

BRADFORD SPECIAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**BRADFORD SPECIAL SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

List of Principal Officials 1

FINANCIAL SECTION

Independent Auditor's Report..... 2

Basic Financial Statements:

 District-wide Financial Statements:

 Statement of Net Position 5

 Statement of Activities 6

 Fund Financial Statements:

 Balance Sheet – Governmental Funds 7

 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities 8

 Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds 9

 Reconciliation of the Statement of Revenues, Expenditures and Changes
 In Fund Balances of Governmental Funds to the Statement of Activities 10

 Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget and Actual – General Purpose Fund..... 11

 Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget and Actual – Federal Projects Fund..... 19

 Statement of Fiduciary Net Position – Fiduciary Funds 22

 Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... 23

Notes to the Financial Statements..... 24

Required Supplementary Information

 Schedule of Changes in Bradford Special School District's Net Pension Liability
 (Asset) and Related Ratios Based on Participation in the Public Employee
 Pension Plan of TCRS..... 39

 Schedule of Changes in Bradford Special School District's Contributions Based
 on Participation in the Public Employee Pension Plan of TCRS..... 40

 Schedule of Bradford Special School District's Proportionate Share of the Net
 Pension Asset – Teacher Legacy Pension Plan of TCRS 41

 Schedule of Bradford Special School District's Contributions – Teacher Legacy
 Pension Plan of TCRS..... 41

SUPPLEMENTARY AND OTHER INFORMATION SECTION

Combining Balance Sheet – Nonmajor Governmental Funds..... 42

Combining Statement of Revenues, Expenditures and Changes in Fund
Balances – Nonmajor Governmental Funds 43

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Cafeteria Fund 44

Schedule of Principal and Interest Requirements..... 46

Schedule of Salaries and Bonds 47

Schedule of Expenditures of Federal Awards..... 48

Schedule of State Financial Assistance 49

**BRADFORD SPECIAL SCHOOL DISTRICT
TABLE OF CONTENTS**

INTERNAL CONTROL AND COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50
Independent Auditor’s Reports on Compliance for Each Major Federal Program and on Internal Control over Compliance	52
Schedule of Findings and Questioned Costs.....	54
Summary Schedule of Prior Year Audit Findings.....	56

INTRODUCTORY SECTION

BRADFORD SPECIAL SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
June 30, 2015

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

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

304 North Lindell
Martin, TN 38237

Phone 731.587.5145
Fax 731.587.1952
www.atacpa.net

Independent Auditor's Report

Board of Trustees
Bradford Special School District
Bradford, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bradford Special School District, as of June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Bradford Special School District as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general purpose fund and federal projects fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 Bradford Special School District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pensions on pages 39–41 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Combining Statements – Nonmajor Governmental Funds, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Cafeteria Fund, Schedule of Principal and Interest Requirements, Schedule of Salaries and Bonds, Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Schedule of State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining Statements – Nonmajor Governmental Funds, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Cafeteria Fund, Schedule of Principal and Interest Requirements, Schedule of Salaries and Bonds, Schedule of Expenditures of Federal Awards, and Schedule of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements – Nonmajor Governmental Funds, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Cafeteria Fund, Schedule of Principal and Interest Requirements, Schedule of Salaries and Bonds, Schedule of Expenditures of Federal Awards, and Schedule of State Financial Assistance are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016, 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* in considering the District's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Martin, Tennessee
February 3, 2016

BASIC FINANCIAL STATEMENTS

BRADFORD SPECIAL SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Cash	\$ 598,952
Taxes receivable, net	787,103
Due from other governmental agencies - grants	119,674
Accounts receivable	75,205
Inventory	7,886
Capital assets, not being depreciated:	
Land	112,750
Capital assets, net of accumulated depreciation:	
Buildings and improvements	4,418,594
Vehicles, equipment and other	456,905
Other assets	
Net pension asset	<u>727,711</u>
Total assets	<u>7,304,780</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>220,829</u>
---------------------------------------	----------------

LIABILITIES

Accounts payable	168,095
Noncurrent liabilities:	
Bonds, notes, and/or capital leases payable	
Portion due or payable within one year	77,547
Portion due or payable after one year	<u>1,597,978</u>
Total liabilities	<u>1,843,620</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	1,025,478
Deferred revenue - property taxes	<u>787,103</u>
Total deferred inflows of resources	<u>1,812,581</u>

NET POSITION

Net investment in capital assets	3,312,724
Restricted for	
Capital projects	2
Career ladder program	187
Salary equity funds	15,774
Operation of noninstructional services	7,888
Net pension asset	727,711
Unrestricted	<u>(194,878)</u>
Total net position	<u>\$ 3,869,408</u>

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 2,312,823	\$ -	\$ 640,902	\$ -	\$ (1,671,921)
Support services	2,121,912	-	-	-	(2,121,912)
Non-instructional services	479,270	112,188	287,318	-	(79,764)
Food service	394,678	41,392	294,239	-	(59,047)
Debt service interest	44,945	-	-	-	(44,945)
Total	\$ 5,353,628	\$ 153,580	\$ 1,222,459	\$ -	(3,977,589)
General revenues:					
					349,303
					272
					789
					840,706
					2,801,953
					62,056
					1,468
					130,713
					4,187,260
					209,671
					3,984,662
					(324,925)
					3,659,737
					\$ 3,869,408

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

**BRADFORD SPECIAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Purpose Fund</u>	<u>Federal Projects Fund</u>	<u>Nonmajor Funds</u>	
ASSETS				
Cash	\$ 561,271	\$ -	\$ 37,681	\$ 598,952
Taxes receivable, net	787,103	-	-	787,103
Due from other governmental agencies - grants	136	114,610	4,928	119,674
Due from other funds	153,503	-	-	153,503
Accounts receivable	75,205	-	-	75,205
Inventory	-	-	7,886	7,886
Total assets	<u>\$ 1,577,218</u>	<u>\$ 114,610</u>	<u>\$ 50,495</u>	<u>\$ 1,742,323</u>
LIABILITIES				
Due to other funds	\$ -	\$ 91,217	\$ 62,286	\$ 153,503
Accounts payable	144,224	23,393	478	168,095
Total liabilities	<u>144,224</u>	<u>114,610</u>	<u>62,764</u>	<u>321,598</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>787,103</u>	<u>-</u>	<u>-</u>	<u>787,103</u>
FUND BALANCES				
Nonspendable - food service inventory	-	-	7,886	7,886
Restricted for:				
Salary equity funds	15,774	-	-	15,774
Capital projects	-	-	2	2
Instruction - Career ladder program	187	-	-	187
Unassigned	<u>629,930</u>	<u>-</u>	<u>(20,157)</u>	<u>609,773</u>
Total fund balances	<u>645,891</u>	<u>-</u>	<u>(12,269)</u>	<u>633,622</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,577,218</u>	<u>\$ 114,610</u>	<u>\$ 50,495</u>	<u>\$ 1,742,323</u>

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

BRADFORD SPECIAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2015

Total governmental fund balances	\$ 633,622
Amounts reported for governmental activities on the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,988,249
Pension assets, liability, deferred inflows and deferred outflows of resources do not require the use of current financial resources and, therefore, are not reported in the funds.	(76,938)
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>(1,675,525)</u>
Net position of governmental activities	<u>\$ 3,869,408</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, 2015

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Purpose Fund</u>	<u>Federal Projects Fund</u>	<u>Nonmajor Funds</u>	
REVENUES				
Taxes	\$ 1,191,070	\$ -	\$ -	\$ 1,191,070
Intergovernmental	3,177,728	592,653	294,239	4,064,620
Charges for services	112,188	-	41,392	153,580
Interest earnings	1,398	-	70	1,468
Miscellaneous	81,821	-	859	82,680
Total revenues	<u>4,564,205</u>	<u>592,653</u>	<u>336,560</u>	<u>5,493,418</u>
EXPENDITURES				
Current				
Instruction	2,027,670	426,851	-	2,454,521
Support services	1,937,665	82,358	-	2,020,023
Food services	-	-	382,168	382,168
Non-instructional services	337,439	83,444	-	420,883
Debt service				
Principal	71,960	-	-	71,960
Interest	44,905	-	-	44,905
Administration fees	653	-	-	653
Capital outlay	85,257	-	29,850	115,107
Total expenditures	<u>4,505,549</u>	<u>592,653</u>	<u>412,018</u>	<u>5,510,220</u>
Net change in fund balance	<u>58,656</u>	<u>-</u>	<u>(75,458)</u>	<u>(16,802)</u>
Fund balance - beginning	570,012	-	66,726	636,738
Prior period adjustment	17,223	-	-	17,223
Fund balance - beginning, as restated	587,235	-	66,726	653,961
Decrease in inventory	-	-	(3,537)	(3,537)
Fund balance - ending	<u>\$ 645,891</u>	<u>\$ -</u>	<u>\$ (12,269)</u>	<u>\$ 633,622</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, 2015

Net change in fund balances - total governmental funds \$ (16,802)

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

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 position.

Principal payments on long-term debt 71,960

Also, governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

613

Pension contributions are reported as expenditures in the governmental funds. However, pension expense/income in the statement of activities is primarily the result of changes in the components of the net pension liability/asset over the current and future periods.

Pension contributions 195,329
Pension income 69,881

The increase or 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.

(3,537)

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.

Capital outlay 115,107
Depreciation (222,880)

Change in net position of governmental activities **\$ 209,671**

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, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Local option sales tax	\$ 323,400	\$ 323,400	\$ 349,303	\$ 25,903
Interstate telecommunications tax	290	290	272	(18)
Mineral severance tax	4,700	4,700	-	(4,700)
Trustee's collections - bankruptcy	665	665	789	124
Current property tax	780,518	780,518	811,869	31,351
Prior year's property tax	45,963	45,963	18,964	(26,999)
Payment in lieu of taxes	10,938	10,938	9,873	(1,065)
Total taxes	<u>1,166,474</u>	<u>1,166,474</u>	<u>1,191,070</u>	<u>24,596</u>
Intergovernmental				
Marriage licenses	200	200	182	(18)
State revenues				
State education funds				
Basic Education Program	2,797,000	2,797,000	2,801,953	4,953
Other state education funds	104,533	104,533	103,921	(612)
Career ladder	13,000	13,000	10,353	(2,647)
Career ladder - extended contract	16,000	16,000	19,645	3,645
Early Childhood Education	203,818	203,818	203,818	-
Mixed drink tax	70	70	70	-
Other state revenues	-	-	5,925	5,925
Total state revenues	<u>3,134,421</u>	<u>3,134,421</u>	<u>3,145,685</u>	<u>11,264</u>
Federal revenues				
Federal funds received through state				
Special Education Preschool Grant	-	-	2,700	2,700
Other federal through state	-	-	3,280	3,280
Total federal revenues	<u>-</u>	<u>-</u>	<u>5,980</u>	<u>5,980</u>
Total Intergovernmental	<u>3,134,621</u>	<u>3,134,621</u>	<u>3,151,847</u>	<u>17,226</u>
Charges for current services				
Community service fees	<u>95,000</u>	<u>113,820</u>	<u>112,188</u>	<u>(1,632)</u>
Other local revenues				
Interest earned	1,500	1,500	1,398	(102)
Miscellaneous refunds	10,000	10,000	34,966	24,966
Insurance recovery	-	-	4,419	4,419
Sale of materials and supplies	230	230	3,751	3,521
Contributions	12,000	12,000	21,848	9,848
Other local revenues	-	-	16,837	16,837
Total other local revenues	<u>23,730</u>	<u>23,730</u>	<u>83,219</u>	<u>59,489</u>
Total revenues	<u>4,419,825</u>	<u>4,438,645</u>	<u>4,538,324</u>	<u>99,679</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
EXPENDITURES				
Instruction				
Regular education				
Teachers	1,300,000	1,285,000	1,283,498	(1,502)
Career ladder program	5,000	5,000	5,000	-
Career ladder - extended contract	16,000	16,000	16,000	-
Bonus	29,533	29,533	13,759	(15,774)
Teacher assistants	28,242	28,242	28,102	(140)
Other salaries and wages	2,000	2,750	2,750	-
Substitute teachers	5,000	11,200	11,162	(38)
Non-certified substitute teachers	25,000	19,500	19,318	(182)
Social security	87,468	76,468	74,946	(1,522)
State retirement	122,088	120,288	118,549	(1,739)
Medical insurance	157,574	143,574	140,331	(3,243)
Dental insurance	3,000	3,000	1,979	(1,021)
Medicare	20,456	18,456	17,600	(856)
Other contracted services	25,000	25,700	25,683	(17)
Instructional supplies and materials	27,000	31,300	26,080	(5,220)
Textbooks	30,000	21,000	20,729	(271)
Equipment	10,000	11,300	11,200	(100)
Total regular education	<u>1,893,361</u>	<u>1,848,311</u>	<u>1,816,686</u>	<u>(31,625)</u>
Special education				
Teachers	37,765	37,765	37,765	-
Speech pathologist	38,604	38,604	38,604	-
Aides	32,121	32,957	32,957	-
Social security	6,728	6,494	6,494	-
State retirement	6,904	3,388	3,388	-
Medical insurance	8,696	11,542	11,542	-
Dental insurance	292	416	416	-
Medicare	1,574	1,518	1,518	-
Total special education	<u>132,684</u>	<u>132,684</u>	<u>132,684</u>	<u>-</u>
Vocational education				
Teachers	40,755	40,755	40,755	-
Social security	2,527	2,527	2,527	-
State retirement	3,685	3,685	3,657	(28)
Medicare	591	591	591	-
Travel	-	479	478	(1)
Instructional supplies and materials	1,000	521	411	(110)
Other supplies and materials	3,000	3,000	3,000	-
Other charges	1,000	1,000	1,000	-
Total vocational education	<u>52,558</u>	<u>52,558</u>	<u>52,419</u>	<u>(139)</u>
Total instruction	<u>2,078,603</u>	<u>2,033,553</u>	<u>2,001,789</u>	<u>(31,764)</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Support services				
Student support				
Health services				
Medical personnel	40,310	40,310	40,310	-
Other salaries and wages	56,056	56,056	56,056	-
Social security	5,976	5,976	5,532	(444)
Medical insurance	9,002	9,002	9,002	-
Medicare	1,398	1,398	1,294	(104)
Communication	800	800	800	-
Postal charges	147	147	147	-
Travel	4,500	3,196	3,196	-
Other contracted services	100	100	100	-
Drugs and medical supplies	1,500	1,500	3,000	1,500
Other supplies and materials	11,156	11,960	9,827	(2,133)
Other charges	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total health services	<u>131,945</u>	<u>131,445</u>	<u>130,264</u>	<u>(1,181)</u>
Other student support				
Career Ladder Program	1,000	1,000	83	(917)
Guidance personnel	49,285	49,285	49,285	-
Social workers	32,575	29,909	29,908	(1)
Social security	5,138	4,300	4,299	(1)
State retirement	4,546	4,546	4,546	-
Medical insurance	15,720	12,442	12,442	-
Dental insurance	196	196	196	-
Medicare	1,202	1,006	1,005	(1)
Evaluation/testing	2,500	3,404	3,404	-
Other charges	500	-	-	-
Travel	3,000	3,000	3,000	-
Inservice/staff development	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total other student support	<u>118,662</u>	<u>112,088</u>	<u>111,168</u>	<u>(920)</u>
Total student support	<u>250,607</u>	<u>243,533</u>	<u>241,432</u>	<u>(2,101)</u>
Instructional staff				
Regular education				
Director	87,937	87,937	87,937	-
Career ladder program	4,000	4,000	3,756	(244)
Librarian(s)	98,570	93,570	93,510	(60)
Bonus payments	5,000	5,000	5,000	-
Social security	11,812	6,612	6,550	(62)
State retirement	11,526	11,026	11,005	(21)
Medical insurance	27,337	23,737	23,720	(17)
Dental insurance	292	338	337	(1)
Medicare	2,763	2,436	2,436	-
Travel	<u>3,300</u>	<u>4,222</u>	<u>4,222</u>	<u>-</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Other contracted services	-	24,178	24,178	-
Library books	5,750	5,220	5,213	(7)
Other supplies and materials	1,000	2,000	1,500	(500)
Periodicals	500	500	1,000	500
In-service training	6,000	6,000	6,000	-
Total regular education	<u>265,787</u>	<u>276,776</u>	<u>276,364</u>	<u>(412)</u>
Special education				
Director	34,000	34,000	34,000	-
Social security	2,108	1,777	1,777	-
State retirement	3,074	3,037	3,037	-
Medicare	493	416	416	-
Travel	2,000	1,693	1,693	-
Other contracted services	3,000	3,859	3,859	-
Inservice/staff development	2,000	1,893	1,893	-
Total special education	<u>46,675</u>	<u>46,675</u>	<u>46,675</u>	<u>-</u>
Total instructional staff	<u>312,462</u>	<u>323,451</u>	<u>323,039</u>	<u>(412)</u>
General administration				
Board of education services				
Unemployment compensation	1,000	1,000	269	(731)
Audit services	12,000	11,500	11,500	-
Dues and memberships	10,000	7,100	7,086	(14)
Legal services	100	100	100	-
Travel	12,000	12,000	11,903	(97)
Trustee commissions	20,000	20,000	19,864	(136)
Workmen's compensation insurance	22,657	21,507	21,507	-
In-service/staff development	1,000	974	937	(37)
Refund to applicant for criminal	250	130	127	(3)
Other charges	10,000	24,418	24,129	(289)
Total board of education services	<u>89,007</u>	<u>98,729</u>	<u>97,422</u>	<u>(1,307)</u>
Office of the superintendent				
County official/administrative officer	91,704	91,704	91,704	-
Career ladder program	1,000	1,000	1,000	-
Clerical personnel	22,475	22,475	22,475	-
Bonus payments	5,000	5,000	5,000	-
Social security	1,394	1,264	1,262	(2)
Medical insurance	9,913	9,343	9,340	(3)
Dental insurance	-	195	173	(22)
Medicare	1,743	1,743	1,692	(51)
Communication	14,000	15,450	14,945	(505)
Dues and memberships	1,476	1,476	1,476	-
Postal charges	1,000	1,593	1,593	-

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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Travel	3,500	1,930	1,930	-
Other charges	2,200	2,200	2,184	(16)
Administration equipment	-	2,145	2,145	-
Total office of the superintendent	<u>155,405</u>	<u>157,518</u>	<u>156,919</u>	<u>(599)</u>
Total general administration	<u>244,412</u>	<u>256,247</u>	<u>254,341</u>	<u>(1,906)</u>
School Administration				
Office of the principal				
Principals	139,540	139,627	139,626	(1)
Assistant principals	60,125	60,125	60,125	-
Secretary	45,470	46,940	46,940	-
Bonus payments	5,000	5,000	4,850	(150)
Social security	15,509	13,381	13,381	-
State retirement	18,502	17,573	17,572	(1)
Medical insurance	28,628	28,057	28,054	(3)
Dental insurance	486	470	469	(1)
Medicare	3,627	3,237	3,230	(7)
Dues and memberships	-	474	474	-
Travel	3,500	4,474	4,474	-
Other contracted services	900	-	-	-
In-service/staff development	1,000	1,000	999	(1)
Other charges	500	500	500	-
Total office of the principal	<u>322,787</u>	<u>320,858</u>	<u>320,694</u>	<u>(164)</u>
Fiscal services				
Accountants and bookkeepers	39,575	40,775	40,775	-
Social security	2,267	2,267	2,267	-
Medical insurance	4,024	4,024	4,024	-
Dental insurance	98	98	97	(1)
Medicare	517	517	517	-
Travel	800	800	800	-
Other contracted services	14,994	15,994	15,994	-
Data processing services	1,500	800	793	(7)
Office supplies	5,000	5,000	5,000	-
Total fiscal services	<u>68,775</u>	<u>70,275</u>	<u>70,267</u>	<u>(8)</u>
Operation of plant				
Director	15,375	15,375	15,375	-
Custodial personnel	96,000	100,000	100,000	-
Social security	6,905	6,905	6,644	(261)
Medical insurance	8,048	8,048	8,048	-
Dental insurance	195	195	162	(33)
Medicare	1,615	1,615	1,558	(57)
Maintenance and repair	5,000	13,000	12,826	(174)

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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Rental	2,400	2,400	2,400	-
Travel	1,500	1,500	1,409	(91)
Disposal fees	3,180	3,180	3,180	-
Other contracted services	11,000	11,000	10,998	(2)
Custodial supplies	6,500	10,310	10,306	(4)
Electricity	90,000	113,500	113,303	(197)
Natural gas	15,000	16,280	16,277	(3)
Water and sewer	12,000	10,830	10,822	(8)
Other supplies and materials	10,000	10,000	10,000	-
Building and contents insurance	32,603	37,303	37,303	-
Other charges	500	500	500	-
Total operation of plant	<u>317,821</u>	<u>361,941</u>	<u>361,111</u>	<u>(830)</u>
Maintenance of plant				
Maintenance personnel	22,000	21,263	21,262	(1)
Social security	1,364	1,364	1,298	(66)
Medical insurance	4,132	3,800	3,787	(13)
Medicare	319	319	304	(15)
Communication	750	750	516	(234)
Maintenance and repair	32,500	35,927	35,904	(23)
Travel	1,000	1,000	842	(158)
Other contracted services	2,000	200	171	(29)
Other supplies and materials	10,000	10,000	10,000	-
In-service/staff development	500	-	-	-
Other charges	2,000	1,612	1,612	-
Maintenance equipment	500	2,918	2,917	(1)
Total maintenance of plant	<u>77,065</u>	<u>79,153</u>	<u>78,613</u>	<u>(540)</u>
Student transportation				
Director	15,925	15,925	15,925	-
Bus drivers	87,000	94,000	93,191	(809)
Other salaries and wages	1,655	2,680	2,679	(1)
Social security	5,815	6,095	5,981	(114)
Dental insurance	-	207	178	(29)
Medicare	1,517	1,582	1,560	(22)
Contracts with other schools	35,000	38,200	36,200	(2,000)
Maintenance and repair	500	500	500	-
Medical and dental services	1,100	1,100	1,063	(37)
Travel	1,500	1,500	1,352	(148)
Gasoline	38,000	26,500	26,356	(144)
Vehicle and equipment insurance	8,733	8,733	8,733	-
Other charges	500	2,590	2,590	-
Total student transportation	<u>197,245</u>	<u>199,612</u>	<u>196,308</u>	<u>(3,304)</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Central and other				
Other salaries and wages	40,000	40,000	38,802	(1,198)
Social security	2,480	2,480	2,406	(74)
Medicare	580	580	563	(17)
Communication	500	500	500	-
Consultants	1,500	1,500	1,375	(125)
Maintenance and repair	10,000	10,000	7,832	(2,168)
Travel	1,000	1,000	1,000	-
Other contracted services	32,000	39,000	38,487	(513)
Other supplies and materials	1,000	1,000	895	(105)
Total central and other	<u>89,060</u>	<u>96,060</u>	<u>91,860</u>	<u>(4,200)</u>
Total support services	<u>1,880,234</u>	<u>1,951,130</u>	<u>1,937,665</u>	<u>(13,465)</u>
Non-instructional services				
Food Service				
Other supplies and materials	-	634	-	(634)
Community services				
Director	17,000	17,000	15,753	(1,247)
Part-time personnel	40,000	43,700	43,636	(64)
Social security	3,534	3,603	3,603	-
State retirement	-	9	9	-
Dental insurance	98	98	97	(1)
Medicare	827	869	869	-
Travel	2,000	687	687	-
Other supplies and materials	27,000	43,313	37,805	(5,508)
Total community services	<u>90,459</u>	<u>109,279</u>	<u>102,459</u>	<u>(6,820)</u>
Early childhood education				
Director	9,125	9,125	9,125	-
Teachers	91,090	91,090	91,090	-
Clerical personnel	6,000	6,000	6,000	-
Educational assistants	56,484	56,484	56,484	-
Social security	10,090	10,090	10,090	-
State retirement	9,059	9,059	9,059	-
Medical insurance	22,870	22,870	22,870	-
Dental insurance	485	485	485	-
Medicare	2,360	2,360	2,360	-
Maintenance and repair services	1,000	1,000	1,000	-
Travel	6,000	6,000	6,000	-
Food supplies	4,000	4,000	4,000	-
Instructional supplies and materials	5,000	5,000	5,000	-
Other supplies and materials	7,417	8,527	8,527	-
Inservice/staff development	4,000	2,890	2,890	-
Total early childhood education	<u>234,980</u>	<u>234,980</u>	<u>234,980</u>	<u>-</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Capital outlay				
Architects	18,029	18,029	18,029	-
Building construction/purchases	-	67,300	67,228	(72)
Total capital outlay	<u>18,029</u>	<u>85,329</u>	<u>85,257</u>	<u>(72)</u>
Debt service				
Principal on bonds	35,000	35,000	35,000	-
Principal on notes	22,872	22,872	22,872	-
Interest on bonds	43,070	43,070	44,905	1,835
Principal on capitalized leases	15,925	15,925	14,088	(1,837)
Other debt service	653	653	653	-
Total debt service	<u>117,520</u>	<u>117,520</u>	<u>117,518</u>	<u>(2)</u>
Total non-instructional services	<u>460,988</u>	<u>547,742</u>	<u>540,214</u>	<u>(7,528)</u>
Total expenditures	<u>4,419,825</u>	<u>4,532,425</u>	<u>4,479,668</u>	<u>(52,757)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (93,780)</u>	<u>58,656</u>	<u>\$ 152,436</u>
Fund balance - beginning			570,012	
Prior period adjustment			<u>17,223</u>	
Fund balance - beginning, as restated			<u>587,235</u>	
Fund balance - ending			<u>\$ 645,891</u>	
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Change</u>	
Budgetary basis	\$ 4,538,324	\$ 4,479,668	\$ 58,656	
On-behalf payments for postretirement benefits	<u>25,881</u>	<u>25,881</u>	<u>-</u>	
Net change in fund balance - GAAP basis	<u>\$ 4,564,205</u>	<u>\$ 4,505,549</u>	<u>\$ 58,656</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
REVENUES				
Career and Technical Education Grant	\$ 7,685	\$ 7,878	\$ 7,878	\$ -
Title I grants	151,271	151,846	151,846	-
Special Education - IDEA	112,798	112,798	112,798	-
Special Education - Preschool	5,070	5,712	5,712	-
Improving Teacher Quality State Grants	22,279	22,280	22,280	-
Twenty-first Century Community Learning Centers	76,000	83,500	83,500	-
Direct federal - Rural Education	37,750	37,750	37,750	-
Other federal through state	176,498	221,383	170,889	(50,494)
Total revenues	<u>589,351</u>	<u>643,147</u>	<u>592,653</u>	<u>(50,494)</u>
EXPENDITURES				
Instruction				
Regular instruction				
Teachers	230,076	268,512	232,462	(36,050)
Social security	12,102	14,438	12,754	(1,684)
State retirement	17,645	21,138	16,895	(4,243)
Medical insurance	16,655	16,655	15,933	(722)
Dental insurance	243	243	243	-
Medicare	3,336	3,956	3,488	(468)
Maintenance and repair - equipment	5,000	-	-	-
Instructional supplies	10,750	17,452	17,452	-
Equipment	5,000	6,708	6,708	-
Total regular instruction	<u>300,807</u>	<u>349,102</u>	<u>305,935</u>	<u>(43,167)</u>
Special education program				
Teachers	33,683	33,683	33,683	-
Aides	56,128	56,128	56,128	-
Social security	5,592	5,592	5,592	-
State retirement	3,045	3,045	3,045	-
Medical insurance	10,041	10,041	10,041	-
Dental insurance	97	97	97	-
Medicare	1,308	1,308	1,308	-
Instructional supplies	3,570	4,212	4,212	-
Total special education program	<u>113,464</u>	<u>114,106</u>	<u>114,106</u>	<u>-</u>
Vocational education				
Maintenance and repair - equipment	250	-	-	-
Instructional supplies and materials	384	384	384	-
Equipment	5,130	6,426	6,426	-
Total vocational education	<u>5,764</u>	<u>6,810</u>	<u>6,810</u>	<u>-</u>
Total instruction	<u>420,035</u>	<u>470,018</u>	<u>426,851</u>	<u>(43,167)</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Support services				
Other student support				
Other salaries and wages	300	300	300	-
Travel	1,237	394	394	-
In-service/staff development	<u>20,000</u>	<u>17,169</u>	<u>17,169</u>	-
Total other student support	<u>21,537</u>	<u>17,863</u>	<u>17,863</u>	-
Regular instruction				
Supervisor/director	6,000	6,000	6,000	-
Secretary	1,000	1,000	1,000	-
Clerical personnel	2,000	2,000	2,000	-
Social security	372	372	372	-
State retirement	267	267	267	-
Medicare	131	131	131	-
Travel	1,664	1,664	1,363	(301)
Other contracted services	13,000	13,000	13,000	-
Other supplies and materials	182	182	182	-
In-service-staff development	21,779	21,780	21,780	-
Other charges	<u>800</u>	<u>796</u>	<u>796</u>	-
Total regular instruction	<u>47,195</u>	<u>47,192</u>	<u>46,891</u>	(301)
Special education program				
Other supplies and materials	404	404	404	-
Other contracted services	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	-
Total special education program	<u>4,404</u>	<u>4,404</u>	<u>4,404</u>	-
Vocational education				
Other salaries and wages	17,901	17,901	11,566	(6,335)
Social security	1,105	1,105	717	(388)
State retirement	530	530	375	(155)
Medicare	260	260	168	(92)
In-service training	<u>384</u>	<u>374</u>	<u>374</u>	-
Total vocational education	<u>20,180</u>	<u>20,170</u>	<u>13,200</u>	(6,970)
Total support services	<u>93,316</u>	<u>89,629</u>	<u>82,358</u>	(7,271)

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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Non-instructional services				
Community services				
Director	4,800	18,880	18,880	-
Teachers	33,500	38,516	38,516	-
Clerical personnel	6,000	6,000	6,000	-
Part-time personnel	20,179	6,099	6,099	-
Social security	3,995	4,306	4,306	-
State retirement	3,463	3,926	3,926	-
Medicare	935	991	991	-
Travel	2,000	2,224	2,224	-
Other supplies and materials	1,128	2,558	2,502	(56)
Total community services	<u>76,000</u>	<u>83,500</u>	<u>83,444</u>	<u>(56)</u>
Total expenditures	<u>589,351</u>	<u>643,147</u>	<u>592,653</u>	<u>(50,494)</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ -</u>	

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

BRADFORD SPECIAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private-Purpose Trust Funds				
	Class of 1951 Scholarship	Tom Endowment	School Endowment	Wave Young Scholarship	Total
ASSETS					
Cash	\$ 330	\$ 83	\$ 6,235	\$ 8,871	\$ 15,519
Receivables	1,000	-	536	-	1,536
Investments	13,292	16,065	47,799	67,722	144,878
Total assets	14,622	16,148	54,570	76,593	161,933
LIABILITIES	-	-	-	-	-
NET POSITION					
Held in trust for scholarships and other purposes	\$ 14,622	\$ 16,148	\$ 54,570	\$ 76,593	\$ 161,933

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

BRADFORD SPECIAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Private-Purpose Trust Funds					
	Class of 1951 Scholarship	Tom Endowment	School Endowment	Billy M. Pierce Endowment	Wave Young Scholarship	Total
ADDITIONS						
Contributions	\$ -	\$ -	\$ 930	\$ -	\$ 1,000	\$ 1,930
Investment earnings	<u>100</u>	<u>48</u>	<u>247</u>	<u>18</u>	<u>5,353</u>	<u>5,766</u>
Total additions	100	48	1,177	18	6,353	7,696
DEDUCTIONS						
Scholarship	-	-	-	-	1,000	1,000
Other charges	<u>-</u>	<u>90</u>	<u>-</u>	<u>11,808</u>	<u>319</u>	<u>12,217</u>
Total deductions	<u>-</u>	<u>90</u>	<u>-</u>	<u>11,808</u>	<u>1,319</u>	<u>13,217</u>
Change in net position	100	(42)	1,177	(11,790)	5,034	(5,521)
Net position - beginning	<u>14,522</u>	<u>16,190</u>	<u>53,393</u>	<u>11,790</u>	<u>71,559</u>	<u>167,454</u>
Net position - ending	<u>\$ 14,622</u>	<u>\$ 16,148</u>	<u>\$ 54,570</u>	<u>\$ -</u>	<u>\$ 76,593</u>	<u>\$ 161,933</u>

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

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

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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 position 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 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.

BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 fiduciary funds for various scholarship and endowment funds.

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.

D. Impact of Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement 68, which was effective for fiscal years beginning after June 15, 2014, establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. It details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers report liabilities related to pension obligations. The adoption of Statement 68 resulted in a restatement of beginning net position to record the calculated liability to the pension plan as of July 1, 2014. This restatement decreased net position by \$342,148 and increased net pension liability by this same amount.

E. Assets, Liabilities, and Net Position/Fund Balance

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.

BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Receivables and Payables

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

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 \$1.82 on every \$100 of real and personal property located within the District.

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. 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 reported as a deferred inflow. The receivable is reported net of a 5% allowance for delinquent taxes, which was \$41,426 as of June 30, 2015.

Inventories

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.

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

The gross amount of capital assets recorded under capital leases as of June 30, 2015, was \$314,932. The accumulated amortization thereon was \$187,006. The corresponding amortization is included in depreciation expense.

Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items related to pensions reported in this category. See Note 4A for details concerning these items.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has various items that qualify for reporting in this category. Property taxes reported as receivables in the statements of financial position before

BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

the period for which they were levied are deferred and recognized as an inflow of resources in the period that the amounts become available. This item is reported as deferred revenue in both the governmental funds balance sheet and the statement of net position. The District also has items related to pensions reported in this category. See Note 4A for details concerning these items.

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, 2015, this amount was immaterial to the financial statements.

Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense/income, information about the fiduciary net position of the Public Employee Retirement Plan, Teacher Retirement Plan, and Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Plans. Investments are reported at fair value.

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 position. Bond premiums and discounts 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.

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, along with bond premiums, 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 Trustees through resolutions; reversed by same procedure.
- 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.

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

June 30, 2015

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

On-Behalf Payments for Fringe Benefits

The State of Tennessee makes payments on behalf of the District for postemployment health insurance benefits for employees not yet eligible for Medicare. Such payments are recorded as intergovernmental revenue and instruction expenses/expenditures in the district-wide and General Purpose Fund financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for governmental funds, with the exception of noncash items such as commodities, on-behalf payments and capital leases. The Board of Trustees approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal yearend. A reconciliation detailing the noncash transactions reported in the GAAP basis statements appears at the end of each budgetary statement.

As an extension of the formal budgetary process, the Board of Trustees 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 Trustees. Line item transfers within major categories are made upon the recommendation of the Director of Schools and approval by the Board.

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, 2015, all bank deposits were fully collateralized or insured. The District does not have a policy for custodial credit risk.

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, 2015, was \$91,217. There was also \$62,286 due from the Cafeteria Fund to the General Purpose Fund for payroll reimbursement at the end of the year.

BRADFORD SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

C. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 112,750	\$ -	\$ -	\$ 112,750
Construction in process	<u>3,367,045</u>	<u>-</u>	<u>(3,367,045)</u>	<u>-</u>
	<u>3,479,795</u>	<u>-</u>	<u>(3,367,045)</u>	<u>112,750</u>
Capital assets being depreciated				
Buildings and improvements	2,897,483	3,482,152	-	6,379,635
Vehicles, equipment and other	<u>888,090</u>	<u>-</u>	<u>-</u>	<u>888,090</u>
	<u>3,785,573</u>	<u>3,482,152</u>	<u>-</u>	<u>7,267,725</u>
Less accumulated depreciation for:				
Buildings and improvements	1,811,160	149,881	-	1,961,041
Vehicles, equipment and other	<u>358,186</u>	<u>72,999</u>	<u>-</u>	<u>431,185</u>
	<u>2,169,346</u>	<u>222,880</u>	<u>-</u>	<u>2,392,226</u>
Total capital assets being depreciated, net	<u>1,616,227</u>	<u>3,259,272</u>	<u>-</u>	<u>4,875,499</u>
Total capital assets, net	<u>\$ 5,096,022</u>	<u>\$ 3,259,272</u>	<u>\$ (3,367,045)</u>	<u>\$ 4,988,249</u>

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

Instruction	\$ 3,835
Support Services:	
Operation and maintenance of plant	108,168
Student support	649
Non-instructional Services:	
Transportation	29,874
Food service	8,973
Community service	<u>71,381</u>
Total	<u>\$ 222,880</u>

D. Long-Term Debt

The District issued Limited Tax School Bonds, Series 2013, on June 12, 2013, in the amount of \$1,500,000 to finance capital asset construction. The bonds have interest rates ranging from 1.25% to 3.5%. Semiannual interest payments are due on June 1 and December 1, with principal due each June 1 beginning in 2015 and ending on June 1, 2039. The balance outstanding on June 30, 2015, was \$1,465,000.

The District executed an interest-free loan payable to the Energy Efficient Schools Council in the amount of \$228,742 in 2012. Monthly payments are \$1,906 and the balance outstanding as of June 30, 2015,

**BRADFORD SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

was \$165,844. The District also has a capital lease with Central States Bus Sales with an annual payment of \$15,924, including interest. The balance outstanding at June 30, 2015, was \$29,963.

The annual requirements to amortize all long-term debt and obligations outstanding as of June 30, 2015, are as follows:

Years Ending June 30,	Bonds Payable		Capital Lease Payable		Loan Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 40,000	\$ 42,631	\$ 14,675	\$ 1,249	\$ 22,872	\$ -	\$ 121,427
2017	40,000	42,131	15,288	637	22,872	-	120,928
2018	40,000	41,631	-	-	22,872	-	104,503
2019	40,000	40,831	-	-	22,872	-	103,703
2020	45,000	40,031	-	-	74,356	-	159,387
2021-2025	245,000	184,030	-	-	-	-	429,030
2026-2030	300,000	147,633	-	-	-	-	447,633
2031-2035	370,000	97,094	-	-	-	-	467,094
2036-2039	345,000	30,700	-	-	-	-	375,700
	<u>\$ 1,465,000</u>	<u>\$ 666,712</u>	<u>\$ 29,963</u>	<u>\$ 1,886</u>	<u>\$ 165,844</u>	<u>\$ -</u>	<u>\$ 2,329,405</u>

The following is a summary of long-term debt transactions for the year ended June 30, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
2013 Bonds Payable	\$ 1,500,000	\$ -	\$ 35,000	\$ 1,465,000	\$ 40,000
Loan Payable	188,716	-	22,872	165,844	22,872
Lease Payable	44,051	-	14,088	29,963	14,675
	1,732,767	-	71,960	1,660,807	77,547
Bond premium	15,331	-	613	14,718	n/a
	<u>\$ 1,748,098</u>	<u>\$ -</u>	<u>\$ 72,573</u>	<u>\$ 1,675,525</u>	<u>\$ 77,547</u>

NOTE 4 – OTHER INFORMATION

A. Pensions

General Information about the Public Employee Retirement Plan

Plan description. Employees of Bradford Special School District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

**BRADFORD SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2015

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	13
Active employees	38
	61

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Bradford Special School District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Bradford Special School District were \$0 based on a rate of 0.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bradford Special School District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Bradford Special School District's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent

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

June 30, 2015

Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Bradford Special School District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BRADFORD SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	(a)	(b)	(a) – (b)
Balance at 6/30/13	<u>\$ 1,855,809</u>	<u>\$ 2,253,087</u>	<u>\$ (397,278)</u>
Changes for the year:			
Service cost	59,933	-	59,933
Interest	140,415	-	140,415
Differences between expected and actual experience	(116,150)	-	(116,150)
Contributions-employer	-	-	-
Contributions-employees	-	37,221	(37,221)
Net investment income	-	369,497	(369,497)
Benefit payments, including refunds of employee contributions	(87,080)	(87,080)	-
Administrative expense	-	(1,393)	1,393
Net changes	<u>(2,882)</u>	<u>318,245</u>	<u>(321,127)</u>
Balance at 6/30/14	<u>\$ 1,852,927</u>	<u>\$ 2,571,332</u>	<u>\$ (718,405)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Bradford Special School District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Bradford Special School District's net pension liability (asset)	<u>\$ (494,766)</u>	<u>\$ (718,405)</u>	<u>\$ (904,263)</u>

**BRADFORD SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension income. For the year ended June 30, 2015, Bradford Special School District recognized pension income of \$62,385.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Bradford Special School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 96,792
Net difference between projected and actual earnings on pension plan investments	-	161,950
Contributions subsequent to the measurement date of June 30, 2014	-	<i>(not applicable)</i>
Total	\$ -	\$ 258,742

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2016	\$(59,845)
2017	(59,845)
2018	(59,845)
2019	(59,845)
2020	(19,358)

In the table shown above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

General Information about the Teacher Legacy Pension Plan

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, of Bradford Special School District are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

BRADFORD SPECIAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Bradford Special School District for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$195,329 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension asset. At June 30, 2014, the Bradford Special School District reported an asset of \$9,306 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Bradford Special School District's proportion of the net pension liability was based on Bradford Special School District's employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, Bradford Special School District's proportion was 0.057268 percent. The proportion measured as of June 30, 2013, was 0.0 percent.

Pension income. For the year ended June 30, 2015, Bradford Special School District recognized pension income of \$7,496.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Bradford Special School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BRADFORD SPECIAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**
June 30, 2015

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,592	\$ -
Net difference between projected and actual earnings on pension plan investments	-	766,736
Changes in proportion of net pension liability (asset)	2,908	-
LEA's contributions subsequent to the measurement date of June 30, 2014	<u>195,329</u>	<u>(not applicable)</u>
Total	<u>\$ 220,829</u>	<u>\$ 766,736</u>

Bradford Special School District employer contributions of \$195,329, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2016	\$(187,434)
2017	(187,434)
2018	(187,434)
2019	(187,434)
2020	4,250
Thereafter	4,250

In the table shown above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions. The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

June 30, 2015

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEA's will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Bradford Special School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Bradford Special School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Bradford Special School District's proportionate share of the net pension liability (asset)	\$ 1,569,522	\$ (9,306)	\$ (1,316,404)

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

June 30, 2015

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in a separately issued TCRS financial report.

General Information about the Teacher Retirement Plan

Plan description. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. As of June 30, 2015, Bradford Special School District had no employees participating in the Teacher Retirement Plan.

B. Contingent Liabilities and Losses

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

C. Risk Management

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

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

D. On-Behalf Payments for Postretirement Insurance Benefits

The District recognizes as revenues and expenses contributions made by the State of Tennessee to the Teacher Group Plan and Medicare Plan on behalf of the District's employees. For the year ended June 30, 2015, the State made contributions of \$19,731 and \$6,150 respectively.

E. Prior Period Adjustment

The General Fund had a prior period adjustment to correct property taxes receivable from the prior year. Beginning fund balance was increased by \$17,223 and the receivable was increased by the same amount.

**BRADFORD SPECIAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**
June 30, 2015

**Schedule of Changes in Bradford Special School District's
Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS**
Fiscal Year Ending June 30,

	2014
Total pension liability	
Service cost	\$ 59,933
Interest	140,415
Changes in benefit terms	-
Differences between actual and expected experience	(116,150)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(87,080)
Net change in total pension liability	(2,882)
Total pension liability - beginning	1,855,809
Total pension liability - ending (a)	1,852,927
 Plan fiduciary net position	
Contributions - employer	-
Contributions - employee	37,221
Net investment income	369,497
Benefit payments, including refunds of employee contributions	(87,080)
Administrative expense	(1,393)
Net change in plan fiduciary net position	318,245
Plan fiduciary net position-beginning	2,253,087
Plan fiduciary net position-ending (b)	2,571,332
 Net pension liability (asset) - ending (a – b)	\$ 718,405
 Plan fiduciary net position as a percentage of total pension liability	138.77%
 Covered-employee payroll	\$ 744,412
 Net pension liability (asset) as a percentage of covered-employee payroll	96.51%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

**BRADFORD SPECIAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**
June 30, 2015

**Schedule of Changes in Bradford Special School District's
Contributions Based on Participation in the
Public Employee Pension Plan of TCRS**
Fiscal Years Ending June 30,

	2014	2015
Actuarially determined contributions	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 744,412	\$ 802,785
Contributions as a percentage of covered employee payroll	0.00%	0.00%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	14 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

**BRADFORD SPECIAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**
June 30, 2015

**Schedule of Bradford Special School District's
Proportionate Share of the Net Pension Asset
Teacher Legacy Pension Plan of TCRS**
Fiscal Years Ending June 30,

	2014
Bradford Special School District's proportion of the collective net pension liability	0.057268%
Bradford Special School District's proportionate share of the net pension liability	\$ 9,306
Bradford Special School District's covered employee payroll	\$ 2,247,783
Bradford Special School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Schedule of Bradford Special School District's Contributions
Teacher Legacy Pension Plan of TCRS**
Fiscal Year Ending June 30,

	2014	2015
Actuarially determined contribution (ADC)	\$ 199,601	\$ 195,329
Contribution in relation to the actuarially determined contribution	199,601	195,329
Contribution deficiency (excess)	\$ -	\$ -
 Bradford Special School District's covered-employee payroll	 \$ 2,247,783	 \$ 2,179,294
Contributions as a percentage of Bradford Special School District's covered-employee payroll	8.88%	8.96%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

OTHER SUPPLEMENTARY INFORMATION

**BRADFORD SPECIAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Capital Projects	Cafeteria Fund	Totals
ASSETS			
Cash	\$ 2	\$ 37,679	\$ 37,681
Due from other governmental agencies - grants	-	4,928	4,928
Inventory	-	7,886	7,886
Total assets	\$ 2	\$ 50,493	\$ 50,495
LIABILITIES			
Due to other funds	\$ -	\$ 62,286	\$ 62,286
Accounts payable	-	478	478
Total liabilities	-	62,764	62,764
FUND BALANCES			
Nonspendable - food service inventory	-	7,886	7,886
Restricted	2	-	2
Unassigned	-	(20,157)	(20,157)
Total fund balances	2	(12,271)	(12,269)
Total liabilities and fund balances	\$ 2	\$ 50,493	\$ 50,495

See independent auditor's report

**BRADFORD SPECIAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2015**

	<u>Capital Projects</u>	<u>Cafeteria Fund</u>	<u>Totals</u>
REVENUES			
Charges for current services	\$ -	\$ 41,392	\$ 41,392
Other local revenues	859	70	929
State revenue	-	3,492	3,492
Federal revenue	-	276,730	276,730
Total revenues	<u>859</u>	<u>321,684</u>	<u>322,543</u>
EXPENDITURES			
Current			
Food services	-	368,151	368,151
Capital outlay	<u>29,850</u>	<u>-</u>	<u>29,850</u>
Total expenditures	<u>29,850</u>	<u>368,151</u>	<u>398,001</u>
Revenues over (under) expenditures	(28,991)	(46,467)	(75,458)
Fund balance - beginning	28,993	37,733	66,726
Increase (decrease) in inventory	<u>-</u>	<u>(3,537)</u>	<u>(3,537)</u>
Fund balance - ending	<u>\$ 2</u>	<u>\$ (12,271)</u>	<u>\$ (12,269)</u>

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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for current services				
Lunch payments - children	\$ 77,407	\$ 77,407	\$ 19,933	\$ (57,474)
Lunch payments - adults	18,500	18,500	16,736	(1,764)
Income from breakfast	4,800	4,800	4,723	(77)
Total charges for current services	<u>100,707</u>	<u>100,707</u>	<u>41,392</u>	<u>(59,315)</u>
Other local revenues				
Interest earned	<u>104</u>	<u>104</u>	<u>70</u>	<u>(34)</u>
State education funds				
School food services	<u>-</u>	<u>3,492</u>	<u>3,492</u>	<u>-</u>
Federal through state				
USDA - Lunch	157,710	183,286	186,747	3,461
USDA - Breakfast	90,000	90,000	84,045	(5,955)
USDA - Other	6,224	6,224	5,938	(286)
Total federal through state	<u>253,934</u>	<u>279,510</u>	<u>276,730</u>	<u>(2,780)</u>
Total revenues	<u>354,745</u>	<u>383,813</u>	<u>321,684</u>	<u>(62,129)</u>
EXPENDITURES				
Food services				
Accountants and bookkeepers	4,600	4,557	4,557	-
Cafeteria personnel	105,170	105,754	105,754	-
In-service training	300	300	300	-
Social security	6,805	5,867	5,867	-
Medical insurance	22,209	20,898	20,898	-
Dental insurance	400	285	285	-
Medicare liability	1,592	1,372	1,372	-
Communication	500	-	-	-
Maintenance and repair - equipment	2,000	1,565	1,565	-
Utilities	10,000	-	-	-
Food supplies	172,019	195,410	195,410	-
Other supplies and materials	3,000	3,405	3,309	(96)

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, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (continued)				
In service/staff development	300	300	300	-
Travel	3,000	3,578	3,578	-
Other contracted services	5,000	3,875	3,875	-
Food prep supplies	16,300	13,778	13,778	-
Other charges	1,550	191	191	-
Equipment	-	7,112	7,112	-
	354,745	368,247	368,151	(96)
Total expenditures	354,745	368,247	368,151	(96)
Revenues over (under) expenditures	\$ -	\$ 15,566	(46,467)	\$ (62,033)

Fund balance - beginning		37,733	
Decrease in inventory		(3,537)	
Fund balance - ending		<u>\$ (12,271)</u>	

Reconciliation to governmental fund financial statements:

Revenues per budget statement (page 36)		\$ 321,684	
Non-cash revenue not included in budget statement:			
Commodities received		14,017	
Revenues per governmental statement of revenues, expenditures and change in fund balance (page 9)		<u>\$ 335,701</u>	
Expenditures per budget statement (above)		\$ 368,151	
Non-cash expenditure not included in budget statement:			
Commodities used		14,017	
Expenditures per governmental statement of revenues, expenditures and change in fund balance (page 9)		<u>\$ 382,168</u>	

See independent auditor's report

BRADFORD SPECIAL SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2015

Year Ended June 30,	Bonds Payable Series 2013		Central States Bus Sales		Loan Payable - Energy Efficient Schools Council		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 40,000	\$ 42,631	\$ 14,675	\$ 1,249	\$ 22,872	\$ -	\$ 77,547	\$ 43,880
2017	40,000	42,131	15,288	637	22,872	-	78,160	42,768
2018	40,000	41,631	-	-	22,872	-	62,872	41,631
2019	40,000	40,831	-	-	22,872	-	62,872	40,831
2020	45,000	40,031	-	-	22,872	-	67,872	40,031
2021	45,000	39,131	-	-	22,872	-	67,872	39,131
2022	45,000	38,006	-	-	22,872	-	67,872	38,006
2023	50,000	36,881	-	-	5,740	-	55,740	36,881
2024	50,000	35,631	-	-	-	-	50,000	35,631
2025	55,000	34,381	-	-	-	-	55,000	34,381
2026	55,000	33,007	-	-	-	-	55,000	33,007
2027	60,000	31,357	-	-	-	-	60,000	31,357
2028	60,000	29,557	-	-	-	-	60,000	29,557
2029	60,000	27,756	-	-	-	-	60,000	27,756
2030	65,000	25,956	-	-	-	-	65,000	25,956
2031	70,000	23,925	-	-	-	-	70,000	23,925
2032	70,000	21,738	-	-	-	-	70,000	21,738
2033	75,000	19,550	-	-	-	-	75,000	19,550
2034	75,000	17,206	-	-	-	-	75,000	17,206
2035	80,000	14,675	-	-	-	-	80,000	14,675
2036	80,000	11,975	-	-	-	-	80,000	11,975
2037	85,000	9,275	-	-	-	-	85,000	9,275
2038	90,000	6,300	-	-	-	-	90,000	6,300
2039	90,000	3,150	-	-	-	-	90,000	3,150
	<u>\$ 1,465,000</u>	<u>\$ 666,712</u>	<u>\$ 29,963</u>	<u>\$ 1,886</u>	<u>\$ 165,844</u>	<u>\$ -</u>	<u>\$ 1,660,807</u>	<u>\$ 668,598</u>

See independent auditor's report

BRADFORD SPECIAL SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BONDS
June 30, 2015

	<u>Salary</u>	<u>Bond</u>	
Director of Schools	<u>\$ 91,704</u>	<u>\$ 250,000</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, 2015

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF LABOR		
WIA Youth Activities	17.259	\$ <u>12,770</u>
U.S. DEPARTMENT OF EDUCATION		
Rural Education	84.358A	37,750
Pass-through the Tennessee Department of Education		
Title I, Grants to Local Education Agencies	84.010	151,846
Special Education Grants to States		
IDEA Program, Part B	84.027	112,798
IDEA Preschool Program	84.173	5,712
IDEA Preschool High Costs	84.027	<u>2,700</u>
Total Special Education Grants To States		121,210
Career and Technical Education - Basic Grants to States	84.048	7,878
Twenty-First Century Community Learning Centers	84.287C	83,500
Improving Teacher Quality State Grants	84.367	22,280
ARRA - Teacher Incentive Fund	84.374A	158,119
ARRA - State Stabilization Fiscal Funds		
Government Services	84.397	<u>75,000</u>
Total U.S. Department of Education		<u>657,583</u>
U.S. DEPARTMENT OF AGRICULTURE		
Pass-through the Tennessee Department of Agriculture		
Snack Program	* 10.533	5,938
School Breakfast Program	* 10.553	84,045
National School Lunch Program	* 10.555	186,747
Food Distribution - Commodities	* 10.555	<u>14,017</u>
Total U.S. Department of Agriculture Cluster		<u>290,747</u>
Total federal awards		\$ <u>961,100</u>

* 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, 2015

	<u>Expenditures</u>
Tennessee Department of Education	
Early Childhood	\$ 203,818
ACT Explore	842
Safe School Grant	<u>3,280</u>
Total state financial assistance	\$ <u>207,940</u>

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

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

304 North Lindell
Martin, TN 38237

Phone 731.587.5145
Fax 731.587.1952
www.atacpa.net

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

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

We have audited, 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, 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bradford Special School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Item 2015-001, that we consider to be significant deficiencies.

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*.

Bradford Special School District's Response to Findings

Bradford Special School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Martin, Tennessee
February 3, 2016

Members of:

American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants



Certified Public Accountants
Offices in Tennessee & Kentucky

304 North Lindell
Martin, TN 38237

Phone 731.587.5145
Fax 731.587.1952
www.atacpa.net

Independent Auditor's Reports on Compliance for Each Major Federal Program and on Internal Control over Compliance

Board of Trustees
Bradford Special School District
Bradford, Tennessee

Report on Compliance for Each Major Federal Program

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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Bradford Special School District complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of Bradford Special School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Martin, Tennessee
February 3, 2016

**BRADFORD SPECIAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

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: unmodified

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>
10.553	USDA Snack Program
10.553	USDA School Breakfast Program
10.555	USDA National School Lunch Program

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 Fiscal Year Ended June 30, 2015**

Section II – Financial Statement Findings

2015-001 Segregation of Duties

Condition: The District does not have controls in place to fully segregate the record-keeping, custodial and authorization functions of its cash and information technology systems.

Criteria: Management should design internal control to provide reasonable assurance that unauthorized acquisition, use, or disposition of assets will be prevented or timely detected and corrected. A fundamental concept in a good system of internal control is segregation of duties.

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

Recommendation: We recommend that management and the Board assess the District's current practices concerning the receipt of cash and the computer systems in use to ensure that accounting duties are being segregated to the extent possible and practicable. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets.

Response: *While it is not financially feasible to hire additional people to fully segregate duties to the optimum level, we will continue to segregate duties as much as possible with our existing staff.*

Section III – Federal Award Findings and Questioned Costs

None reported.

BRADFORD SPECIAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2015

Financial Statement Findings

Finding No.	Finding Title	Status
2013-002	Segregation of Duties	Repeated

Federal Award Findings and Questioned Costs

None reported.