

HUNTINGDON SPECIAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

HUNTINGDON SPECIAL SCHOOL DISTRICT

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INTRODUCTORY SECTION

**HUNTINGDON SPECIAL SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2010**

Board of Education

Lee Carter
Jerry Morris
Paul Ward, Jr.
Tony Tucker
David Gibson
Paul Stokes

Director of Schools

Pat Dillahunty

FINANCIAL SECTION



Certified Public Accountants

www.atacpa.net

304 North Lindell
Martin, TN 38257

Telephone: (731) 587-5145
Fax: (731) 587-1952

Members of

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Independent Auditor's Report

Board of Education
Huntingdon Special School District
Huntingdon, Tennessee

We have audited the district-wide financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Huntingdon Special School District, as of June 30, 2010, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the management of the District. 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. We believe that our audit provides a reasonable basis for our opinion.

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 and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position and the budgetary comparisons for the general fund and federal projects fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2011, 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Alexander Thompson Arnold PLLC

January 19, 2011

BASIC FINANCIAL STATEMENTS

**HUNTINGDON SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2010**

ASSETS

| | |
|--|-------------------|
| Cash and cash equivalents | \$ 329,404 |
| Investments | 3,869,530 |
| Taxes receivable | 1,360,037 |
| Due from other governmental agencies - non-grant | 77,145 |
| Due from other governmental agencies - grants | 382,094 |
| Accounts receivable | 90,846 |
| Inventory | 21,435 |
| Capital assets not being depreciated: | |
| Land | 155,200 |
| Capital assets net of accumulated depreciation: | |
| Buildings and improvements | 10,424,275 |
| Other fixed assets | 472,917 |
| Total Assets | <u>17,182,883</u> |

LIABILITIES

| | |
|--|------------------|
| Accounts payable | 18,554 |
| Other accrued expenses | 283,072 |
| Deferred revenue | 1,360,037 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Bonds, notes payable, and capital leases payable | 390,000 |
| Portion due or payable after one year: | |
| Bonds, notes payable, and capital leases payable | 5,280,000 |
| Total Liabilities | <u>7,331,663</u> |

NET ASSETS

| | |
|---|---------------------|
| Invested in capital assets, net of related debt | 5,382,392 |
| Restricted for | |
| Other local education reserves | 5,277 |
| Career Ladder | 3,729 |
| Career Ladder - Extended Contract | 292 |
| Unrestricted | 4,459,530 |
| Total Net Assets | <u>\$ 9,851,220</u> |

**HUNTINGDON SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets |
|---------------------------------------|--------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Instruction: | | | | | |
| Regular education | \$4,481,852 | \$ - | \$ 1,078,287 | \$ - | \$ (3,403,565) |
| Alternate education | 16,915 | - | - | - | (16,915) |
| Special education | 1,028,371 | - | 879,122 | - | (149,249) |
| Vocational education | 247,620 | - | 23,605 | - | (224,015) |
| Student Body Education | 9,049 | - | - | - | (9,049) |
| Support Services: | | | | | |
| Student support | 377,323 | - | - | - | (377,323) |
| Instructional staff | 357,141 | - | - | - | (357,141) |
| General administration | 214,827 | - | - | - | (214,827) |
| School administration | 460,119 | - | - | - | (460,119) |
| Business administration | 52,686 | - | - | - | (52,686) |
| Operation and maintenance of plant | 1,092,312 | - | - | - | (1,092,312) |
| Noninstructional Services | | | | | |
| Food service | 651,543 | 213,686 | 452,832 | 17,897 | 32,872 |
| Community services | 97,022 | - | - | - | (97,022) |
| Early Childhood Education | 294,233 | - | - | - | (294,233) |
| Capital outlay | 17,973 | - | - | - | (17,973) |
| Debt service | 228,714 | - | - | - | (228,714) |
| Total District | \$9,627,700 | \$ 213,686 | \$ 2,433,846 | \$ 17,897 | (6,962,271) |
| General Revenues: | | | | | |
| Local taxes | | | | | 602,794 |
| Property taxes | | | | | 1,673,282 |
| Intergovernmental: | | | | | |
| Basic Education Program | | | | | 5,289,481 |
| Other | | | | | 2,910 |
| Interest | | | | | 66,729 |
| Other miscellaneous revenues | | | | | 34,663 |
| Total general revenues | | | | | 7,669,859 |
| Change in net assets | | | | | 707,588 |
| Net assets, beginning | | | | | 9,143,632 |
| Net assets, ending | | | | | \$ 9,851,220 |

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

FUND FINANCIAL STATEMENTS

**HUNTINGDON SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

| | MAJOR | | | NONMAJOR | Total Governmental Funds |
|--|---------------------|-------------------|-----------------------------|----------------------------------|--------------------------------|
| | General | Debt Service | Federal Projects Fund | Centralized Cafeteria Fund | |
| ASSETS | | | | | |
| Cash | \$ 214,982 | \$ 84,351 | \$ - | \$ 142,470 | \$ 441,803 |
| Investments | 3,496,066 | 343,464 | - | 30,000 | 3,869,530 |
| Taxes receivable | 893,556 | 466,481 | - | - | 1,360,037 |
| Due from other governments | 75,292 | 1,853 | - | - | 77,145 |
| Grants receivable | 260,767 | - | 112,399 | 8,928 | 382,094 |
| Accounts receivable - other | 82,719 | 7,127 | - | 1,000 | 90,846 |
| Inventory | - | - | - | 21,435 | 21,435 |
| Total Assets | <u>\$ 5,023,382</u> | <u>\$ 903,276</u> | <u>\$ 112,399</u> | <u>\$ 203,833</u> | <u>\$ 6,242,890</u> |
| LIABILITIES AND FUND EQUITY | | | | | |
| LIABILITIES | | | | | |
| Cash drawn in excess of available funds | \$ - | \$ - | \$ 112,399 | \$ - | \$ 112,399 |
| Accounts payable | 18,507 | - | - | 47 | 18,554 |
| Other accrued expenses | 283,072 | - | - | - | 283,072 |
| Deferred revenue - taxes | 893,556 | 466,481 | - | - | 1,360,037 |
| Total Liabilities | <u>1,195,135</u> | <u>466,481</u> | <u>112,399</u> | <u>47</u> | <u>1,774,062</u> |
| FUND BALANCES | | | | | |
| Reserved: | | | | | |
| Other local education reserves | 5,277 | - | - | - | 5,277 |
| Career Ladder | 3,729 | - | - | - | 3,729 |
| Career Ladder - Extended Contract | 292 | - | - | - | 292 |
| Food Service - inventory | - | - | - | 21,435 | 21,435 |
| Debt Service | - | 436,795 | - | - | 436,795 |
| Unreserved, undesignated, reported in | | | | | |
| General Fund | 3,818,949 | - | - | - | 3,818,949 |
| Special Revenue Funds | - | - | - | 182,351 | 182,351 |
| Total Fund Balances | <u>3,828,247</u> | <u>436,795</u> | <u>-</u> | <u>203,786</u> | <u>4,468,828</u> |
| Total Liabilities and Fund Equity | <u>\$ 5,023,382</u> | <u>\$ 903,276</u> | <u>\$ 112,399</u> | <u>\$ 203,833</u> | <u>\$ 6,242,890</u> |

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

| | |
|---|---------------------|
| Total Governmental Fund Balances | \$ 4,468,828 |
| 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. | 11,052,392 |
| 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>(5,670,000)</u> |
| Net Assets of Governmental Activities | <u>\$ 9,851,220</u> |

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | <u>MAJOR</u> | | | <u>NONMAJOR</u> | Total Governmental Funds |
|---|---------------------|-------------------------|--------------------------------------|---|--------------------------------|
| | <u>General</u> | <u>Debt Service</u> | <u>Federal Projects Fund</u> | <u>Centralized Cafeteria Fund</u> | |
| REVENUES | | | | | |
| Taxes | \$ 1,727,772 | \$ 548,304 | \$ - | \$ - | \$ 2,276,076 |
| Intergovernmental | 6,286,094 | - | 1,000,817 | 470,729 | 7,757,640 |
| Meal sales | - | - | - | 213,686 | 213,686 |
| Interest earnings | 58,883 | 6,871 | - | 975 | 66,729 |
| Miscellaneous | <u>34,663</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>34,663</u> |
| Total Revenues | <u>8,107,412</u> | <u>555,175</u> | <u>1,000,817</u> | <u>685,390</u> | <u>10,348,794</u> |
| EXPENDITURES | | | | | |
| Instruction | 4,958,561 | - | 802,822 | - | 5,761,383 |
| Support services | 2,134,020 | - | 50,822 | - | 2,184,842 |
| Food services | - | - | - | 629,898 | 629,898 |
| Non-instructional services | 404,761 | - | - | - | 404,761 |
| Debt service | 40,000 | 563,714 | - | - | 603,714 |
| Capital outlay: | | | | | |
| Instruction | 188,515 | - | 147,173 | - | 335,688 |
| Food services | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,897</u> | <u>17,897</u> |
| Total Expenditures | <u>7,725,857</u> | <u>563,714</u> | <u>1,000,817</u> | <u>647,795</u> | <u>9,938,183</u> |
| Excess (Deficit) of Revenues Over (Under) Expenditures | <u>381,555</u> | <u>(8,539)</u> | <u>-</u> | <u>37,595</u> | <u>410,611</u> |
| FUND BALANCE, BEGINNING | 3,446,692 | 445,334 | - | 167,446 | 4,059,472 |
| Increase (decrease) in inventory | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,255)</u> | <u>(1,255)</u> |
| FUND BALANCE, ENDING | <u>\$ 3,828,247</u> | <u>\$ 436,795</u> | <u>\$ -</u> | <u>\$ 203,786</u> | <u>\$ 4,468,828</u> |

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

**HUNTINGDON 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, 2010**

| | |
|--|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 410,611 |
| <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> | 375,000 |
| <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> | (1,255) |
| <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 | 353,585 |
| Depreciation | <u>(430,353)</u> |
| Change in Net Assets of Governmental Activities | <u>\$ 707,588</u> |

**HUNTINGDON 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, 2010**

| | Original Budget | Final Budget | Actual | Variance- Over (Under) |
|--|--------------------|------------------|------------------|------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Local option sales tax | \$ 568,000 | \$ 568,000 | \$ 602,127 | \$ 34,127 |
| Interstate telecommunications tax | 1,300 | 1,300 | 667 | (633) |
| Total Special School District | <u>569,300</u> | <u>569,300</u> | <u>602,794</u> | <u>33,494</u> |
| Special School District: | | | | |
| Current property tax | 890,113 | 890,113 | 922,483 | 32,370 |
| Prior year's property tax | 24,000 | 24,000 | 67,455 | 43,455 |
| Interest and penalty | 3,800 | 3,800 | 5,135 | 1,335 |
| Payment in lieu of taxes | 67,114 | 67,114 | 129,905 | 62,791 |
| Total Special School District | <u>985,027</u> | <u>985,027</u> | <u>1,124,978</u> | <u>139,951</u> |
| Total Taxes | <u>1,554,327</u> | <u>1,554,327</u> | <u>1,727,772</u> | <u>173,445</u> |
| Intergovernmental: | | | | |
| Licenses and Permits: | | | | |
| Marriage licenses | 500 | 500 | 500 | - |
| State Revenues: | | | | |
| State Education Funds: | | | | |
| Basic Education Program | 5,205,900 | 5,205,900 | 5,289,481 | 83,581 |
| State Grant | - | - | 1,800 | 1,800 |
| Other state education funds | 180,570 | 596,587 | 412,557 | (184,030) |
| Career Ladder | 84,000 | 84,000 | 87,064 | 3,064 |
| Career Ladder - extended contract | 37,862 | 37,862 | - | (37,862) |
| Total State Education Revenue | <u>5,508,332</u> | <u>5,924,349</u> | <u>5,790,902</u> | <u>(133,447)</u> |
| Other State Revenues: | | | | |
| Mixed drink tax | 500 | 500 | 610 | 110 |
| State on-behalf payments for post retirement benefits | - | - | 13,506 | 13,506 |
| Total State Revenues | <u>5,508,832</u> | <u>5,924,849</u> | <u>5,805,018</u> | <u>(119,831)</u> |
| Federal Revenues: | | | | |
| Federal Funds Received Through State: | | | | |
| Special Education Grants to States | 18,644 | 18,644 | 215,128 | 196,484 |
| State Stabilization Funds, Recovery Act | 228,100 | 228,100 | 265,448 | 37,348 |
| Total Federal Funds Received Through State | <u>246,744</u> | <u>246,744</u> | <u>480,576</u> | <u>233,832</u> |
| Total Intergovernmental | <u>5,756,076</u> | <u>6,172,093</u> | <u>6,286,094</u> | <u>114,001</u> |

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

**HUNTINGDON 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, 2010**

| | Original Budget | Final Budget | Actual | Variance- Over (Under) |
|------------------------------------|--------------------|------------------|------------------|------------------------------|
| REVENUES (Cont.) | | | | |
| Other local revenues: | | | | |
| Interest earned | 51,354 | 51,354 | 58,883 | 7,529 |
| Lease/rentals | 3,335 | 3,335 | 3,647 | 312 |
| Miscellaneous refunds | 10,000 | 10,000 | 13,793 | 3,793 |
| E-Rate funding | 12,099 | 12,099 | 11,421 | (678) |
| Insurance recovery | - | - | 4,152 | 4,152 |
| Damages recovered from individuals | - | - | 150 | 150 |
| Contributions | 2,000 | 2,000 | 1,500 | (500) |
| Total Other Local Revenues | <u>78,788</u> | <u>78,788</u> | <u>93,546</u> | <u>14,758</u> |
| Total Revenues | <u>7,389,191</u> | <u>7,805,208</u> | <u>8,107,412</u> | <u>302,204</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Regular Education: | | | | |
| Teachers | 2,791,090 | 2,807,908 | 2,807,908 | - |
| Career Ladder program | 50,590 | 50,590 | 50,588 | (2) |
| Career Ladder - extended contract | 43,570 | 34,570 | 28,280 | (6,290) |
| Homebound teachers | 1,000 | 1,000 | 1,000 | - |
| Teacher assistants | 150,530 | 129,219 | 115,591 | (13,628) |
| Other salaries and wages | 500 | 500 | 448 | (52) |
| Substitute teachers | 28,320 | 33,520 | 33,207 | (313) |
| Non-certified substitute teachers | 29,700 | 31,700 | 31,700 | - |
| Social security | 195,314 | 195,314 | 176,463 | (18,851) |
| State retirement | 206,455 | 206,455 | 194,539 | (11,916) |
| Medical insurance | 257,000 | 228,800 | 210,591 | (18,209) |
| Unemployment compensation | 3,000 | 3,000 | 2,320 | (680) |
| Medicare | 45,680 | 45,680 | 41,966 | (3,714) |
| Contracts with other schools | 25,000 | 25,000 | 25,000 | - |
| Maintenance and repair - equipment | 14,000 | 14,000 | 13,638 | (362) |
| Travel | - | 275 | 445 | 170 |
| Other contracted services | 74,500 | 83,870 | 83,355 | (515) |
| Instructional supplies/materials | 76,000 | 81,710 | 75,891 | (5,819) |
| Textbooks | 80,000 | 80,000 | 78,228 | (1,772) |
| Other supplies and materials | 7,000 | 7,000 | 6,983 | (17) |
| Fee waivers | 1,500 | 1,500 | 495 | (1,005) |
| Other charges | 3,000 | 8,500 | 8,011 | (489) |
| Equipment | 80,000 | 125,423 | 121,088 | (4,335) |
| Total Regular Education | <u>4,163,749</u> | <u>4,195,534</u> | <u>4,107,735</u> | <u>(87,799)</u> |

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

**HUNTINGDON 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, 2010**

| | Original Budget | Final Budget | Actual | Variance- Over (Under) |
|---------------------------------------|--------------------|-----------------|----------------|------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Instruction (Cont.): | | | | |
| Alternate Instruction Program: | | | | |
| Contracts with other schools | 16,700 | 16,916 | 16,915 | (1) |
| Special Education: | | | | |
| Teachers | 326,706 | 323,542 | 323,542 | - |
| Career Ladder program | 7,000 | 7,000 | 7,000 | - |
| Homebound teachers | 2,000 | 660 | 660 | - |
| Aides | 23,481 | 23,481 | 23,481 | - |
| Substitute teachers | 2,500 | 1,410 | 1,410 | - |
| Non-certified substitute teachers | 2,500 | 2,494 | 2,475 | (19) |
| Social security | 22,271 | 22,271 | 20,201 | (2,070) |
| State retirement | 24,304 | 24,304 | 23,822 | (482) |
| Medical insurance | 28,891 | 28,891 | 28,891 | - |
| Unemployment compensation | 287 | 287 | 287 | - |
| Medicare | 5,281 | 5,281 | 4,823 | (458) |
| Contracts with other school systems | 50,113 | 52,016 | 52,016 | - |
| Contracts with private agencies | 6,300 | 6,300 | 5,763 | (537) |
| Other contracted services | 155,000 | 168,697 | 168,696 | (1) |
| Instructional supplies/materials | 2,000 | 2,000 | 2,000 | - |
| Total Special Education | 658,634 | 668,634 | 665,067 | (3,567) |
| Vocational Education: | | | | |
| Teachers | 172,237 | 172,237 | 171,237 | (1,000) |
| Career Ladder program | 4,000 | 4,000 | 4,000 | - |
| Career Ladder - extended contract | 5,500 | 5,500 | 400 | (5,100) |
| Substitute teachers | 400 | 400 | - | (400) |
| Non-certified substitute teachers | 800 | 800 | 800 | - |
| Social security | 11,343 | 11,343 | 9,813 | (1,530) |
| State retirement | 11,668 | 11,668 | 11,250 | (418) |
| Medical insurance | 19,831 | 19,831 | 19,831 | - |
| Unemployment compensation | 120 | 120 | 102 | (18) |
| Medicare | 2,653 | 2,653 | 2,295 | (358) |
| Maintenance and repair - equipment | 2,500 | 2,500 | 660 | (1,840) |
| Other contracted services | 1,000 | 1,000 | - | (1,000) |
| Instructional supplies | 2,000 | 2,000 | 1,962 | (38) |
| Other supplies and materials | 3,132 | 3,132 | 3,132 | - |
| Other charges | 3,000 | 3,000 | 2,929 | (71) |
| Equipment | 1,500 | 1,500 | 1,498 | (2) |
| Total Vocational Education | 241,684 | 241,684 | 229,909 | (11,775) |

**HUNTINGDON 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, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Over (Under)</u> |
|-------------------------------------|----------------------------|-------------------------|------------------|---------------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Instruction (Cont.): | | | | |
| Student Body Education: | | | | |
| Othere Salaries & Wages | 400 | 400 | - | (400) |
| Social Security | 25 | 25 | - | (25) |
| State retirement | 26 | 26 | - | (26) |
| Unemployment Compensation | 5 | 5 | - | (5) |
| Employer Medicare | 6 | 6 | - | (6) |
| Other Contracted Services | 8,500 | 9,100 | 9,049 | (51) |
| Other Charges | 200 | 200 | - | (200) |
| Total Student Body Education | <u>9,162</u> | <u>9,762</u> | <u>9,049</u> | <u>(713)</u> |
| Total Instruction | <u>5,089,929</u> | <u>5,132,530</u> | <u>5,028,675</u> | <u>(103,855)</u> |
| Support Services: | | | | |
| Student Support: | | | | |
| Attendance: | | | | |
| Director | 26,194 | 26,194 | 26,194 | - |
| Clerical personnel | 16,399 | 16,399 | 16,088 | (311) |
| Social security | 2,641 | 2,641 | 2,420 | (221) |
| State retirement | 3,602 | 3,602 | 3,588 | (14) |
| Medical insurance | 3,611 | 3,611 | 3,501 | (110) |
| Medicare | 618 | 618 | 566 | (52) |
| Travel | 800 | 800 | 167 | (633) |
| Other charges | 500 | 500 | - | (500) |
| Total Attendance | <u>54,365</u> | <u>54,365</u> | <u>52,524</u> | <u>(1,841)</u> |
| Health Services: | | | | |
| Medical personnel | 32,562 | 32,562 | 32,535 | (27) |
| Social security | 2,019 | 2,019 | 2,017 | (2) |
| State retirement | 3,814 | 3,814 | 3,810 | (4) |
| Unemployment compensation | 25 | 25 | 25 | - |
| Medicare | 473 | 473 | 472 | (1) |
| Travel | 2,000 | 2,250 | 2,048 | (202) |
| Other supplies/materials | 2,000 | 2,000 | 292 | (1,708) |
| Health Equipment | 500 | 500 | - | (500) |
| Total Health Services | <u>43,393</u> | <u>43,643</u> | <u>41,199</u> | <u>(2,444)</u> |

**HUNTINGDON 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, 2010**

| EXPENDITURES (Cont.) | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Over (Under)</u> |
|------------------------------------|----------------------------|-------------------------|----------------|---------------------------------------|
| Support Services (Cont.): | | | | |
| Other Student Support: | | | | |
| Career Ladder program | 3,000 | 3,000 | 3,000 | - |
| Guidance personnel | 132,953 | 132,953 | 132,953 | - |
| Career Ladder - extended contract | 4,400 | 4,400 | 3,360 | (1,040) |
| Social security | 8,702 | 8,702 | 8,531 | (171) |
| State retirement | 9,011 | 9,011 | 8,944 | (67) |
| Unemployment compensation | 80 | 80 | 79 | (1) |
| Medicare | 2,036 | 2,036 | 1,995 | (41) |
| Evaluation/testing | 8,500 | 8,500 | 7,025 | (1,475) |
| Travel | 2,000 | 2,000 | 1,870 | (130) |
| Other equipment | 1,000 | 1,000 | 625 | (375) |
| Other charges | 500 | 500 | 25 | (475) |
| Total Other Student Support | <u>172,182</u> | <u>172,182</u> | <u>168,407</u> | <u>(3,775)</u> |
| Total Student Support | <u>269,940</u> | <u>270,190</u> | <u>262,130</u> | <u>(8,060)</u> |
| Instructional Staff: | | | | |
| Regular Education: | | | | |
| Director | 89,085 | 89,085 | 89,084 | (1) |
| Career Ladder Program | 7,000 | 7,000 | 7,000 | - |
| Career Ladder - extended contract | 9,600 | 9,600 | 2,000 | (7,600) |
| Librarian(s) | 132,181 | 132,181 | 132,181 | - |
| Clerical personnel | 24,491 | 24,491 | 24,491 | - |
| In-service/staff development | 1,000 | 1,000 | 405 | (595) |
| Other salaries and wages | 24,032 | 24,032 | 24,032 | - |
| Social security | 17,757 | 17,757 | 15,814 | (1,943) |
| State retirement | 20,954 | 20,954 | 20,443 | (511) |
| Medical insurance | 18,943 | 18,943 | 16,728 | (2,215) |
| Unemployment compensation | 200 | 200 | 170 | (30) |
| Medicare | 4,153 | 4,153 | 3,698 | (455) |
| Travel | 5,500 | 6,700 | 6,016 | (684) |
| Library books | 4,800 | 4,800 | 4,800 | - |
| Other supplies and materials | 1,000 | 1,000 | 892 | (108) |
| In-service/staff development | 8,000 | 8,000 | 6,975 | (1,025) |
| Other charges | 300 | 300 | 300 | - |
| Other equipment | 800 | 800 | - | (800) |
| Total Regular Education | <u>369,796</u> | <u>370,996</u> | <u>355,029</u> | <u>(15,967)</u> |
| Vocational Education: | | | | |
| Travel | 3,000 | 3,000 | 2,112 | (888) |
| Total Vocational Education | <u>3,000</u> | <u>3,000</u> | <u>2,112</u> | <u>(888)</u> |
| Total Instructional Staff | <u>372,796</u> | <u>373,996</u> | <u>357,141</u> | <u>(16,855)</u> |

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

**HUNTINGDON 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, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Over (Under)</u> |
|---|----------------------------|-------------------------|----------------|---------------------------------------|
| EXPENDITURES (Cont.) | | | | |
| General Administration: | | | | |
| Board of Education Services: | | | | |
| Secretary to Board | 11,301 | 11,301 | 5,105 | (6,196) |
| Social security | 701 | 701 | 306 | (395) |
| State retirement | 1,324 | 1,324 | 598 | (726) |
| Unemployment | 30 | 30 | 27 | (3) |
| Medicare | 164 | 164 | 71 | (93) |
| Audit services | 8,500 | 8,500 | 8,460 | (40) |
| Dues and memberships | 4,500 | 5,000 | 5,000 | - |
| Legal services | 6,000 | 5,500 | 1,262 | (4,238) |
| Travel | 2,000 | 2,000 | 1,596 | (404) |
| Other contracted services | 2,000 | 2,000 | 2,000 | - |
| Liability insurance | 23,800 | 23,800 | 23,299 | (501) |
| Trustee commissions | 27,000 | 27,000 | 27,389 | 389 |
| Workmen's compensation insurance | 26,000 | 26,000 | 20,729 | (5,271) |
| Criminal investigation of applicant | 1,250 | 1,250 | 780 | (470) |
| Other charges | 12,000 | 12,000 | 11,999 | (1) |
| Total Board of Education Services | <u>126,570</u> | <u>126,570</u> | <u>108,621</u> | <u>(17,949)</u> |
| Office of the Superintendent: | | | | |
| County official/administrative officer | 75,500 | 75,500 | 75,500 | - |
| Career Ladder program | 1,000 | 1,000 | 1,000 | - |
| Social security | 4,743 | 4,743 | 4,342 | (401) |
| State retirement | 4,912 | 4,912 | 4,911 | (1) |
| Medical insurance | 7,280 | 7,280 | 7,003 | (277) |
| Unemployment compensation | 27 | 27 | 27 | - |
| Medicare | 1,110 | 1,110 | 1,016 | (94) |
| Communication | 5,000 | 5,000 | 4,972 | (28) |
| Dues and memberships | 1,800 | 1,800 | 1,529 | (271) |
| Postal charges | 3,500 | 3,500 | 3,256 | (244) |
| Travel | 1,500 | 1,500 | 415 | (1,085) |
| Office supplies | 1,000 | 1,000 | 998 | (2) |
| Administration equipment | 500 | 500 | 500 | - |
| Other charges | 750 | 750 | 737 | (13) |
| Total Office of the Superintendent | <u>108,622</u> | <u>108,622</u> | <u>106,206</u> | <u>(2,416)</u> |
| Total General Administration | <u>235,192</u> | <u>235,192</u> | <u>214,827</u> | <u>(20,365)</u> |

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

**HUNTINGDON 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, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance- Over (Under) |
|------------------------------------|----------------------------|-------------------------|----------------|------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Support Services (Cont.): | | | | |
| School Administration: | | | | |
| Office of the Principal: | | | | |
| Principals | 188,273 | 188,273 | 186,887 | (1,386) |
| Career ladder program | 3,000 | 3,000 | 3,000 | - |
| Assistant(s) | 101,600 | 101,600 | 101,600 | - |
| Secretary(s) | 79,903 | 79,903 | 75,364 | (4,539) |
| Social Security | 23,115 | 23,115 | 22,029 | (1,086) |
| State retirement | 28,161 | 28,161 | 27,618 | (543) |
| Medical insurance | 14,446 | 14,446 | 13,873 | (573) |
| Unemployment compensation | 225 | 225 | 225 | - |
| Medicare | 5,405 | 5,405 | 5,153 | (252) |
| Communication | 12,000 | 12,500 | 12,201 | (299) |
| Dues and memberships | - | - | - | - |
| Maintenance and repair | 2,000 | 1,500 | 1,394 | (106) |
| Postal charges | 3,000 | 3,000 | 1,918 | (1,082) |
| Travel | 500 | 1,250 | 813 | (437) |
| Other contracted services | 1,800 | 1,800 | 1,770 | (30) |
| Office supplies | 3,600 | 3,600 | 3,599 | (1) |
| Equipment | 4,500 | 4,500 | 2,675 | (1,825) |
| Total School Administration | <u>471,528</u> | <u>472,278</u> | <u>460,119</u> | <u>(12,159)</u> |
| Fiscal Services: | | | | |
| Accountants/bookkeepers | 39,877 | 39,877 | 39,363 | (514) |
| Social Security | 2,473 | 2,473 | 2,398 | (75) |
| State retirement | 4,669 | 4,669 | 4,609 | (60) |
| Unemployment compensation | 25 | 25 | 25 | - |
| Medicare | 578 | 578 | 561 | (17) |
| Maintenance & repair | 500 | 500 | - | (500) |
| Travel | 700 | 700 | 188 | (512) |
| Other contracted services | 3,700 | 3,700 | 3,667 | (33) |
| Data processing services | 1,500 | 1,500 | 938 | (562) |
| Office supplies | 500 | 500 | 437 | (63) |
| Administration Equipment | 500 | 500 | 500 | - |
| Total Fiscal Services | <u>55,022</u> | <u>55,022</u> | <u>52,686</u> | <u>(2,336)</u> |

**HUNTINGDON 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, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance- Over (Under) |
|---|----------------------------|-------------------------|----------------|------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Support Services (Cont.): | | | | |
| Operation and Maintenance of Plant: | | | | |
| Operation of Plant: | | | | |
| Janitorial services | 251,000 | 251,000 | 250,578 | (422) |
| Other contracted services | 11,899 | 11,899 | 9,949 | (1,950) |
| Electricity | 257,500 | 249,500 | 246,926 | (2,574) |
| Natural gas | 66,000 | 66,000 | 65,357 | (643) |
| Water and sewer | 17,000 | 17,000 | 16,186 | (814) |
| Other supplies and materials | 5,500 | 5,500 | 4,632 | (868) |
| Building and contents insurance | 39,500 | 39,500 | 38,590 | (910) |
| Other charges | 25,000 | 33,000 | 31,371 | (1,629) |
| Plant operation equipment | 5,000 | 5,000 | 3,150 | (1,850) |
| Total Operation of Plant | <u>678,399</u> | <u>678,399</u> | <u>666,739</u> | <u>(11,660)</u> |
| Maintenance of Plant: | | | | |
| Director | 33,717 | 33,717 | 33,717 | - |
| Maintenance personnel | 19,500 | 19,500 | 18,897 | (603) |
| Other salaries and wages | 22,000 | 22,000 | 15,359 | (6,641) |
| Social security | 4,664 | 4,664 | 4,214 | (450) |
| State retirement | 6,232 | 6,232 | 6,200 | (32) |
| Unemployment compensation | 90 | 90 | 85 | (5) |
| Medicare | 1,091 | 1,091 | 985 | (106) |
| Maintenance and repair - Building | 20,000 | 20,000 | 4,693 | (15,307) |
| Maintenance and repair - Equipment | 30,000 | 30,000 | 14,146 | (15,854) |
| Travel | 4,500 | 4,500 | 2,048 | (2,452) |
| Other supplies and materials | 5,000 | 5,000 | 4,365 | (635) |
| Maintenance Equipment | 5,000 | 5,000 | 2,212 | (2,788) |
| Other charges | 9,670 | 9,670 | 8,199 | (1,471) |
| Total Maintenance of Plant | <u>161,464</u> | <u>161,464</u> | <u>115,120</u> | <u>(46,344)</u> |
| Total Operation and Maintenance of Plant | <u>839,863</u> | <u>839,863</u> | <u>781,859</u> | <u>(58,004)</u> |

**HUNTINGDON 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, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance- Over (Under) |
|--|----------------------------|-------------------------|------------------|------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Support Services (Cont.): | | | | |
| Central and Other: | | | | |
| Maintenance and repair | 1,200 | 1,200 | 900 | (300) |
| Travel | 500 | 500 | - | (500) |
| Other contracted services | 1,000 | 1,000 | - | (1,000) |
| Data processing supplies | 1,500 | 1,500 | 1,059 | (441) |
| Other supplies and materials | 500 | 500 | 299 | (201) |
| Other equipment | 500 | 500 | 500 | - |
| Office supplies | 2,500 | 2,500 | 2,500 | - |
| Total Central and Other | <u>7,700</u> | <u>7,700</u> | <u>5,258</u> | <u>(2,442)</u> |
| Total Support Services | <u>2,252,041</u> | <u>2,254,241</u> | <u>2,134,020</u> | <u>(120,221)</u> |
| Non-Instructional Services | | | | |
| Community Services: | | | | |
| Medical insurance | 7,221 | 7,221 | 7,022 | (199) |
| Teachers | - | 49,280 | 42,980 | (6,300) |
| Social security | - | 3,056 | 2,666 | (390) |
| State retirement | - | 3,311 | 2,907 | (404) |
| Medicare | - | 715 | 623 | (92) |
| Travel | - | 1,000 | 245 | (755) |
| Instructional supplies | - | 32,638 | 40,579 | 7,941 |
| Total Community Services | <u>7,221</u> | <u>97,221</u> | <u>97,022</u> | <u>(199)</u> |
| Early Childhood Education: | | | | |
| Teachers | - | 153,429 | 153,259 | (170) |
| Educational assistants | - | 26,424 | 26,424 | - |
| Other salaries and wages | - | 18,444 | 18,444 | - |
| Social security | - | 12,268 | 11,275 | (993) |
| State retirement | - | 14,129 | 14,097 | (32) |
| Medical insurance | - | 18,054 | 17,576 | (478) |
| Employer medicare | - | 2,929 | 2,632 | (297) |
| Travel | - | 4,200 | 1,648 | (2,552) |
| Other contracted services | - | 27,200 | 22,167 | (5,033) |
| Instructional supplies | - | 14,056 | 24,568 | 10,512 |
| In-service/staff development | - | 2,000 | 1,681 | (319) |
| Other charges | - | 1,100 | 462 | (638) |
| Total Early Childhood Education | <u>-</u> | <u>294,233</u> | <u>294,233</u> | <u>-</u> |

**HUNTINGDON 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, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Over (Under)</u> |
|---|----------------------------|-------------------------|---------------------|---------------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Non-instructional (Cont.): | | | | |
| State On-Behalf Payments: | | | | |
| State on-behalf payments for post retirement benefits | <u>-</u> | <u>-</u> | <u>13,506</u> | <u>13,506</u> |
| Capital Outlay: | | | | |
| Building improvements | <u>-</u> | <u>126,000</u> | <u>118,401</u> | <u>(7,599)</u> |
| Debt Service: | | | | |
| Principal on bonds | <u>40,000</u> | <u>40,000</u> | <u>40,000</u> | <u>-</u> |
| Total Non-Instructional Services | <u>47,221</u> | <u>557,454</u> | <u>563,162</u> | <u>5,708</u> |
| Total Expenditures | <u>7,389,191</u> | <u>7,944,225</u> | <u>7,725,857</u> | <u>(218,368)</u> |
| Excess (Deficit) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ (139,017)</u> | <u>381,555</u> | <u>\$ 520,572</u> |
| FUND BALANCE, BEGINNING | | | <u>3,446,692</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 3,828,247</u> | |

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Over (Under)</u> |
|--|----------------------------|-------------------------|------------------|---------------------------------------|
| REVENUES | | | | |
| Federal through State: | | | | |
| Career and Technical Education | \$ 23,092 | \$ 23,092 | \$ 23,605 | \$ 513 |
| Title I | 584,627 | 584,627 | 420,436 | (164,191) |
| Education of the Handicapped - IDEA | 576,741 | 576,741 | 375,248 | (201,493) |
| Education of the Handicapped - Preschool | 25,123 | 25,123 | 23,298 | (1,825) |
| Safe and Drug Free Schools | 4,448 | 4,448 | 4,404 | (44) |
| Rural Education | 30,551 | 30,551 | 32,304 | 1,753 |
| Education for Homeless Children | - | 32,470 | 31,226 | (1,244) |
| Eisenhower | 93,513 | 93,513 | 90,296 | (3,217) |
| Other federal through state | 23,788 | 23,788 | - | (23,788) |
| Total Revenues | <u>1,361,883</u> | <u>1,394,353</u> | <u>1,000,817</u> | <u>(393,536)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Regular Instruction: | | | | |
| Teachers | 348,327 | 362,316 | 297,748 | (64,568) |
| Other Salaries and Wages | 10,000 | 10,000 | 10,000 | - |
| Social Security | 23,046 | 23,913 | 18,124 | (5,789) |
| State retirement | 22,953 | 24,397 | 20,270 | (4,127) |
| Medical insurance | 25,822 | 25,822 | 26,551 | 729 |
| Unemployment Compensation | 547 | 554 | 378 | (176) |
| Medicare | 5,419 | 5,622 | 4,240 | (1,382) |
| Other contracted services | - | - | 1,250 | 1,250 |
| Instructional supplies | 36,642 | 36,642 | 25,108 | (11,534) |
| Other supplies and materials | - | 4,060 | 3,903 | (157) |
| Other Charges | 78,960 | 80,660 | 1,423 | (79,237) |
| Regular instruction equipment | 117,254 | 127,254 | 125,719 | (1,535) |
| Total Regular Instruction | <u>668,970</u> | <u>701,240</u> | <u>534,714</u> | <u>(166,526)</u> |
| Special Education Program: | | | | |
| Teachers | 32,240 | 32,240 | - | (32,240) |
| Aides | 50,522 | 50,522 | 38,710 | (11,812) |
| Other salaries and wages | 16,767 | 16,767 | 16,767 | - |
| Social security | 6,681 | 6,681 | 3,515 | (3,166) |
| State retirement | 9,064 | 9,064 | 5,610 | (3,454) |
| Unemployment compensation | 134 | 134 | 80 | (54) |
| Medicare | 1,445 | 1,445 | 805 | (640) |
| Contracts with other schools | 166,097 | 166,097 | 166,097 | - |
| Other contracted services | 107,545 | 107,545 | 72,758 | (34,787) |
| Instructional supplies | 42,556 | 42,556 | 41,501 | (1,055) |
| Other charges | 135,000 | 135,000 | - | (135,000) |
| Travel | 3,000 | 3,000 | 2,993 | (7) |

The accompanying notes are an integral part of this financial statement.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Original Budget | Final Budget | Actual | Variance- Over (Under) |
|---|--------------------|------------------|----------------|------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Instruction (Cont.): | | | | |
| Special Education Program (Cont.): | | | | |
| In-service/staff development | 9,865 | 9,865 | 6,948 | (2,917) |
| In-service training | 3,949 | 3,949 | 2,558 | (1,391) |
| Equipment | 17,000 | 17,000 | 39,228 | 22,228 |
| Total Special Education | 601,865 | 601,865 | 397,570 | (33,446) |
| Vocational Education: | | | | |
| Instructional supplies and materials | 15,000 | 15,000 | 10,241 | (4,759) |
| Equipment | 2,618 | 2,618 | 7,470 | 4,852 |
| Total Vocational Education | 17,618 | 17,618 | 17,711 | 93 |
| Total Instruction | 1,288,453 | 1,320,723 | 949,995 | (199,879) |
| Support Services: | | | | |
| Other Student Support: | | | | |
| Other student support | - | - | 437 | (437) |
| Travel | 3,250 | 3,250 | 5,031 | 1,781 |
| Other contracted services | 1,000 | 1,000 | 148 | (852) |
| Other supplies and materials | 4,448 | 4,448 | 4,296 | (152) |
| Inservice/Staff Development | 100 | 100 | 2,201 | 2,101 |
| Other charges | 6,164 | 6,164 | - | (6,164) |
| Total Other Student Support | 14,962 | 14,962 | 12,113 | (3,723) |
| Regular Instruction: | | | | |
| Supervisor/director | 24,528 | 24,528 | 17,698 | (6,830) |
| Clerical personnel | 4,132 | 4,132 | 4,132 | - |
| Other salaries and wages | 4,000 | 4,000 | 2,000 | (2,000) |
| Social security | 1,813 | 1,813 | 1,354 | (459) |
| State retirement | 2,030 | 2,030 | 1,620 | (410) |
| Medical insurance | 1,928 | 1,928 | 1,928 | - |
| Medicare | 425 | 425 | 317 | (108) |
| Travel | 1,040 | 1,040 | 83 | (957) |
| Other Supplies and Materials | 1,000 | 1,000 | - | (1,000) |
| Other Charges | 1,449 | 1,449 | 1,000 | (449) |
| Inservice/Staff Development | 16,123 | 16,123 | 7,601 | (8,522) |
| Total Regular Instruction | 58,468 | 58,468 | 37,733 | (20,735) |

The accompanying notes are an integral part of this financial statement.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Over (Under)</u> |
|---|----------------------------|-------------------------|------------------|---------------------------------------|
| EXPENDITURES (Cont.) | | | | |
| Support Services (Cont.): | | | | |
| Transportation: | | | | |
| Contracts with parents | - | - | 976 | (976) |
| Total Support Services | <u>73,430</u> | <u>73,430</u> | <u>50,822</u> | <u>(22,608)</u> |
| Total Expenditures | <u>1,361,883</u> | <u>1,394,153</u> | <u>1,000,817</u> | <u>(222,487)</u> |
| Excess (Deficit) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ 200</u> | - | <u>\$ (200)</u> |
| FUND BALANCE, BEGINNING | | | - | |
| FUND BALANCE, ENDING | | | <u>\$ -</u> | |

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Huntingdon 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.

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board’s reporting entity applies to all relevant GASB pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Board’s reporting entity does not apply FASB pronouncements issued after November 30, 1989.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are 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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The federal projects fund is used to record revenues received from the United States Government through the State of Tennessee as authorized by Public Law 89-10 and to record expenditures applicable to approved projects.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating 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.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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 April 1. The property taxes are collected by the Trustee of Carroll County and remitted to the District. District property tax revenues are recognized in the period for which they are intended to be used.

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 dollars (\$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 rather than when consumed.

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.

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 |

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Deferred Revenue

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

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 and/or sick leave upon leaving employment or 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, but are not budgeted and, therefore, are not included in the general purpose fund budgetary basis financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The Board of Education approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year end. 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 department level without obtaining additional appropriation approval from the Board of Education.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

B. Fund Accountability

The District uses one bank account for general purpose, federal projects and debt service. The amount attributable to the federal projects fund as of June 30, 2010, was a negative (overdraft) balance of \$112,399.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by the Federal Reserve Banks acting as third-party agents. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2010, all bank deposits were fully collateralized or insured.

B. Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------------|---------------------|----------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 155,200 | \$ - | \$ - | \$ 155,200 |
| Construction in progress | 449,557 | 14,970 | (464,527) | - |
| Total capital assets, not being depreciated | <u>604,757</u> | <u>14,970</u> | <u>(464,527)</u> | <u>155,200</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 14,599,315 | 530,485 | - | 15,129,800 |
| Other fixed assets | 707,318 | 272,657 | - | 979,975 |
| Total capital assets, being depreciated | <u>15,306,633</u> | <u>803,142</u> | <u>-</u> | <u>16,109,775</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 4,351,762 | 353,763 | - | 4,705,525 |
| Other fixed assets | 430,468 | 76,590 | - | 507,058 |
| Total accumulated depreciation | <u>4,782,230</u> | <u>430,353</u> | <u>-</u> | <u>5,212,583</u> |
| Total capital assets being depreciated, net | <u>10,524,403</u> | <u>372,789</u> | <u>-</u> | <u>10,897,192</u> |
| Capital assets, net | <u>\$ 11,129,160</u> | <u>\$ 387,759</u> | <u>\$ (464,527)</u> | <u>\$ 11,052,392</u> |

Depreciation of \$305,195 was charged to operation and maintenance of plant, with \$40,397 charged to instruction, \$64,371 to student support and \$20,390 to food service.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

C. Long-term Debt

The annual requirements to amortize all long-term debt and obligations outstanding, excluding compensated absences, as of June 30, 2010 are as follows:

| <u>Year ending June 30</u> | <u>Bonds</u> | <u>Interest</u> |
|----------------------------|---------------------|--------------------|
| 2011 | \$ 390,000 | \$ 207,160 |
| 2012 | 410,000 | 195,460 |
| 2013 | 435,000 | 182,135 |
| 2014 | 455,000 | 167,998 |
| 2015 | 475,000 | 152,528 |
| 2016-2020 | 2,825,000 | 478,277 |
| 2021 | <u>680,000</u> | <u>27,200</u> |
| | <u>\$5, 670,000</u> | <u>\$1,410,758</u> |

The District issued \$6,956,000 of limited tax school refunding bonds to provide resources to purchase securities issued by the Federal Home Loan Mortgage Corporation that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$7,625,000. The bonds are payable serially through 2021 and have a 2% interest rate.

The following is a summary of long-term debt transactions for the year ended June 30, 2010:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Due in One Year</u> |
|--------------------------|------------------------------|------------------|--------------------|---------------------------|----------------------------|
| Governmental activities: | | | | | |
| School Bonds | <u>\$ 6,045,000</u> | <u>\$ -</u> | <u>\$ 375,000</u> | <u>\$ 5,670,000</u> | <u>\$ 390,000</u> |

NOTE 4 – OTHER INFORMATION

A. Pensions – Defined Benefit Plan

Plan Description

Employees of Huntingdon 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 Huntingdon 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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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/PS/>.

Funding Policy

Huntingdon Special School District requires employees to contribute 5.0 percent of earnable compensation. Huntingdon Special School District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 11.71% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Huntingdon Special School District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2010, Huntingdon Special School District's annual pension cost of \$67,095 to TCRS was equal to the District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 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. Huntingdon 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 8 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

| Fiscal Year <u>Ending</u> | Annual Pension <u>Cost(APC)</u> | Percentage of APC <u>Contributed</u> | Net Pension <u>Obligation</u> |
|---------------------------------|---------------------------------------|--|-------------------------------------|
| June 30, 2010 | \$67,095 | 100.00% | \$0.00 |
| June 30, 2009 | \$69,161 | 100.00% | \$0.00 |
| June 30, 2008 | \$64,993 | 100.00% | \$0.00 |

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was 84.23% funded. The actuarial accrued liability for benefits was \$1.95 million, and the actuarial value of assets was \$1.64 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.31 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.62 million, and the ratio of the UAAL to the covered payroll was 49.67%.

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.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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.

(dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets | Actuarial Accrued Liability (AAL)-Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|--------------------------------|---|---------------------|--------------|-----------------|---|
| 7/01/09 | \$1,644 | \$1,951 | \$308 | 84.23% | \$619 | 49.67% |
| 7/01/07 | \$1,521 | \$1,762 | \$241 | 86.32% | \$534 | 45.13% |

Huntingdon City Schools - Plan Description

The Huntingdon City 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/Schools.

Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Huntingdon City Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2010 was 6.42% of annual covered payroll. The employer contribution requirement for Huntingdon City 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, 2010, 2009, and 2008 were \$301,787, \$300,428, and \$291,813 respectively, equal to the required contributions for each year.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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.

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, 2010, the State made contributions of \$5,291 and \$8,215 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

Schedule of Funding Progress

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets | Actuarial Accrued Liability (AAL)-Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|--------------------------------|---|---------------------|--------------|-----------------|---|
| 7/01/09 | \$1,644 | \$1,951 | \$308 | 84.23% | \$619 | 49.67% |
| 7/01/07 | \$1,521 | \$1,762 | \$241 | 86.32% | \$534 | 45.13% |

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

OTHER SUPPLEMENTARY INFORMATION

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.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CENTRAL CAFETERIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Over (Under)</u> |
|---|----------------------------|-------------------------|-------------------|---------------------------------------|
| REVENUES | | | | |
| Charges for Current Services: | | | | |
| Lunch payments - children | \$ 125,000 | \$ 125,000 | \$ 146,784 | \$ 21,784 |
| Lunch payments - adults | 23,000 | 23,000 | 21,941 | (1,059) |
| Income from breakfast | 17,000 | 17,000 | 12,696 | (4,304) |
| A La Carte sales | <u>55,000</u> | <u>55,000</u> | <u>32,265</u> | <u>(22,735)</u> |
| Total Charges for Current Services | <u>220,000</u> | <u>220,000</u> | <u>213,686</u> | <u>(6,314)</u> |
| Other Local Revenues: | | | | |
| Interest earned | <u>2,500</u> | <u>2,500</u> | <u>975</u> | <u>(1,525)</u> |
| State Education Funds: | | | | |
| School Food Services | <u>8,400</u> | <u>8,400</u> | <u>7,849</u> | <u>(551)</u> |
| Federal through State: | | | | |
| USDA - Lunch | 245,000 | 245,000 | 288,188 | 43,188 |
| USDA - Snack | 2,500 | 2,500 | 1,550 | (950) |
| USDA Grant | - | - | 17,897 | 17,897 |
| Breakfast Reimbursement | 115,000 | 115,000 | 115,987 | 987 |
| Commodity Reimbursement | <u>-</u> | <u>-</u> | <u>39,258</u> | <u>39,258</u> |
| Total Federal through State | <u>362,500</u> | <u>362,500</u> | <u>462,880</u> | <u>100,380</u> |
| Total Revenues | <u>593,400</u> | <u>593,400</u> | <u>685,390</u> | <u>91,990</u> |
| EXPENDITURES | | | | |
| Food Services: | | | | |
| Director | 45,664 | 45,664 | 45,040 | (624) |
| Accountants / Bookkeepers | 10,041 | 10,041 | 10,541 | 500 |
| Cafeteria personnel | 170,000 | 170,000 | 166,886 | (3,114) |
| Social Security | 14,000 | 14,000 | 13,172 | (828) |
| State retirement | 15,000 | 15,000 | 14,439 | (561) |
| Medicare liability | 2,600 | 2,600 | 2,469 | (131) |
| Unemployment compensation | 450 | 450 | 470 | 20 |
| Communication | 1,700 | 1,700 | 1,707 | 7 |
| Food supplies | 245,000 | 245,000 | 234,154 | (10,846) |
| Utilities | 15,000 | 15,000 | 15,000 | - |
| Commodity expense | - | - | 39,258 | 39,258 |
| Other supplies & materials | 25,000 | 25,000 | 21,034 | (3,966) |
| Other charges | 40,000 | 40,000 | 53,670 | 13,670 |
| Equipment | <u>8,445</u> | <u>8,445</u> | <u>29,955</u> | <u>21,510</u> |
| Total Expenditures | <u>592,900</u> | <u>592,900</u> | <u>647,795</u> | <u>54,895</u> |
| Excess Revenues Over Expenditures | <u>\$ 500</u> | <u>\$ 500</u> | 37,595 | <u>\$ 37,095</u> |
| FUND BALANCE, BEGINNING | | | 167,446 | |
| Increase (decrease) in inventory | | | <u>(1,255)</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 203,786</u> | |

See independent auditor's report

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Original Budget | Budget | Actual | Variance- Over (Under) |
|---|--------------------|----------------|-------------------|------------------------------|
| REVENUES | | | | |
| Other local revenues: | | | | |
| Interest earned | \$ 6,830 | \$ 6,830 | \$ 6,871 | \$ 41 |
| Other local revenues | <u>559,080</u> | <u>559,080</u> | <u>548,304</u> | <u>(10,776)</u> |
| Total Revenues | <u>565,910</u> | <u>565,910</u> | <u>555,175</u> | <u>(10,735)</u> |
| EXPENDITURES | | | | |
| Current Expenditures: | | | | |
| Noninstructional Services | | | | |
| Education Debt Service: | | | | |
| Principal on bonds | 335,000 | 335,000 | 335,000 | - |
| Interest on bonds | 218,410 | 218,410 | 218,410 | - |
| Trustee's Commission | 11,000 | 11,000 | 10,264 | (736) |
| Other charges | <u>1,500</u> | <u>1,500</u> | <u>40</u> | <u>(1,460)</u> |
| Total Debt Service | <u>565,910</u> | <u>565,910</u> | <u>563,714</u> | <u>(2,196)</u> |
| Excess (Deficit) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | (8,539) | <u>\$ (8,539)</u> |
| FUND BALANCE, BEGINNING | | | <u>445,334</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 436,795</u> | |

**HUNTINGDON SPECIAL SCHOOL DISTRICT
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS -
 GENERAL OBLIGATION DEBT
 JUNE 30, 2010**

| Year Ended June 30, | Bonds - Series 2003 | |
|------------------------|---------------------|---------------------|
| | Principal | Interest |
| 2011 | \$ 390,000 | \$ 207,160 |
| 2012 | 410,000 | 195,460 |
| 2013 | 435,000 | 182,135 |
| 2014 | 455,000 | 167,998 |
| 2015 | 475,000 | 152,528 |
| 2016 | 505,000 | 135,665 |
| 2017 | 535,000 | 117,232 |
| 2018 | 560,000 | 97,170 |
| 2019 | 590,000 | 75,610 |
| 2020 | 635,000 | 52,600 |
| 2021 | 680,000 | 27,200 |
| | <u>\$ 5,670,000</u> | <u>\$ 1,410,758</u> |

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BONDS OF PRINCIPAL OFFICIALS
JUNE 30, 2010**

| | <u>Salary</u> | <u>Bond</u> |
|---------------------|------------------|-------------------|
| Director of Schools | <u>\$ 75,500</u> | <u>\$ 270,000</u> |

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Federal CFDA Number | Balance 7/1/2009 | Cash Receipts | Expenditures/ Amount Earned/ Amount Issued | Balance Unearned (Receivable) 6/30/2010 |
|--|---------------------------|---------------------|------------------|--|--|
| U.S. DEPARTMENT OF EDUCATION | | | | | |
| Pass-through the Tennessee Department of Education | | | | | |
| Special Education Grants to States | | | | | |
| IDEA Program | 84.027 * | \$ (100,711) | \$ 405,001 | \$ 516,473 | \$ (212,183) |
| Preschool Program | 84.173 * | (111,243) | 126,991 | 15,748 | - |
| | | (211,954) | 531,992 | 532,221 | (212,183) |
| ARRA - IDEA Program | 84.391* | - | 73,903 | 73,903 | - |
| ARRA - Preschool Program | 84.392A* | - | 7,550 | 7,550 | - |
| Total IDEA Cluster | | (211,954) | 613,445 | 613,674 | (212,183) |
| Title I, Grants to Local Education Agencies | 84.010* | (17,703) | 315,501 | 311,619 | (13,821) |
| ARRA - Title I, Grants to Local Education Agencies | 84.389* | - | 108,816 | 108,816 | - |
| Total Title I Cluster | | (17,703) | 424,317 | 420,435 | (13,821) |
| Title X, Education of Homeless Children and Youth | 84.196 | (24,654) | 29,987 | 22,470 | (17,137) |
| ARRA-Title X, Education of Homeless Children and Youth | 84.387 | - | 8,756 | 8,756 | - |
| Total Title X Cluster | | (24,654) | 38,743 | 31,226 | (17,137) |
| Title II, Part D, Eisenhower Professional Development State Grants | 84.318 | - | 2,712 | 2,712 | - |
| Education Technology State Grants, Recovery Act | 84.386 | - | 6,669 | 6,669 | - |
| ARRA - Education Technology State Grants, Recovery Act | 84.386 | (6,801) | 87,716 | 80,915 | - |
| Total Title II Cluster | | (6,801) | 97,097 | 90,296 | - |
| State Stabilization Fiscal Funds | | | | | |
| ARRA-Education State Grants | 84.394* | - | 228,100 | 228,100 | - |
| ARRA-Government Services | 84.397* | - | 3,528 | 3,528 | - |
| ARRA-Government Services | 84.397* | - | 3,112 | 3,112 | - |
| ARRA-Government Services | 84.397* | - | - | 30,709 | (30,709) |
| Total State Stabilization Fiscal Funds | | - | 234,740 | 265,449 | (30,709) |
| Career and Technical Education Basic Grants to States | 84.048 | (11,218) | 34,823 | 23,605 | - |
| Title VI, Rural Education Achievement Program | 84.358A | (1,926) | 34,230 | 32,304 | - |
| Title VI, Safe and Drug Free Schools and Communities | 84.186 | (14,800) | 18,388 | 4,404 | (816) |
| <u>Total Pass-through the Tennessee Department of Education</u> | | (289,056) | 1,495,783 | 1,481,393 | (274,666) |

See independent auditor's report.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Federal CFDA Number | Balance 7/1/2009 | Cash Receipts | Expenditures/ Amount Earned/ Amount Issued | Balance Unearned (Receivable) 6/30/2010 |
|---|---------------------------|---------------------|------------------|--|--|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | |
| Pass-through the Tennessee Department of Agriculture | | | | | |
| School Breakfast Program | 10.553 | (12,897) | 125,488 | 115,987 | (3,396) |
| National School Lunch Program | 10.555 | (27,198) | 309,854 | 288,188 | (5,532) |
| Snack Program | 10.555 | - | 1,550 | 1,550 | - |
| | | (40,095) | 436,892 | 405,725 | (8,928) |
| ARRA-Equipment Assistance Grant | 10.579 | - | 17,897 | 17,897 | - |
| <u>Total Pass-through the Tennessee Department of Agriculture</u> | | (40,095) | 454,789 | 423,622 | (8,928) |
| | | | | | |
| <u>Total Cash Federal Awards</u> | | (329,151) | 1,950,572 | 1,905,015 | (283,594) |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | |
| Pass-through the Tennessee Department of Agriculture | | | | | |
| Food-Distribution - Commodities | 10.555 | - | 39,258 | 39,258 | - |
| | | | | | |
| <u>Total Federal Awards</u> | | \$ (329,151) | \$ 1,989,830 | \$ 1,944,273 | \$ (283,594) |

* major program

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | Balance 7/1/2009 | Cash Receipts | Expenditures/ Amount Earned/ Amount Issued | Balance Unearned (Receivable) 6/30/2010 |
|--|---------------------|-------------------|--|--|
| Early Childhood | \$ (63,569) | \$ 340,627 | \$ 294,232 | \$ (17,174) |
| Connect Tennessee | - | 840 | 840 | - |
| Tennessee ARTS Commission | - | 27,485 | 27,485 | - |
| ACT Explore | (1,171) | 1,171 | - | - |
| Energy Efficient Schools | - | 1,800 | 1,800 | - |
| Lottery for Education - After School Program (LEAPS) | <u>(60,983)</u> | <u>69,657</u> | <u>90,000</u> | <u>(81,326)</u> |
| Total State Awards | <u>\$ (125,723)</u> | <u>\$ 441,580</u> | <u>\$ 414,357</u> | <u>\$ (98,500)</u> |

INTERNAL CONTROL AND COMPLIANCE SECTION



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624 East Reelfoot Avenue Telephone: (731) 885-3661
Union City, TN 38261 (800) 273-3240
Fax: (731) 885-6909

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

Members of the Board
Huntingdon Special School District
Huntingdon, Tennessee

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Huntingdon Special School District as of and for the year ended June 30, 2010, which collectively comprise the Huntingdon Special School District's financial statements, and have issued our report thereon dated January 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Members of the Board
Huntingdon Special School District

Compliance and Other Matters

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

We noted certain matters that we reported to management of Huntingdon Special School District in a separate letter dated January 19, 2011.

This report is intended solely for the information and use of the Board, 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

Union City, Tennessee
January 19, 2011



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624 East Reelfoot Avenue Telephone: (731) 885-3661
Union City, TN 38261 (800) 273-3240
Fax: (731) 885-6909

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**Report on Compliance with Requirements That Could Have a Direct and
Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Members of the Board
Huntingdon Special School District
Huntingdon, Tennessee

Compliance

We have audited the Huntingdon Special School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The Huntingdon 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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 Huntingdon Special School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Huntingdon Special School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2010.

Members of the Board
Huntingdon Special School District

Internal Control over Compliance

The management of the Huntingdon 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board, 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

Union City, Tennessee
January 19, 2011

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting:

- material weakness(es) identified? yes no
- significant deficiency(ies) identified? yes none reported
- noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? yes no
- significant deficiency(ies) identified? yes none reported

Type of auditor’s report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

| <u>Program Name</u> | <u>CFDA No.</u> |
|--|-----------------|
| IDEA Cluster: | |
| Special Education Grants to States – Preschool Program | 84.173 |
| Special Education Grants to States – IDEA Program | 84.027 |
| ARRA – IDEA Program | 84.391 |
| ARRA – Preschool Program | 84.392A |
| Title I Cluster: | |
| Title I Grants to Local Education Agencies | 84.010 |
| ARRA – Title I | 84.389 |
| State Fiscal Stabilization Funds Cluster: | |
| ARRA - State Fiscal Stabilization Funds Education State Grants | 84.394 |
| ARRA – Government Services | 84.397 |

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Section II – Financial Statement Findings

There were no findings relative to the audit of financial statements performed in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings required to be reported by section 510(a) of Circular A-133.