

**MILLARD COUNTY SCHOOL DISTRICT**

SINGLE AUDIT AND OTHER  
COMPLIANCE AND INTERNAL CONTROL REPORTS

YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	Page
Schedule of Expenditures of Federal Awards .....	1
Notes to Schedule of Expenditures of Federal Awards .....	2
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 <i>Government Auditing Standards</i> .....	3-4
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.....	5-6
Schedule of Findings and Questions Costs.....	7
Independent Auditor’s Report as Required by The <i>State Compliance Audit Guide</i> On: Compliance with General State Compliance Requirements And Internal Control Over Compliance.....	8-9

**MILLARD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Thru Grantor's Number	Disbursements or Expenditures
<u>U.S. Department of Education</u>			
<i>Passed Through Utah State Department of Education</i>			
<i>Special Education Cluster (IDEA)</i>			
Special Education_ Grants to States	84.027	17-19-73	\$602,670
Special Education_ Preschool Grants	84.173	17-52-73	65,250
<i>Total Special Education Cluster (IDEA)</i>			<u>667,920</u>
Title I Grants to Local Educational Agencies (Title I, A)	84.010	17-08-82	405,387
Improving Teacher Quality (Title II, A)	84.367	17-74-24	115,508
Migrant Education_ State Grant Program	84.011	17-15-82	87,064
English Language Acquisition (Title III, A)	84.365	17-73-24	18,653
Vocational Education_ Basic Grants to States	84.048	17-21-43	40,625
<i>Passed Through Weber State University</i>			
Title II, Part B Math and Science Partnership	84.366	N/A	154,087
<i>Passed Through Waterford Institute</i>			
UPStart Grant	84.441	N/A	24,303
<i>Direct Aid</i>			
Indian Education Grants to LEA	84.060	N/A	5,545
Total U.S. Department of Education			<u>1,519,092</u>
<u>Corporation for National &amp; Community Service</u>			
<i>Passed Through Ogden School District</i>			
AmeriCorps	94.006	N/A	55,377
Total Corporation for National & Community Service			<u>55,377</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed Through Utah State Department of Education</i>			
<i>Child Nutrition Cluster</i>			
Federal School Lunch Program	10.555	17-43-01	700,177
Federal School Lunch Program - Non Cash (Commodities)	10.555	N/A	187,097
Federal School Breakfast Program	10.553	17-44-01	162,850
<i>Total Child Nutrition Cluster</i>			<u>1,050,124</u>
<i>Passed Through Millard County</i>			
Forest Reserve	10.665	N/A	20,933
Total U.S. Department of Agriculture			<u>1,071,057</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$2,645,526</u></u>

See accompanying notes.

**MILLARD COUNTY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the Federal grant activity of Millard County School District under programs of the Federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of Millard County School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Millard County School District.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of activities related to the District expenditure of Federal awards. The schedule has been prepared on the same basis (modified accrual) as the basic financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of Federal funds are made, revenue is recognized. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Millard County School District does not use the 10% de minimis cost rate as allowed under Uniform Guidance.

**NOTE D - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**NOTE E - ACCOUNTS RECEIVABLE**

The financial statements include accounts receivable from Federal programs. These receivables are recorded according to the same basis as the financial statements. The receivables reflect Federal awards that have been expended by yearend and not yet reimbursed.

**NOTE F – RELATIONSHIP TO THE DISTRICT’S FINANCIAL STATEMENTS**

The District received certain reimbursements and assistance not included on the Schedule of Expenditures of Federal Awards. A reconciliation of Federal revenue as reported on the District’s financial statements and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2017 is as follows:

General Fund	\$ 1,595,897
Municipal Building Authority	408,038
Special Revenue Funds	
School Food Services	1,050,125
	<u>3,054,060</u>
Less Federal interest subsidy and other not on SEFA	(408,534)
Total governmental funds	<u>\$ 2,645,526</u>



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDELA HEATON, CPA  
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## 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

Board of Education  
Millard County School District  
Delta, Utah

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, each major fund, and the aggregate remaining fund information of Millard County School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Millard County School District's basic financial statements, and have issued our report thereon dated November 16, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Millard County 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 Millard County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Millard County 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 Millard County 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*.

### **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.

*Gilbert & Stewart*

GILBERT & STEWART  
Certified Public Accountants  
November 16, 2017



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Education  
Millard County School District  
Delta, Utah

### Report on Compliance for Each Major Federal Program

We have audited Millard County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Millard County School District's major federal programs for the year ended June 30, 2017. Millard County 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, and grants applicable to its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Millard County 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 Millard County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 Millard County School District's compliance.

### Opinion on Each Major Federal Program

In our opinion, Millard County 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.

### Report on Internal Control over Compliance

Management of Millard County 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 Millard County 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 Millard County 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Millard County School District, as of and for the year ended June 30, 2017, and issued our report thereon dated November 16, 2017, which contained an unmodified opinion 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 the 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 related 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 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.

*Gilbert & Stewart*

Gilbert & Stewart  
Certified Public Accountants  
November 16, 2017



**MILLARD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Millard County School District were prepared in accordance with GAAP.
2. No significant deficiencies in internal control were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Millard County School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major Federal award programs for Millard County School District expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as a major program were: Special Education Cluster: Special Education Grants to States 84.027 and Special Education Preschool Grants 84.173.
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Millard County School District was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR AWARD PROGRAMS**

None

**D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR AWARD PROGRAMS**

None



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE  
COMPLIANCE AUDIT GUIDE**

Board of Education  
Millard County School District  
Delta, Utah

**REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS**

We have audited Millard County School District's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on Millard County School District for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System Compliance
- School District Tax Levies
- Open & Public Meetings Act
- Treasurer's Bond
- Cash Management
- Minimum School Program

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

***Auditor's Responsibility***

Our responsibility is to express an opinion on Millard County School District's compliance based on our audit of the 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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Millard County School District occurred. An audit includes examining, on a test basis, evidence about Millard County 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 with general state compliance requirements. However, our audit does not provide a legal determination of Millard County School District's compliance.

## ***Opinion on State Compliance Requirements***

In our opinion, Millard County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Millard County School District for the year ended June 30, 2017.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of Millard County School District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Millard County School District's internal control over compliance with the compliance requirements that could have a direct and material effect on Millard County School District to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, 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 Millard County 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 general state compliance requirement 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 general state compliance requirement 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 general state compliance requirement 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 and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

***Gilbert & Stewart***

GILBERT & STEWART  
*Certified Public Accountants*  
November 16, 2017