

HUNTINGDON SPECIAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2011

HUNTINGDON SPECIAL SCHOOL DISTRICT

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INTRODUCTORY SECTION

**HUNTINGDON SPECIAL SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS**

June 30, 2011

Board of Education

Lee Carter
Jerry Morris
Jerry Culbreath
Tim Tucker
Vicki Williams
Paul Stokes

Director of Schools

Pat Dillahunty

FINANCIAL SECTION



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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, 2011, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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, 2011, 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 November 30, 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 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 31 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 other 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

Martin, Tennessee
November 30, 2011

BASIC FINANCIAL STATEMENTS

HUNTINGDON SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET ASSETS
June 30, 2011

ASSETS

Cash and cash equivalents	\$	543,932
Investments		4,006,093
Taxes receivable		1,440,878
Due from other governmental agencies - non-grant		112,922
Due from other governmental agencies - grants		347,212
Accounts receivable		224,952
Inventory		21,217
Capital assets not being depreciated:		
Land		191,835
Construction in process		80,000
Capital assets net of accumulated depreciation:		
Buildings and improvements		10,214,509
Other capital assets		473,650
		17,657,200
Total assets		17,657,200

LIABILITIES

Accounts payable		208,615
Other accrued expenses		283,979
Contracts payable		70,400
Deferred revenue		1,440,878
Long-term liabilities:		
Portion due or payable within one year:		
Bonds, notes payable, and capital leases payable		410,000
Portion due or payable after one year:		
Bonds, notes payable, and capital leases payable		4,870,000
		7,283,872
Total liabilities		7,283,872

NET ASSETS

Invested in capital assets, net of related debt		5,679,994
Restricted for		
Education - trophy		2,303
Instruction - Career Ladder		4,627
Education - Career Ladder - Extended Contract		292
Unrestricted		4,686,112
		10,373,328
Total net assets		\$ 10,373,328

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

HUNTINGDON SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
Instruction:					
Regular education	\$ 4,840,672	\$ -	\$ 1,548,815	\$ -	\$ (3,291,857)
Alternate education	16,409	-	-	-	(16,409)
Special education	1,009,688	-	701,260	-	(308,428)
Vocational education	249,338	-	19,314	-	(230,024)
Student Body Education	7,144	-	-	-	(7,144)
Support Services:					
Student support	384,033	-	-	-	(384,033)
Instructional staff	504,235	-	-	-	(504,235)
General administration	229,594	-	-	-	(229,594)
School administration	460,373	-	-	-	(460,373)
Business administration	52,465	-	-	-	(52,465)
Operation and maintenance of plant	1,111,534	-	-	7,100	(1,104,434)
Student transportation	25,758	-	-	-	(25,758)
Noninstructional Services:					
Food service	650,605	197,564	465,315	-	12,274
Community services	90,001	-	-	-	(90,001)
Early Childhood Education	298,717	-	298,717	-	-
Capital outlay	132,243	-	-	-	(132,243)
Debt service	217,787	-	-	-	(217,787)
Total District	<u>\$ 10,280,596</u>	<u>\$ 197,564</u>	<u>\$ 3,033,421</u>	<u>\$ 7,100</u>	<u>(7,042,511)</u>
General revenues:					
Local taxes					636,510
Property taxes					1,614,801
Intergovernmental:					
Basic Education Program					5,138,159
Other					1,129
Interest					63,858
Other local revenues					110,162
Total general revenues					<u>7,564,619</u>
Change in net assets					522,108
Net assets, beginning					9,851,220
Net assets, ending					<u>\$ 10,373,328</u>

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	<u>MAJOR</u>			<u>NONMAJOR</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Federal Projects Fund</u>	<u>Centralized Cafeteria Fund</u>	
ASSETS					
Cash	\$ 332,166	\$ 68,132	\$ 3,462	\$ 140,172	\$ 543,932
Investments	3,630,107	345,986	-	30,000	4,006,093
Taxes receivable	986,814	454,064	-	-	1,440,878
Due from other governments	111,592	1,330	-	-	112,922
Grants receivable	301,505	-	33,540	12,167	347,212
Accounts receivable - other	217,364	7,588	-	-	224,952
Inventory	-	-	-	21,217	21,217
Total assets	<u>\$5,579,548</u>	<u>\$877,100</u>	<u>\$ 37,002</u>	<u>\$ 203,556</u>	<u>\$ 6,697,206</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 206,631	\$ -	\$ 2,002	\$ (18)	\$ 208,615
Contracts payable	70,400	-	-	-	70,400
Other accrued expenses	283,979	-	-	-	283,979
Deferred revenue - taxes	986,814	454,064	-	-	1,440,878
Total liabilities	<u>1,547,824</u>	<u>454,064</u>	<u>2,002</u>	<u>(18)</u>	<u>2,003,872</u>
Fund Balances					
Nonspendable - food service inventory	-	-	-	21,217	21,217
Restricted for:					
Education - trophy	2,303	-	-	-	2,303
Instruction - Career Ladder	4,627	-	-	-	4,627
Education - Career Ladder - Extended Contract	292	-	-	-	292
Debt Service	-	423,036	-	-	423,036
Operation of non-instructional services	-	-	-	182,357	182,357
Committed for federal projects	-	-	35,000	-	35,000
Unassigned	4,024,502	-	-	-	4,024,502
Total fund balances	<u>4,031,724</u>	<u>423,036</u>	<u>35,000</u>	<u>203,574</u>	<u>4,693,334</u>
Total liabilities and fund equity	<u>\$5,579,548</u>	<u>\$877,100</u>	<u>\$ 37,002</u>	<u>\$ 203,556</u>	<u>\$ 6,697,206</u>

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES**
June 30, 2011

Total governmental fund balances	\$ 4,693,334
Amounts reported for governmental activities on the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported as assets in governmental funds.	10,959,994
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>(5,280,000)</u>
Net assets of governmental activities	<u>\$ 10,373,328</u>

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011

	<u>MAJOR</u>			<u>NONMAJOR</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Federal Projects Fund</u>	<u>Centralized Cafeteria Fund</u>	
Revenues					
Taxes	\$ 1,709,805	\$ 541,506	\$ -	\$ -	\$ 2,251,311
Intergovernmental	6,481,488	-	1,246,512	465,315	8,193,315
Meal sales	-	-	-	197,564	197,564
Interest earnings	60,640	2,522	-	696	63,858
Other local revenues	109,761	-	-	401	110,162
Total revenues	<u>8,361,694</u>	<u>544,028</u>	<u>1,246,512</u>	<u>663,976</u>	<u>10,816,210</u>
Expenditures					
Instruction	5,057,861	-	1,157,236	-	6,215,097
Support services	2,334,986	-	59,486	-	2,394,472
Food services	5,643	-	-	621,214	626,857
Non-instructional services	402,224	-	-	-	402,224
Debt service	50,000	557,787	-	-	607,787
Capital outlay:					
Instruction	294,503	-	7,790	-	302,293
Food services	-	-	-	42,756	42,756
Total expenditures	<u>8,145,217</u>	<u>557,787</u>	<u>1,224,512</u>	<u>663,970</u>	<u>10,591,486</u>
Revenues over (under) expenditures	216,477	(13,759)	22,000	6	224,724
Other financing sources (uses)					
Operating transfers in	22,000	-	35,000	-	57,000
Operating transfers out	(35,000)	-	(22,000)	-	(57,000)
Total other financing sources (uses)	<u>(13,000)</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	203,477	(13,759)	35,000	6	224,724
Fund balance - July 1, 2010	3,828,247	436,795	-	203,786	4,468,828
Increase (decrease) in inventory	-	-	-	(218)	(218)
Fund balance - June 30, 2011	<u>\$ 4,031,724</u>	<u>\$ 423,036</u>	<u>\$ 35,000</u>	<u>\$ 203,574</u>	<u>\$ 4,693,334</u>

The accompanying notes are an integral part of these 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 Year Ended June 30, 2011**

Net change in fund balances - total governmental funds	\$	224,724
<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>		390,000
<p>The increase (decrease) in inventory is reported as a direct change to fund balance. However, in the statement of activities, this increase is reported as an expense based on the consumption method.</p>		(218)
<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		345,049
Depreciation		<u>(437,447)</u>
Change in net assets of governmental activities	\$	<u>522,108</u>

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND
For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Taxes				
Local option sales tax	\$ 568,000	\$ 568,000	\$ 635,978	\$ 67,978
Interstate telecommunications tax	575	575	532	(43)
Special school district:				
Current property tax	890,113	890,113	880,143	(9,970)
Prior year's property tax	40,100	40,100	57,169	17,069
Interest and penalty	4,000	4,000	6,022	2,022
Payment in lieu of taxes	79,000	79,000	129,961	50,961
Total taxes	<u>1,581,788</u>	<u>1,581,788</u>	<u>1,709,805</u>	<u>128,017</u>
Intergovernmental				
Marriage licenses	400	400	503	103
State revenues				
State education funds:				
Basic Education Program	5,265,400	5,265,400	5,138,159	(127,241)
Early Childhood Education	-	298,717	298,717	-
Other state education funds	-	90,000	90,675	675
Career Ladder	88,214	88,214	83,239	(4,975)
Career Ladder - extended contract (ARRA)	33,225	39,544	45,092	5,548
Total state education funds	<u>5,386,839</u>	<u>5,781,875</u>	<u>5,655,882</u>	<u>(125,993)</u>
Other state revenues				
Mixed drink tax	500	500	626	126
State on-behalf payments for post retirement benefits	-	-	13,506	13,506
Total state revenues	<u>5,387,339</u>	<u>5,782,375</u>	<u>5,670,014</u>	<u>(112,361)</u>
Federal revenues				
Federal funds received through state:				
Special education grants to states	30,888	30,888	199,239	168,351
State stabilization funds, Recovery Act	439,783	439,783	601,051	161,268
Other federal through state	-	10,681	10,681	-
Total federal revenues	<u>470,671</u>	<u>481,352</u>	<u>810,971</u>	<u>329,619</u>
Total intergovernmental	<u>5,858,410</u>	<u>6,264,127</u>	<u>6,481,488</u>	<u>217,361</u>
Other local revenues				
Interest earned	50,299	50,299	60,640	10,341
Lease/rentals	3,600	3,600	300	(3,300)
Miscellaneous refunds	10,000	10,000	3,021	(6,979)
E-Rate funding	7,628	7,628	103,930	96,302
Insurance recovery	-	-	583	583
Sale of equipment	-	-	420	420
Damages recovered from individuals	-	-	7	7
Contributions	1,500	1,500	1,500	-
Total other local revenues	<u>73,027</u>	<u>73,027</u>	<u>170,401</u>	<u>97,374</u>
Total revenues	<u>7,513,225</u>	<u>7,918,942</u>	<u>8,361,694</u>	<u>442,752</u>

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
EXPENDITURES				
Instruction				
Regular education				
Teachers	2,801,136	2,801,136	2,746,064	(55,072)
Career Ladder program	52,590	52,590	49,770	(2,820)
Career Ladder - extended contract	33,225	38,640	38,640	-
Homebound teachers	1,000	1,000	401	(599)
Teacher assistants	131,867	131,867	122,510	(9,357)
Other salaries and wages	500	500	438	(62)
Substitute teachers	28,320	37,377	37,377	-
Non-certified substitute teachers	29,700	33,675	33,675	-
Social security	195,286	180,621	171,275	(9,346)
State retirement	282,018	272,508	261,481	(11,027)
Medical insurance	252,963	252,963	243,687	(9,276)
Unemployment compensation	6,264	6,264	4,827	(1,437)
Medicare	45,672	45,751	41,399	(4,352)
Contracts with other schools	25,000	25,000	25,000	-
Maintenance and repair - equipment	14,000	15,500	14,468	(1,032)
Other contracted services	80,883	102,883	69,438	(33,445)
Instructional supplies/materials	132,750	143,431	118,916	(24,515)
Textbooks	80,000	80,000	67,066	(12,934)
Other supplies and materials	7,000	7,000	6,655	(345)
Fee waivers	1,000	1,000	428	(572)
Other charges	2,500	2,500	2,400	(100)
Equipment	29,300	95,600	98,573	2,973
Total regular education	<u>4,232,974</u>	<u>4,327,806</u>	<u>4,154,488</u>	<u>(173,318)</u>
Alternate instruction program				
Contracts with other schools	<u>17,000</u>	<u>17,000</u>	<u>16,409</u>	<u>(591)</u>
Special education				
Teachers	329,200	337,610	337,610	-
Career Ladder program	7,000	7,000	7,000	-
Homebound teachers	2,000	2,000	-	(2,000)
Aides	24,582	24,582	22,151	(2,431)
Substitute teachers	2,500	2,500	2,500	-
Non-certified substitute teachers	2,500	2,500	2,500	-
Social security	22,772	22,772	21,439	(1,333)
State retirement	33,298	33,298	33,298	-
Medical insurance	29,100	29,100	29,100	-
Unemployment compensation	287	287	-	(287)
Medicare	5,333	5,333	5,013	(320)

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Contracts with other school systems	38,000	59,649	59,649	-
Contracts with private agencies	6,300	6,300	6,300	-
Other contracted services	9,000	9,000	2,267	(6,733)
Instructional supplies/materials	2,000	2,000	1,766	(234)
Total special education	<u>513,872</u>	<u>543,931</u>	<u>530,593</u>	<u>(13,338)</u>
Vocational education				
Teachers	173,320	173,320	172,545	(775)
Career Ladder program	4,000	4,000	4,000	-
Substitute teachers	400	400	400	-
Non-certified substitute teachers	800	800	800	-
Social security	11,069	11,069	10,154	(915)
State retirement	16,048	16,048	15,977	(71)
Medical insurance	15,282	15,282	15,282	-
Medicare	2,589	2,589	2,375	(214)
Maintenance and repair - equipment	2,000	2,000	718	(1,282)
Other contracted services	1,000	1,000	86	(914)
Instructional supplies	5,001	5,001	2,544	(2,457)
Other supplies and materials	4,404	4,404	4,404	-
Other charges	4,272	4,272	4,272	-
Equipment	1,500	1,500	1,500	-
Total vocational education	<u>241,685</u>	<u>241,685</u>	<u>235,057</u>	<u>(6,628)</u>
Student body education				
Other salaries and wages	400	400	-	(400)
Social security	25	25	-	(25)
State retirement	44	44	-	(44)
Unemployment compensation	5	5	-	(5)
Medicare	6	6	-	(6)
Other contracted services	8,500	8,500	7,019	(1,481)
Other charges	200	200	125	(75)
Total student body education	<u>9,180</u>	<u>9,180</u>	<u>7,144</u>	<u>(2,036)</u>
Total instruction	<u>5,014,711</u>	<u>5,139,602</u>	<u>4,943,691</u>	<u>(195,911)</u>

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under)
Support services				
Student support				
Attendance:				
Director	26,980	26,980	26,625	(355)
Clerical personnel	7,800	7,800	6,054	(1,746)
Social security	2,157	2,157	1,756	(401)
State retirement	3,295	3,295	3,172	(123)
Medical insurance	3,743	3,743	3,743	-
Medicare	505	505	419	(86)
Travel	800	800	522	(278)
Other charges	500	500	428	(72)
Total attendance	45,780	45,780	42,719	(3,061)
Health services:				
Medical personnel	33,213	33,213	33,213	-
Social security	2,060	2,060	2,060	-
State retirement	3,634	3,634	1,780	(1,854)
Medicare	482	482	482	-
Travel	2,500	2,500	381	(2,119)
Other supplies/materials	2,000	2,000	909	(1,091)
Health equipment	500	8,625	8,625	-
Total health services	44,389	52,514	47,450	(5,064)
Other student support:				
Career Ladder program	2,000	2,000	2,000	-
Guidance personnel	128,813	131,524	131,523	(1)
Career Ladder - extended contract	4,400	-	-	-
Social security	8,111	8,111	8,111	-
State retirement	11,839	11,839	11,839	-
Medicare	1,897	1,897	1,897	-
Evaluation/testing	8,500	10,500	10,233	(267)
Travel	2,000	1,689	1,510	(179)
Other equipment	1,500	1,500	1,154	(346)
Other charges	500	500	102	(398)
Total other student support	169,560	169,560	168,369	(1,191)
Total student support	259,729	267,854	258,538	(9,316)

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Instructional staff				
Regular education:				
Director	93,963	90,614	90,258	(356)
Career Ladder Program	7,000	7,000	6,500	(500)
Librarian(s)	133,093	133,093	133,093	-
Clerical personnel	24,981	24,981	24,491	(490)
In-service/staff development	1,000	1,000	-	(1,000)
Other salaries and wages	24,513	24,513	24,226	(287)
Social security	17,581	17,373	15,843	(1,530)
State retirement	26,597	26,294	26,110	(184)
Medical insurance	19,259	18,710	18,710	-
Medicare	4,112	4,063	3,706	(357)
Travel	6,000	6,000	5,631	(369)
Library books	10,500	10,500	10,373	(127)
Other supplies and materials	1,000	1,000	898	(102)
In-service/staff development	8,000	9,000	8,929	(71)
Other charges	300	300	300	-
Other equipment	800	800	800	-
Total regular education	<u>378,699</u>	<u>375,241</u>	<u>369,868</u>	<u>(5,373)</u>
Special education				
Supervisor/Director	-	3,349	3,349	-
Social security	-	208	208	-
State retirement	-	303	303	-
Medical insurance	-	549	360	(189)
Medicare	-	49	49	-
Other contracted services	155,000	129,355	129,352	(3)
Total special education	<u>155,000</u>	<u>133,813</u>	<u>133,621</u>	<u>(192)</u>
Vocational education:				
Travel	3,000	3,000	746	(2,254)
Total vocational education	<u>3,000</u>	<u>3,000</u>	<u>746</u>	<u>(2,254)</u>
Total instructional staff	<u>536,699</u>	<u>512,054</u>	<u>504,235</u>	<u>(7,819)</u>
General administration				
Board of Education services:				
Secretary to Board	11,801	11,801	10,436	(1,365)
Social security	732	732	632	(100)
State retirement	1,292	1,292	1,065	(227)
Medicare	172	172	148	(24)
Audit services	9,500	9,500	8,460	(1,040)

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Dues and memberships	4,000	4,000	3,900	(100)
Legal services	6,000	6,000	3,584	(2,416)
Travel	2,000	2,000	930	(1,070)
Other contracted services	2,000	2,000	557	(1,443)
Liability insurance	23,725	23,725	23,620	(105)
Trustee commissions	27,500	27,500	25,723	(1,777)
Workmen's compensation insurance	27,000	27,000	25,494	(1,506)
Criminal investigation of applicant	1,250	1,250	1,096	(154)
Other charges	<u>12,000</u>	<u>12,000</u>	<u>11,182</u>	<u>(818)</u>
Total Board of Education services	<u>128,972</u>	<u>128,972</u>	<u>116,827</u>	<u>(12,145)</u>
Office of the superintendent:				
County official/administrative officer	81,500	81,500	81,500	-
Career Ladder program	1,000	1,000	1,000	-
Social security	5,239	5,239	4,760	(479)
State retirement	7,648	7,648	7,466	(182)
Medical insurance	7,486	7,486	6,902	(584)
Unemployment compensation	27	27	-	(27)
Medicare	1,226	1,226	1,113	(113)
Communication	5,000	5,000	4,903	(97)
Dues and memberships	1,800	1,800	730	(1,070)
Postal charges	3,500	3,500	2,995	(505)
Travel	1,000	1,000	366	(634)
Office supplies	750	750	402	(348)
Administration equipment	500	500	298	(202)
Other charges	<u>500</u>	<u>500</u>	<u>332</u>	<u>(168)</u>
Total office of the superintendent	<u>117,176</u>	<u>117,176</u>	<u>112,767</u>	<u>(4,409)</u>
 Total general administration	 <u>246,148</u>	 <u>246,148</u>	 <u>229,594</u>	 <u>(16,554)</u>
School administration				
Office of the principal:				
Principals	190,106	190,106	178,786	(11,320)
Career ladder program	2,000	2,000	1,500	(500)
Assistant(s)	101,748	101,748	101,748	-
Secretary(s)	76,845	76,845	74,580	(2,265)
Social security	22,983	22,983	21,686	(1,297)
State retirement	35,001	35,001	33,984	(1,017)
Medical insurance	15,282	15,282	15,282	-
Medicare	5,376	5,376	5,072	(304)
Communication	12,500	12,500	12,337	(163)
Maintenance and repair	1,700	1,700	1,359	(341)

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Postal charges	3,000	3,000	2,355	(645)
Travel	1,000	1,000	1,000	-
Other contracted services	1,900	2,900	2,770	(130)
Office supplies	3,600	3,600	3,600	-
Equipment	4,500	4,500	4,314	(186)
Total school administration	<u>477,541</u>	<u>478,541</u>	<u>460,373</u>	<u>(18,168)</u>
Fiscal services				
Accountants/bookkeepers	40,667	40,667	39,498	(1,169)
Social security	2,521	2,521	2,406	(115)
State retirement	4,449	4,449	4,321	(128)
Medicare	590	590	563	(27)
Maintenance and repair	500	500	-	(500)
Travel	700	700	200	(500)
Other contracted services	3,759	3,759	3,654	(105)
Data processing services	1,400	1,400	1,204	(196)
Office supplies	500	500	289	(211)
Administration equipment	500	500	330	(170)
Total fiscal services	<u>55,586</u>	<u>55,586</u>	<u>52,465</u>	<u>(3,121)</u>
Operation and maintenance of plant				
Operation of plant:				
Janitorial services	258,856	258,856	257,855	(1,001)
Other contracted services	11,200	11,200	9,836	(1,364)
Electricity	257,000	272,500	271,280	(1,220)
Natural gas	66,000	51,000	47,628	(3,372)
Water and sewer	16,000	28,000	27,735	(265)
Other supplies and materials	5,500	5,500	5,494	(6)
Building and contents insurance	39,500	39,500	39,121	(379)
Other charges	28,000	31,000	29,376	(1,624)
Plant operation equipment	25,000	2,000	516	(1,484)
Total operation of plant	<u>707,056</u>	<u>699,556</u>	<u>688,841</u>	<u>(10,715)</u>
Maintenance of plant:				
Director	34,217	34,217	33,717	(500)
Maintenance personnel	20,000	20,000	19,041	(959)
Other salaries and wages	22,000	22,000	14,614	(7,386)
Social security	4,725	4,725	4,177	(548)
State retirement	5,931	5,931	5,804	(127)
Unemployment compensation	90	90	-	(90)
Medicare	1,106	1,106	977	(129)
Maintenance and repair - building	19,000	19,000	8,800	(10,200)

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Maintenance and repair - equipment	25,000	25,000	11,188	(13,812)
Travel	4,000	4,000	2,497	(1,503)
Other supplies and materials	5,000	5,000	3,826	(1,174)
Maintenance equipment	5,000	5,000	473	(4,527)
Other charges	9,000	9,000	6,332	(2,668)
Total maintenance of plant	<u>155,069</u>	<u>155,069</u>	<u>111,446</u>	<u>(43,623)</u>
 Total operation and maintenance of plant	 <u>862,125</u>	 <u>854,625</u>	 <u>800,287</u>	 <u>(54,338)</u>
 Transportation				
Contracts with parents	<u>-</u>	<u>28,500</u>	<u>25,758</u>	<u>(2,742)</u>
 Central and other				
Maintenance and repair	1,000	1,000	674	(326)
Travel	500	500	-	(500)
Other contracted services	1,000	1,000	-	(1,000)
Data processing supplies	1,500	1,500	311	(1,189)
Other supplies and materials	500	500	-	(500)
Other equipment	500	500	420	(80)
Office supplies	2,500	2,500	2,331	(169)
Total central and other	<u>7,500</u>	<u>7,500</u>	<u>3,736</u>	<u>(3,764)</u>
 Total support services	 <u>2,445,328</u>	 <u>2,450,808</u>	 <u>2,334,986</u>	 <u>(115,822)</u>
 Non-instructional services				
Food service				
Medical insurance	<u>7,486</u>	<u>7,486</u>	<u>5,643</u>	<u>(1,843)</u>
 Community services				
Teachers	-	45,560	45,560	-
Social security	-	2,825	2,825	-
State retirement	-	4,231	4,231	-
Medicare	-	661	661	-
Instructional supplies	<u>-</u>	<u>36,724</u>	<u>36,724</u>	<u>-</u>
Total community services	<u>-</u>	<u>90,001</u>	<u>90,001</u>	<u>-</u>
 Early childhood education				
Teachers	-	153,429	153,429	-
Educational assistants	-	26,424	26,424	-
Other salaries and wages	-	18,444	18,444	-
Social security	-	11,282	11,282	-
State retirement	-	18,435	18,435	-

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL PURPOSE FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Medical insurance	-	18,704	18,704	-
Employer medicare	-	2,645	2,645	-
Travel	-	1,229	1,229	-
Other contracted services	-	25,136	25,136	-
Instructional supplies	-	22,089	22,089	-
Other charges	-	900	900	-
Total early childhood education	<u>-</u>	<u>298,717</u>	<u>298,717</u>	<u>-</u>
State on-behalf payments				
State on-behalf payments for postretirement benefits	<u>-</u>	<u>13,510</u>	<u>13,506</u>	<u>(4)</u>
Capital outlay				
Architects	-	80,000	80,000	-
Land	-	31,000	30,885	(115)
Building improvements	-	206,100	297,788	91,688
Total capital outlay	<u>-</u>	<u>317,100</u>	<u>408,673</u>	<u>91,573</u>
Debt service				
Principal on bonds	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total non-instructional services	<u>57,486</u>	<u>776,814</u>	<u>866,540</u>	<u>89,726</u>
Total expenditures	<u>7,517,525</u>	<u>8,367,224</u>	<u>8,145,217</u>	<u>(222,007)</u>
Revenues over (under) expenditures	<u>(4,300)</u>	<u>(448,282)</u>	<u>216,477</u>	<u>664,759</u>
Other financing sources (uses)				
Operating transfers in	-	22,000	22,000	-
Operating transfers out	<u>-</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (4,300)</u>	<u>\$ (461,282)</u>	<u>203,477</u>	<u>\$ 664,759</u>
Fund balance - July 1, 2010			<u>3,828,247</u>	
Fund balance - June 30, 2011			<u>\$4,031,724</u>	

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS
For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Federal through State				
Career and Technical Education	\$ 19,314	\$ 19,314	\$ 19,314	\$ -
Title I	417,163	417,176	368,601	(48,575)
Education of the Handicapped - IDEA	496,478	496,478	484,462	(12,016)
Education of the Handicapped - Preschool	17,559	17,559	17,559	-
Race to the Top	281,439	281,500	147,570	(133,930)
Education for Homeless Children	33,097	33,097	33,097	-
Eisenhower	80,161	78,671	78,671	-
Other federal through state	625,804	322,902	97,238	(225,664)
Total revenues	<u>1,971,015</u>	<u>1,666,697</u>	<u>1,246,512</u>	<u>(420,185)</u>
EXPENDITURES				
Instruction				
Regular instruction				
Teachers	882,078	665,585	387,921	(277,664)
Educational assistants	66,838	33,419	19,131	(14,288)
Social security	60,658	45,257	24,971	(20,286)
State retirement	86,152	63,016	35,650	(27,366)
Medical insurance	11,175	11,175	7,486	(3,689)
Unemployment compensation	676	676	676	-
Medicare	14,214	10,613	5,833	(4,780)
Other contracted services	46,341	17,505	-	(17,505)
Instructional supplies	70,887	70,886	70,886	-
Other supplies and materials	23,819	41,938	23,893	(18,045)
Other charges	2,700	2,700	2,700	-
Regular instruction equipment	112,503	112,503	92,503	(20,000)
Total regular instruction	<u>1,378,041</u>	<u>1,075,273</u>	<u>671,650</u>	<u>(403,623)</u>
Special education program				
Teachers	32,240	34,328	34,328	-
Aides	52,087	39,472	39,472	-
Other salaries and wages	16,767	16,767	16,767	-
Social security	6,269	5,536	5,536	-
State retirement	9,378	8,753	8,753	-
Unemployment compensation	134	134	134	-
Medicare	1,468	1,296	1,296	-
Contracts with other schools	158,891	158,891	158,891	-
Other contracted services	47,760	37,760	36,110	(1,650)
Instructional supplies	58,981	66,908	61,513	(5,395)
Travel	3,007	3,007	1,870	(1,137)
In-service/staff development	5,506	6,506	5,135	(1,371)
In-service training	4,928	4,928	3,193	(1,735)
Equipment	91,097	106,097	106,097	-
Total special education	<u>488,513</u>	<u>490,383</u>	<u>479,095</u>	<u>(11,288)</u>

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

**HUNTINGDON SPECIAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SCHOOL FEDERAL PROJECTS
For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
EXPENDITURES				
Instruction (continued)				
Vocational education				
Instructional supplies and materials	1,314	114	114	-
Equipment	<u>13,000</u>	<u>14,167</u>	<u>14,167</u>	-
Total vocational education	<u>14,314</u>	<u>14,281</u>	<u>14,281</u>	-
Total instruction	<u>1,880,868</u>	<u>1,579,937</u>	<u>1,165,026</u>	<u>(414,911)</u>
Support services				
Other student support				
Other salaries and wages	10,000	10,500	10,500	-
Social security	620	651	651	-
State retirement	905	950	950	-
Employer medicare	145	152	152	-
Travel	4,000	4,863	4,863	-
Other charges	<u>4,040</u>	<u>2,627</u>	<u>2,627</u>	-
Total other student support	<u>19,710</u>	<u>19,743</u>	<u>19,743</u>	-
Regular instruction				
Supervisor/director	21,683	21,683	17,750	(3,933)
Clerical personnel	4,575	4,575	4,575	-
Social security	1,664	1,664	1,385	(279)
State retirement	2,332	2,332	2,107	(225)
Medical insurance	1,971	1,971	1,971	-
Medicare	432	432	323	(109)
Travel	200	126	126	-
Inservice/staff development	<u>12,055</u>	<u>10,579</u>	<u>10,579</u>	-
Total regular instruction	<u>44,912</u>	<u>43,362</u>	<u>38,816</u>	<u>(4,546)</u>
Transportation				
Contracts with parents	<u>3,525</u>	<u>1,655</u>	<u>927</u>	<u>(728)</u>
Total support services	<u>68,147</u>	<u>64,760</u>	<u>59,486</u>	<u>(5,274)</u>
Total expenditures	<u>1,949,015</u>	<u>1,644,697</u>	<u>1,224,512</u>	<u>(420,185)</u>
Revenues over (under) expenditures	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Other financing sources (uses)				
Operating transfer in	-	-	35,000	35,000
Operating transfers out	<u>(22,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	-
Total other financing sources (uses)	<u>(22,000)</u>	<u>(22,000)</u>	<u>13,000</u>	<u>35,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>35,000</u>	<u>\$ 35,000</u>
Fund balance - July 1, 2010			-	
Fund balance - June 30, 2011			<u>\$ 35,000</u>	

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

HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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 District’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, 2011

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 District.

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, 2011

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 \$1.46 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, 2011

Deferred Revenue

Deferred revenue represents amounts that were receivable and measurable at June 30, 2011 but were not available to finance expenditures for the year ended June 30, 2011. 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 governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Committed – amounts that can be used only for specific purposes determined by a formal action by the Board of Education.
- Assigned – amounts that are designated by the Board for a particular purpose but are not spendable until there is a majority vote approval by the Board.
- Unassigned – all amounts in the general fund not included in other spendable classifications.

Net assets in the government-wide statements are categorized as follows:

- Invested in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – net assets that have third party limitations on their use.
- Unrestricted net assets – all net assets that are not included in the categories identified above.

HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

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 district-wide and general purpose fund financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 total function level without obtaining additional appropriation approval from the Board of Education. Line-item transfers within major categories are made upon recommendation of the Director of Schools and approval by the board.

For the year ended June 30, 2011, expenditures for non-instructional services exceeded appropriations by \$89,726. This was caused by an adjustment to record non-cash expenditures for building improvements made through E-Rate funding that was not budgeted by the District. Also, the Cafeteria Fund's expenditures exceeded appropriations by \$27,095. However, the only line item over budget was commodities of \$46,749, which is a noncash expenditure and, therefore, not included in budgeted expenditures.

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, 2011, all bank deposits were fully collateralized or insured.

HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

B. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 155,200	\$ 36,635	\$ -	\$ 191,835
Construction in progress	-	80,000	-	80,000
	155,200	116,635	-	271,835
Capital assets being depreciated				
Buildings and improvements	15,129,800	152,295	-	15,282,095
Other fixed assets	979,975	76,119	-	1,056,094
Total capital assets being depreciated	16,109,775	228,414	-	16,338,189
Less accumulated depreciation for:				
Buildings and improvements	4,705,525	362,061	-	5,067,586
Other fixed assets	507,058	75,386	-	582,444
Total accumulated depreciation	5,212,583	437,447	-	5,650,030
Total being depreciated, net	10,897,192	(209,033)	-	10,688,159
Total capital assets, net	\$ 11,052,392	\$ (92,398)	\$ -	\$ 10,959,994

Depreciation of \$307,511 was charged to operation and maintenance of plant, with \$40,397 charged to instruction, \$66,009 to student support and \$23,530 to food service.

C. Long-term Debt

The District issued \$6,965,000 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. The bonds are payable serially through 2021 and have a 2% interest rate.

The annual requirements to amortize long-term debt as of June 30, 2011, are as follows:

Year ending June 30	Bonds	Interest
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
2017-2021	3,000,000	369,812
	\$ 5,280,000	\$ 1,203,598

HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

The following is a summary of long-term debt transactions for the year ended June 30, 2011:

	<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>\$ 5,670,000</u>	<u>\$ -</u>	<u>\$ 390,000</u>	<u>\$ 5,280,000</u>	<u>\$ 410,000</u>

D. Interfund Transfers

For the year ended June 30, 2011, the Federal Projects fund transferred grant proceeds of \$22,000 to the General fund. In addition, the General fund transferred \$35,000 to the Federal Projects fund in accordance with a resolution by the Board of Education to enable the Federal Projects fund to expend funds in anticipation of receiving grant reimbursements from the State of Tennessee.

NOTE 4 – OTHER INFORMATION

A. Pensions

Employee 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 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, 2011 was 10.94% 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.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

Annual Pension Cost

For the year ending June 30, 2011, Huntingdon Special School District's annual pension cost of \$59,960 to TCRS was equal to the District's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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 3.0% percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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, 2009 was 6 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$59,960	100.00%	\$0.00
June 30, 2010	\$67,095	100.00%	\$0.00
June 30, 2009	\$69,161	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2011, 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.

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.

HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2011

(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%

Teachers Defined Benefit Plan

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, 2011 was 9.05% 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, 2011, 2010, and 2009 were \$430,535, \$301,787, and \$300,428 respectively, equal to the required contributions for each year.

HUNTINGDON SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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, 2011, the State made contributions of approximately \$5,291 and \$8,215 respectively.

**HUNTINGDON SPECIAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**
June 30, 2011

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 SECTION

The other supplementary information section 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
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CENTRAL CAFETERIA**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for current services				
Lunch payments - children	\$ 139,750	\$ 139,750	\$ 125,847	\$ (13,903)
Lunch payments - adults	23,000	23,000	23,139	139
Income from breakfast	17,000	17,000	23,613	6,613
A la carte sales	<u>40,000</u>	<u>40,000</u>	<u>24,965</u>	<u>(15,035)</u>
Total charges for current services	<u>219,750</u>	<u>219,750</u>	<u>197,564</u>	<u>(22,186)</u>
Other local revenues				
Interest earned	800	800	696	(104)
Miscellaneous refunds	<u>-</u>	<u>-</u>	<u>401</u>	<u>401</u>
Total other local revenues	<u>800</u>	<u>800</u>	<u>1,097</u>	<u>297</u>
State education funds				
School food services	<u>8,000</u>	<u>8,000</u>	<u>7,715</u>	<u>(285)</u>
Federal through state				
USDA - Lunch	276,750	276,750	289,889	13,139
USDA - Snack	2,000	2,000	1,741	(259)
Breakfast Reimbursement	115,000	115,000	119,221	4,221
Commodity Reimbursement	<u>-</u>	<u>-</u>	<u>46,749</u>	<u>46,749</u>
Total federal through state	<u>393,750</u>	<u>393,750</u>	<u>457,600</u>	<u>63,850</u>
Total revenues	<u>622,300</u>	<u>622,300</u>	<u>663,976</u>	<u>41,676</u>
EXPENDITURES				
Food services				
Director	41,512	41,512	41,512	-
Accountants/bookkeepers	10,740	10,740	10,718	(22)
Cafeteria personnel	180,000	175,900	175,750	(150)
Social Security	14,000	14,000	13,639	(361)
State retirement	15,000	15,000	13,683	(1,317)
Medicare liability	2,600	2,600	2,589	(11)
Unemployment compensation	700	700	626	(74)
Communication	1,748	1,748	1,507	(241)
Food supplies	249,000	249,000	235,123	(13,877)
Utilities	15,000	15,000	15,000	-
Commodity expense	-	-	46,749	46,749
Other supplies and materials	32,000	22,000	20,243	(1,757)
Other charges	50,000	42,800	40,956	(1,844)
Equipment	<u>10,000</u>	<u>45,875</u>	<u>45,875</u>	<u>-</u>
Total expenditures	<u>622,300</u>	<u>636,875</u>	<u>663,970</u>	<u>27,095</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>\$ (14,575)</u>	<u>6</u>	<u>\$ 14,581</u>
Fund balance - July 1, 2010			203,786	
Increase (decrease) in inventory			<u>(218)</u>	
Fund balance - June 30, 2011			<u>\$ 203,574</u>	

See independent auditor's report

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND**

For the Year Ended June 30, 2011

	Original Budget	Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Local taxes	\$ 552,830	\$ 552,830	\$ 541,506	\$ (11,324)
Other local revenues				
Interest earned	6,830	6,830	2,522	(4,308)
Total revenues	559,660	559,660	544,028	(15,632)
EXPENDITURES				
Education debt service:				
Principal on bonds	340,000	340,000	340,000	-
Interest on bonds	207,160	207,160	207,160	-
Trustee's commission	11,000	11,000	10,105	(895)
Other charges	1,500	1,500	522	(978)
Total expenditures	559,660	559,660	557,787	(1,873)
Revenues over (under) expenditures	\$ -	\$ -	(13,759)	\$ (13,759)
Fund balance - July 1, 2010			436,795	
Fund balance - June 30, 2011			\$ 423,036	

See independent auditor's report

HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
For the Year Ended June 30, 2011

<u>Year Ended June 30,</u>	<u>Bonds - Series 2003</u>	
	<u>Principal</u>	<u>Interest</u>
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>\$ 5,280,000</u>	<u>\$ 1,203,598</u>

See independent auditor's report

HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BONDS OF PRINCIPAL OFFICIALS
June 30, 2011

	<u>Salary</u>	<u>Bond</u>
Director of Schools	\$ <u>81,500</u>	\$ <u>276,000</u>

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

See independent auditor's report

HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

	<u>Federal CFDA Number</u>	<u>Balance 7/1/2010</u>	<u>Cash Receipts</u>	<u>Expenditures/ Amount Earned/ Amount Issued</u>	<u>Balance Unearned (Receivable) 6/30/2011</u>
U.S. DEPARTMENT OF EDUCATION					
Pass-through Tennessee Department of Education					
Special Education Grants to States					
IDEA Program	84.027 *	\$ (212,183)	\$ 563,433	\$ 463,114	\$ (111,864)
Preschool Program	84.173 *	-	15,683	15,683	-
		(212,183)	579,116	478,797	(111,864)
ARRA - IDEA Program	84.391*	-	215,438	220,587	(5,149)
ARRA - Preschool Program	84.392A*	-	1,876	1,876	-
Total IDEA Cluster		(212,183)	796,430	701,260	(117,013)
Title I, Grants to Local Education Agencies	84.010*	(13,821)	307,038	293,217	-
ARRA - Title I, Grants to Local Education Agencies	84.389*	-	75,385	75,385	-
Total Title I Cluster		(13,821)	382,423	368,602	-
Title X, Education of Homeless Children and Youth	84.196	(17,137)	19,903	27,470	(24,704)
ARRA-Title X, Education of Homeless Children and Youth	84.387	-	5,627	5,627	-
Total Title X Cluster		(17,137)	25,530	33,097	(24,704)
Title II, Part D, Eisenhower Professional Development State Grants	84.281	-	1,050	1,050	-
Title II, Part A3, Eisenhower Professional Development State Grants	84.367A	-	77,621	77,621	-
Education Jobs Program	84.410	-	97,238	97,238	-
State Stabilization Fiscal Funds					
ARRA - Education State Grants	84.394*	-	587,088	587,088	-
ARRA - Government Services	84.397*	-	-	7,100	(7,100)
ARRA - Government Services	84.397*	-	3,680	3,680	-
ARRA - Government Services	84.397*	-	3,183	3,183	-
ARRA - Government Services	84.397*	(30,709)	36,963	45,092	(38,838)
Total State Stabilization Fiscal Funds		(30,709)	630,914	646,143	(45,938)
Career and Technical Education Basic Grants to States	84.048	-	19,314	19,314	-
ARRA - Race-to-the-Top Incentive Grant	84.395A	-	147,570	147,570	-
Title VI, Safe and Drug Free Schools and Communities	84.186	(816)	816	-	-
Total Department of Education		(274,666)	2,178,906	2,091,895	(187,655)

See independent auditor's report

HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

	Federal CFDA Number	Balance 7/1/2010	Cash Receipts	Expenditures/ Amount Earned/ Amount Issued	Balance Unearned (Receivable) 6/30/2011
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-through the Tennessee Department of Human Services					
ARRA - TANF Emergency Fund	93.714	-	10,681	10,681	-
U.S. DEPARTMENT OF AGRICULTURE					
Pass-through Tennessee Department of Agriculture					
School Breakfast Program	10.553*	(3,396)	118,395	119,221	(4,222)
National School Lunch Program	10.555*	(5,532)	287,476	289,889	(7,945)
Snack Program	10.555*	-	1,741	1,741	-
Total Department of Agriculture		<u>(8,928)</u>	<u>407,612</u>	<u>410,851</u>	<u>(12,167)</u>
Total cash federal awards		(283,594)	2,597,199	2,513,427	(199,822)
U.S. DEPARTMENT OF AGRICULTURE					
Pass-through the Tennessee Department of Agriculture					
Food-Distribution - Commodities	10.555*	-	46,749	46,749	-
Total federal awards		<u>\$ (283,594)</u>	<u>\$ 2,643,948</u>	<u>\$ 2,560,176</u>	<u>\$ (199,822)</u>

* major program

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

See independent auditor's report

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

For the Year Ended June 30, 2011

	<u>Balance 7/1/10</u>	<u>Cash Receipts</u>	<u>Expenditures/ Amount Earned/ Amount Issued</u>	<u>Balance Unearned (Receivable) 6/30/11</u>
Early Childhood	\$ (17,174)	\$ 258,501	\$ 298,717	\$ (57,390)
Connect Tennessee	-	675	675	-
Lottery for Education - After School Program (LEAPS)	<u>(81,326)</u>	<u>81,326</u>	<u>90,000</u>	<u>(90,000)</u>
Total state financial assistance	<u>\$ (98,500)</u>	<u>\$ 340,502</u>	<u>\$ 389,392</u>	<u>\$ (147,390)</u>

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION



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

Members of the Board
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, 2011, which collectively comprise the Huntingdon Special School District's financial statements, and have issued our report thereon dated November 30, 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 November 30, 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

Martin, Tennessee
November 30, 2011



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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, 2011. 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 each of its major federal programs for the year ended June 30, 2011.

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 was not designed to identify all deficiencies in internal control over compliance 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

Martin, Tennessee
November 30, 2011

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

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 X no
- significant deficiency(ies) identified? _____yes X none reported
- noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? _____yes X no
- significant deficiency(ies) identified? _____yes X 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 X no

Identification of major programs:

<u>Program Name</u>	<u>CFDA No.</u>
USDA School Breakfast Program	10.553
USDA National School Lunch Program	10.555
USDA Snack Program	10.555
USDA Food Distribution – Commodities	10.555
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? X yes _____no

**HUNTINGDON SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

Section II – Financial Statement Findings

There were no findings reported.

Section III – Federal Award Findings and Questioned Costs

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