

**OSBORN SCHOOL DISTRICT NO. 8**  
**GOVERNING BOARD MEETING**  
**April 1, 2025**

**Special Meeting – 5:30 P.M.**  
**Doors open at 5:15 P.M.**

**CONSISTENT WITH THE REQUIREMENT OF A.R.S. §38-431.02, NOTICE OF THIS  
MEETING HAS BEEN POSTED. LOCATION OF THE MEETING IS:**

**THE OSBORN DISTRICT OFFICE  
1226 W. OSBORN ROAD  
PHOENIX, AZ 85013**

**AGENDA**

*Agendas are available at least 24 hours prior to each meeting in the District Office at 1226 West Osborn Road, Monday through Friday between the hours of 7:30 a.m. and 4:30 p.m. One or more Board members may attend telephonically. Board members attending telephonically will be announced at the meeting. The board may vote to recess into an executive session for the purpose of obtaining legal advice from the board's attorney on any matter listed on the agenda pursuant to A.R.S. §38-431.03(A)(3). Accommodations for individuals with disabilities, including alternative format materials, sign language interpretation, assistive listening devices, or assistance with Calls to the Public are available upon 72 hours' advance notice through the Office of the Superintendent 602-707-2002. To the extent possible, additional reasonable accommodations will be made available within the time constraints of the request.*

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**I. Call to Order**

**II. Action Items**

- A. Approval of Personnel Items
  - 1. New Employees
  - 2. Extra Duty Contracts
  - 3. Employment Changes/Additions
  - 4. Resignations
  - 5. Terminations
  - 6. Retirements
  - 7. Leaves of Absence
  - 8. Non-Renewal

**III. Discussion/Information Items**

- A. FY2024 Audit Reports
- B. Montecito Central Plant Guaranteed Maximum Price

**IV. Adjournment**

**OSBORN SCHOOL DISTRICT NO. 8**

**April 1, 2025**

**Board Meeting**

**The Osborn Community advances the full potential of every child  
by developing emotional intelligence and academic excellence.**

**Agenda Item Number – I**

**Agenda Item**

**Call to Order**

For Board: ☐ Action ☐ Discussion ☒ Information

**Background**

**Legal**

**Financial**

**Governing Board Goals**

- ☐ Community Connectedness and Increased Enrollment
- ☐ Maximize Student Learning & Achievement from PreK to High School
- ☐ Stewardship and Boardmanship
- ☐ Equity & Excellence for Opportunity and Outcomes

**Recommendation**

Information Only

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ P/F

**OSBORN SCHOOL DISTRICT NO. 8**

**April 1, 2025**

**Board Meeting**

**The Osborn Community advances the full potential of every child  
by developing emotional intelligence and academic excellence.**

**Agenda Item Number – II-A-1-8**

**Agenda Item**

**Approval of Personnel Items**

For Board: ☒ Action ☐ Discussion ☐ Information

**Background –**

Per attached list.

Note: Due to HIPPA laws (Health Insurance Portability & Accountability Act) regarding privacy of health information, we do not include letters from individuals requesting FMLA because their medical conditions are mentioned in their letters. This information must be held confidential. Board members will simply know from the usual monthly listings that it is an FMLA request and understand that such requests are made due to one's own personal illness or injury or a close family members' illness or injury or the birth or adoption of a child, etc.

**Legal**

**Financial**

**Governing Board Goals**

- ☐ Community Connectedness and Increased Enrollment
- ☐ Maximize Student Learning & Achievement from PreK to High School
- ☐ Stewardship and Boardmanship
- ☐ Equity & Excellence for Opportunity and Outcomes

**Recommendation**

It is recommended that the Governing Board approve the Resignations/Terminations/Retirements and Employment/Changes/Additions/Non-Renewal as presented.

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ P/F

**NEW EMPLOYEES: CERTIFIED**

<u>NAME</u>	<u>POSITION</u>	<u>LOCATION</u>	<u>DATE HIRED</u>	<u>RATE OF PAY</u>
Alva, Amber	Psychologist	SOL	7/21/2025	\$79,316.00
George, Sylvie	Psychologist Intern	CLA	7/23/2025	\$51,000.00

**NEW EMPLOYEES: CLASSIFIED**

<u>NAME</u>	<u>POSITION</u>	<u>LOCATION</u>	<u>DATE HIRED</u>	<u>RATE OF PAY</u>
Allen, J Bones	Health Office	MCS	3/3/2025	\$28.26
Martinez Albarran, Alejandra	Cashier	CN	4/1/2025	\$20.40



RATIFY ADDENDUM TO CONTRACT		
<u>NAME</u>	<u>PROGRAM</u>	<u>AMOUNT</u>

PRE-APPROVAL ADDENDUM TO CONTRACT		
<u>NAME</u>	<u>PROGRAM</u>	<u>AMOUNT</u>

ADDITIONAL ASSIGNMENTS					
NAME	POSITION	LOCATION	DATE	RATE OF PAY	
Aguilar, Maria	XD- Professional Development	MT	3/10/2025	\$26.96	
Aguilar, Maria	XD- Professional Development	MT	3/31/2025	\$26.96	
Dagnino, Lina	XD- Professional Development	MT	3/10/2025	\$17.93	
Dayan, Giselle	XD-Preschool Evaluations	SOL	2/20/2025	\$24.59	
Delgado-Noriega, Maria	XD- Professional Development	MT	3/10/2025	\$17.58	
Flores, Rebeca	XD- Professional Development	MT	3/10/2025	\$14.96	
Gonzalez, Lida	XD- Professional Development	MT	3/10/2025	\$23.48	
Norzagaray, Minerva	XD- Professional Development	MT	3/10/2025	\$17.33	
Prather, Santoi	XD- Professional Development	MT	3/10/2025	\$18.79	
Ramirez, Elizeth	XD- Professional Development	MT	3/10/2025	\$18.03	
Sotelo, Teresa	XD- Professional Development	MT	3/10/2025	\$20.18	
Thomas, Charity	XD- Professional Development	MT	3/31/2025	\$24.33	
Thomas, Charity	XD- Bus Driver Training	MT	3/31/2025	\$24.33	
Thomas, Charity	XD- Professional Development	MT	3/10/2025	\$24.33	
Valencia, Ana	XD- Interpreter	ENC	3/6/2025	\$22.00	
Zuniga, Maria	XD- Professional Development	MT	3/10/2025	\$24.33	

CHANGE OF ASSIGNMENT						
NAME	FROM POSITION	TO POSITION	LOCATION	DATE	RATE OF PAY	
Caswell, Stephen	Psychologist	Psychologist	ENC	7/23/2025	\$97,265.00	
Flores, Rebeca	Bus Attendant (.875)	Bus Attendant (1.0)	MT	4/1/2025	\$14.96	
Konzelman, Kathryn	Psychologist	Psychologist	OMS	7/23/2025	\$89,657.00	
Ramirez, Elizeth	Bus Attendant (1.0)	Crossing Guard	MT	4/1/2025	\$18.03	
Staron, Frances	Accounting Technician	Lead Accounting Technician	Bus Services	3/31/2025	\$25.40	

NEW YEAR CLASSIFIED ASSIGNMENTS					
NAME	POSITION	LOCATION	DATE	RATE OF PAY	

**NEW YEAR SUBSTITUTES ASSIGNMENTS**

RESIGNATIONS			
<u>NAME</u>	<u>POSITION</u>	<u>LOCATION</u>	<u>DATE</u>
Esquivel, Fernanda	Food II	CN	3/26/2025
Gutierrez, Anahi	Cashier	CN	3/24/2025

TERMINATIONS			
<u>NAME</u>	<u>POSITION</u>	<u>LOCATION</u>	<u>DATE</u>

RETIREMENTS			
<u>NAME</u>	<u>REASON</u>	<u>LOCATION</u>	<u>DATE</u>

LEAVE OF ABSENCES:			
<u>NAME</u>	<u>REASON</u>	<u>LOCATION</u>	<u>DATE</u>
Marshall, Gina	Intermittent FMLA	OMS	2/6/2025

MILITARY LEAVE:			
<u>NAME</u>	<u>REASON</u>	<u>LOCATION</u>	<u>DATE</u>

April 1, 2025

PRE-APPROVAL ADDENDUM TO CONTRACT		
<u>NAME</u>	<u>PROGRAM</u>	<u>AMOUNT</u>
Aken, Ann	21st CCLC Instructor 3/17-4/25/25	\$480.00
Anderson, Rachel	21st CCLC Instructor 3/17-4/25/25	\$480.00
Berkich, Beth	21st CCLC Instructor 3/17-4/25/25	\$960.00
Catlon Songer, Kendall	Boys town/ CPI Trainer 8/1/24-5/16/25	\$1,000.00
McHale, Meghan	Homebound Services 12/1/24-3/15/25	\$2,160.00
Pendall-Castro, Emily	Homebound Services 1/6-3/15/25	\$1,800.00
Sanchez, Alexys	21st CCLC Professional Learning 11/14-2/14/25	\$25.00
Sauter, Jessica	21st CCLC Instructor 3/17-4/25/25	\$480.00
Vanible, Lysa	21st CCLC Instructor 3/17-4/25/25	\$960.00

OSBORN SCHOOL DISTRICT NO. 8

April 1, 2025

Board Meeting

The Osborn Community advances the full potential of every child  
by developing emotional intelligence and academic excellence.

Agenda Item Number –III-A

**Agenda Item**

**FY2024 Audit Reports**

For Board: ☐ Action ☒ Discussion ☒ Information

**Background –**

Each year the district is required to have a comprehensive audit performed by an independent audit firm. CWDL conducted the 2023/24sy fiscal audit. The audit includes the Single Audit Reporting Package, Financial Statements and USFR Compliance Questionnaire.

CWDL partner, Daniel Johnson CPA, will be presenting the financial highlights, audit process and results.

**Legal**

**Financial**

**Governing Board Goals**

- ☐ Community Connectedness and Increased Enrollment
- ☐ Maximize Student Learning & Achievement from PreK to High School
- ☐ Stewardship and Boardmanship
- ☐ Equity & Excellence for Opportunity and Outcomes

**Recommendation**

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ P/F



See what's possible.

# OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8

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## **UNIFORM SYSTEM OF FINANCIAL RECORDS (USFR) COMPLIANCE QUESTIONNAIRE**

Fiscal Year Ended June 30, 2024

**Osborn Elementary School District No. 8**  
**Summary of Compliance Findings**  
**Year Ended June 30, 2024**

**Governing Board/Management**

None noted.

**Budgeting**

None noted.

**Accounting Records**

None noted.

**Cash and Revenues**

CR24 - The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal supporting documentation.

No - For ten of 35 receipts tested (one auxiliary operations, three student activities, and six tax credit), the District did not deposit the receipt within a timely manner with days to deposit ranging from 8 to 33 days from receipt.

**Supplies Inventory**

None noted.

**Property Control**

None noted.

**Expenditures**

None noted.

**Travel**

None noted.

**Credit Cards and Purchasing Cards**

CPC09 - The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.

No - For seven of 12 credit card statements tested, the District incurred finance charges totaling \$587.30.

**Procurement**

None noted.

**Classroom Site Fund**

None noted.

**Payroll**

None noted.



**Osborn Elementary School District No. 8**  
**Summary of Compliance Findings**  
**Year Ended June 30, 2024**

**Financial Reporting**

None noted.

**Student Attendance Reporting**

SAR03- The District appropriately tracked and reported student membership and absences.

No- For one of 11 elementary and junior high school students tested, the District did not accurately calculate partial day attendance.

**Information Technology**

None noted.

**Transportation Support**

None noted.

**Records Management**

None noted.

**General Long-Term Debt**

None noted.

## Instructions

Arizona Revised Statutes (A.R.S.) §15-271 requires the Arizona Auditor General to inform any school district failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona School Districts* (USFR) that it has 90 days to correct the cited deficiencies. The USFR prescribes the minimum internal control policies and procedures to be used by Arizona school districts for accounting, financial reporting, budgeting, attendance reporting, and various other compliance requirements. To help the Arizona Auditor General determine whether a district has attained an acceptable degree of compliance with USFR requirements, the audit firm must complete this USFR Compliance Questionnaire (Questionnaire).

A.R.S. §§15-213(F) and 15-914(G) require districts to have a systematic review of their purchasing practices and average daily membership (ADM), respectively, performed in conjunction with their annual or biennial financial audit to determine whether the district complied with the applicable State of Arizona procurement and student attendance laws and rules. Auditor completion of the Procurement and Student attendance reporting Questionnaire sections constitutes the required systematic reviews.

Audit firms must gain an understanding of the district's internal controls and obtain and document sufficient, appropriate evidence annually to support each Questionnaire response. These instructions, the Questionnaire questions, and the required review procedures constitute the minimum audit standards for completing the Questionnaire. Required review procedures are included in the Questionnaire and in the "tooltip" next to applicable questions in the web-based auditor submission Questionnaire. The Arizona Auditor General may reject Questionnaires that are not prepared in compliance with the minimum audit standards.

- Audit documentation must describe the procedures performed, items reviewed, and the results of such procedures and reviews to support the auditor's Questionnaire responses and related comments.
- Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" responses on the Questionnaire.
- The audit firm must determine the district reviewed documents and transactions and provided sufficient evidence of approval including manual or electronic signatures or initials and date of review.
- Audit firms must consider population size in determining the number of items to test (i.e., sample, scan, review, examine, or observe), and the items selected should be representative of the population. Therefore, testing 1 transaction, record, or item is not sufficient. The Credit cards and purchasing cards, Procurement, and Student attendance reporting Questionnaire sections prescribe minimum sample sizes for specific questions. Population and samples sizes used for test work should be entered in the fields provided next to the applicable questions throughout the Questionnaire.
- A **"Yes"** response indicates that the audit firm has determined that the district complied with the USFR for that question based on auditor obtained evidence. Several review procedures allow for auditors to determine whether the district implemented compensating controls when recommended USFR procedures could not be implemented due to limited staff size. When compensating controls are found, auditors should answer the question "Yes" and describe in the comments the compensating controls in place to meet the question's objective. However, the Arizona Auditor General makes the final determination of compliance with the USFR based on the evidence presented in the Questionnaire, audit reports, audit documentation, and any other sources of information available.
- A **"No"** response indicates the district did not comply with the USFR for that question. Audit firms must explain the district's deficiency noted for all "No" responses in the comment box below the question. Deficiencies must be described in sufficient detail to enable the Arizona Auditor General to determine the nature and significance of the deficiency for: (a) assessing compliance with the USFR, (b) appropriately describing the deficiency in a report, and (c) testing compliance during a status review. The description should include the number of items tested and the number of exceptions noted, dollar amount of the error, and any other relevant information that would provide context for the deficiency. For deficiencies related to processes required at regular intervals such as monthly bank reconciliations, the description should adequately describe whether the district's processes did not meet required intervals or were not completed at all. Each deficiency comment should specifically describe

how the district did not meet the USFR requirement described in the related question. Cash and revenues questions apply to all the district's cash and revenue, including food service, auxiliary operations, extracurricular activities fees tax credit, and student activities receipts and bank accounts. Comments for "No" responses to these questions should indicate the type of receipt or bank account to which the deficiency applies.

- An **"N/A"** response indicates the district did not have activity related to the USFR requirements for that question. The audit firm **must** explain all "N/A" responses in the comment box below the question, unless the reason for the N/A is obvious.

The questions in the Questionnaire do not address all requirements of the USFR. If the audit firm is aware of noncompliance with a requirement of the USFR that is not addressed in the Questionnaire, including the Arizona Administrative Code (A.A.C.), Title 7, Ch. 2, Articles 10 and 11, (School District Procurement Rules) and the Arizona Department of Education's (ADE) membership and attendance guidelines, the audit firm should include the compliance findings in its reports issued in accordance with Governmental Auditing Standards and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

The audit firm must make the resulting audit documentation supporting the audit firm's Questionnaire responses and comments available on request for the Arizona Auditor General and the ADE's review. To facilitate this review, the audit firm should include in the audit documentation a copy of the Questionnaire with references to the audit procedures performed for each question.

Once the audit firm has completed, reviewed, and signed the Questionnaire, it must submit it electronically to the Arizona Auditor General by following the instructions at the end of the web-based auditor submission Questionnaire. Audit firms should print the file to PDF to create the Questionnaire document to distribute to the district. As required by A.R.S. §15- 914(D), the district must submit the completed Questionnaire with the audit reporting package to the district's county school superintendent's office and ADE.

## Governing board/management procedures

**Objective: To determine whether the governing board and District management have established and implemented certain procedures as required by statute.**

01. The District held governing board meetings in accordance with [A.R.S. §§38-431 to 38-431.09](#), and prepared and retained written minutes and/or recordings. Yes ▼

02. The District annually provided governing board members and employees guidance on what constitutes a substantial interest and that the conflict-of-interest statutes apply to all District governing board members and employees as a part of their employment. [A.R.S. §§38-502](#), [A.R.S. 38-503](#), and [38-509](#) Yes ▼

03. The District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a conflict of interest in any contract, sale, purchase, service, or decision, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. [A.R.S. §§38-502 and 38-503](#)

Yes ▼

04. The District maintained, for public inspection, a special file with all documents necessary to memorialize all governing board members and employees COI disclosures. [A.R.S. §38-509](#)

Yes ▼

05. Employees or governing board members with reported conflicts, except as provided in [A.R.S. §15-323](#), refrained from voting upon or otherwise participating in any manner in that contract, sale, purchase, service, or decision of the school district. [A.R.S. §§38-502 and 38-503\(A\) and \(B\)](#)

Yes ▼

06. The District's management notified the Arizona Auditor General and appropriately resolved all allegations of theft, fraud, or misuse of District monies and assets in a timely manner.

N/A ▼

No allegations of theft, fraud, or misuse of District monies or assets in the current fiscal year.

07. The governing board established written personnel and payroll policies and approved employee contracts, wage agreements, salary and wage schedules, and any other agreed-upon terms of employment.

Yes ▼

08. The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. [A.R.S. §15-1122](#)

Yes ▼

09. The governing board received monthly Student Activities Fund Reports of Cash Receipts, Disbursements, Transfers, and Cash Balances that were accurately prepared. [A.R.S. §15-1123](#)

Yes ▼

10. The governing board approved student clubs' and organizations' fund-raising events. [A.R.S. §15-1121](#) and AG Opinion I84-018

Yes ▼

Sample

5

11. The governing board obtained voter approval to construct buildings and purchase or lease school sites, unless otherwise exempted by [A.R.S. §15-342\(25\)](#).

N/A ▼

The District did not purchase, construct, or lease any new buildings or school sites in the current fiscal year.

## Budgeting

**Objective:** To determine whether the District's budget preparation processes ensure that the District properly allocates the monies it receives, stays within those budgets, and accurately informs the public about the use of those monies.

01. The budget included all funds as required by [A.R.S. §15-905](#) and followed the form's [Budget —Submission and Publication Instructions](#).

Yes ▼

02. Total budgeted expenditures on the originally adopted budget for the Maintenance and Operation (M&O) and Unrestricted Capital Outlay Funds (UCO) were less than or equal to the budgeted amounts on the published proposed budget and within the general budget limit (GBL) and the unrestricted capital budget limit (UCBL). [A.R.S. §15-905\(E\)](#)

Yes ▼

03. The District revised its budget on or before December 15, if ADE notified the District that its M&O or UCO Fund budgeted expenditures exceeded the GBL or UCBL. [A.R.S. §15-905\(E\)](#).

Yes ▼

04. The District completed its revised expenditure budget before May 15 and filed it electronically with the Superintendent of Public Instruction by May 18. [A.R.S. §15-905\(I\)](#).

Yes ▼

05. The District reduced the budget by the prior year's overexpenditure (or a portion of the prior year's overexpenditure, as approved by the Superintendent of Public Instruction) or the District began the process to correct its prior year's data that impacts state-aid and/or budget capacity. [A.R.S. §§15-905\(M\)](#) and [15-915](#)

N/A



The District did not have a prior year overexpenditure.

### Accounting records

**Objective: To determine whether the District accurately maintains accounting records to provide support for financial information. Test work should indicate the procedures performed to document what processes and controls the District has in place to reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies, such as tracing detailed source documents to the District's trial balance that agree to the financial statements.**

01. The District coded transactions in accordance with the [USFR Chart of Accounts](#).

Yes



02. The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.

Yes



Population

Sample

916

25

03. The District transferred monies only between funds listed in the USFR §III Chart of Accounts– Authorized Transfers.

Yes



Population

Sample

25

7

04. The District documented and dated a monthly review of financial transactions the county school superintendent (CSS) initiated (i.e., revenue postings or journal entries) for propriety, and properly researched and resolved any differences.

Yes



05. The District reconciled cash balances by fund monthly with the CSS or county treasurer's records, as applicable, and properly supported, documented, and dated the reconciliations.

Yes



06. The District reconciled total revenues, expenditures, expenses, and cash balances (as applicable) by fund, program, function, and object code at least at fiscal year-end with the CSS and the reconciliation was reviewed and properly supported.

Yes



## Cash and revenue

**Objective: To determine whether the District maintained controls over cash transactions to safeguard monies, protect employees involved in handling monies from accusations of misuse, and reduce the risk of theft or loss. Test work for cash and revenue should document how the processes work, employees involved in those processes, and how the processes were verified.**

01. The District maintained only authorized bank accounts as listed in the USFR and did not have any inactive bank accounts.

Yes



02. The District used an M&O Fund revolving bank account in accordance with [A.R.S. §15-1101](#).

Yes



03. The District used miscellaneous receipts clearing bank account(s) in accordance with [A.R.S. §15-341\(A\)\(20\)](#).

Yes



04. The District used a Food Service Fund clearing bank account(s) in accordance with [USFR page X-F-5](#) and [Arizona Attorney General Opinion I60-35](#).

Yes



05. The District used a Food Service Fund revolving bank account in accordance with [A.R.S. §15-1154](#).

N/A



"N/A" denotes that the District did not maintain such an account.

06. The District used an Auxiliary Operations Fund bank account in accordance with [A.R.S. §15-1126](#).

N/A



07. The Auxiliary Operations Fund bank or treasurer account deposits included all monies raised in connection with the activities of school bookstores and athletics. [A.R.S. §15-1125](#).

Yes



Population

Sample

59

10

08. The extracurricular activities fees tax credit (tax credit) monies were included in the Auxiliary Operations Fund or separately accounted for in an Extracurricular Activities Fees Tax Credit Fund. [A.R.S. §15-341\(A\)\(19 and \(20\)](#)

Yes



09. The District used the Auxiliary Operations Fund revolving bank account(s) in accordance with [A.R.S. §15-1126](#).

N/A



10. The District used the Student Activities Fund bank account(s) in accordance with [A.R.S. §15-1122](#).

N/A



11. The Student Activities Fund monies were deposited in a bank or treasurer account designated as the Student Activities Fund account.

Yes



12. The District used the Student Activities Fund revolving bank account in accordance with [A.R.S. §15-1124](#).

N/A



13. The District used the federal payroll tax withholdings bank account in accordance with [USFR page VI-H-6](#).

Yes





14. The District used the State income tax withholdings bank account in accordance with [A.R.S. §15-1222](#).

Yes ▼

15. The District used the employee insurance programs withholdings bank account(s) in accordance with [A.R.S. §15-1223](#).

N/A ▼

16. The District used the payroll direct deposits clearing bank account in accordance with [A.R.S. §15-1221](#).

N/A ▼

17. The District used the electronic payments clearing bank account in accordance with [A.R.S. §15-1221](#).

Yes ▼

18. The District used the grants and gifts to teachers bank account in accordance with [A.R.S. §15-1224](#).

N/A ▼

19. The District used the principals' supplies bank account(s) in accordance with [A.R.S. §15-354](#).

N/A ▼

20. The use of debit cards was prohibited as a payment method associated with any District bank account.

Yes ▼

21. The District paid bank charges from only the M&O Fund revolving bank account, Food Service Fund revolving bank account, Auxiliary Operations Fund bank account, and Auxiliary Operations Fund revolving bank account(s) or, if not, the bank charges were reimbursed from an appropriate District fund or bank account.

Yes ▼

22. The District separated responsibilities for cash-handling and recordkeeping among employees (i.e., receiving, depositing, and recording revenues), to safeguard monies.

Yes ▼

23. The District supported deposits with issued receipts, cash receipt summary reports, mail logs, etc., and reconciled sales to amounts collected with summary reports or ticket logs.

Yes ▼

Sample

35

24. The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.

No ▼

For ten of 35 receipts tested (one auxiliary operations, three student activities, and six tax credit), the District did not deposit the receipt within a timely manner with days to deposit ranging from 8 to 33 days from receipt.

Sample

35

25. The District's deposits with the county treasurer were reconciled.

Yes ▼

26. The District retained supporting documentation for disbursements from bank accounts.

Yes ▼

Sample

25

27. The District safeguarded unused checks.

Yes ▼

28. The District safeguarded signature stamps, signature plates, and electronic or digital signatures used for approving accounting transactions, checks, and other District documents to ensure that access was limited to only the employee whose signature they represented.

Yes



29. An employee not involved with cash-handling or issuing checks reconciled all District bank accounts monthly, and an employee independent of the cash-handling process reviewed, signed, and dated the monthly bank reconciliations.

Yes



30. The District tracked and reconciled the number of meals sold to the total cash collected per day.

Yes



### Supplies inventory

**Objective: To determine whether the District has controls in place to help physically safeguard and report inventories to prevent theft, overstocking, understocking, spoilage, and obsolescence.**

01. The District physically safeguarded supply inventories to prevent unauthorized use, theft, damage, and obsolescence and enable accurate financial reporting.

N/A



The District does not maintain a supplies inventory; supplies are purchased on an as-needed basis.

### Property control

**Objective: To determine whether the District has effective controls to safeguard property from theft and misuse since significant resources are invested in acquiring and maintaining District property. Test work should be completed on a sample basis annually and documented to ensure that land, buildings, and equipment are properly valued, classified, and reported on the stewardship and capital assets lists.**

01. The District maintained a capital assets list that included all required information listed in the USFR for all land, land improvements, buildings, building improvements, and equipment with costs that exceed the District's adopted capitalization threshold.

Yes



02. The District had security controls in place to help prevent theft, loss, unauthorized use, or damage to District property.

Yes



03. The District recorded additions including financed assets on the capital assets list and reconciled capitalized acquisitions to capital expenditures at least annually.

Yes ▼

04. The District's stewardship list for items costing at least \$1,000 but less than the District's capitalization threshold, including financed assets, included all required information.

Yes ▼

05. The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.

Yes ▼

06. The District reconciled the current year's June 30 capital assets list to the previous year's June 30 list.

Yes ▼

07. The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion.

Yes ▼

#### Data Entry

June 2024

08. The governing board or authorized designee approved stewardship and capital asset disposals during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with [A.A.C R7-2-1131](#).

Yes ▼

#### Data Entry

July 2023

## Expenditures

**Objective:** To determine whether the District has effective controls for expenditures in place to ensure expenditures are for an allowable District purpose. Test work should document processes and controls that demonstrate expenditure transactions are properly approved, are for an amount within budget capacity or available cash, and protect employees from allegations of misuse.

01. The District separated responsibilities for expenditure processing among employees (i.e., voucher preparation, recordkeeping, and authorization).

Yes ▼

02. The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in [A.R.S. §§15-207, 15-304, 15-907, and 15-916](#).

Yes ▼

03. The District's expenditures were made only for allowable District purposes, properly satisfied the specific purposes required for any restricted monies spent, and were adequately supported by documentation required by the USFR.

Yes ▼

Sample

43

04. The District's extracurricular activities fees tax credit monies were expended only for eligible activities that qualified under [A.R.S. §§43-1089.01 and 15-342\(24\)](#).

Yes ▼

Population

Sample

54

10

05. The District's Student Activities Fund disbursements and transfers of monies among student clubs were issued only when cash was available in the student club account and properly authorized by or on behalf of the student members of a particular club and documented in the club minutes.

Yes ▼

06. The District agreed invoice amounts to contract pricing and terms and conditions for expenditures made through written quotes or competitively awarded contracts, including cooperative contracts.

Yes ▼

07. The District prepared an Advice of Encumbrance for levy funds based on the list of liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the CSS by July 18. [A.R.S. §15-906](#) (Districts authorized by [A.R.S. §15-914.01](#) to participate in the accounting responsibility program should perform the duties as described in [A.R.S. §15-304.](#))

Yes

08. The District properly prepared the Career Technical Education District (CTED) Supplanting worksheet and adequately supported that monies received from a CTED were used only for career and technical education and to supplement, rather than supplant, the District's base year career and technical education courses. [A.R.S. §15-393](#)

N/A

The District does not receive CTED monies.

09. The District retained fully executed copies of each intergovernmental agreement (IGA) and payments for services were made or received, as applicable. [A.R.S. §11-952](#)

Yes

## Travel

**Objective: To determine whether the District implemented effective controls to ensure employees and governing board members were traveling for District purposes and travel expenditures and reimbursements complied with the Arizona Department of Administration (ADOA) limits.**

01. The District's travel expenditures (lodging, meals, and incidentals) and mileage reimbursements were for District purposes and reimbursed within the maximum reimbursement amounts established by the Director of the ADOA and in accordance with governing-board-prescribed policies and procedures. Amounts were reimbursed and reported as a taxable employee benefit if no overnight stay or no substantial sleep/rest occurred.

Yes

Population

Sample

13

11

## Credit cards and p-cards

**Objective: To determine whether the District has implemented effective controls over credit card and purchasing card (p-card) purchases to help reduce the risk of misuse and unapproved or fraudulent transactions.**

01. The District used credit cards.

Yes ▼

Data Entry

American Express (5)

02. The District used p-cards.

No ▼

District does not use p-cards.

Data Entry

0

03. The District ensured different employees were responsible for issuing cards; requesting, authorizing, and executing purchases; and payment processing.

Yes ▼

04. The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures.

Yes ▼

05. The District recovered cards immediately from terminated employees.

N/A ▼

No employees had possession of cards at the time of termination.

06. The District's management periodically reviewed purchases for unauthorized vendors and purchases over approved limits and/or purchases that circumvent the procurement rules and District policies.

Yes ▼

07. The District ensured someone other than a card user reconciled credit card and p-card supporting documentation and billing statements.

Yes ▼

08. The District's card purchases were only for authorized District purposes, within the dollar limits authorized for the employee, and supported by valid receipts or transaction logs that clearly identify the employee making the purchase.

Yes ▼

09. The District paid credit card and p-card statements before the due date to avoid finance charges and late fees.

No ▼

For seven of 12 credit card statements tested, the District incurred finance charges totaling \$587.30.

## Procurement

**Objective: To determine whether the District followed the A.A.C. (School District Procurement Rules) and USFR purchasing guidelines to promote fair and open competition among vendors that helps ensure the District is getting the best value for the public monies it spends.**

01. The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.

Yes ▼

Population

Sample

44

12

02. The District properly procured expenditures that individually or cumulatively totaled over \$100,000.

Yes ▼

03. The District maintained a list of prospective bidders. A.A.C. R7-2-1023

Yes ▼

04. The District issued solicitations for invitation for bids (IFB) or request for proposals (RFP) during the fiscal year.

Yes ▼



05. The District published and, as applicable, provided other adequate notice of the issuance of solicitations. A.A.C. R7-2-1022, R7-2-1024(C), or R7-2-1042(C)

Yes ▼

Population

Sample

Data Entry

2

2

2 RFPs

06. The District issued solicitations at least 14 days before the time and date set for bid opening or the closing date and time for receipt of bids or proposals. A.A.C. R7-2-1024(A) or R7-2-1042(B)

Yes ▼

07. The District included all required content in the solicitation, as applicable. A.A.C. R7-2-1024(B) or R7-2-1042(A)

Yes ▼

08. The District recorded the time and date that sealed bids or proposals were received and stored bids or proposals unopened until the time and date set for opening. A.A.C. R7-2-1029 or R7-2-1045

Yes ▼

09. If the District awarded multiple contracts, it established and followed procedures for the use and award of multiple contracts. A.A.C. R7-2-1031(D) and R7-2-1050(C)

N/A ▼

The District did not make multiple awards in the current fiscal year.

10. The District evaluated bids/proposals and awarded contracts according to A.A.C. R7-2-1031, R7-2-1032, R7-2-1046(A)(1), or R7-2-1050 and retained documentation to support the award(s).

Yes ▼

11. If the District procured construction projects that used construction-manager-at-risk, design-build, job-order-contracting, or qualified select bidders lists to procure construction services, it complied with the requirements of A.A.C. R7-2-1100 through R7-2-1115.

N/A ▼

The District did not procure any such services in the current fiscal year.

12. The District obtained signed procurement disclosure statements for all procurement consultants, members of a procurement advisory group, or evaluation committee involved in each specific procurement process. A.A.C. R7-2-1008

Yes ▼

13. The District prepared the applicable written determinations as required by the specific procurement rule(s). A.A.C. R7-2-1004

Yes ▼

14. The District followed [A.R.S. §15-213](#), and A.A.C. R7-2-1093 for the use of multi-term contracts.

Yes ▼

15. The District followed A.A.C. R7-2-1117 through R7-2-1123 for contracts for specified professional services.

Yes ▼

16. The District's procurement files included the required information, as applicable. A.A.C. R7-2-1001(97)

Yes ▼

17. The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. [A.R.S. §15-213\(N\)](#) and A.A.C. R7-2-1003

Yes ▼

18. The District used only school district purchasing cooperatives contracts from cooperatives it was a member of or used only lead district contracts that it was listed as a member of in the solicitation or ensured its additional purchases would not have materially increased the volume stated in the original solicitation. A.A.C. R7-2-1191 through R7-2-1195

Yes ▼

19. The District performed due diligence to support the use of each cooperative or lead district contract the District made purchases from during the audit period. A.A.C. R7-2-1191(D)

Yes ▼

Population

Sample

Data Entry

31

14

SAVE, MESC, Omnia, 1GF

20. The District prepared written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative. A.A.C. R7-2-1004 and [A.R.S. §15-213\(B\)](#)

Yes ▼

21. The District, when acting as a lead district in a procurement, followed the procurement procedures required for competitive sealed bidding or competitive sealed proposals, as applicable, and considered the total estimated volume of purchases for all public procurement units identified in the solicitation. A.A.C. R7-2-1011

N/A ▼

The District was not a lead district for procurements in the current fiscal year.

Population

Sample

Data Entry

0

0

N/A

22. For all emergency procurements, the District retained a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and this statement was signed by the individual authorized to initiate emergency procurements. A.A.C. R7-2-1055 and R7-2-1056

N/A ▼

The District did not have any emergency procurements in the current fiscal year.

Sample

0

23. The District's governing board approved all sole-source procurements before any purchases were made, and the written determinations were retained in the procurement files. A.A.C. R7-2-1053 and R7-2-1086

Yes ▼

Sample

24

24. For any purchase of services from governing board members or goods or services from District employees, regardless of the expenditure amount, the District followed the School District Procurement Rules, except as authorized by [A.R.S. §15-323](#).

N/A ▼

The District did not make any purchases from governing board members or employees.

25. The District followed the School District Procurement Rules for purchases of any supplies, materials, and equipment from governing board members if the purchase exceeded \$100,000, or followed the guidelines for written quotes if below the threshold. [A.R.S. §38-503\(C\)](#)

N/A ▼

The District did not make any purchases from governing board members.

26. For purchases the District made from General Services Administration (GSA) schedules 70-IT and 84-Law Enforcement, the governing board first authorized the contracts in writing. [A.R.S. §15-213\(K\)](#) and A.A.C. R7-2-1196(C)

N/A ▼

The District did make under purchases under GSA contracts.

### Classroom site fund

**Objective: To determine whether the District appropriately spent these State sales tax revenues for teacher pay and programs to support students, such as class size reduction, dropout prevention, and tutoring, as allowed by law.**

01. The District's Classroom Site Fund (CSF) expenditures did not exceed its Classroom Site Fund Budget Limit (CSFBL).

Yes ▼

02. The District adopted a performance-based compensation system for at least a portion of its CSF monies and ensured CSF expenditures were made only for allowable purposes listed in [A.R.S §15-977](#). See [CSF FAQs](#).

Yes ▼

03. The District's CSF monies were used to supplement, rather than supplant, existing funding from all other sources (see CSF FAQ 3).

Yes

## Payroll

**Objective: To determine whether the District has implemented effective controls to reduce the risks associated with payroll expenditures by documenting evidence of review, verification, and approval to ensure employees are appropriately compensated.**

01. The District's payroll-processing responsibilities (i.e., adding new employees, adjusting pay, payroll preparation, payroll authorization, and warrant distribution) were separated among employees.

Yes

02. The District established a delayed payroll system for hourly employees that did not delay payments more than 7 business days during its normal 2-week payroll processing cycle and allowed adequate time for payroll adjustments to be made, if needed, between the end of the pay period and the payment date.

Yes

03. The District required employees' contracts or personnel/payroll action forms to document the employees' election for prorated compensation.

N/A

The District did offer prorated compensation in the current fiscal year.

04. The District ensured any adjustments to pay for employees who received prorated wage payments during the year were based on each employee's official rate of pay.

N/A

Population

Sample

0

0

05. The District ensured hourly employees were not paid for more than the actual hours worked to date.

Yes



Population

Sample

196

16

06. The District's individual personnel files included all appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4.

Yes



07. The District ensured that valid fingerprint clearance cards were on file for all required personnel and a method to identify employees whose cards were going to expire was in place. [A.R.S. §§15-512, 15-342, and 41-1750\(G\)](#)

Yes



08. The District enrolled employees who met the Arizona State Retirement System (ASRS) membership criteria, withheld employee contributions, and in a timely manner remitted employee and District contributions in accordance with the [ASRS Employer Manual](#).

Yes



09. The District accurately calculated and in a timely manner remitted the alternative contribution rate payments to ASRS for all applicable positions filled by ASRS retirees. [ASRS Alternate Contribution Rate](#)

Yes



10. The District calculated the accrual and use of vacation, sick leave, and compensatory time for all employees in accordance with District accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon separation of employment following District policies.

Yes



11. Attendance records were prepared for each pay period for each employee subject to the Fair Labor Standards Act (FLSA) and were approved by the employee and the employee's supervisor.

Yes



12. The District's payroll reports were properly reviewed and approved before processing and distribution to employees.

Yes

## Financial reporting

**Objective: To determine whether the District properly prepared its financial reports, including its Annual Financial Report (AFR), for the audit year to provide legislative and oversight bodies, investors and creditors, and the public a transparent view of the District's financial position and operational results.**

01. Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.

Yes

02. The District completed and submitted all parts of the AFR reporting package, including the school-level reporting AFR, using its accounting data in the files and reported additional information required in the forms, such as revenue and expenditure amounts that were not automatically pulled from its accounting and student count data, and maintained applicable supporting documentation. [A.R.S. §15-904\(F\)](#)

Yes

03. The District followed the AFR—[Review, Submission, and Publication Instructions](#).

Yes

04. The District properly prepared the Food Service page of the AFR and reported expenditures from the M&O Fund 001 and Capital Fund 610 that agreed with the District's accounting records.

Yes

05. Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.

Yes

06. The District's website included its average teacher salary information required by [A.R.S. §15-903\(E\)](#) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report [A.R.S. §41-1279.03\(A\)\(9\)](#)

Yes

07. The District submitted the School District Employee Report (SDER) to ADE, and it was accurate and timely for ADE to calculate the Teacher Experience Index (TEI). [A.R.S. §15-941](#) and [School Finance Reports](#)

Yes

08. The District submitted its prior year's audit reports and USFR Compliance Questionnaire to the CSS and ADE. [A.R.S. §15-914\(D\)](#)

Yes

### Student attendance reporting

**Objective: To determine whether the District has implemented effective controls to report accurate student membership and attendance information to ADE to reduce the risk that the District received an inappropriate amount of State aid and/or local property taxes.**

01. +The District's calendar ensured school was in session for the required days and offered students the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in [A.R.S. §§15-808\(J\)\(1\)](#), [15-901\(A\)\(1\)](#), [15-901.07](#), and [15-901.08](#).

Yes

02. If the District had an early (pre-) kindergarten program, the District calculated and submitted membership information for early (pre-) kindergarten students' attendance records for this program only for students with disabilities. [A.R.S. §15-901\(A\)\(1\)\(a\)\(i\)](#) and [USFR Memorandum No. 175](#)

Yes

Sample

5

03. The District appropriately tracked and reported student membership and absences. [A.R.S. §15-901](#)

No

For one of 11 elementary and junior high school students tested, the District did not accurately calculate partial day attendance.

Population

2185

Sample

11

Data Entry

11 ES/MS



04. The District prorated high school students' membership if enrolled in less than 4 subjects.

N/A

Grade levels not served.

Sample

0

05. The District was a CTED or CTED member.

No

06. The District had an AOI program. [A.R.S. §15-808](#)

No

07. For students enrolled in a program provided by a CTED in a facility the District owned or operated (satellite programs), the District reported the actual enrollment for only the District classes the student was enrolled in at the District's school (excluding CTED program classes) under the District's CTDS number.

N/A

Population

Sample

0

0

08. For students enrolled in a program the CTED provided in a facility the District owned or operated (satellite programs), the District calculated student absences in accordance with ADE's methods based on the number of District classes the student was enrolled in and attended at the District's school (excluding CTED satellite program classes).

N/A

Sample

0

09. For CTED satellite programs, the CTED reported actual student enrollment data for only the CTED program classes the student was enrolled in at that member district's satellite location (excluding school district classes). [A.R.S. §15-393\(O\)](#)

N/A ▼

Sample

0

10. For CTEDs that meet for at least 150 minutes (not including any breaks) per class period on a CTED central campus, the CTED reported the membership as 0.75. [A.R.S. §15-393\(Q\)](#)

N/A ▼

Sample

0

11. For students enrolled in both District and in CTED central program courses, the sum of the ADM was no more than 1.75 and the amount claimed by either entity was no more than 1.0. [A.R.S. §15-393\(Q\)](#)

N/A ▼

Sample

0

12. The District maintained appropriate documentation and accurately reported students enrolled in CTED programs, including accurately submitting scheduled hours of instruction and community college credits. [A.R.S. §15-393](#)

N/A ▼

Sample

0

13. The District maintained appropriate documentation and accurately reported students enrolled in its AOI program, including redetermining the actual full time equivalent (FTE) for each student enrolled in an AOI program following a student's withdrawal or after the end of the school year. [A.R.S. §15-808](#)

N/A

Sample

0

14. The District ensured the student's name in the student management system matched the name on the legal document on file. [A.R.S §15-828\(D\)](#).

Yes

Sample

12

15. The entry date in the computerized attendance system agreed to the entry form.

Yes

Population

Sample

255

12

16. The student membership begins on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school. [ADE's External Guideline GE-17 First Day Absence](#)

Yes

17. The District obtained and maintained verifiable documentation of Arizona residency for enrolled students, including students in its AOI program. [A.R.S. §15-802\(B\)\(1\)](#) and [ADE's Updated Residency Guidelines](#)

Yes

18. The District prepared and retained the Official Notice of Pupil Withdrawal form for each withdrawal, and the forms were signed by a District administrator. [A.R.S. §15-827](#)

Yes

19. The District counted students withdrawn for having 10 consecutive unexcused absences in membership only through the last day of actual attendance or excused absence. [A.R.S. §15-901\(A\)\(1\)](#)

Yes ▼

Population

Sample

26

12

20. The District uploaded membership and absence information to ADE that agreed to the District's computerized system records for the first 100 days of school. [A.R.S. §15-901](#)

Yes ▼

21. The District excluded nonresident students from the District's student count and State aid calculations and charged tuition as applicable. [A.R.S. §15-823\(G\) and \(L\)](#)

N/A ▼

The District did not serve any nonresident students during the fiscal year.

22. The District reported students who completed all high school requirements with the applicable graduation code and used the appropriate year-end status code for all other students.

N/A ▼

Grade level not served.

Sample

0

23. For students participating in distance learning, the District followed attendance procedures defined in a governing-board-adopted ITM.

N/A ▼

The District did not offer distance learning in the current fiscal year.

## Information technology

**Objective:** To determine whether the District adopted an information technology (IT) security framework that aligned with credible industry standards and implemented controls that provide reasonable assurance that its data is accurate and reliable and protected from unintended exposure and consequences. Test work should determine that the District adopted a framework and controls were operating to protect District and student data.

01. The District maintained adequate separation of duties in its IT systems that prevented 1 employee from completing a transaction without additional review and approval procedures.

Yes ▼

02. The District reviewed and documented any system or software changes implemented.

Yes ▼

03. The District assessed security risks for its systems and data, implemented appropriate controls to address risks, and provided employees/contractors annual security awareness training.

Yes ▼

04. The District immediately and appropriately modified terminated or transferred employees', contractors', or vendors' access to all District systems.

Yes ▼

05. The District's computer network, system software and hardware was physically protected from unauthorized access, theft, and environmental hazards.

Yes ▼

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loss of data.

07. The District routinely completed software and application updates and operating system patches when they became available.

Yes ▼

08. The District had cloud computing, digital learning, and vendor contracts or data-sharing agreements in place with any 3rd parties accessing or hosting District data that addressed controls to support security and processing integrity, and backup procedures if applicable, before data was accessed/shared.

Yes ▼

09. The District ensured changes to data in business (i.e., employee information, pay rates) and IT (i.e., user roles, access rights) systems were approved by an authorized individual prior to processing changes.

Yes



10. The District enforced data security policies related to passwords and user authentication that aligned with credible industry standards.

Yes



11. The District's IT systems generated electronic audit trail reports or change logs with information about electronic transactions that the District reviewed or analyzed regularly to determine transactions' propriety.

Yes



12. The District monitored and reviewed IT system-generated incident or error reports to identify network security threats or other unusual activity and addressed noted issues.

Yes



13. The District had incident response and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.

Yes



## Transportation support

**Objective:** To determine whether the District has implemented effective controls for its transportation program to ensure it properly reports its transportation miles and student riders to ADE, which helps to ensure the District receives the appropriate amount of State aid.

01. The District accurately calculated and maintained documentation for miles and students reported on the Transportation Route Report submitted to ADE. [A.R.S. §15-922](#)

Yes



## Records management

**Objective:** To determine whether the District has implemented effective controls to properly protect and maintain its records, including student and employee data, and that its records were disposed of securely and in accordance with established time frames.

01. The District established and followed policies and procedures to properly protect, maintain, and dispose of personally identifiable information and confidential records, such as student and employee information and social security numbers. [Retention Schedules | Arizona State Library \(azlibrary.gov\)](#)

Yes

### General long-term debt

**Objective: To determine whether the District is following the laws related to bonds to ensure voters are informed and the District complies with the bond covenants.**

01. The District calculated and issued any bonds in accordance with Arizona Revised Statutes and the Arizona Constitution. [A.R.S. §15-1021](#)

Yes

02. The District expended bond proceeds only for voter-authorized purposes and not for items with useful lives less than the average life of the bonds issued or 5 years. [A.R.S. §15-1021\(F\)](#)

Yes

03. If the District had outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board transferred the remaining balance to the Debt Service Fund. Otherwise, if the District had no outstanding bonded indebtedness and a balance remained in the Bond Building Fund after the acquisition or construction of facilities for which the bonds were issued, the governing board used the remaining balance to reduce taxes. [A.R.S. §15-1024\(B\)](#)

N/A

Construction was ongoing at fiscal year end.

04. The District credited interest or other money earned from investing bond proceeds to the Debt Service Fund unless the voters authorized the interest to be credited to the Bond Building Fund or federal laws or rules require the interest to be used for capital expenditures. [A.R.S. §15-1024\(C\)](#)

Yes

**All noted instances of any noncompliance with USFR requirements have been included in the CQ.**

Preparer  
Daniel Jonnson

Title  
Partner

Date  
12/19/2024



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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**PHOENIX, ARIZONA**

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**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2024**





**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
PHOENIX, ARIZONA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2024**

Issued by:  
Business and Finance Department

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
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**JUNE 30, 2024**

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**ORGANIZATIONAL CHART**  
**JUNE 30, 2024**

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**LIST OF PRINCIPAL AND ELECTED OFFICIALS**  
**JUNE 30, 2024**

---

**GOVERNING BOARD**

Ed Hermes  
President

Leanne Greenberg  
Clerk

Rhiannon Ford  
Member

Violeta Ramos  
Member

*Vacant*  
Member

**ADMINISTRATIVE STAFF**

Dr. Michael Robert, Superintendent

Colleen Toscano, Chief Operating Officer

Abby Potter-Davis, Chief Officer of Learning and Equity

Felipe Carranza, Director of Leadership and School Improvement

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Osborn Elementary School District No. 8  
Phoenix, Arizona

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Osborn Elementary School District No. 8 (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Osborn Elementary School District No. 8, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of a Matter – Restatement of Fund Balances and Net Position**

As discussed in Note 11, beginning fund balances within the governmental funds and beginning net position within the statement of activities were restated to correct errors from a prior period. Our opinion is not modified with respect to these matters.

#### **Responsibilities of Management for the Financial Statements**

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Responsibilities of Management for the Financial Statements (Continued)***

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and budgetary comparison information, as listed within the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

**Required Supplementary Information (Continued)**

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Management is responsible for the other information included in the annual financial report. The other information includes the statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Mesa, Arizona  
December 19, 2024



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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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As management of the Osborn Elementary School District No. 8 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17.8 million (net position). The District's total net position increased by \$4.4 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$49.2 million, an increase of \$30.9 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.4 million, or 55% of total General Fund expenditures.
- The District's net capital assets decreased \$1.9 million during the current year. The most significant factor contributing to the decrease in net capital assets was depreciation expense exceeding current year capital acquisitions.
- The District's long-term liabilities increased \$22.1 million or 31% due to the issuance of School Improvement Bonds, offset by scheduled principal payment and the decrease in the net pension liability from changes within the actuarial valuation.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this MD&A.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are classified as governmental funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Projects Fund, Bond Building Fund, and Debt Service Fund, the four of which are considered to be major funds. Data from the other four governmental funds are combined into a single aggregated presentation.

An operating budget for expenditures is prepared and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Encumbered amounts lapse at year-end. An annual budget of revenue from all sources is not prepared.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

**Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 18 - 37 of this report.

**Required Supplementary Information Other than MD&A**

The District reports a multi-year schedule of the District's proportionate share of net pension liability and contributions to its cost-sharing pension plan on page 38.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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**Required Supplementary Information Other than MD&A (Continued)**

Governments have the option of presenting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Special Projects Fund budgetary comparison schedules as RSI other than the MD&A which can be found on pages 39 and 40 of this report. Notes to the RSI are presented after the budgetary comparison schedules on page 41.

**Other Information**

The statistical section includes selected financial, revenue, debt, and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 42 - 47 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17.8 million at the close of the most recent fiscal year.

A summary of the District's statement of net position is presented below:

	<b>Governmental Activities</b>		
	<b>2024</b>	<b>2023</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 61,114,164	\$ 40,067,918	\$ 21,046,246
Capital assets	58,227,394	60,099,198	(1,871,804)
<b>Total Assets</b>	119,341,558	100,167,116	19,174,442
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	3,570,582	5,096,313	(1,525,731)
<b>LIABILITIES</b>			
Current liabilities	9,789,600	14,407,366	(4,617,766)
Long-term liabilities	92,238,449	75,479,157	16,759,292
<b>Total Liabilities</b>	102,028,049	89,886,523	12,141,526
<b>DEFERRED INFLOWS OF RESOURCES</b>	3,068,229	1,948,851	1,119,378
<b>NET POSITION</b>			
Net investment in capital assets	16,586,672	12,523,982	4,062,690
Restricted	6,825,384	19,734,013	(12,908,629)
Unrestricted	(5,596,194)	(18,829,940)	13,233,746
<b>Total Net Position</b>	\$ 17,815,862	\$ 13,428,055	\$ 4,387,807

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

**Government-Wide Financial Analysis (Continued)**

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, equipment and furniture), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District was able to report positive balances in all three categories of net position.

Overall, net position increased \$4.4 million or 33%. Key elements of this increase are indicated as follows:

	<b>Governmental Activities</b>		
	<b>2024</b>	<b>2023</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 652,788	\$ 721,889	\$ (69,101)
Operating grants and contributions	15,786,807	13,059,394	2,727,413
Capital grants and contributions	-	501,823	(501,823)
General revenues:			
Property taxes	19,843,430	20,922,939	(1,079,509)
State equalization and additional state aid	9,180,955	10,901,899	(1,720,944)
Federal aid unrestricted	382,100	-	382,100
County equalization	743	7,799	(7,056)
Interest and other	288,320	277,925	10,395
<b>Total Revenues</b>	<b>46,135,143</b>	<b>46,393,668</b>	<b>(258,525)</b>
<b>EXPENSES</b>			
Instruction	20,942,777	19,688,763	1,254,014
Support Services:			
Students and instructional staff	7,297,955	7,818,724	(520,769)
General and school administration	1,941,741	2,074,966	(133,225)
Business and other support services	2,658,320	2,869,229	(210,909)
Operation and maintenance of plant	3,880,568	4,192,848	(312,280)
Operation of noninstructional services	2,348,312	2,222,287	126,025
Student transportation	1,928,365	2,069,037	(140,672)
Interest on long-term debt	749,298	1,289,010	(539,712)
<b>Total Expenses</b>	<b>41,747,336</b>	<b>42,224,864</b>	<b>(477,528)</b>
<b>Change in net position</b>	<b>4,387,807</b>	<b>4,168,804</b>	<b>219,003</b>
<b>Net Position - Beginning</b>	<b>13,428,055</b>	<b>9,259,251</b>	<b>4,168,804</b>
<b>Net Position - Ending</b>	<b>\$ 17,815,862</b>	<b>\$ 13,428,055</b>	<b>\$ 4,387,807</b>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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The District reported a decrease in charges for services of \$0.1 million (10%) which was not considered significant.

Operating grants and contributions increased \$2.7 million (21%) due to increases in federal funding related to COVID-19 initiatives.

The District did not receive any capital grants or contributions in the current year.

The District experienced a decrease in property tax revenue of \$1.1 million (5%) as a result of decreases in property tax rates.

State and county equalization and additional state aid decreased \$1.7 million (16%) due to decreases in the state funding formula and average daily membership.

The increase in federal aid unrestricted was due to increases in federal Medicaid reimbursements.

The decrease in interest and other income was not considered significant.

The District incurred a 1% decrease in expenses in the current year. The District's mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The decrease was mainly due to decreases in professional services, supplies, and technology.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$49.2 million, an increase of \$30.9 million in comparison with the prior year. Approximately 25% of this total amount (\$12.4 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is restricted to indicate that it is not available for new spending.

Fund balances as of June 30, 2024, and the changes in fund balances from prior year are summarized below:

	Balance	Increase (Decrease) From 2022-23
<b>GOVERNMENTAL FUND</b>		
General Fund	\$ 13,004,113	\$ 1,235,908
Special Projects Fund	560,350	227,573
Bond Building Fund	30,218,419	29,277,961
Debt Service Fund	107,032	(67,906)
Nonmajor Governmental Funds	5,316,687	187,889
Total Governmental Fund Balances	49,206,601	30,861,425

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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The General Fund continues to experience a positive net change in fund balance. For the fiscal year ended June 30, 2024 the General Fund had an increase in fund balance of \$1.2 million. This increase was mainly due conservative spending practices. More information on which individual funds are grouped into the General Fund can be found in Note 1.

The \$0.2 million increase in the Special Projects Fund was due to an increase in grant revenues that will be spent in future periods.

The increase of \$29.3 million in the Bond Building Fund is due to the current year issuance of bonds and related premium. These proceeds will be spent in future periods.

The \$0.1 million decrease in the Debt Service Fund was not considered significant.

The decrease of \$0.2 million in the Nonmajor Governmental Funds was primarily due to consistent Classroom Site Funding and conservative spending practices.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget totaled \$0.5 million. In Arizona, school districts build their original "adopted" budget based on a projection of the coming fiscal year's 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The increase was allocated to special education – instruction and to regular education – instruction. Budgetary basis General Fund expenditures were \$3.4 million less than budget during the fiscal year. Budgetary basis expenditures were 15% under budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$58.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles, furniture, and equipment. The net decrease in the District's investment in capital assets for the current year is due to depreciation expense exceeding current year capital acquisitions during the year.

Major capital asset events during the current fiscal year included the following projects:

- Playground equipment
- Technology upgrades.
- Two school buses and a transit van

Additional information on the District's capital assets can be found in Note 5 of this report.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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Capital asset activity as of June 30, 2024 is summarized below:

	Governmental Activities		
	2024	2023	Net Change
<b>CAPITAL ASSETS</b>			
Land	\$ 4,580,083	\$ 4,580,083	\$ -
Construction in progress	796,860	81,748	715,112
Land improvements	4,614,014	4,432,894	181,120
Buildings & improvements	45,393,562	48,324,879	(2,931,317)
Vehicles, equipment, and furniture	2,404,174	1,847,029	557,145
Right to use software	438,701	832,565	(393,864)
<b>Total Capital Assets</b>	<b>\$ 58,227,394</b>	<b>\$ 60,099,198</b>	<b>\$ (1,871,804)</b>

**Long-Term Debt**

At end of the current fiscal year, the District's debt included bonds payable, subscription liability, compensated absences, and the net pension/OPEB liabilities. Bonds payable increased \$24.1 million due to the issuance of School Improvement Bonds offset regularly scheduled principal payments. The net pension liability decreased \$2.2 million due to factors as explained in Note 10 of this report. The changes within the subscription liability, compensated absences, and the net OPEB liability were not considered significant.

	Governmental Activities		
	2024	2023	Net Change
<b>LONG-TERM LIABILITIES</b>			
Subscription liability	\$ 34,148	\$ 77,082	\$ (42,934)
General obligation bonds	66,499,141	42,198,134	24,301,007
Compensated absences	750,826	787,114	(36,288)
Net pension liability	24,933,989	27,101,416	(2,167,427)
Net OPEB liability	20,345	15,411	4,934
<b>Total Long-term Liabilities</b>	<b>\$ 92,238,449</b>	<b>\$ 70,179,157</b>	<b>\$ 22,059,292</b>

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15% of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10% of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$99.3 million and the Class B debt limit is \$44.0 million, which are more than the District's total outstanding general obligation and Class B debt, respectively. Further information on the District's outstanding bonds can be found in Note 7.



**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Increased state funding levels, enrollment growth, staff compensation increases, and staffing needs to enhance instruction and student support services.
- Focus on addressing COVID-19 impacts, with a budget aimed at accelerated student learning and improved academic outcomes.
- Projected student enrollment growth due to new housing developments in the district.
- Salary increases for all employee groups based on district compensation studies and state minimum-wage requirements.
- The district pays 100% of health insurance premiums for qualified employees to assist in retaining, recruiting and attracting existing and new staff. Health insurance premiums increased by 5% compared to the previous year, which was factored into the FY 2024-25 budget.
- Voter-authorized capital override funding allocated \$1,500,000 in 2024-2025 to update curriculum, online educational tools, and technology hardware/software.
- Bond funded capital projects in 2024-25.

The above factors were considered in preparing the District's budget for the 2024-25 fiscal year.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Osborn Elementary School District No. 8, 1226 W. Osborn Rd., Phoenix, Arizona 85013. More information on the District can be found at [www.osbornnet.org](http://www.osbornnet.org).

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## **BASIC FINANCIAL STATEMENTS**

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 55,200,841
Property taxes receivable	893,237
Intergovernmental receivable	3,197,471
Accounts receivable	306,371
Deposits	68,440
Leases receivable	606,489
Net OPEB asset	841,315
Capital assets, not depreciated	5,376,943
Capital assets, net of accumulated depreciation	52,850,451
<b>Total Assets</b>	<b>119,341,558</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	3,424,988
Deferred outflows related to OPEB	145,594
<b>Total Deferred Outflows of Resources</b>	<b>3,570,582</b>
<b>LIABILITIES</b>	
Accounts payable	1,319,303
Accrued wages and benefits	777,611
Claims payable	212,563
Unearned revenue	1,323,648
Matured principal payable	5,360,000
Interest payable	796,475
Long-term liabilities:	
Due within one year	1,738,032
Due in more than one year	90,500,417
<b>Total Liabilities</b>	<b>102,028,049</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	2,096,902
Deferred inflows related to OPEB	422,317
Deferred inflows related to leases	549,010
<b>Total Deferred Inflows of Resources</b>	<b>3,068,229</b>
<b>NET POSITION</b>	
Net investment in capital assets	16,586,672
Restricted:	
Net OPEB asset	841,315
Teacher compensation and other qualified programs (A.R.S. 15-977)	3,065,705
Instructional improvement programs	197,103
Federal and state instructional programs	560,350
Food service	1,387,418
Community programs	292,012
Extracurricular activities	333,990
Student activities	40,459
Debt service	107,032
Unrestricted	(5,596,194)
<b>Total Net Position</b>	<b>\$ 17,815,862</b>

*See accompanying Notes to the Basic Financial Statements*

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 20,942,777	\$ 311,461	\$ 7,331,264	\$ -	\$ (13,300,052)
Support services:					
Students	3,436,126	-	1,417,007	-	(2,019,119)
Instructional staff	3,861,829	-	2,315,355	-	(1,546,474)
General administration	578,057	-	25,893	-	(552,164)
School administration	1,363,684	-	119,130	-	(1,244,554)
Business and other support services	2,658,320	-	344,970	-	(2,313,350)
Operation and maintenance of plant	3,880,568	239,218	807,365	-	(2,833,985)
Student transportation	1,928,365	-	1,234,221	-	(694,144)
Operation of noninstructional services	2,348,312	102,109	2,191,602	-	(54,601)
Interest on long-term debt	749,298	-	-	-	(749,298)
<b>Total</b>	<b>\$ 41,747,336</b>	<b>\$ 652,788</b>	<b>\$ 15,786,807</b>	<b>\$ -</b>	<b>\$ (25,307,741)</b>
<b>General revenues:</b>					
Property taxes					19,843,430
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					9,180,955
County equalization					743
Federal aid not restricted					382,100
Investment earnings					431,226
Other					69,657
<b>Special item</b>					
Qasimyar Judgement (Note 9)					(212,563)
<b>Total general revenues</b>					<u>29,695,548</u>
<b>Change in net position</b>					<u>4,387,807</u>
<b>Net position - beginning</b>					<u>13,428,055</u>
<b>Net position - ending</b>					<u>\$ 17,815,862</u>

See accompanying Notes to the Basic Financial Statements

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	General Fund	Special Projects Fund	Bond Building Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 13,227,862	\$ 194,885	\$ 30,390,345	\$ 6,206,380	\$ 5,181,369	\$ 55,200,841
Receivables:						
Property taxes	687,579	-	-	205,658	-	893,237
Intergovernmental	34,542	3,069,763	-	-	93,166	3,197,471
Accounts receivable	269,761	-	-	-	36,610	306,371
Deposits	13,811	-	-	-	54,629	68,440
Due from other funds	318,679	-	-	-	-	318,679
Inventory	606,489	-	-	-	-	606,489
<b>Total Assets</b>	<b>\$ 15,158,723</b>	<b>\$ 3,264,648</b>	<b>\$ 30,390,345</b>	<b>\$ 6,412,038</b>	<b>\$ 5,365,774</b>	<b>\$ 60,591,528</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 320,384	\$ 809,672	\$ 171,926	\$ -	\$ 17,321	\$ 1,319,303
Accrued wages	493,546	253,187	-	-	30,878	777,611
Matured principal payable	-	-	-	5,360,000	-	5,360,000
Interest Payable	-	-	-	796,475	-	796,475
Claims payable	212,563	-	-	-	-	212,563
Due to other funds	-	318,679	-	-	-	318,679
Unearned revenue	-	1,322,760	-	-	888	1,323,648
<b>Total Liabilities</b>	<b>1,026,493</b>	<b>2,704,298</b>	<b>171,926</b>	<b>6,156,475</b>	<b>49,087</b>	<b>10,108,279</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leases	549,010	-	-	-	-	549,010
Unavailable revenues	579,107	-	-	148,531	-	727,638
<b>Total Liabilities</b>	<b>1,128,117</b>	<b>-</b>	<b>-</b>	<b>148,531</b>	<b>-</b>	<b>1,276,648</b>
<b>FUND BALANCES</b>						
Nonspendable	606,489	-	-	-	-	606,489
Restricted	-	560,350	30,218,419	107,032	5,316,687	36,202,488
Unassigned	12,397,624	-	-	-	-	12,397,624
<b>Total Fund Balances</b>	<b>13,004,113</b>	<b>560,350</b>	<b>30,218,419</b>	<b>107,032</b>	<b>5,316,687</b>	<b>49,206,601</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 15,158,723</b>	<b>\$ 3,264,648</b>	<b>\$ 30,390,345</b>	<b>\$ 6,412,038</b>	<b>\$ 5,365,774</b>	<b>\$ 60,591,528</b>

See accompanying Notes to the Basic Financial Statements

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

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**Total Fund Balance - Governmental Funds** \$ 49,206,601

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 106,481,753	
Accumulated depreciation	(48,254,359)	58,227,394

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds: 727,638

Net OPEB asset:

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, they are recognized in the period they are incurred. The net OPEB asset at the end of the period was:

841,315

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported.

Long-term liabilities relating to governmental activities consist of:

Subscription liabilities	(34,148)	
Net pension liability	(24,933,989)	
Net OPEB liability	(20,345)	
General obligation bonds payable	(60,565,000)	
Unamortized premium on bonds payable	(5,934,141)	
Compensated absences	(750,826)	(92,238,449)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows of resources relating to pensions	3,424,988	
Deferred inflows of resources relating to pensions	(2,096,902)	
Deferred outflows of resources relating to OPEB	145,594	
Deferred inflows of resources relating to OPEB	(422,317)	1,051,363

**Total Net Position - Governmental Activities** \$ 17,815,862

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	General Fund	Special Projects Fund	Bond Building Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 12,787,237	\$ -	\$ -	\$ 6,770,823	\$ -	\$ 19,558,060
Intergovernmental	9,563,798	10,774,206	-	-	4,263,338	24,601,342
Tuition	41,957	-	-	-	269,504	311,461
Food Services Sales	-	-	-	-	28,362	28,362
Auxiliary operations	8,373	-	-	-	65,374	73,747
Student activities	-	-	-	-	12,257	12,257
Rental Income	102,181	-	-	-	137,037	239,218
Contributions and donations	737,006	-	-	-	-	737,006
Investment earnings	83,433	57,845	-	115,221	174,727	431,226
Other	64,779	-	-	-	4,878	69,657
<b>Total Revenues</b>	<b>23,388,764</b>	<b>10,832,051</b>	<b>-</b>	<b>6,886,044</b>	<b>4,955,477</b>	<b>46,062,336</b>
<b>EXPENDITURES</b>						
Current						
Instruction	10,354,982	4,247,078	-	-	2,215,121	16,817,181
Support services:						
Students	1,930,657	1,350,031	-	-	638	3,281,326
Instructional staff	1,407,206	2,175,071	178,747	-	26,477	3,787,501
General administration	493,158	24,669	-	-	-	517,827
School administration	1,217,186	113,499	-	-	-	1,330,685
Business and other support services	1,706,450	321,929	584,097	1,000	12,717	2,626,193
Operations and maintenance of plant	3,460,047	308,921	-	-	102,732	3,871,700
Student transportation	1,343,139	1,175,885	-	-	37,325	2,556,349
Operations of noninstructional services	70,019	95,526	-	-	2,130,236	2,295,781
Debt service:						
Principal	-	-	-	5,360,000	-	5,360,000
Interest and fiscal charges	-	-	-	1,592,950	-	1,592,950
Capital outlay:						
Facilities acquisition	539,313	452,347	463,854	-	-	1,455,514
<b>Total Expenditures</b>	<b>22,522,157</b>	<b>10,264,956</b>	<b>1,226,698</b>	<b>6,953,950</b>	<b>4,525,246</b>	<b>45,493,007</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>866,607</b>	<b>567,095</b>	<b>(1,226,698)</b>	<b>(67,906)</b>	<b>430,231</b>	<b>569,329</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	581,864	-	-	-	-	581,864
General obligation bonds issued	-	-	30,504,659	-	-	30,504,659
Transfers out	-	(339,522)	-	-	(242,342)	(581,864)
<b>Net Financing Sources (Uses)</b>	<b>581,864</b>	<b>(339,522)</b>	<b>30,504,659</b>	<b>-</b>	<b>(242,342)</b>	<b>30,504,659</b>
<b>SPECIAL ITEM</b>						
Qasimyar judgment (Note 9)	(212,563)	-	-	-	-	(212,563)
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,235,908</b>	<b>227,573</b>	<b>29,277,961</b>	<b>(67,906)</b>	<b>187,889</b>	<b>30,861,425</b>
<b>Fund Balance - July 1, 2023</b>	<b>11,358,736</b>	<b>-</b>	<b>940,458</b>	<b>174,938</b>	<b>6,596,304</b>	<b>19,070,436</b>
Aggregate amount of reclassifications of beginning fund balances	409,469	332,777	-	-	(1,467,506)	(725,260)
<b>Fund Balance - Beginning, as restated</b>	<b>11,768,205</b>	<b>332,777</b>	<b>940,458</b>	<b>174,938</b>	<b>5,128,798</b>	<b>18,345,176</b>
<b>Fund Balance - Ending</b>	<b>\$ 13,004,113</b>	<b>\$ 560,350</b>	<b>\$ 30,218,419</b>	<b>\$ 107,032</b>	<b>\$ 5,316,687</b>	<b>\$ 49,206,601</b>

See accompanying Notes to the Basic Financial Statements

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

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**Net Change in Fund Balances - Governmental Funds** \$ 30,861,425

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital outlay: \$	2,655,876	
Depreciation expense:	(4,390,293)	(1,734,417)

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported.	(137,387)
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Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Property taxes	285,370
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions.

Pension contributions	2,523,857	
Pension expense	(3,320,893)	
Other post employment benefits contributions	54,188	
Other post employment benefits expense (income)	77,449	(665,399)

The issuance of long-term debt (e.g. bonds, financed purchases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Issuance of general obligation bonds	(28,025,000)	
Premium on issuance	(2,479,659)	
Principal payment on subscription liabilities	42,934	
Principal payment on general obligation bonds	5,360,000	
Amortization of bond premium	843,652	(24,258,073)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net change in compensated absences	36,288
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<b>Change in Net Position of Governmental Activities</b>	\$ 4,387,807
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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Osborn Elementary School District No. 8 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

**Reporting Entity**

The District is a special-purpose government that a separately elected governing body governs. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

*Major Governmental Funds*

The *General Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. For budget purposes, it is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within four subsections titled regular education programs, special education programs, and pupil transportation.

Within the governmental fund financial statements, the General Fund includes the following individual funds: Maintenance and Operations (001), Medicaid (290), School Plant (500), Auxiliary Operations (525), Gifts and Donations (530), Insurance Proceeds (550), Litigation Recovery (565), Indirect Cost (570), Unemployment Insurance (570), Unrestricted Capital Outlay (610), Energy and Water Savings (665), and Employee Insurance Program Withholdings (855).

The *Special Projects Fund* accounts for the revenues and expenditures of state and federally funded projects.

The *Bond Building Fund* accounts for proceeds from district bond issues that are used for acquiring or leasing school sites; constructing or renovating school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; purchasing pupil transportation vehicles.

The *Debt Service Fund* accounts for resources accumulated and used for the payment of long-term debt principal, interest and related costs.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

**Deposits and Investments**

Arizona Revised Statutes (A.R.S.) requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Debt Service and Bond Building Funds, which are invested separately. As required by statute, interest earned by the Bond Building Fund is recorded in the Debt Service Fund.

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. Statute authorizes the District to deposit monies of Auxiliary Operations and Student Activities in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholding accounts for taxes, employee insurance programs, and federal savings bonds. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of monies at 102% of all deposits not covered by federal depository insurance.

The State Board of Investments provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

**Property Taxes Receivables**

The Maricopa County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The District does not report a reserve for uncollectible property taxes as they are considered 100 percent collectible due to the County attaching a lien against all amounts past due as noted above.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**Intergovernmental Receivable**

Intergovernmental receivables are comprised of the following:

State equalization	\$	20,174
Instructional Improvement		76,431
State grants		283,156
Federal grants		2,800,975
NSLP reimbursements		16,735
Total Intergovernmental	\$	<u>3,197,471</u>

**Inventories**

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed and inventories of governmental activities are recorded as expense when consumed. The District did not report any inventories during the current fiscal year.

**Short-Term Interfund Receivables and Payables**

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

**Deposits**

Deposits in the amount of \$54,629 represents cash deposits with Mohave Educational Services in the food service cooperative, and the remaining balance represents other monies on deposit with vendors.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

<b>Asset Class</b>	<b>Years</b>
Land improvements	5-40 years
Building and improvements	20 years
Vehicles, equipment, furniture	3-20 years

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity  
(Continued)**

**Deferred Outflows of Resources**

The deferred outflows of resources reported in the government-wide financial statements represent the reacquisition costs related to the refunding of bonded debt. The reacquisition costs are amortized and expensed over the lesser of the maturity of the refunded bonds or the refunding bonds. Deferred outflows related to the pension and OPEB represent a consumption of net assets that applies to future periods.

**Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Pensions Plans and Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS or by actuaries for the District single employer OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows of Resources**

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2024 or within 60 days of fiscal year end. The deferred inflows of resources represent a reconciling item between the governmental fund and the government-wide financial statements. Deferred inflows related to the pension and OPEB represent an acquisition of net assets that applies to future periods.

**Net Position**

In the government-wide financial statements, net position is reported in three categories: investment in capital assets; restricted net position; and unrestricted net position. The investment in capital assets is separately reported because the District's capital assets make up a significant portion of total net position. Restricted net position account for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**Fund Balance**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the District Governing Board can remove or change the constraints placed on committed fund balances through formal board action at a public meeting. Fund balances must be committed prior to fiscal year-end. Assigned fund balances are resources constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The District's Governing Board has not authorized any management officials to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

The District has not adopted a spending priority policy. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, in accordance with GASB 54, the District uses restricted fund balance first. For the disbursement of unrestricted fund balances, the District follows the spending policy described in GASB 54 to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

The District has classified its fund balances as follows:

	General Fund	Special Projects Fund	Bond Building Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Activities
<b>Nonspendable</b>						
Inventory	\$ 606,489	\$ -	\$ -	\$ -	\$ -	\$ 606,489
<b>Restricted</b>						
Teacher compensation and other qualified programs (A.R.S. 15-977)	-	-	-	-	3,065,705	3,065,705
Instructional improvement programs	-	-	-	-	197,103	197,103
Federal and state instructional programs	-	560,350	-	-	-	560,350
Food service	-	-	-	-	1,387,418	1,387,418
Community programs	-	-	-	-	292,012	292,012
Extracurricular activities	-	-	-	-	333,990	333,990
Student activities	-	-	-	-	40,459	40,459
Capital projects	-	-	30,218,419	-	-	30,218,419
Debt service	-	-	-	107,032	-	107,032
Total restricted	-	560,350	30,218,419	107,032	5,316,687	36,202,488
<b>Unassigned</b>	12,397,624	-	-	-	-	12,397,624
<b>Total</b>	\$ 13,004,113	\$ 560,350	\$ 30,218,419	\$ 107,032	\$ 5,316,687	\$ 49,206,601

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures (See Notes to Required Supplementary Information for exceptions). The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within four subsections (see preceding description of General Fund), any of which may be over-expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund’s total budget.

The District exceeded its final budget within the following subsections:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Pupil transportation	\$ 1,269,412	\$ 1,301,062	\$ 31,650

An annual budget of revenue from all sources for the fiscal year is not prepared.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Deposits and investments at June 30, 2024 consist of the following:

Deposits:	
Cash in bank	\$ 217,674
Investments:	
Cash on deposit with county treasurer	54,983,167
Total deposits and investments	<u>\$ 55,200,841</u>

**Deposits**

*Custodial Credit Risk* – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District had a carrying value of \$217,674 of cash on deposit with a local financial institution and a bank balance of \$325,173 at June 30, 2024. The District does not have a formal policy regarding custodial credit risk. However, of the bank balance \$250,000 was insured by federal depository insurance with the remainder insured by the State of Arizona’s Pooled Collateral program.



**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

At June 30, 2024, the District’s investments were reported at fair value. The District’s investments consisted of only cash on deposit with the County Treasurer.

*Custodial Credit Risk* – The District’s investment in the County Treasurer’s investment pools represents a proportionate interest in those pools’ portfolios; however, the District’s portion is not identified with any specific investment and is not subject to custodial credit risk.

*Interest Rate Risk* – The District does not have a formal investment policy regarding interest rate risk; however, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to one year or less.

*Credit Risk* – The District does not have a formal investment policy regarding credit risk. However, the District is prohibited by state law from investing in investments other than State and County Treasurer’s investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements. The District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

**NOTE 4 – UNAVAILABLE REVENUES**

Property taxes are recognized as revenues in the fiscal year levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u><b>Unavailable</b></u>
Delinquent property taxes receivable:	
General Fund	\$ 579,107
Debt Service Fund	148,531
Leases receivable:	
General Fund	549,010
<b>Total</b>	<u><u>\$ 1,276,648</u></u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024
Capital assets not being depreciated				
Land	\$ 4,580,083	\$ -	\$ -	\$ 4,580,083
Construction in progress	81,748	721,620	(6,508)	796,860
Total capital assets not being depreciated	4,661,831	721,620	(6,508)	5,376,943
Capital assets being depreciated				
Land improvements	7,668,491	623,896	(333,358)	7,959,029
Buildings and improvements	86,171,138	424,561	(231,405)	86,364,294
Vehicles, equipment, and furniture	4,012,628	892,307	-	4,904,935
Right to use software	1,876,552	-	-	1,876,552
Total capital assets being depreciated	99,728,809	1,940,764	(564,763)	101,104,810
Less accumulated depreciation				
Land improvements	(3,235,597)	(377,358)	267,940	(3,345,015)
Buildings and improvements	(37,846,259)	(3,283,909)	159,436	(40,970,732)
Vehicles, equipment, and furniture	(2,165,599)	(335,162)	-	(2,500,761)
Right to use software	(1,043,987)	(393,864)	-	(1,437,851)
Total accumulated depreciation	(44,291,442)	(4,390,293)	427,376	(48,254,359)
Total capital assets, being depreciated, net	55,437,367	(2,449,529)	(137,387)	52,850,451
Governmental activities capital assets, net	\$ 60,099,198	\$ (1,727,909)	\$ (143,895)	\$ 58,227,394

Depreciation expenses was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 3,842,278
Support Services:	
Students	87,617
General Administration	123,586
Operations and Maintenance of Plant	102,320
Student Transportation	211,984
Operation of Noninstructional Services	22,508
	<u>\$ 4,390,293</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2024, interfund receivables and payables were as follows:

<b>Due to other funds</b>	<b>Due from other funds</b>
	General Fund
Special Projects Fund	\$ 318,679
Total	\$ 318,679

The interfund receivable and payable between the General Fund and the Special Projects Fund are due to cash shortfalls at June 30, 2024. Cash will be received subsequent to June 30, 2024 to repay the short-term borrowings.

Interfund transfers for the year ended June 30, 2024 consisted of the following:

<b>Transfer to</b>	<b>Transfer from</b>		<b>Total</b>
	Special Projects Fund	Nonmajor Governmental Funds	
General fund	\$ 339,522	\$ 242,342	\$ 581,864

Transfers were made to record indirect costs transferred to the indirect cost pool for various federal grants.

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in long-term liabilities for the year ended June 30, 2024 are as follows:

	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
General obligation bonds	\$ 37,900,000	\$ 28,025,000	\$ (5,360,000)	\$ 60,565,000	\$ 1,590,000
Unamortized premium	4,298,134	2,479,659	(843,652)	5,934,141	-
Subscription liability	77,082	-	(42,934)	34,148	34,148
Compensated absences	787,114	466,874	(503,162)	750,826	113,884
Net pension liability	27,101,416	-	(2,167,427)	24,933,989	-
Net OPEB liability	15,411	4,934	-	20,345	-
Total	\$ 70,179,157	\$ 30,976,467	\$ (8,917,175)	\$ 92,238,449	\$ 1,738,032

**Compensated Absences**

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year ended June 30, 2024, the District paid for compensated absences from the General Fund.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
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**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

**General Obligation Bonds Payable**

Bonds payable at fiscal year-end consisted of the following outstanding general obligation bonds. The bonds are noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. During the current fiscal year, the District issued \$25,025,000 of School Improvement Bonds at a premium of \$2,479,659. This issuance was the first issuance of the 2023 authorization. Of this authorization, \$72,975,000 remains unissued. The District's legal debt limit is \$165.8 million, and the available margin is \$99.3 million.

As of June 30, 2024, the current outstanding bonds are as follows:

Purpose	Interest Rate	Maturity	Original Issue	Balance
<b>Governmental Activities:</b>				
School Improvements Bonds, Project of 2017, Series A (2018) (Class B)	2.50 - 5.00%	7/1/25-37	23,180,000	17,830,000
School Improvements Bonds, Project of 2017, Series B (2019) (Class B)	2.00 - 5.00%	7/1/25-38	19,710,000	13,710,000
School Improvements Bonds, Project of 2017, Series C (2021) (Class B)	1.45%	7/1/25	3,000,000	1,000,000
School Improvements Bonds, Project of 2023, Series A (2024) (Class B)	5.00%	7/1/25-43	28,025,000	28,025,000
			<u>\$ 73,915,000</u>	<u>\$ 60,565,000</u>

Annual debt service requirement to maturity on general obligation bonds at year end are summarized as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 4,875,000	\$ 2,947,813
2026	5,375,000	2,661,650
2027	2,775,000	2,392,900
2028	3,300,000	2,270,150
2029	2,600,000	2,105,150
2030-2034	13,850,000	8,775,750
2035-2039	19,215,000	4,561,100
2040-2043	8,575,000	1,101,250
Total	<u>\$ 60,565,000</u>	<u>\$ 26,815,763</u>

**Subscription Liabilities**

The District has obtained the right to use certain subscription-based information technology arrangements that convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange like transaction. These are generally for enterprise-scale software as a service contract.

The following schedule details minimum subscription payments to maturity for the District's subscriptions liability at June 30, 2024:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2025	<u>\$ 34,148</u>	<u>\$ 1,670</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District's employees have health insurance coverage with the Kairos Health Arizona, Inc. (Kairos). Kairos is a public entity risk-sharing and insurance purchasing pool. The District pays a monthly premium to Kairos for employees' health insurance coverage. If the pool becomes either insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the District may be assessed an additional amount not to exceed the original required annual contribution to the pool.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District continues to carry commercial insurance for other risks of loss, including employee dental and life insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 9 – CONTINGENT LIABILITIES**

*Compliance* – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any to be immaterial.

*Litigation* – In the normal course of business, the District is exposed to various contingent liabilities such as claims and lawsuits for which no provision has been made in the basic financial statements. The District's management is of the opinion that insurance coverage is adequate to cover any possible losses.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 9 – CONTINGENT LIABILITIES (CONTINUED)**

*Qasimyar v. Maricopa County* – A class-action judgement was made between Maricopa County and the plaintiffs by the Tax Court. As a result of the judgment, the Assessor’s Office submitted resolutions to the Treasurer’s Office, which in most cases resulted in a decrease to the Limited Property Value, and a corresponding refund to the taxpayer. The Tax Court ruling is applicable to certain properties during Tax Years 2015-2021 along with adjustments to certain properties for Tax Years 2016-2023. The Treasurer’s Office has published the estimated financial impact for all taxing districts as calculated to February 2024. The estimated financial impact to the District in the amount of \$212,563 was recorded in the General Fund as a Special Item with a corresponding claims payable liability.

**NOTE 10 – LEASES RECEIVABLE**

The District acts as a lessor for several cell tower agreements under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue and related interest revenue of are recorded as other local revenue in the General Fund.

Future minimum lease payments to be received under the lease agreements at year end are summarized as follows:

Year ended June 30,		
2025	\$	36,708
2026		37,809
2027		38,307
2028		39,348
2029		39,348
Therafter		504,409
	\$	<u>695,930</u>

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Cost Sharing Pension Plan**

As of June 30, 2024, the District reported the following liabilities/assets related to its cost-sharing pension/OPEB plan to which it contributes:

	Net Pension Liability (Asset)	Net OPEB Liability (Asset)
Net assets	\$ -	\$ 841,315
Net liability	24,933,989	20,345
Deferred outflows of resources	3,424,988	145,594
Deferred inflows of resources	2,096,902	422,317
Expense	3,320,893	(77,449)

**Arizona State Retirement System**

**Plan Description**

District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB); and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2, and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

**Benefits Provided**

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*\*With actuarially reduced benefits.*

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Benefits Provided (Continued)**

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

**Contributions**

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.29% (12.14% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.29% (12.03% for retirement, 0.11% for health insurance premium benefit, and 0.15% for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.99% (9.94% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2024, were \$2,523,857, \$23,078, and \$31,110, respectively.

During the fiscal year ended June 30, 2024, the District paid for ASRS pension as follows: 61% from the General Fund, 27% from the Special Projects Fund, and 12% from Nonmajor Governmental Funds.



**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Pension Liability**

As of June 30, 2024, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

The net assets and net liabilities were measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 24,933,989	0.15409%	-0.01191%
Health insurance premium benefit	(841,315)	0.15582%	-0.01252%
Long-term disability	20,345	0.15526%	-0.01160%

**Pension Expense**

For the year ended June 30, 2024, the District recognized the following pension and OPEB expense.

	Pension/OPEB Expense
Pension	\$ 3,320,893
Health insurance premium benefit	(97,469)
Long-term disability	20,020
Total Pension/OPEB expense:	<u>\$ 3,243,444</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Deferred Outflows/Inflows of Resources**

As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 563,409	\$ 35,502	\$ 18,369
Changes of assumptions or other inputs	-	-	5,369
Changes in proportion and differences between contributions and proportionate share of contributions	337,722	25,209	6,957
Contributions subsequent to the measurement date	2,523,857	23,078	31,110
Total	\$ 3,424,988	\$ 83,789	\$ 61,805

  

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 313,747	\$ 11,451
Changes of assumptions or other inputs	-	16,742	29,614
Net difference between projected and actual earnings on pension plan investments	882,186	36,952	1,628
Changes in proportion and differences between contributions and proportionate share of contributions	1,214,716	8,046	4,137
Total	\$ 2,096,902	\$ 375,487	\$ 46,830

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in expenses as noted below.

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2023	\$ (464,226)	\$ (137,380)	\$ (1,895)
2024	(1,572,656)	(151,183)	(5,255)
2025	950,736	(16,085)	1,292
2026	(109,625)	(14,362)	(4,617)
2027	-	4,234	(4,718)
Thereafter	-	-	(942)
Total	\$ (1,195,771)	\$ (314,776)	\$ (16,135)

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Actuarial Assumptions**

The significant actuarial assumptions used to measure the total pension/OPEB liabilities and assets are as follows:

		Health Insurance Premium	
	Pensions	Benefit	Long-Term Disability
Actuarial valuation date	June 30, 2022	June 30, 2022	June 30, 2022
Actuarial roll forward date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	2.9-8.4%	Not applicable	Not applicable
Inflation rate	2.3%	2.3%	2.3%
Permanent base increases	Included	Not applicable	Not applicable
Mortality rates	2017 SRA Scale U-MP	2017 SRA Scale U-MP	Not applicable
Recovery rate	Not applicable	Not applicable	2012 GLDT

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.00% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected	
	Target Allocation	Geometric Real Rate of Return
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	100%	

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Arizona State Retirement System (Continued)**

**Discount Rate**

On June 30, 2023, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate**

The following table presents the District’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension/OPEB (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	Proportionate share of the net liability (asset)		
	Current		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Pension	\$ 37,347,453	\$ 24,933,989	\$ 14,583,355
Health insurance premium benefit	(588,042)	(841,315)	(1,056,540)
Long-term disability	29,751	20,345	11,092

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

**Contributions Payable**

The District’s accrued payroll and employee benefits included \$75,875 of outstanding pension amounts payable to ASRS for the year ended June 30, 2024.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 11 – RESTATEMENTS**

At June 30, 2024, the District recorded a restatement of fund balance to better align its fund balance classifications with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and the Uniform System of Financial Records (USFR). In the previous year, the Unrestricted Capital Outlay Fund was recorded as a major capital projects fund, whereas it should have been recorded within the General Fund as the monies were not restricted by a third party or committed by the governing board. Within the Statements of Revenues, Expenditures, and Changes in Net Position, the beginning Unrestricted Capital Outlay Fund is recorded within the General Fund. Additionally, the Gifts and Donations Fund, School Plant Fund, Insurance Proceeds Fund, and Energy and Water Savings Fund were recorded as other special revenue funds (nonmajor) in the prior year, but are similarly not restricted by a third party or committed by the governing board, thus have been consolidated into the General Fund. Finally, the District consolidated its federal and state grant funds into a single opinion unit.

In addition, the District recorded a restatement of fund balance to correct an error within the fund balance of the General Fund. The District recorded \$725,260 of prepaids in the prior year report. However, these prepaid balances related to subscription-based information technology assets were properly reported on the government-wide financial statements. GASB Statement No. 96 states that prepaid subscriptions should be recorded as a capital expenditure on the fund level and capitalized in the conversion to government-wide reporting.

The net effects of the restatements on the Governmental Activities and Governmental Funds are as follows:

**Governmental Funds**

	Fund balance as previously stated	Fund balance reclassification	Prepaids adjustment	Fund balance as restated
General Fund	\$ 4,495,397	\$ 7,998,068	\$ (725,260)	\$ 11,768,205
Education Stabilization Fund	-	-	-	-
Capital Outlay Fund	6,863,339	(6,863,339)	-	-
Special Projects Fund	-	332,777	-	332,777
Bond Building Fund	940,458	-	-	940,458
Debt Service Fund	174,938	-	-	174,938
Nonmajor Governmental Funds	6,596,304	(1,467,506)	-	5,128,798
Total governmental funds	\$ 19,070,436	\$ -	\$ (725,260)	\$ 18,345,176

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**REQUIRED SUPPLEMENTARY INFORMATION OTHER  
THAN MD&A**

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS**  
**COST SHARING PENSION PLAN**  
**JUNE 30, 2024**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.15409%	0.16600%	0.15900%	0.15300%	0.14390%	0.14360%	0.15320%	0.14910%	0.14400%	0.15430%
Proportionate share of the net pension liability	\$ 24,933,989	\$ 27,101,416	\$ 20,885,324	\$ 26,514,774	\$ 20,942,035	\$ 20,027,146	\$ 23,860,900	\$ 24,058,167	\$ 22,434,244	\$ 22,832,147
Covered payroll	\$ 20,474,966	\$ 19,909,595	\$ 1,737,747	\$ 16,420,946	\$ 15,303,309	\$ 14,497,686	\$ 14,770,126	\$ 13,956,042	\$ 13,275,321	\$ 13,740,306
Proportionate share of the net pension liability as a percentage of its covered payroll	121.78%	136.12%	1201.86%	161.47%	136.85%	138.14%	161.55%	172.39%	168.99%	166.17%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

**SCHEDULE OF CONTRIBUTIONS**

	Reporting Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,523,857	\$ 2,431,869	\$ 2,385,405	\$ 2,082,532	\$ 1,918,995	\$ 1,695,724	\$ 1,559,470	\$ 1,601,121	\$ 1,523,686	\$ 1,524,226
Contributions in relation to the actuarially determined contribution	2,523,857	2,431,869	2,385,405	2,082,532	1,918,995	1,695,724	1,559,470	1,601,121	1,523,686	1,524,226
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,435,909	\$ 20,474,966	\$ 19,909,595	\$ 17,377,547	\$ 16,420,946	\$ 15,303,309	\$ 14,497,686	\$ 14,770,126	\$ 13,956,042	\$ 13,275,321
Contributions as a percentage of covered payroll	11.77%	11.88%	11.98%	11.98%	11.69%	11.08%	10.76%	10.84%	10.92%	11.48%

*See accompanying Notes to Required Supplementary Information*

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND – BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ 11,343,861	\$ 11,343,861
Intergovernmental	-	-	9,181,826	9,181,826
Investment earnings (loss)	-	-	(163,379)	(163,379)
Other	-	-	62,992	62,992
Total Revenues	-	-	20,425,300	20,425,300
EXPENDITURES				
Regular education:				
Instruction	9,594,735	9,794,735	6,368,770	3,425,965
Support services - students	494,300	494,300	502,071	(7,771)
Support services - instructional staff	612,902	612,902	768,024	(155,122)
Support services - general administration	391,046	391,046	474,651	(83,605)
Support services - school administration	999,055	999,055	1,172,214	(173,159)
Support services - central services	994,112	994,112	1,110,379	(116,267)
Operations and maintenance of plant	2,495,426	2,495,426	3,372,016	(876,590)
Operation of noninstructional services	75,000	75,000	65,498	9,502
School sponsored athletics	21,600	21,600	13,355	8,245
Total regular education	15,678,176	15,878,176	13,846,978	2,031,198
Special education:				
Instruction	3,777,918	4,038,022	2,769,142	1,268,880
Support services - students	1,440,127	1,440,127	1,386,715	53,412
Support services - instructional staff	253,348	253,348	218,855	34,493
Support services - central services	2,500	2,500	79	2,421
Operations and maintenance of plant	500	500	-	500
Total special education	5,474,393	5,734,497	4,374,791	1,359,706
Pupil transportation:				
Student transportation services	1,269,412	1,269,412	1,301,062	(31,650)
K-3 reading program:				
Instruction	197,904	197,904	190,560	7,344
Total Expenditures	22,619,885	23,079,989	19,713,391	3,366,598
Excess (Deficiency) of Revenues				
Over Expenditures	(22,619,885)	(23,079,989)	711,909	23,791,898
SPECIAL ITEM				
Qasimyar judgment (Note 9)	-	-	(212,563)	(212,563)
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning, as restated	-	-	2,293,127	2,293,127
Fund Balance - Ending	\$ (22,619,885)	\$ (23,079,989)	\$ 2,792,473	\$ 25,872,462

See accompanying Notes to Required Supplementary Information



**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 10,774,206	\$ 10,774,206
Investment earnings	-	-	57,845	57,845
<b>Total Revenues</b>	-	-	10,832,051	10,832,051
<b>EXPENDITURES</b>				
Regular education:				
Instruction	3,236,317	3,236,317	2,591,921	644,396
Support services - students	1,505,157	1,505,157	1,205,459	299,698
Support services - instructional staff	1,813,442	1,813,442	1,452,360	361,082
Support services - general administration	31,253	31,253	25,030	6,223
Support services - school administration	68,115	68,115	54,552	13,563
Support services - central services	287,862	287,862	230,545	57,317
Operations and maintenance of plant	385,724	385,724	308,921	76,803
Operation of noninstructional services	112,207	112,207	89,865	22,342
School sponsored cocurricular activities	582,256	582,256	466,321	115,935
Total regular education	8,022,333	8,022,333	6,424,974	1,597,359
Special education:				
Instruction	1,694,472	1,694,472	1,357,079	337,393
Support services - students	176,313	176,313	141,207	35,106
Support services - instructional staff	804,137	804,137	644,022	160,115
Support services - school administration	-	73,151	58,586	14,565
Support services - central services	13,555	13,555	10,856	2,699
Total special education	2,688,477	2,761,629	2,211,750	549,879
Pupil transportation:				
Student transportation services	1,468,230	1,468,230	1,175,885	292,345
Capital outlay				
Facilities acquisition	564,808	564,808	452,347	112,461
<b>Total Expenditures</b>	12,743,849	12,817,000	10,264,956	2,552,044
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(12,743,849)	(12,817,000)	567,095	13,384,095
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(339,522)	(339,522)
<b>Net Financing Sources (Uses)</b>	-	-	(339,522)	(339,522)
<b>NET CHANGE IN FUND BALANCE</b>	(12,743,849)	(12,817,000)	227,573	13,044,573
<b>Fund Balance - Beginning, As Restated</b>	-	-	332,777	332,777
<b>Fund Balance - Ending</b>	\$ (12,743,849)	\$ (12,817,000)	\$ 560,350	\$ 13,377,350

See accompanying Notes to Required Supplementary Information

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO THE REQUIRED**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2024**

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**NOTE 1 – AVAILABILITY OF PRIOR YEAR OPEB INFORMATION**

Information related to the OPEB liability and assets were not presented within the RSI as the amounts were not significant to the financial statements.

**NOTE 2 – BUDGETARY BASIS OF ACCOUNTING**

The District's adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, with the following exception:

- 1) The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District's Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; however, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District's Maintenance and Operation Fund for budgetary purposes.

	General Fund				
	Total Revenues	Total Expenditures	Other Financing Sources and Uses/Special Items	Fund balance beginning of year	Fund balance end of year
Statement of revenues, expenditures and changes in fund balance	\$ 23,388,764	\$ 22,522,157	\$ 581,864	\$ 11,768,205	\$ 13,004,113
Non-maintenance and operation activity included in the General Fund	(2,963,464)	(2,808,766)	(581,864)	(9,475,078)	(10,211,640)
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	\$ 20,425,300	\$ 19,713,391	\$ -	\$ 2,293,127	\$ 2,792,473

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**STATISTICAL SECTION**  
**(UNAUDITED)**

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Class</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Commercial, Industrial, Utilities and Mining	\$ 304,334,292	\$ 301,865,487	\$ 301,393,214	\$ 291,026,538	\$ 331,228,505
Agricultural and Vacant	10,542,997	9,310,850	9,438,847	7,569,421	6,873,206
Residential (Owner Occupied)	93,456,249	89,673,798	84,608,744	81,177,854	76,114,102
Residential (Rental)	130,102,373	116,708,190	107,638,625	93,725,071	80,159,532
Historical Property	8,018,139	7,513,523	7,016,054	6,248,131	5,865,922
<b>Totals</b>	<b>\$ 546,454,050</b>	<b>\$ 517,558,325</b>	<b>\$ 503,079,430</b>	<b>\$ 473,498,884</b>	<b>\$ 494,375,345</b>
Ratio of net full cash assessed values to					
Gross Full Cash Value	\$11,079,707,433	\$7,092,896,288	\$6,697,542,216	\$5,994,875,277	\$5,629,353,143
Ratio of Net Limited Assessed Value to Gross Full Cash Value	4.93%	7.30%	7.51%	7.90%	8.78%
<b>Class</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Commercial, Industrial, Utilities and Mining	\$ 310,281,779	\$ 253,690,712	\$ 247,567,337	\$ 251,003,905	\$ 262,456,811
Agricultural and Vacant	6,805,088	10,991,042	8,960,239	9,136,513	9,292,920
Residential (Owner Occupied)	72,648,594	69,119,222	61,177,875	58,401,564	68,090,424
Residential (Rental)	67,506,159	59,993,202	53,512,014	49,607,157	57,339,621
Historical Property	5,401,073	4,853,585	4,392,070	4,113,353	4,709,995
<b>Totals</b>	<b>\$ 457,241,620</b>	<b>\$ 393,794,178</b>	<b>\$ 371,217,465</b>	<b>\$ 368,149,139</b>	<b>\$ 397,179,776</b>
Ratio of net full cash assessed values to					
Gross Full Cash Value	\$4,895,560,923	\$4,188,698,306	\$3,672,964,009	\$3,261,197,856	\$3,593,085,890
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9.34%	9.40%	10.11%	11.29%	11.05%

Source: The District's records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**FISCAL YEAR ENDED JUNE 30, 2024**  
**(UNAUDITED)**

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Taxpayer	2024	
	Net Assessed Property Value for Secondary Tax Purposes	Percentage of Net Assessed Property Value for Secondary Tax Purposes
Phoenix Plaza PT LLC	\$ 29,678,664	5.43%
TB 4100 N Central Ave LLC	14,090,369	2.58%
LBA Realty Fund II-WBP III LLC	13,054,427	2.39%
Arizona Public Service Company	10,375,486	1.90%
Millennium Park Central LLC	9,581,880	1.75%
Christown 1755 LLC	9,219,797	1.69%
IP BPG City Square	8,766,450	1.60%
3443 North Central LLC	8,750,213	1.60%
HPPC LLC	8,731,286	1.60%
BPRE Phoenix Holdings LP	7,679,075	1.41%
Totals	<u>\$ 119,927,647</u>	<u>21.95%</u>

Source: Maricopa County Assessor's Office.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

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<b>Fiscal Year Ended June 30</b>	<b>Current Collections</b>			<b>Percentage of Levy</b>	<b>Collections in Subsequent Fiscal Years</b>		
	<b>Taxes Levied for the Fiscal Year</b>	<b>Amount</b>			<b>Amount</b>	<b>Percentage of the Levy</b>	
2024	\$ 21,087,197	\$ 19,893,900	94.34%		\$ -	\$ 19,893,900	94.34%
2023	22,017,376	21,624,716	98.22%		388,566	22,013,282	99.98%
2022	22,376,081	21,831,062	97.56%		530,455	22,361,517	99.93%
2021	21,454,434	20,879,523	97.32%		566,735	21,446,258	99.96%
2020	21,508,221	20,874,736	97.05%		609,461	21,484,197	99.89%
2019	19,791,588	19,467,966	98.36%		320,778	19,788,744	99.99%
2018	15,272,036	14,899,164	97.56%		372,872	15,272,036	100.00%
2017	14,609,917	14,300,535	97.88%		309,382	14,609,917	100.00%
2016	14,954,594	14,635,012	97.86%		319,582	14,954,594	100.00%
2015	14,603,541	14,189,242	97.16%		414,299	14,603,541	100.00%

Source: Maricopa County Treasurer's records and District records.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**OUTSTANDING DEBT BY TYPE**  
**JUNE 30, 2024**  
**(UNAUDITED)**

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<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>					<b>As Percentage of Estimated Actual Value of Property Per Capita</b>	
	<b>General Obligation Bonds</b>	<b>Less: Amount Restricted for Principal</b>	<b>Total</b>				
2024	\$ 66,499,141	\$ 6,206,380	\$ 60,292,761		0.54%	\$	864

Source: The District's financial records.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**LEGAL DEBT MARGIN INFORMATION**  
**JUNE 30, 2024**  
**(UNAUDITED)**

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<b>Class B Bond Legal Debt Margin Calculation:</b>		<b>Legal Debt Margin Calculation:</b>	
Net full cash assessed value	\$ 1,105,007,708	Net full cash assessed value	\$ 1,105,007,708
	10%		15%
Debt limit (10% of assessed value)	110,500,771	Debt limit (15% of assessed value)	165,751,156
Less: Net debt applicable to limit	66,499,141	Less: Net debt applicable to limit	66,499,141
Legal debt margin	\$ 44,001,630	Legal debt margin	\$ 99,252,015

Source: District records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.



**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**AVERAGE DAILY MEMBERSHIP**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

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<u>Fiscal Year</u>	<u>Average Daily Membership</u>
2023-24	2,185
2022-23	2,268
2021-22	2,389
2020-21	2,375
2019-20	2,631
2018-19	2,681
2017-18	2,720
2016-17	2,778
2015-16	2,766
2014-15	2,706

Source: The Arizona Department of Education.



See what's possible.

# OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8

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## **SINGLE AUDIT REPORT**

Fiscal Year Ended June 30, 2024

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**SINGLE AUDIT REPORT**  
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**YEAR ENDED JUNE 30, 2024**

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**INDEPENDENT AUDITORS' 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**

Governing Board of  
Osborn Elementary School District No. 8  
Phoenix, Arizona

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 Osborn Elementary School District No. 8 (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2024.

**Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 financial statements 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 Audit Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mesa, Arizona  
December 19, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board of  
Osborn Elementary School District No. 8  
Phoenix, Arizona

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

**Opinion on Each Major Federal Program**

We have audited Osborn Elementary School District No. 8's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. 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.

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, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Management's Responsibilities for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 19, 2024, 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.



Mesa, Arizona  
December 19, 2024



**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>Federal Assistance Listing Number</b>	<b>Additional Award Identification (Optional)</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Agriculture:</b>					
<i>Passed through The Arizona Department of Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553		ADE ED09-0001	\$ 456,178	\$ -
National School Lunch Program	10.555		ADE ED09-0001	1,466,888	-
Commodities - Food Distribution Noncash	10.555		ADE ED09-0001	121,122	-
Summer Food Service Program for Children	10.559		ADE ED09-0001	62,549	-
Subtotal Child Nutrition Cluster				2,106,737	-
<b>Total U. S. Department of Agriculture</b>				2,106,737	-
<b>U.S. Department of the Interior:</b>					
<i>Passed through The Arizona Department of Education:</i>					
477 Cluster:					
Indian Education Assistance to Schools	15.130		24FLCCCL-411311-06A	25,383	-
Subtotal 477 Cluster				25,383	-
<b>Total U. S. Department of the Interior</b>				25,383	-
<b>U.S. Department of Education:</b>					
<i>Direct Program:</i>					
Indian Education	84.060			34,834	-
Education Innovation and Research	84.411			48,252	-
<i>Passed through the National Institute for Excellence in Teaching:</i>					
Teacher and School Leader Incentive Grants	84.374		Unknown	331,657	-
<i>Passed through the Arizona Department of Education:</i>					
Title I - LEAs	84.010		24FT1TTI-411311-01A	918,845	-
Special Education Cluster (IDEA):					
Special Education-Grants to States (IDEA, Part B)	84.027		24ICSGBA-411311-01A	992,553	-
ARP-Special Education-Grants to States (IDEA, Part B)	84.027X	COVID-19	24ICSGBA-411311-01A	39,454	-
Special Education-Preschool Grants (IDEA Preschool)	84.173		24ICSGPR-411311-01A	29,481	-
ARP-Special Education-Preschool Grants (IDEA Preschool)	84.173X	COVID-19	23FARPIB-311311-01A	2,696	-
Subtotal Special Education Cluster (IDEA)				1,064,184	-
Education for Homeless Children and Youth	84.196		23FTIEHC-311311-01A	4,484	-
21st Century Learning Centers	84.287		24FCCLC3-411311-16C,		
English Language Acquisition State Grants	84.365		24FCCLC4-411311-16C	509,337	-
Supporting Effective Instruction State Grants	84.367		24FELLEP-411311-10A	72,448	-
Student Support and Academic Enrichment Program	84.424		24FT1TII-411311-03A	191,891	-
Education Stabilization Fund:			24FT4TIV-411311-01A	112,278	-
Elementary and Secondary School Emergency Relief (School Safety)	84.425D	COVID-19	21FESSII-111311-01A	1,206,713	-
ARP-Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	COVID-19	21FESIII-111311-01A	3,133,943	-
ARP-Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	COVID-19	22FAHIII-211311-01A	23,131	-
Subtotal Education Specialization Fund				4,363,787	-
<b>Total U. S. Department of Education</b>				7,651,997	-
<b>U.S. Department of Health and Human Services:</b>					
<i>Passed through the Arizona Department of Education:</i>					
Public Health Emergency Response	93.354		24FASNWE-411311-01A	11,192	-
<b>Total U. S. Department of Health and Human Services</b>				11,192	-
<b>Total Federal Expenditures</b>				\$ 9,795,309	\$ -

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2024**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the District's federal grant activity for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 – FEDERAL ASSISTANCE LISTING NUMBERS**

The program titles and Federal Assistance Listings numbers were obtained from the federal or passthrough grantor or the 2024 Federal Assistance Listings.

**NOTE 4 - NON-CASH ASSISTANCE**

Food donations as reported for the Child Nutrition Cluster represents the amount of donated food used during the fiscal year ended June 30, 2024. Commodities are valued at fair value at the time of donation.

**NOTE 5 - INDIRECT COST RATE**

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414. The District used an indirect cost rate that was approved by the Arizona Department of Education.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2024**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None noted</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>

Identification of major programs:

<u>Federal Assistance Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**OSBORN SCHOOL DISTRICT NO. 8**

**April 1, 2025**

**Board Meeting**

**The Osborn Community advances the full potential of every child  
by developing emotional intelligence and academic excellence.**

**Agenda Item Number –III-B**

**Agenda Item**

**Montecito Central Plant Guaranteed Maximum Price**

For Board: ☐ Action ☒ Discussion ☒ Information

**Background –**

H2 Group, SPS + Architects and District leadership will review the Guaranteed Maximum Price (GMP) contract process and recommendations for the Central Plant phase of the Montecito renovation project.

**Legal**

**Financial**

**Governing Board Goals**

- ☐ Community Connectedness and Increased Enrollment
- ☐ Maximize Student Learning & Achievement from PreK to High School
- ☐ Stewardship and Boardmanship
- ☐ Equity & Excellence for Opportunity and Outcomes

**Recommendation**

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ P/F

**Agenda Item Number – IV**

**Adjournment**

**OSBORN SCHOOL DISTRICT NO. 8**

**April 1, 2025**

**Board Meeting**

**The Osborn Community advances the full potential of every child  
by developing emotional intelligence and academic excellence.**

Moved \_\_\_\_\_ Seconded \_\_\_\_\_ P/F