

GRANITE SCHOOL DISTRICT

COMPLIANCE REPORTS

Year Ended June 30, 2013

TABLE OF CONTENTS

	Page
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	4
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>	5
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	7
Summary Schedule of Prior Audit Findings	9
Schedule of Findings and Questioned Costs	10
Schedule of Expenditures of State Awards	11
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 in Accordance with the <i>State of Utah Legal Compliance Audit Guide</i>	12

GRANITE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Grantor / Pass-through Grantor / Program Title	CFDA Number	Grantor's Number	District's Program Number	Receivable (Unearned) June 30, 2012	Received	Expended	Receivable (Unearned) June 30, 2013
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	\$ 49,189	\$ 2,712,234	\$ 2,706,850	\$ 43,805
National School Lunch Program	10.555	42, 43	8001	225,222	13,544,845	13,560,281	240,658
National School Lunch Program (Commodities)	10.555	n/a	8001	-	1,435,353	1,435,353	-
Summer Food Service Program for Children	10.559	48	8077	41,756	686,343	995,257	350,670
Child and Adult Care Food Program	10.558	47	8001	4,688	151,527	147,257	418
Fresh Fruit and Vegetable Program	10.582	51	8002	12,131	215,204	203,073	-
Passed through Salt Lake County, Utah:							
<i>Forest Service Schools and Roads Cluster:</i>							
School and Roads - Grants to Counties	10.666	n/a	9999	-	14,199	14,199	-
				<u>332,986</u>	<u>18,759,705</u>	<u>19,062,270</u>	<u>635,551</u>
U.S. DEPARTMENT OF DEFENSE:							
Passed through National Security Agency and University of Maryland:							
Language Grant Program	12.900	0348-0004	7859	2,584	-	66,764	69,348
U.S. DEPARTMENT OF JUSTICE:							
Direct:							
Bulletproof Vest Partnership Program	16.607	n/a	7326	4,857	4,857	-	-
U.S. DEPARTMENT OF TRANSPORTATION:							
Passed through State of Utah Department of Transportation:							
<i>Highway Safety Cluster:</i>							
Highway Planning and Construction	20.205	Various	7712	6,461	12,430	5,969	-
U.S. DEPARTMENT OF ENERGY							
Passed through State of Utah:							
State Energy Program	81.041	AF111047	8310	30,745	537,843	507,098	-
U.S. DEPARTMENT OF EDUCATION:							
Direct:							
Indian Education - Grants to Local Educational Agencies	84.060	S060A020264	7322	13,274	134,724	173,338	51,888
Fund for the Improvement of Education	84.215	Various	7329	139,382	332,653	525,764	332,493

(Continued)

The accompanying notes are an integral part of this schedule.

GRANITE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Grantor / Pass-through Grantor / Program Title	CFDA Number	Grantor's Number	District's Program Number	Receivable (Unearned) June 30, 2012	Received	Expended	Receivable (Unearned) June 30, 2013
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	\$ 5,940,469	\$ 14,775,696	\$ 16,161,103	\$ 7,325,876
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027	19	7551	5,577,372	13,702,512	13,644,592	5,519,452
Special Education - Preschool Grants	84.173	52	7550	131,854	409,882	394,330	116,302
Special Education Grants to States, Recovery Act *	84.391	9A	8551	2,475,264	2,882,373	407,109	-
Education for Homeless Children and Youth	84.196	28	7951	13,351	13,351	31,572	31,572
<i>Educational Technology State Grants Cluster:</i>							
Educational Technology State Grants	84.318	07	7871	127,138	153,244	26,106	-
<i>School Improvement Grants Cluster:</i>							
School Improvement Grants	84.377	12	7976	-	2,071	111,211	109,140
School Improvement Grants, Recovery Act *	84.388	9F	8976	248,762	665,079	730,608	314,291
Adult Education - Basic Grants to States	84.002	33, 80	var	99,016	386,147	408,749	121,618
Migrant Education - State Grant Program	84.011	15	7887	11,857	23,411	30,000	18,446
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	13	7841	40,152	81,020	117,248	76,380
Career and Technical Education - Basic Grants to States	84.048	21	6943	415,959	969,438	931,644	378,165
Tech-Prep Education	84.243	26	6850	26,671	26,671	-	-
Twenty-First Century Community Learning Centers	84.287	60	7910	78,138	160,031	138,473	56,580
English Language Acquisition State Grants	84.365	73	7881	405,345	1,443,029	1,446,718	409,034
Mathematics and Science Partnerships	84.366	06	7870	49,065	125,508	85,259	8,816
Improving Teacher Quality State Grants	84.367	74	7861	2,210,401	3,723,992	2,275,186	761,595
Education Jobs Fund	84.410	9N	8669	251,878	280,087	28,209	-
Passed through Provo School District:							
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027	n/a	7720	(2,950)	6,953	4,214	(5,689)
Passed through Utah Family Partnership Network:							
Parental Information and Resource Centers	84.310	n/a	7701	-	14,074	14,074	-
Passed through the State of Utah Department of Workforce Services:							
Adult Education - Basic Grants to States	84.002	AF131711	7588	-	26,805	73,323	46,518
Passed through Salt Lake County, Utah:							
Twenty-First Century Community Learning Centers	84.287	n/a	7910	-	6,943	6,943	-
				<u>18,252,398</u>	<u>40,345,694</u>	<u>37,765,773</u>	<u>15,672,477</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed through DDI Vantage, Inc:							
Head Start	93.600	n/a	7718	(1,454)	5,842	7,296	-
Passed through Salt Lake County, Utah:							
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AL07517C	7703	(3,101)	97,377	81,136	(19,342)
Social Services Block Grant	93.667	BJ10123	7591	486	38,956	59,000	20,530

(Continued)

The accompanying notes are an integral part of this schedule.

GRANITE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Grantor / Pass-through Grantor / Program Title	CFDA Number	Grantor's Number	District's Program Number	Receivable (Unearned) June 30, 2012	Received	Expended	Receivable (Unearned) June 30, 2013
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued):							
Passed through the State of Utah Department of Workforce Services:							
Adult Education - Basic Grants to States	84.002	AF131603	7587	\$ -	\$ 41,315	\$ 244,603	\$ 203,288
<i>TANF Cluster:</i>							
Temporary Assistance for Needy Families	93.558	Various	7591 / 7632	110,933	226,966	161,254	45,221
Refugee and Entrant Assistance - State Administered Programs	93.566	Various	7634	183,535	327,076	237,798	94,257
Refugee and Entrant Assistance - Discretionary Grants	93.576	AFR121217	7633	12,303	56,316	58,146	14,133
				<u>302,702</u>	<u>793,848</u>	<u>849,233</u>	<u>358,087</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:							
Passed through AmeriCorps							
AmeriCorps Recovery Act *	94.006	n/a	7735	-	60,440	60,440	-
Passed through State of Utah Office of Education:							
Learn and Serve America - School and Community Based Programs	94.004	53	7603	8,965	8,965	-	-
				<u>8,965</u>	<u>69,405</u>	<u>60,440</u>	<u>-</u>
Total federal awards				<u>\$ 18,941,698</u>	<u>\$ 60,523,782</u>	<u>\$ 58,317,547</u>	<u>\$ 16,735,463</u>

* 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

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 \$1,435,353 for the year ended June 30, 2013.

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, 2013 is as follows:

General Fund	\$ 41,809,790
Capital Projects Fund	914,207
Other governmental funds:	
School Lunch	19,048,071
Debt Service	894,635
	<hr/>
Total federal revenue reported on financial statements	62,666,703
Interest subsidy on Build America Bonds received from U.S. Department of the Treasury	(894,635)
Medical Assistance Program received from State of Utah Department of Health	(3,454,521)
	<hr/>
Total federal revenue reported on the schedule of expenditures of federal awards (SEFA)	<u><u>\$ 58,317,547</u></u>



1329 South 800 East • Orem, Utah 84097-7700 • (801) 225-6900 • Fax (801) 226-7739 • www.squire.com

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, 2013, 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 29, 2013.

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 29, 2013



1329 South 800 East • Orem, Utah 84097-7700 • (801) 225-6900 • Fax (801) 226-7739 • www.squire.com

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, 2013. 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, 2013.

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 Granite School District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 29, 2013, 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 29, 2013

GRANITE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013

No matters were noted in the prior year audit.

GRANITE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2013

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

Special Education Cluster:

84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.391	Special Education - Grants to States, Recovery Act
84.365	English Language Acquisition
84.002	Adult Education – Basic Grants to States

Dollar threshold used to distinguish between type A and type B programs: \$1,749,526

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, 2013

State Grantor Agency / Program Title	Program Number	Year Last Audited	Receivable (Unearned) June 30, 2012	Received	Expended	Receivable (Unearned) June 30, 2013
State Awards:						
State of Utah Office of Education:						
Minimum School Program (per MSP Schedule)	Various	2013	\$ (9,251,583)	\$ 253,068,630	\$ 254,080,819	\$ (8,239,394)
Minimum School Program (Local Replacement)			-	1,371,474	1,371,474	-
Total minimum school program revenue			(9,251,583)	254,440,104	255,452,293	(8,239,394)
Driver Education	5610	2012	262,880	422,060	360,900	201,720
Core Assessment	5406	n/a	-	9,687	9,687	-
Pilot Assessment Project	5646	n/a	-	765,786	765,786	-
Substance Abuse - Fee on Fines	5672	n/a	8,574	49,966	43,706	2,314
UPASS	5699	n/a	(144,674)	165,683	163,192	(147,165)
Professional Development	5618	n/a	3,163	40,059	69,000	32,104
Utah Department of Community and Culture Agency:						
Other State Revenues	5614	n/a	-	10,025	5,290	(4,735)
Total expenditures of state awards			(9,121,640)	255,903,370	256,869,854	(8,155,156)
State Matching for Federal Programs:						
State of Utah Office of Education:						
School Lunch Program (Liquor Control Tax)	8070	*	-	2,335,571	4,155,664	1,820,093
Total state revenue (per financial statements)			\$ (9,121,640)	\$ 258,238,941	\$ 261,025,518	\$ (6,335,063)

* Tested for compliance with federal child nutrition cluster.

This schedule 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.



1329 South 800 East • Orem, Utah 84097-7700 • (801) 225-6900 • Fax (801) 226-7739 • www.squire.com

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
in Accordance with the *State of Utah Legal 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 general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

General state compliance requirements tested for the year ended June 30, 2013 are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems Compliance
- Locally Generated Taxes and Fees
- School Fees
- Government Records Access Management Act (GRAMA)
- Utah Public Finance Website

The District's state award classified as a major program for the year ended June 30, 2013 is as follows:

Minimum School Program (passed through the Office of Education)

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 of Utah Legal Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Those standards and the *State of Utah Legal 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State of Utah Legal Compliance Audit Guide and which are described in our letter to management dated November 29, 2013. 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 of Utah Legal 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 of Utah Legal 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, 2013, 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 29, 2013, 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 of Utah Legal 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 29, 2013