

MILLCREEK TOWNSHIP SCHOOL DISTRICT

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2017

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2017

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Zelenkofske Axelrod LLC

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

To the Members of the Board
Millcreek Township School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MILLCREEK TOWNSHIP SCHOOL DISTRICT, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise MILLCREEK TOWNSHIP SCHOOL DISTRICT's basic financial statements, and have issued our report thereon dated October 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MILLCREEK TOWNSHIP SCHOOL DISTRICT's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MILLCREEK TOWNSHIP SCHOOL DISTRICT's internal control. Accordingly, we do not express an opinion on the effectiveness of MILLCREEK TOWNSHIP SCHOOL DISTRICT's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MILLCREEK TOWNSHIP SCHOOL DISTRICT's financial statements are free from 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*.

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To the Members of the Board
Millcreek Township School District
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Purpose of this Report

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

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Pittsburgh, Pennsylvania
October 23, 2017

Zelenkofske Axelrod LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Members of the Board
Millcreek Township School District

Report on Compliance for Each Major Federal Program

We have audited MILLCREEK TOWNSHIP SCHOOL DISTRICT's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Compliance Supplement that could have a direct and material effect on each of MILLCREEK TOWNSHIP SCHOOL DISTRICT's major federal programs for the year ended June 30, 2017. MILLCREEK TOWNSHIP SCHOOL DISTRICT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MILLCREEK TOWNSHIP SCHOOL DISTRICT's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MILLCREEK TOWNSHIP SCHOOL DISTRICT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MILLCREEK TOWNSHIP SCHOOL DISTRICT's compliance.

Opinion on Each Major Federal Program

In our opinion, MILLCREEK TOWNSHIP SCHOOL DISTRICT, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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To the Members of the Board
Millcreek Township School District
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Report on Internal Control Over Compliance

Management of MILLCREEK TOWNSHIP SCHOOL DISTRICT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MILLCREEK TOWNSHIP SCHOOL DISTRICT's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 MILLCREEK TOWNSHIP SCHOOL DISTRICT's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Zelenkofske Axelrod LLC

To the Members of the Board
Millcreek Township School District
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Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the MILLCREEK TOWNSHIP SCHOOL DISTRICT, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise MILLCREEK TOWNSHIP SCHOOL DISTRICT's basic financial statements. We issued our report thereon dated October 23, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOSFKE AXELROD LLC

Pittsburgh, Pennsylvania
October 23, 2017

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR YEAR JUNE ENDED 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass Thorough Grantor Number	Grant Period		Accrued/ (Deferred) Revenue at July 1, 2016	Total Received for the Year	Revenue Recognized	Expenditures	Accrued/ (Deferred) Revenue at June 30, 2017	Subrecipient Expenditures
				Beginning	Ending						
<u>U.S. Department of Agriculture</u>											
Passed through Pennsylvania Dept. of Agriculture											
National School Lunch Program - U.S. Donated Commodities	I	10.555	2-01-25-101	7/1/2016	6/30/2017 *	\$ (42,368)	\$ 187,649	\$ 182,960	\$ 182,960	\$ (47,057)	\$ -
Passed through Pennsylvania Dept. of Education											
National School Lunch Program	I	10.555	362	7/1/2015	6/30/2016 *	181,847	181,847	-	-	-	-
National School Lunch Program	I	10.555	362	7/1/2016	6/30/2017 *	-	998,404	1,180,918	1,180,918	182,514	-
Subtotal						181,847	1,180,251	1,180,918	1,180,918	182,514	-
National School Breakfast Program	I	10.553	365	7/1/2015	6/30/2016 *	55,712	55,712	-	-	-	-
National School Breakfast Program	I	10.553	365	7/1/2016	6/30/2017 *	-	291,446	350,284	350,284	58,838	-
Subtotal						55,712	347,158	350,284	350,284	58,838	-
Total Child Nutrition Cluster						195,191	1,715,058	1,714,162	1,714,162	194,295	-
Total U.S. Dept. of Agriculture						152,823	1,902,707	1,897,122	1,897,122	147,238	-
<u>U.S. Department of Education</u>											
Passed through Pennsylvania Dept. of Education											
Title I Improving Basic Programs	I	84.010	013-160253	7/1/2015	9/30/2016	154,507	154,507	-	-	-	-
Title I Improving Basic Programs	I	84.010	013-170253	7/1/2016	9/30/2017	-	943,702	1,170,819	1,170,819	227,117	-
Subtotal						154,507	1,098,209	1,170,819	1,170,819	227,117	-
Passed through Pennsylvania Dept. of Education (Continued)											
Title II Improving Teacher Quality	I	84.367	020-160253	7/1/2015	9/30/2016 *	39,477	39,477	-	-	-	-
Title II Improving Teacher Quality	I	84.367	020-170253	7/1/2016	9/30/2017 *	-	155,092	193,464	193,464	38,372	-
Subtotal						39,477	194,569	193,464	193,464	38,372	-
Passed through Northwest Tri- County IU											
IDEA Section 619	I	84.173	IU	7/1/2015	6/30/2016	11,112	11,112	-	-	-	-
IDEA Section 619	I	84.173	IU	7/1/2016	6/30/2017	-	-	8,397	8,397	8,397	8,397
IDEA Dyslexia Grant	I	84.027	IU	7/1/2015	6/30/2016	22,675	22,675	-	-	-	-
IDEA Dyslexia Grant	I	84.027	IU	7/1/2016	6/30/2017	-	-	60,000	60,000	60,000	60,000
IDEA	I	84.027	IU	7/1/2015	6/30/2016	240,652	240,652	-	-	-	-
IDEA	I	84.027	IU	7/1/2016	6/30/2017	-	1,107,140	1,278,297	1,278,297	171,157	1,278,297
Subtotal						274,439	1,381,579	1,346,694	1,346,694	239,554	1,346,694
Total U.S. Department of Education						468,423	2,674,357	2,710,977	2,710,977	505,043	1,346,694
<u>U.S. Department of Health and Human Services</u>											
Passed through Pennsylvania Dept. of Education											
Medical Assistance - Admin.	I	93.778	N/A	7/1/2016	6/30/2017	18,485	13,809	26,320	26,320	12,511	-
Total Federal Assistance						\$ 639,731	\$ 4,590,873	\$ 4,634,419	\$ 4,634,419	\$ 664,792	\$ 1,346,694

* - Denotes tested as a major program

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: REPORTING ENTITY

The Millcreek Township School District (the "School District") is the reporting entity for financial reporting purposes as defined in Note 1 to the School District's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared on the basis of accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems, issued by the Pennsylvania Department of Education. These practices, as they apply to the School District, are in conformity with U.S. generally accepted accounting principles. The District did not use the 10% de minimis indirect cost rate.

NOTE 3: PROGRAM CLUSTERS

The following program clusters, as defined by Uniform Guidance, were treated as a single program for determining major programs:

<u>Cluster name</u>	<u>CFDA #</u>	<u>Amount</u>
Child Nutrition Cluster	10.553	\$350,284
	10.555	<u>1,363,878</u>
		<u>\$1,714,162</u>
Special Education Cluster (IDEA)	84.027	\$1,338,297
	84.173	<u>8,397</u>
		<u>\$1,346,694</u>

NOTE 4: RISK-BASED AUDIT APPROACH

The 2017 threshold for determining Type A and Type B Programs is \$750,000.

The following programs were audited as major:

<u>CFDA</u>	<u>Program</u>
10.553/10.555	Child Nutrition Cluster
84.367	Title II – Improving Teacher Quality

The amount expended under programs audited as major federal programs for the year ended June 30, 2017, totaled \$1,907,626 or 42.85% of total federal awards expended.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses?
 yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses?
 yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with
2 CFR 200.516(a) yes no

Identification of major programs:

CFDA Number(s)

Name of Program or Cluster

10.553/10.555
84.367

Child Nutrition Cluster
Title II – Improving Teacher Quality

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section II – Findings Relating to the Financial Statements Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

No matters were reported

Section III – Federal Awards Findings and Questioned costs.

No matters were reported.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Status of Prior Audit Findings

No matters were reported.