

GRANITE SCHOOL DISTRICT

COMPLIANCE REPORTS

Year Ended June 30, 2015

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GRANITE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Grantor / Pass-through Grantor / Program Title	CFDA Number	Grantor's Number	District's Program Number	Receivable (Unearned) June 30, 2014	Received	Expended	Receivable (Unearned) June 30, 2015
U.S. DEPARTMENT OF AGRICULTURE:							
Passed through State of Utah Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	44	8001	\$ (1,515,072)	\$ 3,261,895	\$ 4,871,525	\$ 94,558
National School Lunch Program	10.555	42, 43	8001	254,700	15,331,301	15,689,831	613,230
National School Lunch Program (Commodities)	10.555		8001	-	1,678,031	1,678,031	-
Summer Food Service Program for Children	10.559	48	8077	350,901	740,236	389,335	-
Child and Adult Care Food Program	10.558	47	8001	-	43,080	43,080	-
Child Nutrition Discretionary Grants Limited Availability	10.579	42	8003	(28,764)	15,193	43,957	-
Fresh Fruit and Vegetable Program	10.582	51	8002	-	434,058	434,058	-
Passed through Salt Lake County, Utah:							
<i>Forest Service Schools and Roads Cluster:</i>							
School and Roads - Grants to Counties	10.665		9999	-	13,072	13,072	-
				(938,235)	21,516,866	23,162,889	707,788
U.S. DEPARTMENT OF EDUCATION:							
Direct:							
Indian Education - Grants to Local Educational Agencies	84.060	S060A120264	7322	59,757	166,006	157,487	51,238
Safe and Drug-Free Schools and Communities - National Programs	84.184	S184G140139	7390	-	22,019	187,231	165,212
Fund for the Improvement of Education	84.215	Various	7329	183,693	361,108	334,832	157,417
School Leadership	84.363	U363A13016	7330	139,849	919,175	1,224,076	444,750

(Continued)

The accompanying notes are an integral part of this schedule.

GRANITE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Grantor / Pass-through Grantor / Program Title	CFDA Number	Grantor's Number	District's Program Number	Receivable (Unearned) June 30, 2014	Received	Expended	Receivable (Unearned) June 30, 2015
U.S. DEPARTMENT OF EDUCATION (Continued):							
Passed through State of Utah Office of Education:							
<i>Title I, Part A Cluster:</i>							
Title I Grants to Local Educational Agencies	84.010	08	7970	\$ 6,519,330	\$ 16,329,131	\$ 16,854,946	\$ 7,045,145
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027	19	7551	8,105,400	15,834,961	12,103,745	4,374,184
Special Education - Preschool Grants	84.173	52	7522	166,636	336,508	367,869	197,997
<i>School Improvement Grants Cluster:</i>							
School Improvement Grants	84.388	9F	8976	(676)	-	676	-
Adult Education - Basic Grants to States	84.002	33	var	97,244	363,434	353,975	87,785
Migrant Education - State Grant Program	84.011	15	7886	12,380	25,782	26,139	12,737
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	13	7841	52,757	92,414	105,289	65,632
Career and Technical Education - Basic Grants to States	84.048	21	6943	430,158	817,821	971,596	583,933
Education for Homeless Children and Youth	84.196	28	7951	922	3,928	31,964	28,958
Twenty-First Century Community Learning Centers	84.287	60	7910	32,478	113,225	112,969	32,222
Special Education - State Personnel Development	84.323	150092	7558	-	33,623	59,804	26,181
English Language Acquisition State Grants	84.365	73	7881	268,561	1,079,152	1,199,230	388,639
Mathematics and Science Partnerships	84.366	06	7870	45,776	74,775	33,448	4,449
Improving Teacher Quality State Grants	84.367	74	7861	1,430,205	2,634,602	2,070,106	865,709
School Improvement Grants	84.377	12	7990	-	29,925	45,348	15,423
Passed through Provo School District:							
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027		7720	40,753	41,230	477	-
Passed through the State of Utah Department of Workforce Services:							
Adult Education - Basic Grants to States	84.002		var	157,093	394,759	455,622	217,956
				17,742,316	39,673,578	36,696,829	14,765,567
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed through Salt Lake County, Utah:							
Child Care Development Block Grant	93.575	BJ14152	7730	-	5,333	49,254	43,921
Social Services Block Grant	93.667	BJ12153	7730	3,250	27,850	41,039	16,439
Assistance Programs for Chronic Disease Prevention and Control	93.945		7705	-	6,000	2,378	(3,622)
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AL11513C	7703	(5,793)	51,974	55,636	(2,131)
Passed through the State of Utah Department of Workforce Services:							
<i>TANF Cluster:</i>							
Temporary Assistance for Needy Families	93.558	Various	7591 / 7632	22,674	125,212	217,684	115,146
Refugee and Entrant Assistance - Discretionary Grants	93.576	AFR121217	7633	64,957	180,691	175,832	60,098
				85,088	397,060	541,823	229,851
Total federal awards				\$ 16,889,169	\$ 61,587,504	\$ 60,401,541	\$ 15,703,206

The accompanying notes are an integral part of this schedule.

GRANITE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Granite School District (the District). The District reporting entity is defined in Note 1 to the District’s basic financial statements. All federal financial awards received directly from federal agencies as well as federal financial assistance passed through from other government agencies are included on the schedule.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is reported using the modified accrual basis of accounting for assistance received by governmental funds, which is described in Note 1 to the District’s basic financial statements.

Most of the federal awards are expenditure-driven grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; grants received in advance are recorded as unearned revenue. Donated food commodities are recorded at fair value in the School Lunch Fund as an inventory asset and federal revenue when received. Donated food commodity inventories are recorded as expenditures when they are transferred to schools for consumption and totaled \$1,678,031 for the year ended June 30, 2015.

Note 3. Relationship to District’s Financial Statements

The District received Medical Assistance Program grant monies through the State of Utah Department of Health. The District also received an interest rate subsidy on its Build America Bonds. These federal programs are not classified as federal financial assistance. 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, 2015 is as follows:

General Fund	\$ 40,163,860
Capital Projects Fund	829,327
Other governmental funds:	
School Lunch	23,149,817
	<hr/>
Total federal revenue reported on financial statements	64,143,004
Interest subsidy on Build America Bonds received from	
U.S. Department of the Treasury	(829,327)
Medical Assistance Program received from State of	
Utah Department of Health	(2,912,136)
	<hr/>
Total federal revenue reported on the schedule of	
expenditures of federal awards (SEFA)	<u>\$ 60,401,541</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, 2015, 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, 2015.

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 style with a small star symbol between the words "Agui" and "Company".

Orem, Utah
November 30, 2015



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 OMB Circular A-133

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 Circular A-133 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, 2015. 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 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 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 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 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, 2015.

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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of 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, 2015, and have issued our report thereon dated November 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 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, 2015

GRANITE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015

No matters were noted in the prior year audit.

GRANITE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2015

I. Summary of auditor's results:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified? yes X no

-Significant deficiencies identified that are not considered to be material weaknesses?
 yes X none reported

Noncompliance material to financial statements noted?
 yes X no

Federal Awards:

Internal control over major programs:

-Material weaknesses identified? yes X no

-Significant deficiencies identified that are not considered to be material weaknesses?
 yes X 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 section 510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	<i>Special Education Cluster (IDEA):</i>
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.367	Improving Teacher Quality State Grants
84.363	School Leadership

Dollar threshold used to distinguish between type A and type B programs: \$1,812,046

Auditee qualified as low-risk auditee? X yes no

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

No matters were reported.

GRANITE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2015

State Grantor Agency / Program Title	Program Number	Year Last Audited	Receivable (Unearned) June 30, 2014	Received	Expended	Receivable (Unearned) June 30, 2015
State Awards:						
State of Utah Office of Education:						
Minimum School Program (per MSP schedule)	Various	2015	\$ (6,864,511)	\$ 270,676,028	\$ 271,993,482	\$ (5,547,057)
Adjustment for Charter School Local Replacement			-	1,789,999	1,789,999	-
Minimum school program revenue			(6,864,511)	272,466,027	273,783,481	(5,547,057)
Driver Education	5610	2015	146,519	504,630	426,167	68,056
Professional Development	5618	n/a	67,451	86,816	31,370	12,005
CTE Safe and Drug Free State Act	5672	n/a	17,330	40,881	50,412	26,861
CTE Suicide Prevention	5674	n/a	-	-	8,800	8,800
Intergenerational Poverty	5676	n/a	-	190,711	281,372	90,661
Federal Mineral Lease - Curriculum Administration	5616	n/a	7,420	21,757	24,607	10,270
Planning and Project Services	1609	n/a	15,545	15,545	-	-
Discretionary	5601	n/a	7,198	7,198	-	-
Utah Performance Assessment System for Students (UPASS)	5699	n/a	(178,332)	159,726	115,712	(222,346)
Student Leadership Development	5816	n/a	10,000	38,045	38,000	9,955
Title III Admin	5335	n/a	-	-	-	-
UPASS Tutoring	3795	n/a	(7,116)	-	-	(7,116)
Other State Departments and Agencies:						
STEM Activity Center	5980	n/a	-	405,675	13,520	(392,155)
Other State Revenues	3900	n/a	-	4,196	913	(3,283)
Total state awards			(6,778,496)	273,941,207	274,774,354	(5,945,349)
State Funding Tested with Federal Programs:						
State of Utah Office of Education:						
School Lunch Program (Liquor Control Tax) (1)	8070	2014	1,950,241	5,412,259	4,820,316	1,358,298
Total state funding tested with federal programs			1,950,241	5,412,259	4,820,316	1,358,298
Total state revenue			\$ (4,828,255)	\$ 279,353,466	\$ 279,594,670	\$ (4,587,051)

(1) Tested with the Child Nutrition Cluster as part of the federal compliance audit

This schedule is presented using the modified accrual basis of accounting employed by governmental funds; see Note 1 to the District's basic financial statements.



Independent Auditor's Report on Each General State Compliance Requirement Tested and on Compliance for Each Major State Program;
Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of State Awards
Required by the *State Compliance Audit Guide*

Board of Education
Granite School District

Report on Each General State Compliance Requirement Tested and on Compliance for Each Major State Program

We have audited the compliance of Granite School District (the District) with the general and major state program compliance requirements described in the *State Compliance Audit Guide* for the year ended June 30, 2015.

General state compliance requirements tested for the year ended June 30, 2015 are identified as follows:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Tax Levy Revenue Recognition
- School District Tax Levies
- Open and Public Meetings Act
- Nepotism

The District's state awards (passed through the State of Utah Office of Education) classified as a major program for the year ended June 30, 2015 is as follows:

- Minimum School Program
- Driver Education Program

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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*, issued by the Office of the Utah State Auditor. 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 a general state compliance requirement or a major state 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 general state compliance requirement tested and each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each General State Compliance Requirement Tested and Each Major State Program

In our opinion, Granite School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each general compliance requirement tested and on each of its major state programs for the year ended June 30, 2015.

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 requirements that could have a direct and material effect on each general state compliance requirement tested and each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each general state compliance requirement tested and each major state program 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.

Report on Schedule of Expenditures of State Awards in Accordance with the *State of Utah Legal Compliance Audit Guide*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 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 state awards is presented for purposes of additional analysis in accordance with the *State Compliance Audit Guide* and is not a required part of the 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 state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Aguirre & Company, P.C.

Orem, Utah
November 30, 2015