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# ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2

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## Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022



**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**

**ORACLE, ARIZONA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Issued by:  
Business Department

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## **INTRODUCTORY SECTION**

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ORACLE SCHOOL DISTRICT  
(520) 896-3070  
P.O. Box 1720  
2618 W El Paseo  
Oracle, AZ 85623  
www.OSD2.ORG



February 13, 2023

Citizens and Governing Board  
Oracle Elementary School District No. 2  
P. O. Box 1720  
Oracle, AZ 85623-1720

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Oracle Elementary School District No. 2 (District) for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

## GOVERNING BOARD

**Edie Crall**  
(520) 404-1005

**Camilo Gotay**  
(520) 981-8414

**Linda Lyon**  
(520) 818-8024

**Jeri Taylor**  
(253) 279-6153

**Gary Terrell**  
(360) 460-0119

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE DISTRICT**

The District is one of 19 public school districts located in Pinal County, Arizona. The Oracle Elementary School District was organized in 1905 and is the second oldest school district in the county. The District's oldest building is 84 years old and the newest building opened for learning, in October 2022. Our newest building, a 10-classroom building to serve students in Grades 5-8, was funded with a capital bond approved by voters in November 2019. We will complete construction on our library renovation and expansion, and school office renovation during the summer of 2023. Like our new classroom building and site upgrades, the school library and school office projects will be funded with capital bond funds.

The District encompasses 314 square miles which includes Eagle Crest Ranch a family residential development, SaddleBrooke and SaddleBrooke Ranch retirement communities, unincorporated town of Oracle and the outlying areas of Willow Springs and Falcon Valley. The District provides a program of public education from preschool through grade eight, with an approximate enrollment of 345 kindergarten through eighth grade students. The District also runs a tuition-based three and four year old preschool program with an enrollment of 35 students. The preschool is largely supported by the Oracle Schools Foundation. Additionally, our District operates a Community Schools Learning Program providing preschool and before and after school academic tutoring. Oracle Elementary School District does not have a high school. Our estimated 240 high school students choose to attend either San Manuel High School in the Mammoth-San Manuel Unified School District or Canyon del Oro High School in the Amphitheater Unified School District. Both high schools offer academic, athletic, arts and other extracurricular programs. Students may choose to open enroll in other high schools, but district transportation is only provided to the two high schools listed above.

Oracle's elevation is 4,524 feet with vegetation consisting mostly of Emory oak and grasses with granite boulders adding intrigue to the landscape. Daily summer temperatures range from 75 to 95 degrees with cooling late summer monsoon rains and picturesque sunsets. Oracle is located in southeastern Arizona close to snow skiing, water skiing, sand dunes, hunting, fishing, camping, golfing, Arizona historical sites, the Tucson Symphony, University of Arizona, zip lining, caving, and many other cultural and outdoor activities.

Oracle itself is a historically interesting town, the community began to grow in the late 1870's as gold and silver were discovered and the Christmas and New Year mines opened. By 1880, a post office had been established. Other points of interest within the District for indoor/outdoor entertainment are at the Oracle State Park, Peppersauce Canyon Campground, YMCA Triangle Y Ranch Camp, Arizona Trail, Biosphere 2, Santa Catalina Mountain Range, San Pedro River Valley, and Acadia Ranch Museum (Oracle Historical Society). The town has a yearly Oracle Oaks Festival, Car Show, Fall Fiestas, and Art Tour. Oracle also offers a few unique Bed & Breakfast facilities and three historical retreat settings: 3C Ranch, Rancho Robles, and The Historical C.O.D. Ranch.

Eagle Crest Ranch is approximately 15 miles from the school in the District offering a suburban setting with spectacular mountain views. This community is adjacent to thousands of acres of state and federal lands. The one and two story homes are conveniently located near the Catalina State Park, medical facilities, major employers, and shopping.

The retirement community of SaddleBrooke is approximately 17 miles from our Mountain Vista K-8 School and SaddleBrooke Ranch is less than ten miles from the school. Both communities offer premier golf courses, tennis courts, clubhouses with pools, and fine dining. Additionally, the communities have a fitness center, pro shops, library, restaurants and numerous activities all within view of the Santa Catalina Mountains. The District's students benefit from volunteer retiree support.

The District's 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, food services, auxiliary, athletic functions, preschool, and Community Schools Learning Center.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by category for all Governmental Funds, and includes function and object code details for the General Fund and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have overexpenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

**Local Economy.** Oracle is a small town servicing a population of approximately 3,932. The Oracle Elementary School District is the major employer in our District. Tucson, Arizona our neighboring large city is approximately 32 miles away and its industries provide employment for many of our residents. Many residents are employed in the copper mining industry and commute to the neighboring towns of Hayden and Globe, Arizona. The town of Florence, Arizona which is the county seat also provides employment opportunities for our residents.

Oracle's unemployment rate is estimated at 6.4 percent, higher than the national unemployment rate of 6.0 percent, and higher than the unemployment rate of Pinal County at an estimated 5.2 percent. The poverty rate is estimated at 6.05 percent and median household income is at approximately \$41,500, below the national average of \$70,784. Even despite the COVID-19 pandemic, our local businesses have held in place consistently during the past several years, some of the local businesses include convenience stores, a dollar store, real estate, restaurants, public library, county services, fitness centers, massage therapy services, senior citizens center, electric and water utility companies, dental facility, health medical center, auto repair shop, arts and others.

The financial condition of the District has remained steady. The District has utilized the financial funding formulas available to us by the State of Arizona. Student enrollment has increased slightly each year. The District's conservative, consistent review of budgeting, planning and adjusting has provided District stability to stay within budget limits and retain the allowable carry forward amount yearly. The State of Arizona's fluctuating funding consistency is challenging to all Arizona school districts.

**Long-term Financial Planning.** The District's awareness to evolving economic challenges and its careful long-range planning have been important factors in the District's fiscal stability. The capability to maintain fiscal conservatism, flexibility, adherence to the highest accounting and management practices, and the goal to maintain reserve has been the four practiced key aspects in the finance department. For several years we have been able to maintain a minimum carry forward of four percent or more which allows our District to adjust to the State's fluctuating funding challenges. The District continues to enhance communication on finance and organization District wide.

Our District's tax rate of 2.8906 remains one of the lowest in Arizona. The primary tax rate is 2.2820. The secondary tax rate, which funds our override, is 0.6086. Our Eagle Crest, Oracle and SaddleBrooke communities are supportive of the District needs and voted to continue our budget override in November 2019 for an additional seven years. The override supports students in preschool through eighth grade and emphasizes high quality instruction, enhancing educational programs, and class size reduction. The current override will expire at the end of fiscal year 2025-26 with years fiscal year 2024-25 and fiscal year 2025-26 at 1/3 reduced levels per statute. The value of assessed valuation coming from the number of homes in the Eagle Crest Ranch, Oracle, and SaddleBrooke area and the budget limitations assist in keeping the tax rate low.

## **AWARDS AND ACKNOWLEDGMENTS**

**Awards.** The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.


These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2022 certificates. The District has received the award recognitions for the past ten years.

**Acknowledgments.** The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedication services of the entire staff of the business department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We also wish to express our sincere appreciation to the entire staff of the Oracle School District for their unfailing support in maintaining the highest standards of professionalism in the management of their individual departments and support to the District's management of finances.

In closing, without the leadership and support of the Governing Board of the District, and administrative personnel in various departments, the preparation of this report would not have been possible.

Respectfully submitted,

  
Crystle Nehrmeyer  
Superintendent

  
Dawn Ann Ruiz  
Business Manager



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

## Oracle Elementary School District 2

for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, appearing to read 'William A. Sutter'.

William A. Sutter  
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

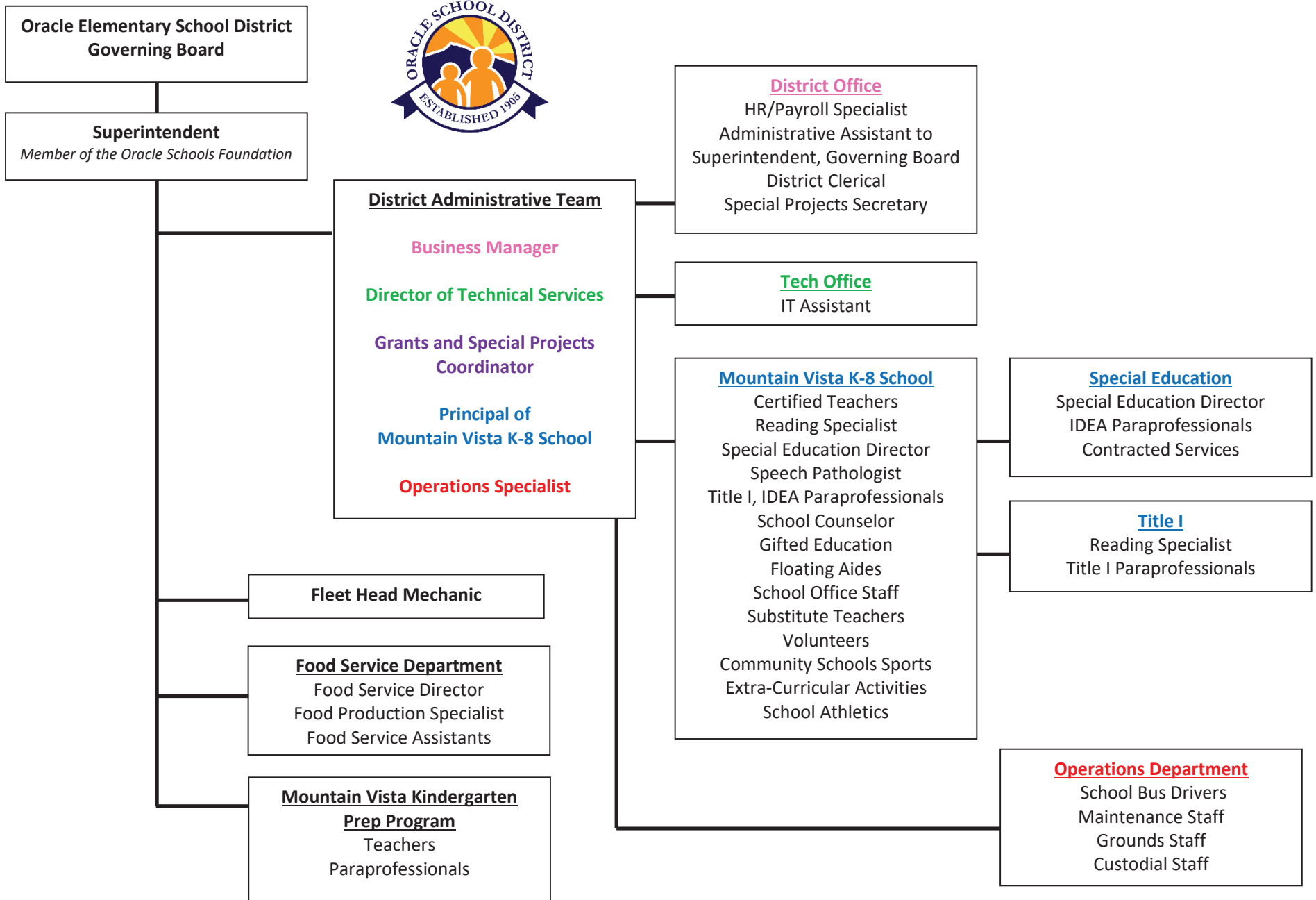
**Oracle Elementary School District  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



District Organizational Chart - Updated August 2021

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**

**LIST OF PRINCIPAL OFFICIALS**

**GOVERNING BOARD**

Gary Terrell, President

Linda Lyon, Vice President

Edie Crall, Member

Camilo Gotay, Member

Jeri Taylor, Member

**ADMINISTRATIVE STAFF**

Crystle Nehrmeyer, Superintendent

Shannon Soule, Principal - Grades K-8

Dawn Ruiz, Business Manager

Allison Hendrix, Grants and Special Programs Coordinator

Terry McGovern, Director of Technical Operations

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**FINANCIAL SECTION**

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## Independent Auditor's Report

Governing Board  
Oracle Elementary School District No. 2

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oracle Elementary School District No. 2 (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Oracle Elementary School District No. 2, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Oracle Elementary School District No. 2 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

### *Supplementary 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 Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are 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. Such 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 Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, on our consideration of Oracle Elementary School District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oracle Elementary School District No. 2's 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 Oracle Elementary School District No. 2's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
February 13, 2023

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

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**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

As management of the Oracle Elementary School District No. 2 (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, 2022. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The District's total net position of governmental activities increased \$1.3 million which represents a 29 percent increase from the prior fiscal year primarily as a result of increased federal funding associated with COVID-19 grants.
- General revenues accounted for \$7.5 million in revenue, or 84 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$1.5 million or 16 percent of total current fiscal year revenues.
- The District had approximately \$7.7 million in expenses related to governmental activities, an increase of eight percent from the prior fiscal year primarily due to overall salary and wage increases.
- Among major funds, the General Fund had \$5.8 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$5.7 million in expenditures. The General Fund's fund balance increase from \$2.6 million at the prior fiscal year end to \$2.7 million at the end of the current fiscal year was primarily due to efforts by the District to maximize budget and cash carry forward for future year expenditures.
- The Other Federal Projects Fund's fund balance decreased to a deficit of \$40,946 at fiscal year-end.
- The Extracurricular Activities Fees Tax Credit Fund's fund balance decreased to \$398,286 at fiscal year-end due to increased expenditures as a result of the restoration of activities with the removal of COVID-19 restrictions.
- The Debt Service Fund's fund balance decreased to \$109,004 at fiscal year-end.
- The Unrestricted Capital Outlay Fund's fund balance increased to \$1.6 million at fiscal year-end.
- The Bond Building Fund's fund balance decreased to \$3.6 million at fiscal year-end due to increased expenditures as a result of ongoing building construction.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**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.

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 are reported as governmental 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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**OVERVIEW OF FINANCIAL STATEMENTS**

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.

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, Other Federal Projects, Extracurricular Activities Fees Tax Credit, Debt Service, Unrestricted Capital Outlay, and Bond Building 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 statements and schedules.

**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 and pension plan. 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 and major Special Revenue Funds as required supplementary information. Schedules for the pension plan have been provided 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 and deferred outflows exceeded liabilities and deferred inflows by \$5.7 million at the current fiscal year end.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, 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 outstanding 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, 2022 and June 30, 2021.

	As of June 30, 2022	As of June 30, 2021
Current assets	\$ 9,773,621	\$ 17,279,395
Capital assets, net	12,348,694	4,832,072
Total assets	<u>22,122,315</u>	<u>22,111,467</u>
Deferred outflows	<u>824,737</u>	<u>794,313</u>
Current liabilities	941,275	1,330,913
Long-term liabilities	15,207,656	17,159,475
Total liabilities	<u>16,148,931</u>	<u>18,490,388</u>
Deferred inflows	<u>1,125,621</u>	<u>11,638</u>
Net position:		
Net investment in capital assets	3,939,041	3,076,722
Restricted	2,491,869	2,380,418
Unrestricted	(758,410)	(1,053,386)
Total net position	<u>\$ 5,672,500</u>	<u>\$ 4,403,754</u>

The District's financial position is the product of several financial transactions including the net result of activities, the 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 \$580,000 of bonds and \$133,723 of bond premium.
- The addition of \$7.8 million in capital assets through the construction of school and land improvements and purchases of vehicles, furniture and equipment.
- The addition of \$287,988 in accumulated depreciation as a result of current year depreciation expense.
- The decrease of \$1.2 million in pension liabilities.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

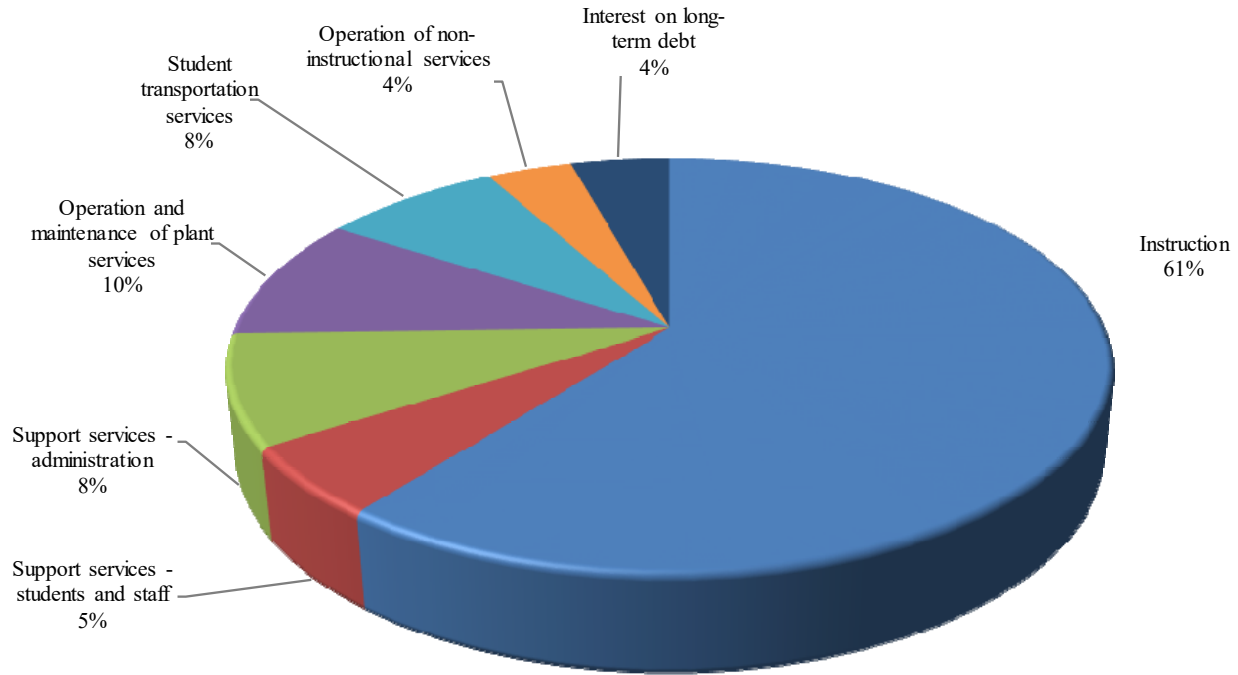
**Changes in net position.** The District's total revenues for the current fiscal year were \$9.0 million. The total cost of all programs and services was \$7.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 20,882	\$ 8,038
Operating grants and contributions	1,194,340	930,835
Capital grants and contributions	239,612	351,794
General revenues:		
Property taxes	5,364,984	5,435,205
Investment income	65,985	82,570
Unrestricted county aid		174
Unrestricted state aid	2,067,806	1,899,091
Unrestricted federal aid	26,190	14,385
<b>Total revenues</b>	<u>8,979,799</u>	<u>8,722,092</u>
<b>Expenses:</b>		
Instruction	4,670,555	4,295,086
Support services - students and staff	416,980	404,362
Support services - administration	660,163	644,764
Operation and maintenance of plant services	739,403	782,677
Student transportation services	605,803	398,057
Operation of non-instructional services	286,822	212,983
Interest on long-term debt	331,327	386,458
<b>Total expenses</b>	<u>7,711,053</u>	<u>7,124,387</u>
<b>Changes in net position</b>	1,268,746	1,597,705
<b>Net position, beginning</b>	4,403,754	2,806,049
<b>Net position, ending</b>	<u>\$ 5,672,500</u>	<u>\$ 4,403,754</u>

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Expenses - Fiscal Year 2022**



The following are significant current year transactions that have had an impact on the change in net position.

- The increase of \$263,505 in operating grants and contributions was primarily due to new and continuing federal COVID-19 grant funding received by the District.
- Instruction expenses increased \$375,469 primarily due to overall salary and wage increases.
- The increase of \$207,746 in student transportation expenses was primarily due to the return of in-person learning opportunities for students creating a need for more transportation services.

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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	Year Ended June 30, 2022		Year Ended June 30, 2021	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 4,670,555	\$ (3,625,901)	\$ 4,295,086	\$ (3,523,275)
Support services - students and staff	416,980	(390,122)	404,362	(364,741)
Support services - administration	660,163	(628,249)	644,764	(605,143)
Operation and maintenance of plant services	739,403	(738,903)	782,677	(492,542)
Student transportation services	605,803	(578,031)	398,057	(398,057)
Operation of non-instructional services	286,822	36,314	212,983	(63,504)
Interest on long-term debt	331,327	(331,327)	386,458	(386,458)
<b>Total</b>	<b>\$ 7,711,053</b>	<b>\$ (6,256,219)</b>	<b>\$ 7,124,387</b>	<b>\$ (5,833,720)</b>

- The cost of all governmental activities this year was \$7.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$1.5 million.
- Net cost of governmental activities of \$6.3 million was financed by general revenues, which are made up of primarily property taxes of \$5.4 million and state aid of \$2.1 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 \$8.7 million, a decrease of \$7.2 million due primarily to the utilization of bond proceeds in the Bond Building Fund, received in the prior year to complete various projects in the current year.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The General Fund comprises 31 percent of the total fund balance. Approximately \$2.7 million, or 99 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$124,286 to \$2.7 million as of fiscal year end was primarily a result of efforts by the District to maximize budget and cash carry forward for future year expenditures. General Fund revenues increased \$47,878. General Fund expenditures increased \$347,863 as a result of overall salary and wage increases.

The Other Federal Projects Fund revenues increased \$246,198 and expenditures increased 229,050 due to new and continuing federal COVID-19 related funding received by the District.

The Extracurricular Activities Fees Tax Credit Fund revenues increased \$24,623. Extracurricular Activities Fees Tax Credit expenditures increased \$240,127 as a result of the restoration of activities with the removal of COVID-19 restrictions.

The Debt Service Fund revenues decreased \$124,136 primarily due to a decrease in the secondary tax rate. Debt Service expenditures increased \$189.

The Unrestricted Capital Outlay Fund revenues increased \$29,100 primarily due to increased property tax revenues as a result of changes in the allocation of the primary tax rate. Unrestricted Capital Outlay expenditures increased \$93,497 as a result of textbook and curriculum purchases in the current fiscal year.

The Bond Building Fund revenues decreased \$14,270. The Bond Building Fund expenditures increased \$5.3 million due to ongoing building construction.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student enrollment. The difference between the original budget and the final amended budget was a \$163,157 decrease, or two percent.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**BUDGETARY HIGHLIGHTS**

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 variances are summarized as follows:

- The favorable variance of \$716,189 in instruction was a result of lower than anticipated expenditures for the return of in-person learning.
- The favorable variance of \$245,336 in student transportation services was a result of lower than anticipated expenditures for transportation services needed for the return of in-person learning.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the District had invested \$17.9 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 \$7.6 million from the prior fiscal year, primarily due to ongoing bond projects at Mountain Vista Elementary School. Total depreciation expense for the current fiscal year was \$287,988.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2022 and June 30, 2021.

	As of June 30, 2022	As of June 30, 2021
Capital assets - non-depreciable	\$ 9,154,478	\$ 1,856,915
Capital assets - depreciable, net	3,194,216	2,975,157
Total	\$ 12,348,694	\$ 4,832,072

The estimated cost to complete current construction projects is \$3.4 million.

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Debt Administration.** At year end, the District had \$12.0 million in long-term debt outstanding, \$600,000 due within one year. Long-term debt decreased by \$713,723.

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 net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$39.0 million and the Class B debt limit is \$26.0 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 7 and 8.

**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 2022-23 budget. Among them:

- Fiscal year 2021-22 budget balance carry forward (estimated \$614,757).
- District student population (estimated 357).

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

Budgeted expenditures in the General Fund decreased three percent to \$6.5 million in fiscal year 2022-23. Increased payroll and employee benefit costs 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 2022-23 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 Office, Oracle Elementary School District No. 2, 2618 W. El Paseo, Oracle, Arizona 85623.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 9,510,837
Property taxes receivable	51,221
Due from governmental entities	172,549
Inventory	39,014
Total current assets	9,773,621
Noncurrent assets:	
Capital assets not being depreciated	9,154,478
Capital assets, net of accumulated depreciation	3,194,216
Total noncurrent assets	12,348,694
<b>Total assets</b>	22,122,315
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension plan items	824,737
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	933,100
Compensated absences payable	60,282
Unearned revenues	8,175
Bonds payable	600,000
Total current liabilities	1,601,557
Noncurrent liabilities:	
Non-current portion of long-term obligations	14,547,374
Total noncurrent liabilities	14,547,374
<b>Total liabilities</b>	16,148,931
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	1,125,621
 <b><u>NET POSITION</u></b>	
Net investment in capital assets	3,939,041
Restricted for:	
Instruction	763,849
Food service	27,694
Non-instructional purposes	21,019
Debt service	115,081
Capital outlay	1,564,226
Unrestricted	(758,410)
<b>Total net position</b>	\$ 5,672,500

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 4,670,555	\$ 20,380	\$ 784,662	\$ 239,612	\$ (3,625,901)
Support services - students and staff	416,980		26,858		(390,122)
Support services - administration	660,163		31,914		(628,249)
Operation and maintenance of plant services	739,403	500			(738,903)
Student transportation services	605,803		27,772		(578,031)
Operation of non-instructional services	286,822	2	323,134		36,314
Interest on long-term debt	331,327				(331,327)
<b>Total governmental activities</b>	<u>\$ 7,711,053</u>	<u>\$ 20,882</u>	<u>\$ 1,194,340</u>	<u>\$ 239,612</u>	<u>\$ (6,256,219)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	4,179,062
Property taxes, levied for debt service	988,891
Property taxes, levied for capital outlay	197,031
Investment income	65,985
Unrestricted state aid	2,067,806
Unrestricted federal aid	26,190
<b>Total general revenues</b>	<u>7,524,965</u>

**Changes in net position** 1,268,746

**Net position, beginning of year** 4,403,754

**Net position, end of year** \$ 5,672,500

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

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**FUND FINANCIAL STATEMENTS**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General	Other Federal Projects	Extracurricular Activities Fees Tax Credit
<b><u>ASSETS</u></b>			
Cash and investments	\$ 2,586,069	\$	\$ 603,305
Property taxes receivable	42,226		
Due from governmental entities		140,685	
Due from other funds	122,019		
Inventory	38,291		
<b>Total assets</b>	<b>\$ 2,788,605</b>	<b>\$ 140,685</b>	<b>\$ 603,305</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 61,878	\$ 32,524	\$ 205,019
Due to other funds		108,141	
Unearned revenues		20	
<b>Total liabilities</b>	<b>61,878</b>	<b>140,685</b>	<b>205,019</b>
Deferred inflows of resources:			
Unavailable revenues - property taxes	37,379		
Unavailable revenues - intergovernmental		40,946	
<b>Total deferred inflows of resources</b>	<b>37,379</b>	<b>40,946</b>	
Fund balances (deficits):			
Nonspendable	38,291		
Restricted			398,286
Unassigned	2,651,057	(40,946)	
<b>Total fund balances</b>	<b>2,689,348</b>	<b>(40,946)</b>	<b>398,286</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 2,788,605</b>	 <b>\$ 140,685</b>	 <b>\$ 603,305</b>

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

<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 107,906 7,175	\$ 1,634,651 1,820	\$ 4,160,440	\$ 418,466	\$ 9,510,837
			31,864	51,221
			723	172,549
				122,019
				39,014
<u>\$ 115,081</u>	<u>\$ 1,636,471</u>	<u>\$ 4,160,440</u>	<u>\$ 451,053</u>	<u>\$ 9,895,640</u>
\$	\$ 77,777	\$ 546,690	\$ 9,212	\$ 933,100
			13,878	122,019
			8,155	8,175
	<u>77,777</u>	<u>546,690</u>	<u>31,245</u>	<u>1,063,294</u>
6,077	1,559			45,015
			10,206	51,152
<u>6,077</u>	<u>1,559</u>		<u>10,206</u>	<u>96,167</u>
109,004	1,557,135	3,613,750	723	39,014
			419,085	6,097,260
			(10,206)	2,599,905
<u>109,004</u>	<u>1,557,135</u>	<u>3,613,750</u>	<u>409,602</u>	<u>8,736,179</u>
<u>\$ 115,081</u>	<u>\$ 1,636,471</u>	<u>\$ 4,160,440</u>	<u>\$ 451,053</u>	<u>\$ 9,895,640</u>

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**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

**Total governmental fund balances** **\$ 8,736,179**

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	\$ 17,886,614	
Less accumulated depreciation	<u>(5,537,920)</u>	12,348,694

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Property taxes	45,015	
Intergovernmental	<u>51,152</u>	96,167

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	824,737	
Deferred inflows of resources related to pensions	<u>(1,125,621)</u>	(300,884)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(122,736)	
Net pension liability	(3,061,517)	
Bonds payable	<u>(12,023,403)</u>	<u>(15,207,656)</u>

**Net position of governmental activities** **\$ 5,672,500**

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	General	Other Federal Projects	Extracurricular Activities Fees Tax Credit
<b>Revenues:</b>			
Other local	\$ 22,122	\$	\$ 179,335
Property taxes	4,166,702		
State aid and grants	1,623,892		
Federal aid, grants and reimbursements	26,190	521,762	
<b>Total revenues</b>	5,838,906	521,762	179,335
<b>Expenditures:</b>			
Current -			
Instruction	3,720,087	174,181	53,290
Support services - students and staff	374,956	9,677	8,588
Support services - administration	567,803	39,705	
Operation and maintenance of plant services	562,095	22,056	
Student transportation services	435,079	18,553	3,790
Operation of non-instructional services	33,695	28,380	
Capital outlay	6,366	239,612	199,064
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	5,700,081	532,164	264,732
<b>Excess (deficiency) of revenues over expenditures</b>	138,825	(10,402)	(85,397)
<b>Other financing sources (uses):</b>			
Transfers in	595		
Transfers out		(282)	
<b>Total other financing sources (uses)</b>	595	(282)	
<b>Changes in fund balances</b>	139,420	(10,684)	(85,397)
<b>Fund balances (deficits), beginning of year</b>	2,565,062	(30,262)	483,683
Increase (decrease) in reserve for inventory	(15,134)		
<b>Fund balances (deficits), end of year</b>	\$ 2,689,348	\$ (40,946)	\$ 398,286

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

<u>Debt Service</u>	<u>Unrestricted Capital Outlay</u>	<u>Bond Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 664	\$ 7,533	\$ 42,023	\$ 83,798	\$ 335,475
987,098	196,815			5,350,615
	101,817		348,313	2,074,022
			636,476	1,184,428
<u>987,762</u>	<u>306,165</u>	<u>42,023</u>	<u>1,068,587</u>	<u>8,944,540</u>
			532,341	4,479,899
			34,842	428,063
			1,099	608,607
			7,000	591,151
			27,296	484,718
			209,239	271,314
	266,179	7,368,026	88,791	8,168,038
580,000				580,000
465,050				465,050
<u>1,045,050</u>	<u>266,179</u>	<u>7,368,026</u>	<u>900,608</u>	<u>16,076,840</u>
<u>(57,288)</u>	<u>39,986</u>	<u>(7,326,003)</u>	<u>167,979</u>	<u>(7,132,300)</u>
42,023				42,618
		(42,023)	(313)	(42,618)
<u>42,023</u>		<u>(42,023)</u>	<u>(313)</u>	
<u>(15,265)</u>	<u>39,986</u>	<u>(7,368,026)</u>	<u>167,666</u>	<u>(7,132,300)</u>
124,269	1,517,149	10,981,776	245,897	15,887,574
			(3,961)	(19,095)
<u>\$ 109,004</u>	<u>\$ 1,557,135</u>	<u>\$ 3,613,750</u>	<u>\$ 409,602</u>	<u>\$ 8,736,179</u>

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

**Changes in fund balances - total governmental funds** **\$ (7,132,300)**

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 and reported as depreciation expense.

Expenditures for capitalized assets	\$ 7,832,127	
Less current year depreciation	<u>(287,988)</u>	7,544,139

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	14,369	
Intergovernmental	<u>20,890</u>	35,259

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 580,000

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	360,589	
Pension expense	<u>(203,490)</u>	157,099

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.

Inventory	(19,095)	
Loss on disposal of assets	(27,517)	
Amortization of deferred bond items	133,723	
Compensated absences	<u>(2,562)</u>	<u>84,549</u>

**Changes in net position in governmental activities** **\$ 1,268,746**

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

The financial statements of the Oracle Elementary School District No. 2 (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, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District's analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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.

**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 or fiduciary 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 and state aid, and other items not included among program revenues are reported instead as general revenues.

**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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**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 expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Property taxes, federal and 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. Unearned 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 unavailable revenues 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.

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 certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

**Other Federal Projects Fund** – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

Extracurricular Activities Fees Tax Credit Fund – The Extracurricular Activities Fees Tax Credit Fund accounts for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

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.

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

Bond Building Fund – The Bond Building Fund accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

**D. Cash and Investments**

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer 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.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

**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.

**G. Property Tax Calendar**

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

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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**H. Inventory**

All inventories are valued at cost using the average cost method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

**I. 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.

**J. 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.

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. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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	3 – 25 years
Buildings and improvements	5 – 50 years
Vehicles, furniture and equipment	5 – 25 years

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**L. 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.

**M. Pensions**

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

**N. 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 are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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.

**O. 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.

**P. Net Position Flow Assumption**

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

**Q. 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, accordingly no nonspendable fund balance amounts are reported.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

***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.

***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 District does not have a formal policy for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

***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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

	<u>General Fund</u>	<u>Other Federal Projects Fund</u>	<u>Extracurricular Activities Fees Tax Credit Fund</u>	<u>Debt Service Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Bond Building Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:							
Nonspendable:							
Inventory	\$ 38,291						\$ 723
Restricted:							
Debt service				109,004			
Capital projects					1,557,135		5,532
Bond building projects						3,613,750	
Voter approved initiatives							289,542
Food service							26,971
Civic center							5,153
Community school							12,619
Extracurricular activities			398,286				
Gifts and donations							67,657
Student activities							7,441
Other purposes							4,170
Unassigned	<u>2,651,057</u>	<u>(40,946)</u>					<u>(10,206)</u>
Total fund balances	<u>\$ 2,689,348</u>	<u>\$(40,946)</u>	<u>\$ 398,286</u>	<u>\$ 109,004</u>	<u>\$ 1,557,135</u>	<u>\$3,613,750</u>	<u>\$ 409,602</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balance** – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	<u>Deficit</u>
Major Fund:	
Other Federal Projects	\$ (40,946)
Non-Major Governmental Funds:	
Special Education Grants	(6,833)
Other State Projects	(3,373)

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2022-23 are expected to eliminate the deficit.

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4 – CASH AND 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 \$225,259 and the bank balance was \$266,861. At year end, \$16,861 of the District’s deposits were covered by collateral held by the pledging financial institution’s trust department or agent but not in the District’s name.

*Fair Value Measurements.* The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

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. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	2.46 years	\$ 9,285,578

*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.

*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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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:

	Other Federal Projects Fund	Non-Major Governmental Funds
Due from other governmental entities:		
Due from federal government	\$ 140,685	\$ 22,778
Due from state government		9,086
Net due from governmental entities	\$ 140,685	\$ 31,864

**NOTE 6 – CAPITAL ASSETS**

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

	Beginning Balance	Increase	Decrease	Ending Balance
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 280,000	\$	\$	\$ 280,000
Construction in progress	1,576,915	7,297,563		8,874,478
Total capital assets, not being depreciated	1,856,915	7,297,563		9,154,478
Capital assets, being depreciated:				
Land improvements	865,576	14,408	58,419	821,565
Buildings and improvements	5,606,007			5,606,007
Vehicles, furniture and equipment	1,999,998	520,156	215,590	2,304,564
Total capital assets being depreciated	8,471,581	534,564	274,009	8,732,136
Less accumulated depreciation for:				
Land improvements	(520,023)	(30,642)	(36,244)	(514,421)
Buildings and improvements	(3,787,185)	(147,407)		(3,934,592)
Vehicles, furniture and equipment	(1,189,216)	(109,939)	(210,248)	(1,088,907)
Total accumulated depreciation	(5,496,424)	(287,988)	(246,492)	(5,537,920)
Total capital assets, being depreciated, net	2,975,157	246,576	27,517	3,194,216
Governmental activities capital assets, net	\$ 4,832,072	\$7,544,139	\$ 27,517	\$12,348,694

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 96,580
Support services – administration	5,129
Operation and maintenance of plant services	113,511
Student transportation services	69,375
Operation of non-instructional services	3,393
Total depreciation expense – governmental activities	<u>\$ 287,988</u>

**Construction Commitments** – At year end, the District had contractual commitments related to the construction of various building and land improvements to the Mountain Vista Elementary School. At year end the District had spent \$8.9 million on the projects and had estimated remaining contractual commitments of \$3.4 million. These projects are funded with bond proceeds and Arizona School Facilities Board monies.

**NOTE 7 – 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. The District's legal debt limit is \$39.0 million and the available margin is \$27.1 million.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2022</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds:					
School Improvement Bonds,					
Project of 2019, Series A (2020)	\$ 11,410,000	3.00-5.00%	7/1/23-7/1/35	\$ 10,285,000	\$ 600,000

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

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 600,000	\$ 447,400
2024	615,000	429,400
2025	650,000	398,650
2026	680,000	366,150
2027	715,000	332,150
2028-32	4,120,000	1,113,100
2033-35	2,905,000	235,400
Total	<u>\$ 10,285,000</u>	<u>\$ 3,322,250</u>

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8— CHANGES IN LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 10,865,000	\$	\$ 580,000	\$10,285,000	\$ 600,000
Premium	<u>1,872,126</u>		<u>133,723</u>	<u>1,738,403</u>	
Total bonds payable	<u>12,737,126</u>		<u>713,723</u>	<u>12,023,403</u>	<u>600,000</u>
Net pension liability	<u>4,302,175</u>		<u>1,240,658</u>	<u>3,061,517</u>	
Compensated absences payable	<u>120,174</u>	<u>82,770</u>	<u>80,208</u>	<u>122,736</u>	<u>60,282</u>
Governmental activity long-term liabilities	<u>\$ 17,159,475</u>	<u>\$ 82,770</u>	<u>\$ 2,034,589</u>	<u>\$15,207,656</u>	<u>\$ 660,282</u>

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Due to/from other funds** – At year end, three governmental funds had negative cash balances totaling \$122,019 in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

**Interfund transfers** – Transfers between funds were used to (1) move investment income earned of \$42,023 in the Bond Building Fund, that is required by statute to be expended in the Debt Service Fund, and (2) to move federal grant funds of \$595 restricted for indirect costs.

**NOTE 10 – 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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 – 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 joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District's employees have health and accident insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT 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 ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District carries commercial insurance for all other risks of loss, including employee short term disability. Settled claims resulting from risks noted above have not exceeded commercial insurance coverage in any of the past three years.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 – PENSIONS**

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

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District’s financial statements.

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

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 – PENSIONS**

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

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 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 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2022 were \$360,589.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 for retirement and 0.09 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

**Pension Liability.** The net pension liability was measured as of June 30, 2021. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The District's proportion of the net liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 – PENSIONS**

At June 30, 2022, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2021, the District’s percentage proportion for each plan and the related change from its proportion measured as of June 30, 2020 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 3,061,517	0.023	(0.002)

**Pension Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2022 was \$203,490.

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,670	\$
Changes of assumptions or other inputs	398,481	
Net difference between projected and actual earnings on pension investments		969,996
Changes in proportion and differences between contributions and proportionate share of contributions	18,997	155,625
Contributions subsequent to the measurement date	360,589	
Total	\$ 824,737	\$ 1,125,621

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2023	\$	(50,648)
2024		(62,723)
2025		(213,834)
2026		(334,268)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 – PENSIONS**

**Actuarial Assumptions.** The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	4.90%
Credit	20	5.20
Interest rate sensitive bonds	10	0.70
Real estate	20	5.70
Total	<u>100%</u>	

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 – PENSIONS**

**Discount Rate.** The discount rate used to measure the total pension liability was 7.0 percent. The discount rate was lowered in the roll forward for the year June 30, 2021 from 7.5 percent, which was used for the actuarial assumptions at the valuation date. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 4,815,509	\$ 3,061,517	\$ 1,599,172

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**REQUIRED SUPPLEMENTARY INFORMATION**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 12,898	\$ 12,898
Property taxes			4,166,702	4,166,702
State aid and grants			1,623,892	1,623,892
<b>Total revenues</b>			<u>5,803,492</u>	<u>5,803,492</u>
<b>Expenditures:</b>				
Current -				
Instruction	4,656,247	4,435,090	3,718,901	716,189
Support services - students and staff	337,445	337,445	374,512	(37,067)
Support services - administration	543,583	543,583	595,489	(51,906)
Operation and maintenance of plant services	699,511	699,511	562,095	137,416
Student transportation services	622,415	680,415	435,079	245,336
Operation of non-instructional services			33,695	(33,695)
<b>Total expenditures</b>	<u>6,859,201</u>	<u>6,696,044</u>	<u>5,719,771</u>	<u>976,273</u>
<b>Changes in fund balances</b>	<u>(6,859,201)</u>	<u>(6,696,044)</u>	<u>83,721</u>	<u>6,779,765</u>
<b>Fund balances, beginning of year</b>			2,369,590	2,369,590
Increase (decrease) in reserve for inventory			(15,134)	(15,134)
<b>Fund balances (deficits), end of year</b>	<u>\$ (6,859,201)</u>	<u>\$ (6,696,044)</u>	<u>\$ 2,438,177</u>	<u>\$ 9,134,221</u>

See accompanying notes to this schedule.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
OTHER FEDERAL PROJECTS  
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 521,762	\$ 521,762
<b>Total revenues</b>			521,762	521,762
<b>Expenditures:</b>				
Current -				
Instruction			174,181	(174,181)
Support services - students and staff			9,677	(9,677)
Support services - administration			39,705	(39,705)
Operation and maintenance of plant services			22,056	(22,056)
Student transportation services			18,553	(18,553)
Operation of non-instructional services			28,380	(28,380)
Capital outlay	1,725,987	1,400,158	239,612	1,160,546
<b>Total expenditures</b>	1,725,987	1,400,158	532,164	867,994
<b>Excess (deficiency) of revenues over expenditures</b>	(1,725,987)	(1,400,158)	(10,402)	1,389,756
<b>Other financing sources (uses):</b>				
Transfers out			(282)	(282)
<b>Total other financing sources (uses)</b>			(282)	(282)
<b>Changes in fund balances</b>	(1,725,987)	(1,400,158)	(10,684)	1,389,474
<b>Fund balances (deficits), beginning of year</b>			(30,262)	(30,262)
<b>Fund balances (deficits), end of year</b>	\$ (1,725,987)	\$ (1,400,158)	\$ (40,946)	\$ 1,359,212

See accompanying notes to this schedule.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
EXTRACURRICULAR ACTIVITIES FEES TAX CREDIT  
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 179,335	\$ 179,335
<b>Total revenues</b>		<u>179,335</u>	<u>179,335</u>
<b>Expenditures:</b>			
Current -			
Instruction		53,290	(53,290)
Support services - students and staff		8,588	(8,588)
Student transportation services		3,790	(3,790)
Capital outlay	400,000	199,064	200,936
<b>Total expenditures</b>	<u>400,000</u>	<u>264,732</u>	<u>135,268</u>
<b>Changes in fund balances</b>	<u>(400,000)</u>	<u>(85,397)</u>	<u>314,603</u>
<b>Fund balances, beginning of year</b>		483,683	483,683
<b>Fund balances (deficits), end of year</b>	<u>\$ (400,000)</u>	<u>\$ 398,286</u>	<u>\$ 798,286</u>

See accompanying notes to this schedule.

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**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ARIZONA STATE RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the net pension (assets) liability	0.02%	0.02%	0.02%	0.03%
District's proportionate share of the net pension (assets) liability	\$ 3,061,517	\$ 4,302,175	\$ 3,553,394	\$ 3,440,597
District's covered payroll	\$ 2,577,983	\$ 2,704,498	\$ 2,539,097	\$ 2,449,303
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	118.76%	159.07%	139.95%	140.47%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%

**SCHEDULE OF PENSION CONTRIBUTIONS  
ARIZONA STATE RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 360,589	\$ 300,335	\$ 309,665	\$ 283,871
Contributions in relation to the actuarially determined contribution	<u>360,589</u>	<u>300,335</u>	<u>309,665</u>	<u>283,871</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 3,002,406	\$ 2,577,983	\$ 2,704,498	\$ 2,539,097
Contributions as a percentage of covered payroll	12.01%	11.65%	11.45%	11.18%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.03%	0.03%	0.02%	0.03%
\$ 4,273,059	\$ 4,238,628	\$ 3,842,976	\$ 3,810,195
\$ 2,674,035	\$ 2,462,203	\$ 2,268,145	\$ 2,321,121
159.80%	172.15%	169.43%	164.15%
69.92%	67.06%	68.35%	69.49%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 266,974	\$ 288,261	\$ 267,149	\$ 247,001
<u>266,974</u>	<u>288,261</u>	<u>267,149</u>	<u>247,001</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 2,449,303	\$ 2,674,035	\$ 2,462,203	\$ 2,268,145
10.90%	10.78%	10.85%	10.89%

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

The following schedule reconciles expenditures and fund balances at the end of year:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 5,700,081	\$ 2,689,348
Activity budgeted as special revenue funds	(8,867)	(85,990)
Employee insurance account	28,557	(165,181)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 5,719,771	\$ 2,438,177

**NOTE 2 – PENSION PLAN SCHEDULES**

**Actuarial Assumptions for Valuations Performed.** The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

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**GOVERNMENTAL FUNDS**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2022**

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 412,934	\$ 5,532	\$ 418,466
Due from governmental entities	31,864		31,864
Inventory	723		723
<b>Total assets</b>	<b>\$ 445,521</b>	<b>\$ 5,532</b>	<b>\$ 451,053</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 9,212	\$	\$ 9,212
Due to other funds	13,878		13,878
Unearned revenues	8,155		8,155
<b>Total liabilities</b>	<b>31,245</b>		<b>31,245</b>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	10,206		10,206
Fund balances (deficits):			
Nonspendable	723		723
Restricted	413,553	5,532	419,085
Unassigned	(10,206)		(10,206)
<b>Total fund balances</b>	<b>404,070</b>	<b>5,532</b>	<b>409,602</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 445,521</b>	 <b>\$ 5,532</b>	 <b>\$ 451,053</b>

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 83,284	\$ 514	\$ 83,798
State aid and grants	348,313		348,313
Federal aid, grants and reimbursements	636,476		636,476
<b>Total revenues</b>	<u>1,068,073</u>	<u>514</u>	<u>1,068,587</u>
<b>Expenditures:</b>			
Current -			
Instruction	532,341		532,341
Support services - students and staff	34,842		34,842
Support services - administration	1,099		1,099
Operation and maintenance of plant services	7,000		7,000
Student transportation services	27,296		27,296
Operation of non-instructional services	209,239		209,239
Capital outlay	88,116	675	88,791
<b>Total expenditures</b>	<u>899,933</u>	<u>675</u>	<u>900,608</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>168,140</u>	<u>(161)</u>	<u>167,979</u>
<b>Other financing sources (uses):</b>			
Transfers out	(313)		(313)
<b>Total other financing sources (uses)</b>	<u>(313)</u>		<u>(313)</u>
<b>Changes in fund balances</b>	<u>167,827</u>	<u>(161)</u>	<u>167,666</u>
<b>Fund balances, beginning of year</b>	240,204	5,693	245,897
Increase (decrease) in reserve for inventory	(3,961)		(3,961)
<b>Fund balances, end of year</b>	<u>\$ 404,070</u>	<u>\$ 5,532</u>	<u>\$ 409,602</u>

## SPECIAL REVENUE FUNDS

**Classroom Site** - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

**Instructional Improvement** - to account for the activity of monies received from gaming revenue.

**Title I Grants** - to account for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

**Professional Development and Technology Grants** - to account for financial assistance received to increase student academic achievement through improving teacher quality.

**Title IV Grants** - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

**Special Education Grants** - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

**Medicaid Reimbursement** - to account for reimbursements related to specific health services provided to eligible students.

**Taylor Grazing Fees** - to account for financial assistance received for the purpose of protecting public lands by preventing over-grazing and soil deterioration and to provide for orderly use, improvement and development, and stabilization of the livestock industry.

**Rural Assistance** - to account for state assistance received to assist homeless or special needs pupils.

**Other State Projects** - to account for financial assistance received for other State projects.

**School Plant** - to account for proceeds from the sale or lease of school property.

**Food Service** - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

**Civic Center** - to account for monies received from the rental of school facilities for civic activities.

**Community School** - to account for activity related to academic and skill development for all citizens.

**Auxiliary Operations** - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

**Gifts and Donations** - to account for activity related to gifts, donations, bequests and private grants made to the District.

**Fingerprint** - to account for activity of fingerprinting employees as mandated by the State.

**Insurance Proceeds** - to account for the monies received from insurance claims.

**Textbooks** - to account for monies received from students to replace or repair lost or damaged textbooks.

**Litigation Recovery** - to account for monies received for and derived from litigation.

**Indirect Costs** - to account for monies received from federal projects for administrative costs.

**Intergovernmental Agreements** - to account for the financial activities relating to agreements with other governments not required to be accounted for elsewhere.

**Student Activities** - to account for monies raised by students to finance student clubs and organizations.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022**

	Classroom Site	Instructional Improvement	Title I Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 190,084	\$ 93,745	\$ 1,479
Due from governmental entities		5,713	
Inventory			
<b>Total assets</b>	<b>\$ 190,084</b>	<b>\$ 99,458</b>	<b>\$ 1,479</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Unearned revenues			1,479
<b>Total liabilities</b>			1,479
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	190,084	99,458	
Unassigned			
<b>Total fund balances</b>	<b>190,084</b>	<b>99,458</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 190,084</b>	<b>\$ 99,458</b>	<b>\$ 1,479</b>

<u>Professional Development and Technology Grants</u>	<u>Special Education Grants</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>
\$ 6,061	\$ 15,527	\$ 3,373	\$ 24,525 7,251 723	\$ 5,153	\$ 12,619
<u>\$ 6,061</u>	<u>\$ 15,527</u>	<u>\$ 3,373</u>	<u>\$ 32,499</u>	<u>\$ 5,153</u>	<u>\$ 12,619</u>
\$ 6,061	\$ 2,907 12,620	\$ 1,500 1,258 615	\$ 4,805	\$	\$
<u>6,061</u>	<u>15,527</u>	<u>3,373</u>	<u>4,805</u>		
	<u>6,833</u>	<u>3,373</u>			
	(6,833)	(3,373)	723 26,971	5,153	12,619
	<u>(6,833)</u>	<u>(3,373)</u>	<u>27,694</u>	<u>5,153</u>	<u>12,619</u>
<u>\$ 6,061</u>	<u>\$ 15,527</u>	<u>\$ 3,373</u>	<u>\$ 32,499</u>	<u>\$ 5,153</u>	<u>\$ 12,619</u>

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022**

	Gifts and Donations	Fingerprint	Textbooks
<b><u>ASSETS</u></b>			
Cash and investments	\$ 67,657	\$ 29	\$ 923
Due from governmental entities			
Inventory			
<b>Total assets</b>	<b>\$ 67,657</b>	<b>\$ 29</b>	<b>\$ 923</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Unearned revenues			
<b>Total liabilities</b>			
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	67,657	29	923
Unassigned			
<b>Total fund balances</b>	<b>67,657</b>	<b>29</b>	<b>923</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 67,657</b>	<b>\$ 29</b>	<b>\$ 923</b>

<u>Intergovernmental Agreements</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 3,218	\$ 7,441	\$ 412,934
		31,864
		723
<u>\$ 3,218</u>	<u>\$ 7,441</u>	<u>\$ 445,521</u>
\$	\$	\$ 9,212
		13,878
		8,155
		<u>31,245</u>
		<u>10,206</u>
3,218	7,441	723
		413,553
		(10,206)
<u>3,218</u>	<u>7,441</u>	<u>404,070</u>
<u>\$ 3,218</u>	<u>\$ 7,441</u>	<u>\$ 445,521</u>

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Classroom Site	Instructional Improvement	Title I Grants
<b>Revenues:</b>			
Other local	\$ 616	\$ 405	\$
State aid and grants	323,310	18,787	
Federal aid, grants and reimbursements			151,619
<b>Total revenues</b>	323,926	19,192	151,619
<b>Expenditures:</b>			
Current -			
Instruction	189,528	8,884	149,871
Support services - students and staff			1,562
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	189,528	8,884	151,433
<b>Excess (deficiency) of revenues over expenditures</b>	134,398	10,308	186
<b>Other financing sources (uses):</b>			
Transfers out			(186)
<b>Total other financing sources (uses)</b>			(186)
<b>Changes in fund balances</b>	134,398	10,308	
<b>Fund balances, beginning of year</b>	55,686	89,150	
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ 190,084	\$ 99,458	\$

Professional Development and Technology Grants	Title IV Grants	Special Education Grants	Other State Projects	Food Service	Civic Center
\$	\$	\$	\$	\$	\$
			6,216	7	520
19,902	13	141,808		323,134	
<u>19,902</u>	<u>13</u>	<u>141,808</u>	<u>6,216</u>	<u>323,141</u>	<u>520</u>
19,040		121,250	5,943		
843			3,646		
		27,296		204,261	
				88,116	
<u>19,883</u>		<u>148,546</u>	<u>9,589</u>	<u>292,377</u>	
19	13	(6,738)	(3,373)	30,764	520
(19)	(13)	(95)			
<u>(19)</u>	<u>(13)</u>	<u>(95)</u>			
		(6,833)	(3,373)	30,764	520
				891	4,633
				(3,961)	
<u>\$</u>	<u>\$</u>	<u>\$ (6,833)</u>	<u>\$ (3,373)</u>	<u>\$ 27,694</u>	<u>\$ 5,153</u>

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Community School	Gifts and Donations	Fingerprint
<b>Revenues:</b>			
Other local	\$ 7,091	\$ 62,767	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	7,091	62,767	
<b>Expenditures:</b>			
Current -			
Instruction		56,465	
Support services - students and staff		1,007	
Support services - administration		256	
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	4,978		
Capital outlay			
<b>Total expenditures</b>	4,978	57,728	
<b>Excess (deficiency) of revenues over expenditures</b>	2,113	5,039	
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	2,113	5,039	
<b>Fund balances, beginning of year</b>	10,506	62,618	29
Increase (decrease) in reserve for inventory			
<b>Fund balances, end of year</b>	\$ 12,619	\$ 67,657	\$ 29

<u>Textbooks</u>	<u>Intergovernmental Agreements</u>	<u>Student Activities</u>	<u>Totals</u>
\$	\$	\$ 11,878	\$ 83,284
			348,313
			636,476
		<u>11,878</u>	<u>1,068,073</u>
		400	532,341
		9,587	34,842
			1,099
		7,000	7,000
			27,296
			209,239
			88,116
		<u>16,987</u>	<u>899,933</u>
		<u>(5,109)</u>	<u>168,140</u>
			<u>(313)</u>
			<u>(313)</u>
		<u>(5,109)</u>	<u>167,827</u>
923	3,218	12,550	240,204
			(3,961)
<u>\$ 923</u>	<u>\$ 3,218</u>	<u>\$ 7,441</u>	<u>\$ 404,070</u>

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 616	\$ 616
State aid and grants		323,310	323,310
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>323,926</u>	<u>323,926</u>
<b>Expenditures:</b>			
Current -			
Instruction	471,267	189,528	281,739
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>471,267</u>	<u>189,528</u>	<u>281,739</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(471,267)</u>	<u>134,398</u>	<u>605,665</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(471,267)</u>	<u>134,398</u>	<u>605,665</u>
<b>Fund balances, beginning of year</b>		55,686	55,686
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (471,267)</u>	<u>\$ 190,084</u>	<u>\$ 661,351</u>

Instructional Improvement			Title I Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 405	\$ 405	\$	\$	\$
	18,787	18,787			
	19,192	19,192		151,619	151,619
				151,619	151,619
95,000	8,884	86,116	160,176	149,871	10,305
				1,562	(1,562)
95,000	8,884	86,116	160,176	151,433	8,743
(95,000)	10,308	105,308	(160,176)	186	160,362
				(186)	(186)
				(186)	(186)
(95,000)	10,308	105,308	(160,176)		160,176
	89,150	89,150			
\$ (95,000)	\$ 99,458	\$ 194,458	\$ (160,176)	\$	\$ 160,176

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		19,902	19,902
<b>Total revenues</b>		19,902	19,902
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	23,938	19,040	4,898
Support services - administration		843	(843)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	23,938	19,883	4,055
<b>Excess (deficiency) of revenues over expenditures</b>	(23,938)	19	23,957
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out		(19)	(19)
<b>Total other financing sources (uses)</b>		(19)	(19)
<b>Changes in fund balances</b>	(23,938)		23,938
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (23,938)	\$	\$ 23,938

Title IV Grants			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	13	13		141,808	141,808
	13	13		141,808	141,808
			187,377	121,250	66,127
				27,296	(27,296)
			187,377	148,546	38,831
	13	13	(187,377)	(6,738)	180,639
	(13)	(13)		(95)	(95)
	(13)	(13)		(95)	(95)
			(187,377)	(6,833)	180,544
\$	\$	\$	\$ (187,377)	\$ (6,833)	\$ 180,544

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		2	2
Federal aid, grants and reimbursements		25,954	25,954
<b>Total revenues</b>		25,956	25,956
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration	87,000	781	86,219
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	87,000	781	86,219
<b>Excess (deficiency) of revenues over expenditures</b>	(87,000)	25,175	112,175
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(87,000)	25,175	112,175
<b>Fund balances, beginning of year</b>		14,904	14,904
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (87,000)	\$ 40,079	\$ 127,079

Taylor Grazing Fees			Rural Assistance		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1	\$ 1	\$	\$	\$
	236	236			
	237	237			
				244	(244)
				244	(244)
	237	237		(244)	(244)
	237	237		(244)	(244)
	1,293	1,293		5,932	5,932
\$	\$ 1,530	\$ 1,530	\$	\$ 5,688	\$ 5,688

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Other State Projects		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		6,216	6,216
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<b>68,222</b>	<b>9,589</b>	<b>58,633</b>
<b>Expenditures:</b>			
Current -			
Instruction	68,222	5,943	62,279
Support services - students and staff		3,646	(3,646)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<b>68,222</b>	<b>9,589</b>	<b>58,633</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(68,222)</b>	<b>(3,373)</b>	<b>64,849</b>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<b>(68,222)</b>	<b>(3,373)</b>	<b>64,849</b>
<b>Fund balances, beginning of year</b>			
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<b>\$ (68,222)</b>	<b>\$ (3,373)</b>	<b>\$ 64,849</b>

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 8	\$ 8	\$	\$ 7	\$ 7
				323,134	323,134
	8	8		323,141	323,141
2,000		2,000			
			200,909	204,261	(3,352)
				88,116	(88,116)
2,000		2,000	200,909	292,377	(91,468)
(2,000)	8	2,008	(200,909)	30,764	231,673
(2,000)	8	2,008	(200,909)	30,764	231,673
	1,755	1,755		891	891
				(3,961)	(3,961)
\$ (2,000)	\$ 1,763	\$ 3,763	\$ (200,909)	\$ 27,694	\$ 228,603

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Civic Center		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 520	\$ 520
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>520</u>	<u>520</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	10,000		10,000
Capital outlay			
<b>Total expenditures</b>	<u>10,000</u>		<u>10,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(10,000)</u>	<u>520</u>	<u>10,520</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(10,000)</u>	<u>520</u>	<u>10,520</u>
<b>Fund balances, beginning of year</b>		4,633	4,633
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (10,000)</u>	<u>\$ 5,153</u>	<u>\$ 15,153</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 7,091	\$ 7,091	\$	\$ 9,146	\$ 9,146
	<u>7,091</u>	<u>7,091</u>		<u>9,146</u>	<u>9,146</u>
				1,186	(1,186)
				200	(200)
15,000	4,978	10,022	15,000	6,366	8,634
<u>15,000</u>	<u>4,978</u>	<u>10,022</u>	<u>15,000</u>	<u>7,752</u>	<u>7,248</u>
<u>(15,000)</u>	<u>2,113</u>	<u>17,113</u>	<u>(15,000)</u>	<u>1,394</u>	<u>16,394</u>
<u>(15,000)</u>	<u>2,113</u>	<u>17,113</u>	<u>(15,000)</u>	<u>1,394</u>	<u>16,394</u>
	10,506	10,506		15,348	15,348
<u>\$ (15,000)</u>	<u>\$ 12,619</u>	<u>\$ 27,619</u>	<u>\$ (15,000)</u>	<u>\$ 16,742</u>	<u>\$ 31,742</u>

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 62,767	\$ 62,767
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>62,767</u>	<u>62,767</u>
<b>Expenditures:</b>			
Current -			
Instruction	75,362	56,465	18,897
Support services - students and staff		1,007	(1,007)
Support services - administration		256	(256)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	<u>75,362</u>	<u>57,728</u>	<u>17,634</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(75,362)</u>	<u>5,039</u>	<u>80,401</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	<u>(75,362)</u>	<u>5,039</u>	<u>80,401</u>
<b>Fund balances, beginning of year</b>		62,618	62,618
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	<u>\$ (75,362)</u>	<u>\$ 67,657</u>	<u>\$ 143,019</u>

Fingerprint			Insurance Proceeds		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 67	\$ 67
				67	67
50		50	30,000		30,000
50		50	30,000		30,000
(50)		50	(30,000)	67	30,067
(50)		50	(30,000)	67	30,067
	29	29		15,568	15,568
\$ (50)	\$ 29	\$ 79	\$ (30,000)	\$ 15,635	\$ 45,635

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current -			
Instruction	1,500		1,500
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>	1,500		1,500
<b>Excess (deficiency) of revenues over expenditures</b>	(1,500)		1,500
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(1,500)		1,500
<b>Fund balances, beginning of year</b>		923	923
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$ (1,500)	\$ 923	\$ 2,423

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
			5,000	90	4,910
			5,000	90	4,910
			(5,000)	(90)	4,910
				595	595
				595	595
			(5,000)	505	5,505
	1,717	1,717		2,331	2,331
\$	\$ 1,717	\$ 1,717	\$ (5,000)	\$ 2,836	\$ 7,836

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Intergovernmental Agreements		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>			
<b>Fund balances, beginning of year</b>		3,218	3,218
Increase (decrease) in reserve for inventory			
<b>Fund balances (deficits), end of year</b>	\$	\$ 3,218	\$ 3,218

Student Activities			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 11,878	\$ 11,878	\$	\$ 92,508	\$ 92,508
				348,313	348,313
				662,666	662,666
	<u>11,878</u>	<u>11,878</u>		<u>1,103,487</u>	<u>1,103,487</u>
	400	(400)	1,088,954	533,527	555,427
20,000	9,587	10,413	43,938	35,286	8,652
	7,000	(7,000)	92,000	1,970	90,030
			2,000	7,000	(5,000)
				27,296	(27,296)
			225,909	209,239	16,670
			15,000	94,482	(79,482)
<u>20,000</u>	<u>16,987</u>	<u>3,013</u>	<u>1,467,801</u>	<u>908,800</u>	<u>559,001</u>
<u>(20,000)</u>	<u>(5,109)</u>	<u>14,891</u>	<u>(1,467,801)</u>	<u>194,687</u>	<u>1,662,488</u>
				595	595
				(313)	(313)
				282	282
<u>(20,000)</u>	<u>(5,109)</u>	<u>14,891</u>	<u>(1,467,801)</u>	<u>194,969</u>	<u>1,662,770</u>
	12,550	12,550		299,052	299,052
				(3,961)	(3,961)
<u>\$ (20,000)</u>	<u>\$ 7,441</u>	<u>\$ 27,441</u>	<u>\$ (1,467,801)</u>	<u>\$ 490,060</u>	<u>\$ 1,957,861</u>

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## **DEBT SERVICE FUND**

**Debt Service** - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICE  
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 664	\$ 664
Property taxes		987,098	987,098
<b>Total revenues</b>		<u>987,762</u>	<u>987,762</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	580,000	580,000	
Interest and fiscal charges	464,861	465,050	(189)
<b>Total expenditures</b>	<u>1,044,861</u>	<u>1,045,050</u>	<u>(189)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,044,861)</u>	<u>(57,288)</u>	<u>987,573</u>
<b>Other financing sources (uses):</b>			
Transfers in		42,023	42,023
<b>Total other financing sources (uses)</b>		<u>42,023</u>	<u>42,023</u>
<b>Changes in fund balances</b>	<u>(1,044,861)</u>	<u>(15,265)</u>	<u>1,029,596</u>
<b>Fund balances, beginning of year</b>		124,269	124,269
<b>Fund balances (deficits), end of year</b>	<u>\$ (1,044,861)</u>	<u>\$ 109,004</u>	<u>\$ 1,153,865</u>

## CAPITAL PROJECTS FUNDS

**Unrestricted Capital Outlay** - to account for transactions relating to the acquisition of capital items.

**Adjacent Ways** - to account for monies received to finance improvements of public ways adjacent to school property.

**Bond Building** - to account for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

**Gifts and Donations - Capital** - to account for gifts and donations to be expended for capital acquisitions.

**Emergency Deficiencies Correction** - to account for monies received from the School Facilities Board to correct emergency deficiencies.

**Building Renewal Grant** - to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

**New School Facilities** - to account for monies received from the School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2022**

	Adjacent Ways	Gifts and Donations - Capital	Emergency Deficiencies Correction
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,681	\$ 706	\$ 90
<b>Total assets</b>	<b>\$ 1,681</b>	<b>\$ 706</b>	<b>\$ 90</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Fund balances:			
Restricted	\$ 1,681	\$ 706	\$ 90
<b>Total fund balances</b>	<b>1,681</b>	<b>706</b>	<b>90</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,681</b>	<b>\$ 706</b>	<b>\$ 90</b>

Building Renewal Grant	New School Facilities	Totals
\$ 295	\$ 2,760	\$ 5,532
<u>\$ 295</u>	<u>\$ 2,760</u>	<u>\$ 5,532</u>
 \$ 295	 \$ 2,760	 \$ 5,532
<u>295</u>	<u>2,760</u>	<u>5,532</u>
 \$ 295	 \$ 2,760	 \$ 5,532
<u>295</u>	<u>2,760</u>	<u>5,532</u>

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Adjacent Ways	Gifts and Donations - Capital	Emergency Deficiencies Correction
<b>Revenues:</b>			
Other local	\$           2	\$           500	\$
<b>Total revenues</b>	2	500	
<b>Expenditures:</b>			
Capital outlay		675	
<b>Total expenditures</b>		675	
<b>Changes in fund balances</b>	2	(175)	
<b>Fund balances, beginning of year</b>	1,679	881	90
<b>Fund balances, end of year</b>	\$       1,681	\$           706	\$            90

Building Renewal Grant	New School Facilities	Totals
\$	\$ 12	\$ 514
	12	514
		675
		675
	12	(161)
295	2,748	5,693
\$ 295	\$ 2,760	\$ 5,532

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 7,533	\$ 7,533
Property taxes		196,815	196,815
State aid and grants		101,817	101,817
<b>Total revenues</b>		306,165	306,165
<b>Expenditures:</b>			
Capital outlay	817,557	266,179	551,378
<b>Total expenditures</b>	817,557	266,179	551,378
<b>Excess (deficiency) of revenues over expenditures</b>	(817,557)	39,986	857,543
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(817,557)	39,986	857,543
<b>Fund balances, beginning of year</b>		1,517,149	1,517,149
<b>Fund balances (deficits), end of year</b>	\$ (817,557)	\$ 1,557,135	\$ 2,374,692

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2	\$ 2	\$	\$ 42,023	\$ 42,023
	<u>2</u>	<u>2</u>		<u>42,023</u>	<u>42,023</u>
1,700		1,700	13,227,540	7,368,026	5,859,514
<u>1,700</u>		<u>1,700</u>	<u>13,227,540</u>	<u>7,368,026</u>	<u>5,859,514</u>
(1,700)	2	1,702	(13,227,540)	(7,326,003)	5,901,537
				(42,023)	(42,023)
				<u>(42,023)</u>	<u>(42,023)</u>
(1,700)	2	1,702	(13,227,540)	(7,368,026)	5,859,514
	1,679	1,679		10,981,776	10,981,776
<u>\$ (1,700)</u>	<u>\$ 1,681</u>	<u>\$ 3,381</u>	<u>\$ (13,227,540)</u>	<u>\$ 3,613,750</u>	<u>\$ 16,841,290</u>

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**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Gifts and Donations - Capital		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 500	\$ 500
Property taxes			
State aid and grants			
<b>Total revenues</b>		500	500
<b>Expenditures:</b>			
Capital outlay	10,000	675	9,325
<b>Total expenditures</b>	10,000	675	9,325
<b>Excess (deficiency) of revenues over expenditures</b>	(10,000)	(175)	9,825
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(10,000)	(175)	9,825
<b>Fund balances, beginning of year</b>		881	881
<b>Fund balances (deficits), end of year</b>	\$ (10,000)	\$ 706	\$ 10,706

Emergency Deficiencies Correction			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
100		100	311,990		311,990
100		100	311,990		311,990
(100)		100	(311,990)		311,990
(100)		100	(311,990)		311,990
	90	90		295	295
\$ (100)	\$ 90	\$ 190	\$ (311,990)	\$ 295	\$ 312,285

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	New School Facilities		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 12	\$ 12
Property taxes			
State aid and grants			
<b>Total revenues</b>		12	12
<b>Expenditures:</b>			
Capital outlay	2,800		2,800
<b>Total expenditures</b>	2,800		2,800
<b>Excess (deficiency) of revenues over expenditures</b>	(2,800)	12	2,812
<b>Other financing sources (uses):</b>			
Transfers out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>	(2,800)	12	2,812
<b>Fund balances, beginning of year</b>		2,748	2,748
<b>Fund balances (deficits), end of year</b>	\$ (2,800)	\$ 2,760	\$ 5,560

Totals

Budget	Actual	Variance - Positive (Negative)
\$	\$ 50,070	\$ 50,070
	196,815	196,815
	101,817	101,817
	<u>348,702</u>	<u>348,702</u>
<u>14,371,687</u>	<u>7,634,880</u>	<u>6,736,807</u>
<u>14,371,687</u>	<u>7,634,880</u>	<u>6,736,807</u>
<u>(14,371,687)</u>	<u>(7,286,178)</u>	<u>7,085,509</u>
	<u>(42,023)</u>	<u>(42,023)</u>
	<u>(42,023)</u>	<u>(42,023)</u>
<u>(14,371,687)</u>	<u>(7,328,201)</u>	<u>7,043,486</u>
	12,504,618	12,504,618
<u>\$ (14,371,687)</u>	<u>\$ 5,176,417</u>	<u>\$ 19,548,104</u>

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## STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

### **Financial Trends**

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

### **Debt Capacity**

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

### **Demographic and Economic Information**

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

### **Operating Information**

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

**Note:** For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 3,939,041	\$ 3,076,722	\$ 2,701,831	\$ 2,632,893	\$ 2,699,759
Restricted	2,491,869	2,380,418	1,986,870	1,882,018	1,689,309
Unrestricted	<u>(758,410)</u>	<u>(1,053,386)</u>	<u>(1,882,652)</u>	<u>(2,405,714)</u>	<u>(2,083,648)</u>
Total net position	<u><u>\$ 5,672,500</u></u>	<u><u>\$ 4,403,754</u></u>	<u><u>\$ 2,806,049</u></u>	<u><u>\$ 2,109,197</u></u>	<u><u>\$ 2,305,420</u></u>
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 2,935,439	\$ 3,030,486	\$ 3,079,051	\$ 3,187,951	\$ 3,358,427
Restricted	1,674,173	1,631,909	1,951,559	1,853,097	1,565,013
Unrestricted	<u>(2,173,107)</u>	<u>(2,239,186)</u>	<u>(3,056,010)</u>	<u>1,445,627</u>	<u>818,800</u>
Total net position	<u><u>\$ 2,436,505</u></u>	<u><u>\$ 2,423,209</u></u>	<u><u>\$ 1,974,600</u></u>	<u><u>\$ 6,486,675</u></u>	<u><u>\$ 5,742,240</u></u>

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

**Note:** Negative unrestricted net position was due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 in fiscal year 2014-15.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Expenses</b>					
Instruction	\$ 4,670,555	\$ 4,295,086	\$ 4,908,999	\$ 4,646,757	\$ 4,099,904
Support services - students and staff	416,980	404,362	433,314	313,922	330,032
Support services - administration	660,163	644,764	620,992	609,852	560,523
Operation and maintenance of plant services	739,403	782,677	654,491	627,477	606,859
Student transportation services	605,803	398,057	484,624	562,659	505,417
Operation of non-instructional services	286,822	212,983	221,992	201,451	201,194
Interest on long-term debt	331,327	386,458	15,769	11,205	
Total expenses	<u>7,711,053</u>	<u>7,124,387</u>	<u>7,340,181</u>	<u>6,973,323</u>	<u>6,303,929</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	20,380	7,573	27,277	11,909	11,805
Operation of non-instructional services	2	465	32,994	36,421	31,145
Other activities	500		1,724	1,716	1,686
Operating grants and contributions	1,194,340	930,835	855,535	737,140	607,322
Capital grants and contributions	239,612	351,794	236,310	121,642	3,950
Total program revenues	<u>1,454,834</u>	<u>1,290,667</u>	<u>1,153,840</u>	<u>908,828</u>	<u>655,908</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (6,256,219)</u>	<u>\$ (5,833,720)</u>	<u>\$ (6,186,341)</u>	<u>\$ (6,064,495)</u>	<u>\$ (5,648,021)</u>

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenses</b>					
Instruction	\$ 4,114,306	\$ 3,767,211	\$ 3,717,603	\$ 3,734,158	\$ 3,962,591
Support services - students and staff	450,372	404,659	392,463	380,520	497,162
Support services - administration	513,263	467,263	519,496	523,408	789,263
Operation and maintenance of plant services	594,600	616,176	664,291	572,430	568,413
Student transportation services	439,744	399,981	456,018	423,383	514,520
Operation of non-instructional services	212,105	217,272	206,457	239,067	258,387
Interest on long-term debt					
Total expenses	<u>6,324,390</u>	<u>5,872,562</u>	<u>5,956,328</u>	<u>5,872,966</u>	<u>6,590,336</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	16,899	31,181	38,164	36,466	62,696
Operation of non-instructional services	33,248	38,224	39,921	37,695	44,273
Other activities	3,015	1,966	518	1,237	1,272
Operating grants and contributions	672,005	669,491	679,892	728,094	655,963
Capital grants and contributions	141,472	14,876	20,511		65,433
Total program revenues	<u>866,639</u>	<u>755,738</u>	<u>779,006</u>	<u>803,492</u>	<u>829,637</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (5,457,751)</u>	<u>\$ (5,116,824)</u>	<u>\$ (5,177,322)</u>	<u>\$ (5,069,474)</u>	<u>\$ (5,760,699)</u>

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

**(Concluded)**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Net (Expense)/Revenue</b>	\$ (6,256,219)	\$ (5,833,720)	\$ (6,186,341)	\$ (6,064,495)	\$ (5,648,021)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	4,179,062	4,143,295	4,419,693	3,661,290	3,658,769
Property taxes, levied for debt service	988,891	1,115,895			
Property taxes, levied for capital outlay	197,031	176,015	214,097	378,116	117,136
Investment income	65,985	82,570	69,857	65,449	50,333
Unrestricted county aid		174	435		
Unrestricted state aid	2,067,806	1,899,091	2,027,535	1,743,954	1,664,201
Unrestricted federal aid	26,190	14,385	28,207	19,463	25,776
<b>Total general revenues</b>	<b>7,524,965</b>	<b>7,431,425</b>	<b>6,759,824</b>	<b>5,868,272</b>	<b>5,516,215</b>
<b>Changes in Net Position</b>	<b>\$ 1,268,746</b>	<b>\$ 1,597,705</b>	<b>\$ 573,483</b>	<b>\$ (196,223)</b>	<b>\$ (131,806)</b>

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Net (Expense)/Revenue</b>	\$ (5,457,751)	\$ (5,116,824)	\$ (5,177,322)	\$ (5,069,474)	\$ (5,760,699)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes	3,539,518	3,880,126	3,610,526	3,558,935	3,613,873
Property taxes, levied for capital outlay	211,105	743	183,394	327,234	378,855
Investment income	33,644	28,618	15,439	8,909	7,124
Unrestricted state aid	1,668,546	1,638,810	1,870,146	1,913,423	1,777,297
Unrestricted federal aid	18,234	17,136	8,335	5,408	5,482
<b>Total general revenues</b>	<u>5,471,047</u>	<u>5,565,433</u>	<u>5,687,840</u>	<u>5,813,909</u>	<u>5,782,631</u>
<b>Changes in Net Position</b>	<u>\$ 13,296</u>	<u>\$ 448,609</u>	<u>\$ 510,518</u>	<u>\$ 744,435</u>	<u>\$ 21,932</u>

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

**(Concluded)**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
General Fund:					
Nonspendable	\$ 38,291	\$ 53,425	\$	\$	\$
Unassigned	2,651,057	2,511,637	2,070,706	1,232,997	1,816,850
Total General Fund	\$ 2,689,348	\$ 2,565,062	\$ 2,070,706	\$ 1,232,997	\$ 1,816,850
All Other Governmental Funds:					
Nonspendable	\$ 723	\$ 4,684	\$	\$	\$
Restricted	6,097,260	13,351,883	15,066,187	1,878,652	1,688,913
Unassigned	(51,152)	(34,055)	(2,712)	(4,032)	(7,113)
Total all other governmental funds	\$ 6,046,831	\$ 13,322,512	\$ 15,063,475	\$ 1,874,620	\$ 1,681,800

**(Continued)**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Nonspendable	\$	\$	\$ 18,069	\$	\$
Unassigned	1,871,286	2,137,106	1,712,118	1,484,411	874,501
Total General Fund	<u>\$ 1,871,286</u>	<u>\$ 2,137,106</u>	<u>\$ 1,730,187</u>	<u>\$ 1,484,411</u>	<u>\$ 874,501</u>
All Other Governmental Funds:					
Restricted	\$ 1,666,254	\$ 1,631,909	\$ 1,949,590	\$ 1,847,879	\$ 1,558,941
Total all other governmental funds	<u>\$ 1,666,254</u>	<u>\$ 1,631,909</u>	<u>\$ 1,949,590</u>	<u>\$ 1,847,879</u>	<u>\$ 1,558,941</u>

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

**(Concluded)**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Federal sources:</b>					
Federal grants	\$ 861,294	\$ 570,646	\$ 416,793	\$ 483,367	\$ 236,563
National School Lunch Program	323,134	149,014	161,884	150,777	136,562
Total federal sources	1,184,428	719,660	578,677	634,144	373,125
<b>State sources:</b>					
State equalization assistance	1,725,709	1,695,287	1,768,500	1,550,480	1,456,042
State grants	348,313	203,804	272,194	28,686	24,239
School Facilities Board		281,630			3,950
Other revenues		60,867	259,035	193,474	201,791
Total state sources	2,074,022	2,241,588	2,299,729	1,772,640	1,686,022
<b>Local sources:</b>					
Property taxes	5,350,615	5,440,236	4,634,169	4,028,610	3,782,939
County aid		174	435		
Food service sales	2	465	25,781	29,472	31,145
Investment income	65,985	82,570	69,857	65,449	50,333
Other revenues	269,488	214,880	291,723	239,070	254,337
Total local sources	5,686,090	5,738,325	5,021,965	4,362,601	4,118,754
<b>Total revenues</b>	\$ 8,944,540	\$ 8,699,573	\$ 7,900,371	\$ 6,769,385	\$ 6,177,901

**(Continued)**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
GOVERNMENTAL FUNDS REVENUES  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Federal sources:</b>					
Federal grants	\$ 293,827	\$ 306,500	\$ 338,599	\$ 388,503	\$ 353,072
National School Lunch Program	147,165	183,183	173,868	173,189	169,692
Total federal sources	<u>440,992</u>	<u>489,683</u>	<u>512,467</u>	<u>561,692</u>	<u>522,764</u>
<b>State sources:</b>					
State equalization assistance	1,476,662	1,442,965	1,695,595	1,724,424	1,644,367
State grants	39,440	9,082	8,809	11,459	4,876
School Facilities Board	125,730				65,433
Other revenues	191,883	195,845	174,551	188,999	132,930
Total state sources	<u>1,833,715</u>	<u>1,647,892</u>	<u>1,878,955</u>	<u>1,924,882</u>	<u>1,847,606</u>
<b>Local sources:</b>					
Property taxes	3,750,537	3,886,996	3,812,883	3,892,305	4,000,207
Food service sales	27,805	38,224	39,921	37,695	44,273
Investment income	33,644	28,618	15,439	8,909	7,124
Other revenues	245,050	235,885	226,144	198,054	197,773
Total local sources	<u>4,057,036</u>	<u>4,189,723</u>	<u>4,094,387</u>	<u>4,136,963</u>	<u>4,249,377</u>
<b>Total revenues</b>	<u>\$ 6,331,743</u>	<u>\$ 6,327,298</u>	<u>\$ 6,485,809</u>	<u>\$ 6,623,537</u>	<u>\$ 6,619,747</u>

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

**(Concluded)**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 4,479,899	\$ 4,081,782	\$ 4,418,346	\$ 4,540,601	\$ 3,993,595
Support services - students and staff	428,063	404,265	420,742	317,563	340,350
Support services - administration	608,607	590,999	555,902	600,993	547,817
Operation and maintenance of plant services	591,151	710,587	528,983	516,408	514,694
Student transportation services	484,718	309,036	402,066	489,085	451,243
Operation of non-instructional services	271,314	208,336	210,253	195,643	199,493
Capital outlay	8,168,038	2,305,563	558,450	424,147	622,198
Debt service -					
Interest and fiscal charges	465,050	520,181	15,769	11,205	
Principal retirement	580,000	873,540	59,286	64,773	77,760
Bond issuance costs			258,220		
<b>Total expenditures</b>	<u>\$ 16,076,840</u>	<u>\$ 10,004,289</u>	<u>\$ 7,428,017</u>	<u>\$ 7,160,418</u>	<u>\$ 6,747,150</u>
Expenditures for capitalized assets	\$ 7,832,127	\$ 2,080,724	\$ 278,219	\$ 130,265	\$ 490,871
Debt service as a percentage of noncapital expenditures	13%	18%	1%	1%	1%

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 4,018,327	\$ 3,741,780	\$ 3,658,708	\$ 3,455,342	\$ 3,611,327
Support services - students and staff	443,454	403,613	408,736	355,023	453,389
Support services - administration	522,872	492,429	541,823	501,849	774,467
Operation and maintenance of plant services	517,124	547,145	601,329	512,069	510,170
Student transportation services	408,946	375,284	429,830	363,681	418,276
Operation of non-instructional services	216,101	223,465	211,629	233,308	254,170
Capital outlay	436,394	436,275	304,336	303,417	322,608
<b>Total expenditures</b>	<u>\$ 6,563,218</u>	<u>\$ 6,219,991</u>	<u>\$ 6,156,391</u>	<u>\$ 5,724,689</u>	<u>\$ 6,344,407</u>
Expenditures for capitalized assets	\$ 178,043	\$ 218,868	\$ 170,216	\$ 92,336	\$ 176,491
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%

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

**(Concluded)**

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (7,132,300)	\$ (1,304,716)	\$ 472,354	\$ (391,033)	\$ (569,249)
<b>Other financing sources (uses):</b>					
Issuance of school improvement bonds			11,410,000		
Insurance recoveries			14,992		
Premium on sale of bonds			2,005,849		
Transfers in	42,618	58,414	1,135	334	231
Transfers out	(42,618)	(58,414)	(1,135)	(334)	(231)
Total other financing sources (uses)	(42,618)	(58,414)	13,430,841	(334)	530,359
<b>Changes in fund balances</b>	<b>\$ (7,132,300)</b>	<b>\$ (1,304,716)</b>	<b>\$ 13,903,195</b>	<b>\$ (391,033)</b>	<b>\$ (38,890)</b>
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (231,475)	\$ 107,307	\$ 329,418	\$ 898,848	\$ 275,340
<b>Other financing sources (uses):</b>					
Transfers in	1,808	1,746	2,072	3,255	3,918
Transfers out	(1,808)	(1,746)	(2,072)	(3,255)	(3,918)
Total other financing sources (uses)	(1,808)	(1,746)	(2,072)	(3,255)	(3,918)
<b>Changes in fund balances</b>	<b>\$ (231,475)</b>	<b>\$ 107,307</b>	<b>\$ 329,418</b>	<b>\$ 898,848</b>	<b>\$ 275,340</b>

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Commercial, Industrial, Utilities and Mining	\$ 15,309,936	\$ 15,726,932	\$ 15,078,270	\$ 12,655,908	\$ 12,655,230
Agricultural and Vacant	10,727,369	10,335,517	10,583,796	10,464,334	11,097,414
Residential (Owner Occupied)	162,128,771	153,336,260	143,479,362	136,201,769	133,741,110
Residential (Rental)	56,024,656	53,954,697	51,552,259	48,869,574	46,391,694
Historical Property	57,211	53,493	59,023	54,536	54,518
Total	<u>\$ 244,247,943</u>	<u>\$ 233,406,899</u>	<u>\$ 220,752,710</u>	<u>\$ 208,246,121</u>	<u>\$ 203,939,966</u>
Gross Full Cash Value	\$ 2,516,869,825	\$ 2,406,842,397	\$ 2,299,132,701	\$ 2,174,119,278	\$ 2,169,250,555
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	9%
Total Direct Rate	2.89	3.04	2.89	2.67	2.54

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 12,079,620	\$ 11,065,425	\$ 12,243,720	\$ 12,417,788	\$ 13,073,529
Agricultural and Vacant	11,099,170	12,414,754	12,898,114	13,683,840	16,226,500
Residential (Owner Occupied)	130,157,334	122,483,641	145,311,886	150,059,396	154,663,107
Residential (Rental)	39,895,141	35,773,225	17,247,406	10,438,893	8,083,734
Historical Property	52,986	52,232	53,124	61,935	67,561
Certain Government Property Improvements			2,186	2,186	
Total	<u>\$ 193,284,251</u>	<u>\$ 181,789,277</u>	<u>\$ 187,756,436</u>	<u>\$ 186,664,038</u>	<u>\$ 192,114,431</u>
Gross Full Cash Value	\$ 2,041,303,632	\$ 1,855,905,126	\$ 1,805,731,157	\$ 1,794,000,441	\$ 1,831,250,400
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	10%	10%	10%	10%
Total Direct Rate	2.69	2.93	2.93	2.98	2.97

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS**  
**LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Commercial, Industrial, Utilities and Mining	\$ 15,480,055	\$ 16,049,119	\$ 15,318,281	\$ 12,777,412	\$ 12,847,798
Agricultural and Vacant	16,623,817	15,545,514	17,254,453	16,120,716	17,337,042
Residential (Owner Occupied)	169,049,496	160,529,267	151,217,732	143,797,157	143,808,601
Residential (Rental)	58,835,327	56,872,330	54,780,529	52,036,020	50,501,682
Historical Property	<u>63,257</u>	<u>56,246</u>	<u>63,395</u>	<u>55,571</u>	<u>54,902</u>
Total	<u>\$ 260,051,952</u>	<u>\$ 249,052,476</u>	<u>\$ 238,634,390</u>	<u>\$ 224,786,876</u>	<u>\$ 224,550,025</u>
Gross Full Cash Value	\$ 2,516,869,825	\$ 2,406,842,397	\$ 2,299,132,701	\$ 2,174,119,278	\$ 2,169,250,555
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	\$ 2,462,087,914	\$ 2,353,570,933	\$ 2,247,511,625	\$ 2,124,437,207	\$ 2,116,733,558
Total Direct Rate	2.89	3.04	2.89	2.67	2.54

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 12,234,220	\$ 11,088,194	\$ 12,247,345	\$ 12,429,700	\$ 13,113,061
Agricultural and Vacant	13,634,208	13,985,748	13,848,658	14,078,969	17,763,693
Residential (Owner Occupied)	141,051,891	129,325,444	145,902,063	150,157,809	154,846,541
Residential (Rental)	43,261,951	37,901,084	17,334,884	10,448,034	8,092,485
Historical Property	<u>53,487</u>	<u>52,232</u>	<u>53,124</u>	<u>61,938</u>	<u>71,536</u>
Total	<u>\$ 210,235,757</u>	<u>\$ 192,352,702</u>	<u>\$ 189,388,260</u>	<u>\$ 187,176,450</u>	<u>\$ 193,887,316</u>
Gross Full Cash Value	\$ 2,041,303,632	\$ 1,855,905,126	\$ 1,805,731,157	\$ 1,794,000,441	\$ 1,831,250,400
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	11%
Estimated Net Full Cash Value	\$ 1,988,484,851	\$ 1,803,699,601	\$ 1,767,757,625	\$ 1,742,417,697	\$ 1,795,645,931
Total Direct Rate	2.69	2.93	2.93	2.98	2.97

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

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
PROPERTY TAX ASSESSMENT RATIOS  
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	15	14	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	18 %	19 %	19 %	20 %	20 %
Agricultural and Vacant	15	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	14	15	16	15	15

**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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates											
	State Equalization	County	County Free Library	Flood Control District	Community College District	Fire District Assistance	Central Arizona Water	Oracle F.D.	Golder Ranch F.D.	District Direct Rates		
										Primary	Secondary	Total
2022	0.43	3.69	0.10	0.17	2.15	0.06	0.14	3.14	2.51	2.28	0.61	2.89
2021	0.44	3.75	0.10	0.17	2.30	0.06	0.14	3.14	2.46	2.35	0.69	3.04
2020	0.46	3.79	0.10	0.17	2.21	0.06	0.14	3.14	2.44	2.66	0.22	2.89
2019	0.47	3.83	0.10	0.17	2.36	0.06	0.14	3.14	2.44	2.46	0.21	2.67
2018	0.49	3.87	0.10	0.17	2.23	0.06	0.14	3.14	2.39	2.34	0.22	2.54
2017	0.50	3.87	0.10	0.17	2.63	0.07	0.14	3.14	2.22	2.44	0.25	2.69
2016	0.51	4.00	0.10	0.17	2.65	0.07	0.14	3.14	2.20	2.65	0.27	2.93
2015	0.51	3.80	0.10	0.17	2.26	0.07	0.14	3.14	2.18	2.76	0.17	2.93
2014	0.51	3.80	0.10	0.17	2.25	0.07	0.14	2.66	1.96	2.73	0.25	2.98
2013	0.47	3.80	0.10	0.17	1.88	0.08	0.10	2.66	1.75	2.73	0.24	2.97

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

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2022</u>		<u>2013</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
El Paso Natural Gas Co	\$ 3,688,259	1.51 %	\$ 411,279	0.21 %
Trico Electric Co-op Inc	2,478,482	1.01		
Robson Ranch Mountains	2,262,972	0.93		
Southwest Gas Corporation	1,774,159	0.73		
Saddlebrooke Homeowners Association #1	1,621,644	0.66		
Sierra Tucson	1,420,063	0.58		
Arizona Public Service Company	902,378	0.37	1,622,567	0.84
Saddlebrooke Utility Co	895,650	0.37		
Lago Del Oro Water Co	867,411	0.36		
Arizona Water Compnay	815,326	0.33	351,975	0.18
Magma Copper Company			1,491,313	0.77
Mega Enterprises Inc.			591,841	0.31
Plastic Management LLC			398,741	0.21
Rancho San Manuel, LLC			158,532	0.08
Provident Associates LLC			136,417	0.07
Coronado Utilities Inc.			329,355	0.17
Qwest Corporation			273,967	0.14
Total	<u>\$ 16,726,344</u>	<u>6.85 %</u>	<u>\$ 5,765,987</u>	<u>2.97 %</u>

**Source:** The source of this information is the Pinal County Treasurer's tax records.

**Note:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Fiscal Years</b>	<b>Collected to the End of the Current Fiscal Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2022	\$ 5,245,131	\$ 5,211,539	99.36 %	\$	\$ 5,211,539	99.36 %
2021	5,330,330	5,293,879	99.32	35,693	5,329,572	99.99
2020	4,550,643	4,517,415	99.27	33,219	4,550,634	100.00
2019	3,965,896	3,935,339	99.23	30,549	3,965,888	100.00
2018	3,707,234	3,680,756	99.29	26,470	3,707,226	100.00
2017	3,695,557	3,656,680	98.95	38,869	3,695,549	100.00
2016	3,819,860	3,778,709	98.92	41,142	3,819,851	100.00
2015	3,730,423	3,696,895	99.10	33,521	3,730,416	100.00
2014	3,822,428	3,758,979	98.34	63,442	3,822,421	100.00
2013	3,943,340	3,872,576	98.21	70,759	3,943,335	100.00

**Source:** The source of this information is the 2022 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.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Financed Purchases and Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2022	\$ 12,023,403	\$ 115,081	\$ 11,908,322	0.47 %	\$ 683	\$	\$ 12,023,403	0.48 %	\$ 690	0.06 %
2021	12,737,126	128,553	12,608,573	0.52	752		12,737,126	0.53	759	0.07
2020	13,415,849	939	13,414,910	0.58	828	328,540	13,744,389	0.60	848	0.09
2019						387,826	387,826	0.02	25	0.00
2018						452,599	452,599	0.02	36	0.00
2017										
2016										
2015										
2014										
2013										

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

**Note:** The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87 were adopted in fiscal year 2022. The standard replaces the previous capital and operating lease designations with financed purchases or leases depending on the substance of the transactions. The fiscal year 2013-2021 information within this column relates to the transactions previously designated as capital leases.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Pinal County Community College District	54,574,993	8.76 %	4,780,769
Golder Ranch Fire District	20,328,200	15.92	<u>3,236,249</u>
Subtotal, Overlapping Debt			<u>8,017,018</u>
Direct:			
Oracle Elementary School District No. 2		100.00	<u>\$ 12,023,403</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 20,040,421</u></u>

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.88 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,143	
As a Percentage of Net Limited Assessed Valuation		8.16 %
As a Percentage of Gross Full Cash Value		0.79 %

**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.

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
  - 2) Outstanding debt as of June 30, 2021 is presented for the overlapping governments as this is the most recent available information.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Class B Bond Legal Debt Margin Calculation for Fiscal Year 2022:**

Net full cash assessed valuation	\$ 260,051,952
Debt limit (10% of assessed value)	26,005,195
Debt applicable to limit	<u>11,898,510</u>
Legal debt margin	<u><u>\$ 14,106,685</u></u>

**Total Legal Debt Margin Calculation for Fiscal Year 2022:**

Net full cash assessed valuation	\$ 260,051,952
Debt limit (15% of assessed value)	39,007,793
Debt applicable to limit	<u>11,898,510</u>
Legal debt margin	<u><u>\$ 27,109,283</u></u>

**Fiscal Year Ended June 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt Limit	\$ 39,007,793	\$ 37,357,871	\$ 35,795,159	\$ 33,718,031	\$ 33,682,504
Total net debt applicable to limit	<u>11,898,510</u>	<u>12,569,500</u>	<u>13,200,000</u>	<u>                    </u>	<u>                    </u>
Legal debt margin	<u><u>\$ 27,109,283</u></u>	<u><u>\$ 24,788,371</u></u>	<u><u>\$ 22,595,159</u></u>	<u><u>\$ 33,718,031</u></u>	<u><u>\$ 33,682,504</u></u>
Total net debt applicable to the limit as a percentage of debt limit	31%	34%	37%	0%	0%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 31,535,364	\$ 28,852,905	\$ 28,408,239	\$ 28,076,468	\$ 29,083,097
Total net debt applicable to limit	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Legal debt margin	<u><u>\$ 31,535,364</u></u>	<u><u>\$ 28,852,905</u></u>	<u><u>\$ 28,408,239</u></u>	<u><u>\$ 28,076,468</u></u>	<u><u>\$ 29,083,097</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

- Notes:** 1) The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2021	439,128	\$ 19,687,597	\$ 43,793	4.7 %	17,431
2020	467,932	17,285,148	35,949	7.2	16,777
2019	455,210	14,893,430	32,182	4.4	16,209
2018	440,591	13,701,923	30,644	5.0	15,597
2017	427,603	12,609,714	29,309	5.0	12,481
2016	413,312	11,689,781	27,930	5.5	12,347
2015	406,468	11,255,255	27,682	6.6	11,974
2014	396,237	10,387,778	25,846	7.2	13,523
2013	393,813	9,932,684	25,511	8.6	13,725
2012	387,365	9,619,961	24,834	8.9	13,667

**Sources:** The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2022</u>		<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Pinal County	2,920	4.74		
State of Arizona	2,500	4.06	8,807	2.43
Corecivic	1,980	3.22		
Wal-mart Stores, Inc.	1,750	2.84	7,450	2.06
Casa Grande Union High School District No. 82	970	1.58		
Harrahs Akchin Hotel and Casino	800	1.30		
Gila River Indian Community	790	1.28		
Banner Health	730	1.19		
Fry's Food Stores	680	1.10		
Maricopa Unified School District 20	670	1.09		
Carondelet Health Network			3,668	1.01
University of Arizona			10,846	3.00
Raytheon Missile Systems			10,300	2.85
Davis Monthan AFB			9,100	2.51
Tucson Unified School District			6,790	1.88
Pima County			6,076	1.68
City of Tucson			4,585	1.27
Tohono O'odham Nation			4,350	1.20
Total	<u>13,790</u>	<u>22.40</u> %	<u>71,972</u>	<u>19.89</u> %
Total employment	<u>61,570</u>		<u>361,919</u>	

**Source:** Current year - The source of this information is the Maricopa Association of Governments, Arizona Employee Map for Pinal County, Arizona  
Previous year - The source of this information is the Arizona Daily Star website and the Arizona Department of Commerce. Information specific to the District's region was not available for prior years and therefore this data reflects the Tucson Metro Region.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Principals	1	1		1	
Assistant principals					1
Total supervisory	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>
<b>Instruction</b>					
Teachers	25	24	26	24	25
Other professionals (instructional)	1	1	1	1	1
Aides	15	13	15	13	12
Total instruction	<u>41</u>	<u>38</u>	<u>42</u>	<u>38</u>	<u>38</u>
<b>Student Services</b>					
Medical assistant	1	1	1	1	1
Counselors/Advisors		1			
Librarians	1	1	1	1	1
Technicians	2	2	2	2	2
Total student services	<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>
<b>Support and Administration</b>					
Clerical workers	6	6	6	5	5
Maintenance workers	5	4	4	3	4
Bus drivers	5	5	7	7	6
Food service workers	3	3	3	3	3
Other classified	3	5	5	6	6
Total support and administration	<u>22</u>	<u>23</u>	<u>25</u>	<u>24</u>	<u>24</u>
<b>Total</b>	<u><u>69</u></u>	<u><u>68</u></u>	<u><u>72</u></u>	<u><u>68</u></u>	<u><u>68</u></u>

(Continued)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Principals	1	1	1	1	1
Assistant principals					1
Total supervisory	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>
<b>Instruction</b>					
Teachers	25	24	24	24	28
Other professionals (instructional)	1	2	1	1	1
Aides	16	22	20	19	25
Total instruction	<u>42</u>	<u>48</u>	<u>45</u>	<u>44</u>	<u>54</u>
<b>Student Services</b>					
Medical assistant	1	1	1	1	1
Counselors/Advisors	1	1		1	1
Librarians	1	1	1	1	
Technicians	2	2	1	1	2
Total student services	<u>5</u>	<u>5</u>	<u>3</u>	<u>4</u>	<u>4</u>
<b>Support and Administration</b>					
Clerical workers	5	5	5	5	8
Maintenance workers	4	4	5	4	4
Bus drivers	6	11	10	9	8
Food service workers	3	4	4	5	6
Other classified	6	3	3	4	5
Total support and administration	<u>24</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>31</u>
<b>Total</b>	<u><u>73</u></u>	<u><u>82</u></u>	<u><u>77</u></u>	<u><u>77</u></u>	<u><u>92</u></u>

**Source:** The source of this information is District personnel records.

(Concluded)

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Free/Reduced Students</b>
2022	347	\$ 6,863,752	\$ 19,780	4.16 %	\$ 7,711,053	\$ 22,222	3.56 %	41	8.5	76.0 %
2021	332	6,305,005	18,991	(2.96)	7,124,387	21,459	(2.36)	38	8.7	77.0
2020	334	6,536,292	19,570	1.96	7,340,181	21,977	9.36	42	8.0	64.0
2019	347	6,660,293	19,194	1.25	6,973,323	20,096	1.69	38	9.1	64.0
2018	319	6,047,192	18,957	12.00	6,303,929	19,762	13.11	38	8.4	59.0
2017	362	6,126,824	16,925	18.22	6,324,390	17,471	20.19	42	8.6	64.0
2016	404	5,783,716	14,316	2.99	5,872,562	14,536	2.74	48	8.4	63.0
2015	421	5,852,055	13,900	4.87	5,956,328	14,148	(1.47)	45	9.4	63.0
2014	409	5,421,272	13,255	(3.15)	5,872,966	14,359	(4.13)	44	9.3	64.0
2013	440	6,021,799	13,686	(6.03)	6,590,336	14,978	(0.52)	54	8.1	61.1

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

**Note:** Operating expenditures are total expenditures less debt service and capital outlay.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
CAPITAL ASSETS INFORMATION  
LAST TEN FISCAL YEARS**

	<b>Fiscal Year Ended June 30</b>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	10	10	11	7	7	7	7	7	7	7
Square feet	53,160	53,160	60,896	30,867	30,867	30,867	30,867	30,867	36,719	36,719
Capacity	763	763	763	763	763	763	763	763	650	650
Enrollment	345	348	335	341	318	362	413	424	408	511
<b>Other</b>										
Buildings	6	6	6	8	8	8	8	8	9	9
Square feet	5,432	5,432	2,304	35,217	35,217	35,217	35,217	35,217	34,708	34,708
<b><u>Administrative</u></b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	2,304	2,304	2,304	2,732	2,732	2,732	2,732	2,732	2,732	2,732
<b><u>Transportation</u></b>										
Garages	1	1		1	1	1	1	1	1	1
Buses	12	12	12	14	14	14	12	12	12	12
Vans & other	4	4								
Maintenance	1	1								
<b><u>Athletics</u></b>										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1		1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	2	2	2	2	2	2	2	2	2	2
Playgrounds	3	2	2	2	2	2	2	2	2	2

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

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**Oracle Elementary School District No. 2**  
**Single Audit Report**  
Year Ended June 30, 2022

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2022**

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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  
Oracle Elementary School District No. 2

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 Oracle Elementary School District No. 2, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Oracle Elementary School District No. 2's basic financial statements, and have issued our report thereon dated February 13, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oracle Elementary School District No. 2's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oracle Elementary School District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Oracle Elementary School District No. 2'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oracle Elementary School District No. 2'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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
February 13, 2023

**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**

Independent Auditor's Report

Governing Board  
Oracle Elementary School District No. 2

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

**Opinion on Each Major Federal Program**

We have audited Oracle Elementary School District No. 2's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oracle Elementary School District No. 2's major federal programs for the year ended June 30, 2022. Oracle Elementary School District No. 2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oracle Elementary School District No. 2 complied, in all material respects, with the 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, 2022.

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

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

We are required to be independent of Oracle Elementary School District No. 2 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Oracle Elementary School District No. 2's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Oracle Elementary School District No. 2's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oracle Elementary School District No. 2's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Oracle Elementary School District No. 2's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Oracle Elementary School District No. 2's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Oracle Elementary School District No. 2's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Oracle Elementary School District No. 2's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oracle Elementary School District No. 2 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Oracle Elementary School District No. 2's basic financial statements. We issued our report thereon dated February 13, 2023, 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 taken as a whole.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
February 13, 2023

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Fiscal Period 7/1/2021 - 6/30/2022**

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
<b>DEPARTMENT OF AGRICULTURE</b>								
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION	7AZ300AZ3	\$13,607	\$15,791	CHILD NUTRITION CLUSTER	\$198,468
COVID-19 NATIONAL SCHOOL LUNCH PROGRAM	10.555	COVID-19	ARIZONA DEPARTMENT OF EDUCATION	7AZ300AZ3	\$2,184	\$15,791	CHILD NUTRITION CLUSTER	\$198,468
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559		ARIZONA DEPARTMENT OF EDUCATION	7AZ300AZ3	\$182,677	\$182,677	CHILD NUTRITION CLUSTER	\$198,468
CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	10.579		ARIZONA DEPARTMENT OF EDUCATION	NSLP-17-AZ-01	\$93,295	\$93,295	N/A	\$0
COVID-19 PANDEMIC EBT ADMINISTRATIVE COSTS	10.649	COVID-19	ARIZONA DEPARTMENT OF EDUCATION	7AZ300AZ3	\$614	\$614	N/A	\$0
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>					<u>\$292,377</u>			
<b>DEPARTMENT OF TREASURY</b>								
COVID-19 CORONAVIRUS RELIEF FUND	21.019	COVID-19	ARIZONA GOVERNOR'S OFFICE	ERMT-21-2419	\$170	\$170	N/A	\$0
<b>TOTAL DEPARTMENT OF TREASURY</b>					<u>\$170</u>			
<b>DEPARTMENT OF EDUCATION</b>								
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010		ARIZONA DEPARTMENT OF EDUCATION	S010A210003	\$151,619	\$151,619	N/A	\$0
SPECIAL EDUCATION GRANTS TO STATES	84.027		ARIZONA DEPARTMENT OF EDUCATION	H027A210007	\$119,451	\$137,725	SPECIAL EDUCATION CLUSTER (IDEA)	\$148,641
COVID-19 SPECIAL EDUCATION GRANTS TO STATES	84.027	COVID-19, 84.027X	ARIZONA DEPARTMENT OF EDUCATION	H027X210007	\$18,274	\$137,725	SPECIAL EDUCATION CLUSTER (IDEA)	\$148,641
SPECIAL EDUCATION PRESCHOOL GRANTS	84.173		ARIZONA DEPARTMENT OF EDUCATION	H173A210007	\$9,259	\$10,916	SPECIAL EDUCATION CLUSTER (IDEA)	\$148,641
COVID-19 SPECIAL EDUCATION PRESCHOOL GRANTS	84.173	COVID-19, 84.173X	ARIZONA DEPARTMENT OF EDUCATION	H173X210003	\$1,657	\$10,916	SPECIAL EDUCATION CLUSTER (IDEA)	\$148,641
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	84.287		ARIZONA DEPARTMENT OF EDUCATION	S287C210003	\$13	\$13	N/A	\$0
RURAL EDUCATION	84.358	84.358A	ARIZONA DEPARTMENT OF EDUCATION	S305A210003	\$30,524	\$30,524	N/A	\$0
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	84.365A	ARIZONA DEPARTMENT OF EDUCATION	S365A210003	\$2,150	\$2,150	N/A	\$0
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367		ARIZONA DEPARTMENT OF EDUCATION	S367A210049	\$19,902	\$19,902	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	S425D200038	\$8,559	\$499,580	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	S425D210038	\$289,247	\$499,580	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425U	ARIZONA DEPARTMENT OF EDUCATION	S425U210038	\$201,774	\$499,580	N/A	\$0
<b>TOTAL DEPARTMENT OF EDUCATION</b>					<u>\$852,429</u>			
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
MEDICAL ASSISTANCE PROGRAM	93.778		PUBLIC CONSULTING GROUP, INC.	N/A	\$14,858	\$14,858	MEDICAID CLUSTER	\$14,858
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					<u>\$14,858</u>			
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>					<u><u>\$1,159,834</u></u>			

Please Note:  
*Italicized award lines indicate pass-through funding*  
The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Period 7/1/2021 - 6/30/2022**

**Significant Accounting Policies Used in Preparing the SEFA**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Oracle Elementary School District No. 2 under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**10% De Minimis Cost Rate**

The auditee did not use the de minimis cost rate.

**Assistance Listing Numbers**

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**ORACLE ELEMENTARY SCHOOL DISTRICT NO. 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**Summary of Auditor's Results:**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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 §200.516 of Uniform Guidance: No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

**Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No**

**Findings and Questioned Costs Related to Federal Awards: No**

**Summary Schedule of Prior Audit Findings required to be reported: No**