
FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022



FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98

FOUNTAIN HILLS, ARIZONA

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

Issued by:
Business and Finance Department

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98

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INTRODUCTORY SECTION

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FOUNTAIN HILLS
UNIFIED SCHOOL DISTRICT

16000 E. Palisades Blvd.
Fountain Hills, AZ 85268
480-664-5000 PHONE
480-664-5099 FAX
FountainHillsSchools.org

March 22, 2023

Citizens and Governing Board
Fountain Hills Unified School District No. 98
16000 E. Palisades Blvd.
Fountain Hills, AZ 85268

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Fountain Hills Unified School District No. 98 (District) for the fiscal year ended June 30, 2022.

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

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

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

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

PROFILE OF THE DISTRICT

The District is one of 58 public school districts located in Maricopa County, Arizona. It provides a program of public education from kindergarten through grade 12, with an estimated current enrollment of 1,192.

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

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

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

The District was founded in 1970 and encompasses approximately 19 square miles. The District is situated in the central portion of Maricopa County, Arizona in the east sector of the greater Phoenix metropolitan area. The estimated population within the District is 27,606.

The District has three schools with a fiscal year 2021-22 average daily membership of 1,192, a decrease of 3.8% over the previous school year. About 150 employees work in the District. The District has a sizable tax base of above-average income and housing values.

While residential building has been sluggish due to economic factors, the tax base remains stable and above average for the community. The Town of Fountain Hills was founded in 1970 and incorporated in 1989. Fountain Hills had a 1990 population of 10,030 and a 2020 estimated population of 23,820, an increase of 138%. The District has experienced a decline in student population over the past 10 years. The apparent major causes behind the shift in student generation in Fountain Hills District appears to be the aging of the existing population and the shift toward older home buyers, both with and without children and the lack of new affordable housing for younger families.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. Maricopa County is located in the south-central portion of Arizona and encompasses an area of approximately 9,224 square miles. Its 2020 Census population was estimated at 4,420,568 and is expected to reach 6 million by 2028. It is by far Arizona's most populous county, encompassing well more than half of the state's residents. Maricopa County for some time enjoyed an unemployment rate that was somewhat lower than the national average. The county seat is Phoenix, which is Arizona's largest city and capital.

Service is still the largest employment sector in the County, partly fueled by the tourist industry. The County has excellent accommodations, diverse cultural and recreational activities, and a favorable climate attracting millions to the area annually. Wholesale and retail trade is the second largest employment category, employing over a quarter million people.

Manufacturing consisting primarily of high technology companies is the third largest employer. Other factors aiding economic growth include major expansions of the international airport serving the area, a favorable business climate and the presence of a well-developed and expanding transportation infrastructure.

Multiple major companies are also headquartered in Arizona with significant impact on statewide employment. PetSmart, Circle K, ON Semiconductor, U-Haul, and Freeport-McMoRan round out the top 5 Phoenix-based companies. However, health services are also a major employer with Banner Health and HonorHealth combining for 67,000 employees. For non-Arizona based companies, Intel has one of their largest sites here, employing about 12,000 employees and 6 chip manufacturing fabrication facilities. Banking services also dominate the Phoenix area with Wells Fargo, Bank of America and JPMorgan Chase accounting for up to 37,000 employees. The military has a significant presence in Phoenix with Luke Air Force Base located in the western suburbs. In addition, the metropolitan area provides excellent educational and training opportunities through seven community colleges, more than ten private colleges and graduate schools, and one state university.

Long-term Financial Planning. The District has been experiencing a decrease in average daily membership over the past 10 years. At the current time, with no large scale new development projects on the horizon, no significant enrollment increase is projected for the near future. In August 2011, to address projected declining enrollment, the District closed the original Four Peaks Elementary School site which served as an intermediate school for grades 3 through 5. Following the closure of this site, third-grade students were transferred to McDowell Mountain Elementary and fourth and fifth grades were relocated to the Fountain Hills Middle School site. While sharing one site, Four Peaks Elementary and Fountain Hills Middle School were two distinct schools. The closure of the school saved the District approximately \$127,000 in M&O costs. Portions of the Four Peaks building have been leased to local small businesses in recent years. In January 2023, the District Governing Board approved to end all leases as of December 2023 as they investigate other options such as selling the building. In December 2022, the District Governing Board approved moving grades K-5 from McDowell Mountain Elementary School to Fountain Hills Middle School. In addition, grades 6-8 will be moved to Fountain Hills High School. The Little Falcons Preschool will remain at the Elementary school site. This consolidation will be phased over multiple fiscal years, with the initial phase occurring in the 2023-24 school year. Proceeding enhancements will occur in the following school years. This consolidation will ensure the District is operating within a fiscally responsible manner.

AWARDS AND ACKNOWLEDGMENT

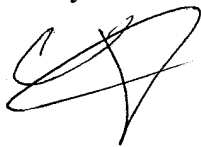
Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the seventh year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2013. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments. The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and support services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,

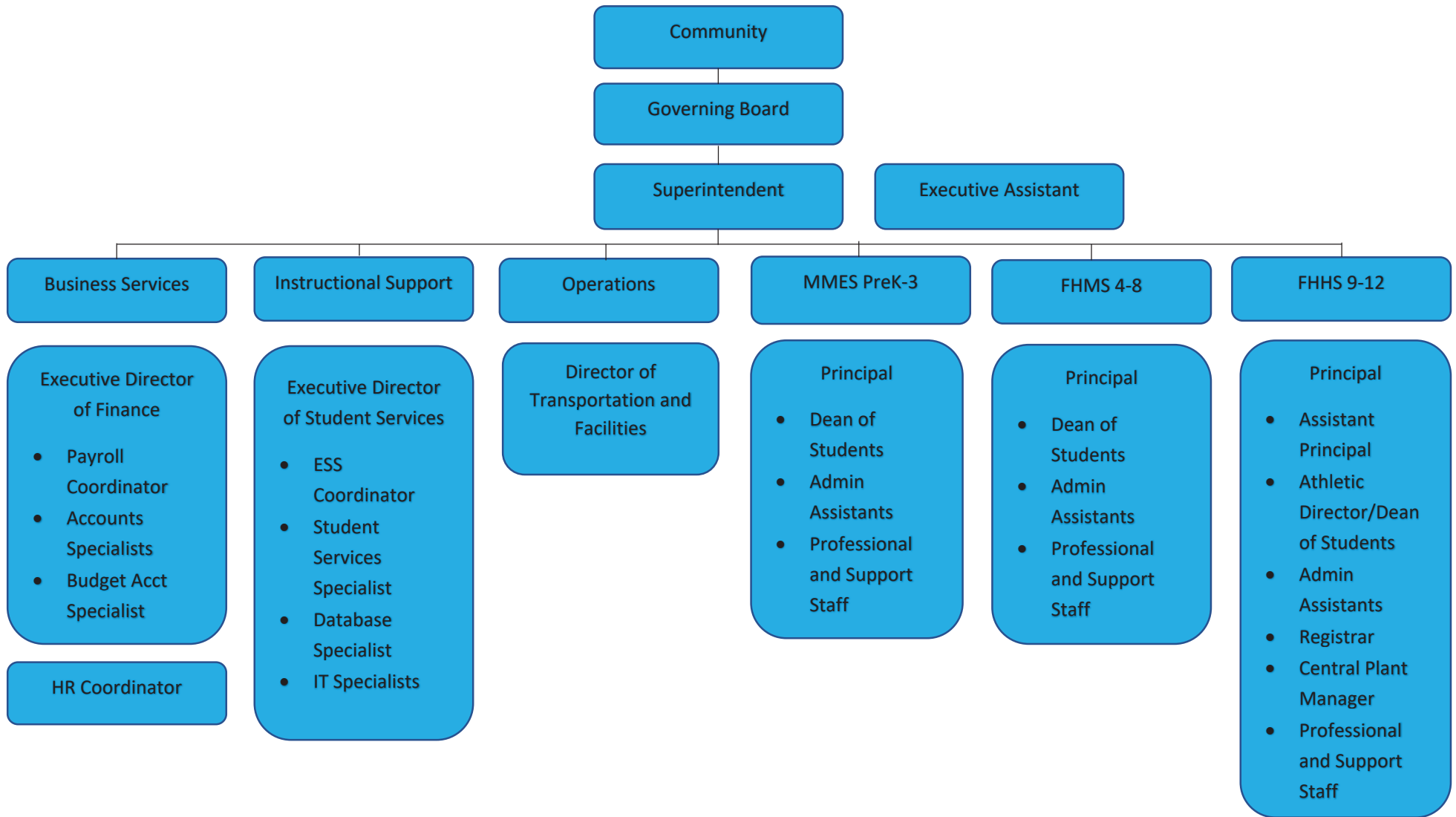


Dr. Cain Jagodzinski
Superintendent



Alicia Mena
Director of Finance

Fountain Hills Unified School District – Organizational Chart



Updated August 2022

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Jill Reed, President

Dana Saar, Vice President

Lillian Acker, Member

Madicyn Reid, Member

Libby Settle, Member

ADMINISTRATIVE STAFF

Dr. Cain Jagodzinski, Superintendent

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FINANCIAL SECTION

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Independent Auditor's Report

Governing Board
Fountain Hills Unified School District No. 98

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fountain Hills Unified School District No. 98 (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fountain Hills Unified School District No. 98, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Fountain Hills Unified School District No. 98 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of Fountain Hills Unified School District No. 98's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fountain Hills Unified School District No. 98's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fountain Hills Unified School District No. 98's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 22, 2023

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

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**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the Fountain Hills Unified School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$107,814, or less than one percent.
- General revenues accounted for \$13.4 million in revenue, or 80 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$3.3 million or 20 percent of total current fiscal year revenues.
- The District had approximately \$16.6 million in expenses related to governmental activities, an increase of two percent from the prior fiscal year.
- Among major funds, the General Fund had \$10.7 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$10.1 million in expenditures. The General Fund's fund balance increase from \$3.8 million at the prior fiscal year end to \$4.4 million at the end of the current fiscal year was primarily due to a decrease in administration support services expenditures as a result of employee turnover.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Other Federal Projects, Debt Service, Unrestricted Capital Outlay, and Building Renewal Grant Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$31.0 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	As of June 30, 2022	As of June 30, 2021
Current assets	\$ 12,744,626	\$ 12,224,689
Capital assets, net	35,905,998	37,265,839
Total assets	<u>48,650,624</u>	<u>49,490,528</u>
 Deferred outflows	 <u>2,228,179</u>	 <u>2,496,703</u>
 Current liabilities	 1,420,428	 1,092,555
Long-term liabilities	15,375,596	19,907,333
Total liabilities	<u>16,796,024</u>	<u>20,999,888</u>
 Deferred inflows	 <u>3,081,283</u>	 <u>93,661</u>
 Net position:		
Net investment in capital assets	29,148,991	29,319,520
Restricted	5,337,773	4,678,955
Unrestricted	(3,485,268)	(3,104,793)
Total net position	<u>\$ 31,001,496</u>	<u>\$ 30,893,682</u>

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position, which is normally used to meet the District's mission, reported a deficit of \$3.5 million due to the District's proportionate share of the state pension plan's unfunded liability. The same situation held true for the prior fiscal year.

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

- The principal retirement of \$1.0 million of bonds.
- The decrease of \$3.4 million in pension liabilities.
- Accumulated depreciation increased \$2.0 million
- The addition of \$668,055 in capital assets through the renovation of schools, and other school improvements, and purchases of vehicles, furniture and equipment.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

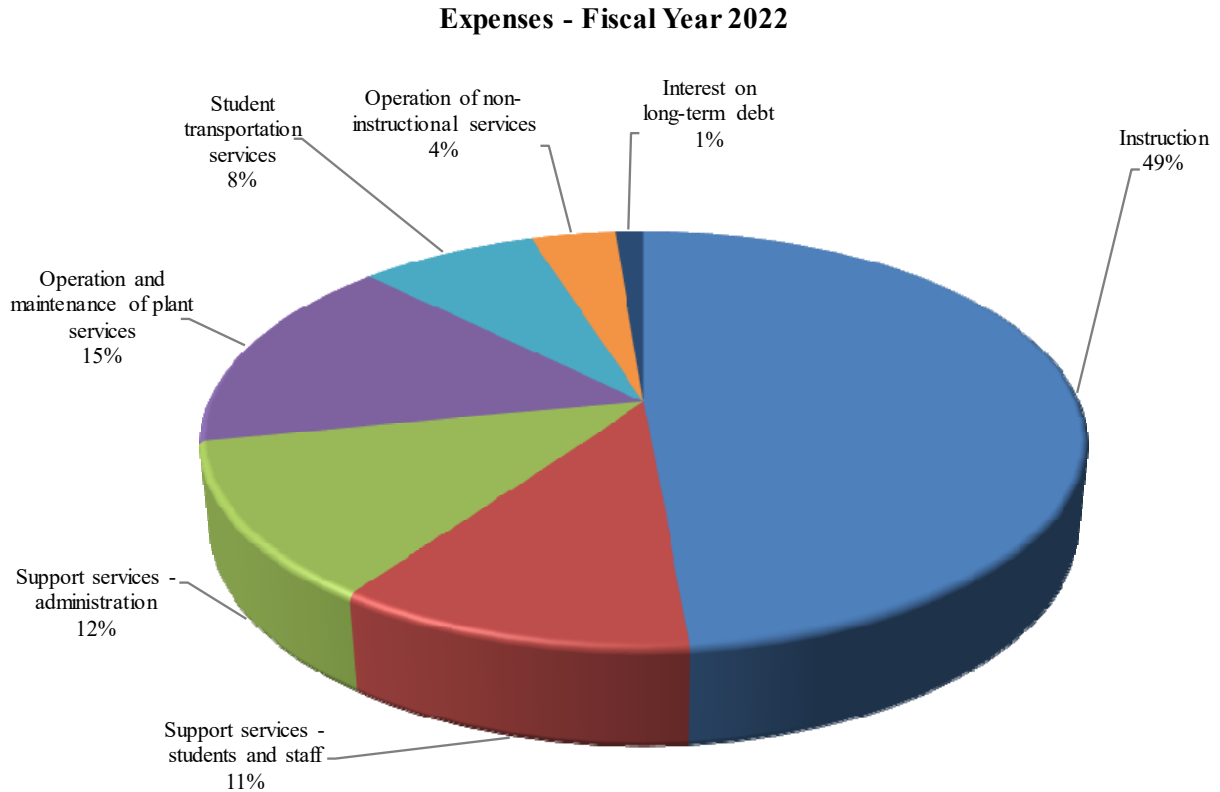
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The District's total revenues for the current fiscal year were \$16.7 million. The total cost of all programs and services was \$16.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>
Revenues:		
Program revenues:		
Charges for services	\$ 646,330	\$ 728,547
Operating grants and contributions	2,452,693	2,809,964
Capital grants and contributions	199,650	86,669
General revenues:		
Property taxes	9,169,738	10,260,997
Investment income	48,854	112,561
Unrestricted state aid	3,568,907	2,507,900
Unrestricted federal aid	616,640	543,258
Total revenues	<u>16,702,812</u>	<u>17,049,896</u>
Expenses:		
Instruction	8,064,099	8,441,955
Support services - students and staff	1,857,555	2,183,556
Support services - administration	2,043,361	1,876,255
Operation and maintenance of plant services	2,540,048	2,321,352
Student transportation services	1,278,701	948,164
Operation of non-instructional services	607,968	343,639
Interest on long-term debt	203,266	230,035
Total expenses	<u>16,594,998</u>	<u>16,344,956</u>
Changes in net position	107,814	704,940
Net position, beginning	<u>30,893,682</u>	<u>30,188,742</u>
Net position, ending	<u>\$ 31,001,496</u>	<u>\$ 30,893,682</u>

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- An increase in unrestricted state aid of \$1.0 million as a result of an increase in the funding allocation.
- A decrease in property tax revenues of \$1.1 million as a result of a decrease in the tax rates.
- An decrease in instructional expenses of \$377,846 primarily as a result of fewer instructional aids and materials to accommodate and enhance distance learning due to schools returning to in-person learning.

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

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2022		Year Ended June 30, 2021	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 8,064,099	\$ (6,445,906)	\$ 8,441,955	\$ (6,072,791)
Support services - students and staff	1,857,555	(1,617,118)	2,183,556	(1,027,022)
Support services - administration	2,043,361	(2,042,053)	1,876,255	(1,874,755)
Operation and maintenance of plant services	2,540,048	(1,758,869)	2,321,352	(2,223,370)
Student transportation services	1,278,701	(1,278,701)	948,164	(948,164)
Operation of non-instructional services	607,968	49,588	343,639	(343,639)
Interest on long-term debt	203,266	(203,266)	230,035	(230,035)
Total	\$ 16,594,998	\$ (13,296,325)	\$ 16,344,956	\$ (12,719,776)

- The cost of all governmental activities this year was \$16.6 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$3.3 million.
- Net cost of governmental activities of \$13.3 million was financed by general revenues, which are made up of primarily property taxes of \$9.2 million and state aid of \$3.6 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$8.8 million, an increase of \$119,571 due primarily to the District's conservative spending efforts.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 50 percent of the total fund balance. Approximately \$4,395,348, or 99 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$625,197 to \$4.4 million as of fiscal year end was a result of a decrease in administration support services expenditures as a result of employee turnover. General Fund revenues decreased \$803,080 as a result of a decrease in property tax revenue as a result of the property tax rate decrease and the decrease in enrollment. General Fund expenditures decreased \$592,505. This was a result of a decrease in administration support services expenditures as a result of employee turnover.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in teacher salaries. The difference between the original budget and the final amended budget was an \$890,967 increase, or 9.4 percent, primarily due to an increase in instructional expenditures.

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

- The favorable variance of \$385,273 in instruction was a result of a decrease in the average daily membership.
- The favorable variance of \$154,954 in operation and maintenance of plant services was a result of a decrease in average daily membership and a decrease of utilized classroom space.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$80.0 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$668,055 from the prior fiscal year, primarily due to school renovations and the addition of vehicles, furniture, and equipment. Total depreciation expense for the current fiscal year was \$2.0 million.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

	As of June 30, 2022	As of June 30, 2021
Capital assets - non-depreciable	\$ 2,860,836	\$ 2,860,836
Capital assets - depreciable, net	33,045,162	34,405,003
Total	\$ 35,905,998	\$ 37,265,839

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

Debt Administration. At year end, the District had \$6.9 million in long-term debt outstanding, \$1.1 million due within one year. Long-term debt decreased by \$1.1 million due to the principal retirement of \$1.0 million in general obligation bonds and the amortization of bond premium of \$27,434.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$195.4 million and the Class B debt limit is \$130.2 million, which are more than the District's total outstanding general obligation and Class B debt, respectively

Additional information on the District's long-term debt can be found in Notes 9 and 10.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2022-23 budget. Among them:

- Fiscal year 2021-22 budget balance carry forward (estimated \$1.0 million).
- District student population (estimated \$1,093).

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

Budgeted expenditures in the General Fund increased 2.5 percent to \$10.6 million in fiscal year 2022-23. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2022-23 budget.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Support Services Department, Fountain Hills Unified School District No. 98, 16000 East Palisades Blvd. Fountain Hills, AZ 85268.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 11,250,529
Property taxes receivable	336,129
Due from governmental entities	1,157,968
Total current assets	12,744,626
Noncurrent assets:	
Capital assets not being depreciated	2,860,836
Capital assets, net of accumulated depreciation	33,045,162
Total noncurrent assets	35,905,998
Total assets	48,650,624
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension plan items	2,228,179
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	867,824
Accrued payroll and employee benefits	310,890
Compensated absences payable	51,444
Accrued interest payable	114,925
Unearned revenues	126,789
Bonds payable	1,080,000
Total current liabilities	2,551,872
Noncurrent liabilities:	
Non-current portion of long-term obligations	14,244,152
Total noncurrent liabilities	14,244,152
Total liabilities	16,796,024
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	3,081,283
 <u>NET POSITION</u>	
Net investment in capital assets	29,148,991
Restricted for:	
Instruction	2,190,540
Food service	156,291
Non-instructional purposes	353,409
Debt service	79,147
Capital outlay	2,558,386
Unrestricted	(3,485,268)
Total net position	\$ 31,001,496

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 8,064,099	\$ 468,629	\$ 1,148,778	\$ 786	\$ (6,445,906)
Support services - students and staff	1,857,555		240,437		(1,617,118)
Support services - administration	2,043,361		1,308		(2,042,053)
Operation and maintenance of plant services	2,540,048	132,687	449,628	198,864	(1,758,869)
Student transportation services	1,278,701				(1,278,701)
Operation of non-instructional services	607,968	45,014	612,542		49,588
Interest on long-term debt	203,266				(203,266)
Total governmental activities	<u>\$ 16,594,998</u>	<u>\$ 646,330</u>	<u>\$ 2,452,693</u>	<u>\$ 199,650</u>	<u>(13,296,325)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	6,855,064
Property taxes, levied for debt service	1,233,136
Property taxes, levied for capital outlay	1,081,538
Investment income	48,854
Unrestricted state aid	3,568,907
Unrestricted federal aid	616,640
Total general revenues	<u>13,404,139</u>

Changes in net position

107,814

Net position, beginning of year

30,893,682

Net position, end of year

\$ 31,001,496

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

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FUND FINANCIAL STATEMENTS

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Other Federal Projects	Debt Service
<u>ASSETS</u>			
Cash and investments	\$ 4,569,856	\$	\$ 1,234,288
Property taxes receivable	273,466		39,784
Due from governmental entities		310,921	
Due from other funds	513,596		
Total assets	\$ 5,356,918	\$ 310,921	\$ 1,274,072
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 493,440	\$	\$
Due to other funds		153,871	
Accrued payroll and employee benefits	225,060	30,267	
Unearned revenues		126,783	
Bonds payable			1,080,000
Bond interest payable			114,925
Total liabilities	718,500	310,921	1,194,925
Deferred inflows of resources:			
Unavailable revenues - property taxes	195,353		25,775
Unavailable revenues - intergovernmental		300,191	
Total deferred inflows of resources	195,353	300,191	25,775
Fund balances (deficits):			
Restricted	47,717		53,372
Unassigned	4,395,348	(300,191)	
Total fund balances	4,443,065	(300,191)	53,372
 Total liabilities, deferred inflows of resources and fund balances	 \$ 5,356,918	 \$ 310,921	 \$ 1,274,072

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

<u>Unrestricted Capital Outlay</u>	<u>Building Renewal Grant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,519,444 22,879	\$ 157,916 309,970	\$ 2,769,025 537,077	\$ 11,250,529 336,129 1,157,968 513,596
<u>\$ 2,542,323</u>	<u>\$ 467,886</u>	<u>\$ 3,306,102</u>	<u>\$ 13,258,222</u>
\$ 4,556	\$ 269,040	\$ 100,788 359,725 55,563 6	\$ 867,824 513,596 310,890 126,789 1,080,000 114,925
<u>4,556</u>	<u>269,040</u>	<u>516,082</u>	<u>3,014,024</u>
13,646	309,970	514,623	234,774
<u>13,646</u>	<u>309,970</u>	<u>514,623</u>	<u>1,124,784</u>
2,524,121	(111,124)	2,652,028	5,277,238
<u>2,524,121</u>	<u>(111,124)</u>	<u>(376,631)</u>	<u>3,607,402</u>
		2,275,397	8,884,640
<u>\$ 2,542,323</u>	<u>\$ 467,886</u>	<u>\$ 3,306,102</u>	<u>\$ 13,258,222</u>

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FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total governmental fund balances		\$ 8,884,640
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 80,066,653	
Less accumulated depreciation	<u>(44,160,655)</u>	35,905,998
<p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
Property taxes	234,774	
Intergovernmental	<u>1,124,784</u>	1,359,558
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	2,228,179	
Deferred inflows of resources related to pensions	<u>(3,081,283)</u>	(853,104)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(294,744)	
Net pension liability	(8,206,967)	
Bonds payable	<u>(5,793,885)</u>	<u>(14,295,596)</u>
Net position of governmental activities		<u>\$ 31,001,496</u>

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Other Federal Projects	Debt Service
Revenues:			
Other local	\$ 366,777	\$	\$ 5,764
Property taxes	7,531,838		1,234,406
State aid and grants	2,184,148		
Federal aid, grants and reimbursements	616,640	755,270	
Total revenues	10,699,403	755,270	1,240,170
Expenditures:			
Current -			
Instruction	4,173,587	568,595	
Support services - students and staff	1,203,136	314,452	
Support services - administration	1,879,195	4,749	
Operation and maintenance of plant services	1,926,779	6,048	
Student transportation services	936,002		
Operation of non-instructional services	8,677		
Capital outlay	1,199	129,333	
Debt service -			
Principal retirement			1,080,000
Interest and fiscal charges			230,700
Total expenditures	10,128,575	1,023,177	1,310,700
Excess (deficiency) of revenues over expenditures	570,828	(267,907)	(70,530)
Other financing sources (uses):			
Transfers in	40,089		1,269
Transfers out	(1,382)	(27,378)	
Insurance recoveries	15,662		
Total other financing sources (uses)	54,369	(27,378)	1,269
Changes in fund balances	625,197	(295,285)	(69,261)
Fund balances (deficits), beginning of year	3,817,868	(4,906)	122,633
Fund balances (deficits), end of year	\$ 4,443,065	\$ (300,191)	\$ 53,372

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

<u>Unrestricted Capital Outlay</u>	<u>Building Renewal Grant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 17,458	\$ 22	\$ 397,856	\$ 787,877
1,119,091			9,885,335
145,968	198,864	1,286,921	3,815,901
		742,572	2,114,482
<u>1,282,517</u>	<u>198,886</u>	<u>2,427,349</u>	<u>16,603,595</u>
		1,711,809	6,453,991
		319,272	1,836,860
		16,894	1,900,838
		27,648	1,960,475
		78,233	1,014,235
		566,369	575,046
848,014	309,970	159,025	1,447,541
			1,080,000
			230,700
<u>848,014</u>	<u>309,970</u>	<u>2,879,250</u>	<u>16,499,686</u>
<u>434,503</u>	<u>(111,084)</u>	<u>(451,901)</u>	<u>103,909</u>
		1,382	42,740
		(13,980)	(42,740)
			15,662
		<u>(12,598)</u>	<u>15,662</u>
<u>434,503</u>	<u>(111,084)</u>	<u>(464,499)</u>	<u>119,571</u>
2,089,618	(40)	2,739,896	8,765,069
<u>\$ 2,524,121</u>	<u>\$ (111,124)</u>	<u>\$ 2,275,397</u>	<u>\$ 8,884,640</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Changes in fund balances - total governmental funds **\$ 119,571**

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

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

Expenditures for capitalized assets	\$ 668,055	
Less current year depreciation	<u>(2,027,896)</u>	(1,359,841)

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

Property taxes	(715,597)	
Intergovernmental	<u>799,152</u>	83,555

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,080,000

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

Current year pension contributions	886,144	
Pension expense	<u>(703,668)</u>	182,476

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

Amortization of issuance premium	27,434	
Compensated absences	<u>(25,381)</u>	<u>2,053</u>

Changes in net position in governmental activities **\$ 107,814**

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fountain Hills Unified School District No. 98 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District's analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

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

A. Reporting Entity

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

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal, state, and county aid, and other items not included among program revenues are reported instead as general revenues.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

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

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

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

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

D. Cash and Investments

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

E. Investment Income

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

F. Receivables and Payables

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Property Tax Calendar

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

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

H. Capital Assets

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

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Land improvements	20 years
Buildings and improvements	7 – 50 years
Vehicles, furniture and equipment	5 – 20 years

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Deferred Outflows/Inflows of Resources

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

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

J. Compensated Absences

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

K. Pensions

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

M. Interfund Activity

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

N. Net Position Flow Assumption

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

O. Estimates

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

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

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

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

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

	<u>General Fund</u>	<u>Other Federal Projects Fund</u>	<u>Debt Service Fund</u>	<u>Unrestricted Capital Outlay Fund</u>	<u>Building Renewal Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:						
Restricted:						
General	\$ 47,717					
Debt service			\$ 53,372			
Unrestricted Capital Outlay				2,524,121		
Capital projects						17,526
Bond building projects						116,878
Voter approved initiatives						745,931
Federal and state projects						383,703
Food service						156,291
Civic center						248,447
Community school						57,156
Extracurricular activities						324,370
Gifts and donations						157,467
Career Technical Education						137,070
Student activities						286,292
Other purposes						20,897
Unassigned	4,395,348	(300,191)			(111,124)	(376,631)
Total fund balances	<u>\$4,443,065</u>	<u>\$(300,191)</u>	<u>\$ 53,372</u>	<u>\$ 2,524,121</u>	<u>\$ (111,124)</u>	<u>\$ 2,275,397</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

	Deficit
Major Funds:	
Other Federal Projects	\$ 300,191
Building Renewal Grants	111,124
Non-Major Governmental Funds:	
Title I Grants	178,537
Professional Development and Technology Grants	18,888
Title IV Grants	806
Limited English & Immigrant Students	4,461
Special Education Grants	173,939

The deficits arose because of pending grant reimbursements. The District is working with the Arizona Department of Education to resolve matters causing the delay in reimbursements. See Note 12 for more details.

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

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$391,122 and the bank balance was \$425,194. At year end, \$175,194 was covered by collateral held by the pledging financial institution but not in the District’s name.

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – CASH AND INVESTMENTS

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

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

	Average Maturities	Fair Value
County Treasurer’s investment pool	623 days	\$ 10,859,407

NOTE 5 – RECEIVABLES

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

	Other Federal Projects Fund	Building Renewal Grant Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	\$ 310,921	\$	\$ 514,623
Due from state government		309,970	22,454
Net due from governmental entities	\$ 310,921	\$ 309,970	\$ 537,077

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,860,836	\$	\$	\$ 2,860,836
Total capital assets, not being depreciated	<u>2,860,836</u>			<u>2,860,836</u>
Capital assets, being depreciated:				
Land improvements	4,512,290	82,560		4,594,850
Buildings and improvements	66,092,318	106,193		66,198,511
Vehicles, furniture and equipment	5,933,154	479,302		6,412,456
Total capital assets being depreciated	<u>76,537,762</u>	<u>668,055</u>		<u>77,205,817</u>
Less accumulated depreciation for:				
Land improvements	(2,608,626)	(225,530)		(2,834,156)
Buildings and improvements	(34,225,953)	(1,644,575)		(35,870,528)
Vehicles, furniture and equipment	(5,298,180)	(157,791)		(5,455,971)
Total accumulated depreciation	<u>(42,132,759)</u>	<u>(2,027,896)</u>		<u>(44,160,655)</u>
Total capital assets, being depreciated, net	<u>34,405,003</u>	<u>(1,359,841)</u>		<u>33,045,162</u>
Governmental activities capital assets, net	<u>\$ 37,265,839</u>	<u>\$(1,359,841)</u>	<u>\$</u>	<u>\$35,905,998</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,322,996
Support services – students and staff	20,751
Support services – administration	20,719
Operation and maintenance of plant services	533,257
Student transportation services	128,293
Operation of non-instructional services	1,880
Total depreciation expense – governmental activities	<u>\$ 2,027,896</u>

NOTE 7 – LEASES

In 2001, the District entered into a ground lease with the Boys and Girls Clubs of Scottsdale whereby Boys and Girls Club of Scottsdale developed and constructed a multi-use youth activity center on property owned by the District. The initial term of the lease is 50 years commencing from the effective date of the agreement. Boys and Girls Club of Scottsdale has one option to extend the initial term for an additional 25 years. In consideration of the lease agreement, Boys and Girls Clubs of Scottsdale pays \$1.00 on the anniversary of every year through the lease term.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – SHORT TERM DEBT

Revolving Line of Credit – The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$3.0 million in unused line of credit.

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District’s legal debt limit is \$195.4 million and the available margin is \$188.7 million.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2022</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds:					
SIB of 2007, Series B, 2009	\$ 4,000,000	4.0-5.0%	7/1/22-24	\$ 1,065,000	\$ 340,000
SIB of 2013, Series A, 2014	4,000,000	2.75-4.0%	7/1/22-27	2,385,000	370,000
SIB of 2013, Series B, 2015	4,000,000	3.0-4.0%	7/1/22-29	3,285,000	370,000
Total				<u>\$ 6,735,000</u>	<u>\$1,080,000</u>

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

<u>Year ending June 30:</u>	<u>Governmental Activities General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,080,000	\$ 212,413
2024	1,120,000	174,626
2025	1,155,000	133,251
2026	810,000	100,076
2027	830,000	74,438
2028-32	1,740,000	79,675
Total	<u>\$ 6,735,000</u>	<u>\$ 774,479</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,780,000	\$	\$ 1,045,000	\$ 6,735,000	\$ 1,080,000
Premium	166,319		27,434	138,885	
Total bonds payable	<u>7,946,319</u>		<u>1,072,434</u>	<u>6,873,885</u>	<u>1,080,000</u>
Net pension liability	11,641,689		3,434,722	8,206,967	
Compensated absences payable	269,363	135,550	110,169	294,744	51,444
Governmental activity long-term liabilities	<u>\$ 19,857,371</u>	<u>\$ 135,550</u>	<u>\$ 4,617,325</u>	<u>\$ 15,375,596</u>	<u>\$ 1,131,444</u>

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds:

	General Fund
Other Federal Projects Fund	\$ 153,871
Non-Major Governmental Funds	359,725
Total Due from Other Funds	<u>\$ 513,596</u>

At year end, several funds had negative cash balances in the Treasurer’s pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			Total
	General Fund	Debt Service Fund	Non-Major Governmental Funds	
Transfers out				
General Fund	\$ 27,378		\$ 1,382	\$ 1,382
Other Federal Projects	12,711			12,711
Non-Major Governmental Funds		1,269		1,269
Total	<u>\$ 40,089</u>	<u>\$ 1,269</u>	<u>\$ 1,382</u>	<u>\$ 42,740</u>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, and (2) move federal grant funds restricted for indirect costs.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The District is currently working with the Arizona Department of Education (ADE) to resolve issues related to the Elementary and Secondary Education Act (ESEA) Consolidated Grant. This grant includes the Title I, Professional Development and Technology and Title IV Grants. The District received notification from ADE that the fiscal year 2022 funding for the ESEA Grant was forfeited due to the District's untimely filing of the completion report. The District has requested a hearing with ADE to resolve the matter. Until the hearing occurs, and ADE makes a final decision on the matter, the amount, if any, of expenditures that may be disallowed by ADE cannot be determined at this time. As a result of this matter and other grant compliance matters, the District is currently on a global hold with ADE Grants Management, therefore grant applications and reimbursement requests cannot be processed until this hold is lifted.

NOTE 13 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District's employees have health and accident insurance coverage with the Valley Schools Employee Benefit Trust (VSEBT). VSEBT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to VSEBT for employees' health and accident insurance coverage. The agreement provides that VSEBT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

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

The District was unable to obtain general property, liability and workers' compensation insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – PENSIONS

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

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

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

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

*With actuarially reduced benefits

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – PENSIONS

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2022 were \$886,144.

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

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – PENSIONS

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

Net Liability	District % Proportion	Increase (Decrease)
\$ 8,206,967	0.062	(0.005)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2022 was \$627,077.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 125,108	\$
Changes of assumptions or other inputs	1,068,202	
Net difference between projected and actual earnings on pension investments		2,600,256
Changes in proportion and differences between contributions and proportionate share of contributions	148,725	481,027
Contributions subsequent to the measurement date	886,144	
Total	\$ 2,228,179	\$ 3,081,283

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – PENSIONS

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

Year Ending June 30:		
2023	\$	(71,574)
2024		(198,383)
2025		(573,223)
2026		(896,068)

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

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

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – PENSIONS

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rate	6.0%	7.0%	8.0%
Net liability	\$ 12,908,871	\$ 8,206,967	\$ 4,286,879

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 – SUBSEQUENT EVENT

Effective for the 2023-24 school year, the District Governing Board approved a plan to consolidate school sites. Grades K-5 will move from McDowell Mountain Elementary School to the Fountain Hills Middle School site and grades 6-8 will move from the Fountain Hills Middle School site to the Fountain Hills High School site. This consolidation will result in only the Preschool remaining at the McDowell Mountain Elementary School site, which will be renamed Little Falcons Preschool.

REQUIRED SUPPLEMENTARY INFORMATION

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 30,558	\$ 30,558
Property taxes			7,531,838	7,531,838
State aid and grants			2,184,148	2,184,148
Federal aid, grants and reimbursements			24,751	24,751
Total revenues			<u>9,771,295</u>	<u>9,771,295</u>
Expenditures:				
Current -				
Instruction	3,723,527	4,355,528	3,970,255	385,273
Support services - students and staff	1,488,779	1,093,455	1,040,335	53,120
Support services - administration	1,617,581	1,928,140	1,835,925	92,215
Operation and maintenance of plant services	1,819,770	2,078,478	1,923,524	154,954
Student transportation services	742,036	896,622	920,587	(23,965)
Operation of non-instructional services	96,000	26,437	2,571	23,866
Total expenditures	<u>9,487,693</u>	<u>10,378,660</u>	<u>9,693,197</u>	<u>685,463</u>
Excess (deficiency) of revenues over expenditures	<u>(9,487,693)</u>	<u>(10,378,660)</u>	<u>78,098</u>	<u>10,456,758</u>
Other financing sources (uses):				
Transfers out			(1,382)	(1,382)
Total other financing sources (uses)			<u>(1,382)</u>	<u>(1,382)</u>
Changes in fund balances	<u>(9,487,693)</u>	<u>(10,378,660)</u>	<u>76,716</u>	<u>10,455,376</u>
Fund balances, beginning of year			1,601,917	1,601,917
Fund balances (deficits), end of year	<u>\$ (9,487,693)</u>	<u>\$ (10,378,660)</u>	<u>\$ 1,678,633</u>	<u>\$ 12,057,293</u>

See accompanying notes to this schedule.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER FEDERAL PROJECTS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 755,270	\$ 755,270
Total revenues			<u>755,270</u>	<u>755,270</u>
Expenditures:				
Current -				
Instruction	1,824,623	1,276,229	568,595	707,634
Support services - students and staff			314,452	(314,452)
Support services - administration			4,749	(4,749)
Operation and maintenance of plant services			6,048	(6,048)
Capital outlay			129,333	(129,333)
Total expenditures	<u>1,824,623</u>	<u>1,276,229</u>	<u>1,023,177</u>	<u>253,052</u>
Excess (deficiency) of revenues over expenditures	<u>(1,824,623)</u>	<u>(1,276,229)</u>	<u>(267,907)</u>	<u>1,008,322</u>
Other financing sources (uses):				
Transfers out			(27,378)	(27,378)
Total other financing sources (uses)			<u>(27,378)</u>	<u>(27,378)</u>
Changes in fund balances	<u>(1,824,623)</u>	<u>(1,276,229)</u>	<u>(295,285)</u>	<u>980,944</u>
Fund balances (deficits), beginning of year			(4,906)	(4,906)
Fund balances (deficits), end of year	<u>\$ (1,824,623)</u>	<u>\$ (1,276,229)</u>	<u>\$ (300,191)</u>	<u>\$ 976,038</u>

See accompanying notes to this schedule.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the net pension (assets) liability	0.06%	0.07%	0.06%	0.06%
District's proportionate share of the net pension (assets) liability	\$ 8,206,967	\$ 11,641,689	\$ 9,314,200	\$ 8,895,065
District's covered payroll	\$ 6,997,279	\$ 7,280,157	\$ 6,701,637	\$ 6,326,055
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	117.29%	159.91%	138.98%	140.61%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 886,144	\$ 815,183	\$ 833,578	\$ 749,243
Contributions in relation to the actuarially determined contribution	<u>886,144</u>	<u>815,183</u>	<u>833,578</u>	<u>749,243</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 7,378,385	\$ 6,997,279	\$ 7,280,157	\$ 6,701,637
Contributions as a percentage of covered payroll	12.01%	11.65%	11.45%	11.18%

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

See accompanying notes to this schedule.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.07%	0.07%	0.08%	0.09%
\$ 10,510,511	\$ 11,193,787	\$ 12,293,844	\$ 12,527,277
\$ 6,542,978	\$ 6,654,433	\$ 7,663,539	\$ 8,026,112
160.64%	168.22%	160.42%	156.08%
69.92%	67.06%	68.35%	69.49%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 689,540	\$ 705,333	\$ 722,006	\$ 833,793
<u>689,540</u>	<u>705,333</u>	<u>722,006</u>	<u>833,793</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 6,326,055	\$ 6,542,978	\$ 6,654,433	\$ 7,663,539
10.90%	10.78%	10.85%	10.88%

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.

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

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$ 10,128,575	\$ 4,443,065
Activity budgeted as special revenue funds	(429,672)	(2,716,780)
Activity budgeted as capital projects funds	(5,706)	(47,652)
Schedule of Revenues, Expenditures and Changes in Fund		
Balances – Budget and Actual – General Fund	\$ 9,693,197	\$ 1,678,633

NOTE 2 – PENSION PLAN SCHEDULES

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

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

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

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GOVERNMENTAL FUNDS

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,631,528	\$ 137,497	\$ 2,769,025
Due from governmental entities	537,077		537,077
Total assets	<u>\$ 3,168,605</u>	<u>\$ 137,497</u>	<u>\$ 3,306,102</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 100,788	\$	\$ 100,788
Due to other funds	359,725		359,725
Accrued payroll and employee benefits	55,563		55,563
Unearned revenues	6		6
Total liabilities	<u>516,082</u>		<u>516,082</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>514,623</u>		<u>514,623</u>
Fund balances (deficits):			
Restricted	2,514,531	137,497	2,652,028
Unassigned	<u>(376,631)</u>		<u>(376,631)</u>
Total fund balances	<u>2,137,900</u>	<u>137,497</u>	<u>2,275,397</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 3,168,605</u>	 <u>\$ 137,497</u>	 <u>\$ 3,306,102</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 396,442	\$ 1,414	\$ 397,856
State aid and grants	1,286,921		1,286,921
Federal aid, grants and reimbursements	742,572		742,572
Total revenues	<u>2,425,935</u>	<u>1,414</u>	<u>2,427,349</u>
Expenditures:			
Current -			
Instruction	1,711,809		1,711,809
Support services - students and staff	319,272		319,272
Support services - administration	16,894		16,894
Operation and maintenance of plant services	27,648		27,648
Student transportation services	78,233		78,233
Operation of non-instructional services	566,369		566,369
Capital outlay	115,740	43,285	159,025
Total expenditures	<u>2,835,965</u>	<u>43,285</u>	<u>2,879,250</u>
Excess (deficiency) of revenues over expenditures	<u>(410,030)</u>	<u>(41,871)</u>	<u>(451,901)</u>
Other financing sources (uses):			
Transfers in	1,382		1,382
Transfers out	(12,711)	(1,269)	(13,980)
Total other financing sources (uses)	<u>(11,329)</u>	<u>(1,269)</u>	<u>(12,598)</u>
Changes in fund balances	<u>(421,359)</u>	<u>(43,140)</u>	<u>(464,499)</u>
Fund balances, beginning of year	2,559,259	180,637	2,739,896
Fund balances, end of year	<u>\$ 2,137,900</u>	<u>\$ 137,497</u>	<u>\$ 2,275,397</u>

SPECIAL REVENUE FUNDS

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

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

County, City and Town Grants - to account for monies received from county, city and town grants.

English Language Learner - to account for monies received to provide for the incremental cost of instruction to English language learners.

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

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

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

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

Indian Education - to account for financial assistance received for Indian education at preschool, elementary, secondary and adult levels.

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

Vocational Education - to account for financial assistance received for preparation of individuals for employment or advancement in a career not requiring a baccalaureate or advanced degree.

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

E-Rate - to account for financial assistance received for broadband internet and telecommunication costs.

Impact Aid - to account for financial assistance to local educational agencies that are financially burdened by federal activities.

State Vocational Education - to account for financial assistance received for the preparation of individuals for employment.

College Credit Exam Incentives - to account for financial assistance received for college credit exams.

Results-based Funding - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

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

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

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

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

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

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

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

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

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

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

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

Teacherage - to account for the operations of District housing facilities provided for employees of the District exclusively on Indian and federal lands.

Insurance Refund - to account for insurance premium payments that are refunded to the District.

Advertisement - to account for monies received from the sale of advertising.

Career Technical Education - to account for monies received from Career Technical Education Districts for vocational education programs.

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 701,470	\$ 60,078	\$ 11,416
Due from governmental entities		22,454	
Total assets	<u>\$ 701,470</u>	<u>\$ 82,532</u>	<u>\$ 11,416</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 6,325
Due to other funds			
Accrued payroll and employee benefits	36,674	1,397	3,487
Unearned revenues			
Total liabilities	<u>36,674</u>	<u>1,397</u>	<u>9,812</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	664,796	81,135	1,604
Unassigned			
Total fund balances	<u>664,796</u>	<u>81,135</u>	<u>1,604</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 701,470</u>	<u>\$ 82,532</u>	<u>\$ 11,416</u>

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English & Immigrant Students</u>	<u>Indian Education</u>	<u>Special Education Grants</u>
\$ 178,537	\$ 18,888	\$ 806	\$ 4,461	\$ 124,979	\$ 173,939
<u>\$ 178,537</u>	<u>\$ 18,888</u>	<u>\$ 806</u>	<u>\$ 4,461</u>	<u>\$ 124,979</u>	<u>\$ 173,939</u>
\$ 178,537	\$ 18,888	\$ 806	\$ 4,461		\$ 6,566
					157,033
					10,340
<u>178,537</u>	<u>18,888</u>	<u>806</u>	<u>4,461</u>		<u>173,939</u>
178,537	18,888	806	4,461		173,939
(178,537)	(18,888)	(806)	(4,461)	124,979	(173,939)
<u>(178,537)</u>	<u>(18,888)</u>	<u>(806)</u>	<u>(4,461)</u>	<u>124,979</u>	<u>(173,939)</u>
<u>\$ 178,537</u>	<u>\$ 18,888</u>	<u>\$ 806</u>	<u>\$ 4,461</u>	<u>\$ 124,979</u>	<u>\$ 173,939</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Vocational Education	E-Rate	College Credit Exam Incentives
<u>ASSETS</u>			
Cash and investments	\$ 6	\$ 198,990	\$ 46,605
Due from governmental entities		137,992	
Total assets	\$ 6	\$ 336,982	\$ 46,605
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Unearned revenues	6		
Total liabilities	6		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		137,992	
Fund balances (deficits):			
Restricted		198,990	46,605
Unassigned			
Total fund balances		198,990	46,605
 Total liabilities, deferred inflows of resources and fund balances	 \$ 6	 \$ 336,982	 \$ 46,605

<u>Results-based Funding</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>	<u>Community School</u>	<u>Extracurricular Activities Fees Tax Credit</u>
\$ 10,547	\$ 978	\$ 233,377	\$ 256,877	\$ 57,156	\$ 325,778
<u>\$ 10,547</u>	<u>\$ 978</u>	<u>\$ 233,377</u>	<u>\$ 256,877</u>	<u>\$ 57,156</u>	<u>\$ 325,778</u>
\$	\$	\$ 77,086	\$ 6,776	\$	\$ 1,408
			1,654		
		<u>77,086</u>	<u>8,430</u>		<u>1,408</u>
10,547	978	156,291	248,447	57,156	324,370
<u>10,547</u>	<u>978</u>	<u>156,291</u>	<u>248,447</u>	<u>57,156</u>	<u>324,370</u>
<u>\$ 10,547</u>	<u>\$ 978</u>	<u>\$ 233,377</u>	<u>\$ 256,877</u>	<u>\$ 57,156</u>	<u>\$ 325,778</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	<u>Gifts and Donations</u>	<u>Textbooks</u>	<u>Teachereage</u>
<u>ASSETS</u>			
Cash and investments	\$ 162,105	\$ 17,715	\$ 89
Due from governmental entities			
Total assets	<u>\$ 162,105</u>	<u>\$ 17,715</u>	<u>\$ 89</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 2,627	\$	\$
Due to other funds			
Accrued payroll and employee benefits	2,011		
Unearned revenues			
Total liabilities	<u>4,638</u>		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	157,467	17,715	89
Unassigned			
Total fund balances	<u>157,467</u>	<u>17,715</u>	<u>89</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 162,105</u>	<u>\$ 17,715</u>	<u>\$ 89</u>

<u>Career Technical Education</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 137,070	\$ 286,292	\$ 2,631,528
		537,077
<u>\$ 137,070</u>	<u>\$ 286,292</u>	<u>\$ 3,168,605</u>
		\$ 100,788
		359,725
		55,563
		<u>6</u>
		<u>516,082</u>
		<u>514,623</u>
137,070	286,292	2,514,531
		<u>(376,631)</u>
<u>137,070</u>	<u>286,292</u>	<u>2,137,900</u>
<u>\$ 137,070</u>	<u>\$ 286,292</u>	<u>\$ 3,168,605</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>County, City, and Town Grants</u>
Revenues:			
Other local	\$ 6,749	\$ 457	\$ 681
State aid and grants	1,136,880	101,911	
Federal aid, grants and reimbursements			
Total revenues	<u>1,143,629</u>	<u>102,368</u>	<u>681</u>
Expenditures:			
Current -			
Instruction	907,998	66,221	27,759
Support services - students and staff	74,849	1,355	
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			60,075
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>982,847</u>	<u>67,576</u>	<u>87,834</u>
Excess (deficiency) of revenues over expenditures	<u>160,782</u>	<u>34,792</u>	<u>(87,153)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u>160,782</u>	<u>34,792</u>	<u>(87,153)</u>
Fund balances (deficits), beginning of year	504,014	46,343	88,757
Fund balances (deficits), end of year	<u>\$ 664,796</u>	<u>\$ 81,135</u>	<u>\$ 1,604</u>

English Language Learner	Title I Grants	Professional Development and Technology Grants	Title IV Grants	Limited English & Immigrant Students	Indian Education
\$ 30,904	\$	\$	\$	\$	\$
	5,180	19,085	9,785		48,084
<u>30,904</u>	<u>5,180</u>	<u>19,085</u>	<u>9,785</u>		<u>48,084</u>
30,904	203,855			4,461	
	2,224	36,240	11,303		7,927
<u>30,904</u>	<u>206,079</u>	<u>36,240</u>	<u>11,303</u>	<u>4,461</u>	<u>7,927</u>
	(200,899)	(17,155)	(1,518)	(4,461)	40,157
	(10,618)	(1,042)	(651)		
	<u>(10,618)</u>	<u>(1,042)</u>	<u>(651)</u>		
	(211,517)	(18,197)	(2,169)	(4,461)	40,157
	32,980	(691)	1,363		84,822
<u>\$</u>	<u>\$ (178,537)</u>	<u>\$ (18,888)</u>	<u>\$ (806)</u>	<u>\$ (4,461)</u>	<u>\$ 124,979</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Special Education Grants	Vocational Education	E-Rate
Revenues:			
Other local	\$	\$	\$ 1,587
State aid and grants			
Federal aid, grants and reimbursements	30,746	17,150	
Total revenues	30,746	17,150	1,587
Expenditures:			
Current -			
Instruction	109,237	14,747	
Support services - students and staff	164,207	2,003	
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	273,444	16,750	
Excess (deficiency) of revenues over expenditures	(242,698)	400	1,587
Other financing sources (uses):			
Transfers in			
Transfers out		(400)	
Total other financing sources (uses)		(400)	
Changes in fund balances	(242,698)		1,587
Fund balances (deficits), beginning of year	68,759		197,403
Fund balances (deficits), end of year	\$ (173,939)	\$	\$ 198,990

<u>State Vocational Education</u>	<u>College Credit Exam Incentives</u>	<u>Results-based Funding</u>	<u>Other State Projects</u>	<u>Food Service</u>	<u>Civic Center</u>
\$ 7,508	\$ 9,595	\$ 74	\$ 49	\$ 46,145	\$ 134,460
<u>7,508</u>	<u>9,595</u>	<u>74</u>	<u>49</u>	<u>612,542</u>	<u>134,460</u>
				<u>658,687</u>	
7,508					848
				11,105	1,454
				843	26,127
					5,248
				531,417	24,239
<u>7,508</u>				<u>101,318</u>	<u>6,636</u>
				<u>644,683</u>	<u>64,552</u>
	<u>9,595</u>	<u>74</u>	<u>49</u>	<u>14,004</u>	<u>69,908</u>
	<u>9,595</u>	<u>74</u>	<u>49</u>	<u>14,004</u>	<u>69,908</u>
	37,010	10,473	929	142,287	178,539
<u>\$</u>	<u>\$ 46,605</u>	<u>\$ 10,547</u>	<u>\$ 978</u>	<u>\$ 156,291</u>	<u>\$ 248,447</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Community School	Extracurricular Activities Fees Tax Credit	Gifts and Donations
Revenues:			
Other local	\$ 71,026	\$ 19,091	\$ 92,775
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	71,026	19,091	92,775
Expenditures:			
Current -			
Instruction	114,175	95,677	
Support services - students and staff	2,357	1,869	4,859
Support services - administration	690	2,320	1,325
Operation and maintenance of plant services		678	
Student transportation services		12,910	
Operation of non-instructional services	670	115	
Capital outlay		415	7,371
Total expenditures	117,892	113,984	13,555
Excess (deficiency) of revenues over expenditures	(46,866)	(94,893)	79,220
Other financing sources (uses):			
Transfers in		400	982
Transfers out			
Total other financing sources (uses)		400	982
Changes in fund balances	(46,866)	(94,493)	80,202
Fund balances (deficits), beginning of year	104,022	418,863	77,265
Fund balances, end of year	\$ 57,156	\$ 324,370	\$ 157,467

<u>Textbooks</u>	<u>Teacherage</u>	<u>Career Technical Education</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 706	\$ 1	\$ 1,520	\$ 21,244	\$ 396,442
				1,286,921
				742,572
<u>706</u>	<u>1</u>	<u>1,520</u>	<u>21,244</u>	<u>2,425,935</u>
		98,990	29,429	1,711,809
		833	9,246	319,272
				16,894
				27,648
				78,233
9,928				566,369
				115,740
<u>9,928</u>		<u>99,823</u>	<u>38,675</u>	<u>2,835,965</u>
<u>(9,222)</u>	<u>1</u>	<u>(98,303)</u>	<u>(17,431)</u>	<u>(410,030)</u>
				1,382
				(12,711)
				<u>(11,329)</u>
<u>(9,222)</u>	<u>1</u>	<u>(98,303)</u>	<u>(17,431)</u>	<u>(421,359)</u>
26,937	88	235,373	303,723	2,559,259
<u>\$ 17,715</u>	<u>\$ 89</u>	<u>\$ 137,070</u>	<u>\$ 286,292</u>	<u>\$ 2,137,900</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 6,749	\$ 6,749
State aid and grants		1,136,880	1,136,880
Federal aid, grants and reimbursements			
Total revenues		1,143,629	1,143,629
Expenditures:			
Current -			
Instruction	950,033	907,998	42,035
Support services - students and staff	488,644	74,849	413,795
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	1,438,677	982,847	455,830
Excess (deficiency) of revenues over expenditures	(1,438,677)	160,782	1,599,459
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(1,438,677)	160,782	1,599,459
Fund balances (deficits), beginning of year		504,014	504,014
Fund balances (deficits), end of year	\$ (1,438,677)	\$ 664,796	\$ 2,103,473

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 457 101,911	\$ 457 101,911	\$	\$ 681	\$ 681
	<u>102,368</u>	<u>102,368</u>		<u>681</u>	<u>681</u>
82,200	66,221 1,355	15,979 (1,355)		27,759	(27,759)
			89,307	60,075	29,232
<u>82,200</u>	<u>67,576</u>	<u>14,624</u>	<u>89,307</u>	<u>87,834</u>	<u>1,473</u>
<u>(82,200)</u>	<u>34,792</u>	<u>116,992</u>	<u>(89,307)</u>	<u>(87,153)</u>	<u>2,154</u>
<u>(82,200)</u>	<u>34,792</u>	<u>116,992</u>	<u>(89,307)</u>	<u>(87,153)</u>	<u>2,154</u>
	46,343	46,343		88,757	88,757
<u>\$ (82,200)</u>	<u>\$ 81,135</u>	<u>\$ 163,335</u>	<u>\$ (89,307)</u>	<u>\$ 1,604</u>	<u>\$ 90,911</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	English Language Learner		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		30,904	30,904
Federal aid, grants and reimbursements			
Total revenues		30,904	30,904
Expenditures:			
Current -			
Instruction	31,251	30,904	347
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	31,251	30,904	347
Excess (deficiency) of revenues over expenditures	(31,251)		31,251
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(31,251)		31,251
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	\$ (31,251)	\$	\$ 31,251

Title I Grants			Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	5,180	5,180		19,085	19,085
	5,180	5,180		19,085	19,085
178,759	203,855	(25,096)	58,653	36,240	22,413
	2,224	(2,224)			
<u>178,759</u>	<u>206,079</u>	<u>(27,320)</u>	<u>58,653</u>	<u>36,240</u>	<u>22,413</u>
<u>(178,759)</u>	<u>(200,899)</u>	<u>(22,140)</u>	<u>(58,653)</u>	<u>(17,155)</u>	<u>41,498</u>
	(10,618)	(10,618)		(1,042)	(1,042)
	(10,618)	(10,618)		(1,042)	(1,042)
<u>(178,759)</u>	<u>(211,517)</u>	<u>(32,758)</u>	<u>(58,653)</u>	<u>(18,197)</u>	<u>40,456</u>
	32,980	32,980		(691)	(691)
<u>\$ (178,759)</u>	<u>\$ (178,537)</u>	<u>\$ 222</u>	<u>\$ (58,653)</u>	<u>\$ (18,888)</u>	<u>\$ 39,765</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Title IV Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		9,785	9,785
Total revenues		9,785	9,785
Expenditures:			
Current -			
Instruction			
Support services - students and staff	11,719	11,303	416
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	11,719	11,303	416
Excess (deficiency) of revenues over expenditures	(11,719)	(1,518)	10,201
Other financing sources (uses):			
Transfers in			
Transfers out		(651)	(651)
Total other financing sources (uses)		(651)	(651)
Changes in fund balances	(11,719)	(2,169)	9,550
Fund balances (deficits), beginning of year		1,363	1,363
Fund balances (deficits), end of year	\$ (11,719)	\$ (806)	\$ 10,913

<u>Limited English & Immigrant Students</u>			<u>Indian Education</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$	\$	\$	\$
				48,084	48,084
				48,084	48,084
4,417	4,461	(44)	46,000	7,927	38,073
<u>4,417</u>	<u>4,461</u>	<u>(44)</u>	<u>46,000</u>	<u>7,927</u>	<u>38,073</u>
<u>(4,417)</u>	<u>(4,461)</u>	<u>(44)</u>	<u>(46,000)</u>	<u>40,157</u>	<u>86,157</u>
<u>(4,417)</u>	<u>(4,461)</u>	<u>(44)</u>	<u>(46,000)</u>	<u>40,157</u>	<u>86,157</u>
				84,822	84,822
<u>\$ (4,417)</u>	<u>\$ (4,461)</u>	<u>\$ (44)</u>	<u>\$ (46,000)</u>	<u>\$ 124,979</u>	<u>\$ 170,979</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Special Education Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		30,746	30,746
Total revenues		30,746	30,746
Expenditures:			
Current -			
Instruction		109,237	(109,237)
Support services - students and staff	338,820	164,207	174,613
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	338,820	273,444	65,376
Excess (deficiency) of revenues over expenditures	(338,820)	(242,698)	96,122
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(338,820)	(242,698)	96,122
Fund balances (deficits), beginning of year		68,759	68,759
Fund balances (deficits), end of year	\$ (338,820)	\$ (173,939)	\$ 164,881

Vocational Education			Medicaid Reimbursement		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 773	\$ 773
	17,150	17,150		88,662	88,662
	17,150	17,150		89,435	89,435
23,002	14,747 2,003	8,255 (2,003)	197,115	36,440 57,193	(36,440) 139,922
<u>23,002</u>	<u>16,750</u>	<u>6,252</u>	<u>197,115</u>	<u>93,633</u>	<u>103,482</u>
<u>(23,002)</u>	<u>400</u>	<u>23,402</u>	<u>(197,115)</u>	<u>(4,198)</u>	<u>192,917</u>
	(400)	(400)			
	(400)	(400)			
<u>(23,002)</u>		<u>23,002</u>	<u>(197,115)</u>	<u>(4,198)</u>	<u>192,917</u>
				113,084	113,084
<u>\$ (23,002)</u>	<u>\$</u>	<u>\$ 23,002</u>	<u>\$ (197,115)</u>	<u>\$ 108,886</u>	<u>\$ 306,001</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 1,587	\$ 1,587
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>1,587</u>	<u>1,587</u>
Expenditures:			
Current -			
Instruction	198,509		198,509
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>198,509</u>		<u>198,509</u>
Excess (deficiency) of revenues over expenditures	<u>(198,509)</u>	<u>1,587</u>	<u>200,096</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(198,509)</u>	<u>1,587</u>	<u>200,096</u>
Fund balances (deficits), beginning of year		197,403	197,403
Fund balances (deficits), end of year	<u>\$ (198,509)</u>	<u>\$ 198,990</u>	<u>\$ 397,499</u>

Impact Aid			State Vocational Education		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	503,227	503,227		7,508	7,508
	503,227	503,227		7,508	7,508
2,197,080	85,624	(85,624)	7,508	7,508	
	93,077	2,104,003			
	1,804	(1,804)			
	1,365	(1,365)			
	15,415	(15,415)			
	786	(786)			
2,197,080	198,071	1,999,009	7,508	7,508	
(2,197,080)	305,156	2,502,236	(7,508)		7,508
(2,197,080)	305,156	2,502,236	(7,508)		7,508
	1,766,271	1,766,271			
\$ (2,197,080)	\$ 2,071,427	\$ 4,268,507	\$ (7,508)	\$	\$ 7,508

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	College Credit Exam Incentives		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		9,595	9,595
Federal aid, grants and reimbursements			
Total revenues	46,494	9,595	9,595
Expenditures:			
Current -			
Instruction	46,494		46,494
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	46,494		46,494
Excess (deficiency) of revenues over expenditures	(46,494)	9,595	56,089
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(46,494)	9,595	56,089
Fund balances (deficits), beginning of year		37,010	37,010
Fund balances (deficits), end of year	\$ (46,494)	\$ 46,605	\$ 93,099

Results-based Funding			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 74	\$ 74	\$	\$ 49	\$ 49
	<u>74</u>	<u>74</u>		<u>49</u>	<u>49</u>
10,473		10,473	31,717		31,717
<u>10,473</u>	<u></u>	<u>10,473</u>	<u>31,717</u>	<u></u>	<u>31,717</u>
<u>(10,473)</u>	<u>74</u>	<u>10,547</u>	<u>(31,717)</u>	<u>49</u>	<u>31,766</u>
<u>(10,473)</u>	<u>74</u>	<u>10,547</u>	<u>(31,717)</u>	<u>49</u>	<u>31,766</u>
	10,473	10,473		929	929
<u>\$ (10,473)</u>	<u>\$ 10,547</u>	<u>\$ 21,020</u>	<u>\$ (31,717)</u>	<u>\$ 978</u>	<u>\$ 32,695</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	School Plant		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 982	\$ 982
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		982	982
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	113,571		113,571
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	113,571		113,571
Excess (deficiency) of revenues over expenditures	(113,571)	982	114,553
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(113,571)	982	114,553
Fund balances (deficits), beginning of year		112,880	112,880
Fund balances (deficits), end of year	\$ (113,571)	\$ 113,862	\$ 227,433

Food Service			Civic Center		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 46,145	\$ 46,145	\$	\$ 134,460	\$ 134,460
	612,542	612,542		134,460	134,460
	658,687	658,687			
				848	(848)
	11,105	(11,105)		1,454	(1,454)
	843	(843)	260,449	26,127	234,322
350,000	531,417	(181,417)		5,248	(5,248)
	101,318	(101,318)		24,239	(24,239)
350,000	644,683	(294,683)	260,449	6,636	(6,636)
			260,449	64,552	195,897
(350,000)	14,004	364,004	(260,449)	69,908	330,357
(350,000)	14,004	364,004	(260,449)	69,908	330,357
	142,287	142,287		178,539	178,539
\$ (350,000)	\$ 156,291	\$ 506,291	\$ (260,449)	\$ 248,447	\$ 508,896

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Community School		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 71,026	\$ 71,026
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	43,020	117,892	(74,872)
Expenditures:			
Current -			
Instruction	43,020	114,175	(71,155)
Support services - students and staff		2,357	(2,357)
Support services - administration		690	(690)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services		670	(670)
Capital outlay			
Total expenditures	43,020	117,892	(74,872)
Excess (deficiency) of revenues over expenditures	(43,020)	(46,866)	(3,846)
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(43,020)	(46,866)	(3,846)
Fund balances (deficits), beginning of year		104,022	104,022
Fund balances (deficits), end of year	\$ (43,020)	\$ 57,156	\$ 100,176

Auxiliary Operations			Extracurricular Activities Fees Tax Credit		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 328,293	\$ 328,293	\$	\$ 19,091	\$ 19,091
	<u>328,293</u>	<u>328,293</u>		<u>19,091</u>	<u>19,091</u>
505,466	80,919	424,547	272,635	95,677	176,958
	11,978	(11,978)		1,869	(1,869)
	2,097	(2,097)		2,320	(2,320)
	1,890	(1,890)		678	(678)
	400	(400)		12,910	(12,910)
	413	(413)		115	(115)
<u>505,466</u>	<u>97,697</u>	<u>407,769</u>	<u>272,635</u>	<u>113,984</u>	<u>158,651</u>
<u>(505,466)</u>	<u>230,596</u>	<u>736,062</u>	<u>(272,635)</u>	<u>(94,893)</u>	<u>177,742</u>
				400	400
				<u>400</u>	<u>400</u>
<u>(505,466)</u>	<u>230,596</u>	<u>736,062</u>	<u>(272,635)</u>	<u>(94,493)</u>	<u>178,142</u>
	115,605	115,605		418,863	418,863
<u>\$ (505,466)</u>	<u>\$ 346,201</u>	<u>\$ 851,667</u>	<u>\$ (272,635)</u>	<u>\$ 324,370</u>	<u>\$ 597,005</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 92,775	\$ 92,775
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		92,775	92,775
Expenditures:			
Current -			
Instruction			
Support services - students and staff		4,859	(4,859)
Support services - administration		1,325	(1,325)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay	149,931	7,371	142,560
Total expenditures	149,931	13,555	136,376
Excess (deficiency) of revenues over expenditures	(149,931)	79,220	229,151
Other financing sources (uses):			
Transfers in		982	982
Transfers out			
Total other financing sources (uses)		982	982
Changes in fund balances	(149,931)	80,202	230,133
Fund balances (deficits), beginning of year		77,265	77,265
Fund balances (deficits), end of year	\$ (149,931)	\$ 157,467	\$ 307,398

Textbooks			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 706	\$ 706	\$	\$ 5,450	\$ 5,450
	<u>706</u>	<u>706</u>		<u>5,450</u>	<u>5,450</u>
				349	(349)
			29,834	1,835	27,999
17,300	9,928	7,372			
<u>17,300</u>	<u>9,928</u>	<u>7,372</u>	<u>29,834</u>	<u>2,184</u>	<u>27,650</u>
<u>(17,300)</u>	<u>(9,222)</u>	<u>8,078</u>	<u>(29,834)</u>	<u>3,266</u>	<u>33,100</u>
<u>(17,300)</u>	<u>(9,222)</u>	<u>8,078</u>	<u>(29,834)</u>	<u>3,266</u>	<u>33,100</u>
	26,937	26,937		27,298	27,298
<u>\$ (17,300)</u>	<u>\$ 17,715</u>	<u>\$ 35,015</u>	<u>\$ (29,834)</u>	<u>\$ 30,564</u>	<u>\$ 60,398</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Indirect Costs		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 311	\$ 311
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u> 311</u>	<u> 311</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff		553	(553)
Support services - administration	20,000	37,534	(17,534)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u> 20,000</u>	<u> 38,087</u>	<u> (18,087)</u>
Excess (deficiency) of revenues over expenditures	<u> (20,000)</u>	<u> (37,776)</u>	<u> (17,776)</u>
Other financing sources (uses):			
Transfers in		40,089	40,089
Transfers out			
Total other financing sources (uses)	<u> </u>	<u> 40,089</u>	<u> 40,089</u>
Changes in fund balances	<u> (20,000)</u>	<u> 2,313</u>	<u> 22,313</u>
Fund balances (deficits), beginning of year		43,459	43,459
Fund balances (deficits), end of year	<u> \$ (20,000)</u>	<u> \$ 45,772</u>	<u> \$ 65,772</u>

Teacherage			Insurance Refund		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 1	\$ 1	\$	\$	\$
	<u>1</u>	<u>1</u>			
	<u>1</u>	<u>1</u>			
	<u>1</u>	<u>1</u>			
	88	88		65	65
<u>\$</u>	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$</u>	<u>\$ 65</u>	<u>\$ 65</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

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

Career Technical Education			Student Activities		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,520	\$ 1,520	\$	\$ 21,244	\$ 21,244
	<u>1,520</u>	<u>1,520</u>		<u>21,244</u>	<u>21,244</u>
142,191	98,990 833	43,201 (833)	295,000	29,429 9,246	265,571 (9,246)
<u>142,191</u>	<u>99,823</u>	<u>42,368</u>	<u>295,000</u>	<u>38,675</u>	<u>256,325</u>
<u>(142,191)</u>	<u>(98,303)</u>	<u>43,888</u>	<u>(295,000)</u>	<u>(17,431)</u>	<u>277,569</u>
<u>(142,191)</u>	<u>(98,303)</u>	<u>43,888</u>	<u>(295,000)</u>	<u>(17,431)</u>	<u>277,569</u>
	235,373	235,373		303,723	303,723
<u>\$ (142,191)</u>	<u>\$ 137,070</u>	<u>\$ 279,261</u>	<u>\$ (295,000)</u>	<u>\$ 286,292</u>	<u>\$ 581,292</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 732,251	\$ 732,251
State aid and grants		1,286,921	1,286,921
Federal aid, grants and reimbursements		1,334,461	1,334,461
Total revenues		<u>3,353,633</u>	<u>3,353,633</u>
Expenditures:			
Current -			
Instruction	2,822,675	1,915,141	907,534
Support services - students and staff	3,338,031	482,073	2,855,958
Support services - administration	49,834	60,164	(10,330)
Operation and maintenance of plant services	374,020	30,903	343,117
Student transportation services	89,307	93,648	(4,341)
Operation of non-instructional services	367,300	566,769	(199,469)
Capital outlay	149,931	116,939	32,992
Total expenditures	<u>7,191,098</u>	<u>3,265,637</u>	<u>3,925,461</u>
Excess (deficiency) of revenues over expenditures	<u>(7,191,098)</u>	<u>87,996</u>	<u>7,279,094</u>
Other financing sources (uses):			
Transfers in		41,471	41,471
Transfers out		(12,711)	(12,711)
Total other financing sources (uses)		<u>28,760</u>	<u>28,760</u>
Changes in fund balances	<u>(7,191,098)</u>	<u>116,756</u>	<u>7,307,854</u>
Fund balances (deficits), beginning of year		4,737,924	4,737,924
Fund balances (deficits), end of year	<u>\$ (7,191,098)</u>	<u>\$ 4,854,680</u>	<u>\$ 12,045,778</u>

DEBT SERVICE FUND

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 5,764	\$ 5,764
Property taxes		1,234,406	1,234,406
Total revenues		<u>1,240,170</u>	<u>1,240,170</u>
Expenditures:			
Debt service -			
Principal retirement		1,080,000	(1,080,000)
Interest and fiscal charges	1,292,825	230,700	1,062,125
Total expenditures	<u>1,292,825</u>	<u>1,310,700</u>	<u>(17,875)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,292,825)</u>	<u>(70,530)</u>	<u>1,222,295</u>
Other financing sources (uses):			
Transfers in		1,269	1,269
Total other financing sources (uses)		<u>1,269</u>	<u>1,269</u>
Changes in fund balances	<u>(1,292,825)</u>	<u>(69,261)</u>	<u>1,223,564</u>
Fund balances, beginning of year		122,633	122,633
Fund balances (deficits), end of year	<u>\$ (1,292,825)</u>	<u>\$ 53,372</u>	<u>\$ 1,346,197</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

School Plant – Special Construction - to account for proceeds from the sale of school property to be used for the purchase of school sites for construction, improvement, or furnishing or school buildings as approved by school district electors.

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

Energy and Water Savings - to account for capital investment monies, energy related rebate, or grant monies, and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

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

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>School Plant - Special Construction</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,030	\$ 116,878	\$ 3,093
Total assets	<u>\$ 3,030</u>	<u>\$ 116,878</u>	<u>\$ 3,093</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Fund balances:			
Restricted	\$ 3,030	\$ 116,878	\$ 3,093
Total fund balances	<u>3,030</u>	<u>116,878</u>	<u>3,093</u>
Total liabilities and fund balances	<u>\$ 3,030</u>	<u>\$ 116,878</u>	<u>\$ 3,093</u>

<u>Gifts and Donations - Capital</u>	<u>Energy and Water Savings</u>	<u>Emergency Deficiencies Correction</u>	<u>New School Facilities</u>	<u>Totals</u>
\$ 730	\$ 10,275	\$ 325	\$ 3,166	\$ 137,497
<u>\$ 730</u>	<u>\$ 10,275</u>	<u>\$ 325</u>	<u>\$ 3,166</u>	<u>\$ 137,497</u>
\$ 730	\$ 10,275	\$ 325	\$ 3,166	\$ 137,497
<u>730</u>	<u>10,275</u>	<u>325</u>	<u>3,166</u>	<u>137,497</u>
\$ 730	\$ 10,275	\$ 325	\$ 3,166	\$ 137,497
<u>730</u>	<u>10,275</u>	<u>325</u>	<u>3,166</u>	<u>137,497</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Adjacent Ways	Bond Building	School Plant - Special Construction
Revenues:			
Other local	\$ 25	\$ 1,269	\$ 26
Total revenues	25	1,269	26
Expenditures:			
Capital outlay		43,285	
Total expenditures		43,285	
Excess (deficiency) of revenues over expenditures	25	(42,016)	26
Other financing sources (uses):			
Transfers out		(1,269)	
Total other financing sources (uses)		(1,269)	
Changes in fund balances	25	(43,285)	26
Fund balances, beginning of year	3,005	160,163	3,067
Fund balances, end of year	\$ 3,030	\$ 116,878	\$ 3,093

Gifts and Donations - Capital	Energy and Water Savings	Emergency Deficiencies Correction	New School Facilities	Totals
\$ 6	\$ 62	\$	\$ 26	\$ 1,414
<u>6</u>	<u>62</u>		<u>26</u>	<u>1,414</u>
				43,285
				<u>43,285</u>
6	62		26	(41,871)
				(1,269)
				<u>(1,269)</u>
6	62		26	(43,140)
724	10,213	325	3,140	180,637
<u>\$ 730</u>	<u>\$ 10,275</u>	<u>\$ 325</u>	<u>\$ 3,166</u>	<u>\$ 137,497</u>

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Insurance Proceeds		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$ 410	\$ 410
Property taxes			
State aid and grants			
Total revenues		<u>410</u>	<u>410</u>
Expenditures:			
Current -			
Operation of non-instructional services	47,530	5,706	41,824
Capital outlay			
Total expenditures	<u>47,530</u>	<u>5,706</u>	<u>41,824</u>
Excess (deficiency) of revenues over expenditures	<u>(47,530)</u>	<u>(5,296)</u>	<u>42,234</u>
Other financing sources (uses):			
Transfers out			
Insurance recoveries		15,662	15,662
Total other financing sources (uses)		<u>15,662</u>	<u>15,662</u>
Changes in fund balances	<u>(47,530)</u>	<u>10,366</u>	<u>57,896</u>
Fund balances (deficits), beginning of year		37,286	37,286
Fund balances (deficits), end of year	<u>\$ (47,530)</u>	<u>\$ 47,652</u>	<u>\$ 95,182</u>

Unrestricted Capital Outlay			Adjacent Ways		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 17,458	\$ 17,458	\$	\$ 25	\$ 25
	1,119,091	1,119,091			
	145,968	145,968			
	<u>1,282,517</u>	<u>1,282,517</u>		<u>25</u>	<u>25</u>
4,203,005	848,014	3,354,991			
<u>4,203,005</u>	<u>848,014</u>	<u>3,354,991</u>			
(4,203,005)	434,503	4,637,508		25	25
<u>(4,203,005)</u>	<u>434,503</u>	<u>4,637,508</u>		<u>25</u>	<u>25</u>
	2,089,618	2,089,618		3,005	3,005
<u>\$ (4,203,005)</u>	<u>\$ 2,524,121</u>	<u>\$ 6,727,126</u>	<u>\$</u>	<u>\$ 3,030</u>	<u>\$ 3,030</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Bond Building		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 1,269	\$ 1,269
Property taxes			
State aid and grants			
Total revenues	(160,163)	(42,016)	118,147
Expenditures:			
Current -			
Operation of non-instructional services			
Capital outlay	160,163	43,285	116,878
Total expenditures	160,163	43,285	116,878
Excess (deficiency) of revenues over expenditures	(160,163)	(42,016)	118,147
Other financing sources (uses):			
Transfers out		(1,269)	(1,269)
Insurance recoveries			
Total other financing sources (uses)	(160,163)	(1,269)	(1,269)
Changes in fund balances	(160,163)	(43,285)	116,878
Fund balances (deficits), beginning of year		160,163	160,163
Fund balances (deficits), end of year	\$ (160,163)	\$ 116,878	\$ 277,041

School Plant - Special Construction		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 26	\$ 26
	26	26
	26	26
	26	26
	3,067	3,067
\$	\$ 3,093	\$ 3,093

Gifts and Donations - Capital		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 6	\$ 6
	6	6
	6	6
	6	6
	724	724
\$	\$ 730	\$ 730

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Energy and Water Savings		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 62	\$ 62
Property taxes			
State aid and grants			
Total revenues		62	62
Expenditures:			
Current -			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		62	62
Other financing sources (uses):			
Transfers out			
Insurance recoveries			
Total other financing sources (uses)			
Changes in fund balances		62	62
Fund balances (deficits), beginning of year		10,213	10,213
Fund balances (deficits), end of year	\$	\$ 10,275	\$ 10,275

Emergency Deficiencies Correction			Building Renewal Grant		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 22	\$ 22
				198,864	198,864
				198,886	198,886
			344,174	309,970	34,204
			344,174	309,970	34,204
			(344,174)	(111,084)	233,090
			(344,174)	(111,084)	233,090
	325	325		(40)	(40)
\$	\$ 325	\$ 325	\$ (344,174)	\$ (111,124)	\$ 233,050

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	New School Facilities		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 26	\$ 26
Property taxes			
State aid and grants			
Total revenues		26	26
Expenditures:			
Current -			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		26	26
Other financing sources (uses):			
Transfers out			
Insurance recoveries			
Total other financing sources (uses)			
Changes in fund balances		26	26
Fund balances (deficits), beginning of year		3,140	3,140
Fund balances (deficits), end of year	\$	\$ 3,166	\$ 3,166

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 19,304	\$ 19,304
	1,119,091	1,119,091
	<u>344,832</u>	<u>344,832</u>
	<u>1,483,227</u>	<u>1,483,227</u>
47,530	5,706	41,824
<u>4,707,342</u>	<u>1,201,269</u>	<u>3,506,073</u>
<u>4,754,872</u>	<u>1,206,975</u>	<u>3,547,897</u>
<u>(4,754,872)</u>	<u>276,252</u>	<u>5,031,124</u>
	(1,269)	(1,269)
	<u>15,662</u>	<u>15,662</u>
	<u>14,393</u>	<u>14,393</u>
<u>(4,754,872)</u>	<u>290,645</u>	<u>5,045,517</u>
	2,307,501	2,307,501
<u>\$ (4,754,872)</u>	<u>\$ 2,598,146</u>	<u>\$ 7,353,018</u>

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Due to cost considerations for the accumulation of data, the District has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

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

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FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Position:					
Net investment in capital assets	\$ 29,148,991	\$ 29,319,520	\$ 29,994,864	\$ 29,931,303	\$ 30,537,965
Restricted	5,337,773	4,678,955	4,341,693	4,942,197	4,552,848
Unrestricted	(3,485,268)	(3,104,793)	(4,152,300)	(4,519,534)	(6,585,948)
Total net position	\$ 31,001,496	\$ 30,893,682	\$ 30,184,257	\$ 30,353,966	\$ 28,504,865
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Position:					
Net investment in capital assets	\$ 30,567,808	\$ 30,590,493	\$ 29,937,583	\$ 34,429,657	\$ 36,108,238
Restricted	4,677,340	5,340,577	5,668,052	3,022,585	2,230,753
Unrestricted	(7,596,039)	(10,826,232)	(11,112,615)	2,310,896	2,710,062
Total net position	\$ 27,649,109	\$ 25,104,838	\$ 24,493,020	\$ 39,763,138	\$ 41,049,053

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

Note: In the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 which caused a deficit in unrestricted net position due to recording of the District's proportionate share of the state's pension plan's unfunded liability.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenses					
Instruction	\$ 8,064,099	\$ 8,441,955	\$ 8,299,684	\$ 7,490,162	\$ 7,077,129
Support services - students and staff	1,857,555	2,183,556	1,829,740	1,540,745	1,160,198
Support services - administration	2,043,361	1,876,255	1,522,296	1,315,582	1,947,647
Operation and maintenance of plant services	2,540,048	2,321,352	2,327,777	2,162,069	1,999,971
Student transportation services	1,278,701	948,164	987,412	913,244	909,787
Operation of non-instructional services	607,968	343,638	349,001	419,563	402,629
Interest on long-term debt	203,266	230,035	264,116	318,681	370,680
Total expenses	<u>16,594,998</u>	<u>16,344,955</u>	<u>15,580,026</u>	<u>14,160,046</u>	<u>13,868,041</u>
Program Revenues					
Charges for services:					
Instruction	468,629	126,552	87,313	154,521	56,760
Operation of non-instructional services	45,014	57,072	32,216	193,144	31,446
Other activities	132,687	544,923	149,333	40,914	256,792
Operating grants and contributions	2,452,693	2,809,964	1,337,917	1,607,198	1,602,343
Capital grants and contributions	199,650	86,669	56,322	52,870	232,317
Total program revenues	<u>3,298,673</u>	<u>3,625,180</u>	<u>1,663,101</u>	<u>2,048,647</u>	<u>2,179,658</u>
Net (Expense)/Revenue	<u>\$ (13,296,325)</u>	<u>\$ (12,719,775)</u>	<u>\$ (13,916,925)</u>	<u>\$ (12,111,399)</u>	<u>\$ (11,688,383)</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses					
Instruction	\$ 8,026,034	\$ 7,957,479	\$ 9,537,930	\$ 10,149,629	\$ 9,350,093
Support services - students and staff	1,217,458	1,295,990	1,365,657	1,626,784	1,490,928
Support services - administration	1,733,521	2,383,025	2,008,673	1,835,211	2,036,906
Operation and maintenance of plant services	2,063,955	2,354,074	1,373,345	2,057,009	1,986,453
Student transportation services	956,193	893,237	1,202,065	1,256,992	1,226,353
Operation of non-instructional services	383,077	382,185	476,025	562,063	572,707
Interest on long-term debt	418,480	474,642	521,993	326,472	372,191
Total expenses	<u>14,798,718</u>	<u>15,740,632</u>	<u>16,485,688</u>	<u>17,814,160</u>	<u>17,035,631</u>
Program Revenues					
Charges for services:					
Instruction	46,637	27,766	68,679	672,591	693,587
Operation of non-instructional services	57,242	86,065	90,626	234,824	281,894
Other activities	368,205	371,222	362,511	54,580	57,246
Operating grants and contributions	1,855,188	2,589,815	2,156,906	1,343,039	1,679,864
Capital grants and contributions	50,299	118,918	41,809	78,105	11,971
Total program revenues	<u>2,377,571</u>	<u>3,193,786</u>	<u>2,720,531</u>	<u>2,383,139</u>	<u>2,724,562</u>
Net (Expense)/Revenue	<u>\$ (12,421,147)</u>	<u>\$ (12,546,846)</u>	<u>\$ (13,765,157)</u>	<u>\$ (15,431,021)</u>	<u>\$ (14,311,069)</u>

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net (Expense)/Revenue	\$ (13,296,325)	\$ (12,719,775)	\$ (13,916,925)	\$ (12,111,399)	\$ (11,688,383)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	6,855,064	8,220,154	7,866,635	7,584,790	5,998,078
Property taxes, levied for debt service	1,233,136	1,288,506	1,219,079	1,813,191	1,829,604
Property taxes, levied for capital outlay	1,081,538	752,337	684,581	734,609	841,067
Investment income	48,854	74,063	152,780	154,476	100,348
Unrestricted state aid	3,568,907	2,507,900	3,032,344	2,990,857	2,872,663
Unrestricted federal aid	616,640	543,258	635,322	418,775	623,576
Other		38,498	(10,312)	263,802	275,683
Total general revenues	<u>13,404,139</u>	<u>13,424,716</u>	<u>13,580,429</u>	<u>13,960,500</u>	<u>12,541,019</u>
Changes in Net Position	<u>\$ 107,814</u>	<u>\$ 704,941</u>	<u>\$ (336,496)</u>	<u>\$ 1,849,101</u>	<u>\$ 852,636</u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net (Expense)/Revenue	\$ (12,421,147)	\$ (12,546,846)	\$ (13,765,157)	\$ (15,431,021)	\$ (14,311,069)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	8,737,855	7,259,894	6,422,709	8,815,782	7,980,894
Property taxes, levied for debt service	1,737,761	1,593,661	1,723,838	1,347,162	1,274,523
Property taxes, levied for capital outlay	712,900	723,369	926,113	763,891	743,029
Investment income	44,861	61,345	15,190	14,741	23,413
Unrestricted state aid	3,092,445	2,878,094	2,982,585	3,081,828	2,780,906
Unrestricted federal aid	29,767	276,631	377,681	485,263	228,149
Other	609,829	365,688	3,310		
Total general revenues	<u>14,965,418</u>	<u>13,158,682</u>	<u>12,451,426</u>	<u>14,508,667</u>	<u>13,030,914</u>
Changes in Net Position	<u>\$ 2,544,271</u>	<u>\$ 611,836</u>	<u>\$ (1,313,731)</u>	<u>\$ (922,354)</u>	<u>\$ (1,280,155)</u>

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

(Concluded)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:					
Restricted	\$ 4,717	\$ 112,880	\$ 109,483	\$ 107,523	\$ 103,874
Unassigned	4,395,348	3,704,988	2,902,594	2,369,519	1,942,175
Total General Fund	<u>\$ 4,400,065</u>	<u>\$ 3,817,868</u>	<u>\$ 3,012,077</u>	<u>\$ 2,477,042</u>	<u>\$ 2,046,049</u>
All Other Governmental Funds:					
Restricted	\$ 5,229,521	\$ 4,566,075	\$ 4,232,210	\$ 4,834,674	\$ 4,448,974
Assigned		386,763	350,339	367,630	296,736
Unassigned	(787,946)	(5,637)	(18,638)	(19,760)	(300,101)
Total all other governmental funds	<u>\$ 4,441,575</u>	<u>\$ 4,947,201</u>	<u>\$ 4,563,911</u>	<u>\$ 5,182,544</u>	<u>\$ 4,445,609</u>

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

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:					
Restricted	\$ 102,821			\$ 58,717	\$ 48,027
Unassigned	2,440,075	551,826	561,691	361,134	105,713
Total General Fund	<u>\$ 2,542,896</u>	<u>\$ 551,826</u>	<u>\$ 561,691</u>	<u>\$ 419,851</u>	<u>\$ 153,740</u>
All Other Governmental Funds:					
Restricted	\$ 4,574,519	\$ 5,314,327	\$ 6,581,865	\$ 6,445,093	\$ 2,256,869
Assigned	262,819	604,071	312,549		
Unassigned	(33,106)	(461,031)	(800,109)	(855,551)	(36,113)
Total all other governmental funds	<u>\$ 4,804,232</u>	<u>\$ 5,457,367</u>	<u>\$ 6,094,305</u>	<u>\$ 5,589,542</u>	<u>\$ 2,220,756</u>

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

(Concluded)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Federal sources:					
Federal grants	\$ 998,713	\$ 1,360,493	\$ 958,094	\$ 873,046	\$ 279,370
Impact Aid	503,227	247,501	167,774	247,501	241,122
National School Lunch Program	612,542	258,777	178,142	258,777	195,793
Total federal sources	<u>2,114,482</u>	<u>1,866,771</u>	<u>1,304,010</u>	<u>1,379,324</u>	<u>716,285</u>
State sources:					
State equalization assistance	2,330,116	2,332,638	2,373,660	2,162,456	2,023,692
State grants	17,226	175,262	60,892	62,404	70,925
Other revenues	1,468,559	804,248	860,608	874,722	1,067,947
Total state sources	<u>3,815,901</u>	<u>3,312,148</u>	<u>3,295,160</u>	<u>3,099,582</u>	<u>3,162,564</u>
Local sources:					
Property taxes	9,885,335	10,232,406	10,649,453	11,482,645	8,652,341
Food service sales	45,014	20,000	132,262	132,262	149,119
Investment income	48,854	74,063	152,780	152,780	100,348
Other revenues	694,009	1,233,006	(10,312)	3,847	1,703,479
Total local sources	<u>10,673,212</u>	<u>11,559,475</u>	<u>10,924,183</u>	<u>11,771,534</u>	<u>10,605,287</u>
Total revenues	<u><u>\$ 16,603,595</u></u>	<u><u>\$ 16,738,394</u></u>	<u><u>\$ 15,523,353</u></u>	<u><u>\$ 16,250,440</u></u>	<u><u>\$ 14,484,136</u></u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Federal sources:					
Federal grants	\$ 918,994	\$ 523,227	\$ 812,116	\$ 439,516	\$ 709,698
Impact Aid		243,599	337,697	462,188	211,309
National School Lunch Program	179,259	181,482	165,411	194,772	195,807
Total federal sources	<u>1,098,253</u>	<u>948,308</u>	<u>1,315,224</u>	<u>1,096,476</u>	<u>1,116,814</u>
State sources:					
State equalization assistance	2,368,694	2,044,693	2,230,219	2,302,120	2,089,770
State grants	99,128	301,402	239,528	129,302	112,669
Other revenues	708,671	1,006,928	655,948	779,708	691,136
Total state sources	<u>3,176,493</u>	<u>3,353,023</u>	<u>3,125,695</u>	<u>3,211,130</u>	<u>2,893,575</u>
Local sources:					
Property taxes	10,986,339	9,590,172	10,418,553	10,772,630	9,906,652
Food service sales	161,261	188,792	170,835	235,724	261,589
Investment income	44,861	36,620	14,416	12,739	23,267
Other revenues	2,070,602	1,973,214	1,609,943	1,267,543	1,461,785
Total local sources	<u>13,263,063</u>	<u>11,788,798</u>	<u>12,213,747</u>	<u>12,288,636</u>	<u>11,653,293</u>
Total revenues	<u>\$ 17,537,809</u>	<u>\$ 16,090,129</u>	<u>\$ 16,654,666</u>	<u>\$ 16,596,242</u>	<u>\$ 15,663,682</u>

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

(Concluded)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenditures:					
Current -					
Instruction	\$ 6,453,991	\$ 7,026,264	\$ 7,082,357	\$ 6,898,514	\$ 6,533,846
Support services - students and staff	1,836,860	1,516,656	1,379,546	1,275,812	1,124,426
Support services - administration	1,900,838	2,267,633	1,988,785	1,878,722	2,403,780
Operation and maintenance of plant services	1,960,475	2,061,128	1,924,462	1,765,546	1,568,637
Student transportation services	1,014,235	769,628	842,543	826,140	750,731
Operation of non-instructional services	575,046	338,099	469,092	426,341	407,910
Capital outlay	1,447,541	251,921	608,616	195,684	752,161
Debt service -					
Interest and fiscal charges	230,700	257,469	291,550	346,116	398,115
Principal retirement	1,080,000	1,045,000	1,020,000	1,470,000	1,400,000
Bond issuance costs					
Total expenditures	<u><u>\$ 16,499,686</u></u>	<u><u>\$ 15,533,798</u></u>	<u><u>\$ 15,606,951</u></u>	<u><u>\$ 15,082,875</u></u>	<u><u>\$ 15,339,606</u></u>
Expenditures for capitalized assets	\$ 668,055	\$ 284,474	\$ 641,931	\$ 57,321	\$ 841,706
Debt service as a percentage of noncapital expenditures	8%	9%	9%	12%	12%

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenditures:					
Current -					
Instruction	\$ 6,960,355	\$ 6,570,575	\$ 8,041,291	\$ 7,613,402	\$ 7,764,568
Support services - students and staff	1,014,011	1,038,161	1,052,918	1,552,803	1,491,151
Support services - administration	2,163,085	2,587,598	2,349,971	1,802,596	1,714,256
Operation and maintenance of plant services	1,632,250	1,718,495	1,821,204	1,829,988	1,891,430
Student transportation services	779,135	803,061	1,009,788	804,486	962,268
Operation of non-instructional services	381,823	378,437	473,166	546,669	570,836
Capital outlay	1,545,896	1,905,430	3,617,739	1,185,798	1,167,836
Debt service -					
Interest and fiscal charges	445,915	500,175	452,814	340,690	372,191
Principal retirement	1,305,000	1,235,000	1,265,000	1,030,000	1,000,000
Bond issuance costs			93,900	90,400	
Total expenditures	<u>\$ 16,227,470</u>	<u>\$ 16,736,932</u>	<u>\$ 20,177,791</u>	<u>\$ 16,796,832</u>	<u>\$ 16,934,536</u>
Expenditures for capitalized assets	\$ 1,279,108	\$ 1,212,609	\$ 4,259,637	\$ 642,642	\$ 721,949
Debt service as a percentage of noncapital expenditures	12%	11%	11%	8%	8%

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

(Concluded)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Excess (deficiency) of revenues over expenditures	\$ 103,909	\$ 1,204,596	\$ (83,598)	\$ 1,167,565	\$ (855,470)
Other financing sources (uses):					
Transfers in	42,740	25,252	19,350	11,270	28,152
Transfers out	(42,740)	(25,252)	(19,350)	(11,270)	(28,152)
Insurance recoveries	15,662				
Total other financing sources (uses)	<u>15,662</u>				
Changes in fund balances	<u>\$ 119,571</u>	<u>\$ 1,204,596</u>	<u>\$ (83,598)</u>	<u>\$ 1,167,565</u>	<u>\$ (855,470)</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Excess (deficiency) of revenues over expenditures	\$ 1,310,339	\$ (646,803)	\$ (3,523,125)	\$ (200,590)	\$ (1,270,854)
Other financing sources (uses):					
Refunding bonds issued			4,000,000	4,000,000	
Premium on sale of bonds			169,728	199,048	
Transfers in	80,332	34,948	186,907	553,861	18,114
Transfers out	(80,332)	(34,948)	(186,907)	(553,861)	(18,114)
Total other financing sources (uses)			<u>4,169,728</u>	<u>4,199,048</u>	
Changes in fund balances	<u>\$ 1,310,339</u>	<u>\$ (646,803)</u>	<u>\$ 646,603</u>	<u>\$ 3,998,458</u>	<u>\$ (1,270,854)</u>

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Commercial, Industrial, Utilities and Mining	\$ 52,071,500	\$ 49,872,666	\$ 48,230,164	\$ 46,419,967	\$ 45,337,037
Agricultural and Vacant	22,969,670	24,035,128	24,812,843	25,727,566	25,330,403
Residential (Owner Occupied)	321,903,904	302,431,227	286,767,176	276,107,838	262,331,544
Residential (Rental)	169,966,588	164,391,865	154,438,290	136,713,783	129,282,903
Certain Government Property Improvements	6,376	6,072	5,783	5,507	7,702
Total	\$ 566,918,038	\$ 540,736,958	\$ 514,254,256	\$ 484,974,661	\$ 462,289,589
Gross Full Cash Value	\$ 6,458,710,338	\$ 6,104,459,780	\$ 5,805,077,022	\$ 5,537,420,496	\$ 5,366,544,805
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	9%	9%	9%	9%
Total Direct Rate	2.47	2.54	2.60	2.85	2.90

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 44,033,402	\$ 44,601,247	\$ 45,565,173	\$ 47,257,387	\$ 53,165,345
Agricultural and Vacant	24,048,605	21,439,673	21,440,324	19,892,422	25,442,311
Residential (Owner Occupied)	250,019,353	242,361,220	240,409,267	237,825,689	287,991,746
Residential (Rental)	122,335,696	109,833,964	94,126,340	73,462,845	24,860,938
Certain Government Property Improvements	23,877	22,871	21,783	22,086	23,932
Total	\$ 440,460,933	\$ 418,258,975	\$ 401,562,887	\$ 378,460,429	\$ 391,484,272
Gross Full Cash Value	\$ 5,239,108,809	\$ 4,824,508,569	\$ 4,109,986,130	\$ 3,727,192,037	\$ 3,806,938,199
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	10%	10%	10%
Total Direct Rate	3.20	2.93	3.10	3.41	3.03

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Commercial, Industrial, Utilities and Mining	\$ 62,471,045	\$ 59,720,561	\$ 57,203,675	\$ 54,966,249	\$ 54,364,687
Agricultural and Vacant	36,252,098	35,741,633	36,512,032	38,414,858	40,683,034
Residential (Owner Occupied)	355,442,588	332,422,001	316,227,604	308,805,960	299,025,648
Residential (Rental)	197,114,258	187,056,849	175,707,814	156,816,925	149,441,766
Certain Government Property Improvements	<u>6,564</u>	<u>6,497</u>	<u>6,263</u>	<u>6,198</u>	<u>8,760</u>
Total	<u>\$ 651,286,553</u>	<u>\$ 614,947,541</u>	<u>\$ 585,657,388</u>	<u>\$ 559,010,190</u>	<u>\$ 543,523,895</u>
Gross Full Cash Value	\$ 6,458,710,338	\$ 6,104,459,780	\$ 5,805,077,022	\$ 5,537,420,496	\$ 5,366,544,805
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	5,972,692,960	5,626,893,437	5,349,583,226	5,090,318,123	4,935,903,973
Total Direct Rate	2.47	2.54	2.60	2.85	2.90

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 49,860,464	\$ 46,507,648	\$ 46,135,662	\$ 47,344,800	\$ 53,339,625
Agricultural and Vacant	37,058,068	30,144,392	26,939,000	21,437,446	25,583,800
Residential (Owner Occupied)	296,279,125	283,876,898	248,110,627	238,132,001	288,202,347
Residential (Rental)	146,422,700	130,692,073	98,080,883	73,736,256	24,870,210
Certain Government Property Improvements	<u>28,119</u>	<u>24,043</u>	<u>21,859</u>	<u>22,086</u>	<u>23,932</u>
Total	<u>\$ 529,648,476</u>	<u>\$ 491,245,054</u>	<u>\$ 419,288,031</u>	<u>\$ 380,672,589</u>	<u>\$ 392,019,914</u>
Gross Full Cash Value	\$ 5,239,108,809	\$ 4,824,508,569	\$ 4,109,986,130	\$ 3,727,192,037	\$ 3,806,938,199
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	4,837,341,883	4,471,583,911	3,764,162,119	3,389,701,309	3,446,823,820
Total Direct Rate	3.20	2.93	3.10	3.41	3.03

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

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

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

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

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

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

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

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates							District Direct Rates		
	State Equalization	County	Flood Control District	Community College District	Central Arizona Water	Town of Fountain Hills	East Valley Institute of Technology	Primary	Secondary	Total
	2022	0.43	1.35	0.18	1.23	0.14		0.05	1.89	0.58
2021	0.44	1.40	0.18	1.29	0.14		0.05	1.93	0.61	2.54
2020	0.46	1.40	0.18	1.33	0.14	0.34	0.05	1.96	0.64	2.60
2019	0.47	1.40	0.18	1.38	0.14	0.43	0.05	2.06	0.79	2.85
2018	0.49	1.40	0.18	1.41	0.14	0.43	0.05	2.13	0.76	2.90
2017	0.50	1.40	0.18	1.47	0.14	0.45	0.05	2.40	0.80	3.20
2016	0.51	1.36	0.16	1.49	0.14	0.52	0.05	2.10	0.82	2.93
2015	0.51	1.32	0.14	1.52	0.14	0.12	0.05	2.28	0.83	3.10
2014	0.51	1.28	0.14	1.53	0.14	0.28	0.05	2.55	0.85	3.41
2013	0.47	1.24	0.18	1.38	0.10	0.27	0.05	2.21	0.82	3.03

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

Note: The District's primary rate includes the additional school primary tax rate per ARS 15-992.

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2022</u>		<u>2013</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
EPCOR (Chaparral City Water Company)	\$ 4,138,502	0.73 %		
Park Place at Fountain Hills Property Holding	3,911,734	0.69		
Hunter Retail LLC	2,834,590	0.50		
WSL Fountain View Investors V LLC	2,381,056	0.42	\$ 1,774,797	0.47 %
Whitestone Fountain Hills LLC	2,154,289	0.38		
Target Corporation	1,473,987	0.26	1,336,527	0.35
MJFFH7 LLC	1,360,603	0.24		
FPACP4 Ridgeview LLC	1,360,603	0.24		
Smith's Food & Drug Centers Inc.	1,360,603	0.24	1,248,668	0.33
Fountain Hills Invest Co LLC C P #53-110233	1,360,603	0.24		
Chaparral City Water Company			3,311,880	0.87
Inland Western Fountain Hills Four Peaks LLC			3,053,666	0.80
J & R Holdings XX LLC			1,770,864	0.47
Firerock LLC			1,358,465	0.36
Qwest Corporation			1,339,990	0.35
EN LLC			1,286,664	0.34
Sun Tech development LLC			1,055,851	0.28
Total	<u>\$ 22,336,571</u>	<u>3.94 %</u>	<u>\$ 17,537,372</u>	<u>4.62 %</u>

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 11,949,906	\$ 11,797,175	98.72 %	\$	\$ 11,797,175	98.72 %
2021	12,464,843	12,455,891	99.93		12,432,057	99.74
2020	11,862,545	11,774,307	99.26	101,625	11,875,932	100.11
2019	11,862,798	11,359,114	95.75	474,350	11,833,464	99.75
2018	11,324,889	10,525,943	92.95	770,079	11,296,022	99.75
2017	12,699,865	11,750,018	92.52	917,477	12,667,495	99.75
2016	11,685,480	11,514,037	98.53	139,321	11,653,358	99.73
2015	12,614,183	11,669,394	92.51	943,898	12,613,292	99.99
2014	12,895,832	11,904,832	92.32	990,919	12,895,751	100.00
2013	11,886,869	11,005,892	92.59	880,942	11,886,834	100.00

Source: The source of this information is the 2021 Maricopa County Treasurer's records.

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

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

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income	
2022	\$ 6,735,000	\$ 1,080,000	\$ 5,655,000	0.09 %	\$ 205	\$ 6,735,000	0.10 %	\$ 244	N/A %	
2021	7,780,000	1,045,000	6,735,000	0.11	278	7,780,000	0.13	321	0.00	
2020	8,800,000	1,020,000	7,780,000	0.13	324	8,800,000	0.15	366	0.00	
2019	10,270,000	1,470,000	8,800,000	0.16	358	10,270,000	0.19	418	0.01	
2018	11,670,000	1,400,000	10,270,000	0.19	457	11,670,000	0.22	519	0.01	
2017	13,251,057	1,235,000	12,016,057	0.23	503	13,251,057	0.25	554	0.00	
2016	14,513,492	1,386,475	13,127,017	0.27	556	14,513,492	0.30	615	0.01	
2015	15,475,000	231,205	15,243,795	0.37	666	15,475,000	0.38	676	0.01	
2014	12,505,000	242,679	12,262,321	0.33	540	12,505,000	0.34	551	0.01	
2013	9,505,000	117,829	9,387,171	0.25	416	9,505,000	0.25	421	0.01	

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

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

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Maricopa County Community College District	\$ 250,065,000	1.18 %	\$ 2,950,767
Maricopa County Special Health Care District	657,695,000	1.18	7,760,801
City of Scottsdale	458,095,000	0.16	732,952
Eagle Mountain Community Facilities District	400,000	100.00	400,000
Via Linda Road Community Facilities District	610,000	48.60	296,460
Subtotal, Overlapping Debt			<u>12,140,980</u>
Direct:			
Fountain Hills Unified School District No. 98	6,735,000	100.00	<u>6,735,000</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 18,875,980</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		1.00 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 645	
As a Percentage of Net Limited Assessed Valuation		3.14 %
As a Percentage of Gross Full Cash Value		0.28 %

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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

Net full cash assessed valuation	\$ 651,286,553
Debt limit (20% of assessed value)	130,257,311
Debt applicable to limit	<u>6,735,000</u>
Legal debt margin	<u><u>\$ 123,522,311</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2022:

Net full cash assessed valuation	\$ 651,286,553
Debt limit (30% of assessed value)	195,385,966
Debt applicable to limit	<u>6,735,000</u>
Legal debt margin	<u><u>\$ 188,650,966</u></u>

Fiscal Year Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt Limit	\$ 195,385,966	\$ 184,484,262	\$ 175,697,216	\$ 167,703,057	\$ 163,057,169
Total net debt applicable to limit	<u>6,735,000</u>	<u>7,780,000</u>	<u>8,800,000</u>	<u>10,270,000</u>	<u>11,670,000</u>
Legal debt margin	<u><u>\$ 188,650,966</u></u>	<u><u>\$ 176,704,262</u></u>	<u><u>\$ 166,897,216</u></u>	<u><u>\$ 157,433,057</u></u>	<u><u>\$ 151,387,169</u></u>
Total net debt applicable to the limit as a percentage of debt limit	3%	4%	5%	6%	7%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 158,894,543	\$ 147,373,516	\$ 125,786,409	\$ 114,201,777	\$ 117,605,974
Total net debt applicable to limit	<u>13,251,057</u>	<u>14,513,492</u>	<u>15,475,000</u>	<u>12,505,000</u>	<u>9,505,000</u>
Legal debt margin	<u><u>\$ 145,643,486</u></u>	<u><u>\$ 132,860,024</u></u>	<u><u>\$ 110,311,409</u></u>	<u><u>\$ 101,696,777</u></u>	<u><u>\$ 108,100,974</u></u>
Total net debt applicable to the limit as a percentage of debt limit	8%	10%	12%	11%	8%

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2021	4,507,419	\$ 268,713,717	\$ 59,759	4.5 %	27,606
2020	4,367,835	222,943,072	49,704	7.7	24,225
2019	4,294,460	210,370,180	47,694	4.0	24,029
2018	4,221,684	197,718,381	45,667	4.1	24,583
2017	4,137,076	186,631,841	43,825	4.2	22,489
2016	4,152,800	280,988,100	43,628	4.6	23,899
2015	4,167,947	270,806,700	42,092	5.4	23,602
2014	4,009,412	173,963,700	40,939	6.0	22,893
2013	3,824,058	166,847,300	39,301	5.6	22,695
2012	3,843,370	142,864,275	39,015	6.7	22,554

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

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

**FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2022</u>		<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Banner Health Systems	26,660	1.54 %	25,126	1.47 %
State of Arizona	24,990	1.44	52,076	3.05
Wal-Mart Stores Inc.	20,080	1.16	31,837	1.86
Fry's Food Stores	15,320	0.88		
Maricopa County	13,890	0.80	13,308	0.78
Wells Fargo Company	13,170	0.76	13,679	0.80
City of Phoenix	11,570	0.67	14,983	0.88
Amazon	11,440	0.66		
Arizona State University	11,360	0.66	12,222	0.71
Intel Corp.	11,350	0.66	11,000	0.64
Bank of America			12,500	0.73
JP Morgan Chase & Co			11,407	0.67
Total	<u>159,830</u>	<u>9.23 %</u>	<u>198,138</u>	<u>11.59 %</u>
Total employment	<u>1,731,830</u>		<u>1,710,000</u>	

Source: The source of this information is the 2022 Maricopa Association of Governments Employer Database and the 2012 Business Journal Book of Lists.

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Supervisory					
Consultants/supervisors of instruction	2	1			
Principals	3	3	3	3	3
Assistant principals	2	2	1	1	1
Total supervisory	<u>9</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>4</u>
Instruction					
Teachers	76	67	73	71	72
Other professionals (instructional)	5	7	7	7	7
Aides	15	30	20	20	20
Total instruction	<u>96</u>	<u>104</u>	<u>100</u>	<u>98</u>	<u>99</u>
Student Services					
Librarians	2	1			
Technicians	3	11	10	10	10
Total student services	<u>12</u>	<u>12</u>	<u>10</u>	<u>10</u>	<u>10</u>
Support and Administration					
Food Service workers	17		5	5	5
Other classified	34	37	32	32	32
Total support and administration	<u>51</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>
Total	<u><u>168</u></u>	<u><u>159</u></u>	<u><u>151</u></u>	<u><u>149</u></u>	<u><u>150</u></u>

(Continued)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Supervisory					
Consultants/supervisors of instruction					
Principals	3	3	3	3	3
Assistant principals	1			2	2
Total supervisory	<u>4</u>	<u>3</u>	<u>3</u>	<u>5</u>	<u>5</u>
Instruction					
Teachers	73	91	94	103	108
Other professionals (instructional)	5	9	11	11	11
Aides	20	20	17	29	28
Total instruction	<u>98</u>	<u>120</u>	<u>122</u>	<u>143</u>	<u>147</u>
Student Services					
Librarians					
Technicians	10	10	11	11	11
Total student services	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>11</u>
Support and Administration					
Food Service workers	5	5	5	5	8
Other classified	32	30	30	40	59
Total support and administration	<u>37</u>	<u>35</u>	<u>35</u>	<u>45</u>	<u>67</u>
Total	<u><u>149</u></u>	<u><u>168</u></u>	<u><u>171</u></u>	<u><u>204</u></u>	<u><u>230</u></u>

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

(Concluded)

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2022	1,192	\$ 13,741,445	\$ 11,528	2.17 %	\$ 16,594,998	\$ 13,922	5.53 %	76	15.7	26.1 %
2021	1,239	13,979,408	11,283	8.32	16,344,955	13,192	11.26	67	18.5	23.0
2020	1,314	13,686,785	10,416	6.38	15,580,026	11,857	11.79	73	18.0	25.9
2019	1,335	13,071,075	9,791	4.04	14,160,046	10,607	3.94	71	18.8	25.9
2018	1,359	12,789,330	9,411	5.09	13,868,041	10,205	(0.43)	72	18.9	24.2
2017	1,444	12,930,659	8,955	2.97	14,798,718	10,248	(1.95)	73	19.8	26.0
2016	1,506	13,096,327	8,696	(4.54)	15,740,632	10,452	2.64	91	16.5	35.0
2015	1,619	14,748,338	9,110	8.93	16,485,688	10,183	(3.28)	94	17.2	31.0
2014	1,692	14,149,944	8,363	5.74	17,814,160	10,528	12.48	103	16.4	28.0
2013	1,820	14,394,509	7,909	(2.55)	17,035,631	9,360	(3.57)	108	16.9	47.0

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

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

FOUNTAIN HILLS UNIFIED SCHOOL DISTRICT NO. 98
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Schools</u>										
Elementary										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	146,473	146,473	146,473	146,473	146,473	146,473	146,473	146,473	146,473	146,473
Capacity	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385
Enrollment	275	275	639	639	639	870	870	870	870	870
Middle										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	116,394	116,394	116,394	116,394	116,394	116,394	116,394	116,394	116,394	116,394
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	455	455	372	372	372	511	511	511	511	511
High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	195,845	195,845	200,620	200,620	200,620	200,620	200,620	200,620	200,620	200,620
Capacity	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582	1,582
Enrollment	504	504	601	601	601	758	758	758	758	758
Other										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828	5,828
<u>Administrative</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	8,022	8,022	8,022	8,022	8,022	8,022	8,022	8,022	8,022	8,022
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	18	18	23	23	23	23	23	23	23	23
<u>Athletics</u>										
Football fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	1	1	1	1	1	1	1	1	1	1
Running tracks	2	2	2	2	2	2	2	2	2	2
Baseball/softball	2	2	2	2	2	2	2	2	2	2
Playgrounds	1	1	1	1	1	1	1	1	1	1

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

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