

**GRANITE SCHOOL DISTRICT**

**COMPLIANCE REPORTS**

Year Ended June 30, 2014

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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, 2013	Received	Expended	Receivable (Unearned) June 30, 2014
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>							
Passed through State of Utah Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	44	8001	\$ 43,805	\$ 2,752,413	\$ 1,193,536	\$ (1,515,072)
National School Lunch Program	10.555	42, 43	8001	240,658	14,640,864	14,654,906	254,700
National School Lunch Program (Commodities)	10.555		8001	-	1,609,198	1,609,198	-
Summer Food Service Program for Children	10.559	48	8077	350,670	753,784	754,015	350,901
Child and Adult Care Food Program	10.558	47	8001	418	418	-	-
Child Nutrition Discretionary Grants Limited Availability	10.579	42	8003	-	42,571	13,807	(28,764)
Fresh Fruit and Vegetable Program	10.582	51	8002	-	344,486	344,486	-
Passed through Salt Lake County, Utah:							
<i>Forest Service Schools and Roads Cluster:</i>							
School and Roads - Grants to Counties	10.666		9999	-	13,631	13,631	-
				635,551	20,157,365	18,583,579	(938,235)
<b>U.S. DEPARTMENT OF DEFENSE:</b>							
Passed through National Security Agency and University of Maryland:							
Language Grant Program	12.900	H98230	7859	69,348	151,629	82,281	-
<b>U.S. DEPARTMENT OF EDUCATION:</b>							
Direct:							
Indian Education - Grants to Local Educational Agencies	84.060	S060A120264	7322	51,888	154,260	162,129	59,757
Fund for the Improvement of Education	84.215	Various	7329	332,493	541,925	393,125	183,693
School Leadership	84.363	U363A13016	7330	-	148,076	287,925	139,849

(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, 2013	Received	Expended	Receivable (Unearned) June 30, 2014
<b>U.S. DEPARTMENT OF EDUCATION (Continued):</b>							
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	\$ 7,435,016	\$ 16,911,838	\$ 15,996,152	\$ 6,519,330
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027	19	7551	5,519,452	9,971,763	12,557,711	8,105,400
Special Education - Preschool Grants	84.173	52	7522	116,302	317,524	367,858	166,636
<i>School Improvement Grants Cluster:</i>							
School Improvement Grants, Recovery Act *	84.388	9F	8976	314,291	401,206	86,239	(676)
Adult Education - Basic Grants to States	84.002	33	var	121,618	405,868	381,494	97,244
Migrant Education - State Grant Program	84.011	15	7886	18,446	31,623	25,557	12,380
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	13	7841	76,380	114,412	90,789	52,757
Career and Technical Education - Basic Grants to States	84.048	21	6943	378,165	910,571	962,564	430,158
Education for Homeless Children and Youth	84.196	28	7951	31,572	53,312	22,662	922
Twenty-First Century Community Learning Centers	84.287	60	7910	56,580	113,601	89,499	32,478
English Language Acquisition State Grants	84.365	73	7881	409,034	1,339,619	1,199,146	268,561
Mathematics and Science Partnerships	84.366	06	7870	8,816	64,718	101,678	45,776
Improving Teacher Quality State Grants	84.367	74	7861	761,595	1,477,454	2,146,064	1,430,205
Passed through Provo School District:							
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027		7720	(5,689)	18,204	64,646	40,753
Passed through the State of Utah Department of Workforce Services:							
Adult Education - Basic Grants to States	84.002		var	249,806	526,320	433,607	157,093
				15,875,765	33,502,294	35,368,845	17,742,316
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>							
Passed through Salt Lake County, Utah:							
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AL11513C	7703	(19,342)	62,294	75,843	(5,793)
Social Services Block Grant	93.667	BJ12153	773	20,530	76,280	59,000	3,250
Passed through the State of Utah Department of Workforce Services:							
<i>TANF Cluster:</i>							
Temporary Assistance for Needy Families	93.558	Various	7591 / 7632	45,221	133,991	111,444	22,674
Refugee and Entrant Assistance - Discretionary Grants	93.576	AFR121217	7633	108,390	290,007	246,574	64,957
				154,799	562,572	492,861	85,088
Total federal awards				\$ 16,735,463	\$ 54,373,860	\$ 54,527,566	\$ 16,889,169

\* Indicates programs are funded by Recovery Act

The accompanying notes are an integral part of this schedule.

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

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**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 \$1,609,198 for the year ended June 30, 2014.

**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, 2014 is as follows:

General Fund	\$ 38,766,157
Other governmental funds:	
School Lunch	18,569,948
Debt Service	827,969
	<hr/>
Total federal revenue reported on financial statements	58,164,074
Interest subsidy on Build America Bonds received from U.S. Department of the Treasury	(827,970)
Medical Assistance Program received from State of Utah Department of Health	(2,808,538)
	<hr/>
Total federal revenue reported on the schedule of expenditures of federal awards (SEFA)	<u>\$ 54,527,566</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, 2014, 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 26, 2014.

**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 26, 2014



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, 2014. 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, 2014.

**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, 2014, and have issued our report thereon dated November 26, 2014, 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 26, 2014

**GRANITE SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2014

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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, 2014

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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   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:

CFDA Number(s) Name of Federal Program or Cluster

*Child Nutrition Cluster:*

10.553 School Breakfast Program  
 10.555 National School Lunch Program  
 10.559 Summer Food Service Program for Children

84.010 Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between type A and type B programs: \$1,635,827

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, 2014

State Grantor Agency / Program Title	Program Number	Year Last Audited	Receivable (Unearned) June 30, 2013	Received	Expended	Receivable (Unearned) June 30, 2014
<b>State Awards:</b>						
State of Utah Office of Education:						
Minimum School Program (per MSP schedule)	Various	2014	\$ (8,273,460)	\$ 266,442,660	\$ 267,851,609	\$ (6,864,511)
Adjustment for Charter School Local Replacement			-	1,500,938	1,500,938	-
Minimum school program revenue			(8,273,460)	267,943,598	269,352,547	(6,864,511)
Driver Education	5610		201,720	534,874	479,673	146,519
Professional Development	5618		32,104	64,653	100,000	67,451
CTE Safe and Drug Free State Act	5672	n/a	25,447	48,788	40,671	17,330
Federal Mineral Lease - Curriculum Administration	5616	n/a	-	17,580	25,000	7,420
Planning and Project Services	1609	n/a	-	(15,545)	-	15,545
Discretionary	5601	n/a	-	7,571	14,769	7,198
Utah Performance Assessment System for Students (UPASS)	5699		(140,050)	162,098	123,816	(178,332)
Student Leadership One-Time	5816	n/a	-	10,000	20,000	10,000
Title III Admin	5335	n/a	10,934	10,934	-	-
UPASS Tutoring	3795	n/a	(7,116)	-	-	(7,116)
Other State Revenues - General Fund	3900	n/a	(4,735)	(735)	4,000	-
Other State Revenues - Capital Projects Fund	3900		-	420,023	420,023	-
Total state awards			(8,155,156)	269,203,839	270,580,499	(6,778,496)
<b>State Funding Tested with Federal Programs:</b>						
State of Utah Office of Education:						
School Lunch Program (Liquor Control Tax) (1)	8070	2014	1,820,093	4,082,577	4,212,725	1,950,241
Total state funding tested with federal programs			1,820,093	4,082,577	4,212,725	1,950,241
Total state revenue			\$ (6,335,063)	\$ 273,286,416	\$ 274,793,224	\$ (4,828,255)

(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, 2014.

General state compliance requirements tested for the year ended June 30, 2014 are identified as follows:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems Compliance
- Locally Generated Taxes and Fees
- Budget Notices and Format
- Uniform Chart of Accounts for Local Education Agencies

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, 2014 is as follows:

Minimum School 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, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated November 26, 2014. Our opinion on compliance is not modified with respect to these matters.

### **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, 2014, 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 26, 2014, 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.



Orem, Utah  
November 26, 2014