

**BRADFORD SPECIAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**BRADFORD SPECIAL SCHOOL DISTRICT  
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## **INTRODUCTORY SECTION**

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

June 30, 2011

Board of Trustees

Don Lannom, President  
Dr. Kelvin Moore, Vice-President  
Ricky L. Bratton  
Richard Cunningham  
Dale Denning  
Mark Hampton

Director of Schools

Dan Black

## **FINANCIAL SECTION**



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## Independent Auditor's Report

Board of Education  
Bradford Special School District  
Bradford, Tennessee

We have audited the accompanying district-wide financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bradford 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 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 January 13, 2012, 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 35 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 the other supplementary information 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 schedule of expenditures of federal awards and other supplementary information are the responsibility of management and were derived from and relate 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  
January 13, 2012

## **BASIC FINANCIAL STATEMENTS**

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

**ASSETS**

Cash	\$	447,684
Taxes receivable		765,079
Due from other governmental agencies - grants		313,716
Due from fiduciary fund		1,000
Accounts receivable		193,018
Inventory		9,409
Capital assets, not being depreciated:		
Land		112,750
Construction in process		54,750
Capital assets, net of accumulated depreciated:		
Buildings and improvements		1,034,150
Vehicles, equipment and other		265,417
<b>Total assets</b>		<b><u>3,196,973</u></b>

**LIABILITIES**

Accounts payable		145,675
Due to scholarship student		1,000
Deferred revenue - taxes		765,079
Deferred revenue - grants		1,294
Noncurrent liabilities:		
Bonds, notes, and/or capital leases payable		
Portion due or payable within one year		100,533
Portion due or payable after one year		160,000
<b>Total liabilities</b>		<b><u>1,173,581</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt		1,156,426
Restricted for		
Operation of noninstructional services		73,105
Unrestricted		793,861
<b>Total net assets</b>		<b><u>\$ 2,023,392</u></b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
<b>Instruction</b>					
Regular education	\$ 2,231,120	\$ -	\$ 1,025,726	\$ -	\$ (1,205,394)
Special education	221,276	-	137,844	-	(83,432)
Vocational education	46,614	-	11,767	-	(34,847)
<b>Support services</b>					
Student support	280,721	-	-	-	(280,721)
Instructional staff	473,583	-	-	-	(473,583)
General administration	260,552	-	-	-	(260,552)
School administration	222,196	-	-	-	(222,196)
Business administration	63,634	-	-	-	(63,634)
Operation and maintenance of plant	498,098	-	-	-	(498,098)
Student transportation	228,162	-	-	-	(228,162)
Central and other	20,243	-	-	-	(20,243)
<b>Non-instructional services</b>					
Food service	370,268	113,988	259,224	-	2,944
Community services	141,321	73,515	68,750	-	944
Early childhood education	228,053	-	196,143	-	(31,910)
Debt service	14,761	-	-	-	(14,761)
Total	<u>\$ 5,300,602</u>	<u>\$ 187,503</u>	<u>\$ 1,699,454</u>	<u>\$ -</u>	<u>(3,413,645)</u>
<b>General revenues:</b>					
					310,367
					803,952
					Intergovernmental:
					Basic Education Program 2,390,831
					Other 104,841
					Interest 1,674
					Other miscellaneous revenues 32,845
					<u>Total general revenues 3,644,510</u>
<b>Change in net assets</b>					
					<b>230,865</b>
					Net assets - beginning, as previously reported 1,798,249
					Prior period adjustment (5,722)
					<u>Net assets - beginning, as restated 1,792,527</u>
					Net assets, ending <u>\$ 2,023,392</u>

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

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

	<u>MAJOR FUNDS</u>		<u>NONMAJOR</u>	<u>Total Governmental Funds</u>
	<u>General Purpose Fund</u>	<u>Federal Projects Fund</u>	<u>Cafeteria Fund</u>	
<b>ASSETS</b>				
Cash	\$ 395,408	\$ -	\$ 52,276	\$ 447,684
Taxes receivable	765,079	-	-	765,079
Due from other governmental agencies - grants	148,298	160,496	4,922	313,716
Due from fiduciary fund	1,000	-	-	1,000
Due from other funds	148,176	-	-	148,176
Accounts receivable	177,111	-	15,907	193,018
Inventory	-	-	9,409	9,409
<b>Total assets</b>	<b><u>\$ 1,635,072</u></b>	<b><u>\$ 160,496</u></b>	<b><u>\$ 82,514</u></b>	<b><u>\$ 1,878,082</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Due to other funds	\$ -	\$ 148,176	\$ -	\$ 148,176
Due to scholarship student	1,000	-	-	1,000
Accounts payable	134,649	11,026	-	145,675
Deferred revenue - grants	-	1,294	-	1,294
Deferred revenue - taxes	765,079	-	-	765,079
Total liabilities	<u>900,728</u>	<u>160,496</u>	<u>-</u>	<u>1,061,224</u>
Fund balances				
Nonspendable - food service inventory	-	-	9,409	9,409
Restricted for:				
Operation of noninstructional services	-	-	73,105	73,105
Unassigned	<u>734,344</u>	<u>-</u>	<u>-</u>	<u>734,344</u>
Total fund balances	<u>734,344</u>	<u>-</u>	<u>82,514</u>	<u>816,858</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,635,072</u></b>	<b><u>\$ 160,496</u></b>	<b><u>\$ 82,514</u></b>	<b><u>\$ 1,878,082</u></b>

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

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

<b>Total governmental fund balances</b>	\$ 816,858
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,467,067
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>(260,533)</u>
<b>Net assets of governmental activities</b>	<u>\$ 2,023,392</u>

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

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2011

	<u>MAJOR FUNDS</u>		<u>NONMAJOR</u>	<u>Total Governmental Funds</u>
	<u>General Purpose Fund</u>	<u>Federal Projects Fund</u>	<u>Cafeteria Fund</u>	
<b>REVENUES</b>				
Taxes	\$ 1,114,319	\$ -	\$ -	\$ 1,114,319
Intergovernmental	3,115,690	820,212	259,224	4,195,126
Charges for services	73,515	-	113,988	187,503
Interest earnings	1,479	-	195	1,674
Miscellaneous	32,845	-	-	32,845
Total revenues	<u>4,337,848</u>	<u>820,212</u>	<u>373,407</u>	<u>5,531,467</u>
<b>EXPENDITURES</b>				
Current				
Instruction	1,948,263	505,269	-	2,453,532
Support services	1,718,039	246,193	-	1,964,232
Food services	-	-	371,245	371,245
Non-instructional services	326,042	68,750	-	394,792
Debt service				
Principal	121,398	-	-	121,398
Interest	14,422	-	-	14,422
Administration fees	339	-	-	339
Capital outlay	104,466	-	-	104,466
Total expenditures	<u>4,232,969</u>	<u>820,212</u>	<u>371,245</u>	<u>5,424,426</u>
<b>Excess revenues over expenditures</b>	<u><b>104,879</b></u>	<u><b>-</b></u>	<u><b>2,162</b></u>	<u><b>107,041</b></u>
Fund balance - beginning	629,465	1,080	79,018	709,563
Prior period adjustment	-	(1,080)	-	(1,080)
Fund balance - beginning, as restated	629,465	-	79,018	708,483
Increase (decrease) in inventory	-	-	1,334	1,334
Fund balance - ending	<u>\$ 734,344</u>	<u>\$ -</u>	<u>\$ 82,514</u>	<u>\$ 816,858</u>

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

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2011

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 107,041</b>
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>	
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount of principal payments made on long-term debt for the current year.</p>	121,398
<p>The increase (decrease) in inventory is reported as a direct change to beginning fund balance in the governmental funds. However, in the statement of activities this change is reported as an expense, based on the consumption method.</p>	1,334
<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 outlay	104,466
Depreciation	<u>(103,374)</u>
<b>Change in net assets of governmental activities</b>	<b><u>\$ 230,865</u></b>

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

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
<b>Taxes</b>				
Local option sales tax	\$ 250,000	\$ 250,000	\$ 310,082	\$ 60,082
Interstate telecommunications tax	300	300	196	(104)
Trustee's collections - bankruptcy	475	475	89	(386)
City/Special School District:				
Current property tax	716,771	716,771	754,637	37,866
Prior year's property tax	52,000	52,000	34,186	(17,814)
Interest and penalty	5,000	5,000	5,479	479
Payment in lieu of taxes	8,850	8,850	9,650	800
Total City/Special School District	782,621	782,621	803,952	21,331
Total taxes	1,033,396	1,033,396	1,114,319	80,923
<b>Intergovernmental</b>				
Licenses and permits				
Marriage licenses	200	200	217	17
State revenues				
State education funds				
Basic Education Program	2,671,000	2,451,334	2,390,831	(60,503)
Other state education funds	78,002	-	1,241	1,241
Career Ladder	36,331	36,331	10,808	(25,523)
Career Ladder - extended contract	39,300	-	-	-
Early Childhood Education	196,143	196,143	196,143	-
Total state education revenue	3,020,776	2,683,808	2,599,023	(84,785)
Other state revenues				
State on-behalf payments for postretirement benefits	-	-	42,407	42,407
Mixed drink tax	-	-	42	42
Other state revenues	155,100	155,100	51,367	(103,733)
Total other state revenues	155,100	155,100	93,816	(61,284)
Total state revenues	3,175,876	2,838,908	2,692,839	(146,069)
Federal revenues				
Federal funds received through state				
State Stabilization Fiscal Funds	-	336,968	406,405	69,437
Special Education Preschool Grant	11,585	11,585	11,585	-
Other federal through state	-	-	4,644	4,644
Total federal revenues	11,585	348,553	422,634	74,081
Total Intergovernmental	3,187,661	3,187,661	3,115,690	(71,971)

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>Miscellaneous</b>				
Charges for current services				
Community service fees	64,000	64,000	73,515	9,515
Other local revenues				
Interest earned	2,500	2,500	1,479	(1,021)
Lease/rentals	-	-	150	150
Miscellaneous refunds	12,000	12,000	11,340	(660)
Insurance recovery	-	-	12,210	12,210
Sale of equipment	50	50	225	175
Sale of materials / supplies	-	-	50	50
Damages recovered from individuals	85	85	-	(85)
Other local revenues	8,870	8,870	8,870	-
Total other local revenues	<u>23,505</u>	<u>23,505</u>	<u>34,324</u>	<u>10,819</u>
Total miscellaneous	<u>87,505</u>	<u>87,505</u>	<u>107,839</u>	<u>20,334</u>
<b>Total revenues</b>	<b><u>4,308,562</u></b>	<b><u>4,308,562</u></b>	<b><u>4,337,848</u></b>	<b><u>29,286</u></b>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular education				
Teachers	1,245,565	1,240,215	1,240,128	(87)
Career Ladder Program	18,000	18,000	13,999	(4,001)
Career Ladder - extended contract	33,700	33,700	33,700	-
Other salaries and wages	-	2,000	2,000	-
Non-certified substitute teachers	26,000	28,150	27,825	(325)
Social security	82,043	69,643	69,072	(571)
State retirement	117,403	111,403	110,808	(595)
Medical insurance	147,810	135,810	135,094	(716)
Medicare	19,187	17,187	16,743	(444)
Maintenance and repair - equipment	15,000	8,000	7,162	(838)
Other contracted services	30,000	29,970	26,704	(3,266)
Instructional supplies/materials	40,000	38,802	30,579	(8,223)
Textbooks	65,000	75,000	74,955	(45)
Fee waivers	500	500	-	(500)
Other charges	-	1,828	1,827	(1)
Equipment	5,000	8,200	8,200	-
Total regular education	<u>1,845,208</u>	<u>1,818,408</u>	<u>1,798,796</u>	<u>(19,612)</u>

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Special education				
Teachers	47,285	47,285	47,285	-
Aides	13,450	13,450	13,450	-
Substitute teachers	500	500	500	-
Social security	3,797	3,797	3,797	-
State retirement	4,280	4,280	4,280	-
Medical insurance	98	3,664	3,664	-
Medicare	888	888	888	-
Other contracted services	27,272	29,254	29,254	-
Instructional supplies/materials	3,855	1,180	1,180	-
Other supplies and materials	5,000	4,681	4,681	-
Equipment	-	1,539	1,539	-
Total special education	<u>106,425</u>	<u>110,518</u>	<u>110,518</u>	<u>-</u>
Vocational education				
Teachers	33,347	31,347	30,954	(393)
Substitute teachers	300	300	300	-
Social security	2,087	2,087	1,893	(194)
State retirement	3,018	3,018	2,801	(217)
Medical insurance	3,600	600	545	(55)
Dental insurance	98	98	16	(82)
Medicare	488	488	443	(45)
Maintenance and repair - equipment	500	500	500	-
Instructional supplies	1,000	1,000	997	(3)
Other supplies and materials	500	500	500	-
Total vocational education	<u>44,938</u>	<u>39,938</u>	<u>38,949</u>	<u>(989)</u>
Total instruction	<u>1,996,571</u>	<u>1,968,864</u>	<u>1,948,263</u>	<u>(20,601)</u>
<b>Support services</b>				
Student support				
Health services				
Medical personnel	39,405	39,405	38,640	(765)
Other salaries and wages	52,338	54,106	54,106	-
Social security	5,689	4,877	4,877	-
State retirement	3,280	3,318	3,318	-
Medical insurance	9,568	7,251	7,251	-
Dental insurance	98	49	49	-
Medicare	1,331	1,168	1,168	-
Communication	800	800	800	-
Maintenance and repair services	500	500	500	-
Travel	2,000	3,264	3,264	-
Other contracted services	500	200	200	-

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Drugs and medical supplies	15,808	16,379	15,899	(480)
Other charges	1,500	1,500	1,500	-
Equipment	-	1,985	1,985	-
Total health services	<u>132,817</u>	<u>134,802</u>	<u>133,557</u>	<u>(1,245)</u>
Other student support				
Guidance personnel	57,750	57,750	57,595	(155)
Social workers	7,200	10,388	10,388	-
Social security	4,027	4,027	3,703	(324)
State retirement	5,227	5,227	5,203	(24)
Medical insurance	7,021	7,021	7,021	-
Dental insurance	98	98	98	-
Medicare	942	942	866	(76)
Evaluation/testing	9,000	9,000	6,604	(2,396)
Maintenance and repair	500	-	-	-
Travel	5,000	5,000	5,000	-
Other supplies and materials	1,000	-	-	-
Inservice/staff development	1,000	1,000	1,000	-
Other equipment	1,000	6,000	5,810	(190)
Total other student support	<u>99,765</u>	<u>106,453</u>	<u>103,288</u>	<u>(3,165)</u>
Total student support	<u>232,582</u>	<u>241,255</u>	<u>236,845</u>	<u>(4,410)</u>
Instructional staff				
Regular education				
Director	80,500	72,500	72,122	(378)
Career Ladder Program	4,000	4,000	4,000	-
Librarian(s)	94,570	94,570	94,570	-
Social security	11,102	5,102	4,738	(364)
State retirement	16,206	11,206	10,576	(630)
Medical insurance	21,500	20,900	20,836	(64)
Dental insurance	294	294	279	(15)
Medicare	2,596	1,996	1,973	(23)
Communication	500	500	500	-
Maintenance and repair	500	-	-	-
Travel	750	750	750	-
Library books	8,000	7,000	6,997	(3)
Periodicals	500	500	500	-
In-service training	5,500	5,500	5,253	(247)
Other charges	-	2,455	6,944	4,489
Total regular education	<u>246,518</u>	<u>227,273</u>	<u>230,038</u>	<u>2,765</u>

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Special education				
Director	30,500	30,500	30,500	-
Social security	2,077	2,077	2,077	-
State retirement	2,761	2,761	2,761	-
Medicare	486	486	486	-
Travel	6,000	4,320	4,320	-
Other salaries and wages	3,000	3,000	3,000	-
Other contracted services	4,000	4,000	4,000	-
Inservice/staff development	2,000	1,830	1,830	-
Total special education	<u>50,824</u>	<u>48,974</u>	<u>48,974</u>	<u>-</u>
Total instructional staff	<u>297,342</u>	<u>276,247</u>	<u>279,012</u>	<u>2,765</u>
General administration				
Board of education services				
Inservice training	500	500	-	(500)
Unemployment compensation	6,000	13,530	12,530	(1,000)
Audit services	10,000	10,000	9,750	(250)
Dues and memberships	5,200	5,200	4,364	(836)
Legal services	800	800	268	(532)
Travel	10,000	10,000	9,769	(231)
Maintenance and repair	2,000	2,000	2,000	-
Trustee commissions	20,000	20,000	18,535	(1,465)
Workmen's compensation insurance	27,172	26,172	26,089	(83)
In-service/staff development	1,000	1,000	1,000	-
Refund to applicant for criminal	200	200	-	(200)
Other charges	10,000	13,200	12,663	(537)
Total board of education services	<u>92,872</u>	<u>102,602</u>	<u>96,968</u>	<u>(5,634)</u>
Office of the superintendent				
County official/administrative officer	90,750	104,750	104,744	(6)
Career Ladder Program	1,000	1,000	1,000	-
Clerical personnel	20,475	17,375	17,300	(75)
Social security	6,957	7,417	7,408	(9)
State retirement	8,304	9,574	9,570	(4)
Medical insurance	16,623	8,023	7,997	(26)
Dental insurance	195	195	186	(9)
Medicare	1,627	1,727	1,727	-
Communication	8,000	8,830	8,828	(2)
Postal charges	3,000	1,600	1,588	(12)
Travel	4,000	4,000	3,236	(764)
Total office of the superintendent	<u>160,931</u>	<u>164,491</u>	<u>163,584</u>	<u>(907)</u>

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Total general administration	<u>253,803</u>	<u>267,093</u>	<u>260,552</u>	<u>(6,541)</u>
School Administration				
Office of the principal				
Principals	118,700	126,700	126,690	(10)
Secretary(ies)	45,400	45,400	45,400	-
Social security	10,174	10,374	10,374	-
State retirement	10,743	12,093	12,050	(43)
Medical insurance	17,661	16,261	16,229	(32)
Dental insurance	389	389	372	(17)
Medicare	2,380	2,430	2,426	(4)
Communication	1,000	1,000	1,000	-
Dues and memberships	1,100	1,100	723	(377)
Maintenance and repair	500	-	-	-
Postal charges	88	88	88	-
Travel	3,500	3,500	2,924	(576)
In-service/staff development	1,000	1,000	853	(147)
Equipment	<u>1,000</u>	<u>3,100</u>	<u>3,067</u>	<u>(33)</u>
Total office of the principal	<u>213,635</u>	<u>223,435</u>	<u>222,196</u>	<u>(1,239)</u>
Business administration				
Fiscal services				
Accountants/bookkeepers	41,801	41,801	40,911	(890)
Inservice training	150	150	-	(150)
Social security	2,592	2,592	2,134	(458)
Medical insurance	8,000	6,500	6,444	(56)
Dental insurance	98	98	97	(1)
Medicare	607	607	499	(108)
Communication	300	300	300	-
Maintenance and repair - equipment	500	500	483	(17)
Travel	500	500	346	(154)
Other contracted services	7,345	7,345	7,345	-
Data processing services	2,000	2,000	1,655	(345)
Office supplies	3,000	3,000	2,661	(339)
Other supplies and materials	500	500	-	(500)
Administration equipment	<u>2,000</u>	<u>800</u>	<u>759</u>	<u>(41)</u>
Total fiscal services	<u>69,393</u>	<u>66,693</u>	<u>63,634</u>	<u>(3,059)</u>

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Operation and maintenance of plant				
Operation of plant				
Director	14,330	14,330	14,330	-
Custodial personnel	103,150	98,950	98,948	(2)
Social security	7,283	6,683	6,623	(60)
Medical insurance	10,000	7,800	7,708	(92)
Dental insurance	295	295	162	(133)
Medicare	1,703	1,703	1,553	(150)
Maintenance and repair	13,990	18,990	17,256	(1,734)
Rental	2,400	2,400	2,400	-
Travel	1,000	1,000	1,000	-
Disposal fees	3,180	3,180	3,180	-
Other contracted services	12,500	12,500	10,386	(2,114)
Custodial supplies	10,000	10,000	7,420	(2,580)
Electricity	90,000	96,000	94,977	(1,023)
Natural gas	23,000	14,000	13,834	(166)
Water and sewer	10,000	11,300	11,278	(22)
Other supplies and materials	10,000	10,000	10,000	-
Building and contents insurance	34,233	34,233	34,233	-
Plant operation equipment	1,000	10,500	10,456	(44)
Total operation of plant	<u>348,064</u>	<u>353,864</u>	<u>345,744</u>	<u>(8,120)</u>
Maintenance of plant				
Supervisor/director	29,160	29,160	29,160	-
Social security	1,807	1,807	1,408	(399)
Medical insurance	7,900	6,500	6,444	(56)
Dental insurance	98	98	97	(1)
Medicare	422	422	329	(93)
Communication	400	400	366	(34)
Maintenance and repair	33,200	35,200	33,241	(1,959)
Travel	1,000	2,000	1,891	(109)
Other contracted services	5,000	3,000	1,919	(1,081)
Other supplies and materials	10,000	10,000	8,200	(1,800)
In-service/staff development	500	500	500	-
Other charges	11,415	11,415	11,415	-
Total maintenance of plant	<u>100,902</u>	<u>100,502</u>	<u>94,970</u>	<u>(5,532)</u>
Total operation and maintenance of plant	<u>448,966</u>	<u>454,366</u>	<u>440,714</u>	<u>(13,652)</u>

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Student transportation				
Director	14,831	14,831	14,830	(1)
Bus drivers	78,000	81,500	81,303	(197)
Training	500	500	468	(32)
Social security	5,756	5,756	5,772	16
Medical insurance	7,296	7,296	7,286	(10)
Medicare	1,346	1,346	1,346	-
Contracts with other schools	35,000	34,900	33,391	(1,509)
Contracts with vehicle owners	8,000	5,857	5,857	-
Maintenance and repair	200	200	200	-
Medical and dental services	1,200	1,240	1,239	(1)
Travel	750	1,150	1,150	-
Gasoline	25,000	33,300	33,299	(1)
Vehicle and equipment insurance	7,702	7,702	7,702	-
In service/staff development	1,000	1,000	1,000	-
Total student transportation	<u>186,581</u>	<u>196,578</u>	<u>194,843</u>	<u>(1,735)</u>
Central and other				
Other salaries and wages	-	4,500	4,477	(23)
Social security	-	250	236	(14)
Medicare	-	60	55	(5)
Consultants	2,000	2,000	1,750	(250)
Other contracted services	10,000	14,000	13,725	(275)
Total central and other	<u>12,000</u>	<u>20,810</u>	<u>20,243</u>	<u>(567)</u>
Total support services	<u>1,714,302</u>	<u>1,746,477</u>	<u>1,718,039</u>	<u>(28,438)</u>
<b>Non-instructional services</b>				
Community services				
Director	20,000	16,930	16,930	-
Part-time personnel	20,000	28,950	28,948	(2)
Social security	-	1,682	891	(791)
Medicare	-	445	277	(168)
Travel	1,000	84	84	-
Other supplies and materials	18,000	28,100	25,188	(2,912)
In-service/staff development	500	-	-	-
Other charges	500	63	63	-
Total community services	<u>60,000</u>	<u>76,254</u>	<u>72,381</u>	<u>(3,873)</u>

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

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

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Early childhood education				
Director	9,124	9,124	9,124	-
Teachers	91,885	91,885	91,885	-
Educational assistants	53,800	53,294	53,294	-
Social security	9,599	9,599	9,599	-
State retirement	9,142	9,142	9,142	-
Medical insurance	21,602	18,365	18,365	-
Dental insurance	389	389	389	-
Medicare	2,245	2,245	2,245	-
Maintenance and repair services	1,000	1,000	1,000	-
Travel	10,000	5,663	5,663	-
Other contracted services	1,000	1,000	1,000	-
Other supplies and materials	18,268	17,349	17,349	-
Other equipment	-	8,998	8,998	-
Total early childhood education	<u>228,054</u>	<u>228,053</u>	<u>228,053</u>	<u>-</u>
State on-behalf payments				
State on-behalf payments for postretirement benefits	<u>-</u>	<u>-</u>	<u>42,407</u>	<u>42,407</u>
Capital outlay:				
Other salaries and wages	46,864	-	-	-
Other contracted services	6,000	13,500	13,500	-
Electricity	1,500	1,500	-	(1,500)
Building construction	151,600	51,600	47,250	(4,350)
Land	-	24,500	24,500	-
Site development	21,000	22,400	-	(22,400)
Other capital outlay	<u>-</u>	<u>2,650</u>	<u>2,417</u>	<u>(233)</u>
Total capital outlay	<u>226,964</u>	<u>116,150</u>	<u>87,667</u>	<u>(28,483)</u>
Debt service				
Principal on bonds	70,000	70,000	70,000	-
Interest on bonds	11,905	11,905	11,905	-
Principal on capitalized leases	51,414	51,414	51,398	(16)
Interest on capitalized leases	2,502	2,502	2,517	15
Other debt service	<u>500</u>	<u>500</u>	<u>339</u>	<u>(161)</u>
Total debt service	<u>136,321</u>	<u>136,321</u>	<u>136,159</u>	<u>(162)</u>
Total non-instructional services	<u>651,339</u>	<u>556,778</u>	<u>566,667</u>	<u>9,889</u>
<b>Total expenditures</b>	<b><u>4,362,212</u></b>	<b><u>4,272,119</u></b>	<b><u>4,232,969</u></b>	<b><u>(39,150)</u></b>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>Net change in fund balance</b>	<b><u>\$ (53,650)</u></b>	<b><u>\$ 36,443</u></b>	<b>104,879</b>	<b><u>\$ 68,436</u></b>
Fund balance - beginning			<u>629,465</u>	
Fund balance - ending			<u>\$ 734,344</u>	

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Vocational program improvement - Carl D. Perkins Title I	\$ 11,767	\$ 11,767	\$ 11,767	\$ -
Race to the Top - ARRA	352,821	354,897	343,865	(11,032)
Special Education - IDEA	218,885	298,885	141,842	(157,043)
Special Education - Preschool	120,876	120,876	120,876	-
Title II Grants	5,383	5,383	5,383	-
Twenty-first Century Community Learning Centers	32,020	31,100	31,100	-
Other direct federal	68,750	68,750	68,750	-
Other state revenue	15,380	15,380	7,267	(8,113)
Other federal through state	80,000	-	-	-
	<u>298,350</u>	<u>156,450</u>	<u>89,362</u>	<u>(67,088)</u>
<b>Total revenues</b>	<b><u>1,204,232</u></b>	<b><u>1,063,488</u></b>	<b><u>820,212</u></b>	<b><u>(243,276)</u></b>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular instruction				
Teachers	421,086	358,838	273,712	(85,126)
Aides	84,406	42,203	-	(42,203)
Substitute teachers	1,100	1,100	1,100	-
Social security	29,716	22,445	16,002	(6,443)
State retirement	35,686	30,052	24,659	(5,393)
Medical insurance	24,842	25,304	21,613	(3,691)
Dental insurance	436	436	310	(126)
Medicare	6,962	5,258	3,702	(1,556)
Maintenance and repair - equipment	1,500	3,453	3,453	-
Other contracted services	1,150	7,267	7,267	-
Other supplies and materials	11,547	9,305	9,305	-
Equipment	<u>45,043</u>	<u>41,936</u>	<u>25,723</u>	<u>(16,213)</u>
Total regular instruction	<u>663,474</u>	<u>547,597</u>	<u>386,846</u>	<u>(160,751)</u>
Special education program				
Teachers	31,228	32,353	32,353	-
Aides	49,800	52,567	52,567	-
Social security	5,024	5,187	5,187	-
State retirement	2,827	2,928	2,928	-
Dental insurance	98	98	98	-
Medicare	1,175	1,213	1,213	-

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

**BRADFORD SPECIAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FEDERAL PROJECTS FUND**

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>EXPENDITURES (continued)</b>				
Other contracted services	20,222	14,603	14,603	-
Instructional supplies	384	384	384	-
Other supplies and materials	-	1,425	1,425	-
Total special education	<u>110,758</u>	<u>110,758</u>	<u>110,758</u>	<u>-</u>
Vocational education				
Other supplies and materials	473	1,665	1,665	-
Other charges	300	300	300	-
Equipment	5,700	5,700	5,700	-
Total vocational education	<u>6,473</u>	<u>7,665</u>	<u>7,665</u>	<u>-</u>
 Total instruction	 <u>780,705</u>	 <u>666,020</u>	 <u>505,269</u>	 <u>(160,751)</u>
<b>Support services</b>				
Other student support				
Social workers	14,400	14,400	14,400	-
Assessment personnel	4,800	4,800	4,800	-
Social security	1,156	1,156	1,101	(55)
State retirement	407	407	303	(104)
Medicare	279	279	274	(5)
Evaluation and testing	16,000	16,000	16,000	-
Travel	4,706	3,697	3,697	-
In-service/staff development	2,000	2,000	1,695	(305)
Total other student support	<u>43,748</u>	<u>42,739</u>	<u>42,270</u>	<u>(469)</u>
Regular instruction				
Supervisor/director	18,400	18,400	12,400	(6,000)
Materials supervisor	1,500	1,500	-	(1,500)
Secretary	3,000	3,000	2,000	(1,000)
Noncertified substitute teachers	925	925	925	-
Social security	810	810	609	(201)
State retirement	830	830	626	(204)
Medicare	327	327	225	(102)
Consultants	19,300	19,300	12,000	(7,300)
Travel	39,000	39,000	33,874	(5,126)
Other contracted services	37,500	37,500	7,500	(30,000)
Other supplies and materials	4,236	4,236	4,236	-
In-service-staff development	106,585	105,565	95,176	(10,389)
Other charges	5,250	5,229	5,229	-
Other equipment	11,200	11,200	7,200	(4,000)
Total regular instruction	<u>248,863</u>	<u>247,822</u>	<u>182,000</u>	<u>(65,822)</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>EXPENDITURES (continued)</b>				
Vocational education				
Other salaries and wages	12,520	12,520	10,886	(1,634)
Social Security	776	776	675	(101)
State retirement	449	449	447	(2)
Medicare	182	182	158	(24)
Travel	588	404	405	1
Total vocational education	<u>14,515</u>	<u>14,331</u>	<u>12,571</u>	<u>(1,760)</u>
<b>Student Transportation:</b>				
Bus drivers	44,260	22,130	8,687	(13,443)
Social security	2,748	1,374	539	(835)
Medicare	644	322	126	(196)
Total student transportation	<u>47,652</u>	<u>23,826</u>	<u>9,352</u>	<u>(14,474)</u>
Total support services	<u>354,778</u>	<u>328,718</u>	<u>246,193</u>	<u>(82,525)</u>
<b>Non-instructional services</b>				
Community services				
Director	4,200	4,200	4,200	-
Teachers	-	19,751	19,751	-
Clerical personnel	3,000	3,000	3,000	-
Part-time personnel	47,681	29,904	29,904	-
Social security	3,303	3,600	3,600	-
State retirement	2,250	2,168	2,168	-
Medicare	762	825	825	-
Travel	3,000	1,592	1,592	-
Other contracted services	1,000	-	-	-
Other supplies and materials	3,553	3,710	3,710	-
Total community services	<u>68,749</u>	<u>68,750</u>	<u>68,750</u>	<u>-</u>
Total non-instructional services	<u>68,749</u>	<u>68,750</u>	<u>68,750</u>	<u>-</u>
<b>Total expenditures</b>	<u><b>1,204,232</b></u>	<u><b>1,063,488</b></u>	<u><b>820,212</b></u>	<u><b>(243,276)</b></u>
<b>Revenues over (under) expenditures</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>-</b></u>	<u><b>\$ -</b></u>
Fund balance - beginning, as previously reported			1,080	
Prior period adjustment			<u>(1,080)</u>	
Fund balance - beginning, as restated			<u>-</u>	
Fund balance - ending			<u><u>\$ -</u></u>	

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

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2011

	Private-Purpose Trust Funds					Total
	Class of 1951 Scholarship	Tom Fund	School Endowment	Billy M. Pierce Endowment	Wave Young Scholarship	
<b>ASSETS</b>						
Cash	\$ 312	\$ 361	\$ 3,555	\$ 11,621	\$ 6,247	\$ 22,096
Accrued interest receivable	-	-	536	-	-	536
Investments	12,899	16,045	46,327	-	32,140	107,411
<b>Total assets</b>	<b><u>\$ 13,211</u></b>	<b><u>\$ 16,406</u></b>	<b><u>\$ 50,418</u></b>	<b><u>\$ 11,621</u></b>	<b><u>\$ 38,387</u></b>	<b><u>\$ 130,043</u></b>
<b>LIABILITIES</b>						
Due to other funds	-	-	-	-	1,000	1,000
<b>NET ASSETS</b>						
Held in trust for other purposes	13,211	16,406	50,418	11,621	37,387	129,043
<b>Total net assets</b>	<b><u>\$ 13,211</u></b>	<b><u>\$ 16,406</u></b>	<b><u>\$ 50,418</u></b>	<b><u>\$ 11,621</u></b>	<b><u>\$ 38,387</u></b>	<b><u>\$ 130,043</u></b>

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

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
For the Fiscal Year Ended June 30, 2011

	Private-Purpose Trust Funds					Total
	Class of 1951 Scholarship	Tom Fund	School Endowment	Billy M. Pierce Endowment	Wave Young Scholarship	
<b>ADDITIONS</b>						
Contributions	\$ -	\$ -	\$ 1,630	\$ -	\$ -	\$ 1,630
Investment earnings	<u>232</u>	<u>172</u>	<u>655</u>	<u>152</u>	<u>1,969</u>	<u>3,180</u>
Total additions	232	172	2,285	152	1,969	4,810
<b>DEDUCTIONS</b>						
Other charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,320</u>	<u>2,320</u>
<b>Change in net assets</b>	<b>232</b>	<b>172</b>	<b>2,285</b>	<b>152</b>	<b>(351)</b>	<b>2,490</b>
Net assets - beginning	12,979	16,234	48,133	11,469	37,265	126,080
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473</u>	<u>473</u>
Net assets, beginning - restated	<u>12,979</u>	<u>16,234</u>	<u>48,133</u>	<u>11,469</u>	<u>37,738</u>	<u>126,553</u>
Net assets - ending	<u>\$ 13,211</u>	<u>\$ 16,406</u>	<u>\$ 50,418</u>	<u>\$ 11,621</u>	<u>\$ 37,387</u>	<u>\$ 129,043</u>

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

# BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Bradford Special School District:

The Bradford Special School 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 component units, or entities for which the District is considered financially accountable, which should be included.

### B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. However, the District has no business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### 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, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

# **BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The District reports the following major governmental funds:

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

The 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.

The District also reports the following fiduciary funds: School Endowment Fund, Tom Endowment Fund, Billy M. Pierce Endowment Fund, Class of 1951 Scholarship Fund and Wave Young Scholarship Fund.

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

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

## **D. Assets, Liabilities, and Net Assets or Equity**

### **Deposits and Investments**

The District's cash consists of 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.

The District invests in the Tennessee Local Government Investment Pool. These investments are reported at fair value. The 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

**BRADFORD SPECIAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

of interfund loans) or “advances to / from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to / from other funds”.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and become delinquent on March 1. The property taxes are collected by the Trustee of Gibson County and remitted to the District. District property tax revenues are recognized in the period in which the taxes are permitted to be used and only for amounts actually received. Property taxes receivable are recognized when an enforceable legal claim to the taxable property arises; however, due to the timing of the receipts, the total receivable is deferred. Consequently, no allowance for doubtful accounts is reported.

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

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

**Inventories and Prepaid Items**

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

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

**Capital Assets**

Capital assets, which include land, buildings and improvements, and other 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 and equipment of the District is depreciated using the straight line method over the following useful lives:

Buildings and improvements	15 – 50 years
Vehicles, equipment and other	7 – 15 years

**Deferred Revenue**

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

# BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

## Compensated Absences

No provision for compensated absences has been shown in the financial statements presented. District employees do not have a right to receive any unpaid vacation upon leaving employment or retirement. Employees can elect to take ten dollars a day for every sick leave day they have accrued upon retirement. The employee has to have worked with the school system for ten years to be able to take the payout upon retirement. As of June 30, 2011, this amount was immaterial to the financial statements.

## 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.

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

**BRADFORD SPECIAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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 department-wide and general purpose fund 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. These include the general purpose, federal projects, and cafeteria funds. The Board of Education approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year end. Each budget is presented on the modified accrual basis of accounting.

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

**B. Expenditures over Budget**

For the year ended June 30, 2011, the Cafeteria Fund's expenditures exceeded appropriations by \$20,487. However, commodities of \$21,200 are a noncash expenditure and were not included in budgeted expenditures.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance 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. As of June 30, 2011, all bank deposits were fully collateralized or insured. The District does not have a deposit policy for custodial credit risk.

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

**B. Interfund Receivables, Payables, and Transfers**

The general purpose fund advances money to the federal projects fund on a short-term basis to meet temporary cash needs. The amount due to the general purpose fund as of June 30, 2011, was \$148,176. There was also \$1,000 due to the general purpose fund from a fiduciary fund for a student scholarship payment.

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 88,250	\$ 24,500	\$ -	\$ 112,750
Construction in process	-	54,750	-	54,750
	<u>88,250</u>	<u>79,250</u>	<u>-</u>	<u>167,500</u>
Capital assets being depreciated				
Buildings and improvements	2,617,952	-	-	2,617,952
Vehicles, equipment and other	420,736	25,216	-	445,952
	<u>3,038,688</u>	<u>25,216</u>	<u>-</u>	<u>3,063,904</u>
Less accumulated depreciation for:				
Buildings and improvements	1,515,386	68,416	-	1,583,802
Vehicles, equipment and other	145,577	34,958	-	180,535
	<u>1,660,963</u>	<u>103,374</u>	<u>-</u>	<u>1,764,337</u>
Total capital assets being depreciated, net	<u>1,377,725</u>	<u>(78,158)</u>	<u>-</u>	<u>1,299,567</u>
Total capital assets, net	<u>\$ 1,465,975</u>	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,467,067</u>

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

Instruction	\$ 3,071
Support Services:	
Operation and maintenance of plant	74,183
Student support	1,606
Noninstructional Services:	
Transportation	23,967
Food service	357
Community service	190
Total	<u>\$ 103,374</u>

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

**D. Long-term Debt**

Long-term debt includes school refunding bonds, Series 1998, which are scheduled to mature in 2014. The amount outstanding as of June 30, 2011, was \$235,000. Long-term debt also includes a capital lease with Central States Bus Sales through Blue Bird Body Company, with an annual payment of \$26,822, including interest.

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

Years Ending June 30,	Bonds Payable		Capital Leases		Total
	Principal	Interest	Principal	Interest	
2012	\$ 75,000	\$ 8,751	\$ 25,533	\$ 1,289	\$ 110,573
2013	80,000	5,340	-	-	85,340
2014	80,000	1,780	-	-	81,780
	<u>\$ 235,000</u>	<u>\$ 15,871</u>	<u>\$ 25,533</u>	<u>\$ 1,289</u>	<u>\$ 277,693</u>

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

	Beginning Balance	Prior Period Adjustment	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:						
Bonds Payable	\$ 305,000	\$ -	\$ -	\$ 70,000	\$ 235,000	\$ 75,000
Lease Payable	72,290	4,641	-	51,398	25,533	25,533
	<u>\$ 377,290</u>	<u>\$ 4,641</u>	<u>\$ -</u>	<u>\$ 121,398</u>	<u>\$ 260,533</u>	<u>\$ 100,533</u>

**E. Prior Period Adjustments**

Certain errors were discovered during the current year that pertained to prior year balances. In the federal projects fund, \$1,080 in unearned revenue was not recorded in the prior year. As a result, revenue was overstated and unearned revenue was understated by the same amount. It was also determined that the balance of a capital lease payable was understated by \$4,641. This correction resulted in an increase in long-term debt and a decrease in beginning government-wide net assets.

**NOTE 4 – OTHER INFORMATION**

**A. Pensions**

**Plan Description**

Employees of Bradford Special School District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with

**BRADFORD SPECIAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bradford Special School District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

**Funding Policy**

Bradford Special School District requires employees to contribute 5.0 percent of earnable compensation. The District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011 was 0.00% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Bradford Special School District is established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ending June 30, 2011, Bradford Special School District's annual pension cost of \$0 to TCRS was equal to Bradford Special School District's required and actual contributions. The required contribution was determined as part of the July 1, 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 ten-year period. Bradford Special School District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 9 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**Trend Information**

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$0	100.00%	\$0.00
June 30, 2010	\$0	100.00%	\$0.00
June 30, 2009	\$0	100.00%	\$0.00

**BRADFORD SPECIAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

**Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 133.22% funded. The actuarial accrued liability for benefits was \$1.35 million, and the actuarial value of assets was \$1.80 million, resulting in an unfunded actuarial accrued liability (UAAL) of (\$0.45) million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.53 million, and the ratio of the UAAL to the covered payroll was -85.01%.

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.

<i>(dollar amounts in thousands)</i>		Actuarial					UAAAL as a
		Accrued	Unfunded				Percentage
Actuarial	Actuarial	Liability	AAL	Funded	Covered	of Covered	
Valuation	Value of	(AAL)	(UAAL)	Ratio	Payroll	Payroll	
Date	Plan Assets	-Entry Age	(b) - (a)	(a/b)	( c )	((b-a)/c)	
	(a)	(b)					
July 01, 2009	\$1,803	\$1,353	(\$450)	133.22%	\$529	-85.01%	
July 01, 2007	\$1,739	\$1,203	(\$536)	144.56%	\$451	-118.85%	

**Teachers' Pension Plan**

**Plan Description**

The Bradford Special Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after 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.

## **BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://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 Bradford Special 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 Bradford Special Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2011, 2010, and 2009 were \$202,129, \$134,229, and \$139,815 respectively, equal to the required contributions for each year.

### **B. Contingent Liabilities and Losses**

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

### **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 Bradford Special School District 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 Bradford Special School District 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 \$41,780 and \$627 respectively.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BRADFORD SPECIAL SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS**  
For the Fiscal Year Ended June 30, 2011

*(dollar amounts in thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/09	\$ 1,803	\$ 1,353	\$ (450)	133.22%	\$ 529	-85.01%
7/1/07	\$ 1,739	\$ 1,203	\$ (536)	144.56%	\$ 451	-118.85%

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

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

*See independent auditor's report*

## **OTHER SUPPLEMENTARY INFORMATION**

**BRADFORD SPECIAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAFETERIA FUND**

For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>REVENUES</b>				
Charges for current services				
Lunch payments - children	\$ 94,000	\$ 74,715	\$ 74,710	\$ (5)
Lunch payments - adults	19,471	19,104	19,647	543
Income from breakfast	18,490	19,587	19,631	44
Total charges for current services	<u>131,961</u>	<u>113,406</u>	<u>113,988</u>	<u>582</u>
Other local revenues				
Interest earned	-	-	195	195
State education funds				
School food services	<u>3,570</u>	<u>3,570</u>	<u>3,365</u>	<u>(205)</u>
Federal through state				
USDA - Lunch	145,000	145,000	154,254	9,254
USDA - Breakfast	75,000	75,000	75,729	729
USDA - Other	4,800	4,800	4,676	(124)
Commodity reimbursement	-	-	21,200	21,200
Total federal through state	<u>224,800</u>	<u>224,800</u>	<u>255,859</u>	<u>31,059</u>
<b>Total revenues</b>	<b><u>360,331</u></b>	<b><u>341,776</u></b>	<b><u>373,407</u></b>	<b><u>31,631</u></b>
<b>EXPENDITURES</b>				
Food services				
Accountants/bookkeepers	4,300	4,300	4,145	(155)
Cafeteria personnel	107,000	102,500	102,421	(79)
In-service training	500	150	143	(7)
Social security	6,780	5,880	5,793	(87)
Medical insurance	16,740	14,840	14,773	(67)
Dental insurance	398	398	324	(74)
Medicare liability	1,585	1,385	1,355	(30)
Maintenance and repair - equipment	1,000	1,000	1,000	-
Utilities	8,000	8,000	7,967	(33)
Food supplies	160,000	160,250	181,893	21,643
Other supplies and materials	6,000	4,000	3,937	(63)
Communication	800	800	784	(16)
Travel	5,500	5,200	5,194	(6)

*See independent auditor's report*

**BRADFORD SPECIAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAFETERIA FUND**

For the Fiscal Year Ended June 30, 2011

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>EXPENDITURES (continued)</b>				
Other contracted services	216	499	499	-
Food prep supplies	15,000	16,656	16,723	67
Office supplies	600	600	-	(600)
Other charges	5,000	5,000	5,000	-
Equipment	3,000	19,300	19,294	(6)
<b>Total expenditures</b>	<b>342,419</b>	<b>350,758</b>	<b>371,245</b>	<b>20,487</b>
<b>Revenues over (under) expenditures</b>	<b>\$ 17,912</b>	<b>\$ (8,982)</b>	<b>2,162</b>	<b>\$ 11,144</b>
Fund balance - beginning			79,018	
Increase (decrease) in inventory			1,334	
Fund balance - ending			<b>\$ 82,514</b>	

*See independent auditor's report*

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
June 30, 2011

Year Ended June 30,	Bonds Payable		Blue Bird Leasing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 75,000	\$ 8,751	\$ 25,533	\$ 1,289	\$ 100,533	\$ 10,040
2013	80,000	5,340	-	-	80,000	5,340
2014	80,000	1,780	-	-	80,000	1,780
	<u>\$ 235,000</u>	<u>\$ 15,871</u>	<u>\$ 25,533</u>	<u>\$ 1,289</u>	<u>\$ 260,533</u>	<u>\$ 17,160</u>

*See independent auditor's report*

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF SALARIES AND BONDS**  
June 30, 2011

	<u>Salary</u>	<u>Bond</u>	
Director of Schools	<u>\$ 105,744</u>	<u>\$ 177,600</u>	*

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

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

	Federal CFDA Number	Balance 7/1/10	Cash Receipts	Expenditures/ Amount Earned/ Amount Issued	Balance 6/30/11	Due from Grantor	Unearned Revenue
<b>U.S. DEPARTMENT OF LABOR</b>							
Job Training Partnership Act	17.259	\$ -	\$ 12,167	\$ 12,167	\$ -	\$ -	\$ -
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Rural Education	84.358A	-	4,450	7,267	(2,817)	(2,817)	-
Pass-through the Tennessee Department of Education							
Special Education Grants to States							
IDEA Program, Part B	84.027	(32,298)	153,174	120,876	-	-	-
ARRA - IDEA Program, Part B	84.391A	(53,462)	53,462	-	-	-	-
IDEA Preschool Program	84.173A	(216)	5,600	5,384	-	-	-
IDEA Preschool High Costs		-	11,585	11,585	-	-	-
ARRA - IDEA Preschool Program	84.392A	(1,492)	1,492	-	-	-	-
Total Special Education Grants To States		(87,468)	225,313	137,845	-	-	-
Title I, Grants to Local Education Agencies	84.010	(27,959)	199,255	184,480	(13,184)	(14,478)	1,294
ARRA - Title I, Grants to Local Education Agencies	84.389	(5,907)	5,907	-	-	-	-
Total Title I Cluster		(33,866)	205,162	184,480	(13,184)	(14,478)	1,294
Vocational Education - Carl D. Perkins	84.048	-	11,767	11,767	-	-	-
Title II, Eisenhower Professional Development							
State Grants, Part D	84.281	-	634	634	-	-	-
State Grants, Part A	84.367	-	31,100	31,100	-	-	-
Total Title II Cluster		-	31,734	31,734	-	-	-
Title IV, Part B	84.287C	(25,989)	66,094	68,750	(28,645)	(28,645)	-
Title I, School Improvement Grant	84.377A	(83,429)	194,957	158,305	(46,777)	(46,777)	-
ARRA - Race to the Top	84.395	-	81,006	141,842	(60,836)	(60,836)	-

*See independent auditor's report*

**BRADFORD SPECIAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended June 30, 2011

	Federal CFDA Number	Balance 7/1/10	Cash Receipts	Expenditures/ Amount Earned/ Amount Issued	Balance 6/30/11	Due from Grantor	Unearned Revenue
ARRA - Education Jobs Fund	84.410	-	69,868	76,561	(6,693)	(6,693)	-
ARRA - State Stabilization Fiscal Funds							
Education State Grant	84.394 *	-	282,169	282,169	-	-	-
Government Services	84.397 *	-	2,500	2,500	-	-	-
Government Services	85.397 *	-	1,582	1,582	-	-	-
Government Services	86.397 *	-	-	3,300	(3,300)	(3,300)	-
Government Services	87.397 *	(37,143)	37,143	40,467	(40,467)	(40,467)	-
Government Services	88.397 *	(18,046)	72,268	75,000	(20,778)	(20,778)	-
Government Services	89.397 *	-	1,387	1,387	-	-	-
Total State Stabilization Fiscal Funds		<u>(55,189)</u>	<u>397,049</u>	<u>406,405</u>	<u>(64,545)</u>	<u>(64,545)</u>	<u>-</u>
Total U.S. Department of Education		<u>(285,941)</u>	<u>1,287,400</u>	<u>1,224,956</u>	<u>(223,497)</u>	<u>(224,791)</u>	<u>1,294</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Pass-through the Tennessee Department of Agriculture							
Snack Program	10.533	-	4,433	4,676	(243)	(243)	-
School Breakfast Program	10.553	(1,695)	70,404	75,729	(7,020)	(7,020)	-
National School Lunch Program	10.555	<u>(3,227)</u>	<u>144,015</u>	<u>154,254</u>	<u>(13,466)</u>	<u>(13,466)</u>	<u>-</u>
Total U.S. Department of Agriculture Cluster		<u>(4,922)</u>	<u>218,852</u>	<u>234,659</u>	<u>(20,729)</u>	<u>(20,729)</u>	<u>-</u>
<b>Total cash federal awards</b>		<b><u>(290,863)</u></b>	<b><u>1,518,419</u></b>	<b><u>1,471,782</u></b>	<b><u>(244,226)</u></b>	<b><u>(245,520)</u></b>	<b><u>1,294</u></b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Pass-through the Tennessee Department of Agriculture							
Food Distribution - Commodities	10.555	-	21,200	21,200	-	-	-
<b>Total federal awards</b>		<b><u>\$ (290,863)</u></b>	<b><u>\$ 1,539,619</u></b>	<b><u>\$ 1,492,982</u></b>	<b><u>\$ (244,226)</u></b>	<b><u>\$ (245,520)</u></b>	<b><u>\$ 1,294</u></b>

\* major program

This schedule had been prepared on the modified accrual basis of accounting.

See independent auditor's report

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended June 30, 2011

	<u>Balance 7/1/10</u>	<u>Cash Receipts</u>	<u>Expenditures/ Amount Earned/ Amount Issued</u>	<u>Balance 6/30/11</u>	<u>Due from Grantor</u>
Early Childhood	\$ (76,288)	\$ 251,485	\$ 196,143	\$ (20,946)	\$ (20,946)
TN Agriculture Enhancement Program	-	-	47,250	(47,250)	(47,250)
ACT Explore	-	951	951	-	-
Connect Tennessee	-	290	290	-	-
<b>Total state awards</b>	<b><u>\$ (76,288)</u></b>	<b><u>\$ 252,726</u></b>	<b><u>\$ 244,634</u></b>	<b><u>\$ (68,196)</u></b>	<b><u>\$ (68,196)</u></b>

*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***

To the Board of Education  
Bradford Special School District  
Bradford, Tennessee

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bradford Special School District as of and for the year ended June 30, 2011, which collectively comprise the Bradford Special School District's basic financial statements and have issued our report thereon dated January 13, 2012. 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**

Management of the Bradford Special School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our 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 Bradford Special School 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 Bradford Special School District'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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Item 10-02, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, the Board of Education, others within the Bradford Special School District, 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  
January 13, 2012



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**Independent Auditor's 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**

Board of Education  
Bradford Special School District  
Bradford, Tennessee

**Compliance**

We have audited Bradford 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 Bradford Special School District's major federal programs for the year ended June 30, 2011. The Bradford Special School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the 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 Bradford Special School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Bradford Special School District's compliance with those requirements.

In our opinion, Bradford Special School District complied, in all material respects, with the compliance 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.

## Internal Control over Compliance

Management of Bradford Special School District is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the 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 Bradford Special School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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

The Bradford Special School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management, the Board of Education, others within the Bradford Special School District, 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  
January 13, 2012

**BRADFORD 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  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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA – State Stabilization Fiscal Funds
84.397	Cluster

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

Auditee qualified as low-risk auditee?  yes  no

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

**Section II – Financial Statement Findings**

**10-02 Failure to Follow Cash Disbursements Controls**

Condition: During our testing of cash disbursements, we noted 7 instances where invoices were not being approved and purchase orders were stamped, rather than signed or initialed by the appropriate official. We also found 3 instances where the purchase order was not issued prior to the purchase being made.

Criteria: The District's policies for purchase orders states that "all purchases . . . shall be by purchase order or formal contract, and no purchase shall be made nor payment approved unless covered by an approved purchase order." The policy also states that "purchase order will include . . . signature of purchasing agent."

Effect: Funds have been disbursed that were not properly approved or substantiated in accordance with the District's internal control procedures.

Recommendation: We recommend that internal control procedures for disbursements be followed for all disbursements.

Response: *We concur. Every effort will be made to follow the District's policies for purchase orders.*

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

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**BRADFORD SPECIAL SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2011

09-01 Travel Reimbursements – corrected

10-01 ARRA Funds Not Segregated – corrected

10-02 Failure to Follow Cash Disbursements Controls – repeated