

MILLCREEK

**Federal Single Audit and Reports on
Internal Control and Compliance**

For the Year Ended June 30, 2021

MILLCREEK
Federal Single Audit and Other Reports
June 30, 2021

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COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

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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*

Honorable Mayor and Members of City Council
Millcreek

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Millcreek (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing 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 the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 City’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABMC, LLC

December 16, 2021



COMMITTED. EXPERIENCED. TRUSTED

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

Honorable Mayor and Members of City Council
Millcreek

Report on Compliance for Each Major Federal Program

We have audited Millcreek’s (the City) 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 the City’s major federal programs for the year ended June 30, 2021. The City’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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 the City’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 the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, Millcreek 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, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our compliance audit, we considered the City'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 the City'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.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 3, 2021, 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 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 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.

Purpose of This Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HBMC, LLC

December 16, 2021

MILLCREEK
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Federal Award/ Contract #	Passed Through to Subrecipients	Amount Expended
<u>US Department of Housing & Urban Development</u>				
Pass-through Awards (from Salt Lake County):				
Community Development Block Grant	14.218	Not available	\$ -	\$ 150,000
Total Department of Housing & Urban Development			<u>-</u>	<u>150,000</u>
<u>US Department of Treasury</u>				
Pass-through Awards (from Salt Lake County):				
CARES Act Coronavirus Relief Fund	21.019	Not available	-	3,770,034
Pass-through Awards (from the State of Utah):				
COVID-19 Racial Equity & Inclusion Grant	21.019	Not available	39,500	39,500
Total Department of Treasury			<u>39,500</u>	<u>3,809,534</u>
<u>US Department of Homeland Security</u>				
The Federal Emergency Management Agency (FEMA)				
Pass-through Awards (from the State of Utah):				
2020 Wind Event Payment Damage Reimbursement	97.036	Not available	-	144,525
Pre-Disaster Mitigation Grant	97.036	Not available	-	9,680
Total Department of Homeland Security			<u>-</u>	<u>154,205</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 39,500</u>	<u>\$ 4,113,739</u>

MILLCREEK
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Millcreek (the City) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

2. SIGNIFICANT ACCOUNTING POLICIES

Federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance – Uniform Guidance requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five digit program identification number (CFDA number) which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as “None” in the CFDA Column of the Schedule.

Type A and Type B Programs – The Single Audit Act of 1984 (as amended) and the Uniform Guidance establish the levels to be used in defining Type A and Type B federal programs. Type A programs for the City are those programs that exceeded \$750,000 in the federal awards expended for the fiscal year ended June 30, 2021. All other programs are classified as Type B by the City.

Reporting Entity

The City reporting entity is fully described in Footnote 1 of the City's basic financial statements. The Schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2021.

MILLCREEK
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Expenditures reported in the Schedule are reported on the same basis of accounting used for each fund as described in Footnote 1 of the City's basic financial statements. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Loan or Loan Guarantee Programs

No loan or loan guarantee programs were expended during, nor did any exist as of, the fiscal year ended June 30, 2021.

10% de Minimis Indirect Cost Rate

The City elected not to use the 10% de minimis indirect cost rate for the year ended June 30, 2021.

3. FEDERAL INSURANCES AND NON-CASH ASSISTANCE

No federal insurance was in effect on June 30, 2021. No federal awards were expended in the form of non-cash assistance.

MILLCREEK
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

A. Summary of Audit Results

Financial Statements

1	Type of auditor's report issued	Unmodified
2	Internal control over financial reporting:	
	Material weakness identified and reported	No
	Significant deficiencies identified and reported	No
3	Noncompliance material to financial statements noted?	No

Federal Awards

4	Internal control over major federal programs:	
	Material weakness identified and reported	No
	Significant deficiencies identified and reported	No
5	Type of auditor's report issued on compliance for major programs	Unmodified
6	Any audit findings required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of Major Federal Programs

7	The following programs were tested as major programs: CFDA #21.019 COVID-19 Coronavirus Relief Fund	
8	The dollar threshold used for distinguishing Type A and Type B programs	\$ 750,000
9	Auditee qualify as a low-risk auditee?	No

B. Current Year Findings and Questioned Costs – Financial Audit and Major Federal Award Programs

No reportable conditions noted.

C. Prior Year Findings and Questioned Costs – Financial Audit and Major Federal Award Programs

No Federal Single Audit required.