

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

Comprehensive Annual Financial Report

For the year ended June 30, 2009

**SPARTA AREA SCHOOLS**  
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For the year ended June 30, 2009

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

November 3, 2009

The Board of Education  
Sparta Area Schools

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sparta Area Schools (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Sparta Area Schools as of June 30, 2009, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2009 on our consideration of Sparta Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sparta Area Schools' basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental 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.

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

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SPARTA AREA SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2009**

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As management of the Sparta Area Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

**District-wide Statements**

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.



**SPARTA AREA SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2009**

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In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

**Condensed District-wide Financial Information**

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current assets	\$ 9,992,397	\$ 10,102,848
Net capital assets	<u>44,294,551</u>	<u>44,752,456</u>
<b>Total Assets</b>	<b><u>54,286,948</u></b>	<b><u>54,855,304</u></b>
<b>Liabilities</b>		
Current liabilities	4,609,907	4,154,501
Long-term liabilities	<u>34,244,568</u>	<u>36,119,835</u>
<b>Total Liabilities</b>	<b><u>38,854,480</u></b>	<b><u>40,274,336</u></b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	10,288,169	9,329,591
Restricted	548,177	1,467,726
Unrestricted	<u>4,596,122</u>	<u>3,783,651</u>
<b>Total Net Assets</b>	<b><u>\$ 15,432,468</u></b>	<b><u>\$ 14,580,968</u></b>

**SPARTA AREA SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2009**

The Statement of Activities presents changes in net assets from operating results:

	<u>2009</u>	<u>2008</u>
<b>Program Revenues</b>		
Charges for services	\$ 1,087,219	\$ 1,159,088
Operating grants	6,232,012	4,836,808
<b>General Revenues</b>		
Property taxes	4,892,463	5,169,103
State school aid, unrestricted	17,713,142	18,523,692
Interest earnings	76,800	369,340
Loss on disposal of assets	(92,232)	—
Other	234,924	241,728
<b>Total Revenues</b>	<u>30,144,328</u>	<u>30,299,759</u>
<b>Expenses</b>		
Instruction	15,721,922	15,154,095
Supporting services	9,244,333	10,351,111
Community services	306,738	322,738
Food service	972,477	929,982
Athletics	620,649	621,204
Other	136,349	136,351
Interest on long-term debt	1,553,540	1,590,708
Depreciation – unallocated	736,820	620,925
<b>Total Expenses</b>	<u>29,292,828</u>	<u>29,727,114</u>
Increase in net assets	851,500	572,645
<b>Net Assets - Beginning of Year</b>	<u>14,580,968</u>	<u>14,008,323</u>
<b>Net Assets - End of Year</b>	<u><b>\$ 15,432,468</b></u>	<u><b>\$ 14,580,968</b></u>

**Financial Analysis of the District as a Whole**

The District's financial position is the product of many factors.

The District's total revenues decreased .5% to \$30.14 million. Property taxes and unrestricted state aid accounted for most of the District's revenues, contributing about 75 percent of every dollar raised. Another 21 percent came from state and federal aid for specific programs and the remainder from fees charged for services, interest earnings, donations and miscellaneous sources.

The total cost of all programs and services decreased 1.5 percent to \$29.3 million. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (66 percent). The District's administrative and business activities accounted for 9 percent of total costs. Operation and maintenance expenses accounted for 6 percent of the total costs. The District continues to look for ways to collaborate with other districts to find cost-saving measures that will still benefit the District and also streamline processes.

**SPARTA AREA SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2009**

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Total revenues surpassed expenses, increasing net assets by \$851,500 over last year.

The District's finances slightly improved this year, and are somewhat attributed to reducing or eliminating expenditures in building and/or departmental budgets. The District also received some Medicaid revenues that were not expected during this fiscal year. The District actually slightly increased staffing this year because of special education mandates.

Some of the credit for the District's finances can be attributed to conservative budgeting, as well as the efforts across the District to conserve, reuse, eliminate use, and/or control and maintain costs. It is a District initiative to seek the most economic path to delivering a sound instructional program for our students.

### **Fund Financial Statements**

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

### **Financial Analysis of the District's Funds**

The District uses funds to record and analyze financial information. Sparta Area School's funds are described as follows:

#### **Major Funds**

##### General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$25,829,509, total other financing sources of \$52,533, total expenditures of \$24,885,826, and total other financing uses of \$420,143. It ended the fiscal year with a fund balance of \$5,024,879, up from \$4,448,806 as of June 30, 2008. The increase in fund balance of \$576,073 can be related to a number of factors which include:

**SPARTA AREA SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2009**

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- A freeze in building/departmental budgets across the District at the mid-year mark.
- Unexpected Medicaid revenues from the previous year.
- Continued conservative spending practices in all areas of the budget.

2004 Construction Fund

Current year investment earnings totaled \$36,379 and expenditures totaled \$1,007,564, leaving a fund balance at June 30, 2009 of \$23,210 with which to complete the projects over the next fiscal year.

**Nonmajor Funds**

Special Revenue Funds

The District operates two Special Revenue Funds, for the food service and athletic programs. Total revenues and other financing sources were \$1,579,525, with total expenditures and other financing uses of \$1,543,679. The ending fund balance was \$178,056, of which \$16,774 is attributable to the Athletics Fund and \$161,282 is attributable to the Food Service Fund.

Debt Service Funds

The District operates seven Debt Service Funds. Total revenues were \$2,751,963 and total other financing sources were \$270,705. Total expenditures were \$3,060,695. The ending fund balances in the Debt Service Funds totaled \$192,508, down from 230,535 at June 30, 2008.

Capital Projects Fund

There is one nonmajor Capital Projects Fund, the Building and Site Sinking Fund. Total revenues were \$397,934. Total expenditures were \$39,776 and other financing uses (transfers for debt service payments) totaled \$270,705. The ending fund balance was \$587,426 up from 499,973 at June 30, 2008.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of this fund are being held for the benefit of the District's students. Balances on hand at June 30, 2009 totaled \$481,704.

**General Fund Budgetary Highlights**

The General Fund was only amended once this year, and that was in the month of June. Due to the volatile nature of the economy, the looming potential for cuts in State funding, and a higher than expected decrease in student enrollment, planned amendments were put on hold until additional information would be provided. Since the climate was so uncertain, that time never arrived, so we ended up just amending the budget at the end of the fiscal year.

**SPARTA AREA SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2009**

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**Capital Asset and Debt Administration**

Capital Assets

By the end of 2009, the District had invested \$55.8 million in a broad range of capital assets, including land and land improvements, school buildings, athletic facilities, computer equipment, school buses, and administrative offices. This amount represents a decrease of \$93,949 from June 30, 2008. More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.

The net book value of District assets at June 30, 2009 are as follows:

Land	\$ 2,069,340
Buildings and additions	40,094,737
Furniture and equipment	1,335,694
Vehicles	776,754
Assets under capital lease	<u>18,026</u>
<b>Net Capital Assets</b>	<b><u><u>\$ 44,294,551</u></u></b>

Long-term Debt

At year end, the District had \$35.98 million in general obligation bonds and other long-term debt outstanding – a decrease of \$1,690,803 from last year.

- The District continued to pay down its debt, retiring \$1,503,757 of outstanding bonds.
- The District's other obligations include early retirement incentive and accumulated sick leave. We present more detailed information about our long-term liabilities in Note F to the Notes to Basic Financial Statements.

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The unsteady economy in our state provides a shaky ground for predicting not only enrollment, but steady funding directly from the State. Our funding is primarily from the State, and with their revenue projections showing nothing but doom and gloom, it is difficult to predict any upshift in funding, let alone steady, reliable funding with the potential of a proration always in consideration.
- Cost increases related to health care and retirement contributions on behalf of employees. These costs have a significant bearing on the budget as a whole, as well as negotiated salary increases. The support union's contract will be up for negotiations this year, with the teacher's contract the following year.
- The rising costs of commodities is always a concern for our District.

**SPARTA AREA SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2009**

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**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office, Sparta Area Schools, 465 S. Union Street, Sparta, Michigan 49345.

## **BASIC FINANCIAL STATEMENTS**

**SPARTA AREA SCHOOLS**  
**Statement of Net Assets**  
**June 30, 2009**

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash equivalents, deposits and investments (Note B)	\$ 4,511,656
Taxes receivable (Note C)	21,579
Due from other governmental units (Note C)	3,941,111
Inventory	8,993
Prepaid expenses	18,719
Unamortized bond issue costs	1,490,339
<b>Total Current Assets</b>	<b>9,992,397</b>
<b>Noncurrent Assets</b>	
Capital assets (Note E)	55,787,698
Less accumulated depreciation	(11,493,147)
<b>Total Noncurrent Assets</b>	<b>44,294,551</b>
<b>Total Assets</b>	<b>54,286,948</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	338,931
Due to other governmental units	703,680
Accrued interest payable	261,726
Salaries payable	1,423,030
Deferred revenue	8,759
Current portion of long term obligations	1,873,786
<b>Total Current Liabilities</b>	<b>4,609,912</b>
<b>Noncurrent Liabilities (Note F)</b>	
General obligation bonds payable	34,920,000
Durant non-plaintiff bonds payable	420,489
Capital leases payable	19,360
Early retirement incentive	452,176
Accumulated sick leave	169,458
Unamortized bond premium	136,871
Current portion of long-term obligations	(1,873,786)
<b>Total Noncurrent Liabilities</b>	<b>34,244,568</b>
<b>Total Liabilities</b>	<b>38,854,480</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	10,288,169
Restricted for:	
Debt service	(63,300)
Capital projects	611,477
Unrestricted	4,596,122
<b>Total Net Assets</b>	<b>\$ 15,432,468</b>

See accompanying notes to basic financial statements.



**SPARTA AREA SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 15,721,922	\$ 50,613	\$ 5,043,960	\$(10,627,349)
Supporting services	9,244,333	44,537	605,014	(8,594,782)
Community services	306,738	362,144	-	55,406
Food service	972,477	486,732	527,824	42,079
Athletics	620,649	143,193	-	(477,456)
Other	136,349	-	-	(136,349)
Interest on long-term debt	1,553,540	-	55,214	(1,498,326)
Depreciation - unallocated	736,820	-	-	(736,820)
<b>Total Governmental Activities</b>	<b>\$ 29,292,828</b>	<b>\$ 1,087,219</b>	<b>\$ 6,232,012</b>	<b>(21,973,597)</b>
<b>General Revenues</b>				
Taxes:				
				1,816,641
				2,686,430
				389,392
				17,713,142
				76,800
				(92,232)
				234,924
				<u>22,825,097</u>
				851,500
				<u>14,580,968</u>
				<u>\$ 15,432,468</u>

See accompanying notes to basic financial statements.

**SPARTA AREA SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	General	2004 Construction	Nonmajor	Total
<b>Assets</b>				
Cash equivalents, deposits and investments (Note B)	\$3,544,856	\$ 2,810	\$ 963,990	\$ 4,511,656
Taxes receivable (Note C)	14,821	-	6,758	21,579
Due from other funds (Note D)	-	20,400	-	20,400
Due from other governmental units (Note C)	3,935,400	-	5,711	3,941,111
Inventory	1,108	-	7,885	8,993
Prepaid expenditures	18,719	-	-	18,719
<b>Total Assets</b>	<b>\$7,514,904</b>	<b>\$ 23,210</b>	<b>\$ 984,344</b>	<b>\$ 8,522,458</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 338,494	\$ -	\$ 437	\$ 338,931
Due to other funds (Note D)	10,000	-	10,400	20,400
Due to other governmental units	703,680	-	-	703,680
Salaries payable	1,423,030	-	-	1,423,030
Deferred revenue	14,821	-	15,517	30,338
<b>Total Liabilities</b>	<b>2,490,025</b>	<b>-</b>	<b>26,354</b>	<b>2,516,379</b>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	192,508	192,508
Capital outlay	-	23,210	587,426	610,636
Unreserved:				
Undesignated, reported in:				
General fund	5,024,879	-	-	5,024,879
Special revenue funds	-	-	178,056	178,056
<b>Total Fund Balances</b>	<b>5,024,879</b>	<b>23,210</b>	<b>957,990</b>	<b>6,006,079</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$7,514,904</b>	<b>\$ 23,210</b>	<b>\$ 984,344</b>	<b>\$ 8,522,458</b>

See accompanying notes to basic financial statements.

**SPARTA AREA SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2009**

<b>Total governmental fund balances</b>		\$ 6,006,079
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$55,787,698 and accumulated depreciation is \$11,493,147.		44,294,551
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		1,353,468
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(34,920,000)	
Durant non-plaintiff bonds	(420,489)	
Capital leases	(19,360)	
Early retirement incentive	(452,176)	
Accumulated sick leave	(169,458)	(35,981,483)
Accrued interest is not included as a liability in governmental funds.		(261,726)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		21,579
		21,579
<b>Total net assets - governmental activities</b>		<b>\$ 15,432,468</b>

See accompanying notes to basic financial statements.

**SPARTA AREA SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2009**

	General	2004 Construction	Nonmajor	Total
<b>Revenues</b>				
Local sources	\$ 2,497,393	\$ 36,379	\$ 3,726,241	\$ 6,260,013
State sources	19,146,855	-	111,130	19,257,985
Federal sources	2,434,292	-	471,908	2,906,200
Interdistrict sources	1,750,969	-	-	1,750,969
<b>Total Revenues</b>	<u>25,829,509</u>	<u>36,379</u>	<u>4,309,279</u>	<u>30,175,167</u>
<b>Expenditures</b>				
Current:				
Instruction	15,971,946	-	-	15,971,946
Supporting services	8,606,606	-	-	8,606,606
Community services	306,738	-	-	306,738
Food service	-	-	967,117	967,117
Athletics	-	-	546,562	546,562
Capital outlay	-	1,007,564	39,776	1,047,340
Debt service:				
Principal repayment	-	-	1,503,757	1,503,757
Interest and fiscal charges	-	-	1,556,938	1,556,938
Interdistrict	536	-	-	536
<b>Total Expenditures</b>	<u>24,885,826</u>	<u>1,007,564</u>	<u>4,614,150</u>	<u>30,507,540</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>943,683</u>	<u>(971,185)</u>	<u>(304,871)</u>	<u>(332,373)</u>
<b>Other Financing Sources (Uses)</b>				
Capital lease proceeds	22,533	-	-	22,533
Transfers in	30,000	-	690,848	720,848
Transfers out	(420,143)	-	(300,705)	(720,848)
<b>Total Other Financing Sources (Uses)</b>	<u>(367,610)</u>	<u>-</u>	<u>390,143</u>	<u>22,533</u>
<b>Net Change in Fund Balances</b>	576,073	(971,185)	85,272	(309,840)
<b>Fund Balances, Beginning of Year</b>	<u>4,448,806</u>	<u>994,395</u>	<u>872,718</u>	<u>6,315,919</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,024,879</u>	<u>\$ 23,210</u>	<u>\$ 957,990</u>	<u>\$6,006,079</u>

See accompanying notes to basic financial statements.

**SPARTA AREA SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2009**

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**Net change in fund balances - total governmental funds** \$ (309,840)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

	Capital outlays	\$ 940,978	
	Depreciation expense	<u>(1,306,651)</u>	(365,673)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead considered deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (7,042)

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (22,533)

Net bond refunding costs are amortized over the life of the new bond issue on the Statement of Activities. (67,914)

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold/retired. (92,232)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of bonds	1,503,757		
Repayment of capital leases	<u>3,173</u>	1,506,930	

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities however, interest expense is recognized as the interest accrues regardless of when it is paid. 3,398

In the Statement of Net Assets, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$393,033) exceeded the amounts earned (\$186,627). 206,406

**Total change in net assets - governmental activities** \$ 851,500

See accompanying notes to basic financial statements.

**SPARTA AREA SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 2,853,120	\$ 2,487,123	\$ 2,497,393	\$ 10,270
State sources	19,305,569	20,087,681	19,146,855	(940,826)
Federal sources	1,308,668	1,348,752	2,434,292	1,085,540
Interdistrict sources	2,276,245	1,761,946	1,750,969	(10,977)
<b>Total Revenues</b>	<u>25,743,602</u>	<u>25,685,502</u>	<u>25,829,509</u>	<u>144,007</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	12,120,664	11,982,529	11,837,185	145,344
Added needs	3,650,842	3,755,618	3,850,919	(95,301)
Adult education services	282,809	290,304	283,842	6,462
Supporting services:				
Pupil services	1,838,460	1,781,143	1,732,216	48,927
Instructional staff services	708,953	681,240	623,074	58,166
General administrative services	613,845	582,282	581,892	390
School administrative services	1,656,635	1,600,028	1,587,964	12,064
Business services	387,178	387,178	414,069	(26,891)
Operation and maintenance services	1,809,716	1,751,206	1,719,636	31,570
Pupil transportation services	1,964,185	1,761,480	1,689,830	71,650
Central services	286,867	265,498	257,925	7,573
Community services	377,675	332,081	306,738	25,343
Interdistrict	15,721	536	536	-
<b>Total Expenditures</b>	<u>25,713,550</u>	<u>25,171,123</u>	<u>24,885,826</u>	<u>285,297</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>30,052</u>	<u>514,379</u>	<u>943,683</u>	<u>429,304</u>
<b>Other Financing Sources (Uses)</b>				
Capital lease proceeds	-	-	22,533	22,533
Transfers in	30,000	30,000	30,000	-
Transfers out	(462,162)	(436,104)	(420,143)	15,961
<b>Total Other Financing Sources (Uses)</b>	<u>(432,162)</u>	<u>(406,104)</u>	<u>(367,610)</u>	<u>38,494</u>
<b>Net Change in Fund Balances</b>	(402,110)	108,275	576,073	467,798
<b>Fund Balances, Beginning of Year</b>	<u>4,448,806</u>	<u>4,448,806</u>	<u>4,448,806</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 4,046,696</u>	<u>\$ 4,557,081</u>	<u>\$ 5,024,879</u>	<u>\$ 467,798</u>

See accompanying notes to basic financial statements.

**SPARTA AREA SCHOOLS**  
**Fiduciary Fund**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2009**

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**Assets**

Cash equivalents, deposits and investments (Note B)	<u>\$ 481,704</u>
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**Liabilities**

Due to student groups	<u>\$ 481,704</u>
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See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**



**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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

Sparta Area Schools was organized under the School Code of the State of Michigan and services a population of approximately 2,801 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Sparta Area Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-wide and Fund Financial Statements**

**District-wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2004 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., 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 District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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**Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

*General Fund*—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletics Special Revenue Funds.

*Debt Service Funds*—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

*Capital Projects Funds*—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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

#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Sparta Area Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Act (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Sparta Area Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

#### **5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

#### **6. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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**7. Inventory**

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

**8. Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

**9. Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**10. Early Retirement Incentive/Accumulated Sick Leave**

Early retirement incentive and accumulated sick leave at June 30, 2009 has been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2009, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive and accumulated sick leave amounted to \$452,176 and \$169,458, respectively.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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**11. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**12. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

**13. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash Equivalents, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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Balances at June 30, 2009 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$ 4,511,656
Fiduciary Funds:	
Agency Fund	481,704
	\$ 4,993,360

**Cash Equivalents**

Depositories actively used by the District during the year are detailed as follows:

1. Choice One Bank

Cash equivalents consist of bank public funds checking accounts.

Balances at June 30, 2009 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Governmental Funds	\$ 3,531,490
Fiduciary Funds	481,704
	\$ 4,013,194

*Custodial Credit Risk Related to Cash Equivalents*

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$4,013,194 and the bank balance was \$4,639,801. Of the bank balance, \$442,506 was covered by federal depository insurance and \$4,197,295 was uninsured.

**Investments**

As of June 30, 2009 the District had the following investments:

	<b>Fair Value</b>
Surplus Funds Investment Pool Account:	
Michigan Liquid Asset Fund Plus	\$ 980,166

The Michigan Liquid Asset Fund Plus (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the State School Code. The pool is not regulated or registered with the Securities and Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2009. The MILAF is rated AAAM by Standard & Poor's.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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*Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law. At June 30, 2009, the District had no investments that were subject to custodial credit risk.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy (and State law) requires that commercial paper be rated within the two highest classifications established by not less than two standard rating services at the time of purchase. Mutual fund investments must have a par share value intended to maintain a net asset value of at least \$1.00 per share.

*Interest Rate Risk*

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

*Concentration of Credit Risk*

The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

*Foreign Currency Risk*

The District is not authorized to invest in investments which have this type of risk.

## **Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2008 ad valorem State Education Taxes generated within the Sparta Area School District, and paid to the State of Michigan, totaled \$2,582,460.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2008 and September, 2008. The 2008-09 "Foundation Allowance" for Sparta Area Schools was \$7,316 for 2,779 "Full Time Equivalent" students, generating \$18,637,569 in state aid payments to the District, of which \$2,519,612 was paid to the District in July and August, 2009 and included in "Due From Other Governmental Units" of the General and Food Service Special Revenue Funds of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the Townships of Algoma, Alpine, Sparta, Tyrone, Chester and Wright and the Village of Sparta, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:



**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

Tax Year	General	Debt Service	Building and Site	Total
2008	\$ 1,443	\$ 1,495	\$ 216	\$ 3,154
2007	9,523	3,077	440	13,040
2006	3,855	1,345	185	5,385
	<u>\$ 14,821</u>	<u>\$ 5,917</u>	<u>\$ 841</u>	<u>\$ 21,579</u>

Taxes receivable are offset by deferred revenue in the General, Debt Service and Building and Site Funds of the District. Taxes uncollected after three years from the date of levy are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

Sparta Area Schools' electors previously approved a five year operating millage extension in May 2005 for the 18 mill non-homestead property tax.

The District levied 5.9 mills in 2008 for debt service purposes, and .8552 mills for the building and site (sinking) fund, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the MBT, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under IFT); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from (to) other funds, representing short-term interfund receivables and payables for year end expenditure reimbursements and property tax allocations at June 30, 2009, are detailed as follows:

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

	<b>Due From</b>	<b>Due To</b>
<b>Major Funds</b>		
General Fund:		
Capital Projects Fund		
2004 Construction Fund	\$ —	\$ 10,000
<b>Nonmajor Funds:</b>		
Capital Projects Funds		
Building and Site Fund:		
2004 Construction Fund	—	10,400
2004 Construction Fund:		
General Fund	10,000	—
Building and Site Fund	10,400	—
	20,400	10,400
Total Nonmajor Funds		
	20,400	10,400
<b>Total All Funds</b>	<b>\$ 20,400</b>	<b>\$ 20,400</b>

Transfers between funds during the year ended June 30, 2009 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>General Fund</b>		
Special Revenue Funds:		
Food Service Fund	\$ 30,000	\$ —
Athletics Fund	—	420,143
Total General Fund	30,000	420,143
<b>Special Revenue Funds</b>		
Food Service Fund:		
General Fund	—	30,000
Athletics Fund:		
General Fund	420,143	—
Total Special Revenue Funds	420,143	30,000
<b>Debt Service Funds</b>		
2000 Debt Service Fund:		
Capital Projects Fund:		
Building & Site Fund	144,995	—
2001 Debt Service Fund:		
Capital Projects Fund:		
Building and Site Fund	125,710	—
Total Debt Service Funds	270,705	—
<b>Capital Projects Fund</b>		
Building and Site Fund:		
2000 Debt Service Fund	—	144,995
2001 Debt Service Fund	—	125,710
Total Capital Projects Fund	—	270,705
Total All Funds	<b>\$ 720,848</b>	<b>\$ 720,848</b>

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

The Food Service Fund transfer to the General Fund was made to allocate indirect costs for the fiscal year. The General Fund transfer to the Athletic fund was made to pay the General Fund's share of support for the athletic program for the fiscal year. The Building and Site Fund transfers to the Debt Service Funds were made to pay scheduled debt service principal and interest payments due in the fiscal year.

**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balances</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2009</u>
Capital assets not depreciated:				
Land	\$ 2,090,675	\$ —	\$ 21,335	\$ 2,069,340
Construction in progress	3,631,892	—	3,631,892	—
Capital assets being depreciated:				
Buildings and additions	45,085,820	4,084,488	643,770	48,526,538
Furniture and equipment	2,458,562	380,445	181,924	2,657,083
Vehicles	2,426,800	85,404	—	2,512,204
Assets under capital lease	—	22,533	—	22,533
	<u>55,693,749</u>	<u>\$ 4,572,870</u>	<u>\$ 4,478,921</u>	<u>55,787,698</u>
Less accumulated depreciation for:				
Buildings and additions	8,202,713	\$ 801,961	\$ 572,873	8,431,801
Furniture and equipment	1,164,297	339,016	181,924	1,321,389
Vehicles	1,574,283	161,167	—	1,735,450
Assets under capital lease	—	4,507	—	4,507
	<u>10,941,293</u>	<u>\$ 1,306,651</u>	<u>\$ 754,797</u>	<u>11,493,147</u>
<b>Net Capital Assets</b>	<u>\$ 44,752,456</u>			<u>\$ 44,294,551</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 6,795
Supporting services	485,813
Food service	3,136
Athletics	74,087
Unallocated	<u>736,820</u>
	<u>\$ 1,306,651</u>

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

**Note F – Long-term Debt**

Amounts available and to be provided for outstanding long-term debt at June 30, 2009 are summarized as follows:

	<b>General Obligation Bonds</b>	<b>Durant Non- plaintiff Bonds</b>	<b>Capital Lease</b>	<b>Early Retirement Incentive</b>	<b>Accumulated Sick Leave</b>	<b>Total</b>
<b>Amount Available For Retirement Of Long-term Debt</b>						
Debt Service Funds	\$ 192,508	\$ —	\$ —	\$ —	\$ —	\$ 192,508
<b>Amounts To Be Provided For Retirement Of Long-term Debt</b>						
State of Michigan	—	420,489	—	—	—	420,489
General Fund	—	—	19,360	452,176	169,458	640,994
Debt Service Funds	34,727,492	—	—	—	—	34,727,492
<b>Total Amounts Available and To Be Provided</b>						
	<u>\$34,920,000</u>	<u>\$ 420,489</u>	<u>\$ 19,360</u>	<u>\$ 452,176</u>	<u>\$ 169,458</u>	<u>\$ 35,981,483</u>

Changes in long-term debt for the year ended June 30, 2009 are summarized as follows:

	<b>Debt Outstanding July 1, 2008</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2009</b>
General obligation bonds:				
May 1, 2000	\$ 270,000	\$ —	\$ 130,000	\$ 140,000
May 1, 2001	235,000	—	115,000	120,000
March 24, 2003	825,000	—	825,000	—
July 14, 2004	15,125,000	—	350,000	14,775,000
December 28, 2006	9,960,000	—	—	9,960,000
February 6, 2007	9,965,000	—	40,000	9,925,000
Durant non-plaintiff bonds:				
November 13, 1998	464,246	—	43,757	420,489
Capital lease	—	22,533	3,173	19,360
Early retirement incentive	710,288	104,932	363,044	452,176
Accumulated sick leave	117,752	81,695	29,989	169,458
	<u>\$ 37,672,286</u>	<u>\$ 209,160</u>	<u>\$ 1,899,963</u>	<u>\$ 35,981,483</u>

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

Long-term debt outstanding at June 30, 2009 is comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$1,100M Building and Site May 1, 2000: Annual maturity of \$140M	May 1, 2010	5.50	\$ 140,000	\$ 140,000
\$900M Building and Site May 1, 2001: Annual maturity of \$120M	May 1, 2010	4.50	120,000	120,000
\$34,410M Building & Site July 14, 2004: Annual maturities of \$200M to \$1,575M	May 1, 2021	3.50 – 5.00	14,775,000	1,075,000
\$10,000M Refunding December 28, 2006: Annual maturities of \$30M to \$2,100M	May 1, 2030	4.00 – 4.125	9,960,000	—
\$10,000M Refunding February 6, 2007: Annual maturities of \$30M to \$1,830M	May 1, 2026	4.00 – 5.00	9,925,000	40,000
<b>Durant Non-plaintiff Bonds</b>				
\$43 - \$268M School Improvement November 13, 1998: Annual maturities of \$48,021 to 269,464	May 15, 2013	4.761353	420,489	269,464
<b>Capital Lease</b>				
\$22,533 Copy Equipment June 9, 2008: Annual maturities of \$3,732 to \$6,075	May 9, 2013	16.343	19,360	3,732
<b>Other Obligations</b>				
Early retirement incentive			452,176	220,592
Accumulated sick leave			169,458	4,998
			<u>35,981,483</u>	<u>220,592</u>
			\$ 35,981,483	\$ 1,873,786

The annual requirements to pay principal and interest on long-term bonds and capital lease agreements outstanding are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 1,648,196	\$ 1,598,631	\$ 3,246,827
2011	1,217,411	1,451,340	2,668,751
2012	1,275,468	1,404,491	2,679,959
2013	1,328,774	1,352,387	2,681,161
2014	1,320,000	1,298,077	2,618,077
2015	1,385,000	1,246,639	2,631,639
2016	1,455,000	1,172,689	2,627,689
2017	1,525,000	1,100,388	2,625,388
2018	1,580,000	1,024,588	2,604,588
2019	1,635,000	946,638	2,581,638

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

Year Ending June 30	Principal	Interest	Total
2020	\$ 1,690,000	\$ 865,989	\$ 2,555,989
2021	1,740,000	782,639	2,522,639
2022	1,780,000	711,039	2,491,039
2023	1,820,000	639,839	2,459,839
2024	1,855,000	567,039	2,422,039
2025	1,895,000	492,839	2,387,839
2026	1,945,000	417,039	2,362,039
2027	2,010,000	338,418	2,348,418
2028	2,070,000	258,019	2,328,019
2029	2,100,000	172,631	2,272,631
2030	2,085,000	86,006	2,171,006
	<u>\$ 35,359,849</u>	<u>\$ 17,927,365</u>	<u>\$ 53,287,214</u>

On December 28, 2006 and February 6, 2007 the District issued \$20,000,000 in general obligation bonds to advance refund \$18,450,000 of outstanding 2004 serial bonds. Under the terms of these agreements, these securities, together with interest earned to maturity, will be sufficient to pay all principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds cannot be commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (scheduled to be May 1, 2014). This defeasance procedure allows the District to remove the assets and liabilities from its financial statements, which it has done for the fiscal year ended June 30, 2009. The assets, now held by the escrow agent to be used for the remaining principal and interest due of \$23,062,500 on the defeased debt at June 30, 2009 are detailed in the following schedule:

	<u>Cost</u>	<u>Market Value</u>	<u>Par Value</u>
U.S Government Securities	<u>\$ 19,287,113</u>	<u>\$ 19,287,113</u>	<u>\$ 19,287,113</u>

**Note G – Retirement Plan**

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a state-wide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2009 was \$13,534,342. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan-Fixed (MIP-Fixed). Effective January 1, 1990, all new employees are automatically enrolled in the MIP-Graded Plan. Participants in the MIP-Fixed or MIP-Graded Plans receive benefits in addition to those available under the Basic Plan. The contribution rate for MIP-Fixed participants is 3.9% of salary. The contribution rate for MIP-Graded participants is a graduated rate based on total wages: calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. All MIP members may retire at any age with 30 years of service; at age 60 with 10 years of service; or at age 60 with 5 years of service (with stipulations). Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS plan. The contribution rate was 10.17% for the fiscal year ending September 30, 2008 and 9.99% for the fiscal year beginning October 1, 2008. The District's contributions to the plan for the fiscal years ended June 30, 2009, 2008 and 2007 were \$2,237,607, \$2,258,576, and \$2,376,072, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS does not make separate measurements of assets and actuarial accrued liability for individual schools, instead using the aggregate actuarial cost method. The actuarial accrued liability at September 30, 2007 (the latest reporting date available expressed as \$ in millions) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date, was \$51,107. Net assets available for retirement benefits on that date were \$45,335 leaving an unfunded actuarial accrued liability of \$5,772. The total unfunded actuarial accrued liability decreased by \$370 from September 30, 2006 to September 30, 2007. At September 30, 2007 the funded ratio of actuarial accrued liability was 88.7%; covered payroll totaled \$9,851, and unfunded actuarial accrued liability was 58.6% of covered payroll.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits were 6.55% of covered payroll for the years ended September 30, 2007 through 2009. At September 30, 2007, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole (expressed as \$ in millions) was \$25,733. The MPSERS net assets available for these benefits were \$776 leaving an unfunded actuarial accrued liability of \$24,957. At September 30, 2007 the funded ratio of actuarial liability was 3.0%; covered payroll totaled \$9,851, and unfunded actuarial liability was 253.3% of covered payroll.

Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2008 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

**SPARTA AREA SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2009**

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**Note H – Risk Management and Benefits**

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,175,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$81,834 in premiums to the Trust for the year ended June 30, 2009.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$2,175,150 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2009, there were no material pending claims against the District. The District paid \$64,278 in premiums to the Fund for the year ended June 30, 2009.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note I – Commitments**

On July 4, 2004, the District issued \$34,410,000 of general obligation building and site bonds whose proceeds are being used for land purchases, building renovations and additions and furniture and equipment purchases. At June 30, 2009, unspent balances committed to this construction project totaled approximately \$23,000, which are expected to be fully expended by the year ended June 30, 2010.

**Note J – Stewardship, Compliance and Accountability**

The following District fund had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2009, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
Instruction:			
Added needs	\$ 3,755,618	\$ 3,850,919	\$ 95,301
Supporting services:			
Business services	387,178	414,069	26,891



## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

**SPARTA AREA SCHOOLS  
General Fund  
Comparative Balance Sheet  
June 30, 2009 and 2008**

	2009	2008
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 3,544,856	\$ 2,612,145
Taxes receivable	14,821	20,675
Due from other governmental units	3,935,400	3,944,959
Inventory	1,108	758
Prepaid expenditures	18,719	18,719
<b>Total Assets</b>	<b>\$ 7,514,904</b>	<b>\$ 6,597,256</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 338,494	\$ 371,329
Due to other funds	10,000	455
Due to other governmental units	703,680	632,823
Salaries payable	1,423,030	1,123,168
Deferred revenue	14,821	20,675
<b>Total Liabilities</b>	<b>2,490,025</b>	<b>2,148,450</b>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	5,024,879	4,448,801
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,514,904</b>	<b>\$ 6,597,251</b>

**SPARTA AREA SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2009 and 2008**

	2009	2008
Local sources:		
Property taxes:		
Current property taxes	\$ 1,805,582	\$ 2,059,216
Delinquent property taxes	6,909	3,644
Other property taxes	2,867	16,630
Interest on delinquent taxes	7,137	4,822
	<u>1,822,495</u>	<u>2,084,312</u>
Interest earnings:		
Interest on deposits and investments	51,115	117,488
Other local revenue:		
Tuition	7,898	12,690
Community enrichment fees	24,028	32,969
Preschool/childcare fees	338,116	372,204
Drivers education	42,715	35,371
Transportation fees	17,382	33,350
Sale of school property	9,072	2,464
Sale of fuel	27,155	34,594
Rental of school facilities	12,420	4,444
Donations	3,685	2,505
Insurance claims	195	364
Adult education reimbursement	43,789	49,425
Refunds of expenditures	79,437	83,801
Miscellaneous	17,891	13,648
	<u>623,783</u>	<u>677,829</u>
Total local sources	2,497,393	2,879,629
State sources:		
State aid	18,526,428	19,339,913
Special education - transportation	526,368	406,943
Special education - itinerants	48,646	103,174
FICA/Retirement reimbursement	45,413	45,412
Total state sources	<u>19,146,855</u>	<u>19,895,442</u>
Federal sources:		
ARRA Stabilization funds	1,033,407	-
Title I	295,484	179,636
Title I C - Migrant	201,458	158,152
Title IIA	100,771	93,735
Title II D	1,325	1,745
Title III	17,997	52,860
Title V	-	575
Adult basic education	87,000	102,000
I.D.E.A. program	672,692	658,255
Medicaid - school based	5,100	3,801
Adult English literacy/civics education	10,000	10,600
Service learning grant	4,000	7,858
Drug free schools	5,058	5,951
Total federal sources	<u>2,434,292</u>	<u>1,275,168</u>

(Continued)

**SPARTA AREA SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2009 and 2008**

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	2009	2008
Interdistrict sources:		
Special education - county	\$ 1,430,257	\$ 1,367,244
Special education - tuition	87,932	152,240
Special education - shared costs	20,325	59,900
Durant settlement reimbursements	-	4,290
Medicaid fee for service	203,162	153,177
Other grants	9,293	8,976
Total interdistrict sources	1,750,969	1,745,827
<b>Total Revenues</b>	<b>\$ 25,829,509</b>	<b>\$ 25,796,066</b>

**SPARTA AREA SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2009 and 2008**

	2009	2008
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 3,121,623	\$ 3,131,250
Employee benefits	1,625,018	1,611,494
Purchased services	47,329	61,435
Supplies	100,707	140,864
Miscellaneous	2,333	2,736
	<u>4,897,010</u>	<u>4,947,779</u>
Middle school:		
Salaries	1,977,082	1,918,160
Employee benefits	805,585	821,117
Purchased services	26,593	30,923
Supplies	81,591	31,930
	<u>2,890,851</u>	<u>2,802,130</u>
High school:		
Salaries	2,578,640	2,559,032
Employee benefits	1,118,822	1,091,072
Purchased services	91,659	33,439
Supplies	113,555	79,283
Miscellaneous	454	754
	<u>3,903,130</u>	<u>3,763,580</u>
Preschool:		
Salaries	81,600	68,565
Employee benefits	37,072	31,342
Purchased services	594	98
Supplies	3,658	1,095
Miscellaneous	-	2,481
	<u>122,924</u>	<u>103,581</u>
Summer school:		
Salaries	18,243	18,328
Employee benefits	4,393	4,412
Supplies	634	286
	<u>23,270</u>	<u>23,026</u>
Total basic programs	<u>11,837,185</u>	<u>11,640,096</u>
Added needs:		
Special education:		
Salaries	1,945,183	1,830,778
Employee benefits	993,711	916,626
Purchased services	20,075	25,251
Supplies	12,000	11,968
Payments to other school districts	261,036	122,757
	<u>3,232,005</u>	<u>2,907,380</u>
Compensatory education:		
Salaries	359,017	293,653
Employee benefits	218,366	151,662

(Continued)

**SPARTA AREA SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2009 and 2008**

	2009	2008
Compensatory education: (Continued)		
Purchased services	\$ 36,438	\$ 2,055
Supplies	5,093	4,647
	<u>618,914</u>	<u>452,017</u>
Total added needs	<u>3,850,919</u>	<u>3,359,397</u>
Adult education services:		
Basic:		
Salaries	124,540	118,017
Employee benefits	30,304	29,476
Purchased services	36,718	3,051
Supplies	5,428	5,895
Miscellaneous	60	797
	<u>197,050</u>	<u>157,236</u>
Secondary:		
Salaries	34,679	32,275
Employee benefits	4,563	4,283
Purchased services	15,750	17,382
Supplies	4,325	2,969
Indirect cost	27,475	33,999
	<u>86,792</u>	<u>90,908</u>
Total adult education services	<u>283,842</u>	<u>248,144</u>
Total instruction	<u>15,971,946</u>	<u>15,247,637</u>
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	410,408	391,702
Employee benefits	192,556	178,372
Purchased services	14,663	8,489
Supplies	14,817	16,487
	<u>632,444</u>	<u>595,050</u>
Health services:		
Salaries	40,054	40,348
Employee benefits	9,158	9,262
Purchased services	629	255
Supplies	4,900	7,143
Payments to other school districts	156,257	162,155
	<u>210,998</u>	<u>219,163</u>
Psychological services:		
Purchased services	327	62
Supplies	753	2,500
Payments to other school districts	218,580	213,863
	<u>219,660</u>	<u>216,425</u>
Speech pathology services:		
Purchased services	426	-
Supplies	1,185	1,101
Payments to other school districts	327,142	315,902
	<u>328,753</u>	<u>317,003</u>

(Continued)

**SPARTA AREA SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2009 and 2008**

	2009	2008
Social worker services:		
Purchased services	\$ 220	\$ 250
Supplies	90	141
Payments to other school districts	340,051	343,828
	<u>340,361</u>	<u>344,219</u>
Total pupil services	1,732,216	1,691,860
Instructional staff services:		
Professional staff development:		
Salaries	18,745	20,245
Employee benefits	19,224	19,322
Purchased services	13,125	10,920
Supplies	1,836	2,204
Miscellaneous	54	1,332
	<u>52,984</u>	<u>54,023</u>
Library:		
Salaries	153,795	137,398
Employee benefits	92,192	103,204
Purchased services	1,043	1,671
Supplies	27,334	20,606
	<u>274,364</u>	<u>262,879</u>
Supervision/direction of instruction:		
Salaries	211,862	342,333
Employee benefits	76,972	114,508
Purchased services	6,159	5,137
Supplies	553	-
Miscellaneous	180	480
	<u>295,726</u>	<u>462,458</u>
Total instructional staff services	623,074	779,360
General administrative services:		
Board of education:		
Salaries	3,840	5,520
Employee benefits	68,842	158,960
Purchased services	82,495	54,259
Supplies	1,396	643
Miscellaneous	22,677	18,929
	<u>179,250</u>	<u>238,311</u>
Executive administration:		
Salaries	284,237	193,767
Employee benefits	109,080	53,715
Purchased services	7,627	3,124
Supplies	154	322
Miscellaneous	1,544	376
	<u>402,642</u>	<u>251,304</u>
Total general administrative services	581,892	489,615

(Continued)



**SPARTA AREA SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2009 and 2008**

	2009	2008
School administrative services:		
Office of the principal:		
Salaries	\$ 1,053,474	\$ 994,267
Employee benefits	509,474	498,692
Purchased services	6,078	5,881
Office supplies	15,498	17,297
Miscellaneous	3,440	2,895
Total school administrative services	1,587,964	1,519,032
Business services:		
Fiscal services:		
Salaries	161,416	131,754
Employee benefits	80,946	76,537
Purchased services	15,394	17,338
Supplies	2,265	1,620
Miscellaneous	4,014	714
	264,035	227,963
Internal services:		
Purchased services	103,037	73,275
Supplies	9,420	19,380
Miscellaneous	4,105	3,757
	116,562	96,412
Other business services:		
Miscellaneous	33,472	66,879
Total business services	414,069	391,254
Operation and maintenance services:		
Operation and maintenance:		
Salaries	193,979	204,623
Employee benefits	84,598	92,849
Purchased services	876,011	729,403
Supplies	552,475	587,004
Capital outlay	369	-
Miscellaneous	233	552
	1,707,665	1,614,431
Security services:		
Purchased services	11,971	-
Total operation and maintenance services	1,719,636	1,614,431
Pupil transportation services:		
Pupil transportation:		
Salaries	515,218	531,867
Employee benefits	182,376	223,925
Purchased services	33,738	36,248
Supplies	173,826	212,793
New buses	85,404	169,522
Miscellaneous	4,401	5,490
Payments to other school districts	694,867	602,395
Total pupil transportation services	1,689,830	1,782,240

(Continued)

**SPARTA AREA SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Central services:		
Staff/personnel services:		
Salaries	\$ -	\$ 146,485
Employee benefits	-	63,148
Purchased services	-	19,953
Supplies	-	27
Miscellaneous	-	1,318
	<u>-</u>	<u>230,931</u>
Technology services:		
Salaries	101,426	78,442
Employee benefits	33,909	21,362
Purchased services	16,786	22,710
Supplies	29,342	34,288
New equipment and furniture	76,462	66,919
	<u>257,925</u>	<u>223,721</u>
Total central services	<u>257,925</u>	<u>454,652</u>
Total supporting services	8,606,606	8,722,444
Community services:		
Community recreation:		
Salaries	2,090	1,235
Employee benefits	508	261
Supplies	17,709	24,121
	<u>20,307</u>	<u>25,617</u>
Custody/care of children:		
Salaries	154,720	216,105
Employee benefits	37,014	51,997
Purchased services	74,296	5,800
Supplies	19,032	21,734
Miscellaneous	1,369	1,485
	<u>286,431</u>	<u>297,121</u>
Total community services	306,738	322,738
Interdistrict:		
Other	536	14,224
	<u>536</u>	<u>14,224</u>
<b>Total Expenditures</b>	<u><u>\$ 24,885,826</u></u>	<u><u>\$ 24,307,043</u></u>

## **NONMAJOR GOVERNMENTAL FUNDS**

**SPARTA AREA SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2009**

	Special Revenue	
Assets	Food Service	Athletics
Cash equivalents, deposits and investments	\$ 156,882	\$ 16,774
Taxes receivable	-	-
Due from other governmental units	5,711	-
Inventory	7,885	-
<b>Total Assets</b>	<b>\$ 170,478</b>	<b>\$ 16,774</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 437	\$ -
Due to other funds	-	-
Deferred revenue	8,759	-
<b>Total Liabilities</b>	9,196	-
<b>Fund Balances</b>		
Reserved for debt service	-	-
Reserved for capital outlay	-	-
Unreserved:		
Undesignated	161,282	16,774
<b>Total Fund Balances</b>	161,282	16,774
<b>Total Liabilities and Fund Balances</b>	<b>\$ 170,478</b>	<b>\$ 16,774</b>

Debt Service					Capital Projects Building and Site	Total
2003	2004	2006	2007	Durant		
\$ 35,721	\$ 37,746	\$ 47,266	\$ 71,775	\$ -	\$ 597,826	\$ 963,990
1,847	2,512	740	818	-	841	6,758
-	-	-	-	-	-	5,711
-	-	-	-	-	-	7,885
<u>\$ 37,568</u>	<u>\$ 40,258</u>	<u>\$ 48,006</u>	<u>\$ 72,593</u>	<u>\$</u>	<u>\$ 598,667</u>	<u>\$ 984,344</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 437
-	-	-	-	-	10,400	10,400
1,847	2,512	740	818	-	841	15,517
<u>1,847</u>	<u>2,512</u>	<u>740</u>	<u>818</u>	<u>-</u>	<u>11,241</u>	<u>26,354</u>
35,721	37,746	47,266	71,775	-	-	192,508
-	-	-	-	-	587,426	587,426
-	-	-	-	-	-	178,056
<u>35,721</u>	<u>37,746</u>	<u>47,266</u>	<u>71,775</u>	<u>-</u>	<u>587,426</u>	<u>957,990</u>
<u>\$ 37,568</u>	<u>\$ 40,258</u>	<u>\$ 48,006</u>	<u>\$ 72,593</u>	<u>\$</u>	<u>\$ 598,667</u>	<u>\$ 984,344</u>

**SPARTA AREA SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2009**

	Special Revenue		2000	2001
	Food Service	Athletics		
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Interest earnings	1,633	-	-	-
Sales and admissions	486,732	143,193	-	-
Total local sources	488,365	143,193	-	-
State sources	55,916	-	-	-
Federal sources	471,908	-	-	-
<b>Total Revenues</b>	<b>1,016,189</b>	<b>143,193</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Food service	967,117	-	-	-
Athletics	-	546,562	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	130,000	115,000
Interest and fiscal charges	-	-	14,995	10,710
<b>Total Expenditures</b>	<b>967,117</b>	<b>546,562</b>	<b>144,995</b>	<b>125,710</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>49,072</b>	<b>(403,369)</b>	<b>(144,995)</b>	<b>(125,710)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	420,143	144,995	125,710
Transfers out	(30,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(30,000)</b>	<b>420,143</b>	<b>144,995</b>	<b>125,710</b>
<b>Net Change in Fund Balances</b>	<b>19,072</b>	<b>16,774</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Beginning of Year</b>	<b>142,210</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 161,282</b>	<b>\$ 16,774</b>	<b>\$ -</b>	<b>\$ -</b>

Debt Service					Capital Projects	Total
2003	2004	2006	2007	Durant	Building and Site	
\$ 829,065	\$ 992,933	\$ 409,965	\$ 455,511	\$ -	\$ 389,536	\$ 3,077,010
3,640	3,076	952	1,607	-	8,398	19,306
-	-	-	-	-	-	629,925
832,705	996,009	410,917	457,118	-	397,934	3,726,241
-	-	-	-	55,214	-	111,130
-	-	-	-	-	-	471,908
832,705	996,009	410,917	457,118	55,214	397,934	4,309,279
-	-	-	-	-	-	967,117
-	-	-	-	-	-	546,562
-	-	-	-	-	39,776	39,776
825,000	350,000	-	40,000	43,757	-	1,503,757
25,000	686,587	406,444	401,745	11,457	-	1,556,938
850,000	1,036,587	406,444	441,745	55,214	39,776	4,614,150
(17,295)	(40,578)	4,473	15,373	-	358,158	(304,871)
-	-	-	-	-	-	690,848
-	-	-	-	-	(270,705)	(300,705)
-	-	-	-	-	(270,705)	390,143
(17,295)	(40,578)	4,473	15,373	-	87,453	85,272
53,016	78,324	42,793	56,402	-	499,973	872,718
\$ 35,721	\$ 37,746	\$ 47,266	\$ 71,775	\$ -	\$ 587,426	\$ 957,990

**SPARTA AREA SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 491,216	\$ 488,365	\$ (2,851)
State sources	50,690	55,916	5,226
Federal sources	474,600	471,908	(2,692)
<b>Total Revenues</b>	<u>1,016,506</u>	<u>1,016,189</u>	<u>(317)</u>
<b>Expenditures</b>			
Current:			
Food service	<u>979,460</u>	<u>967,117</u>	<u>12,343</u>
<b>Excess of Revenues Over Expenditures</b>	<u>37,046</u>	<u>49,072</u>	<u>12,026</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	7,046	19,072	12,026
<b>Fund Balances, Beginning of Year</b>	<u>142,210</u>	<u>142,210</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 149,256</u></u>	<u><u>\$ 161,282</u></u>	<u><u>\$ 12,026</u></u>



**SPARTA AREA SCHOOLS**  
**Athletics Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	<u>\$ 143,192</u>	<u>\$ 143,193</u>	<u>\$ 1</u>
<b>Expenditures</b>			
Current:			
Athletics	<u>579,026</u>	<u>546,562</u>	<u>32,464</u>
<b>Excess (Deficiency) of Revenues         Over Expenditures</b>	<u>(435,834)</u>	<u>(403,369)</u>	<u>32,465</u>
<b>Other Financing Sources</b>			
Transfers in	<u>435,834</u>	<u>420,143</u>	<u>(15,691)</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>16,774</u>	<u>(16,774)</u>
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ 16,774</u></u>	<u><u>\$ (16,774)</u></u>

## **SPECIAL REVENUE FUNDS**

*Food Service*—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

*Athletics*—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

**SPARTA AREA SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2009 and 2008**

	2009	2008
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 156,882	\$ 125,394
Due from other governmental units	5,711	5,711
Inventory	7,885	15,405
<b>Total Assets</b>	<b>\$ 170,478</b>	<b>\$ 146,510</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 437	\$ 448
Deferred revenue	8,759	3,852
<b>Total Liabilities</b>	9,196	4,300
<b>Fund Balances</b>		
Unreserved:		
Undesignated	161,282	142,210
<b>Total Liabilities and Fund Balances</b>	<b>\$ 170,478</b>	<b>\$ 146,510</b>

**SPARTA AREA SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2009 and 2008**

	2009	2008
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Children's lunches	\$ 261,916	\$ 265,582
Adult lunches	12,913	13,910
Milk	12,135	10,356
Ala carte	185,312	182,720
Banquets	1,675	851
Other	12,781	4,160
	486,732	477,579
Interest earnings:		
Interest on deposits and investments	1,633	5,734
Total local sources	488,365	483,313
State sources	55,916	50,801
Federal sources	471,908	393,262
	1,016,189	927,376
<b>Expenditures</b>		
Current:		
Food service:		
Salaries	283,904	285,046
Employee benefits	161,385	171,166
Purchased services	8,580	7,315
Supplies	489,910	462,499
Capital outlay	21,142	-
Miscellaneous	2,196	1,977
	967,117	928,003
<b>Total Expenditures</b>	967,117	928,003
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	49,072	(627)
<b>Other Financing Sources (Uses)</b>		
Transfers out	(30,000)	(30,000)
	19,072	(30,627)
<b>Net Change in Fund Balances</b>	19,072	(30,627)
<b>Fund Balances, Beginning of Year</b>	142,210	172,837
<b>Fund Balances, End of Year</b>	\$ 161,282	\$ 142,210

**SPARTA AREA SCHOOLS  
Athletics Special Revenue Fund  
Comparative Balance Sheet  
June 30, 2009 and 2008**

	2009	2008
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 16,774	\$ -
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	\$ -	\$ -
<b>Fund Balances</b>		
Unreserved:		
Undesignated	16,774	-
<b>Total Liabilities and Fund Balances</b>	\$ 16,774	\$ -

**SPARTA AREA SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Athletic admissions	\$ 79,781	\$ 75,536
Fees and sales	41,536	40,997
Donations	21,876	43,595
Other	-	203
	<u>143,193</u>	<u>160,331</u>
<b>Expenditures</b>		
Current:		
Athletics:		
Salaries	220,546	331,327
Employee benefits	78,573	108,472
Purchased services	175,672	37,270
Supplies	45,611	66,279
Capital outlay	11,055	-
Miscellaneous	15,105	15,422
	<u>546,562</u>	<u>558,770</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(403,369)</u>	<u>(398,439)</u>
<b>Other Financing Sources</b>		
Transfers in	420,143	398,439
	<u>16,774</u>	<u>-</u>
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 16,774</u>	<u>\$ -</u>

## **DEBT SERVICE FUNDS**

*Debt Service Funds*—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

**SPARTA AREA SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2009**

	<u>2003</u>	<u>2004</u>	<u>2006</u>	<u>2007</u>
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 35,721	\$ 37,746	\$ 47,266	\$ 71,775
Taxes receivable	1,847	2,512	740	818
<b>Total Assets</b>	<b><u>\$ 37,568</u></b>	<b><u>\$ 40,258</u></b>	<b><u>\$ 48,006</u></b>	<b><u>\$ 72,593</u></b>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Deferred revenue	\$ 1,847	\$ 2,512	\$ 740	\$ 818
<b>Fund Balances</b>				
Reserved for debt service	35,721	37,746	47,266	71,775
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 37,568</u></b>	<b><u>\$ 40,258</u></b>	<b><u>\$ 48,006</u></b>	<b><u>\$ 72,593</u></b>



<u>Durant</u>	<u>Totals</u>	
	<u>2009</u>	<u>2008</u>
\$ -	\$ 192,508	\$ 230,535
-	5,917	6,961
<u>\$ -</u>	<u>\$ 198,425</u>	<u>\$ 237,496</u>
<u>\$ -</u>	<u>\$ 5,917</u>	<u>\$ 6,961</u>
<u>-</u>	<u>192,508</u>	<u>230,535</u>
<u>\$ -</u>	<u>\$ 198,425</u>	<u>\$ 237,496</u>

**SPARTA AREA SCHOOLS**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2009**

	2000	2001	2003	2004
<b>Revenues</b>				
Local sources:				
Property taxes:				
Current property taxes	\$ -	\$ -	\$ 816,406	\$ 977,889
Industrial facilities taxes	-	-	10,312	12,351
Delinquent property taxes	-	-	763	834
Other taxes	-	-	-	-
Interest on delinquent taxes	-	-	1,584	1,859
	<u>-</u>	<u>-</u>	<u>829,065</u>	<u>992,933</u>
Interest earnings:				
Interest on deposits and investments	-	-	3,640	3,076
Total local sources	<u>-</u>	<u>-</u>	<u>832,705</u>	<u>996,009</u>
State sources				
State aid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>832,705</u>	<u>996,009</u>
<b>Expenditures</b>				
Debt service:				
Principal repayment	130,000	115,000	825,000	350,000
Interest and fiscal charges:				
Interest expense	14,720	10,460	24,750	686,375
Paying agent fees	275	250	250	212
Tax refunds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>144,995</u>	<u>125,710</u>	<u>850,000</u>	<u>1,036,587</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(144,995)</u>	<u>(125,710)</u>	<u>(17,295)</u>	<u>(40,578)</u>
<b>Other Financing Sources</b>				
Transfers in	144,995	125,710	-	-
	<u>144,995</u>	<u>125,710</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	-	-	(17,295)	(40,578)
<b>Fund Balances, Beginning of Year</b>	-	-	53,016	78,324
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,721</u>	<u>\$ 37,746</u>

2006	2007	Durant	Totals	
			2009	2008
\$ 403,717	\$ 448,573	\$ -	\$ 2,646,585	\$ 2,641,056
5,099	5,666	-	33,428	34,340
385	423	-	2,405	1,272
-	-	-	-	1,876
764	849	-	5,056	4,976
<u>409,965</u>	<u>455,511</u>	<u>-</u>	<u>2,687,474</u>	<u>2,683,520</u>
952	1,607	-	9,275	24,788
<u>410,917</u>	<u>457,118</u>	<u>-</u>	<u>2,696,749</u>	<u>2,708,308</u>
-	-	55,214	55,214	-
<u>410,917</u>	<u>457,118</u>	<u>55,214</u>	<u>2,751,963</u>	<u>2,708,308</u>
-	40,000	43,757	1,503,757	1,375,000
406,219	401,520	11,457	1,555,501	1,585,869
225	225	-	1,437	1,437
-	-	-	-	237
<u>406,444</u>	<u>441,745</u>	<u>55,214</u>	<u>3,060,695</u>	<u>2,962,543</u>
<u>4,473</u>	<u>15,373</u>	<u>-</u>	<u>(308,732)</u>	<u>(254,235)</u>
-	-	-	270,705	272,005
4,473	15,373	-	(38,027)	17,770
<u>42,793</u>	<u>56,402</u>	<u>-</u>	<u>230,535</u>	<u>212,765</u>
<u>\$ 47,266</u>	<u>\$ 71,775</u>	<u>\$ -</u>	<u>\$ 192,508</u>	<u>\$ 230,535</u>

## **CAPITAL PROJECTS FUNDS**

*Building and Site*—to account for property tax revenues and interest earnings used to finance building restoration projects.

*2004 Construction*—to account for bond proceeds used to finance building construction and improvement projects.

**SPARTA AREA SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2009 and 2008**

	2009	2008
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 597,826	\$ 499,518
Taxes receivable	841	985
Due from other funds	-	455
<b>Total Assets</b>	<b>\$ 598,667</b>	<b>\$ 500,958</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	\$ 10,400	\$ -
Deferred revenue	841	985
<b>Total Liabilities</b>	11,241	985
<b>Fund Balances</b>		
Reserved for capital outlay	587,426	499,973
<b>Total Liabilities and Fund Balances</b>	<b>\$ 598,667</b>	<b>\$ 500,958</b>

**SPARTA AREA SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2009 and 2008**

	2009	2008
<b>Revenues</b>		
Local sources:		
Property taxes:		
Current property taxes	\$ 383,618	\$ 376,434
Industrial facilities taxes	4,845	4,895
Delinquent property taxes	342	173
Other taxes	-	256
Interest on delinquent taxes	731	709
	389,536	382,467
Interest earnings:		
Interest on deposits and investments	8,398	19,390
	397,934	401,857
<b>Total Revenues</b>	<b>397,934</b>	<b>401,857</b>
<b>Expenditures</b>		
Capital outlay:		
Building improvements	39,776	-
Tax refunds	-	32
	39,776	32
<b>Total Expenditures</b>	<b>39,776</b>	<b>32</b>
<b>Excess of Revenues Over Expenditures</b>	<b>358,158</b>	<b>401,825</b>
<b>Other Financing Sources (Uses)</b>		
Transfers out	(270,705)	(272,005)
	87,453	129,820
<b>Net Change in Fund Balances</b>	<b>87,453</b>	<b>129,820</b>
<b>Fund Balances, Beginning of Year</b>	<b>499,973</b>	<b>370,153</b>
<b>Fund Balances, End of Year</b>	<b>\$ 587,426</b>	<b>\$ 499,973</b>

**SPARTA AREA SCHOOLS**  
**2004 Construction Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2009 and 2008**

	2009	2008
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 2,810	\$ 994,395
Due from other funds	20,400	-
<b>Total Assets</b>	<b>\$ 23,210</b>	<b>\$ 994,395</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	\$ -	\$ -
<b>Fund Balances</b>		
Reserved for capital outlay	23,210	994,395
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,210</b>	<b>\$ 994,395</b>

**SPARTA AREA SCHOOLS**  
**2004 Construction Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 6,379	\$ 201,940
Other local sources:		
Donations	30,000	-
Reimbursements	-	3,334
	<u>36,379</u>	<u>205,274</u>
<b>Total Revenues</b>	<u>36,379</u>	<u>205,274</u>
<b>Expenditures</b>		
Capital outlay:		
Purchased services	4,199	29,883
Construction manager	87,231	455,338
Architect services	19,716	239,306
Building improvements	737,676	7,067,871
Equipment and furniture	158,742	990,437
	<u>1,007,564</u>	<u>8,782,835</u>
<b>Total Expenditures</b>	<u>1,007,564</u>	<u>8,782,835</u>
<b>Net Change in Fund Balances</b>	(971,185)	(8,577,561)
<b>Fund Balances, Beginning of Year</b>	<u>994,395</u>	<u>9,571,956</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 23,210</u></u>	<u><u>\$ 994,395</u></u>



## **AGENCY FUND**

*Student Activities*—to account for the collection and disbursements of monies used by the school activity clubs and groups.

**SPARTA AREA SCHOOLS**  
**Student Activities Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2009**

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	<u>Balances</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2009</u>
<b>Assets</b>				
Cash equivalents, deposits and investments	<u>\$ 470,491</u>	<u>\$ 477,561</u>	<u>\$ 466,348</u>	<u>\$ 481,704</u>
<b>Liabilities</b>				
Due to student groups	<u>\$ 470,491</u>	<u>\$ 477,561</u>	<u>\$ 466,348</u>	<u>\$ 481,704</u>

## **OTHER INFORMATION**

**SPARTA AREA SCHOOLS**  
**Summary of 2008 Taxes Levied and Collected**  
**For the year ended June 30, 2009**

	Kent County			
	Algoma	Alpine	Sparta	Tyrone
<b>Taxable Valuations</b>				
Operating	\$ 11,554,058	\$ 12,921,983	\$ 75,379,997	\$ 29,611
Debt Service/Building and Site	124,898,541	52,189,728	243,094,203	556,060
<b>Rates (Mills)</b>				
General Fund				
2003 Debt Service Fund				
2004 Debt Service Fund				
2006 Debt Service Fund				
2007 Debt Service Fund				
Building and Site Fund				
<b>Taxes Levied 2008 Rolls</b>				
General Fund	\$ 200,826	\$ 210,857	\$ 1,290,622	\$ 533
2003 Debt Service Fund	227,311	94,983	442,422	1,012
2004 Debt Service Fund	272,274	113,771	529,934	1,212
2006 Debt Service Fund	112,407	46,970	218,780	500
2007 Debt Service Fund	124,896	52,189	243,089	556
Building and Site Fund	106,811	44,632	207,890	476
	<u>1,044,525</u>	<u>563,402</u>	<u>2,932,737</u>	<u>4,289</u>
<b>Taxes Uncollected 2008 Rolls</b>				
General Fund	-	-	1,443	-
2003 Debt Service Fund	-	-	461	-
2004 Debt Service Fund	-	-	553	-
2006 Debt Service Fund	-	-	228	-
2007 Debt Service Fund	-	-	253	-
Building and Site Fund	-	-	216	-
	<u>-</u>	<u>-</u>	<u>3,154</u>	<u>-</u>
<b>Taxes Collected 2008 Rolls</b>				
General Fund	200,826	210,857	1,289,179	533
2003 Debt Service Fund	227,311	94,983	441,961	1,012
2004 Debt Service Fund	272,274	113,771	529,381	1,212
2006 Debt Service Fund	112,407	46,970	218,552	500
2007 Debt Service Fund	124,896	52,189	242,836	556
Building and Site Fund	106,811	44,632	207,674	476
	<u>1,044,525</u>	<u>563,402</u>	<u>2,929,583</u>	<u>4,289</u>
<b>Delinquent Taxes Collected</b>				
General Fund	-	5,150	1,390	-
2003 Debt Service Fund	-	544	180	-
2004 Debt Service Fund	-	572	221	-
2006 Debt Service Fund	-	286	79	-
2007 Debt Service Fund	-	315	85	-
Building and Site Fund	-	244	80	-
	<u>-</u>	<u>7,111</u>	<u>2,035</u>	<u>-</u>

(Continued)

Ottawa County		
Chester	Wright	Total
\$ 5,532,297	\$ 456,452	\$ 105,874,398
25,819,598	2,252,544	448,810,674
		18,0000
		1,8200
		2,1800
		0,9000
		1,0000
		0,8552
		<u>24,7552</u>
\$ 96,348	\$ 8,085	\$ 1,807,271
46,993	4,100	816,821
56,287	4,910	978,388
23,238	2,027	403,922
25,820	2,253	448,803
22,080	1,926	383,815
<u>270,766</u>	<u>23,301</u>	<u>4,839,020</u>
-	-	1,443
-	-	461
-	-	553
-	-	228
-	-	253
-	-	216
<u>-</u>	<u>-</u>	<u>3,154</u>
96,348	8,085	1,805,828
46,993	4,100	816,360
56,287	4,910	977,835
23,238	2,027	403,694
25,820	2,253	448,550
22,080	1,926	383,599
<u>270,766</u>	<u>23,301</u>	<u>4,835,866</u>
369	-	6,909
39	-	763
41	-	834
20	-	385
23	-	423
18	-	342
<u>510</u>	<u>-</u>	<u>9,656</u>

**SPARTA AREA SCHOOLS**  
**Summary of 2008 Taxes Levied and Collected**  
**For the year ended June 30, 2009**

	Kent County			
	Algoma	Alpine	Sparta	Tyrone
<b>Total Taxes Collected</b>				
General Fund	\$ 200,826	\$ 216,007	\$ 1,290,569	\$ 533
2003 Debt Service Fund	227,311	95,527	442,141	1,012
2004 Debt Service Fund	272,274	114,343	529,602	1,212
2006 Debt Service Fund	112,407	47,256	218,631	500
2007 Debt Service Fund	124,896	52,504	242,921	556
Building and Site Fund	106,811	44,876	207,754	476
	<u>\$ 1,044,525</u>	<u>\$ 570,513</u>	<u>\$ 2,931,618</u>	<u>\$ 4,289</u>
<b>Taxes Uncollected – June 30, 2009</b>				
General Fund:				
2008	\$ -	\$ -	\$ 1,443	\$ -
2007	-	1,331	8,192	-
2006	90	-	3,765	-
	<u>90</u>	<u>1,331</u>	<u>13,400</u>	<u>-</u>
2003 Debt Service Fund:				
2008	-	-	461	-
2007	-	140	834	-
2006	10	-	402	-
	<u>10</u>	<u>140</u>	<u>1,697</u>	<u>-</u>
2004 Debt Service Fund:				
2008	-	-	553	-
2007	-	149	877	-
2006	21	-	912	-
	<u>21</u>	<u>149</u>	<u>2,342</u>	<u>-</u>
2006 Debt Service Fund:				
2008	-	-	228	-
2007	-	74	438	-
2006	-	-	-	-
	<u>-</u>	<u>74</u>	<u>666</u>	<u>-</u>
2007 Debt Service Fund:				
2008	-	-	253	-
2007	-	81	484	-
2006	-	-	-	-
	<u>-</u>	<u>81</u>	<u>737</u>	<u>-</u>
Building and Site Fund:				
2008	-	-	216	-
2007	-	64	376	-
2006	5	-	180	-
	<u>5</u>	<u>64</u>	<u>772</u>	<u>-</u>
<b>Total Taxes Uncollected</b>	<u>\$ 126</u>	<u>\$ 1,839</u>	<u>\$ 19,614</u>	<u>\$ -</u>

Ottawa County		
Chester	Wright	Total
\$ 96,717	\$ 8,085	\$ 1,812,737
47,032	4,100	817,123
56,328	4,910	978,669
23,258	2,027	404,079
25,843	2,253	448,973
22,098	1,926	383,941
<u>\$ 271,276</u>	<u>\$ 23,301</u>	<u>\$ 4,845,522</u>
\$ -	\$ -	\$ 1,443
-	-	9,523
-	-	3,855
<u>-</u>	<u>-</u>	<u>14,821</u>
-	-	461
-	-	974
-	-	412
<u>-</u>	<u>-</u>	<u>1,847</u>
-	-	553
-	-	1,026
-	-	933
<u>-</u>	<u>-</u>	<u>2,512</u>
-	-	228
-	-	512
-	-	-
<u>-</u>	<u>-</u>	<u>740</u>
-	-	253
-	-	565
-	-	-
<u>-</u>	<u>-</u>	<u>818</u>
-	-	216
-	-	440
-	-	185
<u>-</u>	<u>-</u>	<u>841</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,579</u>