



Town of Fountain Hills, Arizona

**Fiscal Year 1999 - 2000
Comprehensive Annual
Financial Report**



COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
TOWN OF FOUNTAIN HILLS, ARIZONA
for the
FISCAL YEAR ENDED JUNE 30, 2000

Prepared by the Finance Department

Town Manager
Paul L. Nordin

Town Accountant
Julie A. Ghetti

TOWN OF FOUNTAIN HILLS, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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INTRODUCTORY SECTION

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Town of FOUNTAIN HILLS

October 13, 2000

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

The Comprehensive Annual Financial Report (CAFR) of the Town of Fountain Hills for the year ended June 30, 2000, is hereby submitted. Local ordinances and state statutes require that the Town issue an annual report on its financial position and activity and that this report be audited by an independent firm of certified public accountants. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. Staff believes that the data is accurate in all material respects and is reported in a manner that presents fairly the financial position and operational results of the Town of Fountain Hills' various funds and account groups. All disclosures necessary for the reader to understand the Town's activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes the letter of transmittal, an organizational chart and a list of the Town of Fountain Hills' elected officials and department heads. The Financial Section includes the general-purpose financial statements, the combining, individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The financial reporting entity (the Town) includes all the funds and account groups 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. The Town provides or administers a full range of services including public safety (police, animal control, building inspection); community development (code enforcement, planning and engineering); the construction and maintenance of streets and infrastructure, municipal court, recreational activities and cultural events.

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 Eagle Mountain Community Facilities District and Cottonwoods Improvement and Maintenance District are included in the financial reports of the Town. During fiscal year 1999-2000 the Fountain Hills Municipal Property Corporation was formed to finance the construction of a Community Center.

The Town does not have a property tax for operating purposes. Operations are paid for from sales tax, user fees and charges, licenses and permits and other similar sources. The Town's property tax of \$0.26 per \$100 of assessed secondary valuation is used solely for the retirement of debt.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

General Information

The Town of Fountain Hills is a planned, family-oriented 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. It was purchased by Robert McCulloch in the late 1960s and 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 11,340 acres of land, and bordering northeast Scottsdale, Fountain Hills is surrounded by the 3,500-foot McDowell Mountains on the west, the Fort McDowell Indian Reservation on the east, the Salt River Indian Reservation on the south and by the McDowell Mountain Regional Park on the north. Elevation is 1,520 feet at the fountain, 3,000 feet on Golden Eagle Boulevard, and is 500 feet above Phoenix.

The population of Fountain Hills is estimated to be 18,595 in 2000. The 1995 special census revealed a year round population of 14,146. The 2000 estimate represents a 45.4% increase in population from 1995 and a 643% increase from the 1980 census (2,771).

Governmental Structure

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. Policy making and legislative authority are vested in the Town Council, which consists of a Mayor and six Councilmembers. Councilmembers are elected at large for staggered four-year terms. The Mayor, who also sits on the Town Council, is directly elected bi-annually by the voters and the Vice-Mayor is selected by the Council every eight months on a rotating basis. The Town Council is responsible, among other things, for the adoption of local ordinances, budget adoption, the development of citizen advisory committees and hiring the Town Manager. The Town Manager is responsible for implementation of the policies of the Town Council and administering the Town's operations through six department managers and approximately 106 regular full time employees. The Magistrate, Town Attorney and Town Prosecutor are under the direction of the Town Council.

Local Economic Condition and Outlook

Residential

The Town's two master-planned communities, Eagle Mountain and Sunridge Canyon, are nearing completion in home construction. Nearly all of the subdivision approvals in these two communities have been approved. Eagle Mountain will construct approximately 600 single-family homes and 80 condominiums. The Sunridge Canyon development will ultimately include approximately 720 single-family houses.

In April of 1998 the Town approved the Firerock Country Club development. The developer, MCO Properties, plans to develop up to 390 single-family homes and 288 condominiums in this gated community. The development has a private country club that includes an 18-hole golf course. Several of the subdivisions within the Firerock Country Club have been platted and lot sales have begun. The golf course and the clubhouse are now open.

The Town recently approved subdivisions for the development of the remaining undeveloped land east and north of Fountain Park. Diamante Del Lago, a 139 lot single-family development and Bella Lago, a 68-unit condominium development were approved. Town voters also approved a bond issue that was used to acquire 9.25 acres of land that comprises most of the prime viewshed ridgeline in the area.

As of July 1, 2000 there were 6,884 developed single-family dwelling units within the Town and 3,214 multi-family dwelling units. As of today, within the entire Town, there are 2,214 undeveloped single-family zoned platted lots.

Commercial

The remainder of the Town's commercial core will soon be subdivided. Anchoring the commercial development in this area is the Town's future Community Center and Library/Museum, which is currently under construction. The Town expects that construction will soon commence on a new Hilton Hotel, more retail, office and multi-family developments. Initial entitlements have been approved for a third shopping center with a Target and grocery store along Shea Boulevard on land that has recently been rezoned for commercial uses.

A 20±-acre parcel of land near the northeast corner of the Shea/Palisades Boulevard intersection received zoning approvals for a 200-room hotel with a restaurant and conference facility. This facility should begin construction early in 2001.

Industrial

Fountain Hills has a business park that is partially developed. The Business Park contains individual construction equipment storage and maintenance yards, construction company operation yards, a utility company storage and maintenance yard, a distribution business and several small manufacturing operations.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Community Center/Library Museum:

Progress continues on the Community Center and Library/Museum complex currently under construction on the 13-acre town-owned site located in the downtown area of Fountain Hills. Following a successful \$3.7 million bond election in May 1999 for the 21,000 square foot Library/Museum, a citizen advisory committee worked with the Town staff and architect to design the facility. The architect also completed the re-design of the Community Center lobby to accommodate the revised site plan resulting from the temporary removal of the performing arts facility and addition of the Library/Museum to the project. A Mayor-sponsored visioning committee planned and designed the courtyard area created by the re-siting of the Community Center, Library/Museum and future Performing Arts Center. They also designed the adjacent 1,470-foot long, 120-foot wide linear mall that will provide connectivity between the community center plaza and Fountain Park a block and a half to the east. The courtyard feature, budgeted at \$400,000, will provide a sheltered outdoor venue for art shows, small concerts and other community/commercial activities. Both projects successfully bid in February 2000. The 31,000 square foot Community Center, consisting of two arts and crafts classrooms, two seminar rooms, two classrooms, a kinder-care room, a conference room, a game room, lounge and lobby areas, an 8,000 square foot banquet room subdividable into four activity/event rooms, a catering kitchen, office and support facilities, will be financed through a Municipal Property Corporation with bonds retired using local sales tax revenues. The 21,000 square foot Library/Museum, consisting of separate adult and children reading areas and book stacks, meeting rooms, computer resource center and 5,000 square feet of exhibit space for the museum, will be paid for by the voter-approved general obligation bonds. The groundbreaking ceremony took place June 2, 2000 and the facilities are expected to open in April 2001.

The final phase of construction for Golden Eagle Park was completed by the end of calendar year 1998. Golden Eagle Park is a 25 acre active recreation facility located adjacent to the Fountain Hills Middle/High School. The School District and the Parks and Recreation Department have developed a partnership which supports their needs as well as the community activities at the Park.

Golden Eagle Park includes four multi-purpose ballfields with covered dugouts, a batting cage, seating for 550 spectators, four lighted tennis courts with a shaded waiting area, two lighted basketball courts with spectator seating, two lighted sand volleyball courts with automated watering and shower tower, a tot lot and children's playground area. The park also includes a 2,500 square foot control building with restrooms, one large ramada (Saguaro) with seating for 96, two smaller ramadas (Ocotillo and Cottonwood), all available for parties and group activities. Other amenities include a horseshoe pit, six chilled drinking fountains, a shaded seat wall at the children's playground, two pedestrian foot bridges, three parking lots with entry gates with a total of 223 parking spaces.

The Town of Fountain Hills received \$1,718,800 in grants from the Arizona Heritage Fund to construct Golden Eagle Park. Recognition for this and the development of this multi purpose park complex was presented in September, 1999 with the Outstanding Facility Award.

On May 1, 1997, the Town took ownership of Fountain Park. Fountain Park is a 59-acre passive recreation area which includes: 30-acres of turf, a 29-acre lake with a "world famous fountain" that sends a jet stream 560 feet into the air. The park also includes a pump station, a dam, an 18-hole championship disc golf course, and a children's playground. On July 31, 2000 Chaparral Construction Company was given notice to proceed with Phase I improvements to the park. The project includes a new 970 square foot restroom/control building, two 640 square foot picnic ramadas with site furnishings and connecting sidewalks. Phase I improvements are scheduled to be completed by February 2001.

Four Peaks Neighborhood Park is a 15-acre active recreation area adjacent to the elementary school. The park includes a 300' x 150' soccer field, two multi-purpose ball fields with seating for spectators, two lighted tennis courts, two lighted basketball courts, a children's playground, a 750 square foot restroom/control building, a group ramada with barbecue grills. The park also includes 42 parking spaces, two chilled drinking fountains, a pedestrian foot bridge, and a storage yard. This park also supports both the Fountain Hills School District and community activities. Phase II improvements for the park is in the conceptual stages and has not been finalized.

Desert Vista Neighborhood Park is a 12-acre site that the Town acquired on May 21, 1998 from the master developer. The Town has fenced 3.5 acres of this site for an off-lease recreational facility with the balance of the site available for open play. Future park improvements are in the planning stages.

FINANCIAL INFORMATION

Town Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (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.

In addition, the Town of Fountain Hills maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government's council. Activities of the general fund, special revenue funds, debt service funds and capital projects funds are included in the annual budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level for the General Fund and in total by fund for the other funds.

As demonstrated by the statements and schedules included in the Financial Section of this report, the Town of Fountain Hills continues to meet its responsibility for sound financial management.

General Government Functions The following schedule presents a summary of General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds revenues for the fiscal year ended June 30, 2000 and the amount of increases and decreases in relation to the prior year.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 1998-99</u>	<u>Percent Increase/ (Decrease)</u>
Taxes	\$ 4,876,466	35.40%	\$ 1,015,129	26.29%
Intergovernmental	4,771,792	34.63	(157,270)	(3.19)
Fines and forfeitures	293,970	2.13	34,486	13.29
Licenses and permits	2,569,472	18.65	97,257	3.94
Charges for services	454,366	3.30	(170,378)	(27.27)
Rents and royalties	27,208	0.20	9,068	49.99
Contributions and donations	10,598	0.08	10,598	100.00
Special Assessments	9,241	0.07	(5,283)	(36.38)
Interest	743,259	5.39	122,620	19.76
Other	<u>21,055</u>	<u>0.15</u>	<u>(4,602)</u>	<u>(17.94)</u>
Total	<u>\$13,777,427</u>	<u>100.00%</u>	<u>\$ 951,625</u>	<u>7.42%</u>

The General Government revenues total \$13,777,427 for fiscal year 1999-00, which represents an overall increase of \$951,625 or 7.42% from 1998-99. The \$1,015,129 increase in Taxes is primarily due to an increase in local sales tax revenues (\$693,362) as well as an increase in secondary property tax revenue (\$308,347). Local sales tax revenues are generated primarily from construction and retail trade (72% of the total). Construction tax revenues increased 21% from fiscal year 1998-99 and retail trade revenues increased 38%. The property tax increase was the result of a \$1,400,000 voter approved bond issue that was used to purchase 9.25 acres of open space, preserving the "postcard" view behind the fountain.

Major items included in Intergovernmental (state-shared) revenue include state sales tax, highway user revenue, state income tax, vehicle license tax and grants. There was an overall 8% increase in state shared distributions; however, the Town received \$526,555 less in grant revenue, primarily from State Heritage Grant funding for Parks. The Town continues to participate in the federal COPS Universal Hiring program for community policing. The increased enforcement and continued growth of the community contributes to the increase in Fines and Forfeitures of \$34,426, which consists primarily of traffic citations.

The Town of Fountain Hills continues to experience growth in the area of new home construction, which is reflected in the Building Permit revenue (\$2,152,562), a 12.2% increase over the prior year. There was, however, a decrease in Encroachment and Improvement Plan Review fees of \$152,758.

Revenue received under the Charges for Services category includes Developer Contributions, In Lieu Payments and Parks & Recreation User Fees. The decrease in this category reflects the scheduled reduction in contributions from the developer, MCO Properties, as stipulated in the agreement with the Town.

The Town continues to maintain a large reserve fund, primarily invested with the Arizona State Local Government Investment Pool. The cash reserves generated total interest earnings of \$743,259 in fiscal year 1999-2000.

The Other category of revenue is used for miscellaneous and not-otherwise-categorized sources of revenue.

The following schedule presents a summary of General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds expenditures for the fiscal year ended June 30, 2000 and the increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 1998-99</u>	<u>Percent Increase/ (Decrease)</u>
Current				
General government	\$ 2,528,953	16.42%	\$ (102,292)	(3.89%)
Public Safety	3,059,020	19.86	853,420	38.69
Highways and streets	2,468,498	16.02	483,619	24.36
Culture and Recreation	3,359,509	21.81	1,024,608	43.88
Community development	1,276,951	8.29	321,500	33.65
Capital outlay	1,787,469	11.60	1,230,095	220.69
Debt service				
Principal retirement	339,013	2.20	115,989	52.01
Interest and fiscal charges	585,001	3.80	67,305	13.00
Bond issuance costs	<u>-0-</u>	<u>0.00%</u>	<u>(54,368)</u>	<u>0.00</u>
Total	<u>\$ 15,404,414</u>	<u>100.00%</u>	<u>\$ 3,939,876</u>	<u>34.37%</u>

Expenditures for general operations totaled \$15,404,414, which was \$3,939,876 more than the prior year. The most significant increase is in the Capital Outlay and Culture and Recreation category, which reflects the expenditure for the new Town Community Center and Library/Museum construction projects in the amount of \$916,832. Additionally, during fiscal year 1999-2000 the Town of Fountain Hills purchased 9.25 acres of land from the developer to preserve a "postcard" view behind the fountain at a cost of \$1,363,500.

The General Government function consists of the Administration, Magistrate Court and Town Council Departments. Public Safety includes Building Safety and the Town Marshal Department. The Marshal Department is responsible for all local law enforcement activities, which includes the annual contract with Maricopa County Sheriff's Office for outside police services. The 1999-2000 expenditure for this contract exceeded the prior year by \$577,233. The Town also receives federal funding through the U.S. Department of Justice, Office of Community Oriented Policing Services, which stipulates hiring and retaining new police officers.

Expenditures increased by \$483,619 during 1999-00 in the Highways and Streets department as a result of the increased major road maintenance projects during the year.

Culture and Recreation includes the new Community Center/Library/Museum under construction, four parks (121 acres), 25 acres of landscaped medians, and 1,100 acres of open space. In June of 2000 construction began on the Community Center/Library/Museum. The General Fund had previously allocated \$1,500,000 to be used as a down payment for the project - \$515,000 of that amount was actually expended during fiscal year 1999-2000. The costs for the parks and medians are mainly for building maintenance costs, electricity, water and mowing/landscape maintenance fees. Major costs (\$482,824) were incurred in Fountain Park due to the lake liner replacement project that began in May of 2000. The remainder of the project is scheduled for completion November 2000. Another \$316,650 was spent for a major renovation project on the Avenue of the Fountains median located in the downtown area.

Community Development expenditures increased by \$321,500 due to increased engineering fees required by the Engineering Department.

General Fund Balance The fund balance of the General Fund decreased by \$17,161 from June 30, 1999 due to the unanticipated costs associated with the reconstruction of the lake liner at Fountain Park.

Debt Administration On June 30, 2000, the Town had one Street and Highway User Revenue Bond and four general obligation bonds issues outstanding.; the outstanding principal totals \$1,045,000 for the new Street and Highway User Revenue Bond and \$7,947,163 for the general obligation bonds. The Town also had two Community Facilities District Bonds outstanding totaling \$4,905,000 and an Improvement District Bond outstanding for \$29,048.

Cash Management Policies and Practices The Town uses a system of consolidated cash management. Cash from all funds is pooled in a central disbursement fund. Cash to be used for payment of current expenditures is maintained in a checking account, the balance of cash is maintained on deposit with the Arizona State Treasurer's Local Government Investment Pool. Cash in the Local Government Investment Pool is available upon 24 hours notice. The LGIP invests in U.S. Treasury Notes, U.S. Treasury Bills and federally guaranteed insurance contracts. The average interest rate for fiscal year 1998-99 was 5.312% and 5.907% for fiscal year 1999-00. Investments held at LGIP earned interest revenue of \$415,821 for the year ended June 30, 2000.

Risk Management The Town of Fountain Hills participates in the Arizona Municipal Risk Retention Pool. Risk coverage includes general liability, errors and omissions, property and automobile insurance. The policy insures up to \$1,000,000 per incident occurrence plus any excess liability of up to \$8,000,000 as of June 30, 2000 and \$15,000,000 as of July 1, 2000, per occurrence per year. Coverage is provided on a claims-made basis.

The Arizona Municipal Workers Compensation Fund is the Town's insurance provider for Workers' Compensation. The rate varies according to the functions performed by personnel.

Other Information

Independent Audit Arizona statutes require an annual audit by independent certified public accountants. The firm of Cronstrom and Trbovich P.C., CPAs was retained by the Town to perform the 1999-00 audit. Generally accepted auditing standards were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

Acknowledgements I would also like to extend my appreciation to the Mayor and Council for their leadership and support. The preparation of this Comprehensive Annual Financial Report was made possible by the hard work of the Finance Department staff. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Paul L. Nordin
Town Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Fountain Hills,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

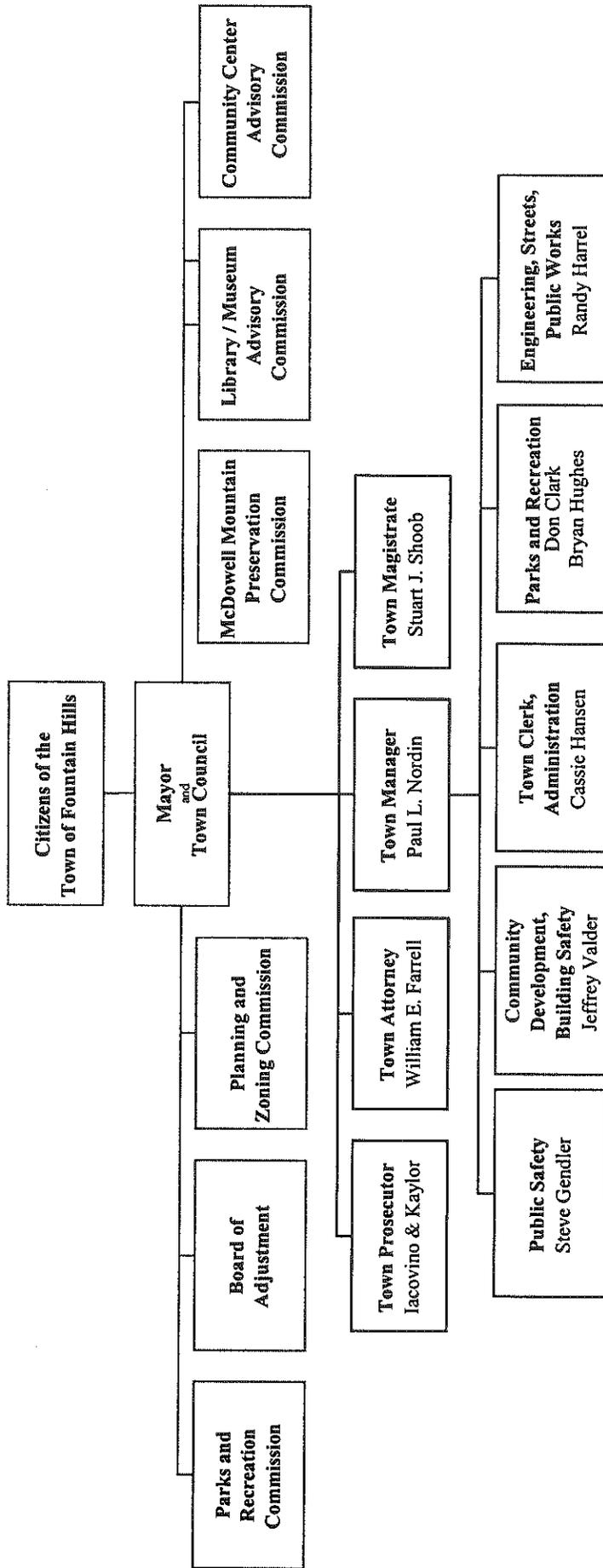


Cary Brubaker
President

Jeffrey L. Esch
Executive Director

Town of Fountain Hills

Organizational Structure



TOWN OF FOUNTAIN HILLS, ARIZONA

LIST OF PRINCIPAL OFFICIALS

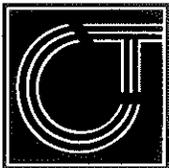
Mayor	Ms. Sharon Morgan
Vice-Mayor	Ms. Sharon Hutcheson
Councilmember	Ms. Leesa Fraverd
Councilmember	Dr. John Kavanagh
Councilmember	Mr. John McNeill
Councilmember	Ms. Susan Ralphe
Councilmember	Mr. John Wyman

DEPARTMENT HEADS

Town Manager	Paul Nordin
Magistrate	Stuart Shoob
Planning & Zoning Director	Jeffrey Valder
Town Clerk/Director of Administration	Cassie Hansen
Town Engineer	Randy Harrel
Director of Public Safety	Steve Gendler
Parks & Recreation Deputy Directors	Don Clark Bryan Hughes
Town Attorney	William E. Farrell
Town Prosecutor	Iacovino & Kayler
Street Superintendent	Pat Harvey

FINANCIAL SECTION

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CRONSTROM & TRBOVICH

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general-purpose financial statements of the Town of Fountain Hills, Arizona (Town), as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Fountain Hills, Arizona as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose statements taken as a whole.

The other information included in this report, designated as the "Statistical Section" in the table of contents, was not audited by us and, accordingly, we express no opinion on it.

Cronstrom & Trbovich, P.C.

Cronstrom & Trbovich, P.C.

October 13, 2000

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General-Purpose Financial Statements

TOWN OF FOUNTAIN HILLS, ARIZONA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 AS OF JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Cash and investments	\$ 7,312,420	\$ 14,604	\$ 4,988,389	\$ 3,359,527
Cash on deposit with paying agent	-	-	447,697	-
Accounts receivable	40,490	74	-	-
Taxes receivable	-	497	18,832	-
Intergovernmental receivable	501,907	272,601	-	476,321
Interest receivable	49,848	-	-	-
Special assessments receivable	-	-	23,239	-
Due from other funds	281,963	-	-	-
Prepaid items	1,672	-	-	-
Fixed assets	-	-	-	-
Other Debits				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total Assets and Other Debits	<u>\$ 8,188,300</u>	<u>\$ 287,776</u>	<u>\$ 5,478,157</u>	<u>\$ 3,835,848</u>
Liabilities, Equity and Other Credits				
Liabilities				
Accounts payable	\$ 1,601,171	\$ 171,650	\$ 1,726	\$ 27,597
Accrued wages and benefits	128,454	31,072	-	-
Due to developer	-	-	4,435,000	-
Retainage payable	39,137	2,728	-	-
Interest payable	-	-	289,262	-
Intergovernmental payable	12,731	-	-	-
Due to other funds	-	42,503	-	239,460
Refundable deposits	26,350	-	-	-
Deferred revenue	65,996	39,823	36,897	15,000
Compensated absences payable	-	-	-	-
General obligation bonds payable	-	-	315,110	-
Community facilities district bonds payable	-	-	-	-
Special assessment debt with government commitment	-	-	-	-
Total Liabilities	<u>1,873,839</u>	<u>287,776</u>	<u>5,077,995</u>	<u>282,057</u>
Equity and Other Credits				
Investment in general fixed assets	-	-	-	-
Fund balances				
Unreserved, undesignated	6,314,461	-	400,162	3,553,791
Total Equity and Other Credits	<u>6,314,461</u>	<u>-</u>	<u>400,162</u>	<u>3,553,791</u>
Total Liabilities, Equity and Other Credits	<u>\$ 8,188,300</u>	<u>\$ 287,776</u>	<u>\$ 5,478,157</u>	<u>\$ 3,835,848</u>

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

Account Groups		
General Fixed Assets	General Long-term Debt	Totals (Memorandum Only)
\$ -	\$ -	\$ 15,674,940
-	-	447,697
-	-	40,564
-	-	19,329
-	-	1,250,829
-	-	49,848
-	-	23,239
-	-	281,963
-	-	1,672
19,843,041	-	19,843,041
-	400,162	400,162
-	13,386,731	13,386,731
<u>\$ 19,843,041</u>	<u>\$ 13,786,893</u>	<u>\$ 51,420,015</u>
\$ -	\$ -	\$ 1,802,144
-	-	159,526
-	-	4,435,000
-	-	41,865
-	-	289,262
-	-	12,731
-	-	281,963
-	-	26,350
-	-	157,716
-	175,792	175,792
-	8,677,053	8,992,163
-	4,905,000	4,905,000
-	29,048	29,048
-	<u>13,786,893</u>	<u>21,308,560</u>
19,843,041	-	19,843,041
-	-	10,268,414
<u>19,843,041</u>	<u>-</u>	<u>30,111,455</u>
<u>\$ 19,843,041</u>	<u>\$ 13,786,893</u>	<u>\$ 51,420,015</u>

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

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TOWN OF FOUNTAIN HILLS, ARIZONA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2000

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues					
Taxes	\$ 4,219,440	\$ 3,202	\$ 653,824	\$ -	\$ 4,876,466
Intergovernmental	3,334,964	1,436,828	-	-	4,771,792
Fines and forfeitures	293,970	-	-	-	293,970
Licenses and permits	2,569,472	-	-	-	2,569,472
Charges for services	318,748	135,618	-	-	454,366
Rents and royalties	27,208	-	-	-	27,208
Contributions and donations	-	10,598	-	-	10,598
Special assessments	-	-	9,241	-	9,241
Interest	420,323	-	303,537	19,399	743,259
Other	21,055	-	-	-	21,055
Total Revenues	<u>11,205,180</u>	<u>1,586,246</u>	<u>966,602</u>	<u>19,399</u>	<u>13,777,427</u>
Expenditures					
Current					
General government	2,501,466	27,487	-	-	2,528,953
Public safety	2,818,628	240,392	-	-	3,059,020
Highways and streets	-	2,468,498	-	-	2,468,498
Culture and recreation	3,358,209	1,300	-	-	3,359,509
Community development	1,276,951	-	-	-	1,276,951
Capital outlay	-	-	-	1,787,469	1,787,469
Debt service					
Principal retirement	-	-	339,013	-	339,013
Interest and fiscal charges	-	-	585,001	-	585,001
Total Expenditures	<u>9,955,254</u>	<u>2,737,677</u>	<u>924,014</u>	<u>1,787,469</u>	<u>15,404,414</u>
Excess of revenues over (under) expenditures	<u>1,249,926</u>	<u>(1,151,431)</u>	<u>42,588</u>	<u>(1,768,070)</u>	<u>(1,626,987)</u>
Other financing sources (uses)					
Operating transfers in	2,025	1,269,112	115,656	-	1,386,793
Operating transfers out	(1,269,112)	(117,681)	-	-	(1,386,793)
Proceeds from sale of bonds	-	-	-	5,100,000	5,100,000
Total other financing sources (uses)	<u>(1,267,087)</u>	<u>1,151,431</u>	<u>115,656</u>	<u>5,100,000</u>	<u>5,100,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(17,161)</u>	<u>-</u>	<u>158,244</u>	<u>3,331,930</u>	<u>3,473,013</u>
Fund balance, beginning of year	6,331,622	-	241,918	221,861	6,795,401
Fund balance, end of year	<u>\$ 6,314,461</u>	<u>\$ -</u>	<u>\$ 400,162</u>	<u>\$ 3,553,791</u>	<u>\$ 10,268,414</u>

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

TOWN OF FOUNTAIN HILLS, ARIZONA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2000

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 3,410,000	\$ 4,219,440	\$ 809,440	\$ 3,200	\$ 3,202	\$ 2
Intergovernmental	3,247,165	3,334,964	87,799	1,875,452	1,436,828	(438,624)
Fines and forfeitures	297,800	293,970	(3,830)	-	-	-
Licenses and permits	1,756,800	2,569,472	812,672	-	-	-
Charges for services	348,523	318,748	(29,775)	80,000	135,618	55,618
Rents and royalties	15,000	27,208	12,208	-	-	-
Contributions and donations	-	-	-	-	10,598	10,598
Special assessments	-	-	-	-	-	-
Interest	350,000	420,323	70,323	1,000	-	(1,000)
Other	30,000	21,055	(8,945)	500	-	(500)
Total Revenues	<u>9,455,288</u>	<u>11,205,180</u>	<u>1,749,892</u>	<u>1,960,152</u>	<u>1,586,246</u>	<u>(373,906)</u>
Expenditures						
Current						
General government	5,847,029	2,501,466	3,345,563	519,535	27,487	492,048
Public safety	2,676,490	2,818,628	(142,138)	255,595	240,392	15,203
Highways and streets	-	-	-	2,335,559	2,468,498	(132,939)
Culture and recreation	4,255,935	3,358,209	897,726	2,025	1,300	725
Community development	1,401,580	1,276,951	124,629	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>14,181,034</u>	<u>9,955,254</u>	<u>4,225,780</u>	<u>3,112,714</u>	<u>2,737,677</u>	<u>375,037</u>
Excess of revenues over (under) expenditures	<u>(4,725,746)</u>	<u>1,249,926</u>	<u>5,975,672</u>	<u>(1,152,562)</u>	<u>(1,151,431)</u>	<u>1,131</u>
Other financing sources (uses)						
Operating transfers in	-	2,025	2,025	1,268,200	1,269,112	912
Operating transfers out	(1,265,000)	(1,269,112)	(4,112)	(115,650)	(117,681)	(2,031)
Proceeds from sale of bonds	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,265,000)</u>	<u>(1,267,087)</u>	<u>(2,087)</u>	<u>1,152,550</u>	<u>1,151,431</u>	<u>(1,119)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(5,990,746)</u>	<u>(17,161)</u>	<u>5,973,585</u>	<u>(12)</u>	<u>-</u>	<u>12</u>
Fund balance, beginning of year	<u>5,990,746</u>	<u>6,331,622</u>	<u>340,876</u>	<u>12</u>	<u>-</u>	<u>(12)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 6,314,461</u>	<u>\$ 6,314,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Debt Service			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 648,550	\$ 653,824	\$ 5,274	\$ -	\$ -	\$ -
-	-	-	2,100,000	-	(2,100,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	9,241	7,241	-	-	-
120,850	303,537	182,687	-	19,399	19,399
-	-	-	-	-	-
<u>771,400</u>	<u>966,602</u>	<u>195,202</u>	<u>2,100,000</u>	<u>19,399</u>	<u>(2,080,601)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	11,200,000	1,787,469	9,412,531
346,320	339,013	7,307	-	-	-
<u>581,888</u>	<u>585,001</u>	<u>(3,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>928,208</u>	<u>924,014</u>	<u>4,194</u>	<u>11,200,000</u>	<u>1,787,469</u>	<u>9,412,531</u>
<u>(156,808)</u>	<u>42,588</u>	<u>199,396</u>	<u>(9,100,000)</u>	<u>(1,768,070)</u>	<u>7,331,930</u>
115,650	115,656	6	-	-	-
-	-	-	-	-	-
-	-	-	9,100,000	5,100,000	(4,000,000)
<u>115,650</u>	<u>115,656</u>	<u>6</u>	<u>9,100,000</u>	<u>5,100,000</u>	<u>(4,000,000)</u>
(41,158)	158,244	199,402	-	3,331,930	3,331,930
41,158	241,918	200,760	-	221,861	221,861
<u>\$ -</u>	<u>\$ 400,162</u>	<u>\$ 400,162</u>	<u>\$ -</u>	<u>\$ 3,553,791</u>	<u>\$ 3,553,791</u>

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

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TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fountain Hills, Arizona (Town) conform to generally accepted accounting principles as applicable to governmental units. The Town was incorporated on December 5, 1989 and operates under the Town Council form of government. The more significant of the Town's accounting policies are described below.

Reporting Entity - In evaluating how to define the Town, for financial reporting purposes, management has identified two potential component units. The decision to include a potential component unit in the reporting entity has been made by applying criteria set forth in generally accepted accounting principles. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the Town) are financially accountable. The primary government is financially accountable for a potential component unit if it: appoints a voting majority of the potential component unit's governing body; and, either is able to impose its will on the potential component unit or there is a possibility of the potential component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. In addition, a primary government may be financially accountable for a potential component unit even though the potential component unit may have a separately elected governing board, a board appointed by another government, or a jointly appointed board if the potential component unit is fiscally dependent on the primary government (e.g., the primary government must approve the potential component unit's budget, tax rates, etc.). The following component units have been included in the Town's reporting entity:

The Eagle Mountain Community Facilities District and the Cottonwoods Improvement and 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 for District taxes and thus 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. 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 had no financial activity during the fiscal year.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

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

Fund Accounting - The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad categories as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds - The Capital Projects Funds are used to account for specific revenue sources that are legally restricted to expenditures for the acquisition or construction of general fixed assets.

Account Groups

General Fixed Assets - The General Fixed Assets Account Group accounts for the fixed assets of the Town.

General Long-term Debt - The General Long-term Debt Account Group accounts for the unmatured principal balances of bonds and other long-term debt not reported in proprietary funds.

Measurement Focus - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

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

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Governmental Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred. However, since debt service resources are provided during the current year for payment of general long-term debt principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Funds.

Those revenues susceptible to accrual are intergovernmental grants and appropriations, franchise taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Budgetary 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. State law requires that, prior to April 1, the Economic Estimates commission provides the Town with a final expenditure limit for the coming fiscal year. 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 financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

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

4. By Arizona Constitution, expenditures may not legally exceed the expenditure limitation described below of 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 a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
5. Legal budgets are adopted for the General, 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 carry-over 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.

No supplementary budgetary appropriations were necessary during the year.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable fund balance, is not employed by the Town during the year.

All appropriations lapse at year-end.

Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash; and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

Investments - Investments in securities are stated at fair value in accordance with GASB Statement No. 31.

Short-term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

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

Inventory of Supplies - Purchases of such inventory items are recorded at the time of purchase as expenditures in the funds from which the purchases are made; and because the amounts on hand at June 30, 2000 were immaterial, they are not included in the balance sheet.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items. Expenditures for prepaid items are recorded using the consumption method.

Property, Plant and Equipment - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) assets consisting of certain improvements other than buildings, such as roads and sidewalks are not capitalized, as these assets are immovable and of value only to the government. Property, plant and equipment acquired or constructed for general governmental operations are recorded at the time of purchase as expenditures in the funds from which the expenditures were made.

Property, plant and equipment is recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Assets in the general fixed assets account group are not depreciated.

Fund Equity - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

Compensated Absences - Because all vested or accumulated vacation leave is not expected to be liquidated with expendable available financial resources, it is reported in the general long-term debt account group.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Property Tax Revenues - Property tax revenues are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied, are reported as deferred revenues.

The County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

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

Total Columns - Total columns on the combined financial statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures exceeded the adopted budget in the following funds:

<u>Fund</u>	<u>Amount of Overexpenditure</u>
General Fund:	
Building Safety	\$ 66,016
Town Marshal	76,122
Parks and Recreation	321,535
Special Revenue Funds:	
HURF	107,564
Cottonwoods Maintenance District	2
Debt Service Funds:	
HURF Debt Service	292
Eagle Mountain Debt Service	4,746
Cottonwoods Special Assessment	2,908

Cash or receivables were available to meet all of the overexpenditures listed above.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments are pooled and invested. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average monthly cash balances of the Town. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool.

Cash and investments at June 30, 2000 consist of the following:

Cash on hand	\$ 380
Cash in bank	815,027
Investments	<u>15,307,230</u>
Total cash and investments	16,122,637
Cash on deposit with paying agent	<u>(447,697)</u>
Total cash and investments on the combined balance sheet	<u>\$ 15,674,940</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 3 - CASH AND INVESTMENTS (Concl'd)

The Town's deposits as of June 30, 2000 were entirely insured or collateralized with securities held by the Town's custodial bank in the Town's name.

The Town's investments at June 30, 2000, consisted of the following. The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. The guaranteed insurance contract is also not subject to custodial credit risk. All other investments were insured or registered in the Town's name or were held by the Town or its agent in the Town's name.

	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. government securities	\$ 452,982	\$ 452,982
Guaranteed Insurance Contract	4,450,765	4,450,765
State Treasurer's Investment Pool	10,374,435	10,374,435
Investment in Cottonwoods Improvement Bonds	<u>29,048</u>	<u>29,048</u>
Total	<u>\$ 15,307,230</u>	<u>\$ 15,307,230</u>

NOTE 4 - PROPERTY TAXES RECEIVABLE

Property taxes receivable consist of uncollected property taxes as determined from the records of the County Treasurer's Office, and at June 30, 2000, were as follows.

<u>Year</u>	<u>General Obligation Debt Service Fund</u>	<u>Eagle Mountain Debt Service Fund</u>	<u>Total Debt Service</u>
1999-00	\$ 11,173	\$ 7,105	\$ 18,278
1998-99	67	10	77
1997-98	-0-	-0-	-0-
1996-97	27	-0-	27
1995-96	-0-	-0-	-0-
Prior	<u>450</u>	<u>-0-</u>	<u>450</u>
Total	<u>\$ 11,717</u>	<u>\$ 7,115</u>	<u>\$ 18,832</u>

That portion of property taxes receivable not collected within 60 days after June 30, 2000, has been deferred and, consequently, is not included in current year revenues.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets follows.

	<u>Balance</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>June 30, 2000</u>
Land and improvements	\$ 13,202,697	\$ 1,466,294	\$ -0-	\$ -0-	\$ 14,668,991
Buildings and improvements	1,440,528	25,309	-0-	-0-	1,465,837
Improvements other than buildings	166,953	-0-	-0-	-0-	166,953
Furniture, equipment and vehicles	2,288,376	343,125	-0-	-0-	2,631,501
Construction in progress	<u>-0-</u>	<u>909,759</u>	<u>-0-</u>	<u>-0-</u>	<u>909,759</u>
Total	<u>\$ 17,098,554</u>	<u>\$ 2,744,487</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 19,843,041</u>

The estimated cost to complete construction at June 30, 2000 was \$4,301,805.

NOTE 6 - OBLIGATIONS UNDER LEASES

Operating Lease - The Town leases office space under the provisions of a long-term lease agreement classified as an operating lease. Rental expenditures under the terms of the operating lease totaled \$162,595 for the year ended June 30, 2000. The operating lease is cancelable with a 90-day notice.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 7 - GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2000 consisted of the outstanding general obligation bonds presented below. Bonds maturing prior to July 1, 2000 are noncallable. Bonds maturing thereafter are subject to call. Interest is payable semiannually. Principal and interest requirements at June 30, 2000 were as follows.

<u>Description</u>	<u>Interest Rates(%)</u>	<u>Maturity</u>	<u>Outstanding Principal July 1, 1999</u>	<u>Issues/ (Retirements)</u>	<u>Outstanding Principal June 30, 2000</u>
Street and Highway User					
Revenue Refunding Bonds,					
Series 1998	3.75-4.625	7/1/99-10	\$ 1,075,000	\$ (30,000)	\$ 1,045,000
General Obligation Bonds,					
Series 1991	7.0-10.0	7/1/99-2000	325,000	(150,000)	175,000
General Obligation Refunding Bonds,					
Series 1995	4.6-5.3	7/1/99-2010	2,715,187	(43,024)	2,672,163
General Obligation Bonds,					
Series 1999	5.1-6.5	7/1/00-2014	-0-	1,400,000	1,400,000
General Obligation Bonds,					
Series 2000	5.5-7.0	7/1/01-2014	<u>-0-</u>	<u>3,700,000</u>	<u>3,700,000</u>
			<u>\$ 4,115,187</u>	<u>\$ 4,876,976</u>	8,992,163
Less: amounts transferred to Debt Service Funds to retire bonds payable on July 1, 2000					<u>(315,110)</u>
Total long-term bonds payable					<u>\$ 8,677,053</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 7 - GENERAL OBLIGATION BONDS PAYABLE (Concl'd)

General obligation bond debt service requirements to maturity, including \$3,410,134 of interest, are as follows:

Year ending June 30:		
2001	\$	981,870
2002		1,011,418
2003		995,263
2004		981,453
2005		974,558
Thereafter		<u>7,142,625</u>
		<u>\$ 12,087,187</u>

In prior years, the Town of Fountain Hills, Arizona defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2000, the amount of defeased debt outstanding but removed from the General Long-term Debt Account Group was \$2,455,000.

NOTE 8 - SPECIAL ASSESSMENT DEBT WITH GOVERNMENT COMMITMENT

Special assessment debt with government commitment at June 30, 2000 consisted of the outstanding bond presented below. The bond is owned by the Town. The bond is generally callable with interest payable semiannually. Principal and interest requirements at June 30, 2000, were as follows.

<u>Description</u>	<u>Interest Rates(%)</u>	<u>Maturity</u>	<u>Outstanding Principal July 1, 1999</u>	<u>Issues/ (Retirements)</u>	<u>Outstanding Principal June 30, 2000</u>
Cottonwoods Improvement Bond	5.25	1/1/00-09	<u>\$ 32,276</u>	<u>\$ (3,228)</u>	<u>\$ 29,048</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 8 - SPECIAL ASSESSMENT DEBT WITH GOVERNMENT COMMITMENT (Concl'd)

General obligation bond debt service requirements to maturity, including \$6,863 of interest, are as follows:

Year ending June 30:		
2001		\$ 4,668
2002		4,498
2003		4,329
2004		4,160
2005		3,990
Thereafter		<u>14,266</u>
		<u>\$ 35,911</u>

Improvement Districts are created only by petition of the Town Council by property owners within the District areas. The Cottonwoods Improvement District was created so the Town could fund the improvements. Each of the 54 homeowners within the District has been assessed taxes by the Town for repayment of the bond. In case of default, the Town has the responsibility to cover delinquencies of special assessment bonds with other sources until foreclosure proceeds are received.

NOTE 9 - COMMUNITY FACILITIES DISTRICT BONDS PAYABLE

Community Facilities District bonds payable at June 30, 2000 consisted of the outstanding bonds presented below. The bonds are generally callable with interest payable semiannually. Of the total amount originally authorized, \$2,095,000 remains unissued. Principal and interest requirements at June 30, 2000 were as follows.

<u>Description</u>	<u>Interest Rates(%)</u>	<u>Maturity</u>	<u>Outstanding Principal July 1, 1999</u>	<u>Issues/ (Retirements)</u>	<u>Outstanding Principal June 30, 2000</u>
Series 1996-A	5.5-6.5	7/1/03-21	\$ 4,435,000	\$ -0-	\$ 4,435,000
Series 1996-B	7.25	7/1/03-21	<u>470,000</u>	<u>-0-</u>	<u>470,000</u>
Total long-term bonds payable			<u>\$ 4,905,000</u>	<u>\$ -0-</u>	<u>\$ 4,905,000</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 9 - COMMUNITY FACILITIES DISTRICT BONDS PAYABLE (Concl'd)

Community Facilities District bond debt service requirements to maturity, including \$4,389,800 of interest are as follows:

Year ending June 30:		
2001	\$	313,350
2002		313,350
2003		453,350
2004		455,475
2005		456,828
Thereafter		<u>7,302,447</u>
		<u>\$ 9,294,800</u>

Community facilities districts (CFDs) are created only by petition to the Town Council by property owners within the District areas. As board of directors for the District, the Town Council has adopted a formal policy that CFD debt will be permitted only when the ratio of full cash value of the District property (prior to improvements being installed), when compared to proposed District debt, is a minimum of 3 to 1 prior to issuance of debt and 5 to 1 or higher after construction of improvements. These ratios are verified by an appraisal paid for by the District and administered by the Town. In addition, cumulative debt of all CFDs cannot exceed 5 percent of the Town's secondary assessed valuation.

The developer contributed \$4,435,000 to the CFD to guarantee the repayment of the Series 1996 A bonds. The District then established a guaranteed investment contract with a trustee as collateral for the Series 1996 A bonds, which provides for an A rating for the bonds from Standard & Poor's Corporation. When property valuation in the Eagle Mountain development is sufficient to establish an A rating on the bonds without the guaranteed contract, the developer may apply to the CFD Board to have the \$4,435,000 returned. Until then, all interest earned on the guaranteed investment contract is deposited into the Debt Service Fund of the CFD. Because it is the intention of the CFD to return this money to the developer as long as property taxes are sufficient to repay the bonds, it has been recorded as due to developer.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 10 - COMPENSATED ABSENCES

The liability for vested compensated absences is recorded in the General Long-Term Debt Account Group. A summary of changes in liabilities for compensated absences for the year ended June 30, 2000, follows.

Balance at July 1, 1999	\$ 139,799
Current year increase in liabilities for compensated absences	<u>35,993</u>
Balance at June 30, 2000	<u>\$ 175,792</u>

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2000, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 281,963	\$ -0-
Special Revenue Funds:		
Cottonwoods Maintenance District	-0-	497
Grants Fund	-0-	42,006
Capital Projects Funds:		
Heritage Grant Fund	<u>-0-</u>	<u>239,460</u>
	<u>\$ 281,963</u>	<u>\$ 281,963</u>

NOTE 12 - CONTINGENT LIABILITIES

Accumulated Sick Leave - Sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and, therefore, are not accrued. Unvested accumulated sick leave of Town employees at June 30, 2000, totaled \$458,497.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to June 30, 2000, the Town sold \$4,680,000 of Municipal Property Corporation (MPC) Revenue Bonds, Series 2000 for the construction of a 31,500 square foot community center on a 13-acre site owned by the Town. The first principal payment will be made during the 2001-02 fiscal year and there will be an annual principal payment through the year ended June 30, 2020. The annual interest rate varies from 4.50% to 5.625%.

Subsequent to June 30, 2000, the Town also contracted with two outside parties as part of the Fountain Park Repair for \$701,800 and \$189,689. The repairs are part of an on-going project that is not included in the General Fixed Assets construction in progress.

NOTE 14 - RISK MANAGEMENT

The Town of Fountain Hills, Arizona, 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, of which the Town is a participating member. The limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years. However, effective July 1, 2000 the liability coverage was increased to \$15,000,000.

The Arizona Municipal Risk Retention 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.

The Town is also insured by Arizona Municipal Risk Retention Pool for potential worker related accidents.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

NOTE 15 - DEFINED CONTRIBUTION PENSION PLAN

All non-peace officers and 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 payroll for Town employees covered by this plan for the year ended June 30, 2000 was \$2,497,358. The Town's total payroll was \$3,490,735.

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, the returns earned on investment of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All non-peace officer 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 after three years of service.

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. Each employee must contribute 11% of his or her gross earnings. The Town must contribute 11% of covered earnings. During fiscal year 1999-00, the Town's required and actual contributions amounted to \$287,196. The employees' contributions totaled \$287,196.

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 1999-00 or as of the close of the fiscal year.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2000

NOTE 16 - RETIREMENT AND PENSION PLANS

Public Safety Personnel Retirement System (PSPRS)

Plan Description - The Town of Fountain Hills contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 1020 E. Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

Funding Policy - Covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS. The Town of Fountain Hills is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The current rate is 9.44% of annual covered payroll.

Annual Pension Cost - During the year ended June 30, 1999 (the date of the last available information), the Town of Fountain Hill's annual pension cost of \$25,603 for police was equal to the Town of Fountain Hill's required and actual contributions.

The required contribution was determined as part of the June 30, 1999 actuarial valuation using an entry age actuarial funding method. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually, (b) projected salary increases of 6.5% per year compounded annually, and (c) additional projected salary increases of 0.0% to 3.0% per year attributable to seniority/merit.

The actuarial value of the Town of Fountain Hill's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The Town of Fountain Hill's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1999, was 19 years.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

NOTE 16 - RETIREMENT AND PENSION PLANS (Concl'd)

Three-Year Trend Information

Police

Fiscal Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percent <u>Contributed</u>	Net Pension <u>Obligation</u>
1997	\$ 13,997	100.0%	\$ -0-
1998	22,869	100.0	-0-
1999	25,603	100.0	-0-

Additional historical trend information for the Town of Fountain Hill's PSPRS is disclosed on page 30.

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FOUNTAIN HILLS, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
 PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
 ANALYSIS OF FUNDING PROGRESS

**Schedule of Funding Progress
 Police**

Valuation Date <u>June 30,</u>	Actuarial Value of <u>Assets</u>	Entry Age Actuarial Accrued <u>Liability (AAL)</u>	(Underfunded)/ Overfunded <u>AAL</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	(Underfunded)/ Overfunded AAL as a Percentage of Covered <u>Payroll</u>
1996	\$ 17,463	\$ 16,084	\$ 1,379	108.6%	\$ 77,574	1.78%
1997	54,809	48,512	6,297	113.0	216,163	2.91
1998	184,135	125,791	60,344	148.7	394,005	15.31
1999	258,664	263,285	(4,621)	98.2	412,182	(1.1)

**Combining, Individual Fund and Account Group
Statements and Schedules**

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GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF FOUNTAIN HILLS, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 3,410,000	\$ 4,219,440	\$ 809,440
Intergovernmental	3,247,165	3,334,964	87,799
Fines and forfeitures	297,800	293,970	(3,830)
Licenses and permits	1,756,800	2,569,472	812,672
Charges for services	348,523	318,748	(29,775)
Rents and royalties	15,000	27,208	12,208
Interest	350,000	420,323	70,323
Other	30,000	21,055	(8,945)
Total Revenues	<u>9,455,288</u>	<u>11,205,180</u>	<u>1,749,892</u>
Expenditures			
Current			
General government			
Mayor and Town Council	85,000	81,306	3,694
Magistrate Court	246,640	232,305	14,335
General and Administrative	2,419,350	2,163,742	255,608
Non-departmental	<u>3,096,039</u>	<u>24,113</u>	<u>3,071,926</u>
Total General government	<u>5,847,029</u>	<u>2,501,466</u>	<u>3,345,563</u>
Public safety			
Building Safety	561,300	627,316	(66,016)
Town Marshal	<u>2,115,190</u>	<u>2,191,312</u>	<u>(76,122)</u>
Total Public safety	<u>2,676,490</u>	<u>2,818,628</u>	<u>(142,138)</u>
Culture and recreation			
Parks and Recreation	1,322,880	1,644,415	(321,535)
Golden Eagle Park	256,165	248,832	7,333
Civic Center	1,555,000	515,009	1,039,991
Community Center	64,900	60,166	4,734
Public Works	<u>1,056,990</u>	<u>889,787</u>	<u>167,203</u>
Total Culture and recreation	<u>4,255,935</u>	<u>3,358,209</u>	<u>897,726</u>
Community development			
Engineering Department	1,128,360	1,015,152	113,208
Community Development	<u>273,220</u>	<u>261,799</u>	<u>11,421</u>
Total Community development	<u>1,401,580</u>	<u>1,276,951</u>	<u>124,629</u>
Total Expenditures	<u>14,181,034</u>	<u>9,955,254</u>	<u>4,225,780</u>
Excess of revenues over (under) expenditures	<u>(4,725,746)</u>	<u>1,249,926</u>	<u>5,975,672</u>
Other financing sources (uses)			
Operating transfers in	-	2,025	2,025
Operating transfers out	<u>(1,265,000)</u>	<u>(1,269,112)</u>	<u>(4,112)</u>
Total other financing sources (uses)	<u>(1,265,000)</u>	<u>(1,267,087)</u>	<u>(2,087)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(5,990,746)</u>	<u>(17,161)</u>	<u>5,973,585</u>
Fund balance, beginning of year	<u>5,990,746</u>	<u>6,331,622</u>	<u>340,876</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 6,314,461</u>	<u>\$ 6,314,461</u>

SPECIAL REVENUE FUNDS

Highway User Revenue Fund (HURF) - accounts for the Town's share of motor fuel tax revenues and lottery proceeds.

Cottonwoods Maintenance District - accounts for taxes assessed to pay for the maintenance of the Cottonwoods District.

Grants Fund - accounts for the activities of various grants received by the Town.

TOWN OF FOUNTAIN HILLS, ARIZONA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2000

	HURF	Cottonwoods Maintenance District	Grants Fund	Totals
Assets				
Cash and investments	\$ 14,604	\$ -	\$ -	\$ 14,604
Accounts receivable	74	-	-	74
Taxes receivable	-	497	-	497
Intergovernmental receivable	<u>91,757</u>	<u>-</u>	<u>180,844</u>	<u>272,601</u>
Total Assets	<u>\$ 106,435</u>	<u>\$ 497</u>	<u>\$ 180,844</u>	<u>\$ 287,776</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 86,425	\$ -	\$ 85,225	\$ 171,650
Accrued wages and benefits	17,282	-	13,790	31,072
Retainage payable	2,728	-	-	2,728
Due to other funds	-	497	42,006	42,503
Deferred revenue	<u>-</u>	<u>-</u>	<u>39,823</u>	<u>39,823</u>
Total Liabilities	<u>106,435</u>	<u>497</u>	<u>180,844</u>	<u>287,776</u>
Fund balances				
Unreserved, undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 106,435</u>	<u>\$ 497</u>	<u>\$ 180,844</u>	<u>\$ 287,776</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2000

	HURF	Cottonwoods Maintenance District	Grants Fund	Totals
Revenues				
Taxes	\$ -	\$ 3,202	\$ -	\$ 3,202
Intergovernmental	1,136,051	-	300,777	1,436,828
Charges for services	135,618	-	-	135,618
Contributions and donations	10,598	-	-	10,598
Total Revenues	<u>1,282,267</u>	<u>3,202</u>	<u>300,777</u>	<u>1,586,246</u>
Expenditures				
Current				
General government	-	3,202	24,285	27,487
Public safety	-	-	240,392	240,392
Highways and streets	2,435,723	-	32,775	2,468,498
Culture and recreation	-	-	1,300	1,300
Total Expenditures	<u>2,435,723</u>	<u>3,202</u>	<u>298,752</u>	<u>2,737,677</u>
Excess of revenues over (under) expenditures	<u>(1,153,456)</u>	<u>-</u>	<u>2,025</u>	<u>(1,151,431)</u>
Other financing sources (uses)				
Operating transfers in	1,269,112	-	-	1,269,112
Operating transfers out	(115,656)	-	(2,025)	(117,681)
Total other financing sources (uses)	<u>1,153,456</u>	<u>-</u>	<u>(2,025)</u>	<u>1,151,431</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
HURF SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 1,094,097	\$ 1,136,051	\$ 41,954
Charges for services	80,000	135,618	55,618
Contributions and donations	-	10,598	10,598
Interest	1,000	-	(1,000)
Other	500	-	(500)
Total Revenues	<u>1,175,597</u>	<u>1,282,267</u>	<u>106,670</u>
Expenditures			
Current			
Highways and streets	<u>2,328,159</u>	<u>2,435,723</u>	<u>(107,564)</u>
Total Expenditures	<u>2,328,159</u>	<u>2,435,723</u>	<u>(107,564)</u>
Excess of revenues over (under) expenditures	<u>(1,152,562)</u>	<u>(1,153,456)</u>	<u>(894)</u>
Other financing sources (uses)			
Operating transfers in	1,268,200	1,269,112	912
Operating transfers out	<u>(115,650)</u>	<u>(115,656)</u>	<u>(6)</u>
Total other financing sources (uses)	<u>1,152,550</u>	<u>1,153,456</u>	<u>906</u>
Excess of revenues and other sources over (under) expenditures and other uses	(12)	-	12
Fund balance, beginning of year	<u>12</u>	<u>-</u>	<u>(12)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
 COTTONWOODS MAINTENANCE DISTRICT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ <u>3,200</u>	\$ <u>3,202</u>	\$ <u>2</u>
Total Revenues	<u>3,200</u>	<u>3,202</u>	<u>2</u>
Expenditures			
Current			
General government	<u>3,200</u>	<u>3,202</u>	<u>(2)</u>
Total Expenditures	<u>3,200</u>	<u>3,202</u>	<u>(2)</u>
Excess of revenues over (under) expenditures	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
 GRANTS SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 781,355	\$ 300,777	\$ (480,578)
Total Revenues	<u>781,355</u>	<u>300,777</u>	<u>(480,578)</u>
Expenditures			
Current			
General government	516,335	24,285	492,050
Public safety	255,595	240,392	15,203
Highways and streets	7,400	32,775	(25,375)
Culture and recreation	2,025	1,300	725
Total Expenditures	<u>781,355</u>	<u>298,752</u>	<u>482,603</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>2,025</u>	<u>2,025</u>
Other financing sources (uses)			
Operating transfers out	<u>-</u>	<u>(2,025)</u>	<u>(2,025)</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,025)</u>	<u>(2,025)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEBT SERVICE FUNDS

HURF Debt Service - accounts for operating transfers received from the HURF special revenue fund to pay the debt service of the Street and Highway User Revenue Bonds.

General Obligation (GO) Debt Service - 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 - accounts for the property tax revenues received to pay the debt service of the Eagle Mountain Community Facilities District component unit.

Cottonwoods Special Assessment - accounts for all special assessments received to pay the debt service of the Cottonwoods Special Assessment District.

TOWN OF FOUNTAIN HILLS, ARIZONA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2000

	HURF Debt Service	GO Debt Service	Eagle Mountain Debt Service	Cottonwoods Special Assesment	Total
Assets					
Cash and investments	\$ 60,336	\$ 6,510	\$ 4,916,295	\$ 5,248	\$ 4,988,389
Cash on deposit with paying agent	92,524	355,173	-	-	447,697
Taxes receivable	-	11,717	7,115	-	18,832
Special assessments receivable	-	-	-	23,239	23,239
Total Assets	<u>\$ 152,860</u>	<u>\$ 373,400</u>	<u>\$ 4,923,410</u>	<u>\$ 28,487</u>	<u>\$ 5,478,157</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 579	\$ 1,147	\$ -	\$ -	\$ 1,726
Due to developer	-	-	4,435,000	-	4,435,000
Interest payable	22,524	110,063	156,675	-	289,262
Deferred revenue	-	7,444	6,214	23,239	36,897
General obligation bonds payable	70,000	245,110	-	-	315,110
Total Liabilities	<u>93,103</u>	<u>363,764</u>	<u>4,597,889</u>	<u>23,239</u>	<u>5,077,995</u>
Fund balances					
Unreserved, undesignated	<u>59,757</u>	<u>9,636</u>	<u>325,521</u>	<u>5,248</u>	<u>400,162</u>
Total Fund Balance	<u>59,757</u>	<u>9,636</u>	<u>325,521</u>	<u>5,248</u>	<u>400,162</u>
Total Liabilities and Fund Balance	<u>\$ 152,860</u>	<u>\$ 373,400</u>	<u>\$ 4,923,410</u>	<u>\$ 28,487</u>	<u>\$ 5,478,157</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2000

	HURF Debt Service	GO Debt Service	Eagle Mountain Debt Service	Cottonwoods Special Assessment	Totals
Revenues					
Taxes	\$ -	\$ 451,760	\$ 202,064	\$ -	\$ 653,824
Special assessments	-	-	-	9,241	9,241
Interest	-	6,986	295,636	915	303,537
Total Revenues	<u>-</u>	<u>458,746</u>	<u>497,700</u>	<u>10,156</u>	<u>966,602</u>
Expenditures					
Debt service					
Principal retirement	\$ 70,000	265,785	-	3,228	339,013
Interest and fiscal charges	45,942	215,783	321,596	1,680	585,001
Total Expenditures	<u>115,942</u>	<u>481,568</u>	<u>321,596</u>	<u>4,908</u>	<u>924,014</u>
Excess of revenues over (under) expenditures	<u>(115,942)</u>	<u>(22,822)</u>	<u>176,104</u>	<u>5,248</u>	<u>42,588</u>
Other financing sources (uses)					
Operating transfers in	115,656	-	-	-	115,656
Total other financing sources (uses)	<u>115,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,656</u>
Excess of revenues and other sources over (under) expenditures and other uses	(286)	(22,822)	176,104	5,248	158,244
Fund balance, beginning of year	60,043	32,458	149,417	-	241,918
Fund balance, end of year	<u>\$ 59,757</u>	<u>\$ 9,636</u>	<u>\$ 325,521</u>	<u>\$ 5,248</u>	<u>\$ 400,162</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
HURF DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Debt service			
Principal retirement	70,000	70,000	-
Interest and fiscal charges	<u>45,650</u>	<u>45,942</u>	<u>(292)</u>
Total Expenditures	<u>115,650</u>	<u>115,942</u>	<u>(292)</u>
Excess of revenues over (under) expenditures	<u>(115,650)</u>	<u>(115,942)</u>	<u>(292)</u>
Other financing sources (uses)			
Operating transfers in	<u>115,650</u>	<u>115,656</u>	<u>6</u>
Total other financing sources (uses)	<u>115,650</u>	<u>115,656</u>	<u>6</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	(286)	(286)
Fund balance, beginning of year	-	<u>60,043</u>	<u>60,043</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 59,757</u>	<u>\$ 59,757</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
GO DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 448,550	\$ 451,760	\$ 3,210
Interest	<u>4,000</u>	<u>6,986</u>	<u>2,986</u>
Total Revenues	<u>452,550</u>	<u>458,746</u>	<u>6,196</u>
Expenditures			
Debt service			
Principal retirement	275,000	265,785	9,215
Interest and fiscal charges	<u>218,708</u>	<u>215,783</u>	<u>2,925</u>
Total Expenditures	<u>493,708</u>	<u>481,568</u>	<u>12,140</u>
Excess of revenues over (under) expenditures	(41,158)	(22,822)	18,336
Fund balance, beginning of year	<u>41,158</u>	<u>32,458</u>	<u>(8,700)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 9,636</u>	<u>\$ 9,636</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
EAGLE MOUNTAIN DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 200,000	\$ 202,064	\$ 2,064
Interest	<u>116,850</u>	<u>295,636</u>	<u>178,786</u>
Total Revenues	<u>316,850</u>	<u>497,700</u>	<u>180,850</u>
Expenditures			
Debt service			
Interest and fiscal charges	<u>316,850</u>	<u>321,596</u>	<u>(4,746)</u>
Total Expenditures	<u>316,850</u>	<u>321,596</u>	<u>(4,746)</u>
Excess of revenues over (under) expenditures	-	176,104	176,104
Fund balance, beginning of year	<u>-</u>	<u>149,417</u>	<u>149,417</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 325,521</u>	<u>\$ 325,521</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
 COTTONWOODS SPECIAL ASSESSMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$ 2,000	\$ 9,241	\$ 7,241
Interest	<u>-</u>	<u>915</u>	<u>915</u>
Total Revenues	<u>2,000</u>	<u>10,156</u>	<u>8,156</u>
Expenditures			
Debt service			
Principal retirement	1,320	3,228	(1,908)
Interest and fiscal charges	<u>680</u>	<u>1,680</u>	<u>(1,000)</u>
Total Expenditures	<u>2,000</u>	<u>4,908</u>	<u>(2,908)</u>
Excess of revenues over (under) expenditures	-	5,248	5,248
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 5,248</u>	<u>\$ 5,248</u>

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CAPITAL PROJECTS FUNDS

Heritage Grant Fund - accounts for capital improvements through the use of Heritage Grant funds.

Capital Projects Fund - accounts for the capital improvements to various projects of the Town.

TOWN OF FOUNTAIN HILLS, ARIZONA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 AS OF JUNE 30, 2000

	Heritage Grant Fund	Capital Projects Fund	Total
Assets			
Cash and investments	\$ -	\$ 3,359,527	\$ 3,359,527
Intergovernmental receivable	476,321	-	476,321
Total Assets	<u>\$ 476,321</u>	<u>\$ 3,359,527</u>	<u>\$ 3,835,848</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ -	\$ 27,597	\$ 27,597
Due to other funds	239,460	-	239,460
Deferred revenue	15,000	-	15,000
Total Liabilities	<u>254,460</u>	<u>27,597</u>	<u>282,057</u>
Fund balances			
Unreserved, undesignated	221,861	3,331,930	3,553,791
Total Fund Balance	<u>221,861</u>	<u>3,331,930</u>	<u>3,553,791</u>
Total Liabilities and Fund Balance	<u>\$ 476,321</u>	<u>\$ 3,359,527</u>	<u>\$ 3,835,848</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2000

	Heritage Grant Fund	Capital Projects Fund	Total
Revenues			
Interest	\$ <u>-</u>	\$ <u>19,399</u>	\$ <u>19,399</u>
Total Revenues	<u>-</u>	<u>19,399</u>	<u>19,399</u>
Expenditures			
Capital outlay	<u>-</u>	<u>1,787,469</u>	<u>1,787,469</u>
Total Expenditures	<u>-</u>	<u>1,787,469</u>	<u>1,787,469</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(1,768,070)</u>	<u>(1,768,070)</u>
Other financing sources (uses)			
Proceeds from sale of bonds	<u>-</u>	<u>5,100,000</u>	<u>5,100,000</u>
Total other financing sources (uses)	<u>-</u>	<u>5,100,000</u>	<u>5,100,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	3,331,930	3,331,930
Fund balance, beginning of year	<u>221,861</u>	<u>-</u>	<u>221,861</u>
Fund balance, end of year	<u>\$ 221,861</u>	<u>\$ 3,331,930</u>	<u>\$ 3,553,791</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
HERITAGE GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ <u>2,100,000</u>	\$ <u>-</u>	\$ <u>(2,100,000)</u>
Total Revenues	<u>2,100,000</u>	<u>-</u>	<u>(2,100,000)</u>
Expenditures			
Capital outlay	<u>2,100,000</u>	<u>-</u>	<u>2,100,000</u>
Total Expenditures	<u>2,100,000</u>	<u>-</u>	<u>2,100,000</u>
Excess of revenues over (under) expenditures	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>221,861</u>	<u>221,861</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 221,861</u>	<u>\$ 221,861</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
 CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ -	\$ 19,399	\$ 19,399
Total Revenues	<u>-</u>	<u>19,399</u>	<u>19,399</u>
Expenditures			
Capital outlay	9,100,000	1,787,469	7,312,531
Total Expenditures	<u>9,100,000</u>	<u>1,787,469</u>	<u>7,312,531</u>
Excess of revenues over (under) expenditures	<u>(9,100,000)</u>	<u>(1,768,070)</u>	<u>7,331,930</u>
Other financing sources (uses)			
Proceeds from sale of bonds	9,100,000	5,100,000	(4,000,000)
Total other financing sources (uses)	<u>9,100,000</u>	<u>5,100,000</u>	<u>(4,000,000)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	3,331,930	3,331,930
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 3,331,930</u>	<u>\$ 3,331,930</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

General fixed assets consist of land and improvements, buildings and improvements, equipment and vehicles. These assets represent a major investment of Town funds. Adequate control and accountability of general fixed assets are essential to the protective custody of Town property.

TOWN OF FOUNTAIN HILLS, ARIZONA
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS
 BY SOURCE
 JUNE 30, 2000 AND 1999

	2000	1999
GENERAL FIXED ASSETS		
Land and improvements	\$ 14,668,991	\$ 13,202,697
Buildings and improvements	1,465,837	1,440,528
Improvements other than buildings	166,953	166,953
Furniture, equipment and vehicles	2,631,501	2,288,376
Construction in progress	909,759	-
Total	<u>\$ 19,843,041</u>	<u>\$ 17,098,554</u>
 INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE		
General Fund	\$ 5,849,848	\$ 5,486,547
Special Revenue Funds	1,271,010	1,146,414
Capital Projects Funds	7,497,481	5,240,891
Donations	<u>5,224,702</u>	<u>5,224,702</u>
Total	<u>\$ 19,843,041</u>	<u>\$ 17,098,554</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
AS OF JUNE 30, 2000

	Land and Improvements	Buildings and Improvements	Improvements Other than Buildings	Furniture, Equipment and Vehicles	Construction in Progress	Total
FUNCTION AND ACTIVITY						
General Government						
Council	\$ -	\$ -	\$ -	\$ 9,842	\$ -	\$ 9,842
Administration	4,155,037	182,818	142,270	744,596	909,759	6,134,480
Community Development	-	-	-	18,935	-	18,935
Magistrate Court	-	-	-	45,631	-	45,631
Total General Government	<u>4,155,037</u>	<u>182,818</u>	<u>142,270</u>	<u>819,004</u>	<u>909,759</u>	<u>6,208,888</u>
Public Safety						
Building Safety	-	-	-	86,011	-	86,011
Town Marshal	-	-	-	415,374	-	415,374
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,385</u>	<u>-</u>	<u>501,385</u>
Highways and Streets						
Engineering	-	-	-	145,673	-	145,673
Maintenance	74,022	307,854	-	934,088	-	1,315,964
Total Highways and Streets	<u>74,022</u>	<u>307,854</u>	<u>-</u>	<u>1,079,761</u>	<u>-</u>	<u>1,461,637</u>
Culture and Recreation						
Community Center	453,618	463,500	17,965	11,351	-	946,434
Parks and Recreation	9,876,820	511,665	6,718	157,360	-	10,552,563
Public Works	109,494	-	-	62,640	-	172,134
Total Culture and Recreation	<u>10,439,932</u>	<u>975,165</u>	<u>24,683</u>	<u>231,351</u>	<u>-</u>	<u>11,671,131</u>
Total	<u>\$ 14,668,991</u>	<u>\$ 1,465,837</u>	<u>\$ 166,953</u>	<u>\$ 2,631,501</u>	<u>\$ 909,759</u>	<u>\$ 19,843,041</u>

TOWN OF FOUNTAIN HILLS, ARIZONA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2000

	General Fixed Assets July 1, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
FUNCTION AND ACTIVITY				
General Government				
Council	\$ 9,842	\$ -	\$ -	\$ 9,842
Administration	3,713,606	2,420,874	-	6,134,480
Community Development	18,935	-	-	18,935
Magistrate Court	<u>43,918</u>	<u>1,713</u>	-	<u>45,631</u>
Total General Government	<u>3,786,301</u>	<u>2,422,587</u>	<u>-</u>	<u>6,208,888</u>
Public Safety				
Building Safety	86,011	-	-	86,011
Town Marshal	<u>352,482</u>	<u>62,892</u>	-	<u>415,374</u>
Total Public Safety	<u>438,493</u>	<u>62,892</u>	<u>-</u>	<u>501,385</u>
Highways and Streets				
Engineering	145,673	-	-	145,673
Maintenance	<u>1,191,368</u>	<u>124,596</u>	-	<u>1,315,964</u>
Total Highways and Streets	<u>1,337,041</u>	<u>124,596</u>	<u>-</u>	<u>1,461,637</u>
Culture and Recreation				
Community Center	946,434	-	-	946,434
Parks and Recreation	10,418,151	134,412	-	10,552,563
Public Works	<u>172,134</u>	-	-	<u>172,134</u>
Total Culture and Recreation	<u>11,536,719</u>	<u>134,412</u>	<u>-</u>	<u>11,671,131</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 17,098,554</u>	<u>\$ 2,744,487</u>	<u>\$ -</u>	<u>\$ 19,843,041</u>

STATISTICAL SECTION

TOWN OF FOUNTAIN HILLS, ARIZONA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Government	Public Safety	Highways and Streets	Culture and Recreation	Community Development	Capital Outlay	Debt Service	Total
2000	\$ 2,528,953	\$ 3,059,020	\$ 2,468,498	\$ 3,359,509	\$ 1,276,951	\$ 1,787,469	\$ 924,014	\$ 15,404,414
1999	2,631,245	2,205,600	1,984,879	2,334,901	955,451	557,374	795,088	11,464,538
1998	1,964,427	2,074,441	2,020,450	1,471,559	947,251	1,352,936	799,941	10,631,005
1997	1,757,431	1,499,538	1,627,952	625,928	864,022	5,343,433	1,132,399	12,850,703
1996	1,617,365	1,241,694	1,687,403	1,196,115	821,796	578,099	524,553	7,667,025
1995	1,131,817	979,482	610,858	382,026	560,325	843,650	491,219	4,999,377
1994	1,007,100	745,141	509,943	288,784	308,905	743,302	509,952	4,113,127
1993	860,706	689,545	457,967	207,687	246,143	3,983,233	522,517	6,967,798
1992	628,189	730,631	426,631	150,753	225,477	1,028,925	540,523	3,731,129
1991	426,091	500,702	399,396	60,333	72,492	327,371	21,982	1,808,367

(1) Includes all Governmental Fund Types.

TOWN OF FOUNTAIN HILLS, ARIZONA
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes	Inter-Governmental	Fines and Forfeitures	Licenses and Permits	Charges for Services	Rents and Royalties	Contributions and Donations	Special Assessment	Interest	Other	Total
2000	\$ 4,876,466	\$ 4,771,792	\$ 293,970	\$ 2,569,472	\$ 454,366	\$ 27,208	\$ 10,598	\$ 9,241	\$ 743,259	\$ 21,055	\$ 13,777,427
1999	3,861,337	4,929,062	259,484	2,472,215	624,744	18,140	-	14,524	620,639	25,657	12,825,802
1998	3,326,207	4,364,859	208,930	1,961,687	795,700	13,591	100,000	-	582,757	17,487	11,371,218
1997	3,101,787	3,988,424	209,485	1,770,347	419,976	14,170	1,500	-	464,633	19,477	9,989,799
1996	2,024,461	2,762,906	211,289	1,653,561	204,541	14,462	-	-	163,457	18,800	7,053,477
1995	468,503	2,896,271	171,675	1,346,134	358,657	21,228	20,000	-	150,357	10,263	5,443,088
1994	488,434	2,542,928	163,886	829,046	109,461	24,723	24,410	-	96,831	14,836	4,294,555
1993	505,754	2,380,310	133,152	512,695	100,272	25,412	354,559	-	162,454	9,617	4,184,225
1992	427,416	2,067,401	123,497	451,575	33,819	26,764	86,569	-	315,235	9,408	3,541,684
1991	-	1,453,233	97,726	407,358	39,648	-	-	-	36,467	7,949	2,042,381

(1) Includes all Governmental Fund Types.

TOWN OF FOUNTAIN HILLS, ARIZONA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Sales Tax</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2000	\$ 4,087,514	\$ 657,026	\$ 131,926	\$ 4,876,466
1999	3,394,152	348,778	118,407	3,861,337
1998	2,920,084	302,375	103,748	3,326,207
1997	2,664,923	350,024	86,840	3,101,787
1996	1,610,116	336,000	78,345	2,024,461
1995	16,622	357,033	94,848	468,503
1994	-	393,654	94,780	488,434
1993	-	423,798	81,956	505,754
1992	-	350,831	76,585	427,416
1991	-	-	-	-

TOWN OF FOUNTAIN HILLS, ARIZONA
 PRIMARY AND SECONDARY TAXABLE PROPERTY ASSESSED VALUATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year		Assessed Valuation Town of Fountain Hills	Assessed Valuation Fountain Hills School District	Assessed Valuation Maricopa County	Assessed Valuation State of Arizona
2000	P	\$ 190,102,361	\$ 191,579,669	\$ 19,362,298,255	\$ 22,645,463,514
	S	212,415,476	214,037,354	20,877,715,546	23,547,348,817
1999	P	133,721,181	134,650,036	17,463,875,533	21,670,300,013
	S	146,943,730	147,884,952	18,676,830,848	22,533,348,150
1998	P	112,285,569	113,072,537	15,006,270,531	21,001,064,273
	S	116,333,406	117,144,929	15,723,498,194	22,333,861,362
1997	P	100,649,833	101,573,954	13,975,668,204	22,811,158,500
	S	103,944,051	104,881,097	14,343,156,861	23,333,678,475
1996	P	94,188,637	95,155,307	13,493,736,826	22,109,868,588
	S	100,161,568	101,137,745	14,119,434,946	23,022,330,962
1995	P	87,383,347	88,978,760	13,302,326,609	21,688,438,645
	S	88,796,834	90,394,390	13,521,174,915	22,179,317,949
1994	P	85,567,821	87,353,865	13,296,003,025	21,349,754,194
	S	87,406,208	89,208,873	13,504,107,816	21,748,040,198
1993	P	83,486,645	85,445,505	13,808,814,077	21,532,550,403
	S	84,687,515	86,675,510	13,605,514,589	21,934,246,590
1992	P	80,366,555	83,384,340	14,132,936,570	21,670,300,013
	S	82,825,480	85,878,190	14,773,149,205	22,533,348,150
1991	P	79,044,032	82,135,548	14,768,918,716	22,645,463,514
	S	80,181,000	87,079,910	15,437,941,233	23,547,348,817

P = Primary assessed valuation
 S = Secondary assessed valuation

Source: Maricopa County and Arizona Tax Research Foundation.

TOWN OF FOUNTAIN HILLS, ARIZONA
 PRIMARY AND SECONDARY PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>		<u>Rate Town</u>	<u>Rate School District</u>	<u>Rate County</u>	<u>Rate State</u>	<u>Rate Total</u>
2000	P	\$ 0.00	\$ 3.91	\$ 1.16	\$ 0.00	\$ 5.07
	S	0.26	2.38	0.12	0.00	2.76
1999	P	0.00	3.89	1.19	0.00	5.08
	S	0.17	1.96	0.11	0.00	2.24
1998	P	0.00	4.89	1.68	0.00	6.57
	S	0.23	2.32	0.13	0.00	2.68
1997	P	0.00	4.98	1.64	0.00	6.62
	S	0.30	2.17	0.16	0.00	2.63
1996	P	0.00	4.96	1.69	0.47	7.12
	S	0.32	2.67	0.15	0.00	3.14
1995	P	0.00	5.50	1.77	0.47	7.74
	S	0.39	1.69	0.00	0.00	2.08
1994	P	0.00	5.03	1.58	0.47	7.08
	S	0.43	1.76	0.19	0.00	2.38
1993	P	0.00	4.29	1.60	0.47	6.36
	S	0.47	1.51	0.14	0.00	2.12
1992	P	0.00	4.38	1.51	0.47	6.36
	S	0.43	1.66	0.17	0.00	2.26
1991	P	0.00	N/A	1.50	0.77	2.27
	S	0.00	N/A	0.17	0.00	0.17

P = Primary assessed valuation
 S = Secondary assessed valuation

Source: Maricopa County and Arizona Tax Research Foundation.

TOWN OF FOUNTAIN HILLS, ARIZONA
 ASSESSED VALUATION OF MAJOR TAXPAYERS
 JUNE 30, 2000
 (UNAUDITED)

<u>Taxpayer</u>	<u>Land Description</u>	<u>1999/00 Assessed Valuation</u>	<u>As % of Town's Total Secondary Assessed Valuation</u>
MCO Properties	Vacant Land	\$ 5,156,872	2.43%
Chaparral City Water Co.	Water Utility	2,530,037	1.19%
US West Communications	Telephone & Telegraph	2,329,867	1.10%
Four Peaks Vista	Apartments	1,641,751	0.77%
Safeway Inc.	Shopping Center	729,361	0.34%
Sunridge Canyon LLC	Golf Course	686,985	0.32%
G&G Fountain Palisades	Shopping Center	666,120	0.31%
Southwest Inn at Eagle Mountain	Hotel	525,000	0.25%
Fountain Hills-Old Vine LP	Shopping Center	521,144	0.25%
Eagle Mountain Golf Club	Golf Course	504,623	0.24%
		<u>\$ 15,291,760</u>	<u>7.20%</u>

Source: Treasurer of Maricopa County

TOWN OF FOUNTAIN HILLS, ARIZONA
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2000
 (UNAUDITED)

Net secondary assessed valuation	\$ <u>212,415,476</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Boards</u>	
Debt limit - 20% of secondary net assessed valuation	\$ <u>42,483,095</u>
Bonds outstanding	<u>None</u>
Net 20% General Obligation Bonding Capacity	<u>42,483,095</u>
<u>All Other General Obligation Bonds</u>	
Debt limit - 6% of secondary net assessed valuation	12,744,929
Bonds outstanding subject to debt limit	<u>8,677,053</u>
Net 6% General Obligation Bonding Capacity	<u>4,067,876</u>
Total 20% and 6% Bonding Capacity	\$ <u><u>46,550,971</u></u>

Source: Maricopa County Assessor's Office.

TOWN OF FOUNTAIN HILLS, ARIZONA
 RATIO OF NET GENERAL BONDED DEBT
 TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Net Secondary Assessed Valuation</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1999-00	18,595 *	\$ 212,415,476	\$ 8,677,053	4.08%	\$ 467
1998-99	18,015 *	146,943,730	3,913,952	2.66%	217
1997-98	16,275 *	116,333,406	3,883,018	3.34%	239
1996-97	15,220 *	103,944,051	4,056,473	3.90%	267
1995-96	14,146	100,161,566	4,277,315	4.27%	302
1994-95	13,100	88,796,834	4,144,881	4.67%	316
1993-94	12,005	83,384,908	4,292,389	5.15%	358
1992-93	11,265	84,687,515	4,461,875	5.27%	396
1991-92	10,475	80,181,000	4,659,579	5.81%	445
1990-91	10,030	82,825,480	4,730,000	5.71%	472

* The source of this information is Town records; 1998-99 population estimates based on DES.

TOWN OF FOUNTAIN HILLS, ARIZONA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO
TOTAL GENERAL EXPENDITURES*
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total Expenditures*</u>	<u>Ratio of Debt Service to To Total Expenditures</u>
1999-00	\$ 339,013	\$ 585,001	\$ 924,014	\$ 15,404,414	6.00%
1998-99	223,024	517,696	740,720	11,464,538	6.46%
1997-98	245,210	554,731	799,941	10,631,005	7.52%
1996-97	222,321	247,311	469,632	12,850,703	3.65%
1995-96	209,193	208,477	417,670	7,667,025	5.45%
1994-95	125,000	327,463	452,463	4,999,377	9.05%
1993-94	125,000	340,493	465,493	4,113,127	11.32%
1992-93	125,000	352,913	477,913	6,967,798	6.86%
1991-92	75,000	420,301	495,301	3,731,129	13.27%
1990-91	-	-	-	1,808,367	0.00%

* Includes all Governmental Fund Types.

TOWN OF FOUNTAIN HILLS, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2000
(UNAUDITED)

<u>Overlapping Jurisdiction</u>	1999-00 Net Secondary Assessed Valuation (1)	Net Outstanding General Obligation Bonded Debt	<u>Proportion Applicable to Town of Fountain Hills</u>	
			Approx. Percent	Net Debt Amount
State of Arizona	\$ 23,547,348,817	\$ None	0.55%	\$ -
Maricopa County	20,877,715,546	99,910,000	0.94%	939,154
Maricopa County Community College District	20,877,715,546	283,035,000	0.94%	2,660,529
Fountain Hills Unified School District No. 98	214,037,354	29,650,000	99.36%	29,460,240
East Valley Institute of Technology District No. 401	8,294,757,601	32,475,000	2.07%	672,233
Fountain Hills Sanitary District	171,519,148	7,615,000	100.00%	7,615,000
Fountain Hills Fire District	174,216,966	None	100.00%	-
Fountain Hills Road District	None	None	100.00%	-
Town of Fountain Hills	212,415,476	7,730,000	100.00%	<u>7,730,000</u>
Total Direct and Overlapping GO Bonded Debt				<u>\$ 49,077,156</u>

(1) Proportion applicable to the Town of Fountain Hills, Arizona is computed on the ratio of secondary assessed valuation for 1999-00.

Source: Maricopa County Treasurer's Office.

TOWN OF FOUNTAIN HILLS, ARIZONA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (1)
 LAST TEN FISCAL YEARS
 (UNAUDITED)

PRIMARY

Tax Year	Total Assessed Value	Exempt Amount	Total Full Cash Value	Estimated Actual Value	Net Assessed Value	Ratio of Total Assessed Value to Total Estimated Actual Value
2000	\$ 198,224,776	\$ 8,578,615	\$ 1,713,029,238	\$ 2,055,635,086	\$ 190,102,361	9.64%
1999	170,258,614	9,255,978	1,467,193,748	1,760,632,498	161,002,636	9.67%
1998	141,077,170	7,355,989	1,208,968,752	1,450,762,502	133,721,181	9.72%
1997	118,888,547	6,602,978	1,002,546,459	1,203,055,751	112,285,569	9.88%
1996	105,912,474	5,262,641	884,979,322	1,061,975,186	100,649,833	9.97%
1995	99,271,154	5,082,517	826,917,659	992,301,191	94,188,637	10.00%
1994	92,301,694	4,918,347	753,145,358	903,774,430	87,383,347	10.21%
1993	90,299,465	4,731,644	728,255,127	873,906,152	85,567,821	10.33%
1992	87,376,360	3,889,715	699,538,226	839,445,871	83,486,645	10.41%
1991	84,254,975	3,888,420	675,434,505	810,521,406	80,366,555	10.40%

SECONDARY

Tax Year	Total Assessed Value	Exempt Amount	Total Full Cash Value	Estimated Actual Value	Net Assessed Value	Ratio of Total Assessed Value to Total Estimated Actual Value
2000	\$ 221,922,165	\$ 9,894,702	\$ 1,889,016,352	\$ 2,266,819,622	\$ 212,415,476	9.79%
1999	185,540,741	10,575,923	1,583,072,952	1,899,687,542	174,964,818	9.77%
1998	155,729,430	8,785,700	1,317,946,863	1,581,536,236	146,943,730	9.85%
1997	123,097,961	6,764,555	1,034,892,731	1,241,871,277	116,333,406	9.91%
1996	109,463,361	5,519,310	906,495,406	1,087,794,487	103,944,051	10.06%
1995	105,660,296	5,498,728	866,122,390	1,039,346,868	100,161,568	10.17%
1994	94,047,575	5,250,741	764,582,686	917,499,223	88,796,834	10.25%
1993	92,482,352	5,076,144	743,628,593	892,354,312	87,406,208	10.36%
1992	89,055,130	4,367,615	709,986,885	851,984,262	84,687,515	10.45%
1991	86,808,710	3,983,230	691,418,802	829,702,562	82,825,480	10.46%

(1) Arizona uses two types of property values for taxing purposes. Primary values are used to calculate primary property taxes which are collected to fund the maintenance and operation of school districts, community college districts, counties, cities, and state government. Secondary values are used to pay off secondary property taxes which are collected for such things as debt service (bonds), budget overrides and special districts. Source: Arizona Department of Revenue.

TOWN OF FOUNTAIN HILLS, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1) 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	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1999-00	\$ 444,138	\$ 432,965	97.48%	\$ 4,385	\$ 437,350	98.47%	\$ 6,788	1.53%
1998-99	248,607	235,968	94.92%	6,286	242,254	97.44%	67	0.03%
1997-98	268,917	261,704	97.32%	7,213	268,917	100.00%	-	0.00%
1996-97	312,638	312,489	99.95%	122	312,611	99.99%	27	0.01%
1995-96	323,517	323,511	100.00%	3	323,514	100.00%	-	0.00%
1994-95	339,832	339,605	99.93%	4	339,609	99.93%	219	0.06%
1993-94	379,779	379,537	99.94%	11	379,548	99.94%	231	0.06%
1992-93	396,610	397,434	100.21%	(412)	397,022	100.10%	-	0.00%
1991-92	359,371	359,371	100.00%	-	359,371	100.00%	-	0.00%
1990-91	-	-	N/A	-	-	N/A	-	N/A

(1) The amount levied and collected is net of resolutions.

NOTE 1: Amounts collected are on a cash basis rather than the modified accrual basis as in the financial statements.

NOTE 2: Unsecured personal property taxes are not included in this schedule.

SOURCE: The Maricopa County Treasurer's Office.

TOWN OF FOUNTAIN HILLS, ARIZONA
PROPERTY TAX RATES FOR ALL OVERLAPPING GOVERNMENTS
LAST NINE FISCAL YEARS
(UNAUDITED)

Fiscal Year	Arizona	Community College	County	Fountain Hills School District	East Valley Inst. Of Tech District	Fire District Royalties	Sanitary District	Road District	Flood Control District	Library District	Volunteer Fire District	Central Arizona Project	Town of Fountain Hills
2000	\$ 0.0000	\$ 1.1285	\$ 1.2816	\$ 6.2969	\$ 0.1217	\$ 0.8933	\$ 1.8315	\$ 0.0000	\$ 0.2858	\$ 0.0421	\$ 0.0000	\$ 0.1400	\$ 0.2578
1999	0.0000	1.1125	1.8084	7.2134	0.1320	0.9482	1.9394	0.0370	0.3270	0.0421	0.0103	0.1400	0.1699
1998	0.0000	1.1346	1.7929	7.2466	0.1216	1.0407	1.6619	0.1806	0.3425	0.0421	0.0105	0.1400	0.2330
1997	0.0000	1.0476	1.7929	7.1501	0.1616	0.9826	1.8983	0.3186	0.3425	0.0421	0.0109	0.1400	0.3036
1996	0.4700	1.1130	1.8344	7.6367	0.0693	0.9397	1.8590	0.2626	0.3332	0.0099	0.0108	0.1400	0.3192
1995	0.4700	0.8934	1.7726	7.1976	0.0554	0.9781	1.9097	0.5624	0.3632	0.0417	0.0107	0.1400	0.3852
1994	0.4700	0.8532	1.2426	6.7878	0.0705	0.9040	2.1183	0.7350	0.3632	0.0417	0.0104	0.1400	0.4337
1993	0.4700	0.8510	1.7448	5.7954	0.0308	1.3079	2.0671	0.7114	0.3901	0.0426	0.0099	0.1400	0.4714
1992	0.4700	0.8402	1.6884	6.0422	0.0292	1.1466	2.1857	0.7281	0.4447	0.0444	0.0082	0.1400	0.4343

TOWN OF FOUNTAIN HILLS, ARIZONA
 MARICOPA COUNTY ECONOMIC INDICATORS
 LAST TEN CALENDAR YEARS
 (UNAUDITED)

Value of Building Permits (in Thousands)

Year	Housing Starts	Residential	Commercial	Industrial	Other
1999	47,106	\$ 5,142,869	\$ 1,878,629	\$ 210,676	\$ 1,092,337
1998	47,801	4,778,571	2,230,445	378,141	1,101,269
1997	43,013	3,943,544	1,840,334	233,598	1,133,069
1996	39,630	3,508,538	1,422,483	788,083	1,079,458
1995	37,091	3,199,942	1,043,978	413,835	782,609
1994	33,862	3,203,144	959,539	145,310	584,029
1993	24,147	2,432,682	547,667	50,139	499,052
1992	20,488	2,159,844	550,345	39,244	478,990
1991	17,082	1,613,832	307,566	65,099	515,236
1990	13,375	1,217,348	607,969	140,686	539,318

SOURCE: Arizona Real Estate Center, College of Business, Arizona State University

TOWN OF FOUNTAIN HILLS, ARIZONA
 DEMOGRAPHIC AND MISCELLANEOUS STATISTICS
 JUNE 30, 2000
 (UNAUDITED)

DATE OF INCORPORATION	December 5, 1989
FORM OF GOVERNMENT	Council - Manager
NUMBER OF EMPLOYEES (No police and fire)	
Classified - Full time	86
Classified - Part time	26
Exempt	20
AREA	18.27 square miles
TOWN OF FOUNTAIN HILLS FACILITIES AND SERVICES	
Miles of Street	
Surfaced	178.5
Unsurfaced	2
Population (estimated)	14,146
Housing Units	9,946
Building Permits Issued	859
Culture and Recreation	
Community Centers	1
Parks	4
Park acreage	121
Tennis Courts	6
Senior Center	1
FACILITIES AND SERVICES NOT INCLUDED IN PRIMARY GOVERNMENT	
Fire Protection:	Special District
Number of stations	2
Number of fire personnel and officers	42
Number of calls answered	3,180
Number of inspections conducted	2,517
Police Protection:	Contracted
Number of stations	1
Number of police personnel and officers	23
Number of patrol units	9
Number of law violations	
Physical arrests	890
Traffic/Parking violations	7,907
Sewerage System:	Special District
Miles of sanitary sewers	180
Number of treatment plants	1
Number of service connections	11,000
Daily average treatment in gallons	1,580,000mgd
Maximum daily capacity of treatment plant in gallons	1,900,000mgd
Water System:	Private company
Miles of water mains	198.0
Number of service connections	11,068
Number of fire hydrants	1,685
Daily average consumption in gallons	4,688,851
Maximum daily capacity of plant in gallons	9,000,000
Education:	
Number of elementary schools	3
Number of secondary schools	1
Number of students - Primary	1,739
Number of Students - Secondary	756

Source: Town government offices and related districts.