

**LITTLE BLUE VALLEY SEWER DISTRICT**

INDEPENDENT AUDITOR'S REPORTS

SINGLE AUDIT ACT

YEAR ENDED SEPTEMBER 30, 2016

**LITTLE BLUE VALLEY SEWER DISTRICT**

SINGLE AUDIT ACT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
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 Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings	8

**LITTLE BLUE VALLEY SEWER DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA#	Pass-Through Grantor's Number	Federal Expenditures	Expenditures to Subrecipients
<b>Clean Water State Revolving Fund Cluster</b>				
<u>U.S. Environmental Protection Agency</u>				
Passed through the Missouri Department of Natural Resources:				
Capitalization Grants for Clean Water				
State Revolving Funds	66.458	2955025-01	\$ 4,523,107	\$ -
Total expenditures of federal awards			\$ 4,523,107	\$ -

The accompanying notes are an integral part of this schedule.

# LITTLE BLUE VALLEY SEWER DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule), includes the federal award activity of the Little Blue Valley Sewer District (the District) under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Expenditures of Federal Awards

On March 17, 2011, the District authorized the issuance of Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program – Middle Big Creek Sewer Subdistrict) Series 2011A in an amount not to exceed \$37,850,000, as a result of its participation in the State of Missouri Direct Loan Program. Under the Direct Loan Program, the Missouri Department of Natural Resources loans the District amounts equal to eligible costs related to the project to be financed by the loan. The loan proceeds received by the District during the year from the Missouri Department of Natural Resources consist of U.S. Environmental Protection Agency capitalization grant funds and are reported as federal awards expended in the Schedule of Expenditures of Federal Awards. Loan proceeds received in prior years are not subject to continuing compliance requirements.

**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***

The Board of Trustees  
Little Blue Valley Sewer District

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 Little Blue Valley Sewer District (the District), which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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.

*Cudney, Scord, McEuse & Williams LLC*

February 8, 2017

**Independent Auditor's Report on Compliance For  
Each Major Federal Program; Report on Internal  
Control Over Compliance; and Report on the  
Schedule of Expenditures of Federal Awards  
Required By the Uniform Guidance**

The Board of Trustees  
Little Blue Valley Sewer District

Report on Compliance for Each Major Federal Program

We have audited the Little Blue Valley Sewer District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended September 30, 2016. The District's major federal program is 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 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 the District's major federal program 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 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 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

## Report on Internal Control Over Compliance

Management of the 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 the 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 the 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 District's internal control over compliance.

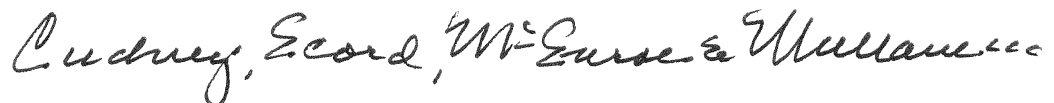
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 the 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 basic financial statements of the Little Blue Valley Sewer District as of and for the year ended September 30, 2016, and have issued our report thereon dated February 8, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. 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 basic 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.



February 8, 2017



**LITTLE BLUE VALLEY SEWER DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended September 30, 2016

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Little Blue Valley Sewer District.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in Part B of this Schedule.
3. No instances of noncompliance material to the financial statements of the Little Blue Valley Sewer District were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the internal control over the major federal award program were noted.
5. The auditor's report on compliance for the major federal award program for the Little Blue Valley Sewer District expresses an unmodified opinion on the major federal program.
6. There were no audit findings relative to the major federal award program for the Little Blue Valley Sewer District that are required to be reported in accordance with 2 CFR Section 200.516(a) in this Schedule.
7. The cluster and program tested as a major program was the Clean Water State Revolving Fund cluster and the Environmental Protection Agency's Capitalization Grants For Clean Water State Revolving Funds Program (CFDA 66.458).
8. The threshold used to distinguish between Type A and B programs was \$750,000.
9. The Little Blue Valley Sewer District was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Program Audit

None

**LITTLE BLUE VALLEY SEWER DISTRICT**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2016

There are no prior year findings to report.