

**OSBORN ELEMENTARY
SCHOOL DISTRICT NO. 8
SINGLE AUDIT REPORTING PACKAGE
FISCAL YEAR ENDED JUNE 30, 2013**

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8

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REPORT ON AUDIT OF FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Osborn Elementary School District No. 8

Report on the Financial Statements

We have audited the accompanying 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Osborn Elementary School District No. 8, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 48 and 49 be presented to supplement the basic financial statements. Such information, 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. 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, on our consideration of Osborn Elementary School District No. 8'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 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 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 Osborn Elementary School District No. 8's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

March 11, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

As management of the Osborn Elementary School District No. 8 (District), we offer 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, 2013.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$1.9 million which represents a 7 percent increase from the prior fiscal year as a result of the retirement of bond principal.
- General revenues accounted for \$23.0 million in revenue, or 77 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6.9 million or 23 percent of total current fiscal year revenues.
- The District had approximately \$28.1 million in expenses related to governmental activities, which was consistent with the prior fiscal year.
- Among major funds, the General Fund had \$16.0 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$16.1 million in expenditures. The General Fund's fund balance decreased \$762,428 to \$3.0 million at the end of the current fiscal year primarily due to the transfer of cash to the Unrestricted Capital Outlay Fund.

OVERVIEW OF 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 accrual basis of accounting is used for the government-wide financial statements.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows 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.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in 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 compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District'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 District'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.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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, Debt Service, and Unrestricted Capital Outlay Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

Notes to the financial statements. The notes 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 the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$28.0 million at the current fiscal year end.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

A portion of the District's net position reflects its investment in capital assets (e.g., land and improvements; buildings and vehicles; furniture and equipment; and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its 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. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	As of June 30, 2013	As of June 30, 2012
Current assets	\$ 15,408,735	\$ 15,693,918
Capital assets, net	54,990,209	57,581,640
Total assets, net	<u>70,398,944</u>	<u>73,275,558</u>
Current and other liabilities	1,779,118	2,255,352
Long-term liabilities	40,653,992	44,919,445
Total liabilities	<u>42,433,110</u>	<u>47,174,797</u>
Net position:		
Net investment in capital assets	14,931,208	13,334,798
Restricted	4,997,114	4,303,606
Unrestricted	8,037,512	8,462,357
Total net position	<u>\$ 27,965,834</u>	<u>\$ 26,100,761</u>

At the end of the current fiscal year the District reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- The principal retirement of \$4.1 million of bonds.
- Increase in accumulated depreciation of \$2.7 million.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

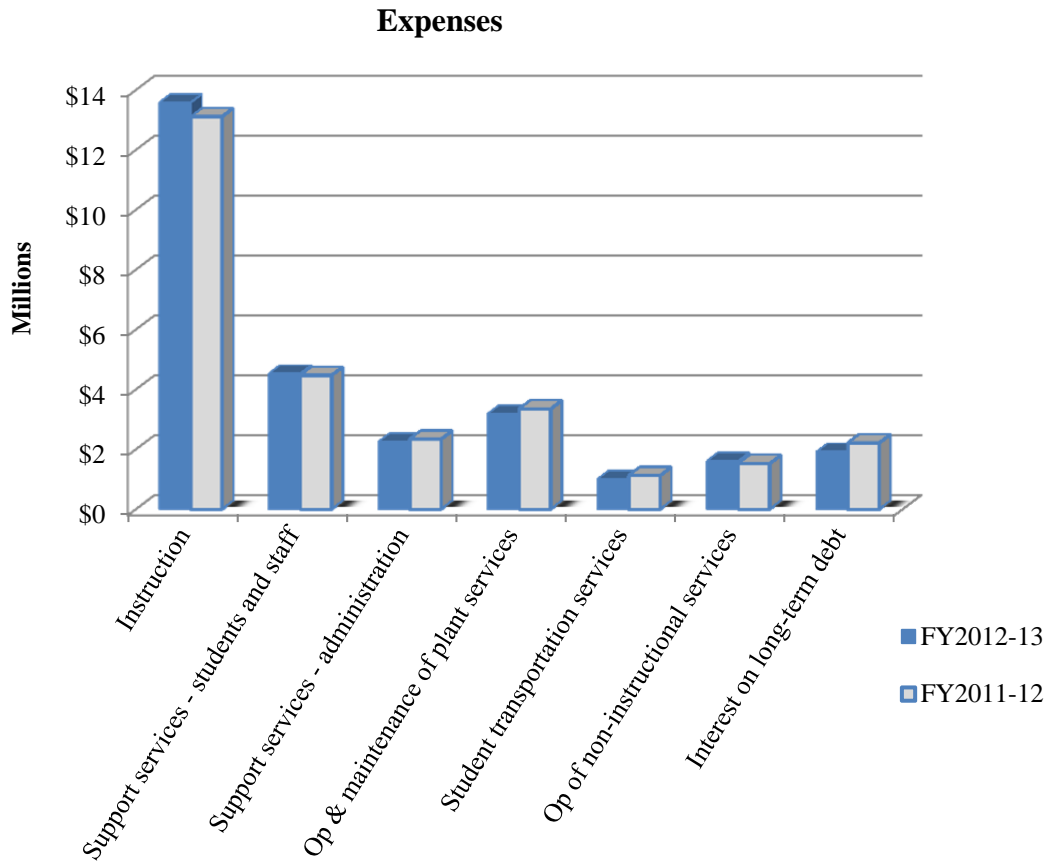
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net position. The District's total revenues for the current fiscal year were \$30.0 million. The total cost of all programs and services was \$28.1 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	<u>Fiscal Year Ended June 30, 2013</u>	<u>Fiscal Year Ended June 30, 2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 288,017	\$ 295,525
Operating grants and contributions	6,551,946	6,342,517
Capital grants and contributions	98,524	290,550
General revenues:		
Property taxes	15,958,771	17,631,022
Investment income	37,812	48,983
Unrestricted county aid	560,224	553,995
Unrestricted state aid	6,309,928	5,701,832
Unrestricted federal aid	136,722	112,069
Total revenues	<u>29,941,944</u>	<u>30,976,493</u>
Expenses:		
Instruction	13,581,127	13,106,641
Support services – students and staff	4,527,631	4,467,505
Support services – administration	2,250,617	2,334,790
Operation and maintenance of plant services	3,188,529	3,345,196
Student transportation services	1,002,949	1,120,935
Operation of non-instructional services	1,610,664	1,518,425
Interest on long-term debt	1,915,354	2,209,691
Total expenses	<u>28,076,871</u>	<u>28,103,183</u>
Changes in net position	<u>1,865,073</u>	<u>2,873,310</u>
Net position, beginning	<u>26,100,761</u>	<u>23,227,451</u>
Net position, ending	<u>\$ 27,965,834</u>	<u>\$ 26,100,761</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



The following is a significant current year transaction that had an impact on the change in net position.

- The District's property tax rates increased, but, due to a decline in assessed valuations property tax revenues decreased \$1.7 million, however, unrestricted state aid increased \$608,096 in part to compensate for the decline in assessed valuations.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

	Year Ended June 30, 2013		Year Ended June 30, 2012	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 13,581,127	\$ (11,041,022)	\$ 13,106,641	\$ (10,686,648)
Support services – students and staff	4,527,631	(2,355,027)	4,467,505	(2,305,302)
Support services – administration	2,250,617	(2,162,083)	2,334,790	(2,219,286)
Operation and maintenance of plant services	3,188,529	(2,805,066)	3,345,196	(2,832,390)
Student transportation services	1,002,949	(999,889)	1,120,935	(1,092,725)
Operation of non-instructional services	1,610,664	140,057	1,518,425	171,451
Interest on long-term debt	1,915,354	(1,915,354)	2,209,691	(2,209,691)
Total	\$ 28,076,871	\$ (21,138,384)	\$ 28,103,183	\$ (21,174,591)

- The cost of all governmental activities this year was \$28.1 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$6.9 million.
- Net cost of governmental activities of \$21.1 million was financed by general revenues, which are made up of primarily property taxes of \$16.0 million and state aid of \$6.3 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S 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 the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$8.3 million, an increase of \$19,111.

The General Fund comprises 36 percent of the total fund balance. Approximately \$2.7 million or 90 percent of the General Fund's fund balance constitutes unassigned fund balance.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Concl'd)

The General Fund is the principal operating fund of the District. Fund balance decreased \$762,428 to \$3.0 million as of fiscal year end. General Fund revenues decreased \$10,843 and expenditures decreased \$146,356.

The fund balance in the Debt Service Fund decreased \$335,446 as a result of a reduction in property taxes collected because of the decrease in assessed valuation.

The fund balance in the Unrestricted Capital Fund increased \$937,415 as a result of the transfer of cash balance from the General Fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$269,432 increase, or 2 percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant expenditure variances are summarized as follows:

- The favorable variance of \$533,030 in instruction was a result of savings from employee turnover with open positions filled by substitute teachers.
- The unfavorable variance of \$350,147 in operation and maintenance of plant services was a result of an increase in fuel costs, as well as, utility and HVAC repairs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$85.9 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$2,188 from the prior fiscal year. Total depreciation expense for the current fiscal year was \$2.7 million.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2013 and June 30, 2012.

	As of June 30, 2013	As of June 30, 2012
Capital assets – non-depreciable	\$ 4,580,083	\$ 4,580,083
Capital assets – depreciable, net	50,410,126	53,001,557
Total	\$ 54,990,209	\$ 57,581,640

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$40.1 million in long-term debt outstanding, \$4.5 million due within one year. This represents a net decrease of \$4.2 million due to the retirement of principal.

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 percent of the total secondary assessed valuation) and the statutory debt limit on Class B bonds (the greater of 5 percent of the secondary assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$63.4 million and the Class B debt limit is \$21.1 million. The District's total outstanding general obligation debt is below the constitutional limit. However, due to a decline in the District's secondary assessed valuation, the District currently has no Class B debt capacity and therefore will not be able to issue new bonded debt until the outstanding debt is below the limit.

Additional information on the District's long-term debt can be found in Notes 7 through 9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2013-14 budget. Among them:

- Fiscal year 2012-13 budget balance carry forward (estimated \$535,000).
- District student population (estimated 2,800).

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Concl'd)

Budgeted expenditures in the General Fund increased 3 percent to \$16.3 million in fiscal year 2013-14. An increase in students is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2013-14 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and 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 West Osborn Road, Phoenix, Arizona 85013.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 10,458,307
Property taxes receivable	1,066,746
Accounts receivable	9,634
Deposits	54,074
Due from governmental entities	3,585,272
Prepaid items	234,702
Total current assets	15,408,735
Noncurrent assets:	
Land	4,580,083
Land improvements	3,885,079
Buildings and improvements	72,717,538
Vehicles, furniture and equipment	4,679,779
Accumulated depreciation	(30,872,270)
Total noncurrent assets	54,990,209
Total assets	70,398,944
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	236,138
Deposits held for others	2,529
Accrued payroll and employee benefits	546,457
Compensated absences payable	77,458
Accrued interest payable	966,822
Unearned revenues	27,172
Obligations under capital leases	92,996
Bonds payable	4,393,100
Total current liabilities	6,342,672
Noncurrent liabilities:	
Non-current portion of long-term obligations	36,090,438
Total noncurrent liabilities	36,090,438
Total liabilities	42,433,110
<u>NET POSITION</u>	
Net investment in capital assets	14,931,208
Restricted for:	
Federal and state projects	1,212,840
Food service	1,223,992
Other local initiatives	500,585
Debt service	146,948
Capital outlay	1,912,749
Unrestricted	8,037,512
Total net position	\$ 27,965,834

The notes to the basic financial statements are an integral part of this statement.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 13,581,127	\$ 62,424	\$ 2,379,157	\$ 98,524	\$ (11,041,022)
Support services - students and staff	4,527,631		2,172,604		(2,355,027)
Support services - administration	2,250,617		88,534		(2,162,083)
Operation and maintenance of plant services	3,188,529	128,299	255,164		(2,805,066)
Student transportation services	1,002,949		3,060		(999,889)
Operation of non-instructional services	1,610,664	97,294	1,653,427		140,057
Interest on long-term debt	1,915,354				(1,915,354)
Total governmental activities	<u>\$ 28,076,871</u>	<u>\$ 288,017</u>	<u>\$ 6,551,946</u>	<u>\$ 98,524</u>	<u>(21,138,384)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	10,007,797
Property taxes, levied for debt service	5,889,291
Property taxes, levied for capital outlay	61,683
Investment income	37,812
Unrestricted county aid	560,224
Unrestricted state aid	6,309,928
Unrestricted federal aid	136,722
Total general revenues	<u>23,003,457</u>

Changes in net position

1,865,073

Net position, beginning of year

26,100,761

Net position, end of year

\$ 27,965,834

The notes to the basic financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Debt Service	Unrestricted Capital Outlay
<u>ASSETS</u>			
Cash and investments	\$ 1,133,781	\$ 5,270,927	\$ 1,820,037
Property taxes receivable	856,589	202,843	7,314
Accounts receivable	4,106		
Deposits			
Due from governmental entities	1,949,818		43,698
Due from other funds	14,486		
Prepaid items	234,702		
Total assets	\$ 4,193,482	\$ 5,473,770	\$ 1,871,049
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 170,209	\$	\$
Deposits held for others			
Due to other funds			
Accrued payroll and employee benefits	222,447		
Deferred revenues	773,140	143,592	6,953
Bonds payable		4,360,000	
Bond interest payable		966,822	
Total liabilities	1,165,796	5,470,414	6,953
Fund balances:			
Nonspendable	234,702		
Restricted		3,356	1,864,096
Assigned	65,341		
Unassigned	2,727,643		
Total fund balances	3,027,686	3,356	1,864,096
 Total liabilities and fund balances	\$ 4,193,482	\$ 5,473,770	\$ 1,871,049

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,233,562	\$ 10,458,307
	1,066,746
5,528	9,634
54,074	54,074
1,591,756	3,585,272
	14,486
	234,702
<u>\$ 3,884,920</u>	<u>\$ 15,423,221</u>

\$ 65,929	\$ 236,138
2,529	2,529
14,486	14,486
324,010	546,457
27,172	950,857
	4,360,000
	966,822
<u>434,126</u>	<u>7,077,289</u>

	234,702
2,979,117	4,846,569
471,677	537,018
	2,727,643
<u>3,450,794</u>	<u>8,345,932</u>
<u>\$ 3,884,920</u>	<u>\$ 15,423,221</u>

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OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total governmental fund balances	\$	8,345,932
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 85,862,479	
Less accumulated depreciation	<u>(30,872,270)</u>	54,990,209

Property tax revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.		923,685
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(580,562)	
Special termination benefits	(14,429)	
Obligations under capital leases	(92,996)	
Bonds payable	<u>(35,606,005)</u>	<u>(36,293,992)</u>

Net position of governmental activities	\$	<u><u>27,965,834</u></u>
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The notes to the basic financial statements are an integral part of this statement.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Debt Service	Unrestricted Capital Outlay
Revenues:			
Other local	\$ 605,495	\$ 10,266	\$ 12,261
Property taxes	10,052,709	5,953,310	74,472
State aid and grants	5,246,488		91,337
Federal aid, grants and reimbursements	136,722		
Total revenues	16,041,414	5,963,576	178,070
Expenditures:			
Current -			
Instruction	8,174,467		
Support services - students and staff	2,445,855		
Support services - administration	1,879,645		
Operation and maintenance of plant services	2,601,900		
Student transportation services	874,588		
Operation of non-instructional services	64,477		
Capital outlay	94,183		89,606
Debt service -			
Principal retirement		4,393,101	88,400
Interest and fiscal charges		1,905,921	9,433
Total expenditures	16,135,115	6,299,022	187,439
Excess (deficiency) of revenues over expenditures	(93,701)	(335,446)	(9,369)
Other financing sources (uses):			
Transfers in	277,434		946,784
Transfers out	(946,784)		
Total other financing sources (uses):	(669,350)		946,784
Changes in fund balances	(763,051)	(335,446)	937,415
Fund balances, beginning of year	3,790,114	338,802	926,681
Increase (decrease) in reserve for prepaid items	623		
Fund balances, end of year	\$ 3,027,686	\$ 3,356	\$ 1,864,096

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 366,686	\$ 994,708
	16,080,491
1,416,715	6,754,540
6,097,203	6,233,925
<u>7,880,604</u>	<u>30,063,664</u>
3,005,289	11,179,756
2,064,281	4,510,136
202,408	2,082,053
423,374	3,025,274
4,988	879,576
1,475,252	1,539,729
248,008	431,797
	4,481,501
	1,915,354
<u>7,423,600</u>	<u>30,045,176</u>
<u>457,004</u>	<u>18,488</u>
	1,224,218
<u>(277,434)</u>	<u>(1,224,218)</u>
<u>(277,434)</u>	
<u>179,570</u>	<u>18,488</u>
3,271,224	8,326,821
	623
<u>\$ 3,450,794</u>	<u>\$ 8,345,932</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net changes in fund balances - total governmental funds **\$ 19,111**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 75,840	
Less current year depreciation	<u>(2,661,356)</u>	(2,585,516)

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(121,720)
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Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease principal retirement	88,400	
Bond principal retirement	<u>4,393,101</u>	4,481,501

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 governmental funds.

Loss on disposal of capital assets	(5,915)	
Special termination benefits	12,416	
Compensated absences	<u>65,196</u>	<u>71,697</u>

Change in net position in governmental activities **\$ 1,865,073**

The notes to the basic financial statements are an integral part of this statement.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency
<u>ASSETS</u>	
Cash and investments	\$ 326,526
Total assets	\$ 326,526
 <u>LIABILITIES</u>	
Deposits held for others	\$ 289,239
Due to student groups	37,287
Total liabilities	\$ 326,526

The notes to the basic financial statements are an integral part of this statement.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2013, the District implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, and food services.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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, unrestricted Federal, State and County aid, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – 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 grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements – 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. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

Property taxes, State aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as deferred revenue on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The District reports the following major governmental funds:

General Fund – 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. The General Fund includes the District's Maintenance and Operation Fund as well as the Medicaid Reimbursement, Auxiliary Operations, Litigation Recovery, Indirect Costs, and Soft Capital Allocation Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Unrestricted Capital Outlay – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

Additionally, the District reports the following fund type:

Fiduciary Funds – The Fiduciary Funds are Agency Funds which accounts for resources held by the District on behalf of others. This fund type includes the Student Activities Fund and accounts for monies raised by students to finance student clubs and organizations held by the District as an agent. In addition, funds that account for employee withholdings before the monies are remitted to the appropriate entities are included in the Agency Funds.

The agency funds are custodial in nature and do not have a measurement focus and are reported using the accrual basis of accounting. The agency funds are reported by fund type.

D. Cash and Investments

A.R.S. require the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the governmental fund financial statements.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Property Tax Calendar

Property tax levies are obtained by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10% from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which 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. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

I. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, are reported in the government-wide financial statements.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15 – 50 years
Buildings and improvements	7 – 50 years
Vehicles, furniture and equipment	5 – 25 years

J. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

L. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

M. Net Position Flow Assumption

In the government-wide fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

N. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

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

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The Board delegated the responsibility to the Business Office.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the District's fund balance classifications at year end.

	General Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 234,702	\$	\$	\$
Restricted:				
Debt service		3,356		
Capital projects			1,864,096	41,700
Voter approved initiatives				1,212,840
Food service				1,223,992
Extracurricular activities fees tax credit				300,155
Other purposes				200,430
Assigned:				
Litigation recovery	65,341			
School plant				471,677
Unassigned	2,727,643			
Total fund balances	\$ 3,027,686	\$ 3,356	\$ 1,864,096	\$ 3,450,794

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budget, however this does not constitute a violation of any legal provisions.

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the District to invest public monies in the State Treasurer’s local government investment pools, the County Treasurer’s investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District’s investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$32,669 and the bank balance was \$37,194. At year end, the District had \$13,276 held with a fiscal agent.

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the County Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments.

At year end, the District’s investments consisted of the following.

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	491 days	<u>\$ 10,738,888</u>
Total		<u>\$ 10,738,888</u>

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

Custodial Credit Risk – Investments. The District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's individual major funds and non-major governmental funds in the aggregate, were as follows.

	General Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from Federal government	\$ 35,085	\$	\$ 1,481,291
Due from State government	1,911,450	43,619	110,465
Due from County government	3,283	79	
Net due from governmental entities	\$ 1,949,818	\$ 43,698	\$ 1,591,756

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition 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 revenue reported in the governmental funds were as follows.

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 773,140	\$
Delinquent property taxes receivable (Debt Service Fund)	143,592	
Delinquent property taxes receivable (Unrestricted Capital Outlay Fund)	6,953	
Grant drawdowns prior to meeting all eligibility requirements (Non-Major Governmental Funds)		27,172
Total deferred revenue for governmental funds	\$ 923,685	\$ 27,172

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,580,083	\$	\$	\$ 4,580,083
Total capital assets, not being depreciated	<u>4,580,083</u>			<u>4,580,083</u>
Capital assets, being depreciated:				
Land improvements	3,854,364	30,715		3,885,079
Buildings and improvements	72,718,271	6,582	7,315	72,717,538
Vehicles, furniture and equipment	4,707,573	38,543	66,337	4,679,779
Total capital assets being depreciated	<u>81,280,208</u>	<u>75,840</u>	<u>73,652</u>	<u>81,282,396</u>
Less accumulated depreciation for:				
Land improvements	(924,587)	(192,004)		(1,116,591)
Buildings and improvements	(24,293,995)	(2,160,945)	(3,993)	(26,450,947)
Vehicles, furniture and equipment	(3,060,069)	(308,407)	(63,744)	(3,304,732)
Total accumulated depreciation	<u>(28,278,651)</u>	<u>(2,661,356)</u>	<u>(67,737)</u>	<u>(30,872,270)</u>
Total capital assets, being depreciated, net	<u>53,001,557</u>	<u>(2,585,516)</u>	<u>5,915</u>	<u>50,410,126</u>
Governmental activities capital assets, net	<u>\$ 57,581,640</u>	<u>\$ (2,585,516)</u>	<u>\$ 5,915</u>	<u>\$ 54,990,209</u>

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 2,260,489
Support services – students and staff	1,481
Support services – administration	155,852
Operation and maintenance of plant services	93,543
Student transportation services	122,949
Operation of non-instructional services	27,042
Total depreciation expense – governmental activities	<u>\$ 2,661,356</u>

As of June 30, 2013, the District's closed Montecito School campus was determined to be an idle, impaired capital asset with a carrying value of \$10.2 million.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The District has acquired copiers under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Unrestricted Capital Outlay Fund are used to pay the capital lease obligation.

The assets acquired through capital leases that meet the District’s capitalization threshold are as follows.

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 409,931
Less: Accumulated depreciation	307,448
Total	\$ 102,483

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

	Governmental Activities
Year Ending June 30:	
2014	\$ 97,832
Total minimum lease payments	97,832
Less: amount representing interest	4,836
Present value of minimum lease payments	92,996
Due within one year	\$ 92,996

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2013	Due Within One Year
Governmental activities:					
Refunding Bonds, Series 1998	\$ 8,675,000	4.7-4.75%	7/1/13-15	\$ 7,175,000	\$ 3,500,000
School Improvement Bonds, Project of 2006, Series A (2007)	26,300,000	4.0-5.0%	7/1/13-23	23,781,005	833,100
School Improvement Bonds, Project of 2006, Series B (2008)	10,700,000	5.0-6.25%	7/1/13-24	9,010,000	60,000
Total				<u>\$ 39,966,005</u>	<u>\$ 4,393,100</u>

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

Year ending June 30:	Governmental Activities		
	Principal	Interest	Premium
2014	\$ 4,360,000	\$ 1,833,019	\$ 33,100
2015	4,575,000	1,628,031	33,101
2016	2,995,000	1,460,369	33,100
2017	3,120,000	1,315,494	33,101
2018	3,285,000	1,147,994	33,100
2019-23	19,060,000	3,074,814	165,503
2024-25	2,240,000	136,500	
Total	<u>\$ 39,635,000</u>	<u>\$ 10,596,221</u>	<u>\$ 331,005</u>

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 44,065,446		\$ 4,099,441	\$ 39,966,005	\$ 4,393,100
Obligation under capital leases	181,396		88,400	92,996	92,996
Compensated absences payable	645,758	252,158	317,354	580,562	77,458
Special termination benefits	26,845		12,416	14,429	
Governmental activity long-term liabilities	<u>\$ 44,919,445</u>	<u>\$ 252,158</u>	<u>\$ 4,517,611</u>	<u>\$ 40,653,992</u>	<u>\$ 4,563,554</u>

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

Due to	Due from General Fund
Non-Major Governmental Funds	\$ 14,486
Total	\$ 14,486

At year end, the E-Rate Fund, a non-major governmental fund, had a negative cash balance in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing from the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

Transfers out	Transfers in	
	General Fund	Unrestricted Capital Outlay Fund
General Fund	\$	\$ 946,784
Non-Major Governmental Funds	277,434	
Total	\$ 277,434	\$ 946,784

Transfers between funds were used to (1) to move Federal grant funds restricted for indirect costs and (2) to move cash balances remaining in a discontinued fund to the Unrestricted Capital Outlay Fund.

NOTE 11 – 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.

Lawsuits – The District is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, District management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – CONTINGENT LIABILITIES (Concl'd)

Performance Audit – The District has been selected by the State Office of the Auditor General to have a performance audit pursuant to A.R.S. section 41-1279.03.A. for the fiscal year ended June 30, 2012. This performance audit has not been completed, and although the results are unknown at this time, the District does not believe the results will have a significant impact on the financial statements.

NOTE 12 – 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 and accident insurance coverage with the Schools Medical Insurance Trust (SMIT). SMIT 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 a monthly premium to SMIT for employees' health and accident insurance coverage. The agreement provides that SMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District contributes to the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

Plan Description – Benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees’ average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee’s monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree’s healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778. The report is also available on the ASRS’ website at www.azasrs.gov.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members’ and the District’s contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 percent 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 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent for long-term disability) of the members’ annual covered payroll.

The District’s contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2013	\$ 1,418,748	\$ 89,969	\$ 33,219
2012	1,324,768	84,560	32,213
2011	1,196,424	78,345	33,197

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 – SPECIAL TERMINATION BENEFITS

In addition to the cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS), the District provides a voluntary termination benefit program (program) to employees who have completed 10 years of full-time employment and satisfactory service with the District, who have reached the retirement date in accordance with the Arizona State Retirement System, who retire in accord with such system guidelines; and who has notified the District by March 15 of the prior year. The Governing Board, on an annual basis, shall determine if a new application will be added to the plan. The decision is based on the projected budgetary impact and payment if any, is made from the general and non-major special revenue funds. The last group accepted to the plan retired as of June 30, 2003.

The terms of the termination benefits do not establish an obligation to pay specific amounts on fixed or determinable dates. Therefore, the cost of the termination benefits is calculated based on the undiscounted total of estimated future payments at current cost levels. Since the payment for these benefits does not require available resources, the estimated liability is recorded as a government wide entry only.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
(Required Supplementary Information)**

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 577,403	\$ 577,403
Property taxes			10,050,811	10,050,811
State aid and grants			5,208,694	5,208,694
Total revenues			<u>15,836,908</u>	<u>15,836,908</u>
Expenditures:				
Current -				
Instruction	8,644,385	8,583,735	8,050,705	533,030
Support services - students and staff	2,397,578	2,400,078	2,355,728	44,350
Support services - administration	1,610,463	1,681,563	1,630,595	50,968
Operation and maintenance of plant services	2,096,543	2,266,525	2,596,672	(330,147)
Student transportation services	779,910	866,410	873,781	(7,371)
Operation of non-instructional services	75,000	75,000	62,379	12,621
Total expenditures	<u>15,603,879</u>	<u>15,873,311</u>	<u>15,569,860</u>	<u>303,451</u>
Changes in fund balances	<u>(15,603,879)</u>	<u>(15,873,311)</u>	<u>267,048</u>	<u>16,140,359</u>
Fund balances, beginning of year			2,010,365	2,010,365
Increase (decrease) in reserve for prepaid items			623	623
Fund balances (deficits), end of year	<u>\$ (15,603,879)</u>	<u>\$ (15,873,311)</u>	<u>\$ 2,278,036</u>	<u>\$ 18,151,347</u>

See accompanying notes to this schedule.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the District is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exception: a portion of the General Fund activity is budgeted for separately as special revenue and capital projects funds. Consequently, the following adjustments were necessary to present actual expenditures, fund balance at July 1, 2012, and fund balance at June 30, 2013 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balance,</u> <u>June 30, 2013</u>	<u>Fund Balance,</u> <u>July 1, 2012</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 16,135,115	\$ 3,027,686	\$ 3,790,114
Fiscal year 2012-13 activity budgeted as special revenue funds	(455,293)	(749,650)	(771,527)
Fiscal year 2012-13 activity budgeted as capital projects funds	<u>(109,962)</u>	<u> </u>	<u>(1,008,222)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 15,569,860</u>	<u>\$ 2,278,036</u>	<u>\$ 2,010,365</u>

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SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 3,115	\$ 3,115
State aid and grants		858,402	858,402
Federal aid, grants and reimbursements			
Total revenues		<u>861,517</u>	<u>861,517</u>
Expenditures:			
Current -			
Instruction	1,491,097	539,606	951,491
Support services - students and staff	17,439	16,213	1,226
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>1,508,536</u>	<u>555,819</u>	<u>952,717</u>
Excess (deficiency) of revenues over expenditures	<u>(1,508,536)</u>	<u>305,698</u>	<u>1,814,234</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(1,508,536)</u>	<u>305,698</u>	<u>1,814,234</u>
Fund balances, beginning of year		625,477	625,477
Fund balances (deficits), end of year	<u>\$ (1,508,536)</u>	<u>\$ 931,175</u>	<u>\$ 2,439,711</u>

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,595 113,701	\$ 1,595 113,701	\$	\$	\$
	<u>115,296</u>	<u>115,296</u>			
375,000	226,251 708	148,749 (708)	25,000		25,000
<u>375,000</u>	<u>226,959</u>	<u>148,041</u>	<u>25,000</u>		<u>25,000</u>
<u>(375,000)</u>	<u>(111,663)</u>	<u>263,337</u>	<u>(25,000)</u>		<u>25,000</u>
<u>(375,000)</u>	<u>(111,663)</u>	<u>263,337</u>	<u>(25,000)</u>		<u>25,000</u>
	393,328	393,328			
<u>\$ (375,000)</u>	<u>\$ 281,665</u>	<u>\$ 656,665</u>	<u>\$ (25,000)</u>	<u>\$</u>	<u>\$ 25,000</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 ALL SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013**

	Structured English Immersion		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		135,948	135,948
Federal aid, grants and reimbursements			
Total revenues		<u>135,948</u>	<u>135,948</u>
Expenditures:			
Current -			
Instruction	135,948	135,948	
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>135,948</u>	<u>135,948</u>	
Excess (deficiency) of revenues over expenditures	<u>(135,948)</u>		<u>135,948</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(135,948)</u>		<u>135,948</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (135,948)</u>	<u>\$</u>	<u>\$ 135,948</u>

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,937,987	1,937,987		194,511	194,511
	<u>1,937,987</u>	<u>1,937,987</u>		<u>194,511</u>	<u>194,511</u>
600,000	543,610	56,390		38,076	(38,076)
1,550,000	1,305,075	244,925	345,000	141,934	203,066
	49,493	(49,493)			
	19,386	(19,386)			
<u>2,150,000</u>	<u>1,917,564</u>	<u>232,436</u>	<u>345,000</u>	<u>180,010</u>	<u>164,990</u>
<u>(2,150,000)</u>	<u>20,423</u>	<u>2,170,423</u>	<u>(345,000)</u>	<u>14,501</u>	<u>359,501</u>
	(20,423)	(20,423)		(14,501)	(14,501)
	<u>(20,423)</u>	<u>(20,423)</u>		<u>(14,501)</u>	<u>(14,501)</u>
<u>(2,150,000)</u>		<u>2,150,000</u>	<u>(345,000)</u>		<u>345,000</u>
<u>\$ (2,150,000)</u>	<u>\$</u>	<u>\$ 2,150,000</u>	<u>\$ (345,000)</u>	<u>\$</u>	<u>\$ 345,000</u>

(Continued)

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Title IV Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		464,580	464,580
Total revenues		<u>464,580</u>	<u>464,580</u>
Expenditures:			
Current -			
Instruction	450,000	247,299	202,701
Support services - students and staff	150,000	136,350	13,650
Support services - administration		47,386	(47,386)
Operation and maintenance of plant services			
Student transportation services		1,928	(1,928)
Operation of non-instructional services		4,951	(4,951)
Capital outlay		16,769	(16,769)
Total expenditures	<u>600,000</u>	<u>454,683</u>	<u>145,317</u>
Excess (deficiency) of revenues over expenditures	<u>(600,000)</u>	<u>9,897</u>	<u>609,897</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(9,897)	(9,897)
Total other financing sources (uses):		<u>(9,897)</u>	<u>(9,897)</u>
Changes in fund balances	<u>(600,000)</u>		<u>600,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (600,000)</u>	<u>\$</u>	<u>\$ 600,000</u>

Limited English & Immigrant Students			Indian Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	159,538	159,538		31,535	31,535
	159,538	159,538		31,535	31,535
180,000	13,586 142,824	(13,586) 37,176	40,000	31,535	8,465
180,000	156,410	23,590	40,000	31,535	8,465
(180,000)	3,128	183,128	(40,000)		40,000
	(3,128)	(3,128)			
	(3,128)	(3,128)			
(180,000)		180,000	(40,000)		40,000
\$ (180,000)	\$	\$ 180,000	\$ (40,000)	\$	\$ 40,000

(Continued)

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		789,694	789,694
Total revenues		<u>789,694</u>	<u>789,694</u>
Expenditures:			
Current -			
Instruction	735,000	648,585	86,415
Support services - students and staff	120,000	117,544	2,456
Support services - administration		561	(561)
Operation and maintenance of plant services		300	(300)
Student transportation services			
Operation of non-instructional services			
Capital outlay		5,370	(5,370)
Total expenditures	<u>855,000</u>	<u>772,360</u>	<u>82,640</u>
Excess (deficiency) of revenues over expenditures	<u>(855,000)</u>	<u>17,334</u>	<u>872,334</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(17,334)	(17,334)
Total other financing sources (uses):		<u>(17,334)</u>	<u>(17,334)</u>
Changes in fund balances	<u>(855,000)</u>		<u>855,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (855,000)</u>	<u>\$</u>	<u>\$ 855,000</u>

Johnson O'Malley			Homeless Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	8,482	8,482		24,994	24,994
	8,482	8,482		24,994	24,994
9,500	8,482	1,018	30,000	21,934	8,066
				3,060	(3,060)
9,500	8,482	1,018	30,000	24,994	5,006
(9,500)		9,500	(30,000)		30,000
(9,500)		9,500	(30,000)		30,000
\$ (9,500)	\$	\$ 9,500	\$ (30,000)	\$	\$ 30,000

(Continued)

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		136,722	136,722
Total revenues		136,722	136,722
Expenditures:			
Current -			
Instruction		15,050	(15,050)
Support services - students and staff		9,049	(9,049)
Support services - administration	250,000	68,204	181,796
Operation and maintenance of plant services		279	(279)
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	250,000	92,582	157,418
Excess (deficiency) of revenues over expenditures	(250,000)	44,140	294,140
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(250,000)	44,140	294,140
Fund balances, beginning of year		225,179	225,179
Fund balances (deficits), end of year	\$ (250,000)	\$ 269,319	\$ 519,319

E-Rate			Other Federal Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	92,033	92,033		740,422	740,422
	92,033	92,033		740,422	740,422
500,000	71,455	428,545	650,000	547,281	102,719
	17,079	(17,079)	175,000	167,736	7,264
				25,405	(25,405)
	3,499	(3,499)			
500,000	92,033	407,967	825,000	740,422	84,578
(500,000)		500,000	(825,000)		825,000
(500,000)		500,000	(825,000)		825,000
\$ (500,000)	\$	\$ 500,000	\$ (825,000)	\$	\$ 825,000

(Continued)

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 ALL SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013**

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants		308,664	308,664
Federal aid, grants and reimbursements			
Total revenues		308,664	308,664
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	350,000	308,664	41,336
Student transportation services			
Operation of non-instructional services			
Capital outlay		53,500	(53,500)
Total expenditures	350,000	362,164	(12,164)
Excess (deficiency) of revenues over expenditures	(350,000)	(53,500)	296,500
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(350,000)	(53,500)	296,500
Fund balances, beginning of year		53,500	53,500
Fund balances (deficits), end of year	\$ (350,000)	\$	\$ 350,000

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 102,327	\$ 102,327	\$	\$ 15,400	\$ 15,400
	1,653,427	1,653,427			
	<u>1,755,754</u>	<u>1,755,754</u>		<u>15,400</u>	<u>15,400</u>
	615	(615)			
	375	(375)	100,000	93,580	6,420
2,750,000	1,470,301	1,279,699			
	37,045	(37,045)			
<u>2,750,000</u>	<u>1,508,336</u>	<u>1,241,664</u>	<u>100,000</u>	<u>93,580</u>	<u>6,420</u>
<u>(2,750,000)</u>	<u>247,418</u>	<u>2,997,418</u>	<u>(100,000)</u>	<u>(78,180)</u>	<u>21,820</u>
	(212,151)	(212,151)			
	<u>(212,151)</u>	<u>(212,151)</u>			
<u>(2,750,000)</u>	<u>35,267</u>	<u>2,785,267</u>	<u>(100,000)</u>	<u>(78,180)</u>	<u>21,820</u>
	1,188,725	1,188,725		84,286	84,286
<u>\$ (2,750,000)</u>	<u>\$ 1,223,992</u>	<u>\$ 3,973,992</u>	<u>\$ (100,000)</u>	<u>\$ 6,106</u>	<u>\$ 106,106</u>

(Continued)

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 ALL SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013**

	Community School		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 3,061	\$ 3,061
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>3,061</u>	<u>3,061</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff	30,000	171	29,829
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>30,000</u>	<u>171</u>	<u>29,829</u>
Excess (deficiency) of revenues over expenditures	<u>(30,000)</u>	<u>2,890</u>	<u>32,890</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(30,000)</u>	<u>2,890</u>	<u>32,890</u>
Fund balances, beginning of year		35,648	35,648
Fund balances (deficits), end of year	<u>\$ (30,000)</u>	<u>\$ 38,538</u>	<u>\$ 68,538</u>

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 17,386	\$ 17,386	\$	\$ 70,892	\$ 70,892
	<u>17,386</u>	<u>17,386</u>		<u>70,892</u>	<u>70,892</u>
	1,910	(1,910)	285,000	20,549	264,451
	420	(420)		4,313	(4,313)
30,000	4,949	25,051		784	(784)
<u>30,000</u>	<u>7,279</u>	<u>22,721</u>	<u>285,000</u>	<u>25,646</u>	<u>259,354</u>
<u>(30,000)</u>	<u>10,107</u>	<u>40,107</u>	<u>(285,000)</u>	<u>45,246</u>	<u>330,246</u>
<u>(30,000)</u>	<u>10,107</u>	<u>40,107</u>	<u>(285,000)</u>	<u>45,246</u>	<u>330,246</u>
	27,863	27,863		254,909	254,909
<u>\$ (30,000)</u>	<u>\$ 37,970</u>	<u>\$ 67,970</u>	<u>\$ (285,000)</u>	<u>\$ 300,155</u>	<u>\$ 585,155</u>

(Continued)

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 29,803	\$ 29,803
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>29,803</u>	<u>29,803</u>
Expenditures:			
Current -			
Instruction		4,481	(4,481)
Support services - students and staff	100,000	9,479	90,521
Support services - administration		5,719	(5,719)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		1,347	(1,347)
Total expenditures	<u>100,000</u>	<u>21,026</u>	<u>78,974</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>8,777</u>	<u>108,777</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(100,000)</u>	<u>8,777</u>	<u>108,777</u>
Fund balances, beginning of year		114,783	114,783
Fund balances (deficits), end of year	<u>\$ (100,000)</u>	<u>\$ 123,560</u>	<u>\$ 223,560</u>

Fingerprint			Textbooks		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 971	\$ 971	\$	\$ 1,871	\$ 1,871
	<u>971</u>	<u>971</u>		<u>1,871</u>	<u>1,871</u>
			8,500		8,500
10,000	726	9,274			
<u>10,000</u>	<u>726</u>	<u>9,274</u>	<u>8,500</u>		<u>8,500</u>
<u>(10,000)</u>	<u>245</u>	<u>10,245</u>	<u>(8,500)</u>	<u>1,871</u>	<u>10,371</u>
<u>(10,000)</u>	<u>245</u>	<u>10,245</u>	<u>(8,500)</u>	<u>1,871</u>	<u>10,371</u>
	10,120	10,120		9,309	9,309
<u>\$ (10,000)</u>	<u>\$ 10,365</u>	<u>\$ 20,365</u>	<u>\$ (8,500)</u>	<u>\$ 11,180</u>	<u>\$ 19,680</u>

(Continued)

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Litigation Recovery		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 472	\$ 472
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u> 472</u>	<u> 472</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	125,000	13,000	112,000
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u> 125,000</u>	<u> 13,000</u>	<u> 112,000</u>
Excess (deficiency) of revenues over expenditures	<u> (125,000)</u>	<u> (12,528)</u>	<u> 112,472</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u> (125,000)</u>	<u> (12,528)</u>	<u> 112,472</u>
Fund balances, beginning of year		77,869	77,869
Fund balances (deficits), end of year	<u> \$ (125,000)</u>	<u> \$ 65,341</u>	<u> \$ 190,341</u>

Indirect Costs			Insurance Refund		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,402	\$ 1,402	\$	\$ 11,681	\$ 11,681
	<u>1,402</u>	<u>1,402</u>		<u>11,681</u>	<u>11,681</u>
60,000	59,056	944			
75,000	71,048	3,952			
170,000	167,846	2,154			
	807	(807)	15,000	1,000	14,000
	2,098	(2,098)			
45,000	41,577	3,423			
<u>350,000</u>	<u>342,432</u>	<u>7,568</u>	<u>15,000</u>	<u>1,000</u>	<u>14,000</u>
<u>(350,000)</u>	<u>(341,030)</u>	<u>8,970</u>	<u>(15,000)</u>	<u>10,681</u>	<u>25,681</u>
	277,434	277,434			
	<u>277,434</u>	<u>277,434</u>			
<u>(350,000)</u>	<u>(63,596)</u>	<u>286,404</u>	<u>(15,000)</u>	<u>10,681</u>	<u>25,681</u>
	440,616	440,616			
<u>\$ (350,000)</u>	<u>\$ 377,020</u>	<u>\$ 727,020</u>	<u>\$ (15,000)</u>	<u>\$ 10,681</u>	<u>\$ 25,681</u>

(Continued)

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 259,976	\$ 259,976
State aid and grants		1,416,715	1,416,715
Federal aid, grants and reimbursements		6,233,925	6,233,925
Total revenues		<u>7,910,616</u>	<u>7,910,616</u>
Expenditures:			
Current -			
Instruction	4,865,045	3,081,305	1,783,740
Support services - students and staff	2,772,439	2,144,798	627,641
Support services - administration	1,055,000	451,194	603,806
Operation and maintenance of plant services	495,000	426,226	68,774
Student transportation services		5,795	(5,795)
Operation of non-instructional services	2,750,000	1,477,350	1,272,650
Capital outlay	45,000	178,493	(133,493)
Total expenditures	<u>11,982,484</u>	<u>7,765,161</u>	<u>4,217,323</u>
Excess (deficiency) of revenues over expenditures	<u>(11,982,484)</u>	<u>145,455</u>	<u>12,127,939</u>
Other financing sources (uses):			
Transfers in		277,434	277,434
Transfers out		(277,434)	(277,434)
Total other financing sources (uses):			
Changes in fund balances	<u>(11,982,484)</u>	<u>145,455</u>	<u>12,127,939</u>
Fund balances, beginning of year		3,541,612	3,541,612
Fund balances (deficits), end of year	<u>\$ (11,982,484)</u>	<u>\$ 3,687,067</u>	<u>\$ 15,669,551</u>

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 ALL DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2013**

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 10,266	\$ 10,266
Property taxes		5,953,310	5,953,310
Total revenues		<u>5,963,576</u>	<u>5,963,576</u>
Expenditures:			
Debt service -			
Principal retirement	4,393,101	4,393,101	
Interest and fiscal charges	1,900,543	1,905,921	(5,378)
Total expenditures	<u>6,293,644</u>	<u>6,299,022</u>	<u>(5,378)</u>
Changes in fund balances	<u>(6,293,644)</u>	<u>(335,446)</u>	<u>5,958,198</u>
Fund balances, beginning of year		338,802	338,802
Fund balances (deficits), end of year	<u>\$ (6,293,644)</u>	<u>\$ 3,356</u>	<u>\$ 6,297,000</u>

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	School Plant		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 115,260	\$ 115,260
Property taxes			
State aid and grants			
Total revenues		<u>115,260</u>	<u>115,260</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration		264	(264)
Operation and maintenance of plant services		1,750	(1,750)
Capital outlay	415,000	102,023	312,977
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>415,000</u>	<u>104,037</u>	<u>310,963</u>
Excess (deficiency) of revenues over expenditures	<u>(415,000)</u>	<u>11,223</u>	<u>426,223</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(415,000)</u>	<u>11,223</u>	<u>426,223</u>
Fund balances, beginning of year		460,454	460,454
Fund balances (deficits), end of year	<u>\$ (415,000)</u>	<u>\$ 471,677</u>	<u>\$ 886,677</u>

Insurance Proceeds			Unrestricted Capital Outlay		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,250	\$ 2,250	\$	\$ 12,261	\$ 12,261
				74,472	74,472
				91,337	91,337
	<u>2,250</u>	<u>2,250</u>		<u>178,070</u>	<u>178,070</u>
75,000	626	74,374	1,037,473	89,606	947,867
			88,400	88,400	
			9,433	9,433	
<u>75,000</u>	<u>626</u>	<u>74,374</u>	<u>1,135,306</u>	<u>187,439</u>	<u>947,867</u>
<u>(75,000)</u>	<u>1,624</u>	<u>76,624</u>	<u>(1,135,306)</u>	<u>(9,369)</u>	<u>1,125,937</u>
				946,784	946,784
				<u>946,784</u>	<u>946,784</u>
<u>(75,000)</u>	<u>1,624</u>	<u>76,624</u>	<u>(1,135,306)</u>	<u>937,415</u>	<u>2,072,721</u>
	2,353	2,353		926,681	926,681
<u>\$ (75,000)</u>	<u>\$ 3,977</u>	<u>\$ 78,977</u>	<u>\$ (1,135,306)</u>	<u>\$ 1,864,096</u>	<u>\$ 2,999,402</u>

(Continued)

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Soft Capital Allocation		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 8,832	\$ 8,832
Property taxes		1,898	1,898
State aid and grants		37,794	37,794
Total revenues		<u>48,524</u>	<u>48,524</u>
Expenditures:			
Current -			
Instruction		47,746	(47,746)
Support services - students and staff		9,610	(9,610)
Support services - administration			
Operation and maintenance of plant services			
Capital outlay	257,914	52,606	205,308
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>257,914</u>	<u>109,962</u>	<u>147,952</u>
Excess (deficiency) of revenues over expenditures	<u>(257,914)</u>	<u>(61,438)</u>	<u>196,476</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(946,784)	(946,784)
Total other financing sources (uses):		<u>(946,784)</u>	<u>(946,784)</u>
Changes in fund balances	<u>(257,914)</u>	<u>(1,008,222)</u>	<u>(750,308)</u>
Fund balances, beginning of year		1,008,222	1,008,222
Fund balances (deficits), end of year	<u>\$ (257,914)</u>	<u>\$</u>	<u>\$ 257,914</u>

Energy and Water Savings			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 8,460	\$ 8,460	\$	\$ 147,063	\$ 147,063
				76,370	76,370
				129,131	129,131
	<u>8,460</u>	<u>8,460</u>		<u>352,564</u>	<u>352,564</u>
				47,746	(47,746)
				9,610	(9,610)
				264	(264)
75,000	9,069	65,931	75,000	2,376	72,624
			1,785,387	253,304	1,532,083
			88,400	88,400	
			9,433	9,433	
<u>75,000</u>	<u>9,069</u>	<u>65,931</u>	<u>1,958,220</u>	<u>411,133</u>	<u>1,547,087</u>
<u>(75,000)</u>	<u>(609)</u>	<u>74,391</u>	<u>(1,958,220)</u>	<u>(58,569)</u>	<u>1,899,651</u>
				946,784	946,784
				(946,784)	(946,784)
<u>(75,000)</u>	<u>(609)</u>	<u>74,391</u>	<u>(1,958,220)</u>	<u>(58,569)</u>	<u>1,899,651</u>
	38,332	38,332		2,436,042	2,436,042
<u>\$ (75,000)</u>	<u>\$ 37,723</u>	<u>\$ 112,723</u>	<u>\$ (1,958,220)</u>	<u>\$ 2,377,473</u>	<u>\$ 4,335,693</u>

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STATISTICAL SCHEDULES

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 17,256,584	\$ 16,261,830	94.24 %		\$ 16,261,830	94.24 %
2012	17,752,135	17,021,100	95.88	654,547	17,675,647	99.57
2011	17,360,309	16,255,100	93.63	1,099,059	17,354,159	99.96
2010	20,029,746	18,134,796	90.54	1,631,465	19,766,261	98.68
2009	18,164,643	16,371,218	90.13	1,723,866	18,095,084	99.62
2008	17,034,314	16,319,779	95.81	712,302	17,032,081	99.99
2007	16,156,057	15,603,633	96.58	551,513	16,155,146	99.99
2006	17,021,046	16,634,560	97.73	384,652	17,019,212	99.99
2005	14,664,280	14,114,891	96.25	514,084	14,628,975	99.76
2004	14,615,624	14,048,695	96.12	506,712	14,555,407	99.59

Source: The source of this information is the Maricopa County Treasurer's records.

Notes: 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
ESTIMATED NET FULL CASH VALUE HISTORIES
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Estimated Net Full Cash Value</u>
2012-13	\$ 3,323,301,047
2011-12	3,949,306,563
2010-11	4,975,774,663
2009-10	5,831,600,542
2008-09	5,547,539,015
2007-08	3,776,522,535
2006-07	3,778,475,193
2005-06	3,025,884,898
2004-05	2,735,011,757
2003-04	2,624,533,408

Source: Estimated net full cash values were obtained from the State and County Abstracts of the Assessment Roll, Arizona Department of Revenue.

Note: Estimated net full cash value is the total market value of the property less net exempt property within the District.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Mines, Utility and Commercial</u>	<u>Agricultural and Vacant</u>	<u>Residential (Owner Occupied)</u>	<u>Rental Residential</u>	<u>Historic and Foreign Trade</u>	<u>Total</u>
2012-13	\$ 300,118,797	\$ 13,295,230	\$ 67,723,050	\$ 37,614,907	\$ 3,960,667	\$ 422,712,651
2011-12	345,355,849	13,875,928	81,440,646	48,175,464	4,252,979	493,100,866
2010-11	440,142,473	24,613,021	120,428,406	62,871,786	3,022,568	651,078,254
2009-10	505,819,156	17,729,630	162,164,269	82,406,337	3,442,996	771,562,388
2008-09	493,160,146	15,530,320	171,221,172	78,668,210	3,259,512	761,839,360
2007-08	390,373,840	13,058,356	137,897,556	65,029,676	2,021,017	608,380,445
2006-07	371,702,579	15,116,088	85,875,414	53,553,273	1,161,757	527,409,111
2005-06	377,837,168	11,136,431	83,365,314	52,505,260	1,123,408	525,967,581
2004-05	374,241,383	7,978,728	69,942,617	44,106,343	944,078	497,213,149
2003-04	350,260,861	7,431,727	69,246,242	43,970,159	921,431	471,830,420

Source: The source of this information is the Maricopa County Assessor's records.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	17	18	20

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Commercial, Industrial, Utilities and Mining	24 %	25 %	25 %	25 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	21	22	21	21	20

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT RATIOS
JUNE 30, 2013
(UNAUDITED)

	<u>Per capita bonded debt population estimated at (31,000)</u>	<u>As % of District's Secondary Assessed Valuation</u>	<u>As % of District's Estimated Full Cash Value</u>
Net Direct General Obligation Bonded Debt (\$35,238,543)	\$ 1,138	8.34 %	1.06 %
Net Direct and Overlapping General Obligation Bonded Debt (\$100,527,619)	3,243	23.78	3.02

Source: Population estimate was obtained from the District.

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
COMPUTATION OF LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2013
(UNAUDITED)

District General Obligation and Refunding Bonds:

Net secondary assessed valuation	\$	422,712,651
Debt limit - 15% of net secondary assessed valuation		63,406,898
Amount of debt applicable to debt limit:		
General obligation and refunding bonds outstanding	\$	39,966,005
Less current bond payment accrued in debt service fund		(4,360,000)
Less bond premium		(331,005)
Less fund balance in debt service fund available for payment of principal		<u>(3,356)</u>
Total amount of debt applicable to debt limit		<u>35,271,644</u>
Legal debt margin	\$	<u><u>28,135,254</u></u>

Class B Bonds:

Debt limit - 5% of net secondary assessed valuation	\$	21,135,633
Amount of debt applicable to debt limit:		
B bond general obligation bonds outstanding, net of premium and due within one year	\$	31,600,000
Less fund balance in Debt Service Fund		<u>(3,356)</u>
Total amount of debt applicable to debt limit		<u>31,596,644</u>
Legal debt margin	\$	<u><u>(10,461,011)</u></u>

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2013
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Maricopa County Community College District	\$ 766,085,000	1.45 %	\$ 11,108,233
City of Phoenix	1,581,453,000	1.45	22,931,069
Phoenix Union High School District No. 210	271,745,000	9.76	<u>26,522,312</u>
Subtotal, Overlapping Debt			<u>60,561,614</u>
Direct:			
Osborn Elementary School District No. 8			<u>39,966,005</u>
Total Direct and Overlapping Debt			<u>\$ 100,527,619</u>

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
 PRINCIPAL PROPERTY TAXPAYERS
 JUNE 30, 2013
 (UNAUDITED)**

<u>Taxpayer</u>	<u>2013</u>	
	<u>Secondary Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Phoenix Plaza PT LLC	\$ 21,532,875	3.31 %
Coventry II DDR Phoenix Spectrum Fee LLC	12,891,386	1.98
LBA Realty Fund II -WBP III LLC	9,057,055	1.39
CWN-I-A LLC	6,777,134	1.04
Qwest Corporation	6,697,804	1.03
Arizon Public Service Company	6,685,016	1.03
Danari Central Management LLC Etal	6,357,000	0.98
Gaedeke Holdings LTD	5,549,310	0.85
3200 North Central Venture LLC	5,163,635	0.79
4041 Central Plaza LLC	<u>5,070,000</u>	<u>0.78</u>
Total	<u>\$ 85,781,215</u>	<u>13.18 %</u>

Source: The source of this information is the Maricopa County Assessor's records.

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

Fiscal Year Ended June 30	Average Daily Membership
2013	2,828
2012	2,793
2011	2,904
2010	3,084
2009	3,186
2008	3,328
2007	3,570
2006	3,470
2005	3,528
2004	3,478

Source: The source of this information is the District's records.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30	Overlapping Rates								
	County	Community College District	Flood Control District	Central Arizona Water	City of Phoenix	Phoenix Union High School District No. 210	District Direct Rates		
							Primary	Secondary	Total
2013	1.24	1.38	0.18	0.10	1.82	4.27	2.13	1.96	4.09
2012	1.24	1.21	0.18	0.10	1.82	3.76	1.89	1.78	3.67
2011	1.05	0.97	0.15	0.10	1.82	3.25	1.52	1.30	2.82
2010	0.99	0.88	0.14	0.10	1.82	2.95	1.89	1.08	2.97
2009	1.03	0.94	0.14	0.10	1.82	3.06	1.63	1.11	2.74
2008	1.30	0.98	0.15	0.10	1.82	3.42	1.76	1.32	3.08
2007	1.43	1.06	0.20	0.12	1.82	3.79	2.13	1.12	3.25
2006	1.46	1.03	0.21	0.12	1.82	3.87	2.23	1.19	3.42
2005	1.47	1.04	0.21	0.12	1.82	3.94	1.86	1.21	3.07
2004	1.55	1.08	0.21	0.12	1.82	4.11	1.90	1.31	3.21

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

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SINGLE AUDIT SECTION

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**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**

Independent Auditor's Report

Governing Board
Osborn Elementary School District No. 8

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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Osborn Elementary School District No. 8's basic financial statements, and have issued our report thereon dated March 11, 2014. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 63.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Osborn Elementary School District No. 8's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Osborn Elementary School District No. 8's internal control. Accordingly, we do not express an opinion on the effectiveness of Osborn Elementary School District No. 8'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Osborn Elementary School District No. 8's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

March 11, 2014

**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 OMB CIRCULAR A-133**

Independent Auditor's Report

Governing Board
Osborn Elementary School District No. 8

Report on Compliance for Each Major Federal Program

We have audited Osborn Elementary School District No. 8's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Osborn Elementary School District No. 8's major federal programs for the year ended June 30, 2013. Osborn Elementary School District No. 8's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Osborn Elementary School District No. 8's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Osborn Elementary School District No. 8's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Osborn Elementary School District No. 8's compliance.

Opinion on Each Major Federal Program

In our opinion, Osborn Elementary School District No. 8 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Osborn Elementary School District No. 8 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Osborn Elementary School District No. 8's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Osborn Elementary School District No. 8's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Osborn Elementary School District No. 8 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Osborn Elementary School District No. 8's basic financial statements. We issued our report thereon dated March 11, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 taken as a whole.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

March 11, 2014

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Transfers</u>	<u>Total Expenditures and Transfers</u>
<u>U.S. Department of Education</u>				
Direct Program:				
Indian Education - Grants to Local Educational Agencies	84.060	N/A	\$	31,535
Passed through Arizona Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A120003		1,937,987
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A120007	768,096	
Special Education - Preschool Grants	84.173	H173A120003	21,598	
Total Special Education Cluster				789,694
Education for Homeless Children and Youth	84.196	S196A120003		24,994
Twenty-First Century Community Learning Centers	84.287	S287C120003		464,580
English Language Acquisition Grants	84.365	S365A120003		159,538
Improving Teacher Quality State Grants	84.367	S367A120049		194,511
Race to the Top	84.413	B413A120005		23,541
Passed through Arizona Governor's Office:				
Education Jobs Fund	84.410	ISA OER-11-ISA-EJ-001		144,195
Passed through Arizona State University:				
Teacher Incentive Fund, Recovery Act	84.385	N/A		572,686
Total U.S. Department of Education				4,343,261
<u>U.S. Department of Agriculture</u>				
Passed through Arizona Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	7AZ300AZ3	51,590	
Summer Food Service Program for Children	10.559	8AZ300AZ3	1,446	
Non-Cash Assistance Subtotal			53,036	
Cash Assistance:				
School Breakfast Program	10.553	7AZ300AZ3	312,850	
National School Lunch Program	10.555	7AZ300AZ3	1,252,438	
Summer Food Service Program for Children	10.559	8AZ300AZ3	35,103	
Cash Assistance Subtotal			1,600,391	
Total Child Nutrition Cluster				1,653,427
<u>U.S. Department of Health and Human Services</u>				
Passed through Public Consulting Group, Inc.:				
Medical Assistance Program	93.778	N/A		30,655
<u>U.S. Department of Interior</u>				
Passed through Arizona Department of Education:				
Indian Education - Assistance to Schools	15.130	SMK0E060699		8,482
Total Expenditures of Federal Awards				\$ 6,035,825

OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Osborn Elementary School District No. 8 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2013 *Catalog of Federal Domestic Assistance*.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers
84.385	Teacher Incentive Fund, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None reported.

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013**

Status of Federal Award Findings and Questioned Costs

The District had no findings or questioned costs related to federal awards noted in prior audits that require a status.