)
Other contracted services	1,000	1,000	773	(227)
Library books	8,000	8,000	7,571	(429)

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance- Over (Unfavorable)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Instructional Staff (Cont.):				
Regular Education:				
Periodicals	500	500	500	-
In-service training	5,000	8,000	7,602	(398)
Other charges	2,000	2,000	1,464	(536)
Total Regular Education	<u>230,444</u>	<u>225,044</u>	<u>229,452</u>	<u>2,944</u>
Special Education:				
Other salaries and wages	1,000	1,000	1,000	-
Other contracted services	5,000	760	760	-
Inservice/staff development	3,000	3,000	3,000	-
Total Special Education	<u>6,000</u>	<u>1,760</u>	<u>4,760</u>	<u>-</u>
Vocational Education:				
Other charges	1,000	1,000	680	(320)
Total Instructional Staff	<u>237,444</u>	<u>227,804</u>	<u>234,892</u>	<u>2,624</u>
General Administration:				
Board of Education Services:				
Unemployment Compensation	7,200	15,300	15,266	(34)
Audit services	9,000	9,000	8,750	(250)
Dues and memberships	3,100	4,180	4,179	(1)
Legal services	1,000	-	-	-
Travel	9,000	9,000	9,000	-
Maintenance and repair	1,200	1,200	1,200	-

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
General Administration (Cont.):				
Board of Education Services:				
Trustee commissions	22,000	18,000	17,917	(83)
Workmen's compensation insurance	25,775	26,455	26,455	-
In-service/staff development	1,000	1,000	1,000	-
Criminal investigation of applicant	500	500	60	(440)
Refund to applicant for criminal	500	500	97	(403)
Other charges	5,500	10,700	10,667	(33)
Total Board of Education Services	<u>85,775</u>	<u>95,835</u>	<u>96,091</u>	<u>(1,244)</u>
Office of the Superintendent:				
County official/administrative officer	88,100	95,188	95,187	(1)
Career Ladder Program	1,000	1,000	1,000	-
Clerical personnel	21,600	21,600	21,590	(10)
Social security	6,864	7,148	7,147	(1)
State retirement	5,721	6,164	6,164	-
Medical insurance	12,688	12,865	12,865	-
Dental insurance	195	195	194	(1)
Medicare	1,606	1,672	1,672	-
Communication	6,000	6,000	6,000	-
Postal charges	1,500	1,500	1,498	(2)
Travel	4,000	4,000	4,000	-
Other supplies and materials	500	500	22	(478)
Inservice/staff development	500	500	500	-
Administration equipment	-	1,533	1,533	-
Total Office of the Superintendent	<u>150,274</u>	<u>159,865</u>	<u>159,372</u>	<u>(493)</u>
Total General Administration	<u>236,049</u>	<u>255,700</u>	<u>255,463</u>	<u>(1,737)</u>

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
School Administration:				
Office of the Principal:				
Principals	127,000	137,044	137,043	(1)
Career ladder program	5,000	5,000	5,000	-
Career Ladder - extended contract	8,760	8,760	8,760	-
Assistant principals	5,000	5,000	4,764	(236)
Secretary(s)	43,500	43,500	43,400	(100)
Social security	11,425	11,425	11,182	(243)
State retirement	9,037	9,739	9,739	-
Medical insurance	22,780	21,780	21,365	(415)
Dental insurance	390	390	299	(91)
Medicare	2,672	2,672	2,615	(57)
Communication	1,000	1,000	996	(4)
Dues and memberships	1,500	400	399	(1)
Maintenance and repair	1,000	1,000	531	(469)
Travel	2,000	2,000	2,000	-
In-service/staff development	1,000	1,000	1,000	-
Total School Administration	<u>242,064</u>	<u>250,710</u>	<u>249,093</u>	<u>(1,617)</u>
Business Administration:				
Fiscal Services:				
Accountants/bookkeepers	39,950	39,950	39,911	(39)
Inservice training	500	500	484	(16)
Social security	2,477	2,477	2,030	(447)
Medical insurance	7,824	7,824	7,311	(513)
Dental insurance	98	98	97	(1)
Medicare	580	580	475	(105)
Communication	500	500	462	(38)
Maintenance & repair	500	500	117	(383)
Travel	400	400	400	-
Other contracted services	7,000	7,000	6,624	(376)
Data processing services	2,000	1,100	1,083	(17)

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

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Business Administration (Cont.):				
Fiscal Services (Cont.):				
Office supplies	3,000	3,000	2,999	(1)
Other supplies and materials	1,000	200	177	(23)
Administration equipment	-	1,153	1,153	-
Total Business Administration	<u>65,829</u>	<u>65,282</u>	<u>63,323</u>	<u>(1,959)</u>
Operation and Maintenance of Plant:				
Operation of Plant:				
Director	14,000	14,000	13,850	(150)
Custodial personnel	75,000	82,000	81,683	(317)
Social security	5,518	5,518	5,403	(115)
Medical insurance	7,435	7,435	7,182	(253)
Dental insurance	98	98	97	(1)
Medicare	1,291	1,291	1,185	(106)
Maintenance and repair	200	9,450	9,420	(30)
Rental	2,400	2,400	2,400	-
Travel	1,000	320	320	-
Disposal fees	3,180	3,180	3,180	-
Other contracted services	6,000	9,000	8,030	(970)
Custodial supplies	8,000	8,000	6,936	(1,064)
Electricity	89,252	93,852	93,832	(20)
Natural gas	22,000	26,200	26,059	(141)
Water and sewer	9,000	10,000	9,999	(1)
Other supplies and materials	5,000	5,000	4,993	(7)
Building and contents insurance	36,911	36,911	36,911	-
Inservice/Staff development	700	133	133	-
Plant operation equipment	-	701	700	(1)
Total Operation of Plant	<u>286,985</u>	<u>315,489</u>	<u>312,313</u>	<u>(3,176)</u>

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Operation and Maintenance of Plant (Cont.):				
Maintenance of Plant:				
Supervisor/ Director	28,600	28,600	28,450	(150)
Social security	1,774	1,324	1,323	(1)
Medical insurance	7,823	7,323	7,311	(12)
Dental insurance	98	98	97	(1)
Medicare	415	415	309	(106)
Communication	500	500	482	(18)
Maintenance and repair	63,300	87,900	87,811	(89)
Travel	1,000	1,000	970	(30)
Other contracted services	1,000	1,000	360	(640)
Other supplies and materials	10,000	10,000	9,989	(11)
In-service / staff development	500	500	500	-
Other charges	3,000	3,000	3,000	-
Total Maintenance of Plant	118,010	141,660	140,602	(1,058)
Total Operation and Maintenance of Plant	404,995	457,149	452,915	(4,234)
Student Transportation:				
Director	14,600	14,600	14,600	-
Bus drivers	77,000	75,200	75,108	(92)
Training	500	-	-	-
Social security	5,680	5,680	5,679	(1)
Medical insurance	3,941	6,691	6,682	(9)
Medicare	1,329	1,329	1,329	-
Communication	-	(500)	-	500
Contracts with other schools	33,000	31,600	31,568	(32)
Contracts with parents	1,500	-	-	-
Contracts with vehicle owners	-	5,822	5,822	-
Maintenance and repair	300	300	300	-
Medical and dental services	800	900	899	(1)
Travel	1,000	1,000	1,000	-
Gasoline	6,000	27,000	26,755	(245)
In service/staff development	1,000	1,000	928	(72)
Total Student Transportation	146,650	170,622	170,670	48

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Central and Other:				
Other salaries and wages	10,000	6,400	6,387	(13)
Social security	620	620	266	(354)
Medicare	145	145	62	(83)
Consultants	3,000	800	750	(50)
Other contracted services	6,000	9,900	9,692	(208)
Total Central and Other	<u>19,765</u>	<u>17,865</u>	<u>17,157</u>	<u>(708)</u>
Total Support Services	<u>1,698,001</u>	<u>1,779,201</u>	<u>1,772,980</u>	<u>(12,185)</u>
Non-Instructional Services				
Community services:				
Director	27,500	15,770	15,769	(1)
Teachers	20,664	-	-	-
Educational assistants	1,220	-	-	-
Part-time personnel	54,672	26,300	26,213	(87)
Social security	6,452	2,117	2,108	(9)
State retirement	1,585	-	-	-
Dental insurance	98	98	87	(11)
Medicare	1,509	776	483	(293)
Travel	1,700	50	475	425
Other contracted services	500	500	205	(295)
Food supplies	1,000	1,000	431	(569)
Instructional supplies	10,000	10,000	9,450	(550)
Other supplies & materials	20,561	10,000	10,000	-
Other charges	5,000	1,300	1,242	(58)
Total Community Services	<u>152,461</u>	<u>67,911</u>	<u>66,463</u>	<u>(1,448)</u>
Early Childhood Education:				
Director	8,944	8,944	8,944	-
Teachers	90,105	90,105	90,105	-
Educational assistants	49,800	49,215	49,215	-
Social security	9,232	9,193	9,193	-
State retirement	6,361	6,361	6,361	-
Medical insurance	20,873	21,570	21,570	-
Dental insurance	294	294	294	-
Medicare	2,343	1,689	1,689	-
Maintenance and repair services	1,500	1,500	1,500	-
Travel	2,400	2,400	2,400	-
Other contracted services	1,568	1,568	1,568	-
Instructional supplies and materials	19,697	18,407	18,407	-

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Over (Under)</u>
EXPENDITURES (Cont.)				
Non-Instructional Services (Cont.):				
Early Childhood Education:				
Other equipment	9,575	11,445	11,445	-
Total Early Childhood Education	<u>222,692</u>	<u>222,691</u>	<u>222,691</u>	<u>-</u>
State On-Behalf Payments:				
State on-behalf payments for postretirement benefits	<u>-</u>	<u>-</u>	<u>41,952</u>	<u>41,952</u>
Debt Service:				
Principal on bonds	65,000	65,000	65,000	-
Principal on notes	12,500	12,500	12,500	-
Interest on bonds	17,784	17,784	17,784	-
Interest on notes	3,500	1,300	8,471	7,171
Other debt service	<u>55,500</u>	<u>54,500</u>	<u>47,027</u>	<u>(7,473)</u>
Total Debt Service	<u>154,284</u>	<u>151,084</u>	<u>150,782</u>	<u>(302)</u>
Total Non-Instructional Services	<u>529,437</u>	<u>441,686</u>	<u>481,888</u>	<u>40,202</u>
Total Expenditures	<u>4,274,356</u>	<u>4,262,647</u>	<u>4,299,261</u>	<u>30,650</u>
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures	<u>60,480</u>	<u>29,662</u>	<u>(6,782)</u>	<u>(30,480)</u>
FUND BALANCE, BEGINNING			<u>466,778</u>	
FUND BALANCE, ENDING			<u>\$ 459,996</u>	

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

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES				
Charges for Current Services:				
Lunch payments - children	\$ 110,000	\$ 110,000	\$ 117,895	\$ 7,895
Lunch payments - adults	13,000	13,000	286	(12,714)
Income from breakfast	11,000	11,000	3,605	(7,395)
Total Charges for Current Services	134,000	134,000	121,786	(12,214)
Other Local Revenues:				
Interest earned	250	250	300	50
State Education Funds:				
School food services	4,150	4,150	3,893	(257)
Federal through State:				
USDA - Lunch	145,000	145,000	138,449	(6,551)
USDA - Breakfast	75,000	75,000	70,421	(4,579)
USDA - Other	6,000	6,000	4,354	(1,646)
Commodity reimbursement	-	-	21,652	21,652
Total Federal through State	226,000	226,000	234,876	8,876
Total Revenues:	364,400	364,400	360,855	(3,545)
EXPENDITURES				
Current Expenditures:				
Food Services:				
Accountants/bookkeepers	3,638	3,638	3,487	(151)
Cafeteria personnel	105,000	102,000	95,648	(6,352)
In-service/Training	100	100	100	-
Social security	6,736	6,736	5,415	(1,321)
Medical insurance	18,575	18,575	14,069	(4,506)
Dental insurance	390	390	365	(25)
Medicare liability	1,576	1,576	1,266	(310)
Maintenance & repair - equipment	-	238	238	-
Utilities	4,585	4,585	2,881	(1,704)
Food supplies	165,000	165,000	175,433	10,433
Other supplies & materials	5,000	5,000	3,605	(1,395)

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Over (Under)</u>
EXPENDITURES (Cont.)				
Current Expenditures (Cont.):				
Food Services (Cont.):				
Communication	900	900	540	(360)
Travel	1,400	2,800	2,791	(9)
Other contracted services	310	1,085	1,081	(4)
Food prep supplies	46,000	38,387	17,350	(21,037)
Office supplies	1,000	1,000	548	(452)
Other charges	4,190	4,190	2,053	(2,137)
Equipment	-	5,200	5,159	(41)
Total Expenditures	<u>364,400</u>	<u>361,400</u>	<u>332,029</u>	<u>(29,371)</u>
Excess (Deficit) of Revenues Over (Under)				
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 3,000</u>	28,826	<u>\$ 25,826</u>
 FUND BALANCE, BEGINNING			33,630	
Increase (decrease) in inventory			<u>(3,842)</u>	
FUND BALANCE, ENDING			<u>\$ 58,614</u>	

**BRADFORD SPECIAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private-Purpose Trust Funds					Total
	Class of 1951 Scholarship	Tom Fund	School Endowment	Billy M. Pierce Endowment	Wave Young Scholarship	
ASSETS						
Cash	\$ 112	\$ 1,031	\$ 4,374	\$ 11,300	\$ 578	\$ 17,395
Accrued interest receivable	-	-	536	-	-	536
Investments	12,198	16,046	45,247	-	35,174	108,665
Total Assets	\$ 12,310	\$ 17,077	\$ 50,157	\$ 11,300	\$ 35,752	\$ 126,596
NET ASSETS						
Held in trust for other purposes	\$ 12,310	\$ 17,077	\$ 50,157	\$ 11,300	\$ 35,752	\$ 126,596
Total Net Assets	\$ 12,310	\$ 17,077	\$ 50,157	\$ 11,300	\$ 35,752	\$ 126,596

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

**BRADFORD SPECIAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Private-Purpose Trust Funds					Total
	Class of 1951 Scholarship	Tom Fund	School Endowment	Billy M. Pierce Endowment	Wave Young Scholarship	
ADDITIONS						
Investment earnings	\$ 612	\$ 402	\$ 2,043	\$ 293	\$ 1,307	\$ 4,657
DEDUCTIONS						
Other charges	-	-	-	-	1,189	1,189
Change in Net Assets	612	402	2,043	293	118	3,468
Net Assets, Beginning	<u>11,698</u>	<u>16,675</u>	<u>48,114</u>	<u>11,007</u>	<u>35,634</u>	<u>123,128</u>
Net Assets, Ending	<u>\$ 12,310</u>	<u>\$ 17,077</u>	<u>\$ 50,157</u>	<u>\$ 11,300</u>	<u>\$ 35,752</u>	<u>\$ 126,596</u>

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

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

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

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

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the 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 normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

The District reports the following major governmental funds:

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

The central cafeteria fund is a special revenue fund which accounts for revenues from the sale of breakfast and lunch, the State of Tennessee, and the United States Government through the State of Tennessee and to record expenditures incurred in the process of providing school breakfast and lunch.

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

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

Receivables and Payables

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

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and become delinquent on March 1. The property taxes are collected by the Trustee of Gibson County and remitted to the District. District property tax revenues are recognized in the period in which the taxes are permitted to be used; receivables are recognized when an enforceable legal claim to the taxable property arises.

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

Capital Assets (Cont.)

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

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

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

Deferred Revenue

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

Compensated Absences

No provision for compensated absences has been shown in the financial statements presented. District employees do not have a right to receive any unpaid vacation upon leaving employment or retirement. Employees can elect to take ten dollars a day for every sick leave day they have accrued upon retirement. The employee has to have worked with the school system for ten years to be able to take the pay out upon retirement.

Long-term Liabilities

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

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

Fund Equity

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

On-Behalf Payments for Fringe Benefits

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds - and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period, and; therefore, are not reported in the funds.” The details of this \$509,909 are as follows:

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

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

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

Capital Outlay Notes Payable, Series 1998	\$ 375,000
Capital Outlay Notes Payable, Series 2001	12,500
Blue Bird Leasing	72,976
Central States Bus Lease	<u>49,433</u>
Total	<u>\$ 509,909</u>

Another element of that reconciliation explains that “capital assets used in governmental funds are not financial resources and therefore are not reported as assets in the governmental funds.” The details of this \$1,549,390 are as follows:

Land	\$ 88,250
Buildings and improvements	2,617,952
Other fixed assets	<u>402,064</u>
	3,108,266
Less accumulated depreciation	<u>(1,558,876)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,549,390</u>

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

One element of that reconciliation states that “the repayment of the principal of long-term debt is expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets”. The details of this \$123,055 are as follows:

Principal repayments:	
Capital Outlay Notes Payable, Series 1998	\$ 65,000
Capital Outlay Notes Payable, Series 2001	12,500
Capital Leases	<u>45,555</u>
Total	<u>\$ 123,055</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the District to invest in bonds, note or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2009, all bank deposits were fully collateralized or insured. The District does not have a deposit policy for custodial credit risk.

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

	General Purpose Fund	Centralized Cafeteria Fund	Total
Cash and cash equivalents:			
Cash in bank	\$ 176,356	\$ 55,793	\$ 232,149
Local Government Investment Pool	356,999.00	-	356,999.00
Net cash and cash equivalents	<u>\$ 1,432,143</u>	<u>\$ 55,793</u>	<u>\$ 589,148</u>
Investments:			
Certificate of Deposits	\$ 7,889	-	\$ 7,889

B. Receivables

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

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

	General	Central Cafeteria	Non-major and Other Funds	Total
Receivables:				
Taxes	\$ 699,038	\$ -	\$ -	\$ 699,038
Accounts	75,757	258	-	76,015
Grants	71,118	17,794	206,049	294,961
Net total receivables	<u>\$ 845,913</u>	<u>\$ 18,052</u>	<u>\$ 206,049</u>	<u>\$ 1,070,014</u>

C. Interfund Receivables, Payables, and Transfers

The interfund payable from the general purpose fund to the federal projects fund is for indirect costs. The composition of interfund balances as of June 30, 2009, is as follows:

Receivable Fund	Payable Fund	Amount
Federal Projects	General Purpose	<u>\$ 218</u>

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

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

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

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 88,250	\$ -	\$ -	\$ 88,250
Capital assets, being depreciated				
Buildings and improvements	2,545,352	72,600	-	2,617,952
Other fixed assets	387,705	14,359	-	402,064
Total capital assets, being depreciated	<u>2,933,057</u>	<u>86,959</u>	<u>-</u>	<u>3,020,016</u>
Less accumulated depreciation for:				
Buildings and improvements	1,364,460	80,636	-	1,445,096
Other fixed assets	91272	22508	-	113780
Total accumulated depreciation	<u>1,455,732</u>	<u>103,144</u>	<u>-</u>	<u>1,558,876</u>
Total capital assets being depreciated, net	<u>1,477,325</u>	<u>(16,185)</u>	<u>-</u>	<u>1,461,140</u>
Total capital assets, net	<u>\$ 1,565,575</u>	<u>(16,185)</u>	<u>\$ -</u>	<u>\$ 1,549,390</u>

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

Support Services:

Operation and maintenance of plant	\$ 102,305
Student support	649

Noninstructional Services:

Community service	190
Total	<u>\$ 103,144</u>

E. Long-term Debt

Long-term debt consists of school refunding bonds, Series 1998, in the amount of \$375,000. Series 1998 bonds are scheduled to mature in 2014. The District also has a note payable to Bank of Bradford in the amount of \$12,500. The note bears an interest rate of five percent and a maturity date of December 4, 2009. Long-term debt also consists of two capital leases with Central State Bus Sales and Blue Bird, in the amounts of \$49,433 and \$72,976, respectively.

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

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

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

F. Long-term Debt (Cont.)

Years Ending June 30,	Series 1998		Series 2001		Capital Leases		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	70,000	14,915	12,500	2,622	47,799	6,116	153,952
2011	70,000	11,905	-	-	49,076	3,759	134,740
2012	75,000	8,751	-	-	25,534	1,290	110,575
2013	80,000	5,340	-	-	-	-	85,340
2014	80,000	1,780	-	-	-	-	81,780
	<u>\$ 375,000</u>	<u>\$ 42,691</u>	<u>\$ 12,500</u>	<u>\$ 2,622</u>	<u>\$ 122,409</u>	<u>\$ 11,165</u>	<u>\$ 566,387</u>

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Capital Outlay Notes Payable					
Series 1998	\$ 440,000	\$ -	\$ 65,000	\$ 375,000	\$ 70,000
Series 2001	25,000	-	12,500	12,500	12,500
Lease Payable:					
Homestead	167,964	-	45,555	122,409	47,799
	<u>\$ 632,964</u>	<u>\$ -</u>	<u>\$ 123,055</u>	<u>\$ 509,909</u>	<u>\$ 130,299</u>

NOTE 5 – OTHER INFORMATION

A. Pensions

Plan Description

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

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

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

NOTE 5 – OTHER INFORMATION (Cont.)

A. Pensions (Cont.)

Funding Policy

Bradford Special School District requires employees to contribute 5.0 percent of earnable compensation.

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

Annual Pension Cost

For the year ending June 30, 2009, Bradford Special School District's annual pension cost of \$- to TCRS was equal to Bradford Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Bradford 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 11 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$-	100.00%	\$0.00
June 30, 2008	\$-	100.00%	\$0.00
June 30, 2007	\$-	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 144.56% percent funded. The actuarial accrued liability for benefits was \$1.20 million, and the actuarial value of assets was \$1.73 million, resulting in an unfunded actuarial accrued liability (UAAL) of (\$0.53) million. The covered payroll (annual payroll of active employees covered by the plan) was \$0 million, and the ratio of the UAAL to the covered payroll was -118.85% percent.

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

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

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

NOTE 5 – OTHER INFORMATION (Cont.)

A. Pensions (Cont.)

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2007	\$1,739	\$1,203	-\$536	144.56%	\$451	-118.85%

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Bradford Special Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009 was 6.42% of annual covered payroll. The employer contribution requirement for Bradford Special Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2009, 2008, and 2007 were \$139,815, \$128,357, and \$114,725 respectively, equal to the required contributions for each year.

B. Contingent Liabilities and Losses

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

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

NOTE 5 – OTHER INFORMATION (Cont.)

C. Risk Management

The District is exposed to various risks related to workers' compensation, general liability, automobile liability, and property. The District felt it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for these areas. The District is a member of the Tennessee School Boards Liability Trust (TSBLT) and the Tennessee School Boards Workers Compensation Trust (TSB-WCT), which are public entity risk pools, established by the Tennessee School Boards Association, an association of member school districts. The District pays an annual premium to these pools for coverage under the above areas. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The creation of the TSBLT and the TSB-WCT provides for it to be self-sustaining through member premiums. The TSBLT and the TSB-WCT reinsure through commercial insurance companies for claims in excess of a specified amount for each uninsured event.

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

D. On-Behalf Payments for Postretirement Insurance Benefits

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and Medicare Plan on behalf of the District's employees. For the year ended June 30, 2009, the State made contributions of \$37,662 and \$4,290 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	\$ 1,739	\$ 1,203	\$ (536)	144.56%	\$ 451	-118.85%

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

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

OTHER SUPPLEMENTARY INFORMATION

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

**BRADFORD SPECIAL SCHOOL DISTRICT
BALANCE SHEET
FEDERAL PROJECTS FUND
JUNE 30, 2009**

	<u>Federal Projects</u>
ASSETS	
Due from other governmental agencies - grants	\$ 206,049
Due from other other funds	<u>218</u>
Total Assets	<u>\$ 206,267</u>
LIABILITIES	
Due to other funds	\$ 180,543
Accounts payable	<u>25,724</u>
Total Liabilities and Fund Balances	<u>\$ 206,267</u>

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
REVENUES				
Federal through State:				
Vocational program improvement - Carl D. Perkins	\$ 11,769	\$ 11,769	\$ 11,769	\$ -
Title I	270,331	267,906	247,232	(20,674)
Innovative Education Program Strategies	2,469	2,469	2,469	-
Education of the Handicapped - IDEA	122,509	122,509	122,509	-
Education of the Handicapped - Preschool	6,076	6,138	6,138	-
Eisenhower	30,446	30,509	30,509	-
Other federal through state	70,291	70,282	70,282	-
Other direct federal revenue	20,561	20,561	20,561	-
Total Revenues	<u>534,452</u>	<u>532,143</u>	<u>511,469</u>	<u>(20,674)</u>
EXPENDITURES				
Instruction:				
Regular Instruction:				
Teachers	141,653	111,029	111,029	-
Aides	1,500	1,500	1,500	-
Social security	7,356	6,942	6,942	-
State retirement	7,617	7,129	7,129	-
Medical insurance	10,177	10,695	10,695	-
Dental insurance	195	195	195	-
Medicare	2,063	1,629	1,629	-
Maintenance and repair - equipment	3,000	3,000	3,000	-
Instructional supplies	3,624	3,618	3,618	-
Other supplies and materials	7,838	7,838	7,718	(120)
Equipment	40,000	83,692	65,861	(17,831)
Total Regular Instruction	<u>225,023</u>	<u>237,266</u>	<u>219,316</u>	<u>(17,950)</u>
Special Education Program:				
Aides	37,350	36,304	36,304	-
Social security	2,316	2,276	2,276	-
Medical insurance	7,184	2,361	2,361	-
Dental insurance	292	138	138	-
Contracts with private agencies	43,322	49,395	49,395	-
Medicare	542	532	532	-

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Instruction (Cont.):				
Special Education Program (Cont.):				
Instructional supplies	1,076	1,138	1,138	-
Total Special Education	<u>92,082</u>	<u>92,144</u>	<u>92,144</u>	<u>-</u>
Vocational Education:				
Other contracted services	325	58	58	-
Instructional supplies and materials	3,475	1,886	1,886	-
Other charges	150	43	43	-
Total Vocational Education	<u>3,950</u>	<u>1,987</u>	<u>1,987</u>	<u>-</u>
Total Instruction	<u>321,055</u>	<u>331,397</u>	<u>313,447</u>	<u>(17,950)</u>
Support Services:				
Other Student Support:				
Travel	500	500	500	-
Other supplies and materials	500	500	500	-
In-service/staff development	2,500	2,400	2,400	-
Other equipment	2,070	3,765	3,765	-
Total Student Support	<u>5,570</u>	<u>7,165</u>	<u>7,165</u>	<u>-</u>
Regular Instruction:				
Other salaries and wages	-	23,193	23,193	-
Substitute teachers	-	2,500	-	(2,500)
Medicare	-	372	372	-
Travel	15,803	15,803	15,803	-
Other contracted services	20,082	-	-	-

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

	Original Budget	Final Budget	Actual	Variance- Over (Under)
EXPENDITURES (Cont.)				
Support Services (Cont.):				
Regular Instruction (Cont.):				
In-service-staff development	56,939	45,656	45,634	(22)
Other charges	3,250	805	602	(203)
Total Regular Instruction	96,074	88,328	85,604	(2,724)
Special Education Program:				
Supervisor/director	30,000	30,000	30,000	-
Social Security	1,860	1,860	1,860	-
State retirement	1,926	1,926	1,926	-
Medicare	435	435	435	-
Other supplies and materials	282	282	282	-
Other contracted services	2,000	2,000	2,000	-
Total Special Education	36,503	36,503	36,503	-
Student Transportation:				
Bus drivers	3,960	-	-	-
Social Security	246	-	-	-
Medicare	58	-	-	-
Gasoline	2,236	-	-	-
Total Student Transportation	6,500	-	-	-
Total Support Services	144,647	131,996	129,272	(2,724)
Non-Instructional Services:				
Community Services:				
Director	4,000	4,300	4,300	-
Teachers	20,664	20,364	20,364	-
Clerical personnel	1,200	1,200	1,200	-
Part-time personnel	24,672	22,425	22,425	-
Social security	3,135	2,994	2,994	-
State retirement	1,585	1,584	1,584	-
Medicare	733	700	700	-
Travel	1,200	1,329	1,329	-
Other supplies and materials	10,561	7,899	7,899	-
Other charges	1,000	-	-	-
Other equipment	-	5,955	5,955	-
Total Community Services	68,750	68,750	68,750	-
Total Non-Instructional Services	68,750	68,750	68,750	-
Total Expenditures	534,452	532,143	511,469	(20,674)
Excess (Deficit) of Revenues Over (Under) Expenditures				-
FUND BALANCE, BEGINNING				-
FUND BALANCE, ENDING			\$ -	

See independent auditor's report

**BRADFORD SPECIAL SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2009**

Capital Outlay Notes Payable

Year Ended June 30,	Series 1998		Series 2001		Central States Lease		Blue Bird Leasing	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	70,000	14,915	12,500	2,622	24,663	2,430	23,136	3,686
2011	70,000	11,905	-	-	24,770	1,243	24,306	2,516
2012	75,000	8,751	-	-	-	-	25,534	1,290
2013	80,000	5,340	-	-	-	-	-	-
2014	80,000	1,780	-	-	-	-	-	-
	<u>\$ 375,000</u>	<u>\$ 42,691</u>	<u>\$ 12,500</u>	<u>\$ 2,622</u>	<u>\$ 49,433</u>	<u>\$ 3,673</u>	<u>\$ 72,976</u>	<u>\$ 7,492</u>

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

	<u>Salary</u>	<u>Bond</u>	
Director of Schools	<u>\$ 96,187</u>	<u>\$ 160,000</u>	*

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

See independent auditor's report.

**BRADFORD SPECIAL SCHOOL DISTRICT
SCHEDULE OF TRANSFERS - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Operating Transfers

<u>Transfer In</u>	<u>Budget</u>	<u>Actual</u>	<u>Transfer Out</u>	<u>Budget</u>	<u>Actual</u>
--------------------	---------------	---------------	---------------------	---------------	---------------

No transfers during the fiscal year.

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

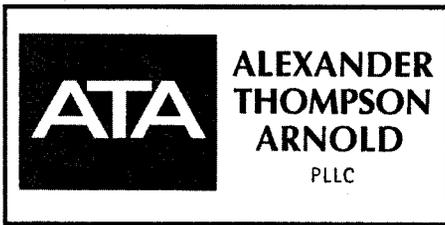
	Federal CFDA Number	SubFund	Agency or Pass-through Number	Balance 7/1/08	Cash Receipts	Transfers In (Out)	Expenditures/ Amount Earned/ Amount Issued	Balance Unearned (Receivable) 6/30/09	Due From Grantor	Unearned Revenue
U.S. DEPARTMENT OF EDUCATION										
Pass-through the Tennessee Department of Education										
Special Education Grants to States										
IDEA Program	84.027	901	N/A	\$ (25,071)	\$ 120,929	\$ -	\$ 122,509	\$ (26,651)	\$ (26,651)	\$ -
Preschool Program	84.173	911	N/A	(5,217)	10,279	-	6,138	(1,076)	(1,076)	-
Preschool High Cost Child	84.173	GP	N/A	-	4,171	-	4,171	-	-	-
Total Preschool				(5,217)	14,450	-	10,309	(1,076)	(1,076)	-
Total Special Education Grants To States				(30,288)	135,379	-	132,818	(27,727)	(27,727)	-
Grants to Local Education Agencies										
Title I, Grants to Local Education Agencies	84.010	101	N/A	(4,856)	102,900	-	132,564	(34,520)	(34,520)	-
Vocational Education - Carl D. Perkins	84.048	801	N/A	-	11,769	-	11,769	-	-	-
Title VI, Safe and Drug Free Schools	84.186	411	N/A	-	353	-	2,469	(2,116)	(2,116)	-
Title II, Eisenhower Professional Development State Grants, Part D	84.281	231	N/A	(363)	1,895	-	1,532	-	-	-
Title IV, Part B	84.287C	431	N/A	-	45,286	-	68,750	(23,464)	(23,464)	-
Rural Education	84.358A	601	N/A	-	11,977	-	20,561	(8,584)	(8,584)	-
Title I, School Improvement Grant	84.377A	121	N/A	-	15,352	-	94,669	(79,318)	(79,318)	-
Title I, Planning H/S Improvement	84.377A	171	N/A	-	-	-	20,000	(20,000)	(20,000)	-
Total Title I				-	15,352	-	114,669	(99,318)	(99,318)	-
Title II, Eisenhower Professional Development State Grants, Part A	84.367	201	N/A	-	20,188	-	30,509	(10,321)	(10,321)	-
Total Grants to Local Education Agencies				(5,219)	209,720	-	382,823	(178,322)	(178,322)	-
Total U.S. Department of Education				(35,507)	345,099	-	515,641	(206,049)	(206,049)	-
U.S. DEPARTMENT OF AGRICULTURE										
Pass-through the Tennessee Department of Agriculture										
School Breakfast Program	10.553	*	N/A	(5,600)	69,789	-	70,421	(6,232)	(6,232)	-
National School Lunch Program	10.555	*	N/A	(11,479)	142,720	-	142,803	(11,562)	(11,562)	-
Total U.S. Department of Agriculture				(17,079)	212,509	-	213,224	(17,794)	(17,794)	-
Total Cash Federal Awards				(52,586)	557,608	-	728,865	(223,843)	(223,843)	-
U.S. DEPARTMENT OF AGRICULTURE										
Pass-through the Tennessee Department of Agriculture										
Food-Distribution - Commodities	10.555	*	N/A	-	22,136	-	22,136	-	-	-
Total Federal Awards				\$ (52,586)	\$ 579,744	\$ -	\$ 751,001	\$ (223,843)	\$ (223,843)	\$ -

* - a major program

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

	Contract Number	Balance 7/1/08	Cash Receipts	Expenditures/ Amount Earned/ Amount Issued	Balance Unearned (Receivable) 6/30/09	Due From Grantor	Unearned Revenue
Early Childhood	N/A	\$ (178,327)	\$ 336,024	\$ 191,280	\$ (33,583)	\$ (33,583)	\$ -
Coordinated School Health	N/A	(12,530)	59,305	80,000	(33,225)	(33,225)	-
ACT Explore	N/A	-	-	710	(710)	(710)	-
Safe School Grant	N/A	-	-	3,600	(3,600)	(3,600)	-
Total State Awards		<u>\$ (190,857)</u>	<u>\$ 395,329</u>	<u>\$ 275,590</u>	<u>\$ (71,118)</u>	<u>\$ (71,118)</u>	<u>\$ -</u>

INTERNAL CONTROL AND COMPLIANCE SECTION



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

Board of Education
Bradford Special School District
Bradford, Tennessee

We have audited the accompanying financial statements of the governmental activities, each major fund the aggregate remaining fund information of Bradford Special School District (District), as of and for the year ended June 30, 2009, which collectively comprise Bradford Special School District's basic financial statements and have issued our report thereon dated February 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bradford 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 our opinion on the effectiveness of Bradford Special School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings as item 09-01 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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Jackson, TN

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Board of Education
Bradford Special School District

Compliance and Other Matters

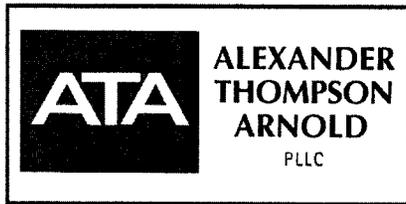
As part of obtaining reasonable assurance about whether Bradford Special School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 09-01.

Bradford Special School District's response to the finding 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 Superintendent, board of education, management, the State of Tennessee Comptroller's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Martin, Tennessee
February 5, 2010



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

Board of Education
Bradford Special School District
Bradford, Tennessee

Compliance

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

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

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

Internal Control Over Compliance

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

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Board of Education
Bradford Special School District

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

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

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

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

Alexander Thompson Arnold PLLC

Martin, Tennessee
February 5, 2010

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

SECTION A – SUMMARY OF AUDITOR’S RESULTS

1. The “Independent Auditors’ Report” expresses an unqualified opinion on the governmental activities, each major fund and the aggregate remaining information of the Bradford Special School District.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*”. The deficiency is not reported as a material weakness.
3. An instance of noncompliance or other matters material to the financial statements of the Bradford Special School District was disclosed during the audit of the financial statements.
4. There were no significant deficiencies considered material weaknesses disclosed during the audit of the major federal award programs.
5. The auditors’ report on compliance for the major federal award programs of the Bradford Special School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the Bradford Special School District.
7. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA No.</u>
U.S. Department of Agriculture Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555

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

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

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

SIGNIFICANT DEFICIENCIES

09-01 Travel Reimbursements

Condition: Auditors tested the travel folders for three employees of the District. The employees are not following the District's travel reimbursement policy in regards to supporting documentation, approval and request forms. Auditors found that the travel reimbursement form is not being filled out; in most cases, the receipts are just attached to it. Also, there were seven instances where there were either no reimbursement sheets filled out or the proper approval was not on the reimbursement forms.

Criteria: The travel policy set by the board requires filling out the reimbursement form provided by the District, attaching the receipts and obtaining the Director of Schools' and the Federal Programs Director's (when applicable) approval for payment by their signatures.

Effect: The travel expenses are in excess of the approved Travel Policy.

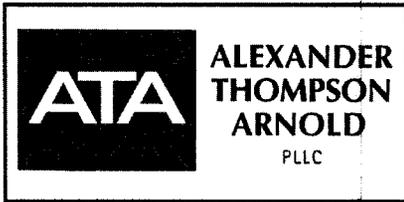
Recommendation: We recommend that the District's Travel Policy be adhered to by the employees. If the current policy in effect does not reflect the intentions of the board, it should develop a policy that does properly reflect those intentions.

Response: We concur. Effective for the 2009-10 school year and on October 26, 2009, the board approved a new Expenses and Reimbursement Policy to cover the increased costs associated with out of state travel. We also have a Prior Approval Form that has to be filled out and approved before teachers or paraprofessionals are reimbursed for expenses. The superintendent approves supervisor, principal and Central Office personnel travel.

**BRADFORD SPECIAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

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

05-01 Untimely Cash Deposits – Corrected



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February 5, 2010

Board of Education
Bradford Special School District
Bradford, Tennessee

We have audited the financial statements of Bradford Special School District for the year ended June 30, 2009, and have issued our report dated February 5, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated August 22, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Bradford Special School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Bradford Special School District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Accounting Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bradford Special School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2009. We noted no transactions entered into by the Bradford Special School District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than

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Jackson, TN

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when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Bradford Special School District's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Bradford Special School District either individually or in the aggregate, indicate matters that could have a significant effect on the Bradford Special School District financial reporting process.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representations letter dated February 5, 2010.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Bradford Special School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education and management of Bradford Special School District and is not intended to be and should not be used by anyone other than these specific parties.

Very truly yours,

Alexander Thompson Arnold PLLC
Martin, Tennessee