

Tri County Area Schools

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)**

June 30, 2009

Tri County Area Schools

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

To the Board of Education
Tri County Area Schools
Sand Lake, Michigan

Compliance

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

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

In our opinion, Tri County Area Schools complied, in all material respects, with the requirements referred to above that are applicable to the major federal programs for the year ending June 30, 2009.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Tri County Area Schools as of and for the year ended June 30, 2009, and have issued our report thereon dated September 18, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Tri County Area Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of administration and the Board of Education of Tri County Area Schools, others within the District, the pass-through entities, and the federal awarding agencies and is not intended to be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 18, 2009

Tri County Area Schools

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2009

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
E.S.E.A. Title I	84.010 ^(e)		
2007-08 Regular - Part A		0815300708	\$ 277,841
2008-09 Schoolwide Plan Grants		0915200809	9,000
2008-09 Regular - Part A		0915300809	<u>303,591</u>
			590,432
Service Provider Self Review 2007-08	84.027	0804400708	4,500
Title V 2007-08	84.298	0802500708	987
Technology Literacy Challenge Grants	84.318		
2007-08 Ed Tech - Formula Grant		0842900708	2,404
2008-09 Ed Tech - Formula Grant		0942900809	<u>4,053</u>
			6,457
Improving Teacher Quality 2007-08	84.367	0805200708	99,051
2007-08		0905200809	<u>159,434</u>
			258,485
Education Stabilization Fund ARRA Stabilization 2009	84.394 ^(e)	0925250809	915,570
Passed Through State Department of Education and Montcalm Area ISD			
Special Education - IDEA ARRA Funding 2009 Economic Recovery Act	84.391 ^(e)	N/A	124,225
Passed Through State Department of Education and Kent ISD			
Drug-Free Program	84.186		
2007-08		0828600708	6,460
2008-09		0928600809	<u>5,065</u>
			<u>11,525</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			1,912,181

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2008</u> <u>Accrued or</u> <u>(Deferred)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2009</u> <u>Accrued or</u> <u>(Deferred)</u> <u>Revenue</u>
\$ 272,483	\$ 130,064	\$ 130,304	\$ 240	\$ -0-
-	-	-	9,000	9,000
-	-	113,774	303,591	189,817
272,483	130,064	244,078	312,831	198,817
2,776	1,712	1,712	-	-0-
987	987	987	-	-0-
988	988	989	1	-0-
-	-	-	4,052	4,052
988	988	989	4,053	4,052
50,519	34,030	34,075	45	-0-
-	-	-	70,356	70,356
50,519	34,030	34,075	70,401	70,356
-	-	-	915,570	915,570
-	-	-	124,225	124,225
-	-	6,460	6,460	-0-
-	-	4,514	4,514	-0-
-0-	-0-	10,974	10,974	-0-
327,753	167,781	292,815	1,438,054	1,313,020

Tri County Area Schools

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2009

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education			
School Breakfast Program	10.553	(e)(f)	
2007-08 Cash Assistance		081970	\$ 90,437
2008-09 Cash Assistance		091970	<u>104,616</u>
			195,053
National School Lunch Program	10.555	(e)(f)	
2007-08 Cash Assistance		081950,081960	296,162
2008-09 Cash Assistance		091950,091960	286,748
2008-09 Noncash Assistance (a)(c)		57020	<u>51,797</u>
			634,707
Summer Food Service Program	10.559	(e)(f)	
2008-09		080900,090900	<u>27,926</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>857,686</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 2,769,867</u></u>

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2008</u> <u>Accrued or</u> <u>(Deferred)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2009</u> <u>Accrued or</u> <u>(Deferred)</u> <u>Revenue</u>
\$ 80,215	\$ -	\$ 10,222	\$ 10,222	\$ -0-
-	-	104,616	104,616	-0-
80,215	-0-	114,838	114,838	-0-
256,372	-	39,790	39,790	-0-
-	-	286,748	286,748	-0-
-	-	51,797	51,797	-0-
256,372	-0-	378,335	378,335	-0-
3,739	3,514	27,701	22,864	(1,323)
340,326	3,514	520,874	516,037	(1,323)
<u>\$ 668,079</u>	<u>\$ 171,295</u>	<u>\$ 813,689</u>	<u>\$ 1,954,091</u> ^(b)	<u>\$ 1,311,697</u>
		(d)	(g)	

Tri County Area Schools

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2009

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Tri County Area Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) through (g) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards.

- (a) The current year expenditures for the Food Donation Program are determined based on the 2002/03 guidance provided in the Michigan Department of Education Administrative Policy Number 7. The amounts reported in this schedule as commodities received were taken from the Recipient Entitlement Balance Report which is in agreement in all material respects with the District's reported amounts.
- (b) The expenditures reported in this schedule are in agreement with the amounts reported in the financial statements and financial reports except as noted below. The financial reports tested, including claims for advances and reimbursements, were materially correct, complete, accurate, and timely and contain information that is supported by the books and records from which the financial statements have been prepared.
- (c) The amount of out of conditioned commodities due to spoilage or shrinkage included in expenditures is immaterial to the Schedule of Expenditures of Federal Awards taken as a whole.
- (d) The amounts reported in this schedule as cash received are in agreement with the payment amounts reflected in the Grants Section Auditors Report and the Grant Auditor Report combined, less the receipt adjustments for grants noted below. These funds were reflected on the above reports as disbursed as of June 30, 2009, but these funds were not received by the District until after July 1, 2009 so are reported as a receivable by the District at June 30, 2009.

<u>Grant #</u>	<u>Cumulative Payments Per MDE Report</u>	<u>Less: Prior Year Receipts</u>	<u>Less: Difference between Cash Received and Reported</u>	<u>Cash Receipts Per Current SEFA</u>
0915200809	\$ 4,500	\$ -	\$(4,500)	\$ -0-
0915300809	303,591	-	(189,817)	113,774
0942900809	4,052	-	(4,052)	-0-
0905200809	70,356	-	(70,356)	-0-

- (e) Denotes programs tested as "major programs".
- (f) Denotes programs required to be clustered by the United States Department of Agriculture.
- (g) Agrees to total revenues from federal sources per financial statements.

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REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Tri County Area Schools
Sand Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Tri County Area Schools as of and for the year ended June 30, 2009, which collectively comprise Tri County Area Schools' basic financial statements and have issued our report thereon dated September 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of administration and the Board of Education of Tri County Area Schools, others within the District, the pass-through entities, and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

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Certified Public Accountants

September 18, 2009

Tri County Area Schools
 SCHEDULE OF FINDINGS
 Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.391	Special Education IDEA ARRA Funding Education Stabilization Fund - ARRA Child Nutrition Cluster
84.394	
10.553, 10.555, 10.559	

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Tri County Area Schools
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

There were no findings disclosed for the past two years.