

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**

**SINGLE AUDIT REPORTING PACKAGE**

**JUNE 30, 2019**

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**JUNE 30, 2019**

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Issued separately

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**John C. Todd II, P.C.**  
**Certified Public Accountants**

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**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with Government Auditing Standards**

Governing Board  
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 (District), as of and for the year ended June 30, 2019, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management and the Governing Board of the District in the Uniform System of Financial Records Compliance Questionnaire dated January 31, 2020.

### **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 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.



Phoenix, Arizona  
January 31, 2020

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**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards required by the Uniform Guidance**

Governing Board  
Osborn Elementary School District No. 8

**Compliance for Each Major Federal Program**

We have audited Osborn Elementary School District No. 8 (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-101. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-101, that we consider to be a significant deficiency.

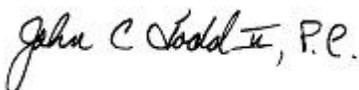
The District's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 31, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Phoenix, Arizona  
January 31, 2020

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>	<u>Total Expenditures</u>
<u>U.S. Department of Education</u>				
<u>Direct programs</u>				
Indian Education - Grants to Local Educational Agencies	84.060	S060A180238		\$ 31,514
Arts in Education	84.351	U351C140024		21,150
<u>Passed Through Arizona State Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010	S010A170003	16,919	
	84.010	S010A180003	1,658,243	
	84.010	S010A180003	<u>2,403</u>	1,677,565
Special Education Cluster				
Special Education - Grants to States	84.027	H027A180007	766,874	
Special Education - Preschool Grants	84.173	H173A180003	<u>25,607</u>	792,481
Preschool Development Grants	84.419	S419A150009		436,584
Education for Homeless Children and Youth	84.196	S196A180003		31,998
English Language Acquisition State Grants	84.365	S365A180003		63,740
Supporting Effective Instruction State Grants	84.367	S367A180049		134,881
Student Support and Academic Enrichment Program	84.424	S424A180003		50,652
<u>U.S. Department of Agriculture</u>				
<u>Passed Through Arizona State Department of Education</u>				
Child Nutrition Cluster				
Cash Assistance				
School Breakfast Program	10.553	N/A	332,686	
National School Lunch Program	10.555	N/A	1,373,691	
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	N/A	<u>109,945</u>	1,816,322
<u>U.S. Department of Health and Human Services</u>				
<u>Passed Through Public Consulting Group, Inc.</u>				
Medical Assistance Program	93.778	N/A		14,825
<u>U.S. Department of Interior</u>				
<u>Passed Through Arizona State Department of Education</u>				
Indian Education - Assistance to Schools	15.130	A15PX01972		<u>20,395</u>
				<u>\$ 5,092,107</u>

See accompanying notes to schedule of expenditures of federal awards.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2019**

**NOTE 1 - ACCOUNTING PRINCIPLES**

This Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting.

**NOTE 2 - CLASSIFICATION OF FEDERAL AWARDS**

In accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as described in § 200.518 Major program determination paragraph (b)(1), or (b)(3), because total federal expenditures were less than \$25,000,000, Type A programs are all programs with expenditures equal to or greater than \$750,000 and Type B programs are all programs with expenditures less than \$750,000. Major programs were determined using a risk-based approach.

**NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

Program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 Catalog of Federal Domestic Assistance.

**NOTE 4 – INDIRECT COST RATE**

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION 1 - SUMMARY OF AUDITORS' RESULTS  
JUNE 30, 2019**

**YES   NO**

**Financial Statements**

Type of auditors' report issued:	<u>Unmodified</u>
Significant deficiencies identified in internal controls over financial reporting?	___ <u>X</u> ___
Material weaknesses identified in internal control over financial reporting?	___ <u>X</u> ___
Noncompliance material to the financial statements noted?	___ <u>X</u> ___

**Federal Awards**

Significant deficiencies identified in internal controls over major programs?	<u>X</u> ___
Material weaknesses identified in internal control over major programs?	___ <u>X</u> ___
Type of auditors' report issued on compliance for major programs?	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, § 200.516 Audit finding§ paragraph (a)?	<u>X</u> ___

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

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

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION 2 - FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*  
JUNE 30, 2019**

None.

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION 3 - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS  
JUNE 30, 2019**

**REFERENCE: 2019-101**

**CFDA NUMBER: 84.027 – SPECIAL EDUCATION – GRANTS TO STATES**

**CFDA NUMBER: 84.173 – SPECIAL EDUCATION – PRESCHOOL GRANTS**

**U.S. DEPARTMENT OF EDUCATION – 2019**

**PASSED THROUGH ARIZONA STATE DEPARTMENT OF EDUCATION**

**GRANT NUMBERS: H027A180007, H173A180003**

QUESTIONED COSTS

N/A

**CONDITION**

The following errors were noted during the review of 40 special education student files:

1. For 8 of 40 files tested, the Individualized education program (IEP) was not completed timely. The IEPs were between 2 and 147 days late.
2. For 1 of 40 files tested, the IEP was not completed within 30 days of the determination that the child was in need special education and related services.
3. For 2 of 40 files tested, the reevaluation was not completed timely. The reevaluations were between 28 and 82 days late.
4. Although the District has established internal control processes and procedures to ensure student files include required documentation, the performance of these control activities was not documented for 2 of 40 provider files tested.

All children were provided appropriate services timely and the errors had no effect on funding amounts.

**CRITERIA**

In accordance with 34 CFR 300.323 (c)(1), a meeting to develop an IEP for a child is conducted within 30 days of a determination that the child needs special education and related services.

In accordance with 34 CFR 300.324 (b) Review and revision of IEPs – (1) General, each public agency must ensure that, subject to paragraphs (b)(2) and (b)(3) of this section, the IEP Team – (i) Reviews the child's IEP periodically, but not less than annually, to determine whether the annual goals for the child are being achieved.

In accordance with 34 CFR 300.303 (b) Limitation, a reevaluation conducted under paragraph (a) of this section – (1) May occur not more than once a year, unless the parent and the public agency agree otherwise; and (2) Must occur at least once every 3 years, unless the parent and the public agency agree that a reevaluation is unnecessary.

In accordance with 2 CFR 200.61, internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of reporting for internal and external use; and(c) Compliance with applicable laws and regulations.

(continued)

**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION 3 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS  
JUNE 30, 2019**

**REFERENCE: 2019-101 (CONT'D)**

**EFFECT**

Federal program requirements were not complied with. IEP and reevaluations were not completed timely.

**CAUSE**

Although the internal controls were adequately designed, there were deficiencies in the execution of the controls.

**RECOMMENDATION AND BENEFIT**

A process should be developed to ensure that IEPs and reevaluations are completed timely. Additionally, control activities to ensure provider student files include required documentation should be documented. This will help ensure that federal program requirements are complied with and IEPs and reevaluations are completed timely.

(concluded)



An Osborn Education<sup>SM</sup>

Osborn School District #8 ♦ 1226 West Osborn Road ♦ Phoenix, AZ 85013 ♦ (602) 707-2000 ♦ [www.OsbornSchools.org](http://www.OsbornSchools.org)

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2019**

None.

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**Clarendon School**  
4<sup>th</sup> - 6<sup>th</sup> grade  
1225 W. Clarendon  
Phoenix, AZ 85013  
(602) 707-2200

**Encanto School**  
Preschool - 3rd grade  
1420 W. Osborn  
Phoenix, AZ 85013  
(602) 707-2300

**Longview School**  
Preschool - 6th grade  
1209 E. Indian School  
Phoenix, AZ 85014  
(602) 707-2700

**Osborn Middle School**  
7<sup>th</sup> - 8<sup>th</sup> grade  
1102 W. Highland  
Phoenix, AZ 85013  
(602) 707-2400

**Solano School**  
Preschool - 6th grade  
1526 W. Missouri  
Phoenix, AZ 85015  
(602) 707-2600

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**OSBORN ELEMENTARY SCHOOL DISTRICT NO. 8  
CORRECTIVE ACTION PLAN  
JUNE 30, 2019**

**REFERENCE: 2019-101**

**CFDA NUMBER: 84.027 – SPECIAL EDUCATION – GRANTS TO STATES  
CFDA NUMBER: 84.173 – SPECIAL EDUCATION – PRESCHOOL GRANTS  
U.S. DEPARTMENT OF EDUCATION – 2019  
PASSED THROUGH ARIZONA STATE DEPARTMENT OF EDUCATION  
GRANT NUMBERS: H027A180007, H173A180003**

**CLIENT RESPONSE AND CORRECTIVE ACTION PLAN**

We concur with the condition.

1. Name of the contact person responsible for corrective action:  
Virginia Shuss

2. Corrective action planned:

- The individuals who did not complete the IEPs on time received discipline corrective actions in March, April and May 2019.
- We strive to complete IEP's within the 30-day time frame from the evaluation date however, our families can be challenged with many unforeseeable circumstances preventing them from coming to a meeting. Staff have been instructed on how to document this as of May 2019.
- For the 2019-2020 year staffing was increased to include an intern to prevent overdue evaluations and IEPs from occurring again. We feel with the additional staffing support IEPs and evaluations will be compliant.
- At this time the District is carefully reviewing the timeliness of IEPs and evaluations.
- The District will be adding additional staff to the special education department by July of 2020 to support the teachers with staying compliant with documentation.
- The District is increasing its internal controls process so that documentation is complete. More staff training went into this July 2019.

3. Anticipated completion date:  
December 2020.

Clarendon School  
4<sup>th</sup> - 6<sup>th</sup> grade  
1225 W. Clarendon  
Phoenix, AZ 85013  
(602) 707-2200

Encanto School  
Preschool - 3rd grade  
1420 W. Osborn  
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