

**GRANITE SCHOOL DISTRICT**

**COMPLIANCE REPORTS**

Year Ended June 30, 2017

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**GRANITE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2017

Grantor / Pass-through Grantor / Program Title	CFDA Number	Pass-Through Entity Identifying Number	District's Program Number	Receivable (Unearned) June 30, 2016	Received	Expended	Receivable (Unearned) June 30, 2017
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>							
Passed through Utah State Board of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	46	8001	\$ 3,189	\$ 5,783,390	\$ 5,786,720	\$ 6,519
National School Lunch Program	10.555	46	8001	316,992	15,708,918	15,665,720	273,794
National School Lunch Program (Commodities)	10.555	n/a	8001	-	2,166,391	2,166,391	-
Total child nutrition cluster				320,181	23,658,699	23,618,831	280,313
Child and Adult Care Food Program	10.558	46, 49	8006	-	419,543	419,746	203
Fresh Fruit and Vegetable Program	10.582	48	8002	-	570,092	570,092	-
Passed through Salt Lake County, Utah:							
<i>Forest Service Schools and Roads Cluster:</i>							
School and Roads - Grants to States	10.665	n/a	9999	-	5,467	5,467	-
Total U.S. Department of Agriculture				320,181	24,653,801	24,614,136	280,516
<b>U.S. DEPARTMENT OF EDUCATION:</b>							
Passed through Utah State Board of Education:							
<i>Special Education Cluster (IDEA):</i>							
Special Education Grants to States	84.027	19	7551	4,693,174	11,712,410	10,145,511	3,126,275
Special Education Preschool Grants	84.173	52	7550	188,791	408,109	278,300	58,982
Total special education cluster (IDEA)				4,881,965	12,120,519	10,423,811	3,185,257
Direct:							
Indian Education Grants to Local Educational Agencies	84.060	Various	7322	39,352	127,697	148,810	60,465
School Safety National Activities	84.184	S184G140139	7390	243,847	665,612	678,605	256,840
Fund for the Improvement of Education	84.215	S215E120181	7340	100,038	116,092	16,054	-
School Leadership Recruitment and Support	84.363	U363A13016	7330	348,574	1,072,834	1,055,610	331,350
Passed through Utah State Board of Education:							
Adult Education - Basic Grants to States	84.002	33	var	144,797	450,527	419,229	113,499
Title I Grants to Local Educational Agencies	84.010	08	var	6,460,994	17,546,906	17,594,700	6,508,788
Migrant Education - State Grant Program	84.011	15	7886	13,369	27,930	27,204	12,643
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	13	var	81,371	135,283	139,845	85,933
Career and Technical Education - Basic Grants to States	84.048	21	6943, 6647	849,711	1,054,324	987,222	782,609
Education for Homeless Children and Youth	84.196	28	7951	13,939	34,912	33,620	12,647
Javits Gifted and Talented Students Education	84.206	09	7508	-	1,100	150	(950)
Twenty-First Century Community Learning Centers	84.287	60	7910	60,288	202,505	181,115	38,898

(Continued)

**GRANITE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2017

Grantor / Pass-through Grantor / Program Title	CFDA Number	Pass-Through Entity Identifying Number	District's Program Number	Receivable (Unearned) June 30, 2016	Received	Expended	Receivable (Unearned) June 30, 2017
<b>U.S. DEPARTMENT OF EDUCATION (Continued):</b>							
Special Education - State Personnel Development	84.323	29	7556, 7558	\$ 64,732	\$ 102,395	\$ 69,773	\$ 32,110
English Language Acquisition State Grants	84.365	73	var	384,149	1,098,265	1,054,458	340,342
Supporting Effective Instruction State Grant	84.367	74	var	871,083	2,066,945	1,959,123	763,261
School Improvement Grants	84.377	12	var	264,578	867,007	987,062	384,633
Passed through the University of Missouri:							
Education Innovation and Research	84.411	C00051949-4	7710	363	1,728	2,307	942
Passed through the Utah State University:							
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	15000603	7701	11,292	88,831	138,592	61,053
Total U.S. Department of Education				14,834,442	37,781,412	35,917,290	12,970,320
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>							
Passed through the State of Utah Department of Workforce Services:							
<i>TANF Cluster:</i>							
Temporary Assistance for Needy Families	93.558	Various	var	560,138	1,025,361	947,164	481,941
Passed through Utah State Board of Education:							
<i>TANF Cluster:</i>							
Temporary Assistance for Needy Families	93.558	AF 170147	7350	-	-	147,514	147,514
Total TANF cluster				560,138	1,025,361	1,094,678	629,455
Direct:							
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AL16526C	7703	592	36,325	32,460	(3,273)
Passed through Salt Lake County, Utah:							
Child Care and Development Block Grant	93.575	BJ14152	7730	-	25,774	36,000	10,226
Passed through the State of Utah Department of Health:							
Assistance Programs for Chronic Disease Prevention and Control	93.945	1U58DP004835-03	7705	(1,234)	-	11,229	9,995
Passed through the State of Utah Department of Workforce Services:							
Child Care and Development Block Grant	93.575	151302	7735	171,558	291,088	176,659	57,129
Refugee and Entrant Assistance Discretionary Grants	93.576	Various	7634	50,074	212,622	206,030	43,482
Total U.S. Department of Health and Human Services				781,128	1,591,170	1,557,056	747,014
Total federal awards				\$ 15,935,751	\$ 64,026,383	62,088,482	\$ 13,997,850

**GRANITE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A.** **Basis for Presentation** – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Granite School District (the District) under programs of the federal government for the year ended June 30, 2017. The information in the 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 Requirements for Federal Awards* (the 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 financial position, or cash flows of the District.

**Note B.** **Summary of Significant Accounting Policies** – Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the District’s basic financial statements. 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.

Donated food commodities are recorded at acquisition value in the District’s *school lunch fund* as an inventory asset and federal revenue when received totaling \$2,166,391 for the year ended June 30, 2017. Donated food commodity inventories are recorded as expenditures in the *school lunch fund* when they are consumed by the schools; for purposes of the Schedule, donated food commodities are also recorded as expenditures when received.

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

The District did not pay any federal funds to subrecipients during the year ended June 30, 2017.

**Note C.** **Relationship to District’s Financial Statements** – A reconciliation of federal revenue as reported on the District’s basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2017 is as follows:

General Fund	\$ 40,833,618
Capital Projects Fund	832,905
Other governmental funds:	
School Lunch Fund	<u>24,608,667</u>
Total federal revenue reported on financial statements	66,275,190
Interest subsidy on Build America Bonds received from U.S. Department of the Treasury	(832,906)
Medical Assistance Program received from State of Utah Department of Health	<u>(3,353,802)</u>
Total federal revenue reported on the schedule of expenditures of federal awards (SEFA)	<u><u>\$ 62,088,482</u></u>



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  
Granite 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, each major fund, and the aggregate remaining fund information of Granite School District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 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 opinions 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Agui & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah  
November 30, 2017



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 Required by the Uniform Guidance

Board of Education  
Granite School District

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Granite School District (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017.

The 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 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 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* (the 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 each of its major federal programs for the year ended June 30, 2017.

**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 governmental activities, each major fund, and the aggregate remaining fund information of Granite School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 30, 2017, which contained unmodified opinions on those basic 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 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.



Orem, Utah  
November 30, 2017

**GRANITE SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2017

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No matters were noted in the prior year audit.

**GRANITE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017**

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I. Summary of auditor's results:

*Financial Statements:*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified?  Yes  No

-Significant deficiencies identified that are 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 weaknesses identified?  Yes  No

-Significant deficiencies identified that are 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 200.156(a)?  Yes  No

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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*Child Nutrition Cluster:*

10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$1,862,654

Auditee qualified as low-risk auditee?  Yes  No

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

No matters were reported.



Independent Auditor's Report on Compliance  
and Report on Internal Control over Compliance  
Required by the *State Compliance Audit Guide*

Board of Education  
Granite School District

**Report on Compliance**

We have audited the compliance of Granite School District (the District) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2017:

Minimum School Program  
Budgetary Compliance  
Fund Balance  
Utah Retirement Systems  
School District Tax Levies  
Open and Public Meetings Act  
Public Treasurer's Bond  
School Fees

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the District's compliance based on our audit of the state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

### ***Opinion on Compliance***

In our opinion, Granite School District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those 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 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 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 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 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 over 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.

*Aguirre & Company, PC*

Orem, Utah  
November 30, 2017