

**SPARTA AREA SCHOOLS**  
**Kent County, Michigan**

Additional Reports Required by  
OMB Circular A-133

For the year ended June 30, 2009

# **TABLE OF CONTENTS**

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## **SPARTA AREA SCHOOLS**

For the year ended June 30, 2009

<b>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.....</b>	<b>1</b>
<b>Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....</b>	<b>3</b>
<b>Schedule of Expenditures of Federal Awards .....</b>	<b>6</b>
<b>Notes to Schedule of Expenditures of Federal Awards .....</b>	<b>12</b>
<b>Schedule of Findings and Questioned Costs .....</b>	<b>13</b>

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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CPAs AND CONSULTANTS

**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**

November 3, 2009

The Board of Education  
Sparta Area Schools  
Kent County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sparta Area Schools, as of and for the year ended June 30, 2009, which collectively comprise Sparta Area Schools' basic financial statements and have issued our report thereon dated November 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

The Board of Education  
Sparta Area Schools  
November 3, 2009

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sparta Area Schools' 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*.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

Hungerford, Aldrin,  
Nichols & Carter, P.C.  
CPAs AND CONSULTANTS

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

November 3, 2009

The Board of Education  
Sparta Area Schools  
Kent County, Michigan

**Compliance**

We have audited the compliance of Sparta Area Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Sparta Area Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Sparta Area Schools' management. Our responsibility is to express an opinion on Sparta Area Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sparta Area Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sparta Area Schools' compliance with those requirements.

In our opinion, Sparta Area Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

The Board of Education  
Sparta Area Schools  
November 3, 2009

### *Internal Control Over Compliance*

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

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

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

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

### *Schedule of Expenditures of Federal Awards*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sparta Area Schools, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 3, 2009. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise Sparta Area Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldwin, Nichols & Bentley, P.C.*

Certified Public Accountants

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## ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

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### **SPARTA AREA SCHOOLS**

For the year ended June 30, 2009

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
<b>U. S. Department of Education</b>		
Passed through Michigan Department of Education (MDE):		
Title I, Part A:	84.010	
081530 0708		\$ 185,670
091530 0809		289,450
Passed through to Sub-recipients (Coopersville Area Schools)		<u>-</u>
Total Title I, Part A		<u>475,120</u>
Title I, Part C - Migrant:	84.011	
081890 0708		176,530
091890 0809		<u>183,080</u>
Total Title I, Part C		<u>359,610</u>
Total Title I		<u>834,730</u>
Title IIA:	84.367	
090520 0809		<u>100,771</u>
Title IID:	84.318	
094290 0809		<u>2,501</u>
Title III - Limited English:	84.365	
090580 0809		<u>18,427</u>
American Recovery & Reinvestment Act (ARRA):	84.394	
0809 Education Stabilization		<u>1,033,407</u>
Bilingual Grant:	84.002	
091120 950087		<u>10,000</u>
Adult Basic Education:	84.002	
091130 910067		<u>87,000</u>
Total Passed Through MDE		<u>2,086,836</u>

*See Notes to Schedule of Expenditures of Federal Awards*



<b>Accrued (Deferred) Revenue At July 1, 2008</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2009</b>
\$ -	\$ 179,636	\$ 6,034	\$ 6,034	\$ -
-	-	288,914	288,914	-
-	-	536	536	-
-	179,636	295,484	295,484	-
-	158,152	18,378	18,378	-
-	-	183,080	183,080	-
-	158,152	201,458	201,458	-
-	337,788	496,942	496,942	-
-	-	100,771	100,771	-
-	-	1,325	1,237	88
-	-	17,997	17,997	-
-	-	1,033,407	-	1,033,407
-	-	10,000	10,000	-
-	-	87,000	87,000	-
-	337,788	1,747,442	713,947	1,033,495

***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)***

**SPARTA AREA SCHOOLS**

For the year ended June 30, 2009

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Passed through Kent Intermediate School District (KISD):		
Safe and Drug Free Schools and Communities Act: 092860 0809 Program	84.186	\$ 5,058
Total Safe and Drug Free Schools and Communities Act		<u>5,058</u>
Special Education Cluster:		
I.D.E.A. — Flow Through: Flow Through — 090450 0809	84.027	649,449
Total I.D.E.A. — Flow Through		<u>649,449</u>
I.D.E.A. — Preschool: Preschool — 090460 0809	84.173	22,288
Total I.D.E.A. — Preschool		<u>22,288</u>
I.D.E.A. — Transition: 090490-TS	84.027	955
Total Special Education Cluster		<u>672,692</u>
Total Passed Through KISD		<u>677,750</u>
<b>Total U.S. Department of Education</b>		<u>2,764,586</u>
<b>U.S. Department of Health and Human Services</b>		
Passed through Kent Intermediate School District (KISD):		
School Based Medicaid: 0708 Program	93.778	3,801
0809 Program		5,100
Total School Based Medicaid		<u>8,901</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>8,901</u>

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2008</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2009</b>
\$ -	\$ -	\$ 5,058	\$ 5,058	\$ -
-	-	5,058	5,058	-
-	-	649,449	649,449	-
-	-	649,449	649,449	-
-	-	22,288	22,288	-
-	-	22,288	22,288	-
-	-	955	955	-
-	-	672,692	672,692	-
-	-	677,750	677,750	-
-	337,788	2,425,192	1,391,697	1,033,495
3,801	-	-	3,801	-
-	-	5,100	-	5,100
3,801	-	5,100	3,801	5,100
3,801	-	5,100	3,801	5,100

***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)***

**SPARTA AREA SCHOOLS**

For the year ended June 30, 2009

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<b>Corporation for National and Community Service</b>		
Passed through Michigan Department of Human Services:		
Learn and Serve America School and Community Based Programs:		
0809 Program	94.004	\$ 4,000
<b>U.S. Department of Agriculture</b>		
Passed Through Michigan Department of Education (MDE):		
Nutrition Cluster:		
Non-Cash Assistance (U.S.D.A. Commodities):		
Lunch Program	10.555	51,320
Cash Assistance:		
Lunch Program	10.555	345,437
Breakfast Program	10.553	75,150
Total Cash Assistance		420,587
Total Nutrition Cluster		471,907
<b>Total U.S. Department of Agriculture</b>		471,907
<b>Total Federal Financial Assistance</b>		\$ 3,249,394

*See Notes to Schedule of Expenditures of Federal Awards*

<b>Accrued (Deferred) Revenue At July 1, 2008</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2009</b>
\$ -	\$ -	\$ 4,000	\$ 4,000	\$ -
-	-	51,320	51,320	-
-	-	345,437	345,437	-
-	-	75,150	75,150	-
-	-	420,587	420,587	-
-	-	471,907	471,907	-
-	-	471,907	471,907	-
<u>\$ 3,801</u>	<u>\$ 337,788</u>	<u>\$ 2,906,199</u>	<u>\$ 1,871,405</u>	<u>\$ 1,038,595</u>

# **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

## **SPARTA AREA SCHOOLS**

For the year ended June 30, 2009

### **Note A – Significant Accounting Policies**

This Schedule of Expenditures of Federal Awards (SEFA) was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.

### **Note B – Grant Section Auditors Report**

The amounts reported on the Grant Section Auditors Report (R7120 and CMS) reconcile with the SEFA.

### **Note C – Non-Cash Assistance**

The amounts reported on the Recipient Entitlement Sheet, or PAL Report, agree with the SEFA for USDA donated food commodities.

### **Note D – Federal Income Reconciliation**

	<b>Grant Expenditures Per Schedule of Federal Financial Assistance</b>	<b>Federal Revenue Per Financial Statements</b>	<b>Difference</b>
Title IA	\$ 295,484	\$ 295,484	\$ -
Title IC	201,458	201,458	-
Title IIA	100,771	100,771	-
Title IID	1,325	1,325	-
Title III	17,997	17,997	-
American Recovery & Reinvestment Act	1,033,407	1,033,407	-
Bilingual Grant	10,000	10,000	-
Adult Basic Education	87,000	87,000	-
Safe and Drug Free Schools and Communities	5,058	5,058	-
Special Education Cluster	672,692	672,692	-
School Based Medicaid	5,100	5,100	-
Learn and Serve	4,000	4,000	-
Nutrition Cluster	471,907	471,907	-
	<b>\$ 2,906,199</b>	<b>\$ 2,906,199</b>	<b>\$ -</b>

# ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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## **SPARTA AREA SCHOOLS**

For the year ended June 30, 2009

### **Section I – Summary of Auditor’s Results**

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#### ***Financial Statements***

Type of auditors’ report issued:

*Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

#### ***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None reported

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

*Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-122, Section 510(a)?

\_\_\_\_\_ Yes      X   No

Identification of major programs audited:

	84.394	American Recovery & Reinvestment Act (ARRA)
		Nutrition Cluster:
	10.555	Non-Cash Lunch
	10.555	Lunch
	10.533	Breakfast

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***

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**SPARTA AREA SCHOOLS**

For the year ended June 30, 2009

**Section I – Summary of Auditor’s Results (Continued)**

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***Federal Awards (Continued)***

Dollar threshold used to distinguish between Type A and  
Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

           Yes   X   No

**Section II – Financial Statements Audit Findings**

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There were no findings that are required to be reported under *Government Auditing Standards*.

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

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There were no findings or questioned costs.