

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Town of Fountain Hills Arizona



TOWN OF FOUNTAIN HILLS, ARIZONA

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

Issued by:
Administration Department
Finance Division

TOWN OF FOUNTAIN HILLS, ARIZONA

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INTRODUCTORY SECTION

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TOWN OF FOUNTAIN HILLS

16705 E. Avenue of the Fountains, Fountain Hills, AZ 85268
480.816.5100 | Fax: 480.837.3145

November 1, 2022

To the Honorable Mayor, Members of the Town Council, and Citizens of the Town of Fountain Hills:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, 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 (ACFR) of the Town of Fountain Hills (Town) for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the Town. 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 Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Fountain Hills'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 Town'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 Town'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 Town 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 Town'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.

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 Town of Fountain Hills's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The Town of Fountain Hills overlooks the Verde River Valley and the east valley of the metro Phoenix area. The Town is a master planned community established in 1970 by McCulloch Properties (now MCO Properties, Inc.). Prior to 1970, the area was a cattle ranch and was part of one of the largest land and cattle holdings in Arizona. The land was purchased by Robert McCulloch in the late 1960s and the community designed by Charles Wood, Jr. (designer of Disneyland in southern California). The centerpiece of Fountain Hills is one of the world's tallest man-made fountains, a focal point that attracts thousands of visitors each year.

Located on 13,006 acres of land, Fountain Hills is surrounded by the McDowell Mountains and Scottsdale on the west, the Fort McDowell Yavapai Nation on the east, the Salt River Pima-Maricopa Indian Community on the south, and by the McDowell Mountain Regional Park on the north. The elevation is 1,520 feet at the fountain, 2,460 feet at the Adero Canyon Trailhead, and is approximately 500 feet above Phoenix.

Over the past thirty years, Fountain Hills has grown from 10,030 residents to a town of 23,906 in 2021. On June 5, 2006, the Town of Fountain Hills became twenty square miles and about ten percent larger by annexing 1,300 acres of State Trust Land. The process to annex the State Trust Land occurred over a two and one-half year period, and development of the land will occur in the years to come. Annexing this property into the Town ensures that its future development will be of the highest quality under Town standards.

The Town offers a wide range of living accommodations, from small condominium complexes to large custom homes. Fountain Hills also offers recreational and cultural programs and services that contribute to a high quality of life for its residents. The community consists of primarily residential property and open space; of the total 20.32 square miles of land, only 2.5% of the total is zoned commercial and/or industrial, 23.3% is preserved as open space and 51.0% is residential.



The Town's Mission Statement

The Town of Fountain Hills' purpose is to serve the best interests of the community by:

- providing for the safety and well-being of its residents and visitors;
- respecting its special, small-town character and quality of life;
- providing superior public services;
- sustaining the public trust through open and responsive government;
- and maintaining the stewardship and preservation of its financial and natural resources.

To serve, respect, and provide trust and stewardship.

Fountain Hills Town Hall



The Town of Fountain Hills is an Arizona municipal corporation, acting as a general law town as prescribed in the Arizona Revised Statutes. The Town was incorporated on December 5, 1989, with the governmental and administrative affairs of the Town operating under the Council-Manager form of government. Legislative authority is vested in a seven member Town Council. The Mayor is a member of the Town Council who is directly elected by voters and chairs the Town Council meetings. The members of the Council are elected at large and serve four year overlapping terms. The Town Council is responsible for the adoption of local ordinances, budget adoption, appointment of residents to citizen advisory committees and hiring the Town Manager. The Town Manager is responsible for implementation of the policies of the Town Council and overall management of the Town through department directors and approximately 65 full-time equivalent (FTE) employees. The Presiding Judge, Town Attorney, and Town Prosecutor are under the direction of the Town Council.



The Town provides or administers a full range of services including public safety (law enforcement, fire and emergency medical services); development services (code enforcement, planning and zoning); public works (including construction and maintenance of streets and infrastructure); municipal court; recreational activities; community center; senior services and cultural events. The Town does not maintain utility or other operations that require the establishment of enterprise funds.

The financial reporting entity (the Town) includes all the funds of the primary government (i.e., the Town of Fountain Hills as legally defined) as well as all of its component units. The component units consist of legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Cottonwoods Maintenance District, the Eagle Mountain Community Facilities District and the Fountain Hills Municipal Property Corporation are included in the financial report of the Town.

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 Town of Fountain Hills operates.

Internal Controls

As earlier noted, the management of the Town of Fountain Hills, Arizona, is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding;

- 1) Safeguarding of assets against loss from unauthorized use or deposition, and
- 2) Reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes:

- 1) The cost of a control should not exceed the benefits likely to be derived, and
- 2) The valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the Town's financial statements. All internal control evaluations occur within the above framework. The Town's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The budget process is a cyclical process and begins each year with the preparation of the base budget by each department head. Each budget is based on expenditures to date and the previous years' experience. The departments' base budgets, along with any requests for new positions, programs or services are reviewed by the Town Manager. The Town Manager then meets with department heads to review their base budgets and requests for new services and/or programs. Once management has reviewed the departments' requests, a tentative budget is presented to the Town Council by the Town Manager.

The Town Council formally adopts the budget and appropriates funding for the General Fund, Special Revenue Funds, Debt Service Funds, Internal Service Funds, Capital Projects Funds, and Proprietary Fund. Therefore, these funds have appropriated budgets, and budget to actual information is presented. In April/May, the Town Manager submits to the Town Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The Town Council is then required to hold public hearings on the proposed budget and to adopt a final budget by June 30, the close of the Town of Fountain Hills' fiscal year. Public hearings on the budget are held each year in accordance with legal requirements in order to obtain comments from local taxpayers. The budget is legally enacted through passage of a resolution and is prepared by fund and department. The resolution sets the limit for expenditures during the fiscal year. The Town Manager may authorize transfers within a department; however, all inter-departmental and inter-fund transfers are approved by Town Council. Additional expenditures may be authorized for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article IX, Section 20.

The Town is subject to the State of Arizona's Expenditure Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carry-over of unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. All appropriations lapse at year-end.

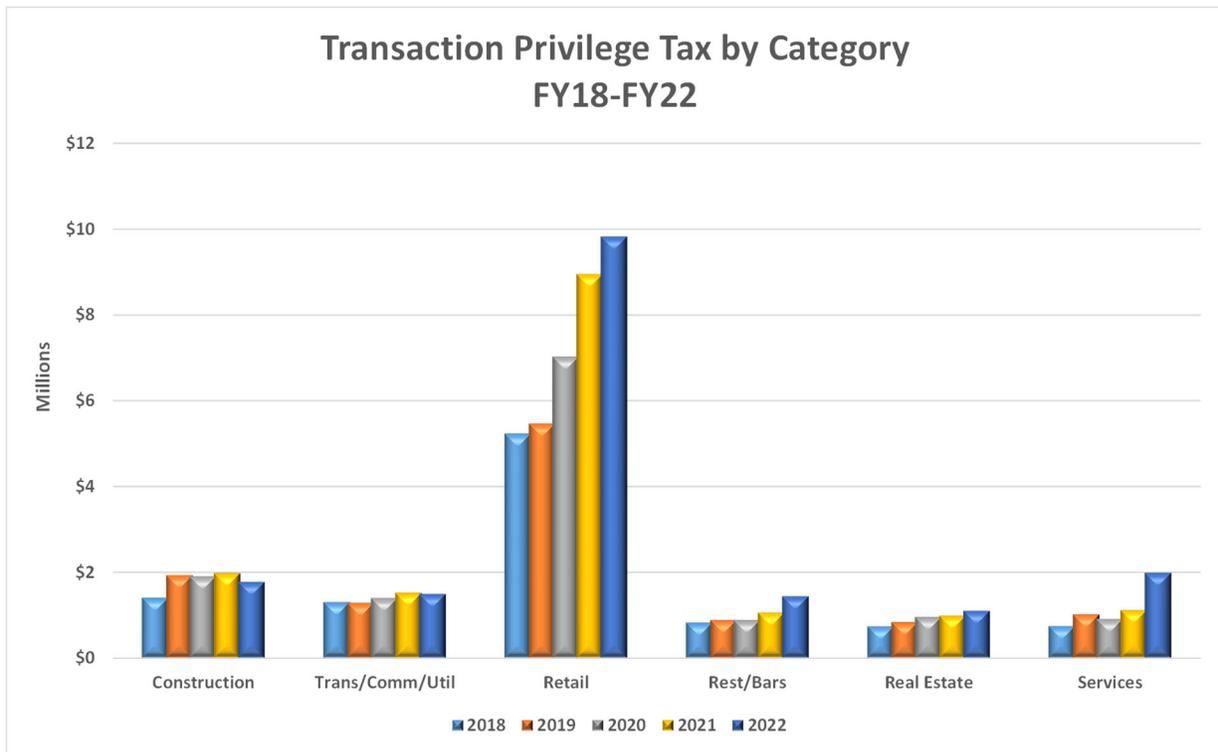
To ensure compliance with the state imposed expenditure limitation, a uniform expenditure report must be filed with the state each year. This report reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the state's uniform expenditure reporting system (ARS Section 41-1279.07).

The appropriated budget is prepared by fund and department. Department heads may make transfers of non-personnel appropriations within their department. Transfers of appropriations between departments, however, require Town Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Budget-to-actual comparisons for the General Fund, Streets Fund, and Grants Fund are presented in the Required Supplementary Information and all other funds are presented in Combining and Individual Fund Financial Statements and Schedules.

Local Economy

The Town of Fountain Hills, Arizona, relies mostly on its Transaction Privilege Tax (Sales Tax) and Voter-Approved Local Revenue (State Shared Revenue) collections to fund nearly 90% of its General Fund (Operating) expenditures. During the past fiscal year, the Town's revenue collections from these sources exceeded the budgeted expectations. However, the effects of the pandemic on personal income will not have an effect on State Shared Income Tax collections until Fiscal Year 2023 since it lags by two years. In order to address these issues, the Town has proposed a baseline budget requiring any new positions to be deemed mission critical. All vacancies will be evaluated to assess the need for replacement, elimination or modification to the job description. The Town will be closely monitoring its revenue sources and make adjustments accordingly.

Local sales tax collections remained stable during the past fiscal year, with significant growth in the retail and hospitality-related categories. The following chart is a look at the past five years' local sales tax activity by category:



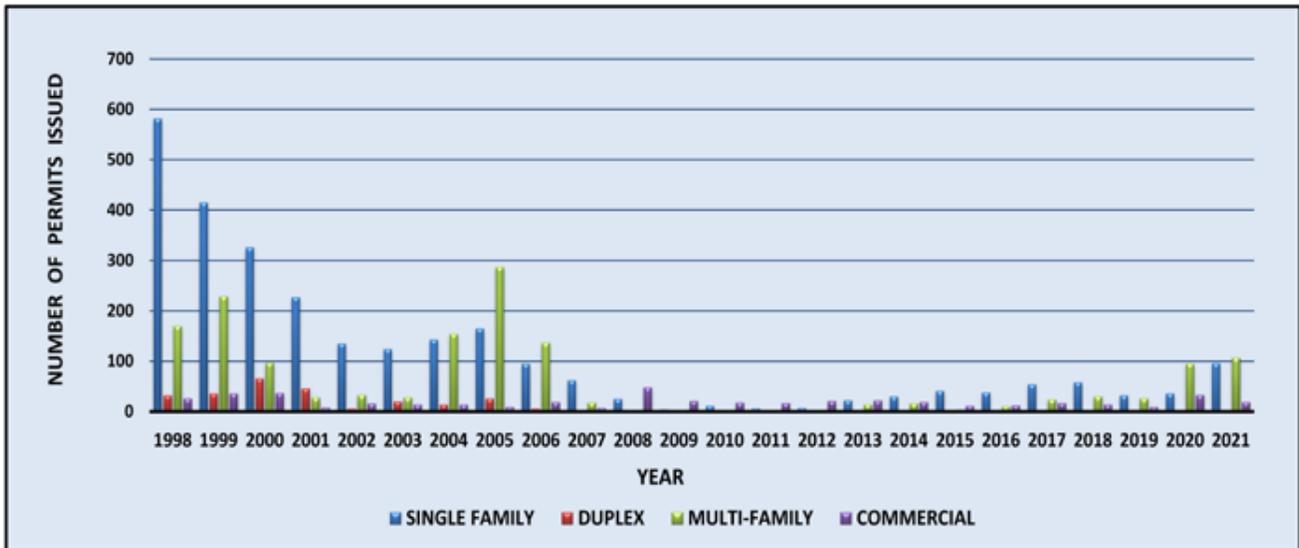
As shown in the chart, sales tax collections continue to show signs of moderate growth and relative stability across most categories. Retail sales, the largest category of sales tax revenue, experienced a 10% increase over the prior year. Restaurant/Bar and Services revenue exceeded pre-pandemic levels with an increase of 36% and 77%, respectively, compared to FY21. Construction sales tax, a one-time revenue source, is driven entirely by development activity in the community and decreased slightly compared to the prior year. Recent building permit activity indicates that construction sales tax is likely to be relatively stable over the next few fiscal years. The Transportation/Communication/Utility category was the only other one that decreased slightly during the year.

Construction activity provides revenue to the Town through local sales tax, the proceeds of which are utilized for general operations and capital expenditures. Without the resources to fund capital projects, the Town must find additional funds to pay for necessary infrastructure projects. For operating costs, the Town is dependent upon Voter-Approved Local Revenue (State Shared Revenue) and local sales tax as a major sources of operating revenue, accounting for 91% of total General Fund revenue collected for fiscal year 2021-22.

State-shared revenues are derived as a proportionate share of state sales, income and vehicle license taxes which are distributed based on the Town's population compared to all other incorporated cities and towns in Arizona (currently 0.44%). State shared income tax revenue is based on personal and corporate earnings from two years ago. Revenue from this category decreased by 12.1% in fiscal year 2021-22. State shared sales tax has increased over the past several years, and this year continued the trend by increasing revenue by 12.9% compared to the prior year.

Other local activity has remained fairly consistent during the period. The opportunity to further expand the retail tax base in Fountain Hills is limited by the lack of available commercial land – over 70% of the currently available commercial lots are already developed.

Development Activity



Year	Single Family	Duplex		Multi-Family		Total Dwelling Units	Commercial	Other
		Bldg.	Total Units	Bldg.	Total Units			
1998	582	17	32	36	170	784	26	995
1999	415	18	36	34	229	680	36	947
2000	326	33	66	23	97	489	37	892
2001	227	23	46	6	28	301	8	707
2002	135	3	6	4	33	174	16	622
2003	124	10	20	10	28	172	14	689
2004	143	7	14	64	154	311	14	664
2005	165	13	26	184	287	478	9	777
2006	95	3	6	102	137	238	19	745
2007	62	0	0	18	18	80	7	589
2008	25	1	2	2	2	29	48	489
2009	4	1	2	0	0	6	21	328
2010	11	0	0	0	0	11	18	366
2011	6	0	0	0	0	6	17	319
2012	7	0	0	0	0	7	21	106
2013	22	0	0	14	14	36	22	143
2014	30	0	0	16	16	46	19	194
2015	41	0	0	4	4	45	11	186
2016	38	0	0	10	10	48	12	238
2017	54	0	0	24	24	78	17	377
2018	58	0	0	30	30	88	14	454
2019	32	3	6	26	26	64	9	448
2020	36	2	4	95	95	135	33	434
2021	96	1	2	107	107	205	19	521
24 Year Total	2734	135	268	809	1509	4511	467	12230
24 Year Avg	113.9	5.6	11.2	33.7	62.9	188.0	19.5	509.6

Economic Outlook

Retail Sales – Not having a property tax, the Town of Fountain Hills relies heavily on transaction privilege taxes (TPT), sometimes called a sales tax. Overall, Town TPT revenues provide over 60% of the General Fund revenues. On November 1, 2019 the Town’s TPT rate went up 0.3% to the current rate of 2.9%. Hospitality-related collections are the most susceptible to changes in economic conditions. Construction TPT is also highly tied to the health of the economy and is equally divided between the General Fund and the Capital Projects Fund.

State Shared Revenues – The Town of Fountain Hills receives significant revenue allocations from the State. These Voter-Approved Local Revenues (VALR), or State shared revenues, include allocations of the state-collected income tax, sales tax, fuel tax and motor vehicle-in-lieu taxes. All but the fuel tax and the vehicle license tax are placed in the Town's General Fund, where it is used to sustain a large portion of the Town's day-to-day activities. Ultimately, each of these revenue sources will be negatively affected by inflation, as well as the Federal Reserve’s fight against it.

Streets Fund (HURF) – The Town receives a proportionate share of the fuel tax collected in Maricopa County. These revenues are placed in the Streets Fund to be used specifically for street maintenance and related activity. Although the state-shared revenue formula generally allocates revenues based on official census data, in recent years, the state legislature has reduced the formula distribution of state shared revenues to cities. The resulting loss must be replaced by the General Fund, which increases the pressure to maintain operations across the Town.

Long-term Financial Planning

Fountain Hills’ Financial Policies are balanced on sound financial reserves and conservative revenue growth forecasts for the foreseeable future. However, potential for State legislative impacts to revenue-sharing, reductions in local revenues, and additional demands for essential Town services remain. The Town’s Financial Policies set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated.

The Town’s Financial Policies have helped weather the uncertainty encountered during the pandemic and the years that have followed. This policy continues to require the Town to internally restrict an amount equal to 20% of the average actual General Fund revenues for the preceding five fiscal years as part of its General Fund balance. This amount is estimated to cover approximately 60 days of General Fund expenditures and is considered a “Rainy Day” fund.

Additionally, a reserve of 20% of the average actual General Fund revenues for the preceding five fiscal years will be maintained as Unassigned Fund Balance. This additional fund balance reserve will provide increased flexibility in the event of unanticipated decreases in revenue collection.

The Council also adopted Financial Policies that include guidelines for the issuance of debt for capital expenditures, community facility districts, financing alternatives, expenditure controls and financial planning. The policy was amended during FY 09-10 to reduce the allocation of the local construction sales tax to the Capital Projects Fund from 85% to 50%, reflecting the transition from one-time building activity to ongoing redevelopment activity. The debt policy was prepared with a preference for “pay-as-you-go” financing for capital spending. However, the policy does allow for bond financing of larger projects so that the cost can be equitably distributed among the Town’s current and future residents.

In 2020, the Strategic Planning Advisory Commission (SPAC) began the process of gathering public input to update the Strategic Plan’s vision, confirm residents’ values, and create a fresh structure for the Strategic Plan revision. However, the pandemic delayed this effort. Subsequently, *Strategic Plan 2022* was built upon the foundation of four Strategic Priorities, eleven Signature Strategies, and twenty-three Supporting Tasks. Based on citizen input, the Strategic Plan is designed to guide our future decisions grounded on these common priorities:

1. Targeted Collaborative Economic Development
2. Promote the Long-Term Financial Sustainability of Town Infrastructure, Environmental, and Social Resources
3. Continue to Improve the Public Health, Well-Being, and Safety of Our Town
4. Maintain Current Infrastructure While Preparing the Town for Emerging Trends that Increase Public Safety and Quality of Life

MAJOR INITIATIVES, SERVICE EFFORTS AND ACCOMPLISHMENTS

The Town of Fountain Hills’ adopted budget for fiscal year 2021-22 reflected a cautious approach to the continued recovery from the pandemic. Due to the uncertain economic conditions ahead, the Town approached revenue projections cautiously and kept expenditure levels low as well. At the start of the fiscal year, the American Rescue Plan Act (ARPA) provided resources to local governments through the State of Arizona. These resources allowed the Town to save \$4.2M in the General Fund that would have otherwise been spent to pay for public safety contracts with Maricopa County Sheriff’s Office and Rural Metro. The same amount will be received in FY23 and will be used for the same purpose. This will result in a total of \$8.4M of General Fund savings over the two fiscal years.

As Pavement Management has been a priority for many years, Council has decided that the General Fund savings discussed above should be used toward that purpose. As a result, \$4M will be transferred to the Streets Fund in FY23 and another \$4M in FY24. Although these infusions will not resolve all of the pavement issues in Town, it will provide some relief while other options are researched and implemented.

For the Year

The following list depicts the continued commitment of the Town of Fountain Hills to make the community a better place to live. Fiscal year 2021-22 goals attained are summarized within this list of accomplishments:

- Conducted a survey of Town residents with 98.7% responding that the Town is an Excellent/Good place to live
- Provided \$170,000 in assistance to local non-profits in the form of one-time grants
- Completed a major remodel and technology upgrade of the Community Center
- Continued park improvements at Fountain Park, including a complete renovation and expansion of the Splash Pad as well as new playground equipment
- Completed storm drain improvements throughout the Town
- Secured grant funding from the Arizona Office of Tourism - Proposition 302
- Secured grant funding from Salt River Pima-Maricopa Indian Community - Proposition 202

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Fountain Hills for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the twenty-sixth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized ACFR. This report satisfied both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements.

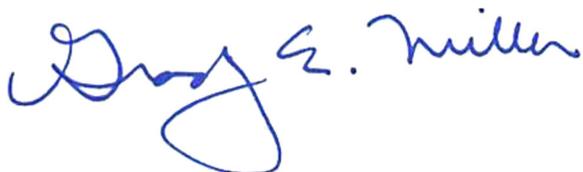
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement program's requirements, and we will be submitting it to the GFOA to determine its eligibility for the fiscal year ended 2022 Certificate.

In addition, the government received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning July 1, 2021. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the twentieth consecutive year that the Town has received the award.

Acknowledgments

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the efficient and dedicated services of the entire Finance Division team. I also wish to extend my appreciation to the Mayor and members of Town Council for their leadership and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner. Each employee of the Town has my sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Grady E. Miller
Town Manager

**TOWN OF FOUNTAIN HILLS, ARIZONA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2022**

ELECTED OFFICIALS

Ginny Dickey, Mayor

Gerry Friedel, Vice-Mayor

Alan Magazine, Councilmember

Mike Scharnow, Councilmember

David Spelich, Councilmember

Sharron Grzybowski, Councilmember

Peggy McMahon, Councilmember

DEPARTMENT DIRECTORS

Grady Miller, Town Manager

David Trimble, Deputy Town Manager/Administrative Services Director

Rachael Goodwin, Community Services Director

Amanda Jacobs, Economic Development Director

John Wesley, Development Services Director

Justin Weldy, Public Works Director

David Pock, Finance Director

Elizabeth Burke, Town Clerk

Captain Dave Ott, Rural Metro Corporation, Fire Chief

Captain Larry Kratzer, Maricopa County Sheriff's Office, District Commander

Robert Melton, Presiding Judge

Mark Iacovino, The Law Office of Mark Iacovino, Town Prosecutor

Aaron Arnson, Pierce Coleman PLLC, Town Attorney



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Fountain Hills
Arizona**

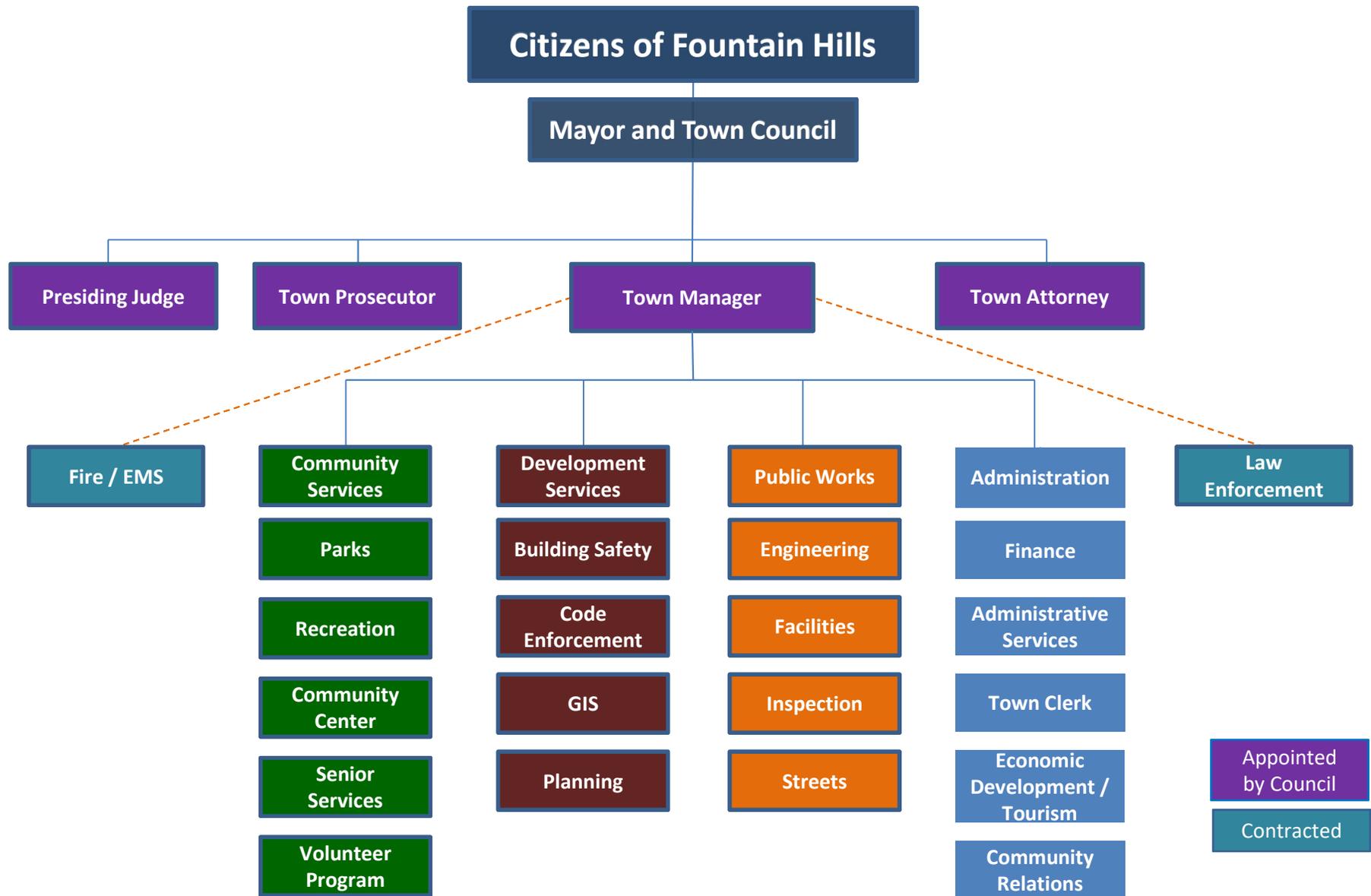
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Town of Fountain Hills Organization



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FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor and Members of the Town Council
Town of Fountain Hills, Arizona

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 Town of Fountain Hills, Arizona (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town'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 Town of Fountain Hills, Arizona, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows 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 Town of Fountain Hills, Arizona, 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 Town 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 Town'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 Town'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 Town'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, and budgetary comparison 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 Town'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 November 1, 2022, on our consideration of Town of Fountain Hills, Arizona'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 Town of Fountain Hills, Arizona'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 Town of Fountain Hills, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
November 1, 2022

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

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**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the Town of Fountain Hills, Arizona (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. This discussion and analysis is intended to be an easily readable breakdown of the Town of Fountain Hills' financial activities based on currently known facts, decisions and conditions. This analysis will focus on current year activities and operations and should be read in combination with the transmittal letter and the financial statements that follow. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position of governmental activities increased \$6.4 million to \$134.1 million, representing a 5.0 percent increase of the total net position.
- General revenues from governmental activities accounted for \$25.7 million in revenue, or 73.2 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9.4 million or 26.8 percent of total governmental activities revenues.
- The Town had \$28.7 million in expenses related to governmental activities, an increase of 3.3 percent from the prior fiscal year, primarily due to increased general government and public safety expenditures.
- Among the major governmental funds, the General Fund had \$24.6 million in current fiscal year revenues, which consisted primarily of transaction privilege (sales) tax and intergovernmental revenues. The total expenditures of the General Fund were \$13.9 million. The General Fund's fund balance decreased \$1.0 million to \$14.5 million at the end of the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town'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.

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS – continued

Government-wide financial statements. The government-wide financial statements provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting.

The Statement of Net Position presents information on all of the Town'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 Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town'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., earned but unused compensated absences).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include administration, development services, public safety, public works, and culture and recreation.

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 Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All Town funds are included in the governmental fund classification, except for one internal service fund that is classified as a proprietary fund.

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 Town's near-term financing requirements.

Internal service fund. This type of fund is classified as a proprietary fund, and it is used to report activity in the Technology Replacement Fund. The fund provides goods and services to other funds and departments on a cost-reimbursement basis. The activity is intended to operate on an essentially "break-even" basis over time.

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS – continued

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 Town's near-term financing decision. 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, Highway User Revenue (HURF), Grants, and Capital Projects Funds, all of which are considered major funds. Data from 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 Town's budget process. The Town adopts an annual budget for all 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

While this document contains information about the funds used by the Town to provide services to its citizens, the Statement of Net Position and the Statement of Activities serve to provide an answer to the question of how the Town, as a whole, did financially throughout the year. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Town's assets and the changes in those assets. The change in assets is important because it tells the reader whether the financial position of the Town as a whole has improved or diminished. However, in evaluating the overall position of the Town, non-financial information such as changes in the Town's tax base and the condition of the Town's capital assets will also need to be evaluated.

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

Analysis of Net Position. Over time, net position may serve as a useful indicator of a government's financial position. In the case of the Town, assets related to governmental activities exceeded liabilities by \$134.1 million at the end of the fiscal year.

The largest portion of the Town's governmental activities net position reflects its investment in capital assets (e.g., land, infrastructure, buildings and improvements, vehicles, machinery and equipment and construction in progress); less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town'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. As the Town does not currently have any outstanding debt, the reported amount represents the total invested in capital assets. In addition, a portion of the Town'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 Town's ongoing obligations to its citizens and creditors.

The following tables present a summary of the Town's net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	Governmental Activities	
	As of June 30, 2022	As of June 30, 2021
Current and other assets	\$ 37,056,421	\$ 25,980,153
Capital assets, net	102,346,737	103,822,185
Total assets	139,403,158	129,802,338
Current and other liabilities	2,873,943	1,861,024
Long-term liabilities	297,878	190,600
Total liabilities	3,171,821	2,051,624
Deferred outflows – leases	2,124,397	
Net position		
Net investment in capital assets	102,346,737	103,822,185
Restricted	5,749,726	2,610,178
Unrestricted	26,010,477	21,318,351
Total net position	\$ 134,106,940	\$ 127,750,714

At the end of the current fiscal year the Town reported positive balances in all three categories of net position for governmental activities. The Town also reported positive balances in all net position categories in the prior fiscal year.

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

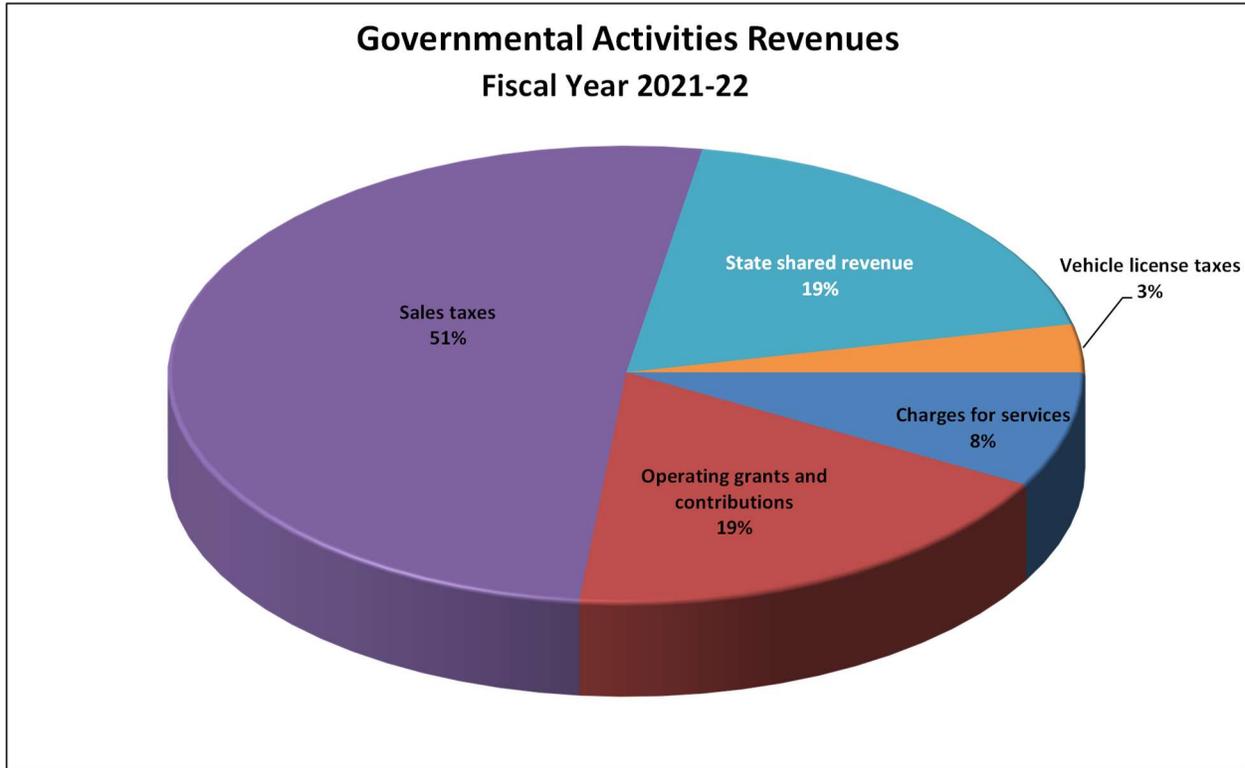
The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Changes in net position. The Town's total revenues for the current fiscal year were \$35.1 million. The total cost of all programs and services was \$28.7 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.

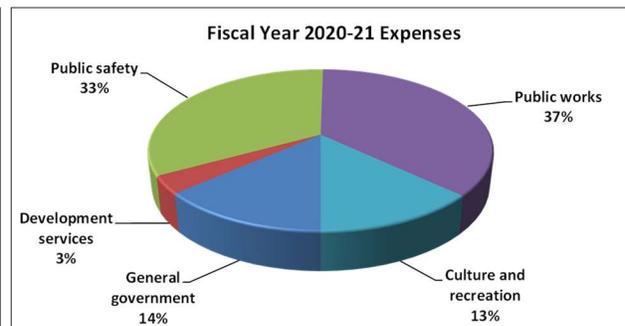
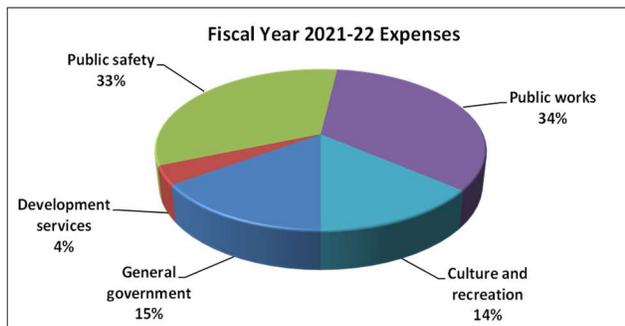
	<u>Governmental Activities</u>	
	<u>Fiscal</u>	<u>Fiscal</u>
	<u>Year Ended</u>	<u>Year Ended</u>
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,830,516	\$ 1,899,349
Operating grants and contributions	6,381,580	4,733,757
Capital grants and contributions	161,751	135,525
General revenues		
Property taxes	9,728	402,481
Sales taxes	17,660,758	15,657,292
Franchise taxes	399,007	426,260
State-shared revenue	6,541,023	6,590,986
Vehicle License taxes	1,180,100	1,196,198
Investment earnings	(419,006)	49,665
Miscellaneous	280,140	262,953
Total revenues	<u>\$ 35,025,597</u>	<u>\$ 31,354,466</u>
Expenses		
General government	\$ 4,333,863	\$ 3,793,915
Development services	1,068,260	968,808
Public safety	9,487,150	9,214,615
Public works	9,780,920	10,175,540
Culture and recreation	3,999,178	3,601,870
Interest on long-term debt	0	7,544
Total expenses	<u>28,669,371</u>	<u>27,762,292</u>
Changes in net position	6,356,226	3,592,174
Net position, beginning	127,750,714	124,158,540
Net position, ending	<u>\$134,106,940</u>	<u>\$127,750,714</u>

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued



The charts below compare the governmental expenses from fiscal years 2021-22 and 2020-21.



**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

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

- Revenue from property taxes decreased by 98% percent compared to the prior year as the final debt payment was made for the Eagle Mountain Community Facilities District in FY21. The Town does not have any outstanding bonds and did not have a town-wide tax levy for FY22.
- Investment income shows a decrease of 944 percent; however, the Town is required to mark all investments to market as of the end of the fiscal year. These investments, mostly government securities, will be held to maturity. Market prices of investments are lower due to rising interest rates prompted by continued inflationary pressures.
- Franchise taxes, collected from cable and internet providers, decreased by 6.4% due to changes made to Arizona Revised Statutes.
- Overall, expenses increased 3.3 percent primarily due to increased costs in the general government, development services, and community services.

The following table presents the cost of the Town'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 Town by each of these functions.

	Year Ended June 30, 2022		Year Ended June 30, 2021	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 4,333,863	\$ (3,617,651)	\$ 3,793,915	\$ (3,435,515)
Development services	1,068,260	(120,829)	968,808	(275,647)
Public safety	9,487,150	(5,137,429)	9,214,615	(6,155,942)
Public works	9,780,920	(7,243,437)	10,175,540	(8,011,077)
Culture and recreation	3,999,178	(3,176,178)	3,601,870	(3,107,936)
Interest on long-term debt	0	0	7,544	(7,544)
Total expenses	\$ 28,669,371	\$ (19,295,524)	\$ 27,762,292	\$ (20,993,661)

- The cost of all governmental activities this year was \$28.7 million.
- Federal, State, and county governments and charges for services subsidized certain governmental programs with revenues of \$9.4 million.
- The net cost of the Town's governmental activities was \$19.3 million, which was funded primarily by general revenues. General revenues consist of \$17.7 million in sales taxes and \$7.7 million in State-shared revenues.

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported an increase of \$7.9 million in the combined fund balance from \$24.3 million to \$32.2 million.

The General Fund comprises 44.9 percent of the total fund balance. Approximately \$9.5 million, or 65.5 percent, of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the Town. The fund balance decreased by \$1.0 million to \$14.5 million as of fiscal year end. General Fund revenues increased \$2.4 million primarily due to increased local sales tax collections. General Fund expenditures decreased slightly from \$14.0 million to \$13.9 million.

The Highway User Revenue Fund comprises 12.1 percent of total fund balance. The fund balance increased \$2.7 million from the prior year and will continue to be used to fund the pavement management program in the next fiscal year.

The Capital Projects Fund comprises 31.0 percent of the total fund balance. All of the fund balance is committed or assigned to capital projects. The fund balance increased \$5.5 million due to the transfer of General Fund savings from the prior year as required by Town policy.

The Grants Fund was utilized during the year to account for the American Rescue Plan Act (ARPA) funding made available by the Department of the Treasury. This federal funding was provided to assist state, county, and local governments after the pandemic. The fund balance remained relatively unchanged since all funds received were used to pay for a portion of the Town's public safety contracts during the fiscal year.

The Technology Replacement Fund is the Town's sole proprietary fund. Unrestricted net position of this fund at the end of the fiscal year amounted to \$118,728. This was an increase of \$22,941 that was due to internal charges to other governmental funds.

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

BUDGETARY HIGHLIGHTS

A majority of the budget transfers for the fiscal year moved budget authority between departments within the General Fund; however, the final budget for the General Fund did decrease \$3.2 million as a result of budget transfers to the Grants fund to pay public safety costs using ARPA funding.

A schedule showing the budget amounts compared to the Town’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 \$1.8 million in overall revenues is primarily due to increased local sales taxes.
- The favorable total expenditures variance of \$5.8 million is due primarily to lowered expenditures throughout all departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of the end of the current fiscal year, the Town had invested \$102.3 million in capital assets, including buildings, facilities, vehicles, computers, equipment, infrastructure and artwork. This amount represents a net increase, prior to depreciation, of \$3.8 million from the prior fiscal year. The increase was primarily due to the Community Center renovation, improvements to the storm water system, purchase and replacement of vehicles and equipment, and continuation of the sidewalk infill program. Total depreciation expense for the current fiscal year was \$5.4 million.

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

	Governmental Activities	
	As of June 30, 2022	As of June 30, 2021
Capital assets – non-depreciable	\$ 34,894,320	\$ 34,155,329
Capital assets – depreciable, net	67,452,417	69,666,856
Total	\$102,346,737	\$103,822,185

The estimated construction commitments amount is \$291,779.

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

**TOWN OF FOUNTAIN HILLS, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Debt Administration. The Town does not currently have any outstanding debt. Therefore, there were not any town-wide taxes levied in FY22.

State statutes currently limit the amount of general obligation debt a Town may issue to a percentage of its total assessed valuation for water, sewer, artificial lighting, parks, open space, recreational facility improvements, public safety, law enforcement, fire and emergency facilities and street and transportation facilities. The current 20 percent debt limitation for the Town is \$126 million. State statutes also currently limit the amount of general obligation debt a Town may issue to a percentage of its total assessed valuation for all other purposes. The current 6 percent debt limitation for the Town is \$37.8 million.

Additional information on the Town's long-term debt can be found in Note 7 in the notes to the financial statements.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Division, Town of Fountain Hills, 16705 East Avenue of the Fountains, Fountain Hills, Arizona 85268 or visit our website at www.fountainhillsaz.gov.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 33,773,162
Accounts receivable	177,100
Intergovernmental receivable	846,275
Taxes receivable	25,423
Leases receivable	2,152,999
Interest receivable	25,900
Inventory, at cost	14,845
Prepaid items	40,717
Total current assets	37,056,421
Noncurrent assets:	
Capital assets not being depreciated	34,894,320
Capital assets, net of accumulated depreciation	67,452,417
Total noncurrent assets	102,346,737
Total assets	139,403,158
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	2,037,430
Retainage payable	6,429
Accrued wages and benefits	197,134
Other liabilities	1,135
Customer deposits	66,608
Compensated absences payable	334,903
Unearned revenues	230,304
Total current liabilities	2,873,943
Noncurrent liabilities:	
Non-current portion of long-term liabilities	297,878
Total noncurrent liabilities	297,878
Total liabilities	3,171,821
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Leases	2,124,397
<u>NET POSITION</u>	
Net investment in capital assets	102,346,737
Restricted for:	
Public works	3,585,826
Capital outlay	1,958,521
Debt service	205,379
Unrestricted	26,010,477
Total net position	\$ 134,106,940

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

**TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 4,333,863	\$ 498,242	\$ 217,970		\$ (3,617,651)
Development services	1,068,260	947,431			(120,829)
Public safety	9,487,150	89,140	4,260,581		(5,137,429)
Public works	9,780,920	654,434	1,855,049	28,000	(7,243,437)
Culture and recreation	3,999,178	641,269	47,980	133,751	(3,176,178)
Total governmental activities	<u>\$ 28,669,371</u>	<u>\$ 2,830,516</u>	<u>\$ 6,381,580</u>	<u>\$ 161,751</u>	<u>(19,295,524)</u>

General revenues:

Taxes:

Property taxes	9,728
Sales taxes	17,660,758
Franchise taxes	399,007
State sales & income tax revenue sharing - unrestricted	6,541,023
Vehicle license tax revenue sharing - unrestricted	1,180,100
Investment earnings	(419,006)
Miscellaneous	280,140
Total general revenues	<u>25,651,750</u>

Changes in net position 6,356,226

Net position, beginning of year 127,750,714

Net position, end of year \$ 134,106,940

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

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FUND FINANCIAL STATEMENTS

**TOWN OF FOUNTAIN HILLS, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Highway User Revenue	Grants
<u>ASSETS</u>			
Cash and investments	\$ 14,412,273	\$ 4,160,922	\$ 577,413
Accounts receivable	110,397	40,624	
Intergovernmental receivable	587,311	238,491	
Taxes receivable			
Leases receivable	2,152,999		
Interest receivable	11,901		
Inventory, at cost	14,845		
Prepaid items	36,464		
Total assets	\$ 17,326,190	\$ 4,440,037	\$ 577,413
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 478,052	\$ 498,019	\$ 350,322
Retainage payable			
Accrued wages and benefits	177,171	15,084	
Other liabilities	884	237	
Customer deposits	66,608		
Unearned revenues	11,654		218,650
Total liabilities	734,369	513,340	568,972
Deferred inflows of resources:			
Unavailable revenues - property taxes			
Unavailable revenues - other	6,851	23,401	
Leases	2,124,397		
Total deferred inflows of resources	2,131,248	23,401	
Fund balances:			
Nonspendable	51,309		
Restricted		3,553,984	8,441
Committed	3,664,240		
Assigned	1,278,191	349,312	
Unassigned	9,466,833		
Total fund balances	14,460,573	3,903,296	8,441
Total liabilities, deferred inflows of resources and fund balances	\$ 17,326,190	\$ 4,440,037	\$ 577,413

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

<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,597,672	\$ 3,906,154	\$ 33,654,434
23,871	2,208	177,100
	20,473	846,275
	25,423	25,423
		2,152,999
13,419	580	25,900
		14,845
	4,253	40,717
<u>\$ 10,634,962</u>	<u>\$ 3,959,091</u>	<u>\$ 36,937,693</u>

\$ 634,302	\$ 76,735	\$ 2,037,430
6,429		6,429
	4,879	197,134
	14	1,135
		66,608
		230,304
<u>640,731</u>	<u>81,628</u>	<u>2,539,040</u>

	25,258	25,258
		30,252
		2,124,397
	<u>25,258</u>	<u>2,179,907</u>

	4,253	55,562
	2,138,642	5,701,067
4,068,310	1,442,971	9,175,521
5,925,921	266,339	7,819,763
		9,466,833
<u>9,994,231</u>	<u>3,852,205</u>	<u>32,218,746</u>
<u>\$ 10,634,962</u>	<u>\$ 3,959,091</u>	<u>\$ 36,937,693</u>

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TOWN OF FOUNTAIN HILLS, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total governmental fund balances

Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:		\$ 32,218,746
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 235,641,934	
Less accumulated depreciation	<u>(133,295,197)</u>	102,346,737
<p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.</p>		
Property taxes	25,258	
Other	<u>30,252</u>	55,510
<p>Long-term liabilities (compensated absences payable) are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
		(632,781)
<p>The Internal Service Fund is used by management to charge the cost of technology replacement to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.</p>		
		<u>118,728</u>
Net position of governmental activities		<u><u>\$ 134,106,940</u></u>

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

TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Highway User Revenue	Grants
Revenues:			
Property taxes	\$	\$	\$
Sales taxes	14,943,722	1,217,983	
Franchise taxes	399,007		
Licenses and permits	1,432,438		
Leases and rents	330,492	3,454	
Intergovernmental	6,946,835	2,681,119	4,424,619
Charges for services	167,478	3,679	
Other	371,515	24,481	
Fines and forfeitures	197,381		
Investment earnings	(146,307)	6,219	1,296
Total revenues	24,642,561	3,936,935	4,425,915
Expenditures:			
Current -			
General government	3,665,700		209,324
Development services	1,041,531		
Public safety	4,971,958		4,208,150
Public works	1,114,400	3,207,526	
Culture and recreation	3,021,991		
Capital outlay	129,336		
Debt service -			
Fiscal charges			
Total expenditures	13,944,916	3,207,526	4,417,474
Excess (deficiency) of revenues over expenditures	10,697,645	729,409	8,441
Other financing sources (uses):			
Transfer in		2,000,000	
Transfer out	(11,696,102)		
Total other financing sources (uses)	(11,696,102)	2,000,000	
Changes in fund balances	(998,457)	2,729,409	8,441
Fund balances, beginning of year	15,459,030	1,173,887	
Fund balances, end of year	\$ 14,460,573	\$ 3,903,296	\$ 8,441

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

<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$
890,062	11,482	11,482
	608,991	17,660,758
		399,007
	606,911	2,039,349
		333,946
	71,751	14,124,324
		171,157
28,543	7,299	431,838
	26,583	223,964
(278,547)	(1,885)	(419,224)
<u>640,058</u>	<u>1,331,132</u>	<u>34,976,601</u>
824	229,409	4,105,257
		1,041,531
		9,180,108
762,296	628,230	5,712,452
	144,535	3,166,526
3,686,167	13,196	3,828,699
	598	598
<u>4,449,287</u>	<u>1,015,968</u>	<u>27,035,171</u>
<u>(3,809,229)</u>	<u>315,164</u>	<u>7,941,430</u>
9,306,102	656,051	11,962,153
	(266,051)	(11,962,153)
<u>9,306,102</u>	<u>390,000</u>	
<u>5,496,873</u>	<u>705,164</u>	<u>7,941,430</u>
4,497,358	3,147,041	24,277,316
<u>\$ 9,994,231</u>	<u>\$ 3,852,205</u>	<u>\$ 32,218,746</u>

**TOWN OF FOUNTAIN HILLS, ARIZONA
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 **\$ 7,941,430**

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

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

Expenditures for capitalized assets	\$ 3,890,700	
Less current year depreciation	<u>(5,356,585)</u>	(1,465,885)

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

Property taxes	(1,754)	
Other	<u>(12,925)</u>	(14,679)

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

Loss on disposal of assets	(9,563)	
Compensated absences	<u>(118,018)</u>	(127,581)

The Internal Service Fund is used by management to charge the cost of technology replacement to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.

22,941

Changes in net position in governmental activities **\$ 6,356,226**

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

**TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	<u>Governmental Activities: Internal Service Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 118,728
Total current assets	<u>118,728</u>
Total assets	<u>118,728</u>
 <u>NET POSITION</u>	
Unrestricted	118,728
Total net position	<u>\$ 118,728</u>

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

TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities: Internal Service Funds
Operating revenues:	
Other	\$ 1,690
Charges for services	65,004
Total operating revenues	66,694
Operating expenses:	
Cost of services	43,971
Total operating expenses	43,971
Operating income (loss)	22,723
Nonoperating revenues (expenses):	
Investment earnings	218
Total nonoperating revenues (expenses)	218
Changes in net position	22,941
Total net position, beginning of year	95,787
Total net position, end of year	\$ 118,728

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

**TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Governmental Activities: Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from charges for services	\$ 65,004
Cash received from other sources	1,690
Cash payments to suppliers for goods and services	<u>(43,971)</u>
Net cash provided by/used for operating activities	<u>22,723</u>
 Cash flows from investing activities:	
Investment income	<u>218</u>
Net cash provided by/used for investing activities	<u>218</u>
 Net increase/decrease in cash and cash equivalents	
	<u>22,941</u>
 Cash and cash equivalents, beginning of year	
	<u>95,787</u>
 Cash and cash equivalents, end of year	
	<u>\$ 118,728</u>
 <u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>	
Cash and investments	\$ 118,728
Less investments not maturing in less than three months	<u>0</u>
Total cash and cash equivalents	<u>\$ 118,728</u>

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

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fountain Hills, Arizona (Town) 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 Town 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 Town'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 Town's accounting policies are described below.

A. Reporting Entity

The Town's major operations include development services, culture and recreation, public works, public safety and general administrative services.

The Town is a municipal corporation governed by an elected Mayor and Council. 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 Town is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the component units combined with the Town for financial statement presentation purposes and the Town are not included in any other governmental reporting entity. Consequently, the Town's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eagle Mountain Community Facilities District and the Cottonwoods Maintenance District. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the Town. Property owners in the designated areas are assessed taxes for the costs of operating the Districts. The Town Council serves as the Board of Directors; however, the Town has no liability for the Districts' debt, the Districts are responsible for the debt; the debt is therefore not subject to the Town's debt limit. The Districts cannot be part of another reporting entity. The Districts' governing bodies are substantially the same as the Town and the Town's management oversees operations, resulting in the Town having the ability to exercise control. As a result, for financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the Town's operations.

Town of Fountain Hills, Arizona Municipal Property Corporation. The Town of Fountain Hills, Arizona Municipal Property Corporation's (MPC) Board of Directors consists of three members which are appointed by the Fountain Hills Town Council. The MPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the Town in obtaining financing for various projects of the Town. The Town has a "moral obligation" for the repayment of the MPC's bonds. The MPC cannot be part of another reporting entity. The MPC provides services exclusively to the Town. As a result, for financial reporting purposes, transactions of the MPC are combined together and included as if they were part of the Town's operations.

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 Town as a whole. The reported information includes all of the Town's component units. For the most part, the effect of internal activity has been removed from these statements. Interfund services provided and used, such as interfund transfers, are not eliminated in the process of consolidation. Governmental activities normally are supported by taxes and intergovernmental revenues. The Town does not have any fiduciary or business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 state shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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.

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 Town 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, sales taxes, franchise taxes, state shared revenues, licenses and permits, charges for services, and investment earnings 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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Unearned revenues arise when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

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.

The Town reports the following major governmental funds.

General Fund – The General Fund is the Town’s primary operating fund. This fund accounts for all financial resources of the Town, except those required to be accounted for in other funds.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Highway User Revenue Fund (HURF) – This fund accounts for the Town’s share of motor vehicle fuel tax revenues and sales tax.

Grants Fund – This fund accounts for the activities of various restricted grants and contributions received by the Town.

Capital Projects Fund – This fund accounts for the capital improvements to various projects and equipment purchases of the Town.

Additionally, the Town reports the following fund type:

Proprietary Fund – The Proprietary Fund is an Internal Service Fund that accounts for the operation of technology replacement services to other Town departments on a cost reimbursement basis.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s internal service fund are charges to Town departments for technology replacement. Operating expenses for the internal service fund include the cost of goods and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end was cash and investments in the State Treasurer’s Local Government Investment Pool.

Cash and investments at year end were cash on hand, cash in bank, restricted cash, cash and investments held by the State Treasurer, and investments in the State Treasurer’s Local Government Investment Pool.

Cash and investments are pooled, except for investments that are restricted under provisions of bond indentures or other restrictions that are required to be reported in the individual funds.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arizona Revised Statutes authorize the Town to invest public monies in the State Treasurer’s local government investment pools, the County Treasurer’s investment pool, obligations of the U.S. Government and its agencies, obligations of the state and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. Investments are stated at fair value.

Statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the Town’s investments.

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 Earnings

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment earnings is a component of revenue in the governmental funds financial statements and is reported in nonoperating revenue in the proprietary 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). Interfund balances between governmental funds are eliminated on the statement of net position.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

Property taxes are levied by the Town and collected by the Maricopa County Treasurer. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date. 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.

All receivables are shown net of an allowance for uncollectibles.

H. Inventory

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed in the government-wide financial statements, and as expenditures when consumed in the governmental funds.

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. In the government-wide and fund financial statements, prepaids are recognized as expenses/expenditures when goods and/or services are received rather than when purchased.

J. Capital Assets

Capital assets, which include land and improvements, artwork, buildings and improvements, vehicles, machinery, and equipment, construction in progress, infrastructure assets, and intangible right-to-use assets are reported in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost, if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation.

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

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Buildings and building improvements	20 - 50 years
Improvements other than buildings	20 years
Infrastructure	15 - 50 years
Vehicles, machinery and equipment	5 - 20 years

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. The Town did not have any items that qualified for reporting in this category.

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 Town's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Sick leave and vacation benefits accrue as pay periods are completed at the current rate of pay.

All eligible full-time and part-time regularly-scheduled employees can accrue vacation leave. Employees accrue up to a maximum of two times the yearly maximum accrual of vacation through carryover of balances. In the event of termination, employees will be paid for any accrued, but unused, vacation hours. Full-time and part-time regularly-scheduled employees accrue sick leave, up to a maximum of 1040 hours. Part-time non-regularly-scheduled, temporary, or seasonal, and other employees accrue paid sick time for hours worked, not to exceed 40 hours per calendar year.

The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on 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 termination, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. 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.

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.

N. 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.

O. Net Position Flow Assumption

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

P. 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.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Leases

As lessor, the Town recognizes lease receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit rate cannot be determined, the Town uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The Town's estimated incremental borrowing rate was determined at the time of implementation of GASB 87 and was estimated since the Town does not have outstanding debt. The rate was based on the prevailing federal funds rate during the fiscal year. This rate reflects the low risk of renting these facilities over a long lease period with multiple renewals.

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, committed, assigned, and unassigned fund balance classifications.

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

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

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council, the Town's highest level of decision making authority, by ordinance. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Town 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 Town Council or a management official delegated that authority by formal Town Council action. The authority to make assignments has been delegated by the Town Council to the Finance Director.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

The Town has established a fund balance policy which states that the combined General Fund operating fund balance should be at least 30 percent of the average actual General Fund revenues for the preceding five fiscal years.

The Town has established a stabilization fund (Rainy Day fund) in the Town's fund balance policy. The Rainy Day fund had a balance of \$3,595,599, reported as a committed fund balance at June 30, 2022. The Rainy Day fund may only be used for the following: 1) to replace the loss of more than 20 percent of the Town's local share of state shared revenues, 2) for any event that threatens the health, safety or welfare of the Town's citizens, 3) for any event that threatens the fiscal stability of the Town, and lastly 4) to address any matter declared as an emergency by the governor of the State of Arizona or the Mayor of the Town. All withdrawals from the Rainy Day fund shall be subject to the following rules: 1) any appropriation shall require the approval by at least 2/3 vote by the Town Council, and 2) the maximum amount of Rainy Day withdrawal in any fiscal year shall not exceed one-half of the total balance in the fund. Replenishment of the Rainy Day fund when spent by the Town should not exceed a period of more than five years, and should be repaid in annual installments of not less than one percent of the previous fiscal year General Fund balance. Repayments shall be appropriated as part of the annual budget adoption.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

	General Fund	Highway User Revenue Fund	Grants Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ 14,845					\$ 14,845
Prepaid items	36,464				4,253	40,717
Restricted:						
Capital Projects					13,357	13,357
Debt Service					180,121	180,121
Highways and Streets		3,553,984	8,441			3,562,425
Development Fees					1,945,164	1,945,164
Committed:						
Rainy Day	3,595,599					3,595,599
Public Art	68,641					68,641
Downtown Strategy					518,590	518,590
Economic Development					316,134	316,134
Tourism					205,872	205,872
Capital Projects				4,068,310		4,068,310
Local Court Enhancement					402,375	402,375
Assigned:						
Capital Projects				5,925,921		5,925,921
Environmental					266,339	266,339
Vehicle Replacement	1,278,191	349,312				1,627,503
Unassigned:						
	9,466,833					9,466,833
Total fund balances	<u>\$ 14,460,573</u>	<u>\$ 3,903,296</u>	<u>\$ 8,441</u>	<u>\$ 9,994,231</u>	<u>\$ 3,852,205</u>	<u>\$ 32,218,746</u>

NOTE 3 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the Town’s deposits may not be returned to the Town. The Town does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the Town’s deposits was \$649,127 and the bank balance was \$984,461. At year end, \$484,461 of the Town’s deposits were covered by collateral held by the pledging financial institution in the Town’s name. The remaining amount is covered by FDIC.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS

Fair Value Measurements. The Town 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

Valuation Techniques. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools, as an investment company, are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools 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.

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, cash and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Carrying amount of investments	\$33,123,335
Carrying amount of cash deposits	649,127
Cash on hand	<u>700</u>
Total pooled cash and investments	<u><u>\$33,773,162</u></u>

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS

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

Investment Type	Category	Fair Value	Investment Maturities (in Years)		Credit Rating	
			Less than 1	1-5	S&P	Moody’s
U.S. Government and Agency Notes	Level 1	\$ 7,150,305	\$	\$ 7,150,305	AA+	Aaa
Supra-National Notes	Level 1	550,858	68,524	482,334	AAA	Aaa
Federal Agency Notes	Level 1	1,484,861	512,533	972,328	AA+	Aaa
Corporate and Foreign Bonds	Level 2	2,865,388	49,866	2,815,522	BBB+ to AA-	A1, A2, A3, Aa3
Asset Backed Securities	Level 2	904,114		904,114	AAA, NR	Aaa, NR
Certificates of Deposit	Level 2	196,541	196,541		A-1, A-1+	P-1
US Bank Money Market Funds	Level 1	47,749			n/a	n/a
			<u>\$ 827,464</u>	<u>\$12,324,603</u>		
State Treasurer’s Investment Pool 7	Not applicable	19,923,519	33 days average maturities			
Total		<u>\$33,123,335</u>				

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates may reduce the market value of Town investments. In accordance with its investment policy, the Town manages its exposure to declines in fair values by the following:

- Structuring the investment portfolio so that securities mature concurrent with the anticipated cash requirements for ongoing operations, thereby avoiding, as much as possible, the need to sell securities into an adverse market environment prior to maturity.
- Investing funds primarily in shorter-term securities or similar investment pools and limiting the average maturity of the portfolio in accordance with the needs of the Town.
- With respect to any firm or individual given responsibility for investments utilizing external research and advice regarding the current interest rate outlook and global economic condition to optimize portfolio duration strategy.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS

Credit Risk. Credit risk is the risk of default of debt by an issuer or counterparty to an investment. The Town will limit credit risk by limiting investments in the Town’s portfolio to the asset classes designated as acceptable in ARS §35-323. When possible, analysis of the credit worthiness of all individual debt issuers held in the portfolio should be conducted on an annual basis in an effort to guard against investing in a weak or deteriorating credit situation. Additionally, the Town will pre-qualify financial institutions, brokers/dealers, and investment advisers with which the Town will do business. The State Treasurer’s Local Government Investment Pool 7 was rated AAA by Moody’s at year end.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of depository financial institution failure, the Town’s deposits may not be returned to the Town. The Town’s investment in the State Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however the Town’s portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss from over concentration of investments. In accordance with its investment policy, the Town diversifies its investment portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of securities. With the exception of U.S. Treasury notes and securities and authorized pools, the investment policy establishes a maximum percentage of 30 percent in insured or collateralized certificates of deposit; 20 percent in certificates of deposit registry services; 30 percent in commercial paper; and 30 percent in bonds, debentures, or notes.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Town Investments</u>
U.S. Government and Agency Notes	\$ 7,150,305	21.6%
Supra-National Notes	550,858	1.7%
Federal Agency Notes	1,484,861	4.5%
Corporate and Foreign Bonds	2,865,388	8.7%
Asset Backed Securities	904,114	2.7%
Certificates of Deposit	196,541	0.6%
US Bank Money Market Funds	47,749	0.1%
State Treasurer’s investment pool 7	19,923,519	60.1%
	<u>\$ 33,123,335</u>	

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of intergovernmental receivables. Intergovernmental receivables, net of allowance for uncollectibles, as of year-end for the Town’s individual major funds consisted entirely of receivables due from the State.

NOTE 5 – LEASES RECEIVABLE

The Town has cell tower land agreements and a fire station ambulance bay usage agreement that fall under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the implementation date. Lease revenue of \$167,062 and related interest revenue of \$27,947 are recorded as leases and rents in the General Fund.

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

Year ending June 30:			
	2023	\$	178,866
	2024		187,250
	2025		194,146
	2026		202,850
	2027		129,538
	2028-32		617,804
	2033-37		292,856
	2038-42		251,723
	2043-45		97,966
Total		\$	2,152,999

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity at year end is as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 29,690,368	\$	\$	\$ 29,690,368
Artwork	2,573,900	35,000		2,608,900
Construction in progress	1,891,061	3,654,675	2,950,684	2,595,052
Total capital assets, not being depreciated	<u>34,155,329</u>	<u>3,689,675</u>	<u>2,950,684</u>	<u>34,894,320</u>
Capital assets, being depreciated:				
Infrastructure	154,563,278	796,416		155,359,694
Buildings and building improvements	23,116,505	304,784		23,421,289
Improvements other than buildings	15,424,522	1,596,157	43,531	16,977,148
Vehicles, machinery and equipment	4,610,044	454,352	74,913	4,989,483
Total capital assets being depreciated	<u>197,714,349</u>	<u>3,151,709</u>	<u>118,444</u>	<u>200,747,614</u>
Less accumulated depreciation for:				
Infrastructure	(107,205,207)	(4,070,189)		(111,275,396)
Buildings and building improvements	(6,969,648)	(495,689)		(7,465,337)
Improvements other than buildings	(11,953,133)	(442,794)	(33,968)	(12,361,959)
Vehicles, machinery and equipment	(1,919,505)	(347,913)	(74,913)	(2,192,505)
Total accumulated depreciation	<u>(128,047,493)</u>	<u>(5,356,585)</u>	<u>(108,881)</u>	<u>(133,295,197)</u>
Total capital assets, being depreciated, net	<u>69,666,856</u>	<u>(2,204,876)</u>	<u>9,563</u>	<u>67,452,417</u>
Governmental activities capital assets, net	<u>\$ 103,822,185</u>	<u>\$ 1,484,799</u>	<u>\$ 2,960,247</u>	<u>\$ 102,346,737</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 206,609
Development services	16,721
Public safety	307,042
Streets and highways	4,025,741
Culture and recreation	800,472
Total depreciation expense	<u>\$ 5,356,585</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS

Construction Commitments – At June 30, 2022, the Town has the following active construction commitments. The resources for these commitments have been accumulated in the Capital Projects Fund.

Project	Governmental Activities	
	Spent-to-Date	Remaining Commitment
Golden Eagle Drainage Improvements	\$ 273,424	\$ 19,571
Storm Drain Improvements - Panarama Drive	167,035	14,370
Fire Alarm Control Panel Upgrades	95,161	6,429
Four Peaks Park Playground Upgrade	1,203,648	61,352
Shea Boulevard Widening - Palisades to Technology	178,851	166,723
Town-wide Guardrail Replacements	26,105	23,334
Total commitments	<u>\$ 1,944,224</u>	<u>\$ 291,779</u>

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 514,763	\$ 367,897	\$ 249,879	\$ 632,781	\$ 334,903
Governmental activity long-term Liabilities	<u>\$ 514,763</u>	<u>\$ 367,897</u>	<u>\$ 249,879</u>	<u>\$ 632,781</u>	<u>\$ 334,903</u>

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Interfund transfers:

At year end, interfund transfers were as follows:

Transfers in	Transfers out		Total
	General Fund	Non-Major Governmental Funds	
HURF Fund	\$ 2,000,000	\$	\$ 2,000,000
Capital Projects Fund	9,306,102		9,306,102
Non-Major Governmental Funds	390,000	266,051	656,051
Total	<u>\$ 11,696,102</u>	<u>\$ 266,051</u>	<u>\$11,962,153</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The General Fund transferred \$9,196,102 to the Capital Projects Fund for future projects, as required by the Town’s financial policies; \$2,000,000 to Highway User Revenue Fund for additional pavement maintenance projects; and \$500,000 to Environmental Fund for continued storm drain and wash maintenance. The Economic Development Fund transferred \$156,051 to the Tourism Fund to provide funding for operating costs of the tourism program. The Development Fee Fund transferred \$110,000 to the Capital Projects Fund for expansion of the Fountain Park splash pad.

NOTE 9 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state 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 Town expects such amounts, if any, to be immaterial.

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

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town’s insurance protection is provided by the Arizona Municipal Risk Retention Pool (Pool). The Pool is made up of various towns and cities within Arizona that operate a common risk management and insurance program. The Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its’ members additional premiums should reserves and annual premiums be insufficient to meet the Pool’s obligations.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – RISK MANAGEMENT

The Town joined the Arizona Municipal Workers' Compensation Pool (Pool) together with other governments in the state for risks of loss related to workers' compensation claims. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for towns and cities in the State. The Town is responsible for paying a premium, based on an experience rating formula that allocates pool expenditures and liabilities among members.

The Town continues to carry commercial insurance for all other risks of loss, including employee health, dental, and vision insurance. There were no settlements that exceeded insurance coverage in any of the past three years.

NOTE 11 – RETIREMENT PLANS

Defined Contribution Pension Plan

All full-time employees of the Town participate in a defined contribution pension plan administered by the ICMA Retirement Corporation as a 401(a) plan. The contribution rates are 11 percent for both the employee and the Town. The payroll for the Town employees covered by this plan for the year ended June 30, 2022, was \$3,994,381. The Town's total payroll was \$4,607,814.

A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined, instead of specifying the amount of benefit the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investment of those contributions. All full-time Town employees must participate in the pension plan from the date they are hired. Contributions made by an employee vest immediately and contributions made by the Town vest on a pro rata basis for five years. Town Council has the authority to establish and amend benefit terms and to establish and amend the contribution rates. The assets are held in a trust not controlled by the Town and all investment decisions are made by the employee. The plan does not require reporting under provisions of GASB Statement No. 84, *Fiduciary Activities*.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – RETIREMENT PLANS

An employee that leaves the employment of the Town is entitled to his or her contributions and the vested portion of the Town's contributions, plus interest earned. During the fiscal year, the Town's required and actual contributions amounted to \$439,382. The employees' contributions totaled \$439,382. Employees may also contribute to the ICMA Retirement Corporation 457 plan on a voluntary basis (with the exception of one contract employee that is limited to 11 percent of earnings); there is no employer match for those contributions. During the fiscal year, employees contributed \$113,179 to that plan. The Town contributed \$9,205 for the contract employee's 457 account.

No pension provision changes occurred during the year that affected the required contributions to be made by the Town or its employees. The ICMA Retirement Corporation held no securities of the Town or other related parties during the fiscal year 2021-22 or as of the close of the fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FOUNTAIN HILLS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sales taxes	13,826,923	13,826,923	14,943,722	\$ 1,116,799
Franchise taxes	434,896	434,896	399,007	(35,889)
Licenses and permits	949,250	949,250	1,432,438	483,188
Leases and rents	282,379	282,379	330,492	48,113
Intergovernmental	6,645,016	6,645,016	6,946,835	301,819
Charges for services	335,475	334,475	167,478	(166,997)
Other	91,355	92,355	371,515	279,160
Fines and forfeitures	189,000	189,000	197,381	8,381
Investment earnings	26,640	26,640	(146,307)	(172,947)
Total revenues	<u>22,780,934</u>	<u>22,780,934</u>	<u>24,642,561</u>	<u>1,861,627</u>
Expenditures:				
Current -				
General government				
Mayor and council	74,929	74,929	62,684	12,245
Administration	2,430,581	2,510,381	2,310,087	200,294
Non departmental	4,622,841	5,425,053	884,814	4,540,239
Municipal court	428,144	428,144	408,115	20,029
Total general government	<u>7,556,495</u>	<u>8,438,507</u>	<u>3,665,700</u>	<u>4,772,807</u>
Development services	1,183,415	1,183,415	1,041,531	141,884
Public safety				
Fire and emergency	4,286,584	1,127,908	927,378	200,530
Law enforcement	5,154,300	4,104,826	4,044,580	60,246
Total public safety	<u>9,440,884</u>	<u>5,232,734</u>	<u>4,971,958</u>	<u>260,776</u>
Public works	1,251,932	1,290,932	1,114,400	176,532
Culture and recreation	3,340,217	3,375,217	3,021,991	353,226
Capital outlay	106,000	177,239	129,336	47,903
Total expenditures	<u>22,878,943</u>	<u>19,698,044</u>	<u>13,944,916</u>	<u>5,753,128</u>
Excess (deficiency) of revenues over expenditures	<u>(98,009)</u>	<u>3,082,890</u>	<u>10,697,645</u>	<u>7,614,755</u>
Other financing sources (uses):				
Transfer in				-
Transfer out	(4,000,000)	(4,000,000)	(11,696,102)	(7,696,102)
Total other financing sources (uses):	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>(11,696,102)</u>	<u>(7,696,102)</u>
Changes in fund balances	<u>(4,098,009)</u>	<u>(917,110)</u>	<u>(998,457)</u>	<u>(81,347)</u>
Fund balances, beginning of year	15,459,030	15,459,030	15,459,030	-
Fund balances (deficits), end of year	<u>\$ 11,361,021</u>	<u>\$ 14,541,920</u>	<u>\$ 14,460,573</u>	<u>\$ (81,347)</u>

See accompanying notes to this schedule.

**TOWN OF FOUNTAIN HILLS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HIGHWAY USER REVENUE
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Sales taxes	\$ 1,145,328	\$ 1,217,983	\$ 72,655
Leases and rents		3,454	3,454
Intergovernmental	2,494,416	2,681,119	186,703
Charges for services	200,000	3,679	(196,321)
Other	31,000	24,481	(6,519)
Investment earnings	24,000	6,219	(17,781)
Total revenues	<u>3,894,744</u>	<u>3,936,935</u>	<u>42,191</u>
Expenditures:			
Current -			
Public works	5,846,567	3,207,526	2,639,041
Total expenditures	<u>5,846,567</u>	<u>3,207,526</u>	<u>2,639,041</u>
Excess (deficiency) of revenues over expenditures	<u>(1,951,823)</u>	<u>729,409</u>	<u>2,681,232</u>
Other financing sources (uses):			
Transfer in	2,000,000	2,000,000	
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	
Changes in fund balances	<u>48,177</u>	<u>2,729,409</u>	<u>2,681,232</u>
Fund balances, beginning of year	1,173,887	1,173,887	
Fund balances, end of year	<u>\$ 1,222,064</u>	<u>\$ 3,903,296</u>	<u>\$ 2,681,232</u>

See accompanying notes to this schedule.

**TOWN OF FOUNTAIN HILLS, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 4,196,550	\$ 4,173,645	\$ 4,424,619	\$ 250,974
Investment earnings			1,296	1,296
Total revenues	<u>4,196,550</u>	<u>4,173,645</u>	<u>4,425,915</u>	<u>252,270</u>
Expenditures:				
Current -				
General government	1,049,431	604,095	209,324	394,771
Public safety	1,006,550	4,208,150	4,208,150	
Total expenditures	<u>2,055,981</u>	<u>4,812,245</u>	<u>4,417,474</u>	<u>394,771</u>
Changes in fund balances	<u>2,140,569</u>	<u>(638,600)</u>	<u>8,441</u>	<u>647,041</u>
Fund balances, beginning of year				
Fund balances (deficits), end of year	<u>\$ 2,140,569</u>	<u>\$ (638,600)</u>	<u>\$ 8,441</u>	<u>\$ 647,041</u>

See accompanying notes to this schedule.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the budget for the Town is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited basic financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S 41-1279.07).
4. Expenditures may not legally exceed the expenditure limitation described below for all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds. The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between departments. The adopted budget cannot be amended in any way without Town Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Highway User Revenue, Excise Tax, Special Revenue, Debt Service, and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

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

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2022

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,780,781	\$ 180,209	\$ 1,945,164
Accounts receivable	2,208		
Intergovernmental receivable	20,473		
Taxes receivable	165	25,258	
Interest receivable	580		
Prepaid items	4,253		
Total assets	<u><u>\$ 1,808,460</u></u>	<u><u>\$ 205,467</u></u>	<u><u>\$ 1,945,164</u></u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 76,647	\$ 88	\$
Accrued wages and benefits	4,879		
Other liabilities	14		
Total liabilities	<u><u>81,540</u></u>	<u><u>88</u></u>	
Deferred inflows of resources:			
Unavailable revenues - property taxes		<u>25,258</u>	
Fund balances:			
Nonspendable	4,253		
Restricted	13,357	180,121	1,945,164
Committed	1,442,971		
Assigned	266,339		
Total fund balances	<u><u>1,726,920</u></u>	<u><u>180,121</u></u>	<u><u>1,945,164</u></u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 1,808,460</u></u>	 <u><u>\$ 205,467</u></u>	 <u><u>\$ 1,945,164</u></u>

Total Non-Major
Governmental
Funds

\$ 3,906,154
2,208
20,473
25,423
580
4,253
\$ 3,959,091

\$ 76,735
4,879
14
81,628

25,258

4,253
2,138,642
1,442,971
266,339
3,852,205

\$ 3,959,091

TOWN OF FOUNTAIN HILLS, ARIZONA
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>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Property taxes	\$ 6,613	\$ 4,869	\$
Sales taxes	608,991		
Licenses and permits	11,750		595,161
Intergovernmental	71,751		
Other	7,260	39	
Fines and forfeitures	26,583		
Investment earnings	(5,049)	280	2,884
Total revenues	<u>727,899</u>	<u>5,188</u>	<u>598,045</u>
Expenditures:			
Current -			
General government	229,409		
Public works	628,230		
Culture and recreation	144,535		
Capital outlay	13,196		
Debt service -			
Fiscal charges		598	
Total expenditures	<u>1,015,370</u>	<u>598</u>	
Excess (deficiency) of revenues over expenditures	<u>(287,471)</u>	<u>4,590</u>	<u>598,045</u>
Other financing sources (uses):			
Transfer in	656,051		
Transfer out	(156,051)		(110,000)
Total other financing sources (uses)	<u>500,000</u>		<u>(110,000)</u>
Changes in fund balances	<u>212,529</u>	<u>4,590</u>	<u>488,045</u>
Fund balances, beginning of year	1,514,391	175,531	1,457,119
Fund balances, end of year	<u>\$ 1,726,920</u>	<u>\$ 180,121</u>	<u>\$ 1,945,164</u>

Total Non-Major
Governmental
Funds

\$ 11,482
608,991
606,911
71,751
7,299
26,583
(1,885)
1,331,132

229,409
628,230
144,535
13,196

598
1,015,968

315,164

656,051
(266,051)
390,000

705,164

3,147,041

\$ 3,852,205

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Downtown Strategy Fund – accounts for the portion of Town sales tax committed by the Town Council for the development of the downtown area.

Economic Development Fund – accounts for the portion of Town sales tax committed by the Town Council for economic development and tourism.

Tourism Fund – accounts for the portion of Town sales tax committed by the Town Council as well as any grants received for all tourism activities.

Local Court Enhancement Fund – accounts for a local court surcharge, committed for court enhancement.

Environmental Fund – accounts for all funds received from collection of the environmental fee.

Cottonwoods Maintenance Fund – accounts for all funds restricted to pay for maintenance of the Cottonwoods Maintenance District.

Debt Service Funds

General Obligation Debt Service Fund – accounts for the Town's property tax revenues received to pay the debt service of the Town's general obligation bonds.

Eagle Mountain Debt Service Fund – accounts for the property tax revenues restricted to pay the debt service of the Eagle Mountain Community Facilities District.

Municipal Property Corporation Debt Service Fund – accounts for the revenues received to pay the debt service on MPC revenue bonds.

Capital Projects Funds

Facilities Replacement Fund – accounts for all funds assigned for the maintenance and repair of facilities and equipment.

Development Fees Fund – accounts for restricted development fees collected from building permits.

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	<u>Downtown Strategy</u>	<u>Economic Development</u>	<u>Tourism</u>
<u>ASSETS</u>			
Cash and investments	\$ 515,678	\$ 312,369	\$ 210,591
Accounts receivable		2,208	
Intergovernmental receivable	3,454	13,817	2,766
Taxes receivable			
Interest receivable	580		
Prepaid items		1,178	3,075
Total assets	<u>\$ 519,712</u>	<u>\$ 329,572</u>	<u>\$ 216,432</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,122	\$ 7,868	\$ 6,998
Accrued wages and benefits		4,392	487
Other liabilities			
Total liabilities	<u>1,122</u>	<u>12,260</u>	<u>7,485</u>
Fund balances:			
Nonspendable		1,178	3,075
Restricted			
Committed	518,590	316,134	205,872
Assigned			
Total fund balances	<u>518,590</u>	<u>317,312</u>	<u>208,947</u>
 Total liabilities and fund balances	 <u>\$ 519,712</u>	 <u>\$ 329,572</u>	 <u>\$ 216,432</u>

<u>Local Court Enhancement</u>	<u>Environmental</u>	<u>Cottonwoods Maintenance</u>	<u>Totals</u>
\$ 401,939	\$ 326,464	\$ 13,740	\$ 1,780,781
436			2,208
		165	20,473
			165
			580
			4,253
<u>\$ 402,375</u>	<u>\$ 326,464</u>	<u>\$ 13,905</u>	<u>\$ 1,808,460</u>
\$	\$ 60,111	\$ 548	\$ 76,647
	14		4,879
	<u>60,125</u>	<u>548</u>	<u>14</u>
			4,253
		13,357	13,357
402,375			1,442,971
	266,339		266,339
<u>402,375</u>	<u>266,339</u>	<u>13,357</u>	<u>1,726,920</u>
<u>\$ 402,375</u>	<u>\$ 326,464</u>	<u>\$ 13,905</u>	<u>\$ 1,808,460</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Downtown Strategy	Economic Development	Tourism
Revenues:			
Property taxes	\$	\$	\$
Sales taxes	121,798	487,193	
Licenses and permits			
Intergovernmental			71,751
Other		6,044	1,216
Fines and forfeitures			
Investment earnings	(6,619)	460	335
Total revenues	115,179	493,697	73,302
Expenditures:			
Current -			
General government	46,357	176,753	
Public works			
Culture and recreation			144,535
Capital outlay			
Total expenditures	46,357	176,753	144,535
Excess (deficiency) of revenues over expenditures	68,822	316,944	(71,233)
Other financing sources (uses):			
Transfer in			156,051
Transfer out		(156,051)	
Total other financing sources (uses)		(156,051)	156,051
Changes in fund balances	68,822	160,893	84,818
Fund balances, beginning of year	449,768	156,419	124,129
Fund balances, end of year	\$ 518,590	\$ 317,312	\$ 208,947

<u>Local Court Enhancement</u>	<u>Environmental</u>	<u>Cottonwoods Maintenance</u>	<u>Totals</u>
\$	\$	\$ 6,613	\$ 6,613
	11,750		608,991
			11,750
			71,751
			7,260
26,583			26,583
165	590	20	(5,049)
<u>26,748</u>	<u>12,340</u>	<u>6,633</u>	<u>727,899</u>
6,299			229,409
	611,382	16,848	628,230
			144,535
13,196			13,196
<u>19,495</u>	<u>611,382</u>	<u>16,848</u>	<u>1,015,370</u>
<u>7,253</u>	<u>(599,042)</u>	<u>(10,215)</u>	<u>(287,471)</u>
	500,000		656,051
			(156,051)
	<u>500,000</u>		<u>500,000</u>
<u>7,253</u>	<u>(99,042)</u>	<u>(10,215)</u>	<u>212,529</u>
395,122	365,381	23,572	1,514,391
<u>\$ 402,375</u>	<u>\$ 266,339</u>	<u>\$ 13,357</u>	<u>\$ 1,726,920</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Downtown Strategy		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Property taxes	\$	\$	\$
Sales taxes	114,528	121,798	7,270
Licenses and permits			
Intergovernmental			
Other			
Fines and forfeitures			
Investment earnings	1,260	(6,619)	(7,879)
Total revenues	115,788	115,179	(609)
Expenditures:			
Current -			
General government	270,200	46,357	223,843
Public works			
Culture and recreation			
Capital outlay			
Total expenditures	270,200	46,357	223,843
Excess (deficiency) of revenues over expenditures	(154,412)	68,822	223,234
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	(154,412)	68,822	223,234
Fund balances, beginning of year	449,768	449,768	
Fund balances, end of year	\$ 295,356	\$ 518,590	\$ 223,234

Economic Development			Tourism		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 458,136	\$ 487,193	\$ 29,057	\$	\$	\$
	6,044	6,044	72,905	71,751	(1,154)
240	460	220	180	335	155
<u>458,376</u>	<u>493,697</u>	<u>35,321</u>	<u>73,085</u>	<u>73,302</u>	<u>217</u>
244,499	176,753	67,746			
			233,798	144,535	89,263
<u>244,499</u>	<u>176,753</u>	<u>67,746</u>	<u>233,798</u>	<u>144,535</u>	<u>89,263</u>
<u>213,877</u>	<u>316,944</u>	<u>103,067</u>	<u>(160,713)</u>	<u>(71,233)</u>	<u>89,480</u>
(156,051)	(156,051)		156,051	156,051	
<u>(156,051)</u>	<u>(156,051)</u>		<u>156,051</u>	<u>156,051</u>	
<u>57,826</u>	<u>160,893</u>	<u>103,067</u>	<u>(4,662)</u>	<u>84,818</u>	<u>89,480</u>
156,419	156,419		124,129	124,129	
<u>\$ 214,245</u>	<u>\$ 317,312</u>	<u>\$ 103,067</u>	<u>\$ 119,467</u>	<u>\$ 208,947</u>	<u>\$ 89,480</u>

(Continued)

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Local Court Enhancement		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Property taxes	\$	\$	\$
Sales taxes			
Licenses and permits			
Intergovernmental			
Other			
Fines and forfeitures	49,000	26,583	(22,417)
Investment earnings	900	165	(735)
Total revenues	49,900	26,748	(23,152)
Expenditures:			
Current -			
General government	78,800	6,299	72,501
Public works			
Culture and recreation			
Capital outlay		13,196	(13,196)
Total expenditures	78,800	19,495	59,305
Excess (deficiency) of revenues over expenditures	(28,900)	7,253	36,153
Other financing sources (uses):			
Transfer in			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	(28,900)	7,253	36,153
Fund balances, beginning of year	395,122	395,122	
Fund balances, end of year	\$ 366,222	\$ 402,375	\$ 36,153

Environmental			Cottonwoods Maintenance		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	11,750	11,750	6,381	6,613	232
2,400	590	(1,810)	72	20	(52)
<u>2,400</u>	<u>12,340</u>	<u>9,940</u>	<u>6,453</u>	<u>6,633</u>	<u>180</u>
627,082	611,382	15,700	17,131	16,848	283
<u>627,082</u>	<u>611,382</u>	<u>15,700</u>	<u>17,131</u>	<u>16,848</u>	<u>283</u>
<u>(624,682)</u>	<u>(599,042)</u>	<u>25,640</u>	<u>(10,678)</u>	<u>(10,215)</u>	<u>463</u>
500,000	500,000				
<u>500,000</u>	<u>500,000</u>				
<u>(124,682)</u>	<u>(99,042)</u>	<u>25,640</u>	<u>(10,678)</u>	<u>(10,215)</u>	<u>463</u>
365,381	365,381		23,572	23,572	
<u>\$ 240,699</u>	<u>\$ 266,339</u>	<u>\$ 25,640</u>	<u>\$ 12,894</u>	<u>\$ 13,357</u>	<u>\$ 463</u>

(Continued)

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Totals		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Property taxes	\$ 6,381	\$ 6,613	\$ 232
Sales taxes	572,664	608,991	36,327
Licenses and permits		11,750	11,750
Intergovernmental	72,905	71,751	(1,154)
Other		7,260	7,260
Fines and forfeitures	49,000	26,583	(22,417)
Investment earnings	5,052	(5,049)	(10,101)
Total revenues	<u>706,002</u>	<u>727,899</u>	<u>21,897</u>
Expenditures:			
Current -			
General government	593,499	229,409	364,090
Public works	644,213	628,230	15,983
Culture and recreation	233,798	144,535	89,263
Capital outlay		13,196	(13,196)
Total expenditures	<u>1,471,510</u>	<u>1,015,370</u>	<u>456,140</u>
Excess (deficiency) of revenues over expenditures	<u>(765,508)</u>	<u>(287,471)</u>	<u>478,037</u>
Other financing sources (uses):			
Transfer in	656,051	656,051	
Transfer out	(156,051)	(156,051)	
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	
Changes in fund balances	<u>(265,508)</u>	<u>212,529</u>	<u>478,037</u>
Fund balances, beginning of year	1,514,391	1,514,391	
Fund balances, end of year	<u>\$ 1,248,883</u>	<u>\$ 1,726,920</u>	<u>\$ 478,037</u>

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TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2022

	General Obligation Debt Service	Eagle Mountain Debt Service	Municipal Property Corporation Debt Service
<u>ASSETS</u>			
Cash and investments	\$ 150,562	\$ 18,612	\$ 11,035
Taxes receivable	25,258		
Total assets	\$ 175,820	\$ 18,612	\$ 11,035
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ _____	\$ 88	\$ _____
Total liabilities	_____	88	_____
Deferred inflows of resources:			
Unavailable revenues - property taxes	25,258		
Fund balances:			
Restricted	150,562	18,524	11,035
Total fund balances	150,562	18,524	11,035
 Total liabilities, deferred inflows of resources and fund balances	 \$ 175,820	 \$ 18,612	 \$ 11,035

Totals

\$ 180,209
25,258
\$ 205,467

\$ 88
88

25,258

180,121
180,121

\$ 205,467

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	General Obligation Debt Service	Eagle Mountain Debt Service	Municipal Property Corporation Debt Service
Revenues:			
Property taxes	\$ 36	\$ 4,833	\$
Other		39	
Investment earnings	234	28	18
Total revenues	270	4,900	18
Expenditures:			
Debt service -			
Fiscal charges		588	10
Total expenditures		588	10
Changes in fund balances	270	4,312	8
Fund balances, beginning of year	150,292	14,212	11,027
Fund balances, end of year	\$ 150,562	\$ 18,524	\$ 11,035

Totals

\$	4,869
	39
	280
	<u>5,188</u>

598

598

4,590

175,531

\$ 180,121

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	General Obligation Debt Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Property taxes	\$	\$ 36	\$ 36
Other			
Investment earnings	1,200	234	(966)
Total revenues	1,200	270	(930)
Expenditures:			
Debt service -			
Fiscal charges	350		350
Total expenditures	350		350
Changes in fund balances	850	270	(580)
Fund balances, beginning of year	150,292	150,292	
Fund balances, end of year	\$ 151,142	\$ 150,562	\$ (580)

Eagle Mountain Debt Service

Municipal Property Corporation Debt Service

<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 4,833	\$ 4,833
	39	39
<u>240</u>	<u>28</u>	<u>(212)</u>
<u>240</u>	<u>4,900</u>	<u>4,660</u>
<u>1,000</u>	<u>588</u>	<u>412</u>
<u>1,000</u>	<u>588</u>	<u>412</u>
<u>(760)</u>	<u>4,312</u>	<u>5,072</u>
14,212	14,212	
<u>\$ 13,452</u>	<u>\$ 18,524</u>	<u>\$ 5,072</u>

<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$
<u>840</u>	<u>18</u>	<u>(822)</u>
<u>840</u>	<u>18</u>	<u>(822)</u>
<u>1,100</u>	<u>10</u>	<u>1,090</u>
<u>1,100</u>	<u>10</u>	<u>1,090</u>
<u>(260)</u>	<u>8</u>	<u>268</u>
11,027	11,027	
<u>\$ 10,767</u>	<u>\$ 11,035</u>	<u>\$ 268</u>

(Continued)

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	Totals		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Property taxes	\$	\$ 4,869	\$ 4,869
Other		39	39
Investment earnings	2,280	280	(2,000)
Total revenues	2,280	5,188	2,908
Expenditures:			
Debt service -			
Fiscal charges	2,450	598	1,852
Total expenditures	2,450	598	1,852
Changes in fund balances	(170)	4,590	4,760
Fund balances, beginning of year	175,531	175,531	
Fund balances, end of year	\$ 175,361	\$ 180,121	\$ 4,760

**TOWN OF FOUNTAIN HILLS, ARIZONA
BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUND
JUNE 30, 2022**

	Development Fees
<u>ASSETS</u>	
Cash and investments	\$ 1,945,164
Total assets	\$ 1,945,164
<u>LIABILITIES AND FUND BALANCES</u>	
Fund balances:	
Restricted	\$ 1,945,164
Total fund balances	1,945,164
Total liabilities and fund balances	\$ 1,945,164

TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Development Fees
Revenues:	
Licenses and permits	\$ 595,161
Investment earnings	2,884
Total revenues	598,045
 Excess (deficiency) of revenues over expenditures	 598,045
 Other financing sources (uses):	
Transfer out	(110,000)
Total other financing sources (uses)	(110,000)
 Changes in fund balances	 488,045
 Fund balances, beginning of year	 1,457,119
 Fund balances, end of year	 \$ 1,945,164

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TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Capital Projects		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Sales taxes	\$ 1,117,416	\$ 890,062	\$ (227,354)
Licenses and permits			
Intergovernmental	472,344		(472,344)
Other			
Investment earnings	19,200	(143,089)	(162,289)
Total revenues	1,608,960	746,973	(861,987)
Expenditures:			
Current -			
General government	2,800	824	1,976
Public works	304,413	45,723	258,690
Capital outlay	6,273,788	3,535,121	2,738,667
Total expenditures	6,581,001	3,581,668	2,999,333
Excess (deficiency) of revenues over expenditures	(4,972,041)	(2,834,695)	2,137,346
Other financing sources (uses):			
Transfer in	555,000	3,597,952	3,042,952
Transfer out			
Total other financing sources (uses)	555,000	3,597,952	3,042,952
Changes in fund balances	(4,417,041)	763,257	5,180,298
Fund balances, beginning of year	3,305,053	3,305,053	
Fund balances (deficits), end of year	\$ (1,111,988)	\$ 4,068,310	\$ 5,180,298

Facilities Replacement Fund			Development Fees		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	28,543	28,543	691,214	595,161	(96,053)
7,200	(135,458)	(142,658)	7,200	2,884	(4,316)
<u>7,200</u>	<u>(106,915)</u>	<u>(114,115)</u>	<u>698,414</u>	<u>598,045</u>	<u>(100,369)</u>
872,368	716,573	155,795			
	151,046	(151,046)			
<u>872,368</u>	<u>867,619</u>	<u>4,749</u>			
<u>(865,168)</u>	<u>(974,534)</u>	<u>(109,366)</u>	<u>698,414</u>	<u>598,045</u>	<u>(100,369)</u>
1,500,000	5,708,150	4,208,150			
			(345,000)	(110,000)	235,000
<u>1,500,000</u>	<u>5,708,150</u>	<u>4,208,150</u>	<u>(345,000)</u>	<u>(110,000)</u>	<u>235,000</u>
634,832	4,733,616	4,098,784	353,414	488,045	134,631
1,192,305	1,192,305		1,457,119	1,457,119	
<u>\$ 1,827,137</u>	<u>\$ 5,925,921</u>	<u>\$ 4,098,784</u>	<u>\$ 1,810,533</u>	<u>\$ 1,945,164</u>	<u>\$ 134,631</u>

(Continued)

TOWN OF FOUNTAIN HILLS, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Sales taxes	\$ 1,117,416	\$ 890,062	\$ (227,354)
Licenses and permits	691,214	595,161	(96,053)
Intergovernmental	472,344		(472,344)
Other		28,543	28,543
Investment earnings	33,600	(275,663)	(309,263)
Total revenues	<u>2,314,574</u>	<u>1,238,103</u>	<u>(1,076,471)</u>
Expenditures:			
Current -			
General government	2,800	824	1,976
Public works	1,176,781	762,296	414,485
Capital outlay	6,273,788	3,686,167	2,587,621
Total expenditures	<u>7,453,369</u>	<u>4,449,287</u>	<u>3,004,082</u>
Excess (deficiency) of revenues over expenditures	<u>(5,138,795)</u>	<u>(3,211,184)</u>	<u>1,927,611</u>
Other financing sources (uses):			
Transfer in	2,055,000	9,306,102	7,251,102
Transfer out	(345,000)	(110,000)	235,000
Total other financing sources (uses)	<u>1,710,000</u>	<u>9,196,102</u>	<u>7,486,102</u>
Changes in fund balances	<u>(3,428,795)</u>	<u>5,984,918</u>	<u>9,413,713</u>
Fund balances, beginning of year	5,954,477	5,954,477	
Fund balances (deficits), end of year	<u>\$ 2,525,682</u>	<u>\$ 11,939,395</u>	<u>\$ 9,413,713</u>

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 Town'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 Town's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the Town's current levels of outstanding debt as well as assess the Town'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 Town's financial activities take place and to help make comparisons with other cities.

Operating Information

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

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 with 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 value remains the value utilized for determining debt capacity limits.

Town of Fountain Hills, Arizona
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year ended June 30			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 89,800,560	\$ 89,713,260	\$ 95,325,824	\$ 95,647,990
Restricted	5,721,744	5,480,867	6,310,810	4,530,239
Unrestricted	<u>20,612,758</u>	<u>19,186,823</u>	<u>15,180,582</u>	<u>17,232,506</u>
Total governmental activities net position	<u>\$ 116,135,062</u>	<u>\$ 114,380,950</u>	<u>\$ 116,817,216</u>	<u>\$ 117,410,735</u>

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

Fiscal Year ended June 30

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 94,909,703	\$ 96,777,854	\$ 104,781,328	\$ 104,004,331	\$ 103,822,185	\$ 102,346,737
4,471,661	4,589,526	3,646,449	2,766,041	2,610,178	5,749,726
<u>17,578,068</u>	<u>16,244,169</u>	<u>15,258,797</u>	<u>17,388,168</u>	<u>21,318,351</u>	<u>26,010,477</u>
<u>\$ 116,959,432</u>	<u>\$ 117,611,549</u>	<u>\$ 123,686,574</u>	<u>\$ 124,158,540</u>	<u>\$ 127,750,714</u>	<u>\$ 134,106,940</u>

Town of Fountain Hills, Arizona
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 2,909,443	\$ 2,432,965	\$ 2,479,365	\$ 2,516,966
Development services	1,633,361	1,237,717	2,074,611	2,253,208
Public safety	6,100,131	6,958,056	6,816,152	7,178,890
Public works	5,712,817	6,630,875	4,963,979	6,476,688
Culture and recreation	2,779,294	2,760,690	2,822,954	3,124,523
Interest on long-term debt	567,043	472,999	698,542	241,694
Total governmental activities expenses	<u>19,702,089</u>	<u>20,493,302</u>	<u>19,855,603</u>	<u>21,791,969</u>
Program Revenues				
Governmental activities:				
Fines, fees and charges for services:				
General government	380,926	215,943	337,655	298,737
Development services	377,483	531,193	693,670	1,257,492
Public safety	63,824	74,887	86,641	90,345
Public works	112,521	250,421	236,706	48,688
Culture and recreation	288,745	340,353	339,158	321,189
Operating grants and contributions	1,266,906	1,307,738	1,431,017	1,615,973
Capital grants and contributions	150,535	144,570	2,874,796	381,011
Total governmental activities program revenues	<u>2,640,940</u>	<u>2,865,105</u>	<u>5,999,643</u>	<u>4,013,435</u>
Net (Expenses)/Revenues	(17,061,149)	(17,628,197)	(13,855,960)	(17,778,534)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	1,385,147	1,449,646	904,660	2,569,504
Sales taxes	7,957,163	8,459,267	8,983,049	9,395,667
Franchise taxes	334,668	349,414	352,673	360,320
State shared revenues	4,979,183	5,326,332	5,713,235	5,813,678
Investment earnings	69,998	123,311	150,358	219,058
Miscellaneous	300,899	166,115	188,251	13,826
Special item - Donation of capital assets	-	-	-	-
Total governmental activities	<u>15,027,058</u>	<u>15,874,085</u>	<u>16,292,226</u>	<u>18,372,053</u>
Changes in Net Position				
Governmental activities	<u>\$ (2,034,091)</u>	<u>\$ (1,754,112)</u>	<u>\$ 2,436,266</u>	<u>\$ 593,519</u>

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

Fiscal Year Ended June 30

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 3,142,722	\$ 3,431,752	\$ 3,318,477	\$ 3,470,936	\$ 3,793,915	\$ 4,333,863
1,364,378	1,460,967	867,725	825,884	968,808	1,068,260
7,563,898	7,567,012	8,142,069	9,003,452	9,214,615	9,487,150
7,904,577	7,380,663	10,263,244	9,961,306	10,175,540	9,780,920
3,375,414	3,311,648	3,767,996	3,490,447	3,601,870	3,999,178
178,749	118,552	57,054	881	7,544	-
<u>23,529,738</u>	<u>23,270,594</u>	<u>26,416,565</u>	<u>26,752,906</u>	<u>27,762,292</u>	<u>28,669,371</u>
837,163	295,716	280,312	533,189	310,411	498,242
1,062,094	1,314,915	1,143,871	608,892	693,161	947,431
155,454	155,973	90,774	100,444	104,726	89,140
216,724	52,465	10,214	131,750	355,619	654,434
393,028	497,914	1,151,500	409,651	435,432	641,269
1,699,931	1,737,958	1,850,676	2,007,841	4,733,757	6,381,580
494,328	304,951	181,939	91,245	135,525	161,751
<u>4,858,722</u>	<u>4,359,892</u>	<u>4,709,286</u>	<u>3,883,012</u>	<u>6,768,631</u>	<u>9,373,847</u>
(18,671,016)	(18,910,702)	(21,707,279)	(22,869,894)	(20,993,661)	(19,295,524)
2,296,199	2,263,623	2,476,546	2,077,368	402,481	9,728
9,415,151	10,311,577	11,491,123	13,172,390	15,657,292	17,660,758
367,119	421,682	423,947	434,896	426,260	399,007
6,057,278	6,396,667	6,514,470	6,874,771	7,787,184	7,721,123
55,127	158,860	554,549	545,983	49,665	(419,006)
28,839	10,410	202,969	236,452	262,953	280,140
-	-	6,118,700	-	-	-
<u>18,219,713</u>	<u>19,562,819</u>	<u>27,782,304</u>	<u>23,341,860</u>	<u>24,585,835</u>	<u>25,651,750</u>
<u>\$ (451,303)</u>	<u>\$ 652,117</u>	<u>\$ 6,075,025</u>	<u>\$ 471,966</u>	<u>\$ 3,592,174</u>	<u>\$ 6,356,226</u>

Town of Fountain Hills, Arizona
Fund Balances — Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year ended June 30			
	2013	2014	2015	2016
General fund				
Nonspendable				
Inventory	\$ 10,201	\$ 14,358	\$ 6,975	\$ 9,272
Prepaid items	32,493	18,348	10,655	4,123
Committed	1,345,200	1,345,200	2,634,923	2,652,357
Assigned	2,191,063	1,647,193	1,872,492	1,701,086
Unassigned	4,117,865	4,972,853	4,369,457	5,853,806
Total general fund	<u>\$ 7,696,822</u>	<u>\$ 7,997,952</u>	<u>\$ 8,894,502</u>	<u>\$ 10,220,644</u>
All other governmental funds				
Nonspendable				
Cash with escrow agent	\$ 2,301,609	\$ 1,973,067	\$ 1,645,000	\$ -
Prepaid items	4,706	997	656	5,055
Restricted	3,354,189	3,505,590	10,066,786	4,500,044
Committed	2,175,094	2,089,361	1,079,780	1,366,081
Assigned	9,005,276	7,147,586	5,444,124	5,943,364
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 16,840,874</u>	<u>\$ 14,716,601</u>	<u>\$ 18,236,346</u>	<u>\$ 11,814,544</u>

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

Fiscal Year ended June 30

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 5,872	\$ 13,490	\$ 5,168	\$ 8,982	\$ 7,117	\$ 14,845
16,868	21,945	17,311	2,418	20,170	36,464
2,714,135	2,893,850	3,027,804	3,249,354	3,387,433	3,664,240
1,743,768	2,101,574	2,380,653	622,641	1,085,667	1,278,191
2,696,999	2,140,434	1,863,722	5,535,499	10,958,643	9,466,833
<u>\$ 7,177,642</u>	<u>\$ 7,171,293</u>	<u>\$ 7,294,658</u>	<u>\$ 9,418,894</u>	<u>\$15,459,030</u>	<u>\$14,460,573</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
474	-	-	-	-	4,253
4,432,710	4,571,263	3,579,891	2,708,883	2,541,894	5,701,067
8,576,250	7,248,890	5,868,386	6,068,810	4,430,491	5,511,281
1,784,761	2,340,683	2,592,343	2,402,244	1,845,901	6,541,572
-	-	-	(66,361)	-	-
<u>\$ 14,794,195</u>	<u>\$ 14,160,836</u>	<u>\$12,040,620</u>	<u>\$11,113,576</u>	<u>\$ 8,818,286</u>	<u>\$17,758,173</u>

Town of Fountain Hills, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 9,713,445	\$ 10,271,737	\$ 10,240,382	\$ 12,299,285
Licenses and permits	570,904	891,782	1,043,382	1,372,045
Leases and rents	213,871	252,584	269,753	258,165
Intergovernmental	6,323,047	6,677,518	9,770,048	7,559,436
Charges for services	162,086	161,376	176,541	197,109
Other	300,899	134,114	188,251	147,662
Fines and forfeitures	187,251	170,995	186,456	209,380
Investment earnings	69,998	123,311	150,358	219,058
Total revenues	<u>17,541,501</u>	<u>18,683,417</u>	<u>22,025,171</u>	<u>22,262,140</u>
Expenditures				
Current:				
General government	2,699,109	2,194,845	2,275,124	2,324,026
Development services	1,643,757	1,774,983	2,073,990	2,217,814
Public safety	6,022,269	6,890,770	6,675,874	7,034,887
Public works	2,058,990	3,085,559	1,275,779	2,498,714
Culture and recreation	1,791,018	1,921,939	1,962,585	2,240,865
Capital outlay	453,002	1,750,465	8,799,068	6,471,382
Debt service:				
Principal	2,280,000	2,415,000	1,850,000	4,260,000
Interest	554,860	460,811	454,957	308,106
Other debt service	12,183	12,188	243,585	2,005
Total expenditures	<u>17,515,188</u>	<u>20,506,560</u>	<u>25,610,962</u>	<u>27,357,799</u>
Excess (deficiency) of revenues over (under) expenditures	26,313	(1,823,143)	(3,585,791)	(5,095,659)
Other Financing Sources (Uses)				
Transfers in	1,279,397	1,838,453	2,519,774	562,044
Transfers out	(1,279,397)	(1,838,453)	(2,519,774)	(562,044)
Proceeds from sale of capital assets	-	-	-	-
Issuance of refunding bonds	-	-	4,180,000	-
Issuance of long-term debt	-	-	7,565,000	-
Bond Premium	-	-	342,086	-
Payment to refunded bonds escrow agent	-	-	(4,085,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,002,086</u>	<u>-</u>
Net change in fund balances	<u>\$ 26,313</u>	<u>\$ (1,823,143)</u>	<u>\$ 4,416,295</u>	<u>\$ (5,095,659)</u>
Expenditures for capitalized assets	\$ 467,691	\$ 2,385,168	\$ 9,067,254	\$ 6,394,346
Debt service as a percentage of noncapital expenditures	16.7%	15.9%	15.4%	21.8%

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

Fiscal Year Ended June 30

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	12,069,714	\$ 13,019,341	\$ 14,342,801	\$ 15,694,054	\$ 16,510,939	\$ 18,071,247
	1,310,973	2,004,386	2,040,622	835,731	1,293,172	2,039,349
	284,090	282,531	280,801	286,391	264,621	333,946
	7,917,651	8,266,028	8,401,676	8,920,296	12,713,449	14,124,324
	351,476	254,122	181,105	222,947	99,090	171,157
	153,438	207,697	347,141	387,225	320,291	431,838
	257,727	182,997	130,483	281,704	239,191	223,964
	55,127	158,860	554,549	545,983	49,654	(419,224)
	<u>22,400,196</u>	<u>24,375,962</u>	<u>26,279,178</u>	<u>27,174,331</u>	<u>31,490,407</u>	<u>34,976,601</u>
	2,713,548	3,195,936	3,147,063	3,280,191	6,513,419	4,105,257
	1,275,147	1,397,249	858,957	797,513	954,667	1,041,531
	7,420,032	7,402,227	6,295,989	8,566,058	8,906,428	9,180,108
	3,954,450	3,420,317	7,880,668	6,046,298	6,321,814	5,712,452
	2,484,940	2,375,758	2,845,027	2,609,842	2,726,748	3,166,526
	1,693,265	4,317,214	4,487,854	2,716,523	4,758,067	3,828,699
	2,675,000	2,720,000	2,635,000	2,310,000	400,000	-
	244,986	185,164	123,871	67,301	7,044	-
	2,180	1,805	1,600	1,998	500	598
	<u>22,463,548</u>	<u>25,015,670</u>	<u>28,276,029</u>	<u>26,395,724</u>	<u>30,588,687</u>	<u>27,035,171</u>
	(63,352)	(639,708)	(1,996,851)	778,607	901,720	7,941,430
	5,194,138	4,543,728	3,672,532	1,928,978	3,086,628	11,962,153
	(5,194,138)	(4,543,728)	(3,672,532)	(1,928,978)	(3,136,628)	(11,962,153)
	-	-	-	418,585	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	418,585	(50,000)	-
\$	<u>(63,352)</u>	<u>(639,708)</u>	<u>(1,996,851)</u>	<u>1,197,192</u>	<u>851,720</u>	<u>7,941,430</u>
\$	1,696,612	\$ 4,293,214	\$ 4,465,837	\$ 2,689,270	\$ 4,758,055	\$ 3,890,700
	14.1%	14.0%	11.6%	10.0%	1.8%	0.0%

Town of Fountain Hills, Arizona
Governmental Activities - Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year Ended June 30</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2013	\$ 1,421,615	\$ 7,957,162	\$ 334,668	\$ 9,713,445
2014	1,463,056	8,459,267	349,414	10,271,737
2015	904,660	8,983,050	352,673	10,240,383
2016	2,543,298	9,391,267	360,320	12,294,885
2017	2,287,444	9,419,551	367,119	12,074,114
2018	2,286,081	10,311,578	421,682	13,019,341
2019	2,427,730	11,491,124	423,947	14,342,801
2020	2,086,769	13,172,389	434,896	15,694,054
2021	427,387	15,657,292	426,260	16,510,939
2022	11,482	17,660,758	399,007	18,071,247

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

Town of Fountain Hills, Arizona
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Net Assessed Taxable Value*	Total Direct Tax Rate**	Estimated Actual Taxable Value*	Net Assessed Taxable Value as a Percentage of Estimated Actual Taxable Value
2013	377,816,392	0.2657	3,422,463,416	11.04%
2014	365,963,182	0.2773	3,359,684,579	10.89%
2015	403,330,477	0.1151	3,722,794,676	10.83%
2016	402,223,763	0.5246	3,744,585,506	10.74%
2017	423,688,665	0.4472	3,965,824,715	10.68%
2018	444,639,625	0.4259	4,166,589,970	10.67%
2019	466,895,716	0.4257	4,381,287,279	10.66%
2020	494,576,905	0.3382	4,657,015,387	10.62%
2021	520,103,815	-	4,909,183,626	10.59%
2022	546,532,825	-	5,436,380,244	10.05%

Source: The source of this information is the Arizona Department of Revenue's Abstract of the Assessment Roll and the Town's financial 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. The net full cash value is used for determining the Town's bonding capacity and as the ceiling for net limited assessed value.

** Per \$100 of assessed taxable value; No town-wide taxes levied in FY21 or FY 22.

**Town of Fountain Hills, Arizona
Principal Property Taxpayers
June 30, 2022 and 2013**

Taxpayer	2022			2013		
	Net Limited Assessed Value	Rank	Percentage of Total Net Limited Assessed Value	Net Full Cash Assessed Value	Rank	Percentage of Total Net Full Cash Assessed Value
RCS-Park Place 1 LLC	4,104,443	1	0.75%			
EPCOR - Chaparral City Water Company	4,014,150	2	0.73%			
Hunter Retail LLC	2,664,494	3	0.49%			
FFI Fountain View Owner LLC	2,484,873	4	0.45%			
Whitestone Fountain Hills, LLC	1,917,085	5	0.35%			
Strathmore Company LLC	1,579,590	6	0.29%			
Fountain Hills Apartments LLC	1,446,429	7	0.26%			
Fountain Hills Invest Co., LLC	1,438,833	8	0.26%			
Target Corporation	1,435,594	9	0.26%	1,336,527	7	0.35%
Palisades Resorts LLC	1,315,948	10	0.24%			
Chapparal City Water Company				3,311,880	1	0.88%
Inland Western Fountain Hills Four Peaks LLC				3,053,666	2	0.81%
WSL Fountain View Investors V, LLC				1,774,797	3	0.47%
J & R Holdings XX LLC				1,770,864	4	0.47%
Firerock LLC				1,358,465	5	0.36%
Qwest Corporation				1,339,370	6	0.35%
EN LLC				1,286,664	8	0.34%
Smith's Food & Drug				1,248,668	9	0.33%
Sun Tech Development LLC				1,055,851	10	0.28%
Totals	<u>\$ 22,401,439</u>		<u>3.33%</u>	<u>\$ 17,536,752</u>		<u>4.64%</u>

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

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

**Town of Fountain Hills, Arizona
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2013	1,429,285	1,401,654	98.1%	18,563	1,420,217	99.4%
2014	1,449,884	1,426,612	98.4%	18,215	1,444,827	99.7%
2015	892,104	881,170	98.8%	6,903	888,073	99.5%
2016	2,532,115	2,502,995	98.8%	19,146	2,522,141	99.6%
2017	2,278,728	2,241,482	98.4%	29,198	2,270,680	99.6%
2018	2,272,027	2,230,328	98.2%	31,104	2,261,432	99.5%
2019	2,404,250	2,369,262	98.5%	19,914	2,389,176	99.4%
2020	2,092,340	2,044,210	97.7%	37,434	2,081,644	99.5%
2021	397,427	392,363	98.7%	5,064	397,427	100.0%
2022	6,381	6,326	99.1%	-	6,326	99.1%

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

Town of Fountain Hills, Arizona
Taxable Sales by Category
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30			
	2013	2014	2015	2016
Sales category:				
Construction	\$ 567,589	\$ 783,064	\$ 935,694	\$ 918,717
Transportation/utilities	1,402,734	1,375,623	1,405,768	1,327,441
Wholesale/retail	3,598,895	3,653,181	4,214,119	4,815,582
Restaurants/bars	645,258	655,654	682,180	742,540
Real estate, rental & leasing	720,023	782,453	617,348	552,856
Services	310,303	342,079	604,618	779,753
Other	712,360	867,213	523,323	254,378
Total	<u>\$ 7,957,162</u>	<u>\$ 8,459,267</u>	<u>\$ 8,983,050</u>	<u>\$ 9,391,267</u>

Note: Other includes all state and local sales tax audit adjustments.

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

Fiscal Year Ended June 30

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 730,164	\$ 1,408,332	\$ 1,932,716	\$ 1,910,021	\$ 1,990,383	\$ 1,780,123
1,288,153	1,309,928	1,290,585	1,405,005	1,529,268	1,501,600
4,982,218	5,235,992	5,464,247	7,031,474	8,956,208	9,834,924
811,985	829,857	893,595	892,210	1,062,172	1,446,971
636,834	745,171	842,233	965,124	993,228	1,103,241
852,675	747,834	1,025,548	916,769	1,125,753	1,992,955
117,523	34,464	42,200	51,786	280	944
<u>\$ 9,419,551</u>	<u>\$ 10,311,578</u>	<u>\$ 11,491,124</u>	<u>\$ 13,172,389</u>	<u>\$ 15,657,292</u>	<u>\$ 17,660,758</u>

**Town of Fountain Hills, Arizona
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Town Rate	Maricopa County	State Rate	Total Tax Rate
2013	2.60%	0.70%	5.60%	8.90%
2014	2.60%	0.70%	5.60%	8.90%
2015	2.60%	0.70%	5.60%	8.90%
2016	2.60%	0.70%	5.60%	8.90%
2017	2.60%	0.70%	5.60%	8.90%
2018	2.60%	0.70%	5.60%	8.90%
2019	2.60%	0.70%	5.60%	8.90%
2020*	2.90%	0.70%	5.60%	9.20%
2021	2.90%	0.70%	5.60%	9.20%
2022	2.90%	0.70%	5.60%	9.20%

* 0.3% Town rate increase effective 11/1/2019

Source: The source of this information is the Arizona Department of Revenue.

**Town of Fountain Hills, Arizona
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities					Total Outstanding Debt	Debt Per Capita
	General Obligation Bonds*	Community Facilities District Bonds**	Municipal Property Corporation Bonds*	Highway User Revenue Bonds	Special Assessment Bonds		
2013	2,900,000	2,800,000	5,905,000	-	-	11,605,000	498
2014	2,000,000	2,495,000	4,695,000	-	-	9,190,000	390
2015	9,517,086	2,300,000	3,525,000	-	-	15,342,086	642
2016	7,678,669	1,935,000	1,400,000	-	-	11,013,669	450
2017	5,680,252	1,560,000	1,030,000	-	-	8,270,252	336
2018	3,631,835	1,180,000	670,000	-	-	5,481,835	219
2019	1,683,417	795,000	300,000	-	-	2,778,417	110
2020	-	400,000	-	-	-	400,000	17
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-

Source: The source of this information is the Town's financial records and the U.S. Bureau of Economic Analysis.

* All bond amounts presented include amortization of original issuance discounts and premiums.

** All bond amounts presented include amortization of original issuance discounts and premiums.

The Town is not obligated for repayment of the Eagle Mountain Community Facilities District general obligation bonds.

Population data can be found in the Schedule of Demographic and Economic Statistics.

Town of Fountain Hills, Arizona
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds*	Less: Amounts Restricted for Principal	Net General Obligation Bonds	Estimated Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property	Net General Obligation Bonded Debt per Capita	Net General Obligation Bonded Debt per Net Limited Assessed Valuation	Municipal Property Bonds*	Net Municipal Property Debt per Capita	Total Revenues-All Sources
2013	5,700,000	82,184	5,617,816	3,422,463,416	0.16%	244	1.49%	3,561,814	154	17,723,994
2014	4,495,000	87,949	4,407,051	3,359,684,579	0.13%	189	1.20%	2,721,933	117	18,891,967
2015	11,817,086	420,782	11,396,304	3,722,794,676	0.31%	483	2.83%	1,764,338	75	22,161,316
2016	9,613,669	576,281	9,037,388	3,744,585,506	0.24%	378	2.25%	1,088,117	46	22,262,139
2017	7,240,252	343,697	6,896,555	3,965,824,715	0.17%	282	1.63%	860,437	35	22,400,196
2018	4,811,835	83,185	4,728,650	4,166,589,970	0.11%	192	1.06%	664,484	27	24,375,962
2019	2,478,417	146,100	2,332,317	4,381,287,279	0.05%	93	0.50%	287,694	12	26,279,178
2020	400,000	171,807	228,193	4,657,015,387	0.005%	9	0.05%	-	-	27,586,011
2021	-	191,594	-	4,909,183,626	-	-	-	-	-	31,354,466
2022	-	194,344	-	5,436,380,244	-	-	-	-	-	35,025,597

Source: The source of this information is the Department of Revenue and the Town's financial records.

* All bond amounts presented are net of original issuance discounts and premiums. The Town is not obligated for repayment of the Eagle Mountain Community Facilities District general obligation bonds.

Population data can be found in the Schedule of Demographic and Economic Statistics.

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 Town's bonding capacity and as the ceiling for net limited assessed value.

Town of Fountain Hills, Arizona
Direct and Overlapping Governmental Activities Debt
as of June 30, 2022

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Maricopa County	\$ -	1.12%	\$ -
Maricopa County Community College District	135,585,000	1.12%	1,518,552
Maricopa County Special Healthcare District	600,335,000	1.12%	6,723,752
East Valley Institute of Technology	-	2.27%	-
Fountain Hills Unified School District	5,655,000	96.45%	5,454,248
Total Overlapping Debt			<u>13,696,552</u>
Direct:			
Town of Fountain Hills, Arizona*			
General Obligation Bonds			-
Revenue Bonds			-
Eagle Mountain Community Facilities District**			-
Total Direct Debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 13,696,552</u>

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

* All bond amounts include amortization of original issuance discounts and premiums.

** The Town is not obligated for repayment of the Eagle Mountain Community Facilities District general obligation bonds.

Note: The estimated percentage of debt outstanding applicable to the Town is calculated based on the Town's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town of Fountain Hills. This schedule further estimates the portion of outstanding debt of those overlapping governments that is borne by residents and businesses of the Town. This process recognizes that, when considering a town's ability to issue and repay long-term debt, the entire debt burden borne by residents should be taken into account. However, this fact does not imply that every taxpayer is a resident, and, therefore, responsible for repaying the debt of each overlapping government.

**Town of Fountain Hills, Arizona
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year Ended June 30			
	2013	2014	2015	2016
6% Debt Limit				
Debt limit	\$ 22,668,984	\$ 21,957,791	\$ 24,199,829	\$ 28,325,296
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 22,668,984</u>	<u>\$ 21,957,791</u>	<u>\$ 24,199,829</u>	<u>\$ 28,325,296</u>
Total debt applicable to the limit as a percentage of debt limit	-	-	-	-
20% Debt Limit				
Debt limit	\$ 75,563,278	\$ 73,192,636	\$ 80,666,095	\$ 94,417,653
Total net debt applicable to limit	<u>2,900,000</u>	<u>2,000,000</u>	<u>9,175,000</u>	<u>7,405,000</u>
Legal debt margin	<u>\$ 72,663,278</u>	<u>\$ 71,192,636</u>	<u>\$ 71,491,095</u>	<u>\$ 87,012,653</u>
Total debt applicable to the limit as a percentage of debt limit	4%	3%	11%	8%

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

Note: All amounts presented are net of original issuance discounts and premiums.

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 Town's bonding capacity and as the ceiling for net limited assessed value.

Fiscal Year Ended June 30

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 30,651,126	\$ 31,459,192	\$ 32,400,042	\$ 33,907,227	\$ 35,603,580	\$ 37,800,780
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 30,651,126</u>	<u>\$ 31,459,192</u>	<u>\$ 32,400,042</u>	<u>\$ 33,907,227</u>	<u>\$ 35,603,580</u>	<u>\$ 37,800,780</u>
-	-	-	-	-	-
\$ 102,170,422	\$ 104,863,974	\$ 108,000,140	\$ 113,024,089	\$ 118,678,601	\$ 126,002,599
<u>5,475,000</u>	<u>3,495,000</u>	<u>1,615,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 96,695,422</u>	<u>\$ 101,368,974</u>	<u>\$ 106,385,140</u>	<u>\$ 113,024,089</u>	<u>\$ 118,678,601</u>	<u>\$ 126,002,599</u>
5%	3%	1%	-	-	-

**Town of Fountain Hills, Arizona
Calculation of Legal Debt Margin
as of June 30, 2022**

Net full cash assessed valuation		630,012,994
Water, Sewer, Artificial Lighting, Parks, Open Space, Recreational Facility Improvements, Public Safety, Law Enforcement, Fire and Emergency Facilities, Street and Transportation Facilities		
Debt limit - 20% of net full cash assessed valuation	\$	126,002,599
Net debt applicable to limit		-
20% legal debt margin		126,002,599
<u>All Other General Obligation Bonds</u>		
Debt limit - 6% of net full cash assessed valuation		37,800,780
Net debt applicable to limit		-
6% legal debt margin		37,800,780
Total legal debt margin	\$	163,803,379

Source: The source of this information is the Maricopa County Assessor's Office and the Town's financial 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. The net full cash assessed value is used for determining the Town's bonding capacity and as the ceiling for net limited assessed value.

**Town of Fountain Hills
Revenue Bond Coverage
Last Ten Fiscal Years**

Municipal Facilities Corporation Revenue Bonds

Fiscal Year Ended June 30	Principal	Interest	Total	Pledged Revenues	Coverage
2013	1,150,000	285,287	1,435,287	13,397,842	9.3
2014	1,225,000	234,176	1,459,176	14,313,158	9.8
2015	2,545,000	184,500	2,729,500	15,583,484	5.7
2016	480,000	32,740	512,740	16,250,673	31.7
2017	370,000	22,680	392,680	16,815,224	42.8
2018	360,000	16,686	376,686	18,194,833	48.3
2019	370,000	10,854	380,854	19,765,936	51.9
2020	300,000	4,860	304,860	20,862,372	68.4
2021	-	-	-	24,001,082	100.0
2022	-	-	-	26,453,550	100.0

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

**Town of Fountain Hills, Arizona
Demographic and Economic Statistics
Last Ten Calendar Years**

	Calendar Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Population	23,070	23,318	23,573	23,899	24,482	24,583	24,987	25,200	23,820	23,906
Per capita personal income	\$ 47,260	\$ 48,244	\$ 46,619	\$ 48,240	\$ 50,162	\$ 60,531	\$ 54,936	\$ 57,468	\$ 59,791	\$ 57,550
Median age	53.9	53.0	53.7	53.8	53.7	53.5	57.5	58.8	59.4	58.6
Public school enrollment	1,886	1,820	1,692	1,619	1,506	1,444	1,380	1,338	1,314	1,267
Town of Fountain Hills unemployment rate	5.6%	6.0%	5.4%	2.4%	1.9%	1.6%	3.9%	8.7%	4.9%	4.4%
Land use										
Total acres	13,005.7	13,005.7	13,005.7	13,005.7	13,005.7	13,005.7	13,005.7	13,005.7	13,005.7	13,005.7
Total square miles	20.32	20.32	20.32	20.32	20.32	20.32	20.32	20.32	20.32	20.32
Vacant lots	1,209	1,196	1,165	1,247	1,209	1,175	1,172	1,052	1,158	1,158
Number of units										
Housing	12,977	12,991	12,981	13,002	13,130	13,176	13,558	13,749	13,875	13,876
Lodging	4	4	4	4	4	4	4	4	4	4
Restaurants	56	54	43	46	50	52	54	55	55	57
Shopping centers	20	20	20	20	20	20	20	20	20	20
Schools										
Public	3	3	3	3	3	3	3	3	3	3
Preschool	6	7	7	7	7	7	5	5	5	5
Charter	1	1	1	1	1	1	1	1	1	-
Vocational	-	-	-	-	-	1	1	2	2	1

Sources: The sources of the "Per Capita Personal Income", "Median Age" and "Unemployment Rate" information are Sites USA (2009-2017), U.S. Census Bureau and Arizona Office of Economic Opportunity (beginning in 2018). The source of the "Population" is the U.S. Census Bureau July 1, 2021 estimate. The source of School Enrollment is the Fountain Hills Unified School District No. 98. Other information is from the Town's records.

Note: N/A indicates the information is not available

* Information obtained is based on calendar years; therefore, the latest information obtained was from 2021.

**Town of Fountain Hills, Arizona
Principal Employers
Prior Fiscal Year and Nine Years Ago**

Employer	2020*			2012	
	Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank
Fountain Hills Unified School District No. 98	270	1	5.0%	335	1
Rural Metro Corporation	130	2	2.4%	111	3
Safeway Stores	130	2	2.4%	87	7
Fountain View Village	120	4	2.2%	136	2
Fry's Food Stores	90	5	1.7%	105	4
Target Stores	90	5	1.7%	100	5
Firerock Country Club	80	7	1.5%	100	5
Eagle Mountain Golf Club	70	8	1.3%	70	9
Fountain Hills Family Practice PC	70	8	1.3%		
Fountain Hills Medical Center	70	8	1.3%		
Golf International Inc	60	10	1.1%		
Quotemedia Inc	60	10	1.1%		
Sunridge Canyon Golf Course	60	10	1.1%		
Town of Fountain Hills	60	10	1.1%		
United States Postal Service	60	10	1.1%		
Holiday Inn				80	8
Bashas			-	63	10
Totals	1,420		26.3%	1,187	
Total Town employment	5,350			5,486	

Source: The source of this information is the Maricopa Association of Governments and Town financials.

Note: MAG data includes employers with 5+ employees and is rounded to nearest 10.

* Data for 2021 was not available.

Town of Fountain Hills, Arizona
Authorized Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Municipal court	5.00	4.00	3.63	3.63	3.63	3.63	3.63	3.63	3.63	3.63
Administration	11.68	10.56	11.33	11.63	12.25	13.45	13.70	15.20	15.00	16.00
Public works					9.80	9.80	10.80	12.43	12.43	12.00
Development services	18.75	16.25	16.30	16.30	7.50	8.50	7.50	9.00	9.00	9.00
Community services	<u>21.18</u>	<u>20.18</u>	<u>21.06</u>	<u>20.76</u>	<u>20.76</u>	<u>20.56</u>	<u>20.56</u>	<u>20.56</u>	<u>22.01</u>	<u>24.02</u>
Total	<u>56.61</u>	<u>50.99</u>	<u>52.32</u>	<u>52.32</u>	<u>53.94</u>	<u>55.94</u>	<u>56.19</u>	<u>60.82</u>	<u>62.07</u>	<u>64.65</u>

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

Town of Fountain Hills, Arizona
Operating Indicators by Function
Last Ten Fiscal years

Function/Program	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Municipal Court										
Cases filed	1,740	1,649	1,738	1,593	2,014	1,277	891	2,237	1,324	1,586
Hearings/Trials held	703	1,665	1,585	1,564	1,844	676	801	568	1,430	1,378
Administration										
FTEs per 1,000 residents	2.5	2.2	2.2	2.2	2.2	2.3	2.2	2.4	2.6	2.7
Registered voters - general election	none	N/A	16,213	none	16,387	none	16,775	none	18,415	none
Voter turnout - general election	none	N/A	38%	none	41%	none	51%	none	91%	none
Development Services										
Building permits issued	457	445	443	410	509	468	576	547	575	620
Building inspections conducted	1,395	2,131	2,448	2,129	2,704	3,707	4,795	4,069	3,652	1,911
Number of code violation cases	746	716	752	713	669	654	655	690	497	586
Number of zoning cases	10	41	65	72	50	41	11	7	21	73
Community Services										
Number of Community Center bookings/permits*	3,196	3,383	3,439	3,124	3,764	4,395	3,857	3,169	1,675	1033*
Number of participants in recreational programs	1,789	2,291	2,249	2,910	3,773	3,794	3,489	1,830	2,892	4,110
Number of Senior Services members	1,118	1,189	1,273	1,326	1,335	1,220	1,313	1,265	1,360	1,175
Number of home delivered meals	6,941	4,799	4,035	3,497	3,920	3,093	3,562	5,215	4,402	4,178
Law Enforcement (contracted)										
Physical arrests	545	743	445	220	220	214	67	86	56	49
Traffic violations	1,296	1,379	1,539	1,215	1,803	1,053	1,248	2,618	2,745	2,568
Fire & Emergency Medical (contracted)										
Total incident responses	3,136	2,956	3,166	3,191	3,425	3,659	4,073	3,896	4,215	4,268
Average response time (in minutes)	3:50	3:53	3:37	3:57	3:25	3:33	3:32	3:51	4:50	4:38

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

Note: N/A indicates that the information is not available.

*The Community Center was closed from 7/1/22 until 10/3/22 for renovations.

**Town of Fountain Hills, Arizona
Capital Assets Statistics by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Number of fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Streets (centerline miles)	178.9	178.9	178.9	178.9	178.9	180.0	180.0	180.0	180.0	180.0
Streets (lane miles)	390	390	390	390.5	390.5	391.5	391.5	391.5	391.5	391.5
Pedestrian lighting	34	34	85	91	91	91	91	91	91	95
Traffic signals	13	13	13	13	13	13	13	13	13	13
Parks and recreation										
Acreage-developed parks	116	116	119	119	119	119	119	119	119	119
Playgrounds	7	7	7	7	7	7	9	9	9	9
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football fields	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	1	1	1
Preserve acreage	740	740	807.2	807.2	807.2	807.2	889.2	913.2	913.2	913.2
Miles of trails	10.43	10.43	15.8	15.8	18.5	18.5	18.5	18.5	18.5	23.0

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

Note: N/A indicates the information is not available.



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