

**MILLCREEK TOWNSHIP SCHOOL DISTRICT**

**SINGLE AUDIT REPORT**

**YEAR ENDED JUNE 30, 2015**

MILLCREEK TOWNSHIP SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2015

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# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' 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, 2015, 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 30, 2015.

### **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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# *Zelenkofske Axelrod LLC*

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*

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania  
October 30, 2015

# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 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 *OMB Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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# Zelenkofske Axelrod LLC

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. 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 OMB Circular A-133**

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, 2015, 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 30, 2015, 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 OMB Circular A-133 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 30, 2015

**MILLCREEK TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
For Year Ended June 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass Thorough Grantor Number	Grant Period		Accrued/ (Deferred) Revenue at July 1, 2014	Total Received for the Year	Revenue Recognized	Expenditures	Accrued/ (Deferred) Revenue at June 30, 2015
				Beginning	Ending					
<b>U.S. Department of Agriculture</b>										
Passed through Pennsylvania Dept. of Agriculture										
National School Lunch Program - U.S. Donated Commodities	I	10.555	2-01-25-101	7/1/2014	6/30/2015	\$ (88,719)	\$ 181,600	\$ 204,061	\$ 204,061	\$ (66,258)
Passed through Pennsylvania Dept. of Education										
National School Lunch Program	I	10.555	362	7/1/2013	6/30/2014	190,173	190,173	-	-	-
National School Lunch Program	I	10.555	362	7/1/2014	6/30/2015	-	984,240	1,166,065	1,166,065	\$ 181,825
Subtotal						190,173	1,174,413	1,166,065	1,166,065	181,825
National School Breakfast Program	I	10.553	365/367	7/1/2013	6/30/2014	54,749	54,749	-	-	-
National School Breakfast Program	I	10.553	365/367	7/1/2014	6/30/2015	-	253,839	307,629	307,629	\$ 53,790
Subtotal						54,749	308,588	307,629	307,629	53,790
Total Child Nutrition						244,922	1,483,001	1,473,694	1,473,694	235,615
Total U.S. Dept. of Agriculture						156,203	1,664,601	1,677,755	1,677,755	169,357
<b>U.S. Department of Education</b>										
Passed through Pennsylvania Dept. of Education										
Title I Improving Basic Programs	I	84.010	013-120253	7/1/2013	9/30/2014	169,658	169,658	-	-	*
Title I Improving Basic Programs	I	84.010	013-130253	7/1/2014	9/30/2015	-	763,317	943,228	943,228	* 179,911
Subtotal						169,658	932,975	943,228	943,228	179,911
Passed through Pennsylvania Dept. of Education (Continued)										
Title II Improving Teacher Quality	I	84.367	020-120253	7/1/2013	9/30/2014	52,732	52,732	-	-	-
Title II Improving Teacher Quality	I	84.367	020-130253	7/1/2014	9/30/2015	-	172,174	198,476	198,476	26,302
Subtotal						52,732	224,906	198,476	198,476	26,302
Passed through Northwest Tri-County IU										
IDEA	I	84.027	IU	7/1/2014	6/30/2015	-	393,320	1,238,093	1,238,093	* 844,773
IDEA Dyslexia Grant	I	84.027	IU	7/1/2014	6/30/2015	-	-	13,323	13,323	* 13,323
IDEA Section 619	I	84.173	IU	7/1/2014	6/30/2015	-	-	19,208	19,208	* 19,208
Subtotal						-	393,320	1,270,624	1,270,624	877,304
Total U.S. Department of Education						222,390	1,551,201	2,412,328	2,412,328	1,083,518
<b>U.S. Department of Health and Human Services</b>										
Passed through Pennsylvania Dept. of Education										
Medical Assistance - Admin.	I	93.778	N/A	7/1/2014	6/30/2015	-	41,330	48,170	48,170	6,840
Total Federal Assistance						\$ 378,593	\$ 3,257,132	\$ 4,138,253	\$ 4,138,253	\$ 1,259,715

\* - Denotes tested as a major program

MILLCREEK TOWNSHIP SCHOOL DISTRICT  
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2015

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.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2015 threshold for determining Type A and Type B Programs is \$300,000.

There were no high-risk Type B programs audited as major.

The following low-risk Type A Program was not audited as major:

<u>CFDA</u>	<u>Program</u>
10.553/10.555	Child Nutrition Cluster

The amount expended under programs audited as major federal programs for the year ended June 30, 2015, totaled \$2,213,852 or 53.50% of total federal awards expended.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MILLCREEK TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditors' Results:

*Financial Statements*

Type of auditors' 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 auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133,  
 Section .510(a)  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
84.010	Title I, Part A
84.027/84.173	IDEA

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

Auditee qualified as low-risk auditee?  yes  no

MILLCREEK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

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  
YEAR ENDED JUNE 30, 2015

Status of Prior Audit Findings

No matters were reported.