



# Annual Comprehensive Financial Report

for fiscal year ended June 30, 2024



**City of Tempe, Arizona**  
**Annual Comprehensive Financial Report**  
For the Fiscal Year Ended  
June 30, 2024



**City Council:**

Corey Woods, Mayor  
Doreen Garlid, Vice Mayor  
Arlene Chin  
Berdetta Hodge  
Randy Keating  
Jennifer Adams  
Nikki Amberg

**Administrative Staff:**

Rosa Inchausti, City Manager

**Presented by:**

Lisette Camacho, CPA, Deputy City Manager, CFO



# Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

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This section provides general information on the government's structure and information useful in assessing the City's financial condition.

## **Introductory Section**



CITY OF TEMPE  
P.O. BOX 5002  
20 EAST SIXTH STREET  
TEMPE, AZ 85281  
480.350.8350

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CITY MANAGER'S OFFICE

December 11, 2024

To the Honorable Mayor, Members of the City Council and Residents of the City of Tempe, Arizona:

The Annual Comprehensive Financial Report, including the Independent Auditor's Report, for the fiscal year ended June 30, 2024 is submitted in accordance with Article V of the City Charter for your review. Responsibility for the accuracy and completeness of the presented data, including all disclosures, rests with management. To the best of our knowledge and belief, this report is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This Annual Comprehensive Financial Report (ACFR) represents management's report to its governing body, constituents, legislative and oversight bodies, investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, nationally recognized municipal securities information repositories and other agencies that have expressed an interest in Tempe's financial condition. Copies of this financial report will also be placed in the City library and be placed on the City of Tempe's web site at <https://www.tempe.gov/government/financial-services/open-book> for use by the general public.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of the basic financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The accounting firm of Heinfeld, Meech & Co., P.C., an independent certified public accounting firm, performed the City's annual financial statement audit. The auditor's unmodified "clean" Independent Auditor's Report on the financial statements is included in the financial section of this report. The City's independent auditors also perform the Single Audit of the City's federal grant programs. The Single Audit Report is issued separately from this financial report and is available upon request.

Generally Accepted Accounting Principles (GAAP) 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 MD&A can be found immediately following the Independent Auditors' Report.

## **CITY OF TEMPE PROFILE**

**History** - Tempe's history dates back to 1867 when Mr. Charles T. Hayden, father of former U.S. Senator Carl Hayden, constructed a cable ferry on the then uncontrollable waters of the Salt River. In 1871, Mr. Hayden and four others organized the Hayden Milling operations and related agricultural enterprises. Soon after, the Town of Hayden's Ferry was founded. The name of the town was changed from Hayden's Ferry to Tempe in 1880 and was incorporated in 1894.

**Current Profile** - The boundaries of Tempe encompass an area approximately 40 square miles with an estimated population of 186,000 residents. Tempe offers more than 330 days of sunshine each year with rainfall amounts of approximately 7 inches a year. The City is located in Maricopa County, Arizona and is bordered by the cities of Phoenix, Scottsdale, Mesa, Chandler and the Town of Guadalupe. Tempe is surrounded by five major freeways and is only minutes away from Phoenix Sky Harbor International Airport, making it the most accessible City in the metropolitan Phoenix area.

**Government and Organization** - On October 19, 1964, the electors in accordance with Arizona State Law ratified a Home Rule City Charter. The City operates under a Council-Manager form of government. The Mayor is elected for four years and six Council Members are elected at large on a non-partisan ballot for staggered four-year terms. The City Council appoints the City Manager who has full responsibility for carrying out Council policies and administering City operations. The City provides services as authorized by its charter including: public safety (police, fire, building inspection), highways and streets, public transit, sanitation, water and wastewater, cultural-recreational, human services, community development and general administration. The Rio Salado Community Facilities District is a separate component unit of the City and facilitates the development around Tempe Town Lake.

**Budgetary Controls** - The City maintains budgetary controls that are designed to ensure compliance with budgetary and legal provisions embodied in the annually appropriated operating and capital project budgets approved by the City Council. Activities of the General Fund, Special Revenue Funds, General Obligation Debt Service Fund, Special Assessments Debt Service Fund, and Proprietary Funds are included in the annually appropriated operating budget. Project-length budgets are developed for capital projects and appropriated annually in the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the city-wide level consisting of the total operating budget and the total capital projects budget, as adopted by the City Council. However, for budget administrative purposes, the City maintains budgeting controls at department appropriation levels. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order. As part of the annual budgeting process, encumbrances outstanding at each fiscal year end are re-appropriated through City Council action in order to be included in the adopted budget of the following year.

## **LOCAL ECONOMY**

Tempe maintains one of the most thriving economic environments in the country. The local economy is based primarily on commercial and retail trade, higher education, manufacturing, and tourism. Top research firms, Fortune 500 companies, and start-ups make up Tempe's economic fabric. The City is also the home of Arizona State University, which is one of the largest institution of higher education in the United States and the largest employer in the City. Each of these provides the City with a strong and diversified tax base.

Tourism plays an important role in the City's local economy, offering a wide range of accommodations, restaurants, and attractions. Tempe hosts spring training for the Los Angeles Angels Major League Baseball team, Ironman Arizona Triathlon, Pat's Run, and the Rock 'N' Roll Arizona Marathon and 1/2 Marathon. Also popular are the City's spring and fall Festival of the Arts, featuring more than 350 artists' booths, entertainment, food vendors, and free admission. The Festival of the Arts attracts approximately 150,000 visitors over the three-day weekend. Adjacent to Tempe Town Lake, the Tempe Center for the Arts features a 600-seat performance theater, visual arts gallery, and meeting facilities.

Commercial and residential development activities continue to provide substantial increases in construction sales tax revenues, and development remains above the long-term historical performance stabilizing Tempe's revenues. Additionally, current, long-term memoranda of understanding with the City's four employee groups should stabilize personnel cost increases. Although inflationary pressures have eased over the past twelve months, worker shortages and supply chain issues continue to put pressure on the overall economy.

On August 1, 2023, Senate Bill 1131 was signed into law. Effective January 1, 2025, Arizona cities and towns are prohibited from taxing residential rental activities. Early estimates indicate recurring sales tax revenue reductions of approximately 9% in the City's General Fund, Transit Fund, and Arts and Culture Fund, or approximately \$21 million across all funds. To address the residential rental sales tax loss, budget reduction measures will be necessary in both the General Fund and the Transit Fund.

The City prepares a long-term forecast in November and February of each year to determine the financial health of the City's major operating funds. The latest revenue forecast in February 2024 indicated the City's overall financial condition continues to be strong and stable. The revenue forecast included the loss of residential rental sales tax, which impacts local taxes. All remaining local tax category remain stable over the forecast period. The forecasted fund balances for all other major funds will be within policy levels.

### Sales Tax

The largest source of revenue for Tempe's governmental operating funds, sales tax revenue, is driven by taxable sales tax activities. Sales tax revenue represented 49.0% of total General Fund revenues for the fiscal year. Despite the economic impact of the pandemic primarily being felt in the fiscal years 2020 and 2021, taxable sales recovered in fiscal year 2022 to pre-pandemic levels. Taxable sales increased in 2020 (3.2%), 2021 (3.1%), 2022 (17.3%) and 2023 (4.7%). In fiscal year 2024, taxable sales decreased slightly by 0.9% and overall General Fund sales tax revenues were essentially flat at \$151.6 million.

### State-Shared Revenue

Starting in fiscal year 2017, the population figures used for the distribution of state shared revenues to all incorporated cities and towns in the state are the official U.S. Census Bureau population estimate for each city and town as of July 1 of the prior year, except in the year following a decennial census. The fiscal year 2024 shared revenue allocations were based on the 2020 Decennial Census and Tempe's relative share of the state's total population declined and is approximately 3%. State-shared revenues consist of state sales tax, state income tax and auto lieu tax revenues. Total General Fund State-shared revenues from these three revenue sources totaled \$86.8 million, which represents a \$15.5 million increase, or 21.8%.

### Property Tax

The city continues to experience continued overall improvement in assessed valuations of taxable property which is the basis for property tax revenue assessments. Additionally, Tempe's largest electric utility, Salt River Project, contributes an in-lieu property tax to the City. Overall, property tax revenues slightly decreased by \$551 thousand (0.9%) over the prior year. Property taxes comprised approximately 7.8% of total General Fund revenues for the fiscal year.

### Federal Grants

The City has experienced significant Federal grant revenue impacts due to the COVID-19 pandemic. During fiscal year 2020, the City was awarded \$22.5 million in Coronavirus Relief Fund (CRF) funding to offset the economic impact of COVID-19. Of this amount, a total of \$11.9 million was recognized as revenue in the *General Fund* and funded public safety costs due to the pandemic for fiscal year 2020 with the remaining \$10.6 million in CRF federal grant revenue recognized in fiscal year 2021.

During fiscal year 2021, the City was awarded an additional \$45.9 million from the American Rescue Plan Act, \$22.9 was received in fiscal year 2022 and \$22.9 million was received in fiscal year 2023. Of this amount, a total of \$22.8 million was recognized as revenue in fiscal year 2023 in the Community Development Capital Projects Fund with \$11.6 remaining for future use consistent with requirements set forth by the US Treasury Department.

## **LONG-TERM FINANCIAL PLANNING**

The City prepares a five-year, comprehensive long-range financial forecast for each of its major operating funds in the fall and spring of each fiscal year. In addition, the city annually updates the debt management plan. These forecasts are critical to identifying and establishing the budgetary parameters that guide management and policy makers in the budget allocation process. The forecast provides a long-term view of how current-year decisions will impact the City of Tempe's future finances and is consistent with the City Council's stated strategic priority of achieving long-term financial stability and vitality.

Despite the loss of residential rental tax (effective January 1, 2025), the latest forecast conservatively projects a modest growth in sales taxes, property taxes and State-shared revenues in fiscal year 2025. Fortunately, Tempe's economy continues to outperform the forecasts for state and regional growth. Tempe's retail and development activities are projected to continue to outperform our surrounding cities for the near term. Revenue related to building permits, plan reviews and other development-related activities are projected to remain relatively stable. Additionally, the recent Federal Reserve interest rate increases have resulted in increased interest income from the City's cash and investments.

## CITY COUNCIL STRATEGIC PRIORITIES



Safe & Secure  
Communities



Strong Community  
Connections



Quality of Life



Sustainable Growth  
& Development



Financial Stability  
& Vitality

Realization of the City Council's strategic priorities for Tempe is ongoing. During the year, city departments, led by the Office of Strategic Management and Diversity, continued working collaboratively to align City operations and measure actual progress towards achieving the identified strategic priorities which are as follows:

- *Safe and Secure Communities* -- Ensuring a safe and secure community through a commitment to public safety and justice.
- *Strong Community Connections* -- Developing and maintaining a strong community connection by emphasizing the importance of open government, customer service and communication with community members.
- *Quality of Life* -- Enhancing the quality of life for all Tempe residents and workers through investment in neighborhoods, parks, the arts, human services, and city amenities, with an emphasis on equity and diversity.
- *Sustainable Growth & Development* -- Implementing sustainable growth and development strategies to improve Tempe's environment, quality of life and economic outcomes. Tempe strives to make long-term generational investments in technology, infrastructure and public transit that create a safe, clean, equitable and healthy city.
- *Financial Stability and Vitality* -- Maintaining long-term financial stability and vitality by focusing on economic development, business retention and generating employment to create a robust and diverse economic base.

The associated performance measures, which continue to evolve, reflect the various strategies by which achievement of the strategic priorities will be made possible. The strategic priorities and associated performance measures are incorporated into the decision-making processes within the City. To the extent possible, public meeting agenda items requiring explicit council direction and/or action must identify the related strategic priorities. This continued to be the case during the development of both the fiscal year 2023/24 Annual Operating Budget as well as the Five-Year Capital Improvement Program Budget. Additionally, many non-budgetary decisions of the City Council during the year were made within the context of the identified strategic priorities.

Important tools utilized in the continual evolution of strategic planning are three separate biennial surveys of the community, businesses and employees. Another tool used to align the budget with City Council priorities is the Strategic Tool for Aligning Resources for Tempe (START). This tool provides the Mayor and Council an early opportunity to communicate the areas of focus for the upcoming budget year. In March 2023, using the START Tool, the City Council identified 15 performance measures to accelerate during fiscal year 2024. This was used as a guide in the budget development process and the areas of focus are summarized as follows:

- Ending Homelessness (3.28)
- Pavement Quality Index (1.22)
- Feeling of Safety in Parks (1.23)
- Housing Inventory Ratio (4.09)
- Police Services Satisfaction (1.07)
- Quality of City Services (3.36)
- Tree and Shade Canopy (4.11)
- Quality Pre-K Enrollment (3.06)
- Disability Social Inclusion (3.13)
- Feeling of Safety in Your Neighborhood (1.05)
- City Website Satisfaction (2.04)
- High School Graduation Rate (3.08)
- Employee Turnover (5.07)
- Kid Zone Participation (5.07)

- Transportation System Satisfaction (3.29)

To ensure transparency, the progress towards the achievement of the identified strategic priorities and performance measures are openly displayed through dashboards on the city's public-facing website. These dashboards also assist in fostering improved accountability to the residents of Tempe.

## FINANCIAL POLICIES

The City's financial policies provide a general framework of goals and objectives for the operating budget, debt management, financial reserves, financial reporting and the capital budget. Strong policies provide a standard for measuring current budgetary performance and evaluating proposals for future programs. Notable policies to ensure financial stability are summarized as follows:

- Revenue and expenditures will be projected for the next five years and will be updated biannually.
- Long-term debt will not be issued to finance current operations. Capital projects financed through the issuance of bonds will be financed for a period not to exceed the expected useful life of the project.
- The City will coordinate development of a five-year capital improvements budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
- Unassigned fund balance coverage for the *General Fund* will maintain a range of 20% to 30% of General Fund revenue.
- The City will maintain an unrestricted fund balance of no less than 25% of current revenue, plus 2% of the gross book value of tangible assets in the *Water and Wastewater Fund*, and a minimum of 15% of anticipated revenue in the *Solid Waste*.
- The City will maintain total fund balance in the *Transit Special Revenue Fund* of at least 25% of current revenue operating revenues, 10% of current year operating revenues for the *Highway User Revenue Special Revenue Fund* and 10% for the *Arts and Culture Fund*.
- Annual property tax levy increase for existing property shall not exceed the lesser of inflation or 3.3%.

## MAJOR INITIATIVES

### Homeless Solutions

The City is committed to five strategic priorities that enhance the lives of all in Tempe. Achieving an end to homelessness is one measure of improving community quality of life. The City has invested heavily to serve those in need and is committed to making homelessness a rare, brief and one-time experience in our community. To do that, the city offers a comprehensive system of support that includes: street outreach, case management, connection to social services, crisis response, mental health resources, emergency and transitional shelter, and housing.

The City's Homeless Solutions Task Force includes Human Services, Community Services, Tempe Police, Tempe Fire Medical Rescue, the City Attorney's office, Tempe Municipal Court, and Communication and Media Relations. The task force addresses topics such as:

- Encampments in desert parks and preserves
- Annual Point-in-Time Homeless Count
- Emergency shelter
- Healthy Giving
- Heat relief
- Park safety and community wellness

### Affordable Housing

The Hometown for All initiative was introduced by Mayor Woods and approved by the City Council in 2021. Hometown for All provides a dedicated funding stream to accelerate the growth of affordable and workforce housing to ensure that Tempe has a variety of housing types.

For every new development project built in Tempe, an amount equivalent to 50% of certain permitting fees paid to the city's General Fund goes to support the nonprofit Tempe Coalition for Affordable Housing. Those funds are used to purchase land and properties and reimagine city-owned parcels for future development.



### American Rescue Plan Act - Update

In the spring of 2021, the City was notified of the pending receipt of \$46 million in Coronavirus State and Local Fiscal Recovery Funds as part of the recently passed American Rescue Plan Act (ARPA). Based on Council direction, the entire \$46 million was allocated in the City's capital program to fund crucial infrastructure projects in the prior fiscal year 2022 and 2023 and the current fiscal year 2024.

## **AWARDS AND ACKNOWLEDGMENTS**

### **Certificates of Achievement**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City for its Annual Comprehensive financial report for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in the preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive financial report, whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last forty-eight consecutive years (fiscal years 1975/76 through 2022-2023). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for award consideration.

In further demonstration of its' commitment to financial excellence, the City also received the GFOA's **Distinguished Budget Presentation Award** for the FY 2023-24 annual budget and the National Purchasing Institute's **Achievement of Excellence in Procurement Award** for FY 2023-24.

### **Acknowledgment**

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Financial Services' Accounting Division and the competent service of our independent auditors. Credit also must be given to the Mayor and City Councilmembers for their continued support for maintaining the highest standards of professionalism in the management of the City of Tempe's finances. For all those involved, we express our sincerest appreciation.

Respectfully submitted,

Rosa Inchausti  
City Manager

Lisette Camacho, CPA  
Deputy City Manager



Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting

Presented to

**City of Tempe Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



For the Fiscal Year  
Ended June 30, 2024

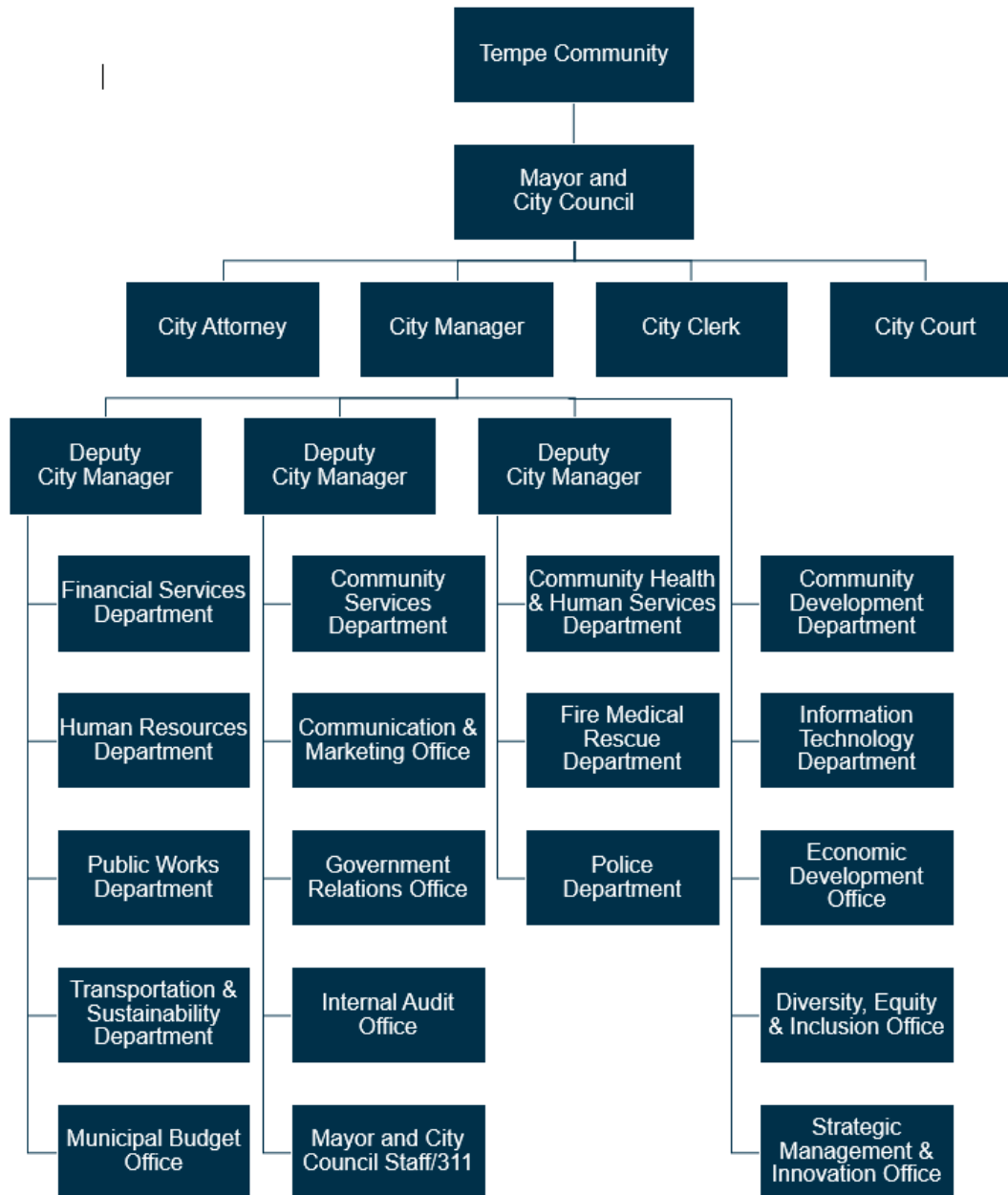
## **City of Tempe, Arizona List of Principal Officials**

### **City Council**

Corey Woods, Mayor  
Doreen Garlid, Vice Mayor  
Arlene Chin  
Berdetta Hodge  
Randy Keating  
Nikki Amberg  
Jennifer Adams

### **Administrative Staff**

Rosa Inchausti, City Manager  
Lisette Camacho, Deputy City Manager  
Keith Burke, Deputy City Manager  
Chief Greg Ruiz, Deputy City Manager/Fire Chief  
Craig Hayton, Community Services  
Tara Ford, Public Works  
Jeffrey Tamulevich, Community Development  
Tim Burch, Community Health and Human Services  
Kevin Kane, Municipal Court  
Sonia Blaine, City Attorney  
Bill Greene, Internal Audit Office  
Julie Hietter, Municipal Budget Office  
Mike DiDomenico, Economic Development Office  
Wydale Holmes, Innovation and Strategic Management Office  
Kara DeArrastia, City Clerk and Elections  
Laura Calder, Financial Services  
Jared Morris, Information Technology  
Rebecca Strisko, Human Resources



This section contains the independent auditor’s report, management’s discussion and analysis, and basic financial statements. Also included are financial statements for individual funds and a component unit for which data is not provided separately in the basic financial statements, and other useful supplementary information.

## Financial Section



## Independent Auditor's Report

Honorable Mayor and Members of the City Council  
City of Tempe, Arizona

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tempe, Arizona (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tempe, Arizona, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Tempe, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 City'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 City'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 City'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, and other postemployment benefit plan 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 City'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 December 11, 2024, on our consideration of City of Tempe, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tempe, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tempe, Arizona's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 11, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Tempe's (the City) *Annual Comprehensive Financial Report* presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources this fiscal year by \$1.1 billion (net position). This is an increase of \$28.8 million over the prior year's net position primarily due to a \$15.8 million increase in state income tax revenues. Of the City's net position, \$335.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- For the fiscal year ended June 30, 2024, the City's governmental activities revenues increased by \$15.7 million to \$517.9 million. This was primarily due to increases of \$15.8 million in *intergovernmental revenues* and \$3.0 million in *operating grants and contribution*. Expenses increased by \$36.1 million mainly due to an increase in *Transportation* of \$21.2 million, \$13.7 million in *community enrichment*, and \$4.2 million in *public safety*.
- At June 30, 2024, the City's governmental funds reported combined ending fund balances of \$406.6 million. Approximately 58% of this total amount (\$234.7 million) was for spending at the government's discretion (committed, assigned, or unassigned).
- At June 30, 2024, total fund balance for the General Fund was \$165.6 million, which represents a decrease of \$6.1 million over the prior year's fund balance. Revenues increased by \$34.7 million, this is primarily due to a \$18.3 million increase in intergovernmental revenues. Expenditures increased by \$32.6 million, mainly due to an increase of \$5.1 million in *community enrichment* and \$12.4 million in public safety.
- At June 30, 2024, the City's enterprise funds reported combined total net position of \$277.2 million, and total unrestricted net position of \$139.1 million. Of this total, \$132.8 million of the unrestricted net position was in the Water and Wastewater Fund.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains **required supplementary information** and **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 City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City'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 City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the current 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 periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, general government, transportation, criminal justice, and community enrichment. The business-type activities of the City include water and wastewater, solid waste, and emergency medical transportation, and golf operations (closed in fiscal year 2023-2024).

Included within the government-wide financial statements are the operations of the Rio Salado Community Facilities District. Although legally separate from the City, this component unit is blended with the primary government (the City) because of its governance or financial relationships with the City.

## FUND FINANCIAL STATEMENTS

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into the following three categories: **governmental**, **proprietary**, and **fiduciary**.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on near-term inflows and outflows of spendable resources and spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Other than the General Fund, the City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Transit Special Revenue Fund, General Obligation Debt Service Fund, and the Community Development Capital Projects Fund which are all considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City's annual budget is the legally adopted expenditure control document of the City. The legally adopted budget is at a citywide level that includes all Governmental and Enterprise Funds. A budget schedule at the citywide level is presented in the Required Supplementary Information Section. The



schedule compares the original adopted budget, the budget as amended throughout the year, and the actual expenditures prepared on a budgetary basis.

**Proprietary funds.** Proprietary funds are generally used to account for services provided to customers to whom the City charges user fees that are designed to fully recover the cost of providing the service. Proprietary fund statements provide the same type of information shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater, solid waste, emergency medical transportation and golf course operations. Water and wastewater fund was considered a major fund of the City.
- **Internal Service funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its employee and retiree health insurance programs, its workers' compensation claims, and its risk management services including general liability and property liability claims. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City uses a fiduciary fund to account for other post-employment benefits provided to retirees. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## COMBINING STATEMENTS

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the *Notes to the Financial Statements*.

## GOVERNMENT-WIDE STATEMENTS FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 1,019,021,461	\$ 1,022,379,528	\$ 265,901,988	\$ 260,452,937	\$ 1,284,923,449	\$ 1,282,832,465
Capital assets, net	868,049,848	815,912,432	438,876,051	410,526,682	1,306,925,899	1,226,439,114
Total assets	1,887,071,309	1,838,291,960	704,778,039	670,979,619	2,591,849,348	2,509,271,579
<b>Total deferred outflows of resources</b>	84,797,039	82,674,209	7,750,221	10,121,088	92,547,260	92,795,297
<b>Liabilities</b>						
Long-term liabilities	1,007,315,901	981,679,307	382,079,031	367,747,072	1,389,394,932	1,349,426,379
Other liabilities	122,274,453	120,627,911	51,129,833	47,531,170	173,404,286	168,159,081
Total liabilities	1,129,590,354	1,102,307,218	433,208,864	415,278,242	1,562,799,218	1,517,585,460
<b>Total deferred inflows of resources</b>	43,935,387	35,953,403	2,162,943	1,807,233	46,098,330	37,760,636
<b>Net position</b>						
Net investment in capital assets	441,875,868	435,421,987	102,002,361	97,816,016	543,878,229	533,238,003
Restricted	160,088,789	141,175,028	36,091,495	25,963,094	196,180,284	167,138,122
Unrestricted	196,377,950	206,108,533	139,062,597	140,236,122	335,440,547	346,344,655
Total net position	\$ 798,342,607	\$ 782,705,548	\$ 277,156,453	\$ 264,015,232	\$ 1,075,499,060	\$ 1,046,720,780

### ANALYSIS OF NET POSITION

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.1 billion and \$1.0 billion as of June 30, 2024 and 2023, respectively.

The largest portion of the City's net position reflects its investment in capital assets (i.e. land, buildings, infrastructure, improvements, machinery and equipment and construction in progress) less any related debt used to acquire those assets. The net position invested in capital assets, net of related debt was \$543.9 million and \$533.2 million at June 30, 2024 and 2023, respectively. These totals represent 50.6% and 50.9% of total net position at June 30, 2024 and 2023, respectively. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related 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 liquidated for these liabilities.

An additional portion of the City's net position represents resources that are subject to external restriction on their usage. The net position subject to external restrictions was \$196.2 million (18.2% of total net position) at June 30, 2024. At June 30, 2023 restricted net position was \$167.1 million (16.0% of total net position). The remaining balance of net position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The total balance of unrestricted net position was \$335.4 million (31.2% of total net position) and \$346.3 million (33.1% of total net position) at June 30, 2024 and 2023, respectively.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the governmental as well as for the business-type activities as a whole. The same situation held true for the previous fiscal year.

## ANALYSIS OF CHANGE IN NET POSITION

The City's total net position increased by \$28.8 million during the current fiscal year. These changes in net position are explained in the governmental and business-type activities discussion below.

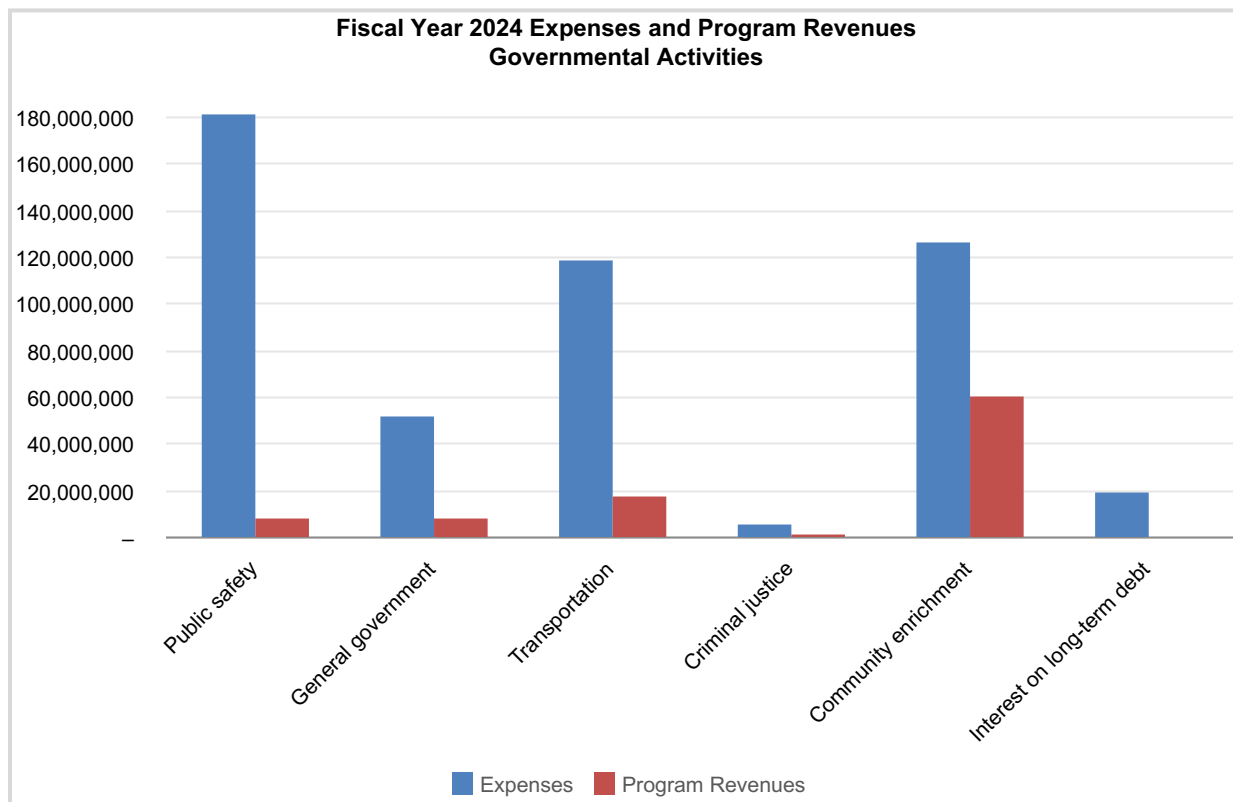
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 57,137,093	\$ 57,503,124	\$ 128,150,321	\$ 123,803,981	\$ 185,287,414	\$ 181,307,105
Operating grants and contributions	39,108,463	36,149,703	-	-	39,108,463	36,149,703
Capital grants and contributions	11,887,956	22,911,000	-	-	11,887,956	22,911,000
General revenues:						
Sales taxes	220,706,908	222,221,888	-	-	220,706,908	222,221,888
Intergovernmental revenue, unrestricted	100,839,012	84,994,033	-	-	100,839,012	84,994,033
Property taxes	63,045,369	63,596,741	-	-	63,045,369	63,596,741
Franchise taxes	3,255,826	2,742,874	-	-	3,255,826	2,742,874
Unrestricted investment earnings (loss)	9,260,955	4,594,728	7,175,090	1,866,714	16,436,045	6,461,442
Miscellaneous	12,670,187	7,524,676	730,341	697,005	13,400,528	8,221,681
Total revenues	517,911,769	502,238,767	136,055,752	126,367,700	653,967,521	628,606,467
<b>Expenses</b>						
General government	52,332,996	57,489,311	-	-	52,332,996	57,489,311
Public safety	181,268,814	177,106,183	-	-	181,268,814	177,106,183
Transportation	119,214,368	98,054,788	-	-	119,214,368	98,054,788
Criminal justice	5,769,865	5,417,328	-	-	5,769,865	5,417,328
Community enrichment	126,782,592	113,071,086	-	-	126,782,592	113,071,086
Interest on long-term debt	19,891,073	18,057,610	-	-	19,891,073	18,057,610
Water and wastewater	-	-	92,323,601	96,368,865	92,323,601	96,368,865
Solid waste	-	-	20,428,137	21,167,692	20,428,137	21,167,692
Emergency medical transportation	-	-	7,005,235	6,907,615	7,005,235	6,907,615
Golf course	-	-	172,560	3,554,898	172,560	3,554,898
Total expenses	505,259,708	469,196,306	119,929,533	127,999,070	625,189,241	597,195,376
Increase in net position before transfers and special item	12,652,061	33,042,461	16,126,219	(1,631,370)	28,778,280	31,411,091
Transfers and special item	2,984,998	(65,221,375)	(2,984,998)	(34,658,732)	-	(99,880,107)
Change in net position	15,637,059	(32,178,914)	13,141,221	(36,290,102)	28,778,280	(68,469,016)
Net position- beginning	782,705,548	814,884,462	264,015,232	300,305,334	1,046,720,780	1,115,189,796
Net position- ending	\$ 798,342,607	\$ 782,705,548	\$ 277,156,453	\$ 264,015,232	\$ 1,075,499,060	\$ 1,046,720,780

**Governmental activities.** The governmental net position increased by \$15.6 million for the fiscal year ended June 30, 2024 compared to a \$32.2 million decrease in net position for the fiscal year ended June 30, 2023. Overall, revenues increased by \$15.7 million or 3.1%, and expenses increased by \$36.1 million or 7.7% compared to the fiscal year ended June 30, 2023.

The key factors contributing to the change in net position compared to the prior year are as follows:

- *Intergovernmental revenues* increased by \$15.8 million or 18.6% due to an increase in state income tax as the economy continued to recover from the pandemic.
- Total program expenses increased by \$36.1 million due primarily to increased maintenance and repair expenditures in transportation of \$21.2 million and in *community enrichment* of \$13.7 million.
- Fiscal year 2023 recognized a one time special item of \$65.2 million for the write-off of certain construction in progress projects.

The following charts, over the next few pages, illustrate the City's governmental expenses and program revenues by function and its revenues by source for the current fiscal year:



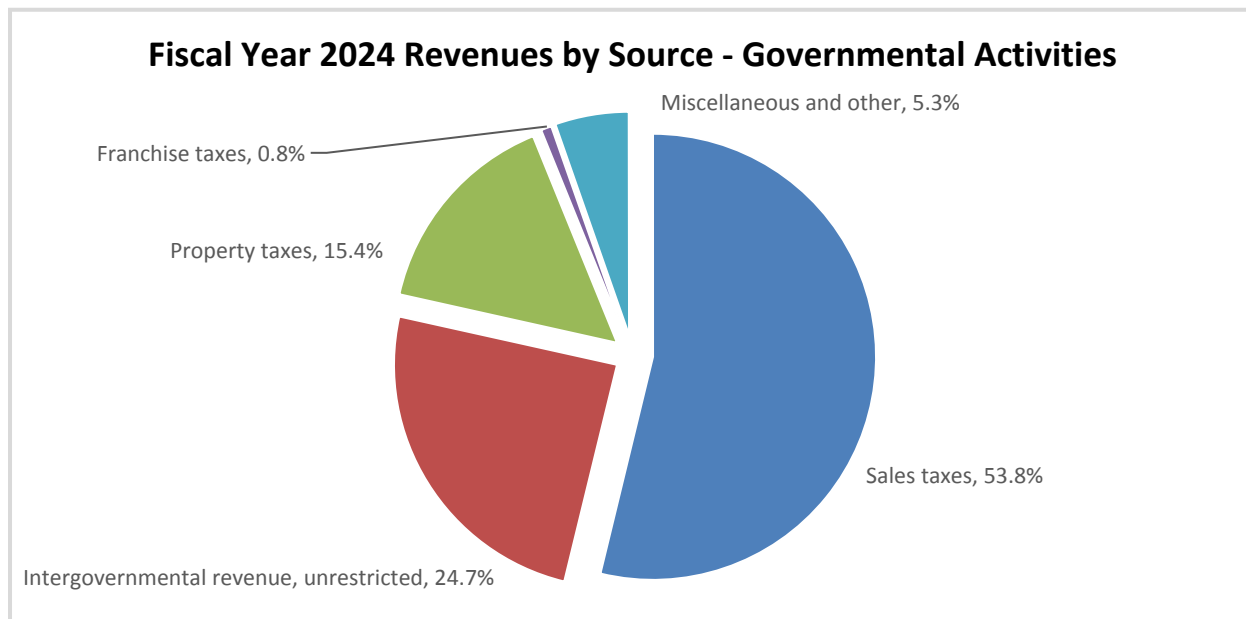
A comparison of expenses by function and the percentage of total expenses for the largest functions are presented in the chart. As stated earlier, total expenses for the City's governmental activities increased from the prior year by \$36.1 million (7.7%). The main function which experienced the increase was *transportation* totaling \$21.2 million and *community enrichment* totaling \$13.7 million.

	Fiscal Year Ended			
	June 30, 2024		June 30, 2023	
Public safety	\$181,268,814	35.9%	\$177,106,183	37.7%
Criminal justice	5,769,865	1.1	5,417,328	1.2
General government	52,332,996	10.4	57,489,311	12.3
Transportation	119,214,368	23.6	98,054,788	20.9
Community enrichment	126,782,592	25.1	113,071,086	24.1

General revenues such as *sales taxes, property taxes unrestricted investment earnings, intergovernmental revenue- unrestricted, miscellaneous and other and franchise taxes* are not shown by program but are effectively used to support program activities citywide.

	Fiscal Year Ended			
	June 30, 2024		June 30, 2023	
Sales taxes	\$220,706,908	42.6%	\$222,221,888	50.8%
Intergovernmental revenue-unrestricted	100,839,012	19.5	84,994,033	13.3
Property taxes	63,045,369	12.2	63,596,741	14.5
Miscellaneous and other	12,670,187	2.4	10,704,301	2.4
Franchise taxes	3,255,826	0.6	2,742,874	0.6
Unrestricted investment earnings (loss)	9,260,955	1.8	4,594,728	1.4

For governmental activities overall, without regard to program, a comparison of the largest *general revenues* and their percentage of total revenues (excluding transfers) is presented. As stated previously, *intergovernmental revenues* experiences growth of 18.6% due to the continued recovery from the pandemic. A summary of the *general revenues* is below.



**Business-type activities.** The net position of the City’s business-type activities increased by \$13.1 million for the year ended June 30, 2024 compared to a decrease of \$36.3 million for the year ended June 30, 2023. The total business-type activities program and general revenues increased by \$9.7 million from \$136.1 million, which was comparable to prior year.

The largest of the City’s business-type activities, Water and Wastewater, had an increase of \$8.8 million in operating revenues and \$2.3 million decrease in operating expenses. The remaining non-major enterprise funds’s net change in net position remain comparable to prior year.

## FUND STATEMENTS FINANCIAL ANALYSIS

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

### GOVERNMENTAL FUNDS

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City’s financing requirements. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

Fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are *Non-spendable*, *Restricted*, *Committed*, *Assigned*, and *Unassigned*. The amount that represents available resources for spending is the total of *committed*, *assigned*, and *unassigned*. This unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at each fiscal year end.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$406.6 million, a decrease of \$2.7 million from the prior year. Approximately \$234.7 million of this total amount pertained to the categories of *committed*, *assigned* or *unassigned*, all of which is available for spending at the City’s discretion. The combined categories reflect an increase of \$1.4 million over the prior year’s combined balance of \$233.3 million.



The remainder of fund balance contains two components: *non-spendable* and *restricted*. *Non-spendable* fund balance includes amounts that cannot be spent as they are not in a spendable form. At June 30, 2024, the non-spendable fund balance included amounts for *inventories* (\$1.0 million), *prepaid items* (\$1.7 million) and a *lease receivable* reserve (\$1.1 million). *Restricted* fund balances are amounts that have externally (outside the City) enforceable limitations or enabling legislation (City Charter) that govern their use. The restricted portion of fund balance, totaling \$168.0 million consists primarily of amounts for *debt service* (\$7.2 million), *capital projects* (\$128.8 million), *highway user revenue* (\$12.2 million), *development impact fees* (\$10.9 million), and *other* (\$8.8 million).

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$165.6 million, with \$1.4 million in non-spendable fund balance. The remaining \$164.2 million is available for spending at the City’s discretion. As a measure of the General Fund’s liquidity, it may be useful to compare fund balances to total fund revenues.

The total fund balance in the City’s General Fund decreased in the current year by \$6.1 million compared to a prior year net decrease of \$0.3 million.

Arizona state shared revenues are collected by the state for statewide sales taxes, income taxes and auto in-lieu taxes (taxes levied on the value of a vehicle). These revenues are distributed to local municipalities based on population. Increased collections by the State of Arizona resulted in increased revenues for intergovernmental revenues, unrestricted for the City. For fiscal year 2024, state shared income for *state sales taxes*, *state income taxes* and *auto in-lieu of taxes* are comparable to revenues from fiscal year 2023.

Total revenues increased by \$34.7 million (11.9%) from the prior year. This increase was due to increases in state and other agency revenues of \$18.3 million.

	Fiscal Year Ended			
	June 30, 2024		June 30, 2023	
Revenues	\$326,181,510		\$291,516,906	
Total fund balance	165,593,133	50.8 %	171,692,175	58.9 %
Unassigned fund balance	120,298,222	36.9	126,393,523	43.4

Expenditures increased by \$32.6 million (12.4%) primarily due to increase in public safety spending of \$12.4 million and \$11.5 million in bond defeasance.

The **Transit Special Revenue Fund** is used to account for revenues and expenditures utilized to provide related transit services. Revenues increased by \$3.6 million (5.0%) from the prior year due primarily to increased *investment income* of \$5.5 million from the prior year. Total Transit Special Revenue Fund expenditures increased by \$6.6 million (12.5%) due primarily to \$6.5 million increase in fixed route expenditures.

At June 30, 2024, the Transit Special Revenue Fund special assessment amounts due totaling \$9.3 million, is related to special assessment debt previously issued to finance the Tempe Streetcar project. The City has assessed and is responsible for the collection of assessments secured by a lien on the benefiting properties from the streetcar project.

The fund balance totaled \$110.4 million at June 30, 2024, compared to a \$102.6 million fund balance at June 30, 2023. The fund balance increased \$7.8 million in the current year as compared to an increase of \$12.6 million in the prior year.

The **General Obligation Debt Service Fund** accounts for the accumulation of resources and payments of general obligation debt. Total fund balance decreased \$2.6 million from \$9.5 million at June 30, 2023 to \$6.9 million at June 30, 2024. Of this fund balance, \$5.4 million represents accumulation of non-secondary property taxes set aside for future payment of Qualified Energy Conservation Bonds (QECB’s). Therefore, the amount of unspent secondary property taxes, used for interest, principal redemption and related fees for General Obligation debt service totals \$1.5 million.

The **Community Development Capital Projects Fund** accounts for the acquisition, reconstruction, and renovation of City buildings housing municipal departments, human service programs and certain general governmental projects. Total expenditures of \$61.5 million represents an increase of \$20.8 million from the prior fiscal year due primarily to capital acquisitions. Total revenues decreased by \$10.3 million due to final revenue recognition of the ARPA grant for Tempe Municipal Operating Center.

Other **Non-Major Governmental Funds** had a fund balance increase of \$20.8 million to \$116.2 million at the end of the fiscal year.

## PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year indicated, the total net positions for the proprietary funds were as follows:

	Fiscal Year Ended	
	June 30, 2024	June 30, 2023
Water and Wastewater Fund	\$ 260,765,239	\$ 248,445,273
Non-Major Enterprise Funds	16,391,214	15,569,959

The **Water and Wastewater Fund** accounts for the provision of water and sewer services to the City and the adjoining Town of Guadalupe. The fund experienced a decrease in total net position of \$12.3 million for the fiscal year ended June 30, 2024. *Charges for services* increased by \$8.9 million primarily due to increase in utility consumption. Total net operating income was \$16.5 million, an increase of \$11.2 million from the prior year.

The **Non-major enterprise funds** include solid waste fund, emergency medical transportation fund, and golf fund. The total fund net position increased by \$0.8 million during the fiscal year ended June 30, 2024 compared to \$2.4 million in fiscal year ended June 30, 2023. Total operating revenues and expenses decreased by \$4.6 million and \$4.0 million, respectively, compared to the prior fiscal year.

## BUDGET HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. The legally adopted budget is at a citywide level that includes all Governmental and Enterprise Funds. A budget schedule at the citywide level is presented in the Required Supplementary Information Section. The schedule compares the original adopted budget, the budget as amended throughout the year, and the actual expenditures prepared on a budgetary basis.

Operating budget actual revenues were less than budgetary estimates by \$198.9 million and actual expenditures were less than budgetary estimates by \$222.7 million. The capital budget reported \$411.7 million less than estimated budget.

# CAPITAL ASSETS AND DEBT ADMINISTRATION

## CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2024 were \$1.3 billion (net of accumulated depreciation). Capital assets include *land, buildings, infrastructure, improvements, machinery and equipment*, SBITAs, Leases, and *construction in progress*. The total increase in the City's capital assets for the current fiscal year was \$80.5 million. The tables below reflect the capital assets at the end of the fiscal year June 30, 2024 and 2023, respectively.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 95,915,313	\$ 95,393,127	\$ 6,330,829	\$ 6,693,377	\$ 102,246,142	\$ 102,086,504
Construction in progress	104,767,994	63,800,621	26,892,100	29,006,309	131,660,094	92,806,930
Buildings	126,321,244	137,494,955	15,100,509	16,723,869	141,421,753	154,218,824
Infrastructure	324,835,057	324,198,244	231,533,002	209,420,571	556,368,059	533,618,815
Improvements	164,853,370	147,638,805	134,486,326	127,340,651	299,339,696	274,979,456
Machinery and equipment	47,311,284	43,337,101	24,172,250	20,777,671	71,483,534	64,114,772
SBITA Assets	3,228,932	2,994,098	361,035	564,234	3,589,967	3,558,332
Lease Assets	816,654	1,055,481	-	-	816,654	1,055,481
Total	<u>\$ 868,049,848</u>	<u>\$ 815,912,432</u>	<u>\$ 438,876,051</u>	<u>\$ 410,526,682</u>	<u>\$ 1,306,925,899</u>	<u>\$ 1,226,439,114</u>

Major capital asset events during the current fiscal year included the following:

### Governmental Activities

- The increase in governmental capital assets of \$52.1 million is due primarily to the increase in construction in progress of \$72.5 million and completed construction in progress of \$28.8 million transferred into depreciable assets net with current year depreciation expense of \$60.6 million.

### Business-type Activities

- The increase in enterprise capital assets of \$28.3 million is due primarily to increase in completed construction in progress of \$21.6 million transferred into depreciable assets and assets additions of \$23.1 million then offset by depreciation of \$30.8 million

For government-wide financial statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. Please refer to Note 8 of the *Notes to the Financial Statements* for further information regarding capital assets.

## DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$1.0 billion, which is a increase of \$21.0 million over the prior fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 271,690,000	\$ 243,407,158	\$ 203,735,000	\$ 177,767,842	\$ 475,425,000	\$ 421,175,000
Special assessment bonds	8,755,000	10,265,000	-	-	8,755,000	10,265,000
Excise tax obligations	66,128,000	72,417,000	37,557,000	42,528,000	103,685,000	114,945,000
Revenue obligations	-	-	64,120,000	66,895,000	64,120,000	66,895,000
Premium on debt payable	30,392,466	28,097,020	35,884,021	35,672,156	66,276,487	63,769,176
Certificates of participation	317,570,000	336,000,000	-	-	317,570,000	336,000,000
HUD Section 108 loan	549,000	1,076,000	-	-	549,000	1,076,000
WIFA loan	-	-	4,631,315	5,500,392	4,631,315	5,500,392
Financed purchases	-	4,514	-	-	-	4,514
<b>Total debt payable</b>	<b>\$ 698,552,030</b>	<b>\$ 694,990,272</b>	<b>\$ 346,269,791</b>	<b>\$ 328,857,755</b>	<b>\$ 1,044,821,821</b>	<b>\$ 1,023,848,027</b>

On May 29, 2024, the City issued Tax-Exempt \$110,675,000 Series 2024 General Obligation Bonds were issued with maturities ranging from \$3,905,000 to \$7,625,000 to fund various project costs related to streets, public safety, parks, and water/wastewater. The bond matures on 7/1/2044 with interest rate of 4.125-5.0%. The Series 202 General Obligation Bonds were publicly sold and are repaid from the HURF Fund, General Obligation Debt Service Fund and Water and Wastewater Fund.

On June 20, 2024, the City issued \$14,595,000 Series 2024 Excise Tax Revenue Refunding Obligation Bond was issued with maturities ranging from 1,305,000 to \$1,960,000 to refund 2013 Excise Tax Obligation Bond. The bond matures on 7/1/2033 with interest rate of 5.00%.

The City has assessed and is responsible for the collection of assessments secured by a lien on the assessed properties related to transit excise tax revenue obligations issued in the amount of \$11.1 million, for which the primary source of repayment is the assessments levied against the benefiting properties for the additional streetcar capital improvement project costs. At June 30, 2024, the Transit Fund special assessments receivable, related to the obligations, on the assessed properties totaled \$10.6 million. As development occurs, additional benefiting properties will be assessed in an amount not to exceed \$13.0 million for all assessed properties.

The City's total net general obligation bonded debt (total bonded debt, including the enterprise funds and Water Infrastructure Finance Authority loans, general obligation premiums less debt service reserves) outstanding increased by \$21.0 million from the fiscal year ended June 30, 2023 to the fiscal year ended June 30, 2024. The ratio of net general obligation bonded debt for governmental purposes to taxable valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, oversight bodies and investors. Additional information is located in the *Statistical Section* (Exhibit S-15). A comparison of these indicators follows:

	Fiscal Year Ended	
	June 30, 2024	June 30, 2023
Net general bonded debt	\$523,015,404	\$462,681,585
Net general bonded debt per capita	2,755	2,488
Ratio of net general bonded debt to total assessed value	21.1%	19.4%
Debt service secondary tax rate per \$100 of taxable valuation	\$ 1.48	\$ 1.48

The State constitution imposes certain debt limitations on the City of 6% and 20% of the assessed valuation of the City. The City's available debt margin at June 30, 2024 is \$432.3 million under the 20% capacity and \$142.4 million under the 6% limitation. Additional information on the statutory debt limitations may be found in Note 9 of the *Notes to the Financial Statements* and the *Statistical Section* (Exhibit S-18) of this report.

During the year, the City maintained ratings on its outstanding general obligation bonds of AAA from S&P Global Ratings and AAA from Fitch Ratings.

Additional information on the City's long-term debt can be found in Note 9 of the *Notes to the Financial Statements*.

## ECONOMIC FACTORS

As we continue to navigate the post-pandemic economic environment, the City's financial position for FY 2023-24 reflects a stable foundation. Revenues, particularly from taxable sales, show moderate growth and remain ahead of prior-year levels, signaling sustained consumer confidence and economic resilience. The City continues to benefit from robust development activities, with new residential, hotel, and office complexes under construction, which contribute positively to the city's revenue stream.

The FY 2024-25 budget reflects both opportunities and challenges. The city realized 11% growth in FY 2022-23, driven by post COVID-19 demand and inflation. However, future projections include slight revenue decline for FY 2024-25 due to the impending cessation of the residential rental sales tax on December 31, 2024, which will impact local tax revenues.

Despite the forecasted revenue decline, the City remains focused on mitigating its impact through strategic budgeting and planning. Our 5-year financial outlook anticipates stable revenue growth after the full phase-in of the residential rental tax elimination. Forecasts also show moderate growth across other revenue categories, supported by continued commercial and residential development and bolstered by higher interest income due to recent Federal Reserve rate increases.

The City is mindful of inflationary and economic pressures, particularly in the form of workforce shortages and supply chain constraints, which could continue impacting costs. Overall, the City's FY 2023-24 budget remains conservative, focused on fiscal stability, and aligned with long-term goals for continued economic vitality. Adjustments in response to legislative and economic developments will continue to be monitored closely to maintain a balanced budget and provide high-quality services to residents.

On April 18, 2024 the City Council approved the FY 2024-25 Budget. The total adopted budget approximates \$1.59 billion and includes funding for both operating and capital purposes. This amount represents a \$238.7 million or 17.7% increase in the total financial program from the prior year. The operating budget of \$812.2 million increased by \$85.1 million or 11.7%, and the capital budget of \$775.1 million increased by \$153.6 million or 24.7% this fiscal year.

The adopted fiscal year 2024-25 budget strategically implements a measured spend down of accumulated fund balances and reinforces the City's commitment to invest in safe communities, economic development, sustainable growth, enhanced quality of life for the City's residents, and development and maintenance of a strong community connection.

## QUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, city council, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact:

City of Tempe  
Financial Services  
Accounting  
20 E. Sixth Street  
Tempe, AZ 85281  
480.350.8256



# Statement of Net Position

June 30, 2024

City of Tempe, Arizona

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Pooled cash and investments	\$ 423,236,716	\$ 87,761,317	\$ 510,998,033
Receivables:			
Taxes	31,861,654	-	31,861,654
Accounts, net	31,112,603	17,837,486	48,950,089
Accrued interest	2,762,717	874,511	3,637,228
Special assessment	18,653,647	-	18,653,647
Leases	24,434,154	-	24,434,154
Due from other governments	11,403,048	-	11,403,048
Inventories	1,043,988	1,391,277	2,435,265
Prepaid items	1,701,613		1,701,613
Restricted cash and investments	77,692,593	35,401,902	113,094,495
Restricted assets	10,657,913	-	10,657,913
Capital improvement notes receivable	1,607,391	-	1,607,391
Net OPEB assets	3,866,896	771,516	4,638,412
Restricted joint venture construction deposit	-	35,319,979	35,319,979
Equity in joint venture	378,986,528	86,544,000	465,530,528
Non-depreciable capital assets	200,683,307	33,222,929	233,906,236
Depreciable assets (net)	667,366,541	405,653,122	1,073,019,663
Total assets	<u>1,887,071,309</u>	<u>704,778,039</u>	<u>2,591,849,348</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refundings	2,613,695	4,717,641	7,331,336
Deferred outflows from pensions	81,212,977	2,905,615	84,118,592
Deferred outflows from OPEB	970,367	126,965	1,097,332
Total deferred outflow of resources	<u>84,797,039</u>	<u>7,750,221</u>	<u>92,547,260</u>
<b>Liabilities</b>			
Accounts payable	40,050,989	13,353,762	53,404,751
Deposits	3,712,021	1,231,112	4,943,133
Accrued expenses	10,617,394	937,630	11,555,024
Unearned revenue	6,852,884	213,025	7,065,909
Matured bonds payable	51,628,999	29,296,000	80,924,999
Interest payable	9,412,166	6,098,304	15,510,470
Net OPEB liabilities	81,700,693	10,177,382	91,878,075
Net pension liabilities	168,830,867	22,748,204	191,579,071
Long term liabilities due within one year	90,163,841	29,289,146	119,452,987
Long term liabilities due more than one year	666,620,500	319,864,299	986,484,799
Total liabilities	<u>1,129,590,354</u>	<u>433,208,864</u>	<u>1,562,799,218</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows from leases	23,288,743	-	23,288,743
Deferred inflows from PPP	6,265,614	-	6,265,614
Deferred inflows from refundings	1,307,780	-	1,307,780
Deferred inflows from pensions	4,996,631	1,074,724	6,071,355
Deferred inflows from OPEB	8,076,619	1,088,219	9,164,838
Total deferred inflow of resources	<u>43,935,387</u>	<u>2,162,943</u>	<u>46,098,330</u>
<b>Net Position</b>			
Net investment in capital assets	441,875,868	102,002,361	543,878,229
Restricted for:			
Capital projects	84,577,745	-	84,577,745
Debt service	50,574,896	-	50,574,896
Transportation	12,245,136	-	12,245,136
OPEB	3,866,896	771,516	4,638,412
Other	8,824,116	-	8,824,116
Joint venture	-	35,319,979	35,319,979
Unrestricted	196,377,950	139,062,597	335,440,547
Total net position	<u>\$ 798,342,607</u>	<u>\$ 277,156,453</u>	<u>\$ 1,075,499,060</u>

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



# Statement of Activities

For the fiscal year ended June 30, 2024

City of Tempe, Arizona

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 52,332,996	\$ 8,651,310	\$ 114,062	\$ -	\$ (43,567,624)	\$ -	\$ (43,567,624)
Public safety	181,268,814	2,512,811	6,204,660	-	(172,551,343)	-	(172,551,343)
Transportation	119,214,368	16,724,639	1,011,454	10,757,813	(90,720,462)	-	(90,720,462)
Criminal justice	5,769,865	1,539,433	90,313	-	(4,140,119)	-	(4,140,119)
Community enrichment	126,782,592	27,708,900	31,687,974	1,130,143	(66,255,575)	-	(66,255,575)
Interest on long-term debt	19,891,073	-	-	-	(19,891,073)	-	(19,891,073)
Total governmental activities	505,259,708	57,137,093	39,108,463	11,887,956	(397,126,196)	-	(397,126,196)
Business-type activities:							
Water and wastewater	92,323,601	99,078,192	-	-	-	6,754,591	6,754,591
Solid waste	20,428,137	21,488,728	-	-	-	1,060,591	1,060,591
Emergency medical	7,005,235	7,583,401	-	-	-	578,166	578,166
Golf course	172,560	-	-	-	-	(172,560)	(172,560)
Total business-type activities	119,929,533	128,150,321	-	-	-	8,220,788	8,220,788
Total government	625,189,241	185,287,414	39,108,463	11,887,956	(397,126,196)	\$ 8,220,788	\$ (388,905,408)
General revenues:							
Sales taxes					220,706,908	-	220,706,908
Intergovernmental revenue, unrestricted					100,839,012	-	100,839,012
Property taxes					63,045,369	-	63,045,369
Franchise taxes					3,255,826	-	3,255,826
Unrestricted investment earnings (loss)					9,260,955	7,175,090	16,436,045
Miscellaneous					12,670,187	730,341	13,400,528
Transfers					2,984,998	(2,984,998)	-
Total general revenues and transfers					412,763,255	4,920,433	417,683,688
Change in net position					15,637,059	13,141,221	28,778,280
Net position - beginning					782,705,548	264,015,232	1,046,720,780
Net position - ending					\$ 798,342,607	\$ 277,156,453	\$ 1,075,499,060

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

**Balance Sheet**  
**Governmental Funds**  
June 30, 2024

*City of Tempe, Arizona*

	General	Transit Special Revenue	General Obligation Debt Service	Community Development Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Pooled cash and investments	\$ 157,069,538	\$ 93,326,468	\$ 1,409,977	\$ 12,112,328	\$ 124,533,298	\$ 388,451,609
Receivables:						
Taxes	20,665,821	7,204,913	1,121,289	-	2,869,631	31,861,654
Accounts	15,550,368	7,455,985	-	-	7,840,029	30,846,382
Special assessments	-	9,290,073	-	-	9,363,574	18,653,647
Accrued interest	1,850,197	589,265	-	-	297,569	2,737,031
Leases	24,174,582	259,572	-	-	-	24,434,154
Due from other funds	1,924,816	-	-	-	-	1,924,816
Due from other governments	-	6,816,314	-	-	4,586,734	11,403,048
Inventories	198,746	-	-	-	845,242	1,043,988
Prepaid items	61,131	-	-	-	1,640,482	1,701,613
Restricted cash and investments	21,596,337	4,117,624	40,522,640	-	1,874,569	68,111,170
Restricted assets	-	-	-	10,657,913	-	10,657,913
Capital improvement notes receivable	250,000	1,357,391	-	-	-	1,607,391
Total assets	<u>\$ 243,341,536</u>	<u>\$ 130,417,605</u>	<u>\$ 43,053,906</u>	<u>\$ 22,770,241</u>	<u>\$ 153,851,128</u>	<u>\$ 593,434,416</u>
<b>Liabilities</b>						
Accounts payable	\$ 9,667,222	\$ 4,859,047	\$ -	\$ 12,710,073	\$ 12,528,443	\$ 39,764,785
Deposits	2,972,224	-	-	11,108	728,686	3,712,018
Accrued expenditures	6,355,106	102,842	897,415	-	582,347	7,937,710
Due to other funds	-	-	-	-	1,864,203	1,864,203
Unearned revenue	174,224	-	-	2,550,000	4,128,660	6,852,884
Matured bonds payable	18,430,000	3,540,000	29,314,000	-	345,000	51,629,000
Matured interest payable	3,166,180	577,624	5,325,842	-	342,519	9,412,165
Total liabilities	<u>40,764,956</u>	<u>9,079,513</u>	<u>35,537,257</u>	<u>15,271,181</u>	<u>20,519,858</u>	<u>121,172,765</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue- courts	6,728,109	-	-	-	-	6,728,109
Unavailable revenue- PPP	6,265,614	-	-	-	-	6,265,614
Unavailable revenue- notes receivable	-	1,357,391	-	-	-	1,357,391
Unavailable revenue- other	581,899	-	-	-	7,534,972	8,116,871
Unavailable revenue- property tax	363,614	-	620,084	-	-	983,698
Unavailable revenue- special assessments	-	9,290,073	-	-	9,605,118	18,895,191
Unavailable revenue- leases	23,044,211	244,532	-	-	-	23,288,743
Total deferred inflows of resources	<u>36,983,447</u>	<u>10,891,996</u>	<u>620,084</u>	<u>-</u>	<u>17,140,090</u>	<u>65,635,617</u>
<b>Fund Balances</b>						
Fund balances:						
Non-spendable	1,390,248	15,040	-	-	2,485,724	3,891,012
Restricted	-	68,504,621	6,896,565	12,149,114	80,453,147	168,003,447
Committed	5,279,326	18,517,723	-	24,635,217	35,426,957	83,859,223
Assigned	38,625,337	23,761,057	-	-	21,901,739	84,288,133
Unassigned	120,298,222	(352,345)	-	(29,285,271)	(24,076,387)	66,584,219
Total fund balances	<u>\$ 165,593,133</u>	<u>\$ 110,446,096</u>	<u>\$ 6,896,565</u>	<u>\$ 7,499,060</u>	<u>\$ 116,191,180</u>	<u>\$ 406,626,034</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 243,341,536</u>	<u>\$ 130,417,605</u>	<u>\$ 43,053,906</u>	<u>\$ 22,770,241</u>	<u>\$ 153,851,128</u>	<u>\$ 593,434,416</u>

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

# Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

*City of Tempe, Arizona*

Fund balances- total governmental funds \$ 406,626,034

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	1,944,458,889
Accumulated depreciation	(1,076,409,041)
	<u>868,049,848</u>

The equity in joint venture is not a financial resource and, therefore, is not reported in the funds. 378,986,528

Net OPEB assets (excluding internal service) 3,844,352

Other assets are not available to pay current-period expenditures and, therefore, are offset by unavailable revenue.

Unavailable special assessment revenue	18,895,191
Unavailable tax and other revenue	9,100,589
Unavailable notes receivable revenue	1,357,391
Unavailable court revenue	6,728,109
	<u>36,081,280</u>

Bond premiums and the deferred charge on refundings are not financial resources and, therefore, are not reported in the funds.

Bond premiums	(30,392,466)
Deferred inflows from refundings	(1,307,780)
Deferred outflows from refundings	2,613,695
Deferred inflows related to pension and OPEB	(13,023,892)
Deferred outflows related pension and OPEB	82,095,462
	<u>39,985,019</u>

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

Compensated absences (excluding internal service)	(34,055,124)
Net pension liabilities (excluding internal service)	(168,166,169)
Other post employment benefits liabilities (excluding internal service)	(81,601,347)
Lease and SBITA liabilities	(3,467,564)
Bonds payable	(664,692,000)
	<u>(951,982,204)</u>

Internal service funds are used by management to charge the costs of self insurance to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.

16,751,750

Net position of governmental activities \$ 798,342,607

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



# Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

	General	Transit Special Revenue	General Obligation Debt Service	Community Development Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes:						
Sales taxes	\$ 151,636,673	\$ 57,413,170	\$ -	\$ -	\$ 11,482,634	\$ 220,532,477
Property taxes	25,379,796	-	37,379,216	-	-	62,759,012
Franchise taxes	3,430,257	-	-	-	-	3,430,257
Intergovernmental:						
Federal agency	65,111	-	-	10,757,813	31,618,536	42,441,460
State and other agency	87,751,323	458,380	-	-	21,456,656	109,666,359
Property rental	3,739,809	359,621	-	-	-	4,099,430
Interest earnings- leases	719,984	3,786	-	-	-	723,770
Investment income (loss)	13,633,679	6,236,226	286,058	143,983	1,303,673	21,603,619
Charges for services	21,624,168	9,088,830	-	-	4,382,212	35,095,210
Fines and forfeitures	5,043,072	-	-	2	563,931	5,607,005
Other entities' participation	355,436	591,764	-	39,052	2,973,986	3,960,238
Special assessments	-	-	-	-	2,057,895	2,057,895
Licenses and permits	8,850,681	-	-	-	202,979	9,053,660
Miscellaneous	3,951,521	968,066	-	5,957	2,084,572	7,010,116
Total revenues	<u>326,181,510</u>	<u>75,119,843</u>	<u>37,665,274</u>	<u>10,946,807</u>	<u>78,127,074</u>	<u>528,040,508</u>
<b>Expenditures:</b>						
Current:						
General government	40,762,342	-	-	-	1,544,223	42,306,565
Public safety	146,075,356	-	-	-	11,472,780	157,548,136
Transportation	-	54,778,090	-	13,785,714	20,977,212	89,541,016
Criminal justice	5,354,078	-	-	-	166,322	5,520,400
Community enrichment	70,684,369	-	-	881,760	47,732,725	119,298,854
Debt service:						
Principal	19,983,656	3,540,000	29,314,000	-	2,402,218	55,239,874
Interest	6,413,727	1,155,249	10,584,036	-	728,608	18,881,620
Bond issuance costs	8,870	5,700	1,469,046	-	2,655	1,486,271
Capital outlay	7,133,870	165,790	-	46,831,706	48,996,749	103,128,115
Total expenditures	<u>296,416,268</u>	<u>59,644,829</u>	<u>41,367,082</u>	<u>61,499,180</u>	<u>134,023,492</u>	<u>592,950,851</u>
Excess (deficiency) of revenues over expenditures	<u>29,765,242</u>	<u>15,475,014</u>	<u>(3,701,808)</u>	<u>(50,552,373)</u>	<u>(55,896,418)</u>	<u>(64,910,343)</u>
<b>Other financing sources (uses):</b>						
Transfers in	2,310,367	-	545,045	8,885,940	44,679,490	56,420,842
Transfers out	(40,192,973)	(7,608,937)	-	-	(8,428,017)	(56,229,927)
Issuance of debt	-	-	-	17,720,000	37,675,000	55,395,000
Premium on issuance of debt	-	-	1,018,129	1,280,000	2,725,000	5,023,129
Proceeds from sale of capital assets	701,691	16,908	-	-	83,757	802,356
Proceeds from SBITA	1,316,631	-	-	-	-	1,316,631
Issuance of refunding bonds	-	-	6,910,000	-	-	6,910,000
Payment to refunding bonds escrow agent	-	-	(7,399,000)	-	-	(7,399,000)
Total other financing sources (uses)	<u>(35,864,284)</u>	<u>(7,592,029)</u>	<u>1,074,174</u>	<u>27,885,940</u>	<u>76,735,230</u>	<u>62,239,031</u>
Net change in fund balance	<u>(6,099,042)</u>	<u>7,882,985</u>	<u>(2,627,634)</u>	<u>(22,666,433)</u>	<u>20,838,812</u>	<u>(2,671,312)</u>
Fund balance at beginning of year	171,692,175	102,563,111	9,524,199	30,165,493	95,352,368	409,297,346
Fund balance at end of year	<u>\$ 165,593,133</u>	<u>\$ 110,446,096</u>	<u>\$ 6,896,565</u>	<u>\$ 7,499,060</u>	<u>\$ 116,191,180</u>	<u>\$ 406,626,034</u>

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

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

Net change in fund balances- total governmental funds	\$ (2,671,312)
Amounts reported for the governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capitalized assets	108,553,628
Special item	(1,438,322)
Depreciation and amortization expense	<u>(56,875,781)</u>
	50,239,525
Certain revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.	
Property tax and charges for services revenue	(1,128,414)
Court revenue	(1,512,668)
Notes receivable	(92,756)
Special assessments received/recognized	(2,777,084)
Joint venture	(13,066,434)
Capital asset and long term liability transferred from proprietary activities	<u>3,605,071</u>
	(14,972,285)
Government funds report pension and OPEB 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 pension items, is reported as pension expense in the Statement of Activities.	
Current year pension and OPEB contributions	20,279,264
Pension and OPEB expense	<u>(36,603,236)</u>
	(16,323,972)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, government funds report the effect of premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.	
Issuance of debt	(62,305,000)
Subscription-based information technology arrangements incurred	(1,315,404)
Premium on issuance of debt	(5,023,129)
Compensated absences	(661,355)
Principal payments made	62,533,647
Amortization of deferred inflow- refunding	186,826
Amortization of deferred outflow- deferred charges	(456,122)
Amortization of bond premium	<u>2,745,314</u>
	(4,295,223)
Internal service funds are used by management to charge the costs of self-insurance to individual funds. The adjustments for internal service funds close those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs.	
	<u>3,660,326</u>
Change in net position of governmental activities	<u>\$ 15,637,059</u>

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





# Statement of Fund Net Position

## Proprietary Funds

June 30, 2024

City of Tempe, Arizona

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Wastewater	Total Non-Major Enterprise Funds	Total	
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 73,913,488	\$ 13,847,829	\$ 87,761,317	\$ 34,785,107
Restricted cash and investments	35,401,902	-	35,401,902	9,581,423
Accounts receivable, net	11,887,303	5,950,183	17,837,486	266,221
Accrued interest receivable	788,569	85,942	874,511	25,685
Inventories	1,391,277	-	1,391,277	-
Total current assets	123,382,539	19,883,954	143,266,493	44,658,436
Non-current assets:				
Net OPEB assets	462,272	309,244	771,516	22,544
Restricted joint venture construction deposit	35,319,979	-	35,319,979	-
Equity in joint venture	86,544,000	-	86,544,000	-
Capital assets:				
Non-depreciable assets	33,222,929	-	33,222,929	-
Depreciable assets, net	395,112,903	10,540,219	405,653,122	-
Total capital assets, net	428,335,832	10,540,219	438,876,051	-
Total non-current assets	550,662,083	10,849,463	561,511,546	22,544
Total assets	674,044,622	30,733,417	704,778,039	44,680,980
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	4,717,641	-	4,717,641	-
Deferred outflows related to pensions	1,740,970	1,164,645	2,905,615	84,901
Deferred outflows related to OPEB	80,312	46,653	126,965	2,981
Total deferred outflows of resources	6,538,923	1,211,298	7,750,221	87,882
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	12,162,522	1,191,240	13,353,762	286,362
Deposits	1,231,103	9	1,231,112	-
Accrued expenses	567,001	370,629	937,630	2,679,548
Due to other funds	-	-	-	60,613
Unearned revenue	213,025	-	213,025	-
Accrued interest payable	6,098,304	-	6,098,304	-
Matured bonds payable	29,296,000	-	29,296,000	-
WIFA loan payable	887,590	-	887,590	-
Claims liability	-	-	-	15,459,107
Compensated absence	737,147	291,949	1,029,096	51,970
SBITA liability	-	110,460	110,460	-
Bonds and loans payable	27,262,000	-	27,262,000	-
Total current liabilities	78,454,692	1,964,287	80,418,979	18,537,600
Non-current liabilities:				
Claims Liability	-	-	-	8,572,454
Compensated Absence	1,328,429	526,129	1,854,558	93,656
Bonds and loans payable	314,034,022	-	314,034,022	-
WIFA loan payable	3,743,724	-	3,743,724	-
SBITA liability	-	231,995	231,995	-
Net OPEB liabilities	7,250,743	2,926,639	10,177,382	99,346
Net pension liabilities	13,630,139	9,118,065	22,748,204	664,698
Total non-current liabilities	339,987,057	12,802,828	352,789,885	9,430,154
Total liabilities	418,441,749	14,767,115	433,208,864	27,967,754
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	643,947	430,777	1,074,724	31,403
Deferred inflows related to OPEB	732,610	355,609	1,088,219	17,955
Total deferred inflows of resources	1,376,557	786,386	2,162,943	49,358
<b>Net Position</b>				
Net investment in capital assets	92,148,411	9,853,950	102,002,361	-
Restricted	35,782,251	309,244	36,091,495	22,544
Unrestricted	132,834,577	6,228,020	139,062,597	16,729,206
Total net position	\$ 260,765,239	\$ 16,391,214	\$ 277,156,453	\$ 16,751,750

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

# Statement of Revenues, Expenses and Changes in Fund Net Position

## Proprietary Funds

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Wastewater	Total Non- Major Enterprise Funds	Total	
Operating revenues:				
Charges for services	\$ 99,078,192	\$ 29,072,129	\$ 128,150,321	\$ 52,383,868
Miscellaneous	449,055	9,623	458,678	60,613
Total operating revenues	<u>99,527,247</u>	<u>29,081,752</u>	<u>128,608,999</u>	<u>52,444,481</u>
Operating expenses:				
Personnel services	17,246,736	10,676,494	27,923,230	-
Supplies and materials	1,355,654	1,472,039	2,827,693	-
Fees and services	35,777,963	13,272,995	49,050,958	50,471,365
Depreciation and amortization	28,619,304	2,169,552	30,788,856	-
Total operating expenses	<u>82,999,657</u>	<u>27,591,080</u>	<u>110,590,737</u>	<u>50,471,365</u>
Operating income	16,527,590	1,490,672	18,018,262	1,973,116
Non-operating revenues (expenses):				
Investment income	6,434,463	740,627	7,175,090	286,437
Interest and fiscal fees	(9,323,944)	(14,852)	(9,338,796)	-
Gains on sale of capital assets	107,040	164,623	271,663	-
Income (loss) before transfers	13,745,149	2,381,070	16,126,219	2,259,553
Transfers in	-	2,422,652	2,422,652	1,400,773
Transfers out	(1,425,183)	(3,982,467)	(5,407,650)	-
Total transfers	<u>(1,425,183)</u>	<u>(1,559,815)</u>	<u>(2,984,998)</u>	<u>1,400,773</u>
Change in net position	12,319,966	821,255	13,141,221	3,660,326
Total net position- beginning	248,445,273	15,569,959	264,015,232	13,091,424
Total net position- ending	<u>\$ 260,765,239</u>	<u>\$ 16,391,214</u>	<u>\$ 277,156,453</u>	<u>\$ 16,751,750</u>

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

# Statement of Cash Flows

## Proprietary Funds

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Wastewater	Total Non-Major Enterprise Funds	Total	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 100,192,108	\$ 28,364,383	\$ 128,556,491	\$ 52,224,339
Payments to employees for services	(17,192,744)	(12,157,736)	(29,350,480)	(1,080,166)
Payments to suppliers for goods and services	(40,109,300)	(14,646,325)	(54,755,625)	(44,624,348)
Receipts from other	449,055	9,623	458,678	60,613
Net cash provided (used) by operating activities	43,339,119	1,569,945	44,909,064	6,580,438
<b>Cash flows from noncapital financing activities:</b>				
Advances from/(to) other funds	2,364,936	-	2,364,936	-
Transfers in	-	2,422,652	2,422,652	1,400,773
Transfers out	(1,425,183)	(1,777,114)	(3,202,297)	-
Net cash provided (used) by noncapital financing activities	939,753	645,538	1,585,291	1,400,773
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from issuance of bonds	67,997,950	-	67,997,950	-
Principal paid on long-term debt	(45,493,603)	(200,474)	(45,694,077)	-
Interest and fiscal fees	(13,544,081)	(14,852)	(13,558,933)	-
Purchase of capital assets	(52,037,967)	(4,654,087)	(56,692,054)	-
Investment in joint venture	(8,668,656)	-	(8,668,656)	-
Proceeds from the sale of capital assets	107,040	164,623	271,663	-
Net cash provided (used) by capital and related financing activities	(51,639,317)	(4,704,790)	(56,344,107)	-
<b>Cash flows from investing activities:</b>				
Investment income	6,399,902	745,276	7,145,178	281,122
Net cash provided (used) by investing activities	6,399,902	745,276	7,145,178	281,122
Net increase (decrease) in cash and cash equivalents	(960,543)	(1,744,031)	(2,704,574)	8,262,333
<b>Cash and cash equivalents at beginning of year</b>	110,275,933	15,591,860	125,867,793	36,104,197
<b>Cash and cash equivalents at end of year</b>	<u>\$ 109,315,390</u>	<u>\$ 13,847,829</u>	<u>\$ 123,163,219</u>	<u>\$ 44,366,530</u>
<b>Reconciliation of cash and cash equivalents at end of year:</b>				
Pooled cash and investments	\$ 73,913,488	\$ 13,847,829	\$ 87,761,317	\$ 34,785,107
Restricted cash and investments	35,401,902	-	35,401,902	9,581,423
Cash and cash equivalents at end of year	<u>\$ 109,315,390</u>	<u>\$ 13,847,829</u>	<u>\$ 123,163,219</u>	<u>\$ 44,366,530</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 16,527,590	\$ 1,490,672	\$ 18,018,262	\$ 1,973,116
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	28,619,304	2,169,552	30,788,856	-
Change in assets and liabilities:				
(Increase) decrease in receivables	989,420	(707,588)	281,832	(159,529)
(Increase) decrease in inventories	191,855	-	191,855	-
(Increase) decrease in net OPEB asset	20,135	51,121	71,256	693
Increase (decrease) in deposits	155,456	(158)	155,298	-
Increase (decrease) in unearned revenue	(30,960)	-	(30,960)	-
Increase (decrease) in payables	(3,167,538)	98,709	(3,068,829)	53,373
Increase (decrease) in accrued expenses	(39,785)	(35,626)	(75,411)	129,071
Increase (decrease) in claims payable	-	-	-	4,564,298
Increase (decrease) in compensated absence	51,379	(144,506)	(93,127)	5,353
(Increase) decrease in deferred outflows related to pension and OPEB	725,265	576,009	1,301,274	21,054
Increase (decrease) in deferred inflows related to pension and OPEB	294,553	61,155	355,708	7,152
Increase (decrease) in net pension liabilities	(742,748)	(1,254,197)	(1,996,945)	(4,124)
Increase (decrease) in net OPEB liabilities	(254,807)	(735,198)	(990,005)	(10,019)
Net cash provided (used) by operating activities	<u>\$ 43,339,119</u>	<u>\$ 1,569,945</u>	<u>\$ 44,909,064</u>	<u>\$ 6,580,438</u>
<b>Noncash investing, capital, and financing activities:</b>				
Accounts payable related to capital assets	\$ 7,168,370	\$ 343,814	\$ 7,512,184	\$ -
Total noncash investing, capital, and financing activities:	<u>\$ 7,168,370</u>	<u>\$ 343,814</u>	<u>\$ 7,512,184</u>	<u>\$ -</u>

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

## Statement of Fiduciary Net Position

### Fiduciary Trust Fund

June 30, 2024

*City of Tempe, Arizona*

	<u>Other Employee Benefit Trust Fund</u>
Assets	
Cash and cash equivalents	\$ 53,130
Investments at fair value:	
Mutual Funds	20,101,802
Total investments	<u>20,101,802</u>
Total assets	<u>20,154,932</u>
Net Position	
Restricted for other post employment benefits	20,154,932
Total net position	<u>\$ 20,154,932</u>

## Statement of Changes In Fiduciary Net Position

### Fiduciary Trust Fund

For the Fiscal Year Ended June 30, 2024

*City of Tempe, Arizona*

	<u>Other Employee Benefit Trust Fund</u>
<b>Additions:</b>	
Contributions:	
Employer contributions	\$ 9,552,753
Investment earnings:	
Net decrease in fair value of investments	1,402,986
Interest, dividends and other	986,791
Investment costs	(69,911)
Net investment earnings	<u>2,319,866</u>
Total additions	<u>11,872,619</u>
<b>Deductions:</b>	
Benefits paid to participants or beneficiaries	8,258,661
Medical insurance for retirees	1,294,092
Total deductions	<u>9,552,753</u>
Net increase in fiduciary net position	2,319,866
Net position- beginning	17,835,066
Net position- ending	<u>\$ 20,154,932</u>

The notes to the financial statements are an integral part of these statements.

The City of Tempe, Arizona (the "City") was incorporated on November 26, 1894. On October 19, 1964, the electors in accordance with Arizona State Law ratified a Home Rule City Charter. The City operates under a Council-Manager form of government and provides services as authorized by its charter including public safety (police, fire, building inspection), highways and streets, public transit, sanitation, water and wastewater, cultural-recreational, community development, and administrative.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying summary of the City's significant accounting policies is presented to assist the reader in interpreting the basic financial statements. The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units.

### **A. Reporting Entity**

The accompanying basic financial statements include the City and its component unit, collectively referred to as "the financial reporting entity". In accordance with the Governmental Accounting Standards Board's ("GASB") Statement 14, as amended, the component unit discussed below has been included in the City's financial reporting entity because of the significance of its financial relationships with the City.

Rio Salado Community Facilities District: The Rio Salado Community Facilities District (CFD) was organized on February 20, 1997, under the laws of the State of Arizona to facilitate development of the Rio Salado Town Lake project. The board of the district is comprised of the same members as the City's council.

Data for this component unit has been included in the City's basic financial statements utilizing the "blending" method because its sole purpose is to finance public facilities and facilitate development for the City. Blending involves aggregating the component unit's data and data from the City at the government-wide and fund financial statement level. Separately issued financial statements are not available for the City's component unit.

### **B. Basic Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole and its component unit) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent, on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The government-wide financial statements exclude the fiduciary fund.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses, including depreciation, of the various departments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific department. Interest on long-term debt and depreciation expense on assets shared by multiple departments, are not allocated to the various departments.

Program revenues include revenues from fines and forfeitures, licenses and permit fees, special assessment taxes, certain intergovernmental grants, other entities participation and charges for services. Taxes and other items not properly included among program revenues are reported as general revenues.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The City does not currently utilize an indirect cost allocation system. The General Fund charges certain administrative fees to departments within other operating funds to support general services used by those funds. The expenditures/expenses are recorded as a reduction of expense in the allocating fund. Therefore, no elimination is required from either the government-wide or fund level financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements (Continued)**

The fund financial statements are, in substance, very similar to the financial statements presented prior to the adoption of GASB Statement 34. Emphasis here is on the major funds in either the governmental, business-type or fiduciary categories. Non-major funds are summarized into a single column.

Unless an internal service fund is combined with the business-type activities (deemed to be an infrequent event), totals on the proprietary fund statement should directly reconcile to the business-type activity column presented in the government-wide statements.

Internal service funds of a government (which traditionally provide services primarily to other funds of the City) are presented as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate department.

**C. Basis of Presentation**

The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid in the City's financial management by segregating transactions related to certain functions or activities.

The following fund categories are used by the City:

**Governmental Funds**

Governmental Funds are those through which most of the governmental functions of the City are financed. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income.

Governmental Funds include the following fund types:

**General** - The General Fund is the general operating fund of the City. It is used to account for all activities of the City not accounted for in some other fund.

**Special Revenue** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally or otherwise restricted to expenditures for specified purposes. There is one special revenue fund presented as a major fund in the basic financial statements, it is as follows:

**Transit Special Revenue Fund** - accounts for the receipt and expenditures of the Transit Tax monies. These monies are restricted to financing transit operations and improvements.

**Debt Service** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long term debt not being accounted for in the Special Revenue Funds and Enterprise Funds. There is one debt service fund presented as a major fund in the basic financial statements:

**General Obligation Debt Service Fund** - accounts for the accumulation of resources and payments of general obligation and other debt.

**Capital Projects** - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and improvements (other than those financed by Enterprise Funds). The following capital project fund is presented as a major fund in the basic financial statements:

**Community Development Capital Projects Fund** - used for acquiring, reconstructing, remodeling, renovating and equipping existing buildings that house municipal departments, and for acquiring and constructing housing for the elderly and the redevelopment of the downtown area.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation (Continued)**

**Proprietary Funds**

Proprietary funds are used to account for the City's ongoing operations and activities, which are similar to those often found in the private sector. The focus of Proprietary Fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds include the following fund types:

**Enterprise** - Enterprise Funds are used to account for operations, including debt service, (a) that are financed and operated in a manner similar to private businesses - where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or (b) where the governing body has determined that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The following enterprise fund is reported as a major fund by the City:

**Water and Wastewater Fund** – accounts for the provision of water and sewer services to the residents of the City and some residents in the adjoining Town of Guadalupe. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection.

**Internal Service** - Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The following internal service funds are used by the City:

**Risk Management Fund** – accounts for expenses incurred for automobile liability, general liability, and property claims under the City's self-insurance program.

**Worker's Compensation Fund** – accounts for expenses incurred for worker's compensation claims under the City's self-insurance program.

**Health Fund** – accounts for the expenses incurred for employee health related costs under the City's self-insurance program.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. The fiduciary fund is reported by fund type. The following fiduciary fund is used by the City:

**Other Post Employment Benefits Trust Fund** – accounts for activities of the Other Post Employment Benefits Plan, which accumulates resources for health care benefit payments to qualified retirees.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the source and use of liquid resources, and 3) demonstrate how the City's actual experience conforms to the annual budget. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" is defined as collectible within the current period or within 60 days of the end of the current fiscal period, except for grant revenue which are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. As permitted by generally accepted accounting principles the City applies the "early recognition" option for debt service payments. Resources are provided 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.

Revenues susceptible to accrual include property tax, local sales tax, state-shared sales tax, highway user tax, vehicle license tax, franchise fees, special assessments and interest earned on pooled investments. Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are generally recorded as revenues when received in cash because they are not measurable until actually received. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City reports unearned revenues in the governmental funds if the potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for the unearned revenue is removed and revenue is recognized.

Since the governmental fund financial statements are presented on a basis different than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the governmental fund financial statements into the governmental activities column of the government-wide financial statements.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is charges between the government's water and sewer function and various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the applicable functions.

Amounts reported as program revenue include 1) charges to customers or users who purchase, use or directly benefit from goods or services provided by a particular department 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular department and 3) capital grants and contributions that are restricted. Taxes, investment income and other revenues not identifiable with a particular department are included as general revenues. The general revenues support the net costs of the departments not covered by program revenues.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services of the fund's principal ongoing operations. Operating expenses include the cost of providing the goods and services, administrative expenses, and depreciation on capital assets. Non-operating revenues and expenses are items such as investment income and interest expense, which are not a result of the direct operations of the activity.

The equity method is used to account for the City's equity interest in a joint venture (See Note 7). Under this method, the equity interest is recorded in the balance sheet as a single amount. In addition, the City's share of the net income or loss is reported in the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds, as a nonoperating revenue or expense.

**E. Budgetary Data**

State law mandates that cities and towns adopt a budget annually. The legal level of budgetary control is at the city-wide level consisting of the total operating budget and the total capital projects budget, as adopted. Management may amend the budget at any level below the total budget as adopted. The total budget can only be amended by the City Council subject to limitations in the State law (see Note 1F). At the end of each fiscal year, all amounts encumbered are reappropriated as part of the following year's operating or capital projects budget. Any appropriations that are either unexpended or unencumbered, lapse at fiscal year-end. The separately issued annual budget may be obtained from the City's Municipal Budget Office, 31 East 5<sup>th</sup> Street, Tempe, Arizona, 85281.

The City adheres to the following procedures in establishing the budgetary data:

- 1) Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenues and expenditures.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to July 1, the budget is legally enacted through passage of a resolution.

**F. Pooled Cash and Investments**

Cash resources of the City are combined to form a pool of cash and investments managed by the Accounting Division. Excluded from this pool are certain legally restricted cash resources. In accordance with the City's legally adopted budget, the interest earned on pooled investments is recorded in the General Fund, except for the earnings of Enterprise Funds and other funds whose interest earnings are specifically mandated by law or an outside regulating agency to remain in those funds. Investments are stated at fair value.

The City's investment policy permits investment in the following instruments:

- 1) Obligations of the United States Government, its agencies and instrumentalities;
- 2) Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings and loan associations;
- 3) Bankers' acceptances issued by the 10 largest domestic banks and the 20 largest international banks, provided collateral meets the standards set by the Investment Advisory Committee;
- 4) A-1/P-1 rated commercial paper secured by an irrevocable line of credit or collateralized by U.S. government securities;
- 5) Repurchase agreements whose underlying collateral consist of the foregoing;
- 6) Money market funds whose portfolios consist of the foregoing; and
- 7) The State of Arizona's Local Government Investment Pools 5 and 7.

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

**G. Receivables**

For accounts receivable, all amounts are net of allowance for doubtful accounts.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Inventories and Prepaid Items**

All inventories are valued using the average cost method. They consist of expendable supplies held for consumption and are accounted for using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements. Prepaid items are recorded as expenditures when consumed in the fund financial statements.

In fund financial statements, inventory and prepaid items represent amounts that are not in spendable form, even though they are a component of assets. Such amounts are presented as a component of non-spendable fund balance.

**H. Restricted Assets**

Certain proceeds of the City’s bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Balance Sheet, Statement of Fund Net Position, or Statement of Net Position, because they are maintained in trust accounts and their use is limited by applicable debt covenants. In addition, the Industrial Commission of Arizona requires a restricted security for self-insured entities. As the City is self-insured, a security of \$8.1 million is included in restricted assets in the Worker’s Compensation Fund.

The City purchased two housing properties at end of fiscal year 2024 and placed \$10.7 million in escrow awaiting transaction completion. The cash in escrow was reported as restricted asset in the financial statements.

**I. Capital Assets**

Capital assets, including public domain infrastructure (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost or in aggregate of similar items of more than \$10,000 (\$25,000 for infrastructure assets) and an estimated useful life greater than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of arts and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life, are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives (land and construction-in-progress are not depreciated):

Assets	Useful Life (years)
Buildings	10-70
Infrastructure	7-70
Improvements	10-50
Machinery and equipment	3-15
Intangible:	
Right-to-use subscription assets	Varies
Right-to-use lease assets	Varies

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Leases**

The city has entered into lease agreements and are accounted for based on the principle that leases are financings of the right to use an underlying asset. 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.

**K. Subscription based information technology agreement**

Subscription based information technology agreement (SBITA) related amounts are recognized at the inception of SBITA in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the SBITA at or before the commencement of the subscription term that relate to future periods, less any incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the SBITA

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

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category. It is the deferred charge on refunded debt and deferred outflows related to pensions and OPEB reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has four items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, deferred inflow related to leases, the deferred inflow related to pensions and other post-employment benefits, and amounts resulting from refunded debt.

Amounts that are reported as deferred outflows are shown as a separate balance sheet section following the assets. Similarly, amounts shown as deferred inflows are shown in a separate balance sheet section following liabilities.

Under the GASB 94 - "*Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*", the City's golf courses met the definition of a PPP-Service Concession Arrangement. There were \$6.3 million of related deferred inflows of resources recognized in the current year.

**M. Compensated Absences**

Accumulated unpaid vacation, vested sick pay and earned compensatory time are accrued in the Government-wide and all Proprietary Fund statements. Compensated absences are only reported in the governmental funds if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). These long-term liabilities of the governmental funds are not shown on the fund financial statements, as the benefits are not expected to be liquidated with expendable available financial resources. Vacation leave will be absorbed by time off from work or, within certain limitations, may be payable to the employees. Sick leave is accumulated at the rate of 96 hours (or a proportionate equivalent for employees with workweeks other than 40 hours) per year up to a maximum of 480 hours. Each year, hours accumulated in excess of 480 hours are either converted to cash at a 4-for-1 rate or accumulated in a "sick bank". Generally, upon retirement or resignation, employees with at least 10 or 20 years of service are eligible for compensation of up to 50 percent, or 60 percent respectively, of accumulated sick leave.

Each employee receives a \$500 "Mediflex" allowance each year as reimbursement for all otherwise non-reimbursed health maintenance costs. Unused balances are accumulated. Upon termination, for employees with at least 10 years of service, the balance is transferred to a "Retiree Funded Health Savings Account".

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Post-Employment Benefits**

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plan's fiduciary net assets and additions to/deductions from the plan's fiduciary net assets have been determined on the same basis as they are reported by the plans. 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 except for money market investments and interest earnings from inv contracts that have a maturity at the time of purchase of 1 year or less which are reported at cost.

**O. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the period in which the bonds are issued. 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.

**P. Net Position Flow Assumption**

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

**Q. Interfund Transactions**

Interfund transactions consist of identified services performed for other funds or costs billed to other funds and are recorded as expenditures in the fund receiving the services and as a reimbursement, reducing expenditures, in the fund performing the services except for sales of water, sewer and refuse services to other City departments and the internal service risk management, worker's compensation or health charges which are recorded as revenue and expenditures in the appropriate funds. All other interfund transactions are reported as transfers.

**R. Fund Equity**

In the fund financial statements, the classifications of fund balance are *Nonspendable*, *Restricted*, *Committed*, *Assigned*, and *Unassigned*. *Nonspendable* and *Restricted* fund balances represent the "restricted" classifications and *Committed*, *Assigned*, and *Unassigned* represent the "unrestricted" classifications (see Note 13).

**S. Statements of Cash Flows**

The City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. For the purposes of the statement of cash flows, all pooled cash and investments are also considered to be cash equivalents, although there are investments with maturities in excess of three months when purchased in the portfolio. This is due to the fact that the Proprietary funds may deposit or withdraw cash at any time without prior notice or penalty, having the characteristics of demand deposits. In a statement of cash flows, cash receipts and payments are classified according to whether they stem from operating, noncapital financing, capital and related financing, or investing activities.

**T. Use of Estimates**

The preparation of basic 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 reported amount of assets, liabilities, revenue and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**U. Implementation of New GASB Pronouncement**

For the year ended June 30, 2024, the City implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, which is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There is no financial impact to the City's financial statements.

**NOTE 2 - BUDGET BASIS OF ACCOUNTING**

Arizona state statutes require accounting for certain transactions to be on a basis other than GAAP. Legal control over the budget derives from State statutes that prohibits the City from exceeding its adopted budget in total. The legally adopted budget is at the citywide level that includes operating budget and capital budget. The budgetary comparison schedule at the citywide level is presented in the Required Supplementary Information section. There are certain differences between the budgetary basis and the basis used for reporting under GAAP. The major differences between the budget and GAAP bases are:

- 1) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).
- 2) Certain revenues and expenditures not recognized in the budgetary year are accrued (GAAP).
- 3) Changes in the fair value of investments (GAAP) are not budgeted.

**NOTE 3 - PROPERTY TAXES**

Under Arizona law a two-tiered tax system exists: (1) a primary system for taxes levied to pay for current operation and maintenance expenses, and (2) a secondary system for taxes levied to pay principal and interest on bonded indebtedness as well as for the determination of the maximum permissible bonded indebtedness.

In Fiscal Year 2016, with the passage of Proposition 117, the limited property tax value was required to be used in determining and levying primary and secondary taxes on all property. In May 2016, legislation was passed by the Arizona State Legislature, effective August 2016, which clarifies that the valuation for the calculation of the debt limit is the full cash (secondary) property value rather than the limited property value. Primary levies are limited to a 2% increase annually plus levies attributable to assessed valuation added as a result of growth and annexation. Secondary tax levies do not have a limitation.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 Limited Property Tax Value as determined by the Maricopa County Assessor. Levies are due and payable in two installments on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16%. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes.

**NOTE 3 - PROPERTY TAXES (Continued)**

Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second installment becomes delinquent. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale, the holder of a Certificate of Purchase, which has not been redeemed, may demand of the County Treasurer a County Treasurer's Deed. Additionally, a lien against property assessed attaches on the first day of January preceding the assessment and levy thereof.

**NOTE 4 - CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and on the Balance Sheet as "Pooled cash and investments." Pooled cash and investments are stated at fair value, with accrued interest shown under "Accrued interest receivable". The change in fair value of the investments is recorded in investment income. Restricted cash and investments are amounts held separately by trustees and segregated due to their source and future intent. Amounts held by trustees are invested in money market securities, maturing within one year from the time of purchase, or US treasury obligations and are reported at fair market value.

**Deposits**

At year-end, the carrying amount of the City's deposits with financial institutions was \$9,435,434 and the bank balance was \$6,991,598; \$6,491,598 of that amount was exposed to custodial risk because it was uninsured and is collateralized with securities held by the pledging financial institution. In addition, the City holds \$26,180 in petty cash. The City also reported construction deposit of \$35.3 million which is money set-aside for joint venture contribution.

**Investments**

City Charter, Ordinance, and Trust Agreements authorize the City to invest in US treasury obligations, US agency obligations, certificates of deposit that are fully insured or collateralized, banker's acceptances issued by the 10 largest domestic banks and the 20 largest international banks, A-1/P-1 rated commercial paper secured by an irrevocable line of credit or collateralized by US government securities, repurchase agreements whose underlying collateral consist of the foregoing, money market funds whose portfolios consist of the foregoing and the Arizona Local Government Investment Pools 5 and 7.

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Carrying amount of investments	\$ 644,008,209
Carrying amount of cash deposits	239,251
Total cash and investments	<u>\$ 644,247,460</u>
Pooled cash and investments – unrestricted	\$ 510,998,033
Restricted cash and investments	113,094,495
Investments in OPEB trust	20,154,932
Total cash and investments	<u>\$ 644,247,460</u>



**NOTE 4 - CASH AND INVESTMENTS (Continued)**

At June 30, 2024, the City maintained the following investments and maturities:

	Category	Fair Value	Remaining Maturity in Months				
			12 Months or Less	13 – 24 Months	25 – 36 Months	37 - 48 Months	Greater than 48 months
US government treasuries	Level 2	\$ 308,240,075	\$ 115,327,250	\$ 98,559,999	\$ 94,352,826	\$ -	\$ -
US government agencies	Level 2	140,223,442	48,094,975	48,102,866	28,756,344	13,485,419	1,783,838
Money market	Level 1	102,889,666	102,889,666	-	-	-	-
State investment pool	N/A	72,553,224	72,553,224	-	-	-	-
Mutual funds	Level 1	20,101,802	20,101,802	-	-	-	-
		<u>\$ 644,008,209</u>	<u>\$ 358,966,917</u>	<u>\$ 146,662,865</u>	<u>\$ 123,109,170</u>	<u>\$ 13,485,419</u>	<u>\$ 1,783,838</u>

**Fair Value Measurements.** The City 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

For level 2 investments, one method used to establish fair value is the evaluators gather information from market sources and integrate relative credit information, observed market movements, and sector news into the evaluated pricing applications and models. Another method is a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread (OAS) model is used.

The State Treasurer’s pool is an external investment pool, the Local Government Investment Pool (Pool 5), with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The activity and performance of the pool is reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

**Interest rate risk.** One of the ways the City limits its exposure to fair value losses arising from rising interest rates is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Although the City’s formal investment policy allows for investment maturities up to 5 years from the date of purchase, in general, the City limits all securities to a final maturity of no more than three years and assumes that its callable investments will not be called. In general, it is the City’s intent to hold investments to maturity.

**Credit risk.** The City addresses credit risk through the investment policy by restricting the allowable investment instruments. The investments in the US agency obligations and US government treasuries were rated AA+ and money market funds were rated AAA by S&P Global. The Arizona Local Government Investment Pool 5 is currently rated AAf by Moody’s. The OPEB Trust has investments with an average quality ranging from AAA to B.

**Concentration of Credit Risk.** The City policy places no limit on the amount that the City may invest in any one issuer of the US treasury obligations and the US agency obligations. The investment policy does establish a maximum percentage of 10% in banker’s acceptances, 20% in commercial paper and 25% in repurchase agreements. The maximum investment in any one issuer for certificates of deposits is 33% and for repurchase agreements is 10%. The City is required to disclose if 5% or more of its investments are in securities of a single issuer. As of June 30, 2024, 67.91% of the City’s investments are in US Treasuries, 21.09% of the City’s investments are in Federal Home Loan Mortgage Corporation securities, and 9.07% in Federal Home Loan Mortgage Bank.

**Custodial Credit Risk.** The City’s investment in the State of Arizona Local Government Investment Pool (LGIP) is stated at fair value, which approximates the value of the City’s pool shares. The LGIP is operated by the Arizona State Treasurer’s Office, as authorized by Arizona Revised Statutes, §35-326. Arizona Revised Statutes, §35-312

**NOTE 4 - CASH AND INVESTMENTS (Continued)**

and §35-313, regulate authorized investments. The Arizona State Legislature has created the Arizona Board of Investments which reviews the investment of state monies, serves as trustees of the Permanent Land Trust Funds, and approves the State Treasurer’s Office Investment Policy.

**NOTE 5 - DUE TO/FROM OTHER FUNDS, INTERFUND TRANSFERS AND ADVANCES**

Due to/from other funds consisted of the following at June 30, 2024:

	Due to	Due from
General fund	\$ -	\$ 1,924,816
Non-major governmental funds	1,864,203	-
Internal service funds	60,613	-
<b>Total governmental funds</b>	<b>\$ 1,924,816</b>	<b>\$ 1,924,816</b>

The interfund balances at June 30, 2024 are short-term transfers to cover temporary cash deficits in various funds. All interfund balances outstanding at June 30, 2024 are expected to be repaid within one year.

		Transfers Out					
		General	Transit Special Revenue	Non-Major Governmental	Water and Wastewater	Non- Major Enterprise	Total
Transfers In	General	\$ -	\$ -	\$ 867,605	\$ 94,750	\$ 1,348,012	\$ 2,310,367
	General Obligation Debt Service	454,376	-	4,673	81,323	4,673	545,045
	Community Development Capital Projects	7,559,146	77,684	-	1,249,110	-	8,885,940
	Non-Major Governmental	28,356,026	7,531,253	7,555,739	-	1,236,472	44,679,490
	Non-major Enterprise	2,422,652	-	-	-	-	2,422,652
	Internal Service Funds	1,400,773	-	-	-	-	1,400,773
	Government-Wide	-	-	-	-	1,393,310	1,393,310
	<b>Total</b>	<b>\$ 40,192,973</b>	<b>\$ 7,608,937</b>	<b>\$ 8,428,017</b>	<b>\$ 1,425,183</b>	<b>\$ 3,982,467</b>	<b>\$ 61,637,577</b>

The interfund transfers generally fall within one of the following categories: 1) pay-as-you-go financing transfers into capital project funds; 2) transfers to cover debt service payments; or 3) transfers to cover operating expenditures/expenses in accordance with City policy. Golf fund transfers a net \$1,393,310 in assets and liabilities to government-wide activities as the operation closed at end of fiscal year 2024.

**Interfund Advance.** In two installment payments in Fiscal Year 2016, the Water and Wastewater Fund advanced the Golf Fund a total of \$2.5 million for an irrigation system at Rolling Hills Golf Course. In Fiscal Year 2017, an additional \$825,000 was advanced. Currently the interest rate is 2.25% and can fluctuate based on the City’s average earnings on its investments. The advance is repaid in an annual installment of \$182,450 commencing June 30, 2017 through June 30, 2038. The advance balance between the Water and Wastewater fund and Golf Fund was paid off as of June 30, 2024.

**NOTE 6 – CAPITAL IMPROVEMENT NOTES RECEIVABLE**

In August 2008, the City advanced to the Downtown Tempe Authority (DTA) \$250,000 to begin operations. The DTA is to repay the advance at zero percent interest rate when the district is terminated. At June 30, 2024 the General Fund capital improvement note receivable balance for this agreement is \$250,000.

During the construction of the light rail, the City entered into a development agreement to add a light rail station at Washington and Center Parkway. The agreement has total contributions to the City of \$1.3 million, payable at \$130,000 annually over a five and six-year period with the remaining balance due the following year. At June 30, 2024, the note receivable balance in the Transit Special Revenue fund is \$1,357,391 and the corresponding revenue has been reported as a deferred inflow of resources.

In August 2011, in accordance with a development agreement, the City has deferred certain water and sewer development fees. The City will use the sales tax rebate due to the developer to pay for the deferred development

**NOTE 6 – RECEIVABLES (Continued)**

fees. The outstanding fees accrue at an interest rate of 2.00%. The notes receivable balance in the Water and Wastewater Enterprise Fund on June 30, 2024 was \$69,758 for this agreement.

**NOTE 7 - JOINT VENTURE**

The City currently participates in three joint ventures, the Subregional Operating Group, Valley Metro Rail, Inc and Regional Wireless Cooperative.

**Subregional Operating Group (SROG)**

The City participates with the cities of Phoenix, Mesa, Scottsdale, and Glendale in an intergovernmental agreement for the construction, operation and maintenance of jointly used facilities including the 91st Avenue Wastewater Treatment Plant, the Salt River Project Outfall Sewer, the Southern Avenue Interceptor and related transportation facilities. The City of Phoenix is the management agency who has agreed to be responsible for the planning, designing, constructing, operating and maintaining of the jointly used sewage facilities and to perform the required accounting, administrative and other support functions.

The agreement provides for the formation of a Multicity Subregional Operating Group Committee ("Multicity SROG"), whose members are composed of a representative officially appointed upon motion and order of each city, for the specific purpose of making recommendations concerning specific decisions or courses of action for the jointly used facilities. The Multicity SROG annually reviews and approves the capital improvements and replacements budget and the operating budget for the jointly used facilities.

As of June 30, 2023 (the latest information available), the City has a 14.82% equity interest or purchased capacity in the 91st Avenue Wastewater Treatment Plant and other varied, yet less significant percentages of equity interest in the other jointly used facilities. Purchased capacity is a measure of the right of use owned by the City in the total capacity of the wastewater treatment plant. The City contributes to capital improvements based upon equity interest and contributes to operating and maintenance expenses based upon proportional flow and sewage strength. The City has financed its share of capital improvement costs through the issuance of general obligation bonds, excise tax bonds, development fees and grants. The joint venture has not issued any debt.

Summary financial information on the joint venture (GAAP basis) as of and for the fiscal year ended June 30, 2023 (the latest information available) is as follows (in thousands):

Total assets	\$ 669,911
Total liabilities	(85,030)
Total net position	<u>\$ 584,881</u>
Total revenues	\$ 85,007
Total expenses	(95,242)
Total non-operating revenues (expenses)	(1,609)
Net decrease in net position	<u>\$ (11,844)</u>

The City's net investment and its share of operating and maintenance expenses are recorded in the Water and Wastewater Enterprise Fund. The City's equity in joint venture on June 30, 2023, was \$86,544,000. Separately audited financial statements for the jointly used wastewater treatment and transportation facilities may be obtained from the Arizona Municipal Water Users Associations, 3003 North Central, Suite 1550, Phoenix, Arizona, 85012.

**Valley Metro Rail, Inc. (VMRI)**

The City currently participates with the cities of Phoenix, Mesa and Glendale in a joint powers agreement for the design, construction and operation of a light rail transit system. Valley Metro Rail, Inc. (VMRI) is the management agency that was incorporated to administer the joint powers agreement between the cities. In addition, VMRI has oversight responsibility for the planning, designing, construction and operation of a regional mass transit light rail system. The agreement provides voting rights for members of the representative cities related to strategic initiatives including passage of an annual capital program and annual operating budget.

As of June 30, 2023, the City has a 14.74% equity interest in the joint venture. The light rail project was completed and began operations in December 2008. Member contributions to the joint venture were offset by a federal funding agreement from the U.S. Department of Transportation. These contributions were recognized as intergovernmental revenue in the Transit Capital Projects fund.

**NOTE 7 - JOINT VENTURE (Continued)**

Summary financial information on the joint venture (GAAP basis) as of and for the fiscal year ended June 30, 2023 (the latest information available) is as follows (in thousands):

Total assets	\$ 2,837,406
Total liabilities	<u>(305,813)</u>
Total net position	<u>\$ 2,531,593</u>
Operating revenues	\$ 9,517
Operating expenses	(141,168)
Non-operating revenues	54,244
Capital Contributions	<u>327,389</u>
Net increase in net position	<u>\$ 249,982</u>

The City has an ongoing financial responsibility as a result of the joint powers agreement to participate in the cost to construct and operate the light rail project and related improvements less any federal reimbursements and operating fares. The equity interests will be determined, and periodically adjusted, based on the number of rail mileage located within each city. The City's equity in joint venture on June 30, 2023 was \$373,154,845. This is primarily due to the funding of the transit streetcar project through capital grants. Separate financial statements may be obtained from Valley Metro Rail, Inc., 411 North Central Avenue, Suite 200, Phoenix, Arizona 85004.

**Regional Wireless Cooperative (RWC)**

The City participates in the Regional Wireless Cooperative (RWC), an association of municipalities formed in 2008 to oversee the administration, operation, management, and maintenance of an expanding regional communications network. The RWC was formed through a governance structure founded on the principles of cooperation for the mutual benefit of all members and has expanded to serve a still-growing list of cities, towns, and fire districts, along with many other area entities who serve public safety needs. A regional radio communications network was built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around the Phoenix Metropolitan Region.

Financial responsibilities are shared by all members based on their relative size and is measured by the number of subscriber units (radios) on the network. Currently, the City of Phoenix is responsible for the day-to-day operations and maintenance of the network, as well as the management of the RWC's organization and finances.

The City records its share of contributions to the RWC and the equity in the joint venture in the government-wide financial statements. As of June 30, 2023, the City's net investment in RWC was 5,831,683 or 11.12% of the RWC's total net position.

Summary financial information on the joint venture (GAAP basis) as of and for the fiscal year ended June 30, 2023 (the latest information available) is as follows (in thousands):

Total assets	\$ 56,063
Total liabilities	<u>(3,619)</u>
Total net position	<u>\$ 52,444</u>
Total revenues	\$ 11,651
Total expenses	<u>(17,447)</u>
Net decrease in net position	<u>\$ (5,796)</u>

The Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023, for the RWC may be obtained from the Regional Wireless Cooperative, 200 West Washington Street, 14th Floor, Phoenix, Arizona, 85003-1611.

#### NOTE 8 - CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the fiscal year ended June 30, 2024 is as follows:

	Balances June 30, 2023	Additions	Retirements	Transfers in (out)	Balances June 30, 2024
Governmental activities:					
Non-depreciable assets:					
Land	\$ 95,393,127	\$ 522,186	\$ -	\$ -	\$ 95,915,313
Construction-in-progress	63,800,621	72,504,204	(2,715,310)	(28,821,521)	104,767,994
Total non-depreciable assets	159,193,748	73,026,390	(2,715,310)	(28,821,521)	200,683,307
Depreciable assets:					
Buildings	341,681,358	1,981,337	-	-	343,662,695
Infrastructure	841,144,736	6,089,015	-	13,557,724	860,791,475
Improvements	282,410,989	15,991,194	-	14,973,577	313,375,760
Machinery and equipment	203,336,134	18,065,594	(2,068,786)	290,220	219,623,162
SBITA assets	4,129,839	1,337,372	(439,029)	-	5,028,182
Lease assets	1,294,308	-	-	-	1,294,308
Total depreciable assets	1,673,997,364	43,464,512	(2,507,815)	28,821,521	1,743,775,582
Less Accumulated depreciation/amortization for:					
Buildings	(204,186,403)	(13,155,048)	-	-	(217,341,451)
Infrastructure	(516,946,492)	(19,009,926)	-	-	(535,956,418)
Improvements	(134,772,184)	(13,750,206)	-	-	(148,522,390)
Machinery and equipment	(159,999,033)	(13,378,642)	1,065,797	-	(172,311,878)
SBITA assets	(1,135,741)	(1,102,539)	439,030	-	(1,799,250)
Lease assets	(238,827)	(238,827)	-	-	(477,654)
Total accumulated depreciation/amortization	(1,017,278,680)	(60,635,188)	1,504,827	-	(1,076,409,041)
Total Depreciable assets, net	656,718,684	(17,170,676)	(1,002,988)	28,821,521	667,366,541
Governmental activities capital assets, net	<u>\$ 815,912,432</u>	<u>\$ 55,855,714</u>	<u>\$ (3,718,298)</u>	<u>\$ -</u>	<u>\$ 868,049,848</u>

**NOTE 8 - CAPITAL ASSETS (Continued)**

Depreciation/amortization expense was charged to the governmental functions in the government-wide financial statements as follows:

Public safety	\$ 10,976,426
General government	14,226,687
Transportation	29,498,319
Criminal Justice	29,171
Community enrichment	<u>5,904,585</u>
Total depreciation/amortization expense	<u><u>\$ 60,635,188</u></u>

	Balances June 30, 2023	Additions	Retirements	Transfers in (out)	Balances June 30, 2024
Business-type activities:					
Non-depreciable assets:					
Land	\$ 6,693,377	\$ -	\$ (362,548)	\$ -	\$ 6,330,829
Construction-in-progress	29,006,309	21,627,134	(592,309)	(23,149,034)	26,892,100
Total non-depreciable assets	<u>35,699,686</u>	<u>21,627,134</u>	<u>(954,857)</u>	<u>(23,149,034)</u>	<u>33,222,929</u>
Depreciable assets:					
Buildings	50,012,096	-	(1,822,663)	-	48,189,433
Infrastructure	437,383,676	28,050,481	(3,210,587)	9,321,249	471,544,819
Improvements	255,767,845	4,668,875	(1,368,293)	13,827,785	272,896,212
Machinery and equipment	50,353,904	10,022,818	(4,360,203)	-	56,016,519
SBITA assets	788,307	-	(74,248)	-	714,059
Total depreciable assets	<u>794,305,828</u>	<u>42,742,174</u>	<u>(10,835,994)</u>	<u>23,149,034</u>	<u>849,361,042</u>
Less Accumulated depreciation/amortization for:					
Buildings	(33,288,227)	(1,233,427)	1,432,730	-	(33,088,924)
Infrastructure	(227,963,105)	(13,025,264)	976,552	-	(240,011,817)
Improvements	(128,427,194)	(11,118,912)	1,136,220	-	(138,409,886)
Machinery and equipment	(29,576,233)	(5,208,054)	2,940,018	-	(31,844,269)
SBITA assets	(224,073)	(203,199)	74,248	-	(353,024)
Total accumulated depreciation/amortization	<u>(419,478,832)</u>	<u>(30,788,856)</u>	<u>6,559,768</u>	<u>-</u>	<u>(443,707,920)</u>
Total depreciable assets, net	<u>374,826,996</u>	<u>11,953,318</u>	<u>(4,276,226)</u>	<u>23,149,034</u>	<u>405,653,122</u>
Governmental activities capital assets, net	<u><u>\$ 410,526,682</u></u>	<u><u>\$ 33,580,452</u></u>	<u><u>\$ (5,231,083)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 438,876,051</u></u>

Depreciation/amortization expense was charged to the proprietary funds in the government-wide and fund financial statements as follows:

Water and wastewater	\$ 28,619,304
Solid waste	1,897,133
Emergency medical transportation	272,419
Total depreciation/amortization expense	<u><u>\$ 30,788,856</u></u>

**NOTE 9 - LONG-TERM DEBT**

**Changes in Long-term Liabilities.** The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Debt payable:					
General obligation bonds payable	\$ 243,407,158	\$ 62,487,842	\$ (34,205,000)	\$ 271,690,000	\$ 24,445,000
Premium on general obligation bonds	25,851,079	5,040,760	(2,506,775)	28,385,064	-
Special assessments	10,265,000	-	(1,510,000)	8,755,000	1,585,000
Special assessment 2020 Excise tax obligations (direct placement)	11,630,000	-	(550,000)	11,080,000	560,000
Premium on special assessments	301,203	-	(50,201)	251,002	-
Excise tax obligations	45,762,000	-	(4,669,000)	41,093,000	12,583,000
Excise tax obligations - direct	15,025,000	-	(1,070,000)	13,955,000	1,100,000
Premium on excise tax obligations	1,944,738	-	(188,338)	1,756,400	-
2021 Certificates of Participation	336,000,000	-	(18,430,000)	317,570,000	20,380,000
2004 HUD Section 108 loan	1,076,000	-	(527,000)	549,000	549,000
Debt Principal	691,266,692	67,528,602	(63,706,314)	695,084,466	61,202,000
Compensated absences	33,539,395	661,355	-	34,200,750	12,205,283
Claims and judgments	19,467,263	30,640,595	(26,076,297)	24,031,561	15,459,107
Financed purchase	4,514	-	(4,514)	-	-
Leases	1,085,876	-	(232,152)	853,724	237,287
SBITAs	2,637,704	1,316,631	(1,340,495)	2,613,840	1,060,164
Governmental activities long-term	<u>\$ 747,996,930</u>	<u>\$ 100,147,183</u>	<u>\$ (91,359,772)</u>	<u>\$ 756,784,341</u>	<u>\$ 90,163,841</u>
Business-type activities:					
Debt payable:					
General obligation bonds payable	\$ 177,767,842	\$ 48,187,158	\$ (22,220,000)	\$ 203,735,000	\$ 19,980,000
Premium on general obligation bonds	19,679,314	3,989,746	(2,198,470)	21,470,590	-
Excise tax obligations	42,528,000	14,595,000	(19,566,000)	37,557,000	4,407,000
Premium on excise tax obligations	6,150,826	1,226,046	(2,258,678)	5,118,194	-
Revenue obligations - direct placement	66,895,000	-	(2,775,000)	64,120,000	2,875,000
Premium on revenue obligations	9,842,016	-	(546,779)	9,295,237	-
2010 WIFA Loan	688,790	-	(106,314)	582,476	109,572
2010 WIFA Loan	4,811,602	-	(762,763)	4,048,839	778,018
Debt Principal	328,363,390	67,997,950	(50,434,004)	345,927,336	28,149,590
Compensated absences	2,976,781	-	(93,127)	2,883,654	1,029,096
SBITAs	494,365	-	(151,910)	342,455	110,460
Business-type activities long-term	<u>\$ 331,834,536</u>	<u>\$ 67,997,950</u>	<u>\$ (50,679,041)</u>	<u>\$ 349,153,445</u>	<u>\$ 29,289,146</u>

The long-term liabilities at June 30, 2024 have been reduced by deposits made with the City's fiscal agent for July 1, 2024 maturities. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

**NOTE 9 - LONG-TERM DEBT (Continued)**

Bonds payable on June 30, 2024, are comprised of the following:

Purpose	Original Amount	Interest Rate	Maturity Date	Outstanding Balance
<b>General Obligation Bonds</b>				
2015A Capital Improvement Serial Bonds due in annual installments of \$1,740,000 to \$2,925,000	\$ 43,965,000	1.0-3.75%	7/1/2035	\$ 22,950,000
2016A Capital Improvement Serial Bonds due in annual installments of \$540,000 to \$880,000	13,630,000	2.0-3.0%	7/1/2036	9,000,000
2016B Capital Improvement Refunding Serial Bonds due in annual installments of \$3,550,000 to \$17,935,000	86,440,000	2.0-4.0%	7/1/2029	52,000,000
2017 Capital Improvement Serial Bonds due in annual installments of \$970,000 to \$2,390,000	32,810,000	2.0-5.0%	7/1/2037	20,355,000
2018 Capital Improvement Serial Bonds due in annual installments of \$1,365,000 to \$3,640,000	47,560,000	2.0-5.0%	7/1/2038	28,805,000
2019 Capital Improvement Serial Bonds due in annual installments of \$1,635,000 to \$3,785,000	52,120,000	2.0-5.0%	7/1/2039	42,620,000
2020A Capital Improvement Serial Bonds due in annual installments of \$750,000 to \$1,430,000	24,165,000	2.6 %	7/1/2040	18,985,000
2020B Capital Improvement Refunding Serial Bonds due in annual installments of \$2,355,000	34,580,000	1.3 %	7/1/2030	16,415,000
2021 Capital Improvement Serial Bonds due in annual installments of \$660,000 to \$2,240,000	22,545,000	5.0%	7/1/2041	18,945,000
2022 Capital Improvement Serial Bonds due in annual installments of \$2,910,000 to \$6,415,000	90,330,000	3.0-5.0%	7/1/2042	80,215,000
2023 Capital Improvement Serial Bonds due in annual installments of \$1,745,000 to \$8,865,000	63,325,000	5.0%	7/1/2043	54,460,000
2024 Capital Improvement Serial Bonds due in annual installments of \$5,630,000 to \$7,625,000	110,675,000	4.1-5.0%	7/1/2044	110,675,000
<b>Total General Obligation Bonds</b>	<b>\$ 622,145,000</b>			<b>\$ 475,425,000</b>
<b>Special Assessment Bonds</b>				
ID 180 Special Assessment Bonds Payable with Governmental Commitment due in annual installments of \$760,000 to \$1,925,000	\$ 25,190,000	5.0 %	1/1/2029	\$ 8,755,000
<b>Total Special Assessment Bonds</b>	<b>\$ 25,190,000</b>			<b>\$ 8,755,000</b>
<b>Excise Tax Revenue Bonds</b>				
2011B Excise Tax Revenue Obligation due in one annual installment of \$7,300,000	\$ 7,300,000	4.9 %	7/1/2025	\$ 7,300,000
2016 Excise Tax Revenue and Refunding Obligations due in annual installments of \$1,135,000 to \$7,510,000	42,485,000	2.0-5.0%	7/1/2031	13,895,000
2017 Transit Excise Tax Revenue Refunding Obligations due in annual installments of \$150,000 to \$1,460,000	19,305,000	2.8 %	7/1/2032	13,955,000
2019 Excise Tax Revenue Refunding Obligations due in annual installments of \$1,000,000 to \$1,515,000	9,110,000	5.0-6.5%	7/1/2029	6,910,000
2020 Excise Tax Revenue Obligation due in annual installments of \$475,000 to \$840,000	13,160,000	2.7 %	7/1/2040	11,080,000
2021 Excise Tax Revenue Refunding Obligations due in annual installments of \$510,000 to \$5,460,000	14,695,000	0.2-1.8%	7/1/2032	6,235,000
2021 Excise Tax Revenue Refunding Obligations due in annual installments of \$560,000 to \$2,240,000	28,890,000	0.2-2.4%	7/1/2037	24,495,000
2021 Excise Tax Revenue Refunding Obligations due in annual installments of \$275,000 to \$550,000	6,170,000	1.0-5.0%	7/1/2036	5,220,000
2024 Excise Tax Revenue Refunding Obligations due in annual installments of \$275,000 to \$550,000	14,595,000	1.0-5.0%	7/1/2036	14,595,000
<b>Total Excise Tax Revenue Bonds</b>	<b>\$ 155,710,000</b>			<b>\$ 103,685,000</b>



**NOTE 9 - LONG-TERM DEBT (Continued)**

Purpose	Original Amount	Interest Rate	Maturity Date	Outstanding Balance
<b>Water And Sewer Revenue Obligation Bonds</b>				
2020 Water and Sewer Revenue Obligations due in annual installments of \$1,380,000 to \$2,415,000	\$ 38,000,000	2.7 %	7/1/2040	\$ 31,980,000
2021 Water and Sewer Revenue Obligations due in annual installments of \$1,025,000 to \$2,715,000	<u>35,480,000</u>	5.0 %	7/1/2041	<u>32,140,000</u>
<b>Total Water and Sewer Revenue Obligation Bonds</b>	<b>\$ 73,480,000</b>			<b>\$ 64,120,000</b>
<b>Certificates of Participation</b>				
Certificate of Participation due in annual installments of \$7,000,000 to \$27,810,000	\$ 343,000,000	0.4-2.6%	7/1/2037	\$ 317,570,000
<b>Total Certificates of Participation</b>	<b>\$ 343,000,000</b>			<b>\$ 317,570,000</b>
<b>Section 108 Guaranteed Loan</b>				
HUD Section 108 Guaranteed Loan due in annual installments of \$261,000 to \$549,000	\$ 7,000,000	1.3-2.4%	8/1/2024	\$ 549,000
<b>Total Section 108 Guaranteed Loan</b>	<b>\$ 7,000,000</b>			<b>\$ 549,000</b>
<b>Water Infrastructure Finance Authority Loans</b>				
WIFA loan #92A174-10 due in annual installments of \$69,678 to \$123,631	\$ 1,884,503	1.5-1.56%	7/1/2029	\$ 582,476
WIFA loan #92A175-10 due in annual installments of \$578,079 to \$842,152	<u>14,045,799</u>	0.5-1.5%	7/1/2029	<u>4,048,839</u>
<b>Total WIFA Loans</b>	<b>\$ 15,930,302</b>			<b>\$ 4,631,315</b>
<b>Total Debt</b>	<b>\$ 1,242,455,302</b>			<b>\$ 974,735,315</b>

**Debt Service Requirements** The following is a summary of total debt service cash requirements to maturity:

Fiscal Year	Governmental Activities					
	General Obligation		Special Assessment		Excise Tax Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 24,445,000	\$ 11,886,361	\$ 1,585,000	\$ 398,125	\$ 13,683,000	\$ 1,803,952
2026	17,590,000	10,722,034	1,665,000	316,875	4,405,000	1,333,871
2027	17,935,000	10,021,019	1,745,000	231,625	4,495,000	1,244,148
2028	18,655,000	9,303,829	1,835,000	142,125	4,595,000	1,148,342
2029	18,265,000	8,562,066	1,925,000	48,125	4,705,000	1,030,810
2030-2034	73,770,000	32,518,911	-	-	22,960,000	3,410,036
2035-2039	59,625,000	17,678,874	-	-	10,455,000	705,161
2040-2044	41,405,000	4,883,236	-	-	840,000	22,680
	<b>\$ 271,690,000</b>	<b>\$ 105,576,330</b>	<b>\$ 8,755,000</b>	<b>\$ 1,136,875</b>	<b>\$ 66,138,000</b>	<b>\$ 10,699,000</b>

**NOTE 9 - LONG-TERM DEBT (Continued)**

Fiscal Year	Governmental Activities					
	Certificates of Participation		Section 108 Loan		Total principal	Total interest
	Principal	Interest	Principal	Interest		
2025	\$ 20,380,000	\$ 6,217,542	\$ 549,000	\$ 7,823	\$ 60,642,000	\$ 20,313,803
2026	20,335,000	6,031,065	-	-	43,995,000	18,403,845
2027	21,380,000	5,790,095	-	-	45,555,000	17,286,887
2028	22,225,000	5,491,630	-	-	47,310,000	16,085,926
2029	23,075,000	5,141,364	-	-	47,970,000	14,782,365
2030-2034	125,885,000	18,936,427	-	-	222,615,000	54,865,374
2035-2039	84,290,000	4,281,672	-	-	154,370,000	22,665,707
2039-2043	-	-	-	-	42,245,000	4,905,916
	<u>\$ 317,570,000</u>	<u>\$ 51,889,795</u>	<u>\$ 549,000</u>	<u>\$ 7,823</u>	<u>\$ 664,702,000</u>	<u>\$ 169,309,823</u>

Fiscal Year	Business-Type Activities					
	General Obligation		Excise Tax Obligation		Revenue Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 19,980,000	\$ 9,303,673	\$ 4,407,000	\$ 1,729,453	\$ 2,875,000	\$ 2,454,470
2026	17,135,000	8,385,986	4,620,000	1,523,312	2,980,000	2,349,025
2027	12,890,000	7,664,391	4,825,000	1,313,120	3,090,000	2,239,388
2028	13,485,000	7,109,651	5,045,000	1,091,955	3,205,000	2,125,308
2029	10,245,000	6,549,016	5,280,000	859,130	3,320,000	2,006,535
2030-2034	46,220,000	26,414,404	13,370,000	1,325,488	18,575,000	8,074,848
2035-2039	52,110,000	14,320,831	-	-	22,360,000	4,282,093
2040-2044	31,670,000	3,678,864	-	-	7,715,000	464,748
	<u>\$ 203,735,000</u>	<u>\$ 83,426,816</u>	<u>\$ 37,547,000</u>	<u>\$ 7,842,458</u>	<u>\$ 64,120,000</u>	<u>\$ 23,996,415</u>

Fiscal Year	Business-Type Activities			
	WIFA		Total principal	Total interest
	Principal	Interest		
2025	\$ 887,590	\$ 29,354	\$ 28,149,590	\$ 13,516,950
2026	906,508	23,750	25,641,508	12,282,073
2027	925,839	18,016	21,730,839	11,234,915
2028	945,595	12,149	22,680,595	10,339,063
2029	965,783	6,144	19,810,783	9,420,825
2030-2034	-	-	78,165,000	35,814,740
2035-2039	-	-	74,470,000	18,602,924
2040-2044	-	-	39,385,000	4,143,612
	<u>\$ 4,631,315</u>	<u>\$ 89,413</u>	<u>\$ 310,033,315</u>	<u>\$ 115,355,102</u>

**New bonds** On May 29, 2024, the City issued Tax-Exempt \$110,675,000 Series 2024 General Obligation Bonds were issued with maturities ranging from \$3,905,000 to \$7,625,000 to fund various project costs related to streets, public safety, parks, and water/wastewater. The bond matures on 7/1/2044 with interest rate of 4.125-5.0%. The Series 2024 General Obligation Bonds were publicly sold and are repaid from the HURF Fund, General Obligation Debt Service Fund and Water and Wastewater Fund.

On June 20, 2024, the City issued \$14,595,000 Series 2024 Excise Tax Revenue Refunding Obligation Bond was issued with maturities ranging from 1,305,000 to \$1,960,000 to refund 2013 Excise Tax Obligation Bond. The bond matures on 7/1/2033 with interest rate of 5.00%. As a result of the refunding, the City reduced its total debt service requirements by \$888,090, which resulted in an economic gain of \$810,000.

**NOTE 9 - LONG-TERM DEBT (Continued)**

**Statutory Debt Limitation.** In the absence of more restrictive bond authorization ballot limitations, the City is subject to state statutory limitations on the amount of net bonded debt (exclusive of revenue and special assessment bonds and purchase contracts) it may have outstanding. The statutory debt limitation is 20 percent of the secondary assessed valuation for purposes of water, wastewater, open space preserves, artificial lighting, parks, playgrounds and recreational facilities, law enforcement, fire and emergency services facilities and streets and transportation facilities and 6 percent of the secondary assessed valuation for all other purposes.

At June 30, 2024, the 20 percent debt limitation was \$842,278,925 with \$409,957,304 of outstanding debt. This provided a 20 percent debt margin of \$432,321,621. The 6 percent debt limitation was \$252,683,677 with \$110,312,688 of outstanding debt. This provided a 6 percent debt margin of \$142,370,989. The voter authorized, unissued debt, which is also subject to the statutory limitations of 20 percent and 6 percent, at June 30, 2024, was \$218,402,989.

**Bond Covenants.** The various bond indentures contain certain limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages.

**Debt Service Coverage for Governmental General Obligation Bonds.** The governmental general obligations are payable from ad valorem tax revenues to be levied on all taxable property within the City. Proceeds of the bonds were used for general governmental purposes. The bonds are payable through July 1, 2044. Annual principal and interest payments on the bonds were 146.63% of total fiscal year ended June 30, 2024 General Obligation Debt Service Fund ad valorem taxes. The total principal and interest remaining to be paid on the bonds is \$377,266,330. Principal and interest paid for the current year and total ad valorem tax revenues were \$37,213,544 and \$25,379,796 respectively.

**Debt Service Coverage for Business-type Activities General Obligation Bonds.** The business-type general obligations are paid from the water and wastewater utility system revenues of the City. Proceeds of the bonds were used for improvements and expansions to the City's water and wastewater system. The bonds are payable through July 1, 2044. Annual principal and interest payments on the bonds are expected to require less than 30.29% of total fiscal year ended June 30, 2024 water and wastewater utility system revenue. The total principal and interest remaining to be paid on the bonds is \$287,161,816. Principal and interest paid for the current year and water and wastewater system revenues were \$30,007,252 and \$99,078,192, respectively.

**Debt Service Coverage for Governmental Excise Tax Obligations.** The City has pledged all future unrestricted excise taxes to repay outstanding governmental excise tax obligations. Proceeds of the bonds were used for general governmental purposes. The bonds are payable through July 1, 2034. Annual principal and interest payments on the bonds are expected to require less than 1.22% of total fiscal year ended June 30, 2024 pledged excise taxes. The total principal and interest remaining to be paid on the bonds is \$12,078,419. Principal and interest (net of Federal subsidy) paid for the current year and total pledged excise taxes were \$2,927,356 and \$240,428,133, respectively.

**Debt Service Coverage for Business-type Activities Excise Tax Obligations.** The City has pledged all future unrestricted excise taxes to repay outstanding business-type activities excise tax obligations. Proceeds of the bonds were used for improvements and expansions to the City's water and wastewater system. The bonds are payable through July 1, 2034. Annual principal and interest payments on the bonds are expected to require less than 2.42% of total fiscal year ended June 30, 2024 excise taxes. The total principal and interest remaining to be paid on the bonds is \$45,399,458. Principal and interest paid for the current year and total excise taxes were \$5,827,706 and \$240,428,133, respectively.

**Debt Service Coverage for Transit Excise Tax Obligations.** For the repayment of transit excise tax obligation bonds, the City has pledged all future excise taxes collected and paid under the 0.50% transportation excise tax. Proceeds of the bonds were used for the construction of the City's portion of the light rail system. The bonds are payable through July 1, 2037. Annual principal and interest payments on the bonds are expected to require less than 10.78% of total fiscal year ended June 30, 2024 transit excise taxes. The total principal and interest remaining to be paid on the bonds is \$57,793,031. Principal and interest paid for the current year and transit excise taxes were \$4,695,249 and \$57,413,170 respectively.

**NOTE 9 - LONG-TERM DEBT (Continued)**

**Debt Service Coverage for Arts and Culture Excise Tax Obligations.** For the repayment of arts and culture excise tax obligation bonds, the City has pledged all future excise taxes collected and paid under the 1.0% arts and culture excise tax. Proceeds of the bonds were used for the repair of the roof of the Tempe Center for the Arts. The bonds are payable through July 1, 2036. Annual principal and interest payments on the bonds are expected to require less than 4.50% of total fiscal year ended June 30, 2024 arts and culture excise taxes. The total principal and interest remaining to be paid on the bonds is \$6,955,550. Principal and interest paid for the current year and arts and culture excise taxes were \$579,250 and \$11,482,634, respectively.

**Arbitrage.** Under U.S. Treasury Department regulations, all government tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The City has evaluated each general obligation bond and revenue bond issue subject to the arbitrage rebate requirements and has determined that no liability exists at June 30, 2024.

**NOTE 10 - BONDS TO BE PAID FROM ASSETS HELD IN TRUST**

**Advance Bond Refundings**

Future debt service on refunded bonds has been provided through advance refunding bond issues. Under an advance refunding arrangement, refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued or guaranteed by the United States government. These securities are then deposited in an irrevocable trust under an escrow agreement which provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds.

Bonds which have been advance refunded (and thus not included in the debt of the City) and are still outstanding as of June 30, 2024 are as follows:

\$43,965,000 general obligation bonds issued in 2015 and partially defeased in 2018 (final redemption date is 7/1/2025)	\$ 4,220,000
\$32,810,000 general obligation bonds issued in 2017 and partially defeased in 2018 (final redemption date is 7/1/2027)	4,070,000
\$47,560,000 general obligation bonds issued in 2018 and partially defeased in 2019 (final redemption date is 7/1/2028)	<u>9,030,000</u>
Total bonds advance refunded	<u><u>\$ 17,320,000</u></u>

**NOTE 11 – LEASES**

**City as Lessor**

The City, as a lessor, has entered into lease agreements involving land, baseball facilities and building spaces. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date in both the General Fund and the Transit Special Revenue Fund. The leases have interest rates between 0.316% and 3.397%. The General Fund reported lease revenue of \$2,640,979 and the related interest revenue of \$500,753. Transit Special Revenue Fund reported lease revenue of \$58,688 and the associated interest revenue of \$3,786. At this time, the City has no variable or other lease matters not previously included in the measurement of the lease receivable. The leasing of asset is not the City’s principal operation.

**City as Lessee**

The City, as a lessee, has entered into a lease agreement for the use of Hohokam Court. An initial lease liability was recorded in the amount of \$1,294,308. As of June 30, 2024, the value of the lease liability is \$853,724 City of Tempe, AZ is required to make monthly fixed payments of \$21,134. The lease has an interest rate of 2.19%. The buildings estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$1,294,308 with accumulated amortization of \$477,654.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$237,287	\$16,324	\$253,611
2026	242,536	11,075	253,611
2027	247,901	5,710	253,611
2028	126,000	806	126,806

**NOTE 12 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)**

The City has obtained the right to use various desktop and server software subscriptions, cloud backup service software, document management software, computer-aided dispatch software, web-based job performance software, debt management software, public safety management software under the provision of various subscription-based information technology arrangements. The total amount of subscription assets and the related accumulated amortization are as follows:

Total intangible right-to-use subscription assets	\$ 5,742,241
Less: accumulated amortization	<u>(2,152,274)</u>
Carrying value	<u><u>\$ 3,589,967</u></u>

The following schedule details minimum subscription payments to maturity for the City’s subscription liability at June 30, 2024:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 1,060,164	\$ 55,456	\$ 1,115,620
2026	944,641	33,717	978,358
2027	444,797	12,931	457,728
2028	49,197	2,403	51,600
2029	50,045	1,555	51,600
2030-2031	64,996	729	65,725

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 110,460	\$ 11,318	\$ 121,778
2026	114,111	7,667	121,778
2027	117,884	3,896	121,780

### NOTE 13 – PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

GASB 94, "Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)" (GASB 94) defines a PPP as an arrangement in which the government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction type of public-private or public-public partnership. The City determined that golf courses met the criteria set forth in GASB 94 and therefore included the agreement in the financial statements as deferred inflows of resources. The City manages a public golf course system, which offers affordable greens fees and discount programs. Rolling Hill golf course is leased under agreement with an operator, which provides for activities such as golf course management, clubhouse operation, and food and beverage concession. The operator collects user fees and are responsible for the day-to-day operations of the golf courses. The operator is required to operate and maintain the golf courses and make installment payments to the City, in accordance with the contract.

As of June 30, 2024, the present value of the installment payments under contract is estimated to be \$6.3 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rate of 3.6% for the term of the agreement. The lease term is 31 years as of June 30, 2024. The monthly installment payment was not expected to start until September 30, 2024. The City primarily uses the proceeds to fund future golf course capital improvements. The acquisition value of the golf courses, including land and buildings, is reported at \$3.8 million as of June 30, 2024.

### NOTE 14 – FUND BALANCE/NET POSITION CLASSIFICATIONS

During the year ended June 30, 2011, the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are *Non-spendable*, *Restricted*, *Committed*, *Assigned*, and *Unassigned*. *Committed*, *Assigned*, and *Unassigned* represent the amount that is available for discretionary spending.

**Non-spendable** fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.

**Restricted** fund balance is externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation (changes in City Charter).

**Committed** fund balance is self-imposed limitations imposed at the highest level of decision-making authority, namely, Mayor and Council. Mayor and Council approval (through ordinance or resolution, both of which are considered the highest level of decision-making authority of the City) is required to commit resources or to rescind the commitment.

**Assigned** fund balance represents limitations imposed by management. In June 2011, through resolution 2011.56, the Mayor and Council authorized the Chief Financial Officer to assign fund balance amounts for specific purposes.

**Unassigned** fund balance represents the residual net resources in excess of the other classifications.

The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance. When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**NOTE 14 – FUND BALANCE CLASSIFICATIONS/NET POSITION (Continued)**

As of June 30, 2024, the fund balance details by classification are listed as follows:

The Mayor and Council have established a minimum unassigned fund balance policy for the General Fund of 20% to 30% of current year operating revenues. As of June 30, 2024, the unassigned fund balance is 72.6% of General Fund revenues.

	General	Transit Special Revenue	General Obligation Debt Service	Community Development Capital Projects	Total Other Governmental Funds	Total Governmental Funds
<b>Non-spendable:</b>						
Inventory	\$ 198,746	\$ -	\$ -	\$ -	\$ 845,242	\$ 1,043,988
Prepaid Items	61,131	-	-	-	1,640,482	1,701,613
Leases - net	1,130,371	15,040	-	-	-	1,145,411
	<u>1,390,248</u>	<u>15,040</u>	<u>-</u>	<u>-</u>	<u>2,485,724</u>	<u>3,891,012</u>
<b>Restricted:</b>						
Debt Service	-	-	6,896,565	-	254,130	7,150,695
Highway User Revenue	-	-	-	-	12,245,136	12,245,136
Other	-	-	-	-	8,824,116	8,824,116
Capital projects - development impact fees	-	-	-	-	10,936,037	10,936,037
Capital projects - bonds	-	68,504,621	-	12,149,114	48,193,728	128,847,463
	<u>-</u>	<u>68,504,621</u>	<u>6,896,565</u>	<u>12,149,114</u>	<u>80,453,147</u>	<u>168,003,447</u>
<b>Committed to:</b>						
Encumbrance	5,011,299	367,547	-	24,635,217	35,042,321	65,056,384
MaryAnne Corder Neighborhood Program	268,027	-	-	-	-	268,027
Capital projects	-	18,150,176	-	-	384,636	18,534,812
	<u>5,279,326</u>	<u>18,517,723</u>	<u>-</u>	<u>24,635,217</u>	<u>35,426,957</u>	<u>83,859,223</u>
<b>Assigned to:</b>						
Debt Service Reserve	25,000,000	-	-	-	-	25,000,000
Capital Project Reserve	10,625,337	23,760,700	-	-	21,901,739	56,287,776
Other	3,000,000	-	-	-	-	3,000,000
	<u>38,625,337</u>	<u>23,760,700</u>	<u>-</u>	<u>-</u>	<u>21,901,739</u>	<u>84,287,776</u>
<b>Unassigned:</b>						
	120,298,222	(351,988)	-	(29,285,271)	(24,076,387)	66,584,576
Total fund balances	<u>\$ 165,593,133</u>	<u>\$ 110,446,096</u>	<u>\$ 6,896,565</u>	<u>\$ 7,499,060</u>	<u>\$ 116,191,180</u>	<u>\$ 406,626,034</u>

Proprietary Funds	Water/ wastewater	Solid Waste	Emergency Medical Transportation	Total
Joint venture construction deposit	\$ 35,319,979	\$ -	\$ -	\$ 35,319,979
OPEB	462,272	188,088	121,156	771,516
Restricted net position	<u>\$ 35,782,251</u>	<u>\$ 188,088</u>	<u>\$ 121,156</u>	<u>\$ 36,091,495</u>

**NOTE 15 - COMMITMENTS**

The City has active construction projects as of June 30, 2024. At year end the government's commitments with contractors are as follows:

	<u>Commitment</u>	<u>Construction in Progress</u>
Governmental funds:		
Transit capital projects	\$ 9,379,522	\$ 6,272,819
Community development capital projects	44,619,522	69,750,304
Non-Major governmental funds	40,629,861	28,744,870
	<u>\$ 94,628,905</u>	<u>\$ 104,767,993</u>
	<u>Commitment</u>	<u>Construction in Progress</u>
Proprietary funds:		
Water and wastewater	\$ 85,725,129	\$ 25,225,823
	<u>\$ 85,725,129</u>	<u>\$ 25,225,823</u>

**NOTE 16 - RETIREMENT PLANS**

The City contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS) for police officers and fire fighters. The plans are component units of the State of Arizona. The City also contributes to the Elected Officials Retirement Plan; however, the plan is not described below because of its relative insignificance to the financial statements. The City has also established a single-employer, post-employment health benefit plan (see Note 16 - OTHER POSTEMPLOYMENT BENEFITS).

Amounts reported at June 30, 2024 represent June 30, 2023 measurement dates for both the Arizona State Retirement System and the Public Safety Personnel Retirement System, which is the latest information available.

**Aggregate Amounts.** At June 30, 2024, the City reported the following amounts related to pensions and OPEB for all plans to which it contributes. The ASRS and PSPRS OPEB plans are not included in the notes as the liability and related deferred inflows of resources, deferred outflows of resources, and OPEB expense are not material to the financial statements.

	<u>ASRS</u>	<u>PSPRS - Fire</u>	<u>PSPRS - Police</u>	<u>Total</u>	
Net pension liabilities	\$ 119,231,359	\$ 26,846,749	\$ 45,500,963	\$ 191,579,071	
Deferred outflows of resources	2,694,153	22,323,861	36,499,150	61,517,164	
Deferred inflows of resources	5,633,004	-	438,351	6,071,355	
Expense	14,227,459	9,516,688	17,166,753	40,910,900	
Deferred outflows of resources - Contributions	12,535,206	3,011,464	7,054,758	22,601,428	
	<u>ASRS</u>	<u>PSPRS - Fire</u>	<u>PSPRS - Police</u>	<u>City OPEB plan (Note 16)</u>	<u>Total</u>
Net OPEB assets	\$ 4,043,785	\$ 594,627	\$ -	\$ -	\$ 4,638,412
Net OPEB liabilities	97,186	-	1,959,140	89,821,749	91,878,075
Deferred outflows of resources	314,810	119,585	162,962	330,246	927,603
Deferred inflows of resources	1,981,763	253,590	650,815	6,278,670	9,164,838
Expense	(384,148)	(52,274)	(129,720)	7,617,143	7,051,001
Deferred outflows of resources - Contributions	154,883	-	14,846	-	169,729



**NOTE 16 - RETIREMENT PLANS (Continued)**

**A. Arizona State Retirement System**

**Plan Description.** City employees not covered by the other pension plans described after this section 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 of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**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.

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

**NOTE 16 - RETIREMENT PLANS (Continued)**

**A. Arizona State Retirement System (continued)**

**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 year ended June 30, 2024, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.14 percent of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.03 percent of the active members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2024 was \$12,535,206.

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. ACR contributions are included in employer contributions presented above. The City's pension contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

**Pension Liability.** At June 30, 2023, the City reported \$119,231,359 for its proportionate share of the ASRS' net pension liability. The net asset and net liabilities were measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023. The City's proportion of the net liability was based on the City'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, 2023. The City's proportions measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were 0.7482500% decreased (0.01141%) from last year.

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-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, 2022 actuarial evaluation.

**NOTE 16 - RETIREMENT PLANS (Continued)**

**A. Arizona State Retirement System (Continued)**

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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage excluding any expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	44%	3.50%
Credit	23	5.90
Real estate	17	5.90
Private equity	10	6.70
Interest rate sensitive	6	1.50
Total	100%	

**Pension Expense and Deferred Outflows/Inflows of Resources.** The City has deferred outflows and inflows of resources related to the net pension liabilities. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2024, the City recognized \$14,227,459 in pension expense.

The City 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
Difference between expected and actual experience	\$ 2,694,153	\$ -
Difference between expected and actual investment earnings	-	4,218,509
Changes in proportion and differences between the City contributions and proportionate share of contributions	-	1,414,495
Contributions subsequent to the measurement date	12,535,206	-
Total	\$ 15,229,359	\$ 5,633,004

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the following June 30 roll forward dates:

	Deferred Outflows (Inflows) of Resources
2025	\$ (1,505,547)
2026	(5,455,393)
2027	4,546,305
2028	(524,216)

**NOTE 16 - RETIREMENT PLANS (Continued)**

**Discount Rate.** At June 30, 2023, the discount rate used to measure the ASRS total pension liability was 7.0 percent. 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 plans’ 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 plan 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 City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
6.0%	7.0%	8.0%
\$ 178,591,064	\$ 119,231,359	\$ 69,735,865

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

**B. Public Safety Personnel Retirement System**

**Plan Descriptions.** City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). Public safety employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PCPDCRP). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and employees who became PSPRS members on or after July 1, 2017, participate in either agent plans or cost-sharing plans (PSPRS Tier 3 Risk Pool). The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. This report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**NOTE 16 - RETIREMENT PLANS (Continued)**

**B. Public Safety Personnel Retirement System (continued)**

**Benefits Provided.** The PSPRS provide retirement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial reports for additional benefits information.

	Retirement Initial Membership Date:		
	Before January 1, 2012 (Tier 1)	On or After January 1, 2012 (Tier 2)	On or After January 1, 2017 (Tier 3)
<b>Retirement and Disability:</b>			
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years or 15 years of credited service and age 52.5	15 years and age 55
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years	Highest 60 months of last 15 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater		
Catastrophic Disability:	90% of average monthly benefit compensation. After 60 months, member receives greater of 62.5% average monthly benefit compensation and accrued normal pension.		
Survivor benefit: Retired members	80%-100% of retired member's pension benefit		
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**NOTE 16 - RETIREMENT PLANS (Continued)**

**B. Public Safety Personnel Retirement System (continued)**

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

**Employees Covered by Benefit Terms.** At the June 30, 2024, the following employees were covered by the agent pension plans' benefit terms:

	<u>PSPRS – Police</u>	<u>PSPRS – Fire</u>
Inactive plan members or beneficiaries currently receiving benefits	318	150
Inactive, entitled plan members not yet receiving benefits	107	42
Active plan members	<u>281</u>	<u>138</u>
Total	<u><u>706</u></u>	<u><u>330</u></u>

**Contributions.** State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. 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. Contributions rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active</u>	<u>City Portion</u>
PSPRS – Police	7.65-11.65%	16.69-21.90%
PSPRS – Fire	7.65-11.65%	16.72-24.03%

In addition, statute required the City to contribute at the actuarially determined rate of 16.69% for police and 16.72% for fire of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill and employees participating in the PSPRS Tier 3 Risk Pool in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool.

The City's contribution to the plans for the year ended June 30, 2024 were:

<u>PSPRS – Police</u>	<u>PSPRS – Fire</u>
\$ 7,054,758	\$ 3,011,464

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

**Pension Liability.** At June 30, 2024, the City reported the following liabilities.

<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
\$ 45,500,963	\$ 26,846,749

The net pension liabilities were measured as of June 30, 2023, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

**NOTE 16 - RETIREMENT PLANS (Continued)**

**B. Public Safety Personnel Retirement System (continued)**

**Actuarial Assumptions.** The significant actuarial assumptions used to measure the total pension liability for both police and fire are as follows:

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	2.75-15.0%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2022 actuarial valuation.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.20 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Public Equity	24%	3.98%
International Public Equity	16	4.49
Global Private Equity	20	7.28
Other Assets (Capital Appreciation)	7	4.49
Core Bonds	6	1.90
Private Credit	20	6.19
Diversifying Strategies	5	3.68
Cash	2	0.69
Total	100%	

**Discount Rates.** At June 30, 2023, the discount rate used to measure the total pension liability was 7.20 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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 plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 16 - RETIREMENT PLANS (Continued)**

**B. Public Safety Personnel Retirement System (continued)**

**Changes in Net Pension Liabilities**

	PSPRS - Police	PSPRS - Fire
<b>Beginning Balance (Assets) Liability</b>	\$28,414,866	\$ 17,628,706
<b>Total Liability Factors:</b>		
Service cost	6,304,384	4,055,208
Interest	29,170,652	17,104,173
Difference between expected and actual experience with regard to economic and	17,455,976	8,933,850
Benefit payments	(22,036,266)	(11,358,400)
<b>Net change</b>	<u>30,894,746</u>	<u>18,734,831</u>
<b>Plan Fiduciary Net Position:</b>		
Contributions - employer	4,074,213	2,608,611
Contributions - employee	3,031,658	1,503,324
Projected net investment income	26,921,997	15,688,649
ifference between projected and actual earnings on plan investments	1,934,167	1,138,845
Benefit payments	(22,036,266)	(11,358,400)
Administrative expenses	(129,999)	(64,241)
Other	12,879	-
<b>Net Change</b>	<u>13,808,649</u>	<u>9,516,788</u>
<b>Ending Balance (Asset) Liability</b>	<u>\$45,500,963</u>	<u>\$ 26,846,749</u>

**Sensitivity of the Net Pension (Assets)/Liabilities to Changes in the Discount Rate.** The following presents the City's net pension (asset) liability calculated using the discount rates noted above, as well as what the net (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.2%	7.2%	8.2%
PSPRS - Police	\$ 105,664,189	\$ 45,500,963	\$ (3,466,562)
PSPRS - Fire	\$ 59,837,706	\$ 26,846,749	\$ (255,854)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**Expense.** For the year ended June 30, 2024, the City recognized the following as pension expense:

PSPRS - Police	PSPRS - Fire
<u>\$ 17,166,753</u>	<u>\$ 9,516,688</u>



**NOTE 16 - RETIREMENT PLANS (Continued)**

**B. Public Safety Personnel Retirement System (continued)**

**Deferred Outflows/Inflows of Resources.** At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PSPRS - Police		PSPRS - Fire
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 21,476,332	\$ 438,351	\$ 13,337,902
Changes of assumptions or other inputs	4,770,969	-	3,117,672
Net difference between projected and actual earnings on pension plan investments	10,251,849	-	5,868,289
Contributions subsequent to the measurement date	7,054,758	-	3,011,464
<b>Total</b>	<b>\$ 43,553,908</b>	<b>\$ 438,351</b>	<b>\$ 25,335,327</b>

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS - Police	PSPRS - Fire
2025	\$ 10,684,197	\$ 5,951,695
2026	7,388,149	4,908,810
2027	11,183,484	7,657,432
2028	3,895,640	2,316,951
2029	2,909,329	1,488,975

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS**

The City offers (through a single employer defined benefit plan, the “City of Tempe Post-Employment Health Plan”) additional post-employment health insurance benefits through an irrevocable trust. Other post-employment healthcare benefits, like the cost of pension benefits, constitute an exchange of compensation for employee services rendered. Like pension benefits, the cost of other post-employment benefits (OPEB) generally should be associated with the periods in which the exchange occurs rather than in future periods in which the benefits are provided. GASB Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, effective with fiscal years beginning after June 15, 2016, requires certain financial reporting disclosures by plans that administer OPEB benefits; those disclosures have been incorporated throughout this report. GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, effective with fiscal years beginning after June 15, 2017, requires certain financial reporting disclosures for employers which also have been incorporated throughout this report.

**A. Plan Description**

The City’s single-employer *Post-Employment Health Plan* is administered by the City’s Human Resources Division, in accordance with Resolution 2019.75 of the City Council, to all retired, benefited employees who meet the following eligibility requirements: (a) have at least 10 years of service, (b) be enrolled in one of the City’s group health insurance plans, and (c) at the time of retirement, be or have been eligible to receive benefits from one of the City sponsored state retirement plans. Due to changes effective July 1, 2009, benefited employees hired after June 30, 1999 are not eligible to participate in the post-employment benefit plan.

As of June 30, 2024, eligible members in the program are as follows:

Active beneficiaries	1,045
Active employees eligible	<u>648</u>
Total	<u><u>1,693</u></u>

**Benefits provided.** The plan provides benefits to eligible retirees, their spouses and dependents through monthly City contributions to a health reimbursement account established for each retiree. The plan benefits and contribution amounts are annually determined by the City’s Human Resources Division, in accordance with the approved OPEB Health Plan, based on the costs of coverage that is available through the health plans offered by the ASRS. Coverage for Medicare-eligible retirees is provided through fully-insured, City-sponsored Medicare Supplemental plans. Medicare-eligible retirees who formally waive the coverage of the Medicare Supplemental plans are eligible to receive a \$100 monthly contribution to a health reimbursement account established for the retiree. The provision of these benefits is discretionary, and the City is not legally or contractually obligated to continue them.

**Contributions.** Contributions for benefits due are based on actual benefit payments during the fiscal year and are not based on a measure of pay. Additional contributions to the trust can only be authorized by a majority of the City Council. The total contributions for the year ended June 30, 2024 were \$9,552,753.

**Basis of Accounting and Valuation of Investments**

An irrevocable trust fund (Other Post Employment Benefit Trust) has been established for the purpose of advance funding the OPEB liability; the trust has a \$20.1 million balance as of June 30, 2024. The investments of the trust are overseen by the OPEB Retirement Investment Committee, consisting of three city employees appointed by the City’s Deputy City Manager/Chief Financial Officer. Separate financial statements are not available for the trust.

The Other Post Employment Benefit Trust financial statements are prepared on the accrual basis of accounting. The City’s contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits are recognized when due and payable in accordance with the terms of the plan. All trust investments are reported at fair value. Fair value is determined based on quoted market prices.

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**B. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. The components of the net OPEB liability at June 30, 2024 were as follows:

Total OPEB liability	\$ 109,976,679
Plan fiduciary net position	(20,154,930)
Net OPEB liability	<u>\$ 89,821,749</u>
Plan fiduciary net position as a percentage of total OPEB liability	(18.3%)

**Actuarial Assumptions.** The total OPEB liability as of the July 1, 2023 actuarial valuation date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2024
Actuarial valuation date	July 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Actuarial assumptions:	
Inflation rate	2.6%
Salary increases	3.0% per annum
Investment rate of return	6.5%
Discount rate	6.5%
Healthcare cost trend	ASRS/PSPRS Pre-Medicare, 5.0%; ASRS/ PSPRS Medicare Supplement, 2.5% to 2.9%; City Medicare Supplement, (2.0)% to 2.5%
Mortality rates	General: PubG.H-2010 Employee Public Safety: PubS.H-2010 Employee Male/Female and Generational with Projection Scale MP-2021

The Total OPEB Liability was updated from the actuarial valuation date to the measurement date using standard actuarial roll-forward techniques.

**Investment policy.** The City's policy in regard to the allocation of invested assets is established and may be amended by the OPEB Retirement Investment Committee by a majority of vote of its members. It is the policy of the committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio.

**Rate of return.** The long-term rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns net of OPEB plan investment expenses 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 and by adding expected inflation. The target allocation and best estimates of the geometric real rates of return for each major asset class are summarized in the following table:

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**B. Net OPEB Liability (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Equity	65%	7.5%
Fixed Income	35	5.0
Real Estate	-	6.0
Total	100%	

**Discount rate.** The discount rate used to measure the Total OPEB Liability is 6.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's Fiduciary Net Position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

The separately issued actuarial valuation report for the fiscal year ended June 30, 2024 may be obtained from the City's Financial Services Department, 20 East 6th Street, Tempe, Arizona, 85281.

The change in the net OPEB liability during the year was as follows:

	Changes in Net OPEB Liability		
	Plan Fiduciary Net		
	Total OPEB Liability	Position	Net OPEB Liability
Balance at 6/30/2023	\$ 116,911,843	\$ 17,835,065	\$ 99,076,778
Changes for the year:			
Service cost	1,185,445	-	1,185,445
Interest	7,365,859	-	7,365,859
Differences between expected and actual experience	495,369	-	495,369
Changes in Assumptions/ Inputs	(6,429,084)	-	(6,429,084)
Contributions for Benefits Due	-	9,552,753	(9,552,753)
Net Investment Income	-	2,319,865	(2,319,865)
Benefit payments	(9,552,753)	(9,552,753)	-
Net changes	(6,935,164)	2,319,865	(9,255,029)
Balance at 6/30/2024	\$ 109,976,679	\$ 20,154,930	\$ 89,821,749

**Sensitivity of the Net OPEB liability.** The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount or healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current discount or healthcare cost trend rates:

	5.5%	6.5%	7.5%
	1% Decrease	No Change	1% Increase
Discount Rate	\$ 98,856,353	\$ 89,821,749	\$ 81,990,981
Healthcare Cost Trend Rate	\$ 81,051,110	\$ 89,821,749	\$ 99,879,785

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**C. OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB**

For the year ended June 30, 2024, the City recognized OPEB expense of \$7,617,143 for the OPEB plan. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,246	\$ 296,261
Changes of assumptions or other inputs	—	5,771,165
Difference between actual and expected investment earnings	—	211,244
Total	<u>\$ 330,246</u>	<u>\$ 6,278,670</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Deferred Outflow (Inflows) of Resources
2025	\$ (3,912,900)
2026	(1,493,573)
2027	(309,833)
2028	(232,118)

**NOTE 18 - DEFERRED COMPENSATION PLANS**

The City offers its employees three compensation plans created in accordance with Internal Revenue Code, Section 457 and 401(K). The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The City’s fiduciary responsibility is that of exercising “due care” in selecting a third-party administrator.

Federal legislation requires that Section 457 and 401(k) plan assets be held in trust for employees. As a result, the employee assets held in Section 457 plans are neither the property of the City nor subject to claims of the City’s general creditors. Therefore, the plan assets are not included in the City’s basic financial statements.

**NOTE 19 - RISK FINANCING ACTIVITIES**

The City is exposed to risks arising from general liability, automobile liability (physical damage and bodily injury), property liability, workers compensation, and employee health claims.

The City has established a Risk Management Fund, Worker’s Compensation Fund and Health Fund (all internal service funds) to account for and finance its uninsured risks of loss. Amounts are paid into the internal service funds by all other funds and are available to pay claims and to fund claim reserves. As with any risk retention program, the City is contingently liable in respect to claims beyond those actuarially projected. These interfund premiums are used to cover the amount of claim expenditures reported in the internal service funds.

**NOTE 19 - RISK FINANCING ACTIVITIES (Continued)**

The City is a self-insured entity with excess commercial insurance coverage purchased for general and automobile liability, property, workers' compensation/employers' liability, crime, cyber liability, fiduciary liability and group health coverage. The coverage is as follows: for general and automobile liability the City's self-insured retention is \$2.0 million with layered excess insurance coverage to \$40.0 million; for property coverage the City's per occurrence deductible is \$100,000 with a policy limit of \$825.0 million; for workers' compensation, the self-insured retention is \$750,000 for public safety employees, and \$500,000 for all other employees, with the maximum limit of indemnity per occurrence meeting the Arizona Statutory requirements and Employers Liability maximum limit of \$2 million per occurrence; and for group health the self-insurance retention is \$275,000 per individual, with an aggregate stop loss of \$183,000. During the year there were no significant reductions in the amounts of excess coverage purchased.

At fiscal year-end, the estimated, unpaid insurance claims liability was based on a case-by-case review of actual pending claims and an estimated amount for incurred but not reported claims. A liability for a known claim was established if information indicated that it was probable that a loss had been incurred as of June 30, 2024, and that the amount was reasonably estimable. A liability for incurred but not reported claims was based on historical experience. There were no settlement amounts exceeded insurance coverage in the past three fiscal years.

The following is a summary of changes in insurance claims liabilities, accounted for in the governmental and proprietary funds, for the last two fiscal years:

	June 30, 2023	Claims Incurred Net of Change in Estimates	Payments	June 30, 2024
General liability	\$ 6,341,136	\$ 2,281,973	\$ (489,121)	\$ 8,133,988
Workers' compensation	11,373,962	7,608,640	(4,909,669)	14,072,933
Health insurance	1,752,165	20,749,982	(20,677,507)	1,824,640
	<u>\$ 19,467,263</u>	<u>\$ 30,640,595</u>	<u>\$ (26,076,297)</u>	<u>\$ 24,031,561</u>

	June 30, 2022	Claims Incurred Net of Change in Estimates	Payments	June 30, 2023
General liability	\$ 3,929,083	\$ 4,228,464	\$ (1,816,411)	\$ 6,341,136
Workers' compensation	11,903,286	2,812,792	(3,342,116)	11,373,962
Health insurance	1,998,588	22,191,251	(22,437,674)	1,752,165
	<u>\$ 8,375,872</u>	<u>\$ 38,687,592</u>	<u>\$ (27,596,201)</u>	<u>\$ 19,467,263</u>

**NOTE 20 - CONTINGENT LIABILITIES**

The City is subject to a number of lawsuits, investigations, and other claims that are incidental to the ordinary course of its operations. Although the City Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the City's operations. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, based on the advice of the City Attorney, the resolution of these matters will not have a materially adverse effect on the City's financial position.

The City participates in federally funded and state-funded programs administered by various government agencies. The programs included in these financial statements may be subject to program compliance and/or financial monitoring by the granting agency or its representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

**NOTE 21 - RELATED ORGANIZATION**

The Industrial Development Authority (IDA) is a non-profit corporation established by the City in 1981 to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate and remain in Tempe. The Board of Directors of the IDA is appointed by the City Council; however, the City does not have a financial benefit/burden relationship nor is the City able to impose its will on the IDA as defined in GASB Statement No. 14; therefore, data for the IDA is not included in the City's basic financial statements. Separately issued financial statements are not available for the IDA.

**NOTE 22 – TAX ABATEMENTS**

The City has made commitments as part of our economic development programs to reimburse certain public improvement costs through transaction privilege taxes generated out of the respective development area. The total amount rebated for the fiscal year ended June 30, 2024 is \$1,331,355. Detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002 *Disclosure of Confidential Information Prohibited*.

In addition, the City enters into property tax abatement agreements with local businesses under Arizona Revised Statutes 42-6201 through 42-6210 Government Property Lease Excise Tax (GPLET). State law imposes an excise tax on buildings that are owned by the City, leased by a private party and occupied/used for commercial, residential rental or industrial purposes. The City is allowed to abate the tax for a period of eight years for both existing and new projects within redevelopment areas that are part of a single central business district.

For the fiscal year ended June 30, 2024, the difference between property taxes assessed and the GPLET collected totaled \$2,420,329 under this program, including the following tax abatement agreements that each exceed 10% of the total amount. 1) A 19.6% property tax GPLET to a retail development for constructing a retail complex in the City. The GPLET amounted to \$474,491. 2) A 17.3% property tax GPLET to a hotel development in the the City. The difference between property taxes assessed and the GPLET collected amounted to \$1,088,974.

**NOTE 23 - DEFICIT IN NET POSITION AND FUND BALANCE**

The Streets CIP fund had a deficit fund balance of \$5,614,598. The deficits will be covered by future grant revenues. Risk Management fund also reported a deficit net position of \$2,898,845, the deficit will be covered by future interdepartmental charges for services.

**NOTE 24 - SUBSEQUENT EVENTS**

On November 5, 2024, Tempe voters authorized the issuance of \$581,500,000 in General Obligation bonds to finance the City's capital improvement program in the following categories:

- Enhance Community Safety Through Public Safety and Roadway Improvements (\$301 Million)
- Improve Quality of Life in Tempe Neighborhoods (\$248.5 Million)
- Increase Supply of Affordable Housing (\$32 Million)





## **Required Supplementary Information**

# Schedule of Contributions

## All Pension Plans

Last Ten Fiscal Years

*City of Tempe, Arizona*

Reporting year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Arizona State Retirement System:</b>										
Actuarially determined contribution	\$12,535,206	\$11,406,242	\$10,493,005	\$9,740,350	\$9,474,813	\$8,950,287	\$8,163,494	\$7,887,785	\$7,731,482	\$7,738,771
Contributions in relation to the actuarially determined contribution	12,535,206	11,406,242	10,493,005	9,740,350	9,474,813	8,950,287	8,163,494	7,887,785	7,731,482	7,738,771
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$105,637,990	\$96,364,011	\$87,368,901	\$83,608,155	\$82,749,459	\$80,056,234	\$74,894,440	\$73,170,548	\$71,257,899	\$71,063,096
Contributions as a percentage of covered payroll	11.87%	11.84%	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.89%
<b>Public Safety Personnel Retirement System- Police:</b>										
Actuarially determined contribution	\$ 7,054,758	\$ 4,437,226	\$20,333,964	\$19,873,495	\$18,833,432	\$17,208,734	\$15,962,148	\$12,852,861	\$12,604,739	\$9,727,183
Additional contribution	-	-	218,143,845	-	-	-	-	-	-	-
Contributions in relation to the actuarially determined contribution	7,054,758	4,437,226	7,915,146	19,873,495	18,833,432	17,208,734	15,962,148	12,852,861	12,604,739	9,727,183
Contribution deficiency (excess)	\$ -	\$ -	\$(205,725,02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$34,454,610	\$31,613,970	\$27,412,713	\$28,277,597	\$28,907,800	\$28,519,612	\$28,672,800	\$28,606,412	\$28,627,615	\$28,889,762
Contributions as a percentage of covered payroll	20.48%	14.04%	869.95%	70.28%	65.15%	60.34%	55.67%	44.93%	44.03%	33.67%
<b>Public Safety Personnel Retirement System- Fire:</b>										
Actuarially determined contribution	\$ 3,011,464	\$ 1,847,318	\$11,478,887	\$11,001,668	\$10,137,454	\$9,655,204	\$8,639,228	\$6,621,730	\$6,067,633	\$4,066,636
Additional contribution	-	-	122,993,405	-	-	-	-	-	-	-
Contributions in relation to the actuarially determined contribution	3,011,464	1,847,318	4,652,228	11,001,668	10,137,454	9,655,204	8,639,228	6,621,730	6,067,633	4,066,636
Contribution deficiency (excess)	\$ -	\$ -	\$(116,166,74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$17,179,361	\$17,035,385	\$15,290,218	\$14,489,224	\$13,881,219	\$13,477,393	\$13,373,418	\$12,337,861	\$12,215,891	\$10,958,329
Contributions as a percentage of covered payroll	17.53%	10.84%	879.47%	75.93%	73.03%	71.64%	64.60%	53.67%	49.67%	37.11%

# Schedule of the Proportionate Share of the Net Pension Liability

## Arizona State Retirement System

Last Ten Fiscal Years

*City of Tempe, Arizona*

Reporting year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.74%	0.75%	0.77%	0.77%	0.76%	0.77%	0.76%	0.78%	0.77%	0.76%
City's proportion share of the net pension liability	\$ 119,231,359	\$ 122,131,018	\$ 98,997,357	\$ 132,587,729	\$ 111,031,198	\$ 108,146,590	\$ 118,500,674	\$ 126,045,105	\$ 119,185,001	\$ 112,524,308
Covered payroll	\$ 96,364,011	\$ 87,368,901	\$ 83,608,155	\$ 82,749,459	\$ 80,056,234	\$ 74,894,440	\$ 73,170,548	\$ 71,257,899	\$ 71,063,096	\$ 69,182,112
City's proportionate share of the net pension liability as a percentage of its covered payroll	123.73%	139.79%	118.41%	160.23%	138.69%	144.40%	161.95%	176.89%	167.72%	162.65%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

# Schedule of Changes in the Net Pension Liability and Related Ratios

## Public Safety Personnel Retirement System- Police

Last Ten Fiscal Years

City of Tempe, Arizona

Reporting year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 6,304,384	\$ 6,278,066	\$ 6,444,246	\$ 6,276,242	\$ 6,363,446	\$ 6,266,555	\$ 6,639,904	\$ 5,378,159	\$ 5,468,695	\$ 5,447,093
Interest	29,170,652	28,077,273	27,218,826	25,248,428	23,896,706	22,579,727	21,145,695	19,846,810	19,315,142	16,537,700
Changes of benefit terms	-	-	-	-	-	-	2,664,893	13,183,597	-	4,426,439
Differences between expected and actual experience	17,455,976	2,888,372	(876,704)	13,853,754	2,252,812	1,492,630	(215,490)	(5,746,957)	(2,753,278)	(2,351,309)
Changes of assumptions	-	5,350,492	-	-	7,223,840	-	7,860,019	10,622,755	-	25,455,442
Benefit payments, including refunds	(22,036,266)	(22,149,263)	(19,572,007)	(17,537,352)	(15,881,006)	(15,663,112)	(13,775,904)	(15,820,570)	(14,604,348)	(13,685,124)
<b>Net change in total pension liability</b>	<b>30,894,746</b>	<b>20,444,940</b>	<b>13,214,361</b>	<b>27,841,072</b>	<b>23,855,798</b>	<b>14,675,800</b>	<b>24,319,117</b>	<b>27,463,794</b>	<b>7,426,211</b>	<b>35,830,241</b>
<b>Total pension liability- beginning</b>	<b>409,861,689</b>	<b>389,416,749</b>	<b>376,202,388</b>	<b>348,361,316</b>	<b>324,505,518</b>	<b>309,829,718</b>	<b>285,510,601</b>	<b>258,046,807</b>	<b>250,620,596</b>	<b>214,790,355</b>
<b>Total pension liability- ending</b>	<b>\$ 440,756,435</b>	<b>\$ 409,861,689</b>	<b>\$ 389,416,749</b>	<b>\$ 376,202,388</b>	<b>\$ 348,361,316</b>	<b>\$ 324,505,518</b>	<b>\$ 309,829,718</b>	<b>\$ 285,510,601</b>	<b>\$ 258,046,807</b>	<b>\$ 250,620,596</b>
<b>Plan fiduciary net position</b>										
Contributions- employer	\$ 4,074,213	\$ 226,589,257	\$ 20,333,964	\$ 18,813,057	\$ 17,153,330	\$ 11,403,472	\$ 12,486,872	\$ 12,552,708	\$ 9,804,542	\$ 9,132,346
Contributions- employee	3,031,658	2,961,098	2,844,510	2,760,167	2,187,943	2,811,219	3,579,664	3,597,316	3,641,788	3,253,980
Net investment income	26,921,997	(15,735,726)	41,258,890	1,807,767	7,119,271	8,386,647	13,507,120	653,674	3,769,779	12,456,186
Difference between expected and actual experience	1,934,167	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(22,036,266)	(22,149,263)	(19,572,007)	(17,537,352)	(15,881,006)	(15,663,112)	(13,775,904)	(15,820,570)	(14,604,348)	(13,685,124)
Administrative expense	(129,999)	(281,893)	(192,755)	(147,615)	(124,419)	(128,344)	(119,915)	(94,459)	(92,360)	-
Other	12,879	5,411	4,270	23,720	2,498	12,433	54,461	(173,159)	(36,082)	(3,260,002)
<b>Net change in plan fiduciary net</b>	<b>13,808,649</b>	<b>191,388,884</b>	<b>44,676,872</b>	<b>5,719,744</b>	<b>10,457,617</b>	<b>6,822,315</b>	<b>15,732,298</b>	<b>715,510</b>	<b>2,483,319</b>	<b>7,897,386</b>
<b>Plan fiduciary net position- beginning</b>	<b>381,446,823</b>	<b>190,057,939</b>	<b>145,381,067</b>	<b>139,661,323</b>	<b>129,203,706</b>	<b>122,381,391</b>	<b>106,649,093</b>	<b>105,933,583</b>	<b>103,450,264</b>	<b>95,552,878</b>
<b>Plan fiduciary net position- ending</b>	<b>\$ 395,255,472</b>	<b>\$ 381,446,823</b>	<b>\$ 190,057,939</b>	<b>\$ 145,381,067</b>	<b>\$ 139,661,323</b>	<b>\$ 129,203,706</b>	<b>\$ 122,381,391</b>	<b>\$ 106,649,093</b>	<b>\$ 105,933,583</b>	<b>\$ 103,450,264</b>
<b>Net pension liability- ending</b>	<b>\$ 45,500,963</b>	<b>\$ 28,414,866</b>	<b>\$ 199,358,810</b>	<b>\$ 230,821,321</b>	<b>\$ 208,699,993</b>	<b>\$ 195,301,812</b>	<b>\$ 187,448,327</b>	<b>\$ 178,861,508</b>	<b>\$ 152,113,224</b>	<b>\$ 147,170,332</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	89.68%	93.07%	48.81%	38.64%	40.09%	39.82%	39.50%	37.35%	41.05%	41.28%
<b>Covered payroll</b>	\$ 31,613,970	\$ 27,412,713	\$ 28,277,597	\$ 28,907,800	\$ 28,519,612	\$ 28,672,800	\$ 28,606,412	\$ 28,627,615	\$ 28,889,762	\$ 28,982,166
<b>Net pension liability as a percentage of covered payroll</b>	143.93%	103.66%	705.01%	798.47%	731.78%	681.14%	655.27%	624.79%	526.53%	512.48%

# Schedule of Changes in the Net Pension Liability and Related Ratios

## Public Safety Personnel Retirement System- Fire

Last Ten Fiscal Years

City of Tempe, Arizona

Reporting year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 4,055,208	\$ 3,674,351	\$ 3,433,110	\$ 3,424,059	\$ 3,201,998	\$ 3,184,469	\$ 3,288,107	\$ 2,601,714	\$ 2,527,186	\$ 2,541,502
Interest	17,104,173	16,199,706	15,656,247	14,737,251	14,062,552	13,505,923	12,435,795	11,454,692	11,256,214	9,938,885
Changes of benefit terms	-	-	-	-	-	-	1,132,919	9,445,952	-	2,317,758
Differences between expected and actual experience	8,933,850	3,274,449	(3)	7,181,069	2,213,604	(549,390)	2,381,447	177,366	(1,631,037)	(861,599)
Changes of assumptions	-	3,060,017	-	-	3,771,807	-	6,731,555	5,723,255	-	12,031,993
Benefit payments, including refunds	(11,358,400)	(10,531,983)	(13,239,944)	(12,284,937)	(10,967,777)	(9,489,726)	(8,942,533)	(10,767,917)	(8,554,561)	(9,805,679)
<b>Net change in total pension liability</b>	<b>18,734,831</b>	<b>15,676,540</b>	<b>5,849,410</b>	<b>13,057,442</b>	<b>12,282,184</b>	<b>6,651,276</b>	<b>17,027,290</b>	<b>18,635,062</b>	<b>3,597,802</b>	<b>16,162,860</b>
<b>Total pension liability- beginning</b>	<b>239,181,955</b>	<b>223,505,415</b>	<b>217,656,005</b>	<b>204,598,563</b>	<b>192,316,379</b>	<b>185,665,103</b>	<b>168,637,813</b>	<b>150,002,751</b>	<b>146,404,949</b>	<b>130,242,089</b>
<b>Total pension liability- ending</b>	<b>\$ 257,916,786</b>	<b>\$ 239,181,955</b>	<b>\$ 223,505,415</b>	<b>\$ 217,656,005</b>	<b>\$ 204,598,563</b>	<b>\$ 192,316,379</b>	<b>\$ 185,665,103</b>	<b>\$ 168,637,813</b>	<b>\$ 150,002,751</b>	<b>\$ 146,404,949</b>
<b>Plan fiduciary net position</b>										
Contributions- employer	\$ 2,608,611	\$ 128,684,062	\$ 11,478,887	\$ 10,643,938	\$ 9,657,636	\$ 7,471,162	\$ 7,629,875	\$ 6,665,926	\$ 4,553,293	\$ 4,587,619
Contributions- employee	1,503,324	1,450,567	1,366,781	1,369,664	1,045,992	1,274,574	1,711,846	1,620,334	1,627,959	1,461,331
Net investment income	15,688,649	(9,095,275)	24,375,794	1,093,261	4,459,035	5,290,034	8,517,929	420,827	2,537,356	8,786,889
Difference between expected and actual experience	1,138,845	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(11,358,400)	(10,531,983)	(13,239,944)	(12,284,937)	(10,967,777)	(9,489,726)	(8,942,533)	(10,767,917)	(8,554,561)	(9,805,679)
Administrative expense	(64,241)	(162,971)	(114,661)	(89,363)	(78,221)	(81,213)	(75,769)	(60,954)	(62,287)	-
Other	-	-	-	22,391	-	11,590	930	64,490	(36,284)	(3,124,665)
<b>Net change in plan fiduciary net position</b>	<b>9,516,788</b>	<b>110,344,400</b>	<b>23,866,857</b>	<b>754,954</b>	<b>4,116,665</b>	<b>4,476,421</b>	<b>8,842,278</b>	<b>(2,057,294)</b>	<b>65,476</b>	<b>1,905,492</b>
<b>Plan fiduciary net position- beginning</b>	<b>221,553,249</b>	<b>111,208,849</b>	<b>87,341,992</b>	<b>86,587,038</b>	<b>82,470,373</b>	<b>77,993,952</b>	<b>69,151,674</b>	<b>71,208,968</b>	<b>71,143,492</b>	<b>69,238,000</b>
<b>Plan fiduciary net position- ending</b>	<b>\$ 231,070,037</b>	<b>\$ 221,553,249</b>	<b>\$ 111,208,849</b>	<b>\$ 87,341,992</b>	<b>\$ 86,587,038</b>	<b>\$ 82,470,373</b>	<b>\$ 77,993,952</b>	<b>\$ 69,151,674</b>	<b>\$ 71,208,968</b>	<b>\$ 71,143,492</b>
<b>Net pension liability- ending</b>	<b>\$ 26,846,749</b>	<b>\$ 17,628,706</b>	<b>\$ 112,296,566</b>	<b>\$ 130,314,013</b>	<b>\$ 118,011,525</b>	<b>\$ 109,846,006</b>	<b>\$ 107,671,151</b>	<b>\$ 99,486,139</b>	<b>\$ 78,793,783</b>	<b>\$ 75,261,457</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	89.59%	92.63%	49.76%	40.13%	42.32%	42.88%	42.01%	41.01%	47.47%	48.59%
<b>Covered payroll</b>	\$ 17,035,385	\$ 15,290,218	\$ 14,489,224	\$ 13,881,219	\$ 13,477,393	\$ 13,373,418	\$ 12,337,861	\$ 12,215,891	\$ 10,958,329	\$ 12,316,358
<b>Net pension liability as a percentage of covered payroll</b>	157.59%	115.29%	775.04%	938.78%	875.63%	821.38%	872.69%	814.40%	719.03%	611.07%

**Schedule of Contributions**  
**Single Employer OPEB Plan**

Last Eight Fiscal Years

*City of Tempe, Arizona*

Reporting/Measurement year	2024	2023	2022	2021	2020	2019	2018	2017
<b>Actuarially determined Contributions in relation to the actuarially determined</b>	\$ 9,432,000	\$ 9,614,000	\$ 8,139,000	\$ 7,028,000	\$ 7,081,000	\$ 7,134,000	\$ 6,984,000	\$ 7,171,851
	9,552,753	9,437,959	9,642,039	8,870,605	7,918,331	8,461,506	6,983,551	6,759,218
<b>Contribution deficiency</b>	<u>\$ (120,753)</u>	<u>\$ 176,041</u>	<u>\$ (1,503,039)</u>	<u>\$ (1,842,605)</u>	<u>\$ (837,331)</u>	<u>\$ (1,327,506)</u>	<u>\$ 449</u>	<u>\$ 412,633</u>
<b>Covered-employee payroll Contributions as a percentage covered-employee payroll</b>	\$64,716,022	\$62,868,923	\$61,037,789	\$62,477,698	\$60,657,959	\$35,758,296	\$34,716,792	\$41,444,730
	14.80%	15.00%	15.80%	14.20%	13.05%	23.66%	20.12%	16.31%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

# Schedule of Changes in the Net OPEB Liability and Related Ratios

## Single Employer OPEB Plan

Last Eight Fiscal Years

City of Tempe, Arizona

Reporting/Measurement year	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>								
Service cost	\$ 1,185,445	\$ 1,173,318	\$ 1,170,996	\$ 1,028,565	\$ 329,347	\$ 319,754	\$ 321,229	\$ 300,495
Interest	7,365,859	7,749,644	7,035,529	6,081,440	5,630,520	5,930,814	5,689,881	5,742,386
Changes of benefit terms	-	-	-	-	7,651,741	-	-	-
Differences between expected and actual experience	495,369	(888,785)	2,629,006	13,492,032	267,000	(4,271,517)	4,915,943	-
Changes of assumptions	(6,429,084)	(4,455,325)	9,688,529	3,190,142	753,880	1,581,360	503,616	-
Benefit payments, including refunds	(9,552,753)	(9,437,959)	(9,642,039)	(8,870,605)	(7,918,332)	(8,461,506)	(6,983,551)	(6,759,218)
<b>Net change in total OPEB liability</b>	<b>(6,935,164)</b>	<b>(5,859,107)</b>	<b>10,882,021</b>	<b>14,921,574</b>	<b>6,714,156</b>	<b>(4,901,095)</b>	<b>4,447,118</b>	<b>(716,337)</b>
<b>Total OPEB liability- beginning</b>	<b>116,911,843</b>	<b>122,770,950</b>	<b>111,888,929</b>	<b>96,967,355</b>	<b>90,253,199</b>	<b>95,154,294</b>	<b>90,707,176</b>	<b>91,423,513</b>
<b>Total OPEB liability- ending</b>	<b>\$ 109,976,679</b>	<b>\$ 116,911,843</b>	<b>\$ 122,770,950</b>	<b>\$ 111,888,929</b>	<b>\$ 96,967,355</b>	<b>\$ 90,253,199</b>	<b>\$ 95,154,294</b>	<b>\$ 90,707,176</b>
<b>Plan fiduciary net position</b>								
Contributions for benefits due	\$ 9,552,753	\$ 9,437,959	\$ 9,642,039	\$ 8,870,605	\$ 7,918,331	\$ 8,461,506	\$ 6,983,551	\$ 6,759,218
Net investment income	2,319,865	1,453,389	(2,728,646)	4,161,448	762,338	796,286	1,062,670	1,211,093
Benefit payments, including refunds	(9,552,753)	(9,437,959)	(9,642,039)	(8,870,605)	(7,919,331)	(8,461,506)	(6,983,551)	(6,759,218)
<b>Net change in plan fiduciary net position</b>	<b>2,319,865</b>	<b>1,453,389</b>	<b>(2,728,646)</b>	<b>4,161,448</b>	<b>761,338</b>	<b>796,286</b>	<b>1,062,670</b>	<b>1,211,093</b>
<b>Plan fiduciary net position- beginning</b>	<b>17,835,065</b>	<b>16,381,676</b>	<b>19,110,322</b>	<b>14,948,874</b>	<b>14,187,536</b>	<b>13,391,250</b>	<b>12,328,580</b>	<b>11,117,487</b>
<b>Plan fiduciary net position- ending</b>	<b>\$ 20,154,930</b>	<b>\$ 17,835,065</b>	<b>\$ 16,381,676</b>	<b>\$ 19,110,322</b>	<b>\$ 14,948,874</b>	<b>\$ 14,187,536</b>	<b>\$ 13,391,250</b>	<b>\$ 12,328,580</b>
<b>Net OPEB liability- ending</b>	<b>\$ 89,821,749</b>	<b>\$ 99,076,778</b>	<b>\$ 106,389,274</b>	<b>\$ 92,778,607</b>	<b>\$ 82,018,481</b>	<b>\$ 76,065,663</b>	<b>\$ 81,763,044</b>	<b>\$ 78,378,596</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>18.33%</b>	<b>15.26%</b>	<b>13.34%</b>	<b>17.08%</b>	<b>15.42%</b>	<b>15.72%</b>	<b>14.07%</b>	<b>13.59%</b>
<b>Covered-employee payroll</b>	<b>\$ 64,716,022</b>	<b>\$ 62,868,923</b>	<b>\$ 61,037,789</b>	<b>\$ 62,477,698</b>	<b>\$ 60,657,959</b>	<b>\$ 35,758,296</b>	<b>\$ 34,716,792</b>	<b>\$ 41,444,730</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	<b>138.80%</b>	<b>157.60%</b>	<b>174.30%</b>	<b>148.50%</b>	<b>135.21%</b>	<b>212.72%</b>	<b>235.51%</b>	<b>189.12%</b>

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

# Schedule of Investment Returns

## Single Employer OPEB Plan

Last Eight Fiscal Years

*City of Tempe, Arizona*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment	13.41%	9.33%	-13.87%	28.40%	5.84%	6.43%	9.13%	11.41%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



# Notes to Required Supplementary Information

June 30, 2024

City of Tempe, Arizona

## Note 1 - Actuarially determined contribution rates

**Actuarially determined contribution rates.** Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

### PSPRS Actuarial Methods and Assumptions:

Actuarial Cost Method	Entry age normal
Amortization Level	Members with initial membership date before July 1, 2017: Level percent-of-pay, closed Members with initial membership on or after July 1, 2017: Level dollar closed
Remaining Amortization Period as of the 2021 Actuarial Valuation	Members with initial membership date before July 1, 2017: 18 years for unfunded actuarial accrued liability, 20 years for excess Members with initial membership on or after July 1, 2017: 10 years
Asset Valuation Method	Members with initial membership date before July 1, 2017: 7-year smoothed fair value; 80%/120% market corridor Members with initial membership on or after July 1, 2017: 5-year smoothed fair value; 80%/120% market corridor
Actuarial Assumptions:	
Investment Rate of Return	Members with initial membership date before July 1, 2017: In the 2019 actuarial valuation, the investment rate of return was decreased from 7.40% to 7.30%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.50% to 7.40%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.50%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.00% to 7.85%. Members with initial membership on or after July 1, 2017: 7%
Projected Salary Increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5%.
Wage Growth	In the 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.5%.
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011
Mortality	In the 2019 actuarial valuation, changed to PUbS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

# Notes to Required Supplementary Information

June 30, 2024

City of Tempe, Arizona

## Note 2 - Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's OR plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

PSPRS allowed the City to phase in the increased contributions for members who were retired as of the law's effective date over three years. As a result, the City's pension contributions were less than the actuarially determined contributions for 2016 and 2017.

The City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

## City Sponsored Plan Schedule of Contributions - OPEB

Methods and assumptions used to determine actuarial contribution amounts are as follows:

Valuation Date:	Actuarially determined contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method:	Entry Age
Amortization Method:	Level percentage of payroll, closed
Amortization Period:	16 years
Asset Valuation Method:	Fair Value
Inflation:	2.60%
Salary Increases:	3.00% average, including inflation
Investment Rate of Return:	6.50%, net of plan investment expenses, including inflation
Retirement Rates:	From the 2021 ASRS and PSPRS actuarial valuations
Mortality Rates:	Mortality rates were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee, Retiree and Disabled Mortality Tables, with generational projection using Scale MP-2021.

# Budgetary Comparison Schedule (Non-GAAP Basis)

## City Wide Operating Budget

For the Fiscal Year Ended June 30, 2024

*City of Tempe, Arizona*

	Final Budget Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
City total resources	\$ 721,513,817	\$ 522,594,451	\$ 198,919,366
Total revenues	<u>721,513,817</u>	<u>522,594,451</u>	<u>198,919,366</u>
City total expenditures	727,118,638	504,428,957	222,689,681
Total expenditures	<u>727,118,638</u>	<u>504,428,957</u>	<u>222,689,681</u>
Net change in fund balance	\$ (5,604,821)	\$ 18,165,494	\$ 23,770,315

Note: The City's legally adopted budget is at the Citywide level and includes all governmental and proprietary funds. Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget. Transfers between funds and departmental groups may be made upon City Manager approval and do not require Council action or approval.

## Budgetary Comparison Schedule (Non-GAAP Basis)

### City Wide Capital Projects Budget

For the Fiscal Year Ended June 30, 2024

*City of Tempe, Arizona*

	Final Budget Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
City total resources	\$ 482,421,254	\$ 209,771,526	\$ 272,649,728
Total revenues	482,421,254	209,771,526	(272,649,728)
City total expenditures	621,508,957	209,771,526	411,737,431
Total expenditures	621,508,957	209,771,526	411,737,431
Net change in fund balance	\$ (139,087,703)	\$ -	\$ 139,087,703



## **Combining Fund Financial Statements**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues used to finance certain projects or activities as required by law or contractual agreement.

- **Performing Arts Fund.** To account for the receipt and expenditure of the Performing Arts Tax monies. These monies are restricted to financing the performing and visual arts center.
- **Arts and Culture Fund.** To account for the receipt and expenditure of the Arts and Culture Tax monies. These monies are restricted to supporting arts and cultural activities throughout the City.
- **Highway User Revenue Fund.** To account for the receipt and expenditure of the City's share of the highway user taxes. State law restricts the use of these monies to maintenance, construction and reconstruction of streets, and repayment of transportation-related general obligation debt.
- **Community Development Fund.** To account for the receipt and expenditure of U.S. Department of Housing and Urban Development Community Development Block Grant and Home Program monies.
- **Housing Assistance Fund.** To account for the receipt and expenditure of U.S. Department of Housing and Urban Development Lower Income Housing Assistance Program grant monies.
- **Housing Affordability Fund.** To account for the receipt and expenditure from contributions to assist in the development of long-term housing affordability solutions.
- **Donations and Court Awards Fund.** To account for the receipt and expenditure of miscellaneous donations and revenue received from court awarded confiscated property under both the Federal and State Organized Crime Acts.
- **Grants Fund.** To account for the receipt and expenditure of miscellaneous grant monies.
- **Community Facilities District Fund.** To account for the receipt and expenditure of monies for the Rio Salado Community Facilities District.
- **Opioid Settlement Fund.** To account for revenue and expenditure of One Arizona Distribution of Opioid Settlement Funds Agreement.

### DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long term debt not being accounted for in the Special Revenue Funds and Enterprise Funds.

- **Special Assessment Debt Service Fund** - accounts for the accumulation of resources and payments of special assessment debt.

## NON-MAJOR GOVERNMENTAL FUNDS (Continued)

### CAPITAL PROJECTS FUNDS

Capital Projects Funds account for all current financial resources used for the acquisition of capital facilities except those financed by Enterprise Funds. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major sources of financing are derived from bond proceeds and special revenues.

- **Streets Fund.** Used for improving, constructing and reconstructing major streets, highways, collector and local streets within the City, and to acquire rights-of-way.
- **Police Protection Fund.** Used for purchasing, constructing and equipping police functions.
- **Fire Protection Fund.** Used for purchasing, constructing and equipping fire functions.
- **Arts and Culture Fund.** Used for purchasing, developing or improving projects that allow for the support of the arts and cultural activities in the City.
- **Storm Sewers Fund.** Used for planning, constructing, extending and improving storm drain trunk lines and detention basins.
- **Transit Fund** - used for the acquisition of buses, the light rail system, and other traffic flow improvements.
- **Parks Fund.** Used for acquiring, developing and equipping parks, playgrounds and recreation facilities.
- **Rio Salado Fund.** Used for consulting and engineering studies necessary for the design of the Rio Salado projects and for constructing a wildlife habitat.
- **Signals Fund.** Used for purchasing, constructing and equipping street light and traffic signal upgrades and for the planning of an overall transportation plan.
- **Community Facilities District Fund.** Used for the improving and constructing in the Rio Salado Community Facilities District.



**Combining Balance Sheet**  
**Non-major Governmental Funds**  
June 30, 2024

City of Tempe, Arizona

	Special Revenue										Total Special Revenue Funds
	Performing Arts	Arts and Culture	Highway User Revenue	Community Development	Housing Assistance	Housing Affordability	Donations and Court Awards	Grants	Community Facilities District	Opioid Settlement	
<b>Assets</b>											
Pooled cash and investments	\$ -	\$ 11,101,227	\$ 11,338,787	\$ 98,729	\$ -	\$ 20,359	\$ 3,332,684	\$ 2,738,570	\$ 2,859,225	\$ 1,768,546	\$ 33,258,127
Receivables:											
Taxes	-	1,439,766	1,429,865	-	-	-	-	-	-	-	2,869,631
Accounts	-	-	7,634	-	85,925	-	-	211,498	-	7,520,778	7,825,835
Special assessment	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	49,167	-	(1,102)	-	170	7,789	-	-	-	56,024
Due from other governments	-	-	-	635,935	5,541	-	6,478	2,527,513	-	-	3,175,467
Inventories	-	-	845,242	-	-	-	-	-	-	-	845,242
Prepaid items	-	-	-	81,615	1,558,867	-	-	-	-	-	1,640,482
Restricted cash and investments	-	462,125	-	1,147,841	-	-	30,490	-	201	-	1,640,657
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 13,052,285</b>	<b>\$ 13,621,528</b>	<b>\$ 1,963,018</b>	<b>\$ 1,650,333</b>	<b>\$ 20,529</b>	<b>\$ 3,377,441</b>	<b>\$ 5,477,581</b>	<b>\$ 2,859,426</b>	<b>\$ 9,289,324</b>	<b>\$ 51,311,465</b>
<b>Liabilities</b>											
Accounts payable	\$ -	\$ 304,143	\$ 348,996	\$ 34,980	\$ 6,731	\$ -	\$ 60,054	\$ 409,309	\$ 10,307	\$ -	\$ 1,174,520
Deposits	-	-	-	550,304	-	-	4,709	172,957	-	-	727,970
Accrued expenditures	-	156,882	182,154	13,463	229,848	-	-	-	-	-	582,347
Due to other funds	-	-	-	-	331,763	-	-	-	-	-	331,763
Unearned revenue	-	-	-	-	64,089	-	-	4,022,071	-	-	4,086,160
Matured bonds payable	-	345,000	-	-	-	-	-	-	-	-	345,000
Matured interest payable	-	117,125	-	6,519	-	-	-	-	-	-	123,644
<b>Total liabilities</b>	<b>-</b>	<b>923,150</b>	<b>531,150</b>	<b>605,266</b>	<b>632,431</b>	<b>-</b>	<b>64,763</b>	<b>4,604,337</b>	<b>10,307</b>	<b>-</b>	<b>7,371,404</b>
<b>Deferred Inflows of Resources</b>											
Unavailable revenue- special assessment	-	-	-	-	-	-	-	-	-	-	-
Unavailable revenue- other	-	-	-	-	-	-	-	-	-	7,520,778	7,520,778
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,520,778</b>	<b>7,520,778</b>
<b>Fund Balances</b>											
Non-spendable	-	-	845,242	81,615	1,558,867	-	-	-	-	-	2,485,724
Restricted	-	12,129,135	12,245,136	1,276,137	-	20,529	3,312,678	873,244	2,849,119	1,768,546	34,474,524
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(540,965)	-	-	-	-	-	(540,965)
<b>Total fund balances</b>	<b>-</b>	<b>12,129,135</b>	<b>13,090,378</b>	<b>1,357,752</b>	<b>1,017,902</b>	<b>20,529</b>	<b>3,312,678</b>	<b>873,244</b>	<b>2,849,119</b>	<b>1,768,546</b>	<b>36,419,283</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 13,052,285</b>	<b>\$ 13,621,528</b>	<b>\$ 1,963,018</b>	<b>\$ 1,650,333</b>	<b>\$ 20,529</b>	<b>\$ 3,377,441</b>	<b>\$ 5,477,581</b>	<b>\$ 2,859,426</b>	<b>\$ 9,289,324</b>	<b>\$ 51,311,465</b>

Combining Balance Sheet  
 Non-major Governmental Funds  
 June 30, 2024

City of Tempe, Arizona

	<u>Debt Service Fund</u>
	<u>Special Assessment</u>
	<u>Debt Service</u>
<b>Assets</b>	
Pooled cash and investments	\$ 296,629
Receivables:	
Taxes	-
Accounts	-
Special assessment	9,363,574
Accrued interest	241,545
Due from other governments	-
Inventories	-
Prepaid items	-
Restricted cash and investments	218,875
Total assets	<u>\$ 10,120,623</u>
<b>Liabilities</b>	
Accounts payable	\$ -
Deposits	-
Accrued expenditures	-
Due to other funds	-
Unearned revenue	42,500
Matured bonds payable	-
Matured interest payable	218,875
Total liabilities	261,375
<b>Deferred Inflows of Resources</b>	
Unavailable revenue- special assessment	9,605,118
Unavailable revenue- other	-
Total deferred inflows of resources	<u>9,605,118</u>
<b>Fund Balances</b>	
Fund balance:	
Non-spendable	-
Restricted	254,130
Committed	-
Assigned	-
Unassigned	-
Total fund balances	<u>254,130</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,120,623</u>

**Combining Balance Sheet**  
**Non-major Governmental Funds**  
June 30, 2024

City of Tempe, Arizona

**Capital Projects**

	<b>Streets</b>	<b>Police Protection</b>	<b>Fire Protection</b>	<b>Arts and Culture</b>	<b>Storm Sewers</b>	<b>Transit</b>	<b>Parks</b>	<b>Rio Salado</b>	<b>Signals</b>	<b>Community Facilities District</b>	<b>Total Capital Projects Funds</b>	<b>Total Non-major Governmental Funds</b>
<b>Assets</b>												
Pooled cash and investments	\$ -	\$ 23,543,690	\$ 12,676,755	\$ 4,319,818	\$ 159,516	\$ 26,659,765	\$ 13,723,634	\$ 384,636	\$ 5,434,153	\$ 4,076,575	\$ 90,978,542	\$ 124,533,298
Receivables:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	2,869,631
Accounts	-	-	-	-	-	-	14,194	-	-	-	14,194	7,840,029
Special assessment	-	-	-	-	-	-	-	-	-	-	-	9,363,574
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	297,569
Due from other governments	-	-	-	-	-	1,411,267	-	-	-	-	1,411,267	4,586,734
Inventories	-	-	-	-	-	-	-	-	-	-	-	845,242
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	1,640,482
Restricted cash and	-	-	-	15,037	-	-	-	-	-	-	15,037	1,874,569
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 23,543,690</b>	<b>\$ 12,676,755</b>	<b>\$ 4,334,855</b>	<b>\$ 159,516</b>	<b>\$ 28,071,032</b>	<b>\$ 13,737,828</b>	<b>\$ 384,636</b>	<b>\$ 5,434,153</b>	<b>\$ 4,076,575</b>	<b>\$ 92,419,040</b>	<b>\$ 153,851,128</b>
<b>Liabilities</b>												
Accounts payable	\$ 4,082,158	\$ 601,773	\$ 1,837,579	\$ 81,143	\$ 98,038	\$ 1,235,592	\$ 3,145,237	\$ -	\$ 76,926	\$ 195,477	\$ 11,353,923	\$ 12,528,443
Deposits	-	-	154	562	-	-	-	-	-	-	716	728,686
Accrued expenditures	-	-	-	-	-	-	-	-	-	-	-	582,347
Due to other funds	1,532,440	-	-	-	-	-	-	-	-	-	1,532,440	1,864,203
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	4,128,660
Matured bonds payable	-	-	-	-	-	-	-	-	-	-	-	345,000
Matured interest payable	-	-	-	-	-	-	-	-	-	-	-	342,519
<b>Total liabilities</b>	<b>5,614,598</b>	<b>601,773</b>	<b>1,837,733</b>	<b>81,705</b>	<b>98,038</b>	<b>1,235,592</b>	<b>3,145,237</b>	<b>-</b>	<b>76,926</b>	<b>195,477</b>	<b>12,887,079</b>	<b>20,519,858</b>
<b>Deferred Inflows of</b>												
Unavailable revenue- special assessment	-	-	-	-	-	-	-	-	-	-	-	9,605,118
Unavailable revenue- other	-	-	-	-	-	-	14,194	-	-	-	14,194	7,534,972
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,194</b>	<b>17,140,090</b>
<b>Fund Balances</b>												
Non-spendable	-	-	-	-	-	-	-	-	-	-	-	2,485,724
Restricted	1,623,583	8,006,342	1,482,896	-	231,409	27,539,446	2,888,316	-	71,403	3,881,098	45,724,493	80,453,147
Committed	-	2,429,973	9,003,696	341,215	479,004	-	21,427,667	384,636	154,052	1,206,714	35,426,957	35,426,957
Assigned	-	12,505,602	352,430	3,911,935	-	-	-	-	5,131,772	-	21,901,739	21,901,739
Unassigned	(7,238,181)	-	-	-	(648,935)	(704,006)	(13,737,586)	-	-	(1,206,714)	(23,535,422)	(24,076,387)
<b>Total fund balances</b>	<b>(5,614,598)</b>	<b>22,941,917</b>	<b>10,839,022</b>	<b>4,253,150</b>	<b>61,478</b>	<b>26,835,440</b>	<b>10,578,397</b>	<b>384,636</b>	<b>5,357,227</b>	<b>3,881,098</b>	<b>79,517,767</b>	<b>116,191,180</b>
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 23,543,690	\$ 12,676,755	\$ 4,334,855	\$ 159,516	\$ 28,071,032	\$ 13,737,828	\$ 384,636	\$ 5,434,153	\$ 4,076,575	\$ 92,419,040	\$ 153,851,128

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Non-major Governmental Funds**

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

	Special Revenue										
	Performing Arts	Arts and Culture	Highway User Revenue	Community Development	Housing Assistance	Housing Affordability	Donations and Court Awards	Grants	Community Facilities District	Opioid Settlement	Total Special Revenue Funds
<b>Revenues:</b>											
Sales taxes	\$ -	\$ 11,482,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,482,634
Intergovernmental:											
Federal grants	-	-	-	3,075,021	18,292,466	-	-	8,344,533	-	-	29,712,020
State grants	-	-	-	-	-	-	479,010	2,745,351	-	-	3,224,361
State sales tax	-	-	14,022,757	-	-	-	-	-	-	-	14,022,757
Other	-	-	-	-	-	-	55,676	3,859,268	-	-	3,914,944
Investment income (loss)	-	712,837	-	33,233	52,226	662	57,707	-	119	-	856,784
Charges for services	-	974,672	-	-	-	-	48,788	1,006	2,532,527	-	3,556,993
Fines and forfeitures	-	-	-	-	18,363	-	324,612	220,456	-	-	563,431
Other entities' participation	-	-	-	-	-	-	200,858	-	-	-	200,858
Licenses and permits	-	-	202,979	-	-	-	-	-	-	-	202,979
Miscellaneous	-	28,241	2,717	574,399	-	-	56,569	12,381	-	1,191,807	1,866,114
Total revenues	-	13,198,384	14,228,453	3,682,653	18,363,055	662	1,223,220	15,182,995	2,532,646	1,191,807	69,603,875
<b>Expenditures:</b>											
Current:											
General government	-	-	-	-	-	-	17,880	1,526,343	-	-	1,544,223
Public safety	-	-	-	-	-	-	517,762	4,675,970	-	-	5,193,732
Transportation	-	-	11,897,279	-	-	-	-	-	-	-	11,897,279
Criminal justice	-	-	-	-	-	-	166,322	-	-	-	166,322
Community enrichment	-	9,433,117	-	3,043,342	18,688,350	-	512,010	8,402,084	2,605,785	-	42,684,688
Debt service:											
Principal retirement	-	345,000	-	527,000	-	-	-	-	-	-	872,000
Interest	-	234,250	-	16,876	-	-	-	-	-	-	251,126
Fiscal fees	-	1,500	-	-	-	-	-	-	305	-	1,805
Capital outlay	-	142,768	415,855	8,792	2,676	-	6,638	374,875	10,395	-	961,999
Total expenditures	-	10,156,635	12,313,134	3,596,010	18,691,026	-	1,220,612	14,979,272	2,616,485	-	63,573,174
Excess (deficiency) of revenues over expenditures	-	3,041,749	1,915,319	86,643	(327,971)	662	2,608	203,723	(83,839)	1,191,807	6,030,701
<b>Other financing sources (uses):</b>											
Transfers in	-	152,026	1,500,000	-	-	-	-	-	-	576,739	2,228,765
Transfers out	(16,061)	(1,337,939)	(5,629,673)	-	-	-	(1,242,964)	(201,380)	-	-	(8,428,017)
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	3,238	59,951	-	2,537	-	-	17,248	-	-	82,974
Total other financing sources (uses)	(16,061)	(1,182,675)	(4,069,722)	-	2,537	-	(1,242,964)	(184,132)	-	576,739	(6,116,278)
Net change in fund balances	(16,061)	1,859,074	(2,154,403)	86,643	(325,434)	662	(1,240,356)	19,591	(83,839)	1,768,546	(85,577)
Fund balance at beginning of year	16,061	10,270,061	15,244,781	1,271,109	1,343,336	19,867	4,553,034	853,653	2,932,958	-	36,504,860
Fund balance at end of year	\$ -	\$ 12,129,135	\$ 13,090,378	\$ 1,357,752	\$ 1,017,902	\$ 20,529	\$ 3,312,678	\$ 873,244	\$ 2,849,119	\$ 1,768,546	\$ 36,419,283

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Non-major Governmental Funds**

For the Fiscal Year Ended June 30, 2024

*City of Tempe, Arizona*

	Debt Service
	Special Assessment
	Debt Service
<b>Revenues:</b>	
Property taxes	\$ -
Investment income (loss)	-
Special assessment	2,057,895
Miscellaneous	15,536
Total revenues	<u>2,073,431</u>
<b>Expenditures:</b>	
Debt service:	
Principal retirement	1,510,000
Interest	475,500
Fiscal fees	850
Total expenditures	<u>1,986,350</u>
Excess (deficiency) of revenues over expenditures	<u>87,081</u>
<b>Other financing sources (uses):</b>	
Transfers in	-
Transfers out	-
Premium on issuance of debt	-
Total other financing sources	<u>-</u>
Net change in fund balances	87,081
Fund balance at beginning of year	<u>167,049</u>
Fund balance at end of year	<u>\$ 254,130</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Non-major Governmental Funds**

For the Fiscal Year Ended June 30, 2024

*City of Tempe, Arizona*

	Capital Projects									Community Facilities District	Total Capital Projects Funds	Total Non-major Governmental Funds
	Streets	Police Protection	Fire Protection	Arts and Culture	Storm Sewers	Transit	Parks	Rio Salado	Signals			
<b>Revenues:</b>												
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,482,634
Intergovernmental:												
Federal grants	1,379	-	-	-	263	1,883,475	18,410	-	2,989	-	1,906,516	31,618,536
State grants	276	-	-	-	53	-	3,407	-	-	-	3,736	3,228,097
State sales tax	-	-	-	-	-	-	-	-	-	-	-	14,022,757
Other	-	-	-	-	290,858	-	-	-	-	-	290,858	4,205,802
Investment income (loss)	4,645	189,736	47,283	886	332	91,359	112,034	-	614	-	446,889	1,303,673
Charges for services	58,258	-	-	-	-	-	-	-	11,000	755,961	825,219	4,382,212
Fines and forfeitures	-	-	-	-	-	-	500	-	-	-	500	563,931
Other entities' participation	219,479	464,553	303,987	-	-	518,957	1,233,801	-	32,351	-	2,773,128	2,973,986
Special assessment	-	-	-	-	-	-	-	-	-	-	-	2,057,895
License and permits	-	-	-	-	-	-	-	-	-	-	-	202,979
Miscellaneous	-	-	-	-	-	2,448	200,474	-	-	-	202,922	2,084,572
Total revenues	<u>284,037</u>	<u>654,289</u>	<u>351,270</u>	<u>886</u>	<u>291,506</u>	<u>2,496,239</u>	<u>1,568,626</u>	<u>-</u>	<u>46,954</u>	<u>755,961</u>	<u>6,449,768</u>	<u>78,127,074</u>
<b>Expenditures:</b>												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	1,544,223
Public safety	-	5,379,751	899,297	-	-	-	-	-	-	-	6,279,048	11,472,780
Transportation	5,047,860	-	-	-	656,381	2,186,626	-	-	1,189,066	-	9,079,933	20,977,212
Criminal justice	-	-	-	-	-	-	-	-	-	-	-	166,322
Community enrichment	-	-	-	679,849	-	-	4,303,702	-	-	64,486	5,048,037	47,732,725
Debt service:												
Principal retirement	-	20,218	-	-	-	-	-	-	-	-	20,218	2,402,218
Interest	-	1,982	-	-	-	-	-	-	-	-	1,982	728,608
Fiscal fees	-	-	-	-	-	-	-	-	-	-	-	2,655
Capital outlay	14,197,593	2,868,435	9,533,474	1,627,045	146,767	6,236,639	12,505,242	-	432,703	486,852	48,034,750	48,996,749
Total expenditures	<u>19,245,453</u>	<u>8,270,386</u>	<u>10,432,771</u>	<u>2,306,894</u>	<u>803,148</u>	<u>8,423,265</u>	<u>16,808,944</u>	<u>-</u>	<u>1,621,769</u>	<u>551,338</u>	<u>68,463,968</u>	<u>134,023,492</u>
Excess (deficiency) of revenues over expenditures	<u>(18,961,416)</u>	<u>(7,616,097)</u>	<u>(10,081,501)</u>	<u>(2,306,008)</u>	<u>(511,642)</u>	<u>(5,927,026)</u>	<u>(15,240,318)</u>	<u>-</u>	<u>(1,574,815)</u>	<u>204,623</u>	<u>(62,014,200)</u>	<u>(55,896,418)</u>
<b>Other financing sources (uses):</b>												
Transfers in	100,000	15,650,000	11,738,776	1,354,000	-	7,531,253	551,696	-	5,525,000	-	42,450,725	44,679,490
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(8,428,017)
Issuance of debt	10,070,000	9,700,000	8,205,000	-	560,000	-	7,460,000	-	1,680,000	-	37,675,000	37,675,000
Premium on issuance of debt	730,000	700,000	595,000	-	40,000	-	540,000	-	120,000	-	2,725,000	2,725,000
Proceeds from sale of capital	-	783	-	-	-	-	-	-	-	-	783	83,757
Total other financing sources (uses)	<u>10,900,000</u>	<u>26,050,783</u>	<u>20,538,776</u>	<u>1,354,000</u>	<u>600,000</u>	<u>7,531,253</u>	<u>8,551,696</u>	<u>-</u>	<u>7,325,000</u>	<u>-</u>	<u>82,851,508</u>	<u>76,735,230</u>
Net change in fund balances	(8,061,416)	18,434,686	10,457,275	(952,008)	88,358	1,604,227	(6,688,622)	-	5,750,185	204,623	20,837,308	20,838,812
Fund balance at beginning of year	2,446,818	4,507,231	381,747	5,205,158	(26,880)	25,231,213	17,267,019	384,636	(392,958)	3,676,475	58,680,459	95,352,368
Fund balance at end of year	<u>\$ (5,614,598)</u>	<u>\$ 22,941,917</u>	<u>\$ 10,839,022</u>	<u>\$ 4,253,150</u>	<u>\$ 61,478</u>	<u>\$ 26,835,440</u>	<u>\$ 10,578,397</u>	<u>\$ 384,636</u>	<u>\$ 5,357,227</u>	<u>\$ 3,881,098</u>	<u>\$ 79,517,767</u>	<u>\$ 116,191,180</u>

## NON-MAJOR ENTERPRISE FUNDS

Proprietary funds are used to account for City operations that are run like a business. These funds are responsible for providing enough operational revenue to cover all expenses.

- **Solid Waste Fund.** Accounts for the provision of refuse collection and disposal services for both residential and commercial customers. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance, financing, billing and collection.
- **Emergency Medical Transportation Fund.** accounts for the operation of emergency medical transportation services. Revenues are derived from the user fees collected for ambulance services. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation and maintenance.
- **Golf Course Fund.** accounts for the operation of the Rolling Hills and Ken McDonald golf courses. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance and financing.

# Combining Statement of Fund Net Position

## Non-major Enterprise Funds

June 30, 2024

City of Tempe, Arizona

	Solid Waste	Emergency Medical Transportation	Golf Course	Total
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 12,953,318	\$ 894,511	\$ -	\$ 13,847,829
Accounts receivable, net	1,596,416	4,353,767	-	5,950,183
Accrued interest receivable	79,667	6,275	-	85,942
Total current assets	<u>14,629,401</u>	<u>5,254,553</u>	<u>-</u>	<u>19,883,954</u>
Noncurrent assets:				
Net OPEB assets	188,088	121,156	-	309,244
Depreciable assets, net	9,233,503	1,306,716	-	10,540,219
Total capital assets, net	<u>9,233,503</u>	<u>1,306,716</u>	<u>-</u>	<u>10,540,219</u>
Total noncurrent assets	<u>9,421,591</u>	<u>1,427,872</u>	<u>-</u>	<u>10,849,463</u>
Total assets	<u>24,050,992</u>	<u>6,682,425</u>	<u>-</u>	<u>30,733,417</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions	708,360	456,285	-	1,164,645
Deferred outflows related to OPEB	30,302	16,351	-	46,653
Total deferred outflows of resources	<u>738,662</u>	<u>472,636</u>	<u>-</u>	<u>1,211,298</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,118,304	72,936	-	1,191,240
Deposits	-	9	-	9
Accrued expenses	211,073	159,556	-	370,629
Compensated absences	240,460	51,489	-	291,949
SBITA Liability	110,460	-	-	110,460
Total current liabilities	<u>1,680,297</u>	<u>283,990</u>	<u>-</u>	<u>1,964,287</u>
Noncurrent liabilities:				
Compensated absences	433,338	92,791	-	526,129
SBITA Liability	231,995	-	-	231,995
Total OPEB liability	<u>2,303,957</u>	<u>622,682</u>	<u>-</u>	<u>2,926,639</u>
Pensions	5,545,782	3,572,283	-	9,118,065
Total noncurrent liabilities	<u>8,515,072</u>	<u>4,287,756</u>	<u>-</u>	<u>12,802,828</u>
Total liabilities	<u>10,195,369</u>	<u>4,571,746</u>	<u>-</u>	<u>14,767,115</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	262,007	168,770	-	430,777
Deferred inflows related to OPEB	252,911	102,698	-	355,609
Total deferred inflows of resources	<u>514,918</u>	<u>271,468</u>	<u>-</u>	<u>786,386</u>
<b>Net Position</b>				
Net investment in capital assets	8,547,234	1,306,716	-	9,853,950
Restricted	188,088	121,156	-	309,244
Unrestricted	5,344,045	883,975	-	6,228,020
Total net position	<u>\$ 14,079,367</u>	<u>\$ 2,311,847</u>	<u>\$ —</u>	<u>\$ 16,391,214</u>



# Combining Statement of Revenues, Expenses and Changes in Fund Net Position

## Non-major Enterprise Funds

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

	<u>Solid Waste</u>	<u>Emergency Medical Transportation</u>	<u>Golf Course</u>	<u>Total Non-Major Proprietary Funds</u>
Operating revenues:				
Charges for services	\$ 21,488,728	\$ 7,583,401	\$ -	\$ 29,072,129
Miscellaneous	9,623	-	-	9,623
Total operating revenues	<u>21,498,351</u>	<u>7,583,401</u>	<u>-</u>	<u>29,081,752</u>
Operating expenses:				
Personnel services	6,377,405	4,299,089	-	10,676,494
Supplies and materials	721,069	583,744	167,226	1,472,039
Fees and services	11,417,678	1,849,983	5,334	13,272,995
Depreciation/amortization	1,897,133	272,419	-	2,169,552
Total operating expenses	<u>20,413,285</u>	<u>7,005,235</u>	<u>172,560</u>	<u>27,591,080</u>
Operating income (loss)	1,085,066	578,166	(172,560)	1,490,672
Nonoperating revenues (expenses):				
Investment income (loss)	588,301	97,573	54,753	740,627
Interest and fiscal fees	(14,852)	-	-	(14,852)
Gain (loss) on sale of capital assets	155,279	-	9,344	164,623
Income (loss) before operating transfers and special item	<u>1,813,794</u>	<u>675,739</u>	<u>(108,463)</u>	<u>2,381,070</u>
Transfers				
Transfers in	1,879,652	-	543,000	2,422,652
Transfers out	(4,673)	(1,084,776)	(2,893,018)	(3,982,467)
Total transfers	<u>1,874,979</u>	<u>(1,084,776)</u>	<u>(2,350,018)</u>	<u>(1,559,815)</u>
Change in net position	3,688,773	(409,037)	(2,458,481)	821,255
Total net position- beginning	10,390,594	2,720,884	2,458,481	15,569,959
Total net position- ending	<u>\$ 14,079,367</u>	<u>\$ 2,311,847</u>	<u>\$ -</u>	<u>\$ 16,391,214</u>

# Combining Statement of Cash Flows

## Non-major Enterprise Funds

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

	Solid Waste	Emergency Medical Transportation	Golf Course	Total
Cash flows from operating activities:				
Receipts from customers	\$ 21,402,423	\$ 6,918,048	\$ 43,912	\$ 28,364,383
Payments to employees for services	(7,057,721)	(4,287,973)	(812,042)	(12,157,736)
Payments to suppliers for goods and services	(11,507,759)	(2,414,677)	(723,889)	(14,646,325)
Receipts from other	9,623	-	-	9,623
Net cash provided (used) by operating activities	<u>2,846,566</u>	<u>215,398</u>	<u>(1,492,019)</u>	<u>1,569,945</u>
Cash flows from noncapital financing activities:				
Transfers in	1,879,652	-	543,000	2,422,652
Transfers out	(4,673)	(1,084,776)	(687,665)	(1,777,114)
Net cash provided (used) by noncapital financing activities	<u>1,874,979</u>	<u>(1,084,776)</u>	<u>(144,665)</u>	<u>645,538</u>
Cash flows from capital and related financing activities:				
Principal paid on long-term debt	-	-	(200,474)	(200,474)
Interest and fiscal fees	(14,852)	-	-	(14,852)
Acquisition of capital assets	(4,189,403)	(464,684)	-	(4,654,087)
Proceeds from the sale of capital assets	155,279	-	9,344	164,623
Net cash provided (used) by capital and related financing activities	<u>(4,048,976)</u>	<u>(464,684)</u>	<u>(191,130)</u>	<u>(4,704,790)</u>
Cash flows from investing activities:				
Investment income	578,467	96,193	70,616	745,276
Net cash provided (used) by investing activities	<u>578,467</u>	<u>96,193</u>	<u>70,616</u>	<u>745,276</u>
Net increase (decrease) in cash and cash equivalents	1,251,036	(1,237,869)	(1,757,198)	(1,744,031)
Cash and cash equivalents at beginning of year	11,702,282	2,132,380	1,757,198	15,591,860
Cash and cash equivalents at end of year	<u>\$ 12,953,318</u>	<u>\$ 894,511</u>	<u>\$ -</u>	<u>\$ 13,847,829</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,085,066	\$ 578,166	\$ (172,560)	\$ 1,490,672
Net cash provided (used) by operating activities:				
Depreciation/amortization	1,897,133	272,419	-	2,169,552
Change in assets and liabilities:				
(Increase) decrease in receivables	(86,220)	(665,280)	43,912	(707,588)
(Increase) decrease in net OPEB asset	27,857	7,974	15,290	51,121
Increase (decrease) in deposits	(85)	(73)	-	(158)
Increase (decrease) in payables	630,988	19,050	(551,329)	98,709
Increase (decrease) in accrued expenses	(52,947)	17,321	-	(35,626)
Increase (decrease) in compensated absence	(167,072)	22,566	-	(144,506)
(Increase) decrease in deferred outflows related to pension and OPEB	349,573	136,618	89,818	576,009
Increase (decrease) in deferred inflows related to pension and OPEB	67,906	34,119	(40,870)	61,155
Increase (decrease) in pension	(669,686)	(144,419)	(440,092)	(1,254,197)
Increase (decrease) in net OPEB liability	(235,947)	(63,063)	(436,188)	(735,198)
Net cash provided (used) by operating activities	<u>\$ 2,846,566</u>	<u>\$ 215,398</u>	<u>\$ (1,492,019)</u>	<u>\$ 1,569,945</u>
Noncash investing, capital, and financing activities:				
Accounts payable related to capital assets	\$ 343,814	\$ -	\$ -	\$ 343,814
Liabilities transfer to governmental activities	-	-	2,364,936	2,364,936
Capital assets transfer to governmental activities	-	-	4,177,867	4,177,867
Total noncash investing, capital, and financing activities:	<u>\$ 343,814</u>	<u>\$ -</u>	<u>\$ 6,542,803</u>	<u>\$ 6,886,617</u>

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other government units, on a cost reimbursement basis.

- **Risk Management Fund.** Used to account for the costs of general liability, automobile liability, and property liability claims by the City under a self-insurance program.
- **Worker's Compensation Fund.** Used to account for the costs incurred for worker's compensation claims by the City under a self-insurance program.
- **Health Fund.** Used to account for the expenses incurred for employee health related costs under the City's self-insurance program.

# Combining Statement of Fund Net Position

## Internal Service Funds

June 30, 2024

City of Tempe, Arizona

	Risk Management	Worker's Compensation	Health	Total
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 6,186,670	\$ 8,182,207	\$ 20,416,230	\$ 34,785,107
Restricted cash and investments	-	9,581,423		9,581,423
Accounts receivable	-	60,613	205,608	266,221
Accrued interest receivable	-	25,685	-	25,685
Net OPEB asset	22,544	-	-	22,544
Total assets	6,209,214	17,849,928	20,621,838	44,680,980
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions	84,901	-	-	84,901
Deferred outflows related to OPEB	2,981	-	-	2,981
Total deferred outflows of resources	87,882	-	-	87,882
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	77,136	17,517	191,709	286,362
Accrued expense	25,789	-	2,653,759	2,679,548
Due to other funds	-	60,613	-	60,613
Compensated absences	51,970	-	-	51,970
Claims payable	5,582,718	8,051,749	1,824,640	15,459,107
Total current liabilities	5,737,613	8,129,879	4,670,108	18,537,600
Noncurrent liabilities:				
Compensated absences	93,656	-	-	93,656
Claims payable	2,551,270	6,021,184	-	8,572,454
Net OPEB liability	99,346	-	-	99,346
Net pension liability	664,698	-	-	664,698
Total noncurrent liabilities	3,408,970	6,021,184	-	9,430,154
Total liabilities	9,146,583	14,151,063	4,670,108	27,967,754
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	31,403	-	-	31,403
Deferred inflows related to OPEB	17,955	-	-	17,955
Total deferred inflows of resources	49,358	-	-	49,358
<b>Net Position</b>				
Restricted	22,544			22,544
Unrestricted	(2,921,389)	3,698,865	15,951,730	16,729,206
Total net position	\$ (2,898,845)	\$ 3,698,865	\$ 15,951,730	\$ 16,751,750

# Combining Statement of Revenues, Expenses and Changes in Fund Net Position

## Internal Service Funds

For the Fiscal Year Ended June 30, 2024

*City of Tempe, Arizona*

	Risk Management	Worker's Compensation	Health	Total
Operating revenues:				
Contributions	\$ 7,158,036	\$ 5,931,589	\$ 39,294,243	\$ 52,383,868
Miscellaneous	-	60,613	-	60,613
Total operating revenues	<u>7,158,036</u>	<u>5,992,202</u>	<u>39,294,243</u>	<u>52,444,481</u>
Operating expenses:				
Fees and services	<u>7,158,036</u>	<u>6,278,639</u>	<u>37,034,690</u>	<u>50,471,365</u>
Total operating expenses	<u>7,158,036</u>	<u>6,278,639</u>	<u>37,034,690</u>	<u>50,471,365</u>
Operating income (loss)	-	(286,437)	2,259,553	1,973,116
Nonoperating revenues				
Investment income	-	286,437	-	286,437
Total nonoperating revenues	<u>-</u>	<u>286,437</u>	<u>-</u>	<u>286,437</u>
Transfers in	<u>-</u>	<u>1,400,773</u>	<u>-</u>	<u>1,400,773</u>
Changes in net position	-	1,400,773	2,259,553	3,660,326
Total net position - beginning	(2,898,845)	2,298,092	13,692,177	13,091,424
Total net position - ending	<u>\$ (2,898,845)</u>	<u>\$ 3,698,865</u>	<u>\$ 15,951,730</u>	<u>\$ 16,751,750</u>

# Combining Statement of Cash Flows

## Internal Service Funds

For the Fiscal Year Ended June 30, 2024

City of Tempe, Arizona

	Risk Management	Worker's Compensation	Health	Total
Cash flows from operating activities:				
Receipts from other funds	\$ 7,158,036	\$ 5,931,589	\$ 39,134,714	\$ 52,224,339
Payments to employees	(786,574)	(183,151)	(110,441)	(1,080,166)
Payments made for claims	(3,202,809)	(4,721,362)	(36,700,177)	(44,624,348)
Miscellaneous cash receipts	-	60,613	-	60,613
Net cash provided (used) by in operating activities	3,168,653	1,087,689	2,324,096	6,580,438
Cash flows from noncapital financing activities:				
Transfer in	-	1,400,773	-	1,400,773
Net cash provided (used) by noncapital financing activities	-	1,400,773	-	1,400,773
Cash flows from investing activities:				
Investment income	-	281,122	-	281,122
Net cash provided (used) by investing activities	-	281,122	-	281,122
Net increase (decrease) in cash and cash equivalents	3,168,653	2,769,584	2,324,096	8,262,333
Cash and cash equivalents, beginning of year	3,018,017	14,994,046	18,092,134	36,104,197
Cash and cash equivalents, end of year	\$ 6,186,670	\$ 17,763,630	\$ 20,416,230	\$ 44,366,530
Reconciliation of cash and cash equivalents at end of year:				
Pooled cash and investments	\$ 6,186,670	\$ 8,182,207	\$ 20,416,230	\$ 34,785,107
Restricted Cash and investments	-	9,581,423	-	9,581,423
Cash and cash equivalents at end of year	\$ 6,186,670	\$ 17,763,630	\$ 20,416,230	\$ 44,366,530
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ (286,437)	\$ 2,259,553	\$ 1,973,116
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
(Increase) decrease in receivables	-	-	(159,529)	(159,529)
(Increase) decrease in net OPEB asset	693	-	-	693
Increase (decrease) in accounts payable	28,135	5,155	20,083	53,373
Increase (decrease) in accrued expenses	(2,443)	-	131,514	129,071
Increase (decrease) in claims payable	3,122,852	1,368,971	72,475	4,564,298
Increase (decrease) in compensated absence	5,353	-	-	5,353
(Increase) decrease in deferred outflows related to pension and OPEB	21,054	-	-	21,054
Increase (decrease) in deferred inflows related to pension and OPEB	7,152	-	-	7,152
Increase (decrease) in net pension liability	(4,124)	-	-	(4,124)
Increase (decrease) in net OPEB liability	(10,019)	-	-	(10,019)
Net cash provided (used) by operating activities	\$ 3,168,653	\$ 1,087,689	\$ 2,324,096	\$ 6,580,438

# Statistical Section

This section provides a broad range of trend data covering key financial indicators including general governmental revenues and expenditures, property taxes, debt burden, demographics and miscellaneous data useful in assessing the City's financial condition.

## STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding the information in the financial statements, note disclosures and required supplementary information in regards to the City's overall financial health.

- **Financial Trends.** These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- **Revenue Capacity.** These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sale and use taxes.
- **Debt Capacity.** These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- **Economic and Demographic Information.** These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.
- **Operating Information.** These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



## Net Position by Component (Exhibit S-1)

### Last Ten Fiscal Years

Accrual Basis of Accounting

*City of Tempe, Arizona*

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 441,875,868	\$ 435,421,987	\$ 538,278,359	\$ 529,205,694	\$ 523,422,276	\$ 491,949,237	\$ 483,438,668	\$ 519,530,983	\$ 564,120,959	\$ 519,040,090
Restricted	160,088,789	141,175,028	164,690,176	135,603,391	99,053,439	79,370,511	102,808,694	117,866,229	102,095,778	141,565,366
Unrestricted	196,377,950	206,108,533	111,429,390	89,964,094	85,960,972	70,642,228	13,318,115	(22,136,687)	(26,820,571)	(18,763,531)
Total governmental activities net position	<u>\$ 798,342,607</u>	<u>\$ 782,405,548</u>	<u>\$ 814,397,925</u>	<u>\$ 754,773,179</u>	<u>\$ 708,436,687</u>	<u>\$ 641,961,976</u>	<u>\$ 599,565,477</u>	<u>\$ 615,260,525</u>	<u>\$ 639,396,166</u>	<u>\$ 641,841,925</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 102,002,361	\$ 97,816,016	\$ 137,380,192	\$ 151,450,264	\$ 140,978,804	\$ 124,836,951	\$ 111,354,858	\$ 104,387,674	\$ 69,467,178	\$ 142,208,059
Restricted	36,091,495	25,963,094	-	-	-	-	-	-	-	-
Unrestricted	139,062,597	140,236,122	162,925,142	145,707,685	148,328,973	153,206,243	153,208,008	151,904,179	170,405,834	90,577,933
Total business-type activities net position	<u>\$ 277,156,453</u>	<u>\$ 264,015,232</u>	<u>\$ 300,305,334</u>	<u>\$ 297,157,949</u>	<u>\$ 289,307,777</u>	<u>\$ 278,043,194</u>	<u>\$ 264,562,866</u>	<u>\$ 256,291,853</u>	<u>\$ 239,873,012</u>	<u>\$ 232,785,992</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 543,878,229	\$ 533,238,003	\$ 675,658,551	\$ 680,655,958	\$ 664,401,080	\$ 616,786,188	\$ 594,793,526	\$ 623,918,657	\$ 633,588,137	\$ 661,248,149
Restricted	196,180,284	167,138,122	164,690,176	135,603,391	99,053,439	79,370,511	102,808,694	117,866,229	102,095,778	141,565,367
Unrestricted	335,440,547	346,344,655	274,354,532	235,671,779	234,289,945	223,848,471	166,526,123	129,767,492	143,585,263	71,814,402
Total primary government net position	<u>\$1,075,499,060</u>	<u>\$1,046,720,780</u>	<u>\$1,114,703,259</u>	<u>\$1,051,931,128</u>	<u>\$ 997,744,464</u>	<u>\$ 920,005,170</u>	<u>\$ 864,128,343</u>	<u>\$ 871,552,378</u>	<u>\$ 879,269,178</u>	<u>\$ 874,627,918</u>

# Changes in Net Position (Exhibit S-2a)

## Last Ten Fiscal Years

### Accrual Basis of Accounting

*City of Tempe, Arizona*

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>Expenses</b>										
Governmental activities:										
Police (j)	\$ -	\$ -	\$ 106,879,997	\$ 109,735,808	\$ 107,096,572	\$ 101,620,981	\$ 107,357,688	\$ 111,570,351	\$ 93,057,663	\$ 92,214,451
Fire medical rescue (j)	-	-	48,723,812	46,151,382	49,941,616	44,646,087	40,900,261	48,345,996	34,319,479	32,914,994
Public safety (j)	181,268,814	177,106,183	-	-	-	-	-	-	-	-
Community services (a) (d)	-	-	39,506,898	35,564,456	36,442,527	28,463,648	29,739,525	27,956,647	27,402,656	29,239,583
Public works (g)	-	-	-	-	-	110,725,592	102,940,790	103,728,249	112,589,913	107,411,254
Transportation (k)	119,214,368	98,054,788	-	-	-	-	-	-	-	-
Engineering and transportation (g) (k)	-	-	79,306,002	88,643,038	102,020,829	-	-	-	-	-
Municipal utilities (g) (k)	-	-	301,324	746,213	506,510	-	-	-	-	-
Community development (a)	-	-	15,739,179	14,321,605	18,005,337	17,550,896	17,270,124	16,521,932	18,372,515	18,832,177
Human services (d) (a)	-	-	31,970,182	30,908,394	26,614,653	21,669,347	22,505,753	17,777,825	17,430,250	13,374,117
Community enrichment (a)	126,782,592	113,071,086	-	-	-	-	-	-	-	-
Criminal justice (l)	5,769,865	5,417,328	-	-	-	-	-	-	-	-
Municipal court (l)	-	-	5,048,832	5,077,211	5,257,225	4,985,853	5,007,487	4,909,370	4,354,299	4,028,068
General government (b)	52,332,996	57,489,311	-	-	-	-	-	-	-	-
Mayor and council (b)	-	-	612,841	434,176	461,629	491,026	405,716	473,324	337,046	330,042
City manager (d)(e)(c) (b)	-	-	9,346,396	10,707,904	7,455,774	7,150,485	7,045,025	6,815,022	7,371,101	7,045,783
City attorney (b)	-	-	3,760,903	3,748,495	3,724,210	3,137,658	3,283,818	3,160,056	2,961,497	3,712,245
Internal audit office (b)	-	-	550,591	619,106	516,840	434,770	476,584	376,249	425,674	433,339
Municipal budget office (d) (b)	-	-	425,769	106,535	269,344	172,182	288,182	261,313	259,133	415,774
Economic development office (h) (a)	-	-	1,512,840	787,714	771,575	-	-	-	-	-
Sustainability office (h) (b)	-	-	617,053	274,559	174,109	-	-	-	-	-
Office of strategic management and diversity (e) (b)	-	-	844,972	899,173	1,186,219	1,079,461	981,169	1,055,075	-	-
City clerk and elections (b)	-	-	997,382	957,343	1,036,845	829,499	979,356	815,016	868,596	751,331
Financial services (i) (b)	-	-	14,399,674	-	-	-	-	-	-	-
Human resources (i) (b)	-	-	4,425,590	-	-	-	-	-	-	-
Information technology (i) (b)	-	-	883,020	-	-	-	-	-	-	-
Internal services (b)(d)(i) (b)	-	-	-	18,570,150	19,779,369	15,650,001	16,749,283	18,821,669	8,252,013	6,403,407

Unallocated depreciation	-	-	1,451,338	1,502,243	1,716,431	1,716,431	1,716,725	1,777,887	1,785,487	1,955,520
Interest on long-term debt	19,891,073	18,057,610	17,344,833	9,529,375	9,921,992	12,503,655	11,817,213	9,847,278	12,924,841	12,882,924
Total governmental activities expenses	<u>505,259,708</u>	<u>469,196,306</u>	<u>384,649,428</u>	<u>379,284,880</u>	<u>392,899,606</u>	<u>372,827,572</u>	<u>369,464,699</u>	<u>374,213,259</u>	<u>342,712,163</u>	<u>331,945,009</u>
Business-type activities:										
Water and wastewater	92,323,601	96,368,865	89,403,602	86,542,908	77,716,351	77,906,953	76,903,243	70,364,126	75,515,527	73,548,319
Solid waste	20,428,137	21,167,692	19,872,919	17,319,217	16,909,091	15,791,378	17,494,354	15,918,430	14,881,636	15,868,498
Emergency medical transportation (f)	7,005,235	6,907,615	5,562,895	4,150,475	4,295,939	2,966,379	3,026,686	-	-	-
Golf course	172,560	3,554,898	3,500,205	3,336,616	3,038,086	2,937,558	2,802,184	2,520,474	2,734,351	2,685,634
Total business-type activities expenses	<u>119,929,533</u>	<u>127,999,070</u>	<u>118,339,621</u>	<u>111,349,216</u>	<u>101,959,467</u>	<u>99,602,268</u>	<u>100,226,467</u>	<u>88,803,030</u>	<u>93,131,514</u>	<u>92,102,451</u>
Total primary government expenses	<u>\$ 625,189,241</u>	<u>\$ 597,195,376</u>	<u>\$ 502,989,049</u>	<u>\$ 490,634,096</u>	<u>\$ 494,859,073</u>	<u>\$ 472,429,840</u>	<u>\$ 469,691,166</u>	<u>\$ 463,016,289</u>	<u>\$ 435,843,677</u>	<u>\$ 424,047,460</u>

Note: To assist with comparability, certain prior year expenses have been recategorized as listed below.

- (a) In Fiscal Year 2023 the Community development, Community services, Human services and the economic development departments were reported under the Community enrichment function for financial reporting purposes only.
- (b) In Fiscal Year 2023 Mayor and Council, City Manager, City Attorney, Internal Audit, Municipal Budget, Sustainability, Office of Strategic Management and Diversity, City Clerk and Elections, Financial Services, Human Resources, and Information Technology were reported under the General Government function for financial reporting purposes only.
- (c) In Fiscal Year 2015, Economic Development and Community Relations became part of the City Manager's Office.
- (d) In Fiscal Year 2015, Finance and Technology and Human Resources were combined to form the Internal Services Department. A component of the Community Services Department along with Diversity formed a new department called Human Services. The budget office became a stand alone office now known as Municipal Budget Office. Economic Development and Community Relations became a part of the City Manager Office.
- (e) In Fiscal Year 2017, the Office of Strategic Management and Diversity was created. The Diversity office which was under the City Manager's office was moved into the new office.
- (f) In Fiscal Year 2018, the Emergency Medical Transportation Fund was established.
- (g) In Fiscal Year 2020, the Public Works department separated into two new departments: Municipal Utilities; Engineering and Transportation.
- (h) In Fiscal Year 2020, the Sustainability Office and the Economic Development Office were created. Both offices were previously part of the City Manager's office.
- (i) In Fiscal Year 2022, the Internal Services department separated into three new departments: Financial services, Human resources, and Information technology.
- (j) In Fiscal Year 2023 the Police and Fire medical rescue departments were reported under the Public safety function for financial reporting purposes only.
- (k) In Fiscal Year 2023 the Engineering and transportation and municipal utilities departments were reported under the Transportation function for financial reporting purposes only.
- (l) In Fiscal Year 2023 the Municipal court department was reported under the Criminal Justice function for financial reporting purposes only.

# Changes in Net Position (Exhibit S-2b)

## Last Ten Fiscal Years

### Accrual Basis of Accounting

City of Tempe, Arizona

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Police (j)	\$ -	\$ -	\$ 822,007	\$ 738,594	\$ 790,792	\$ 1,298,812	\$ 977,914	\$ 1,021,670	\$ 1,444,986	\$ 1,712,306
Fire medical rescue (j)	-	-	349,850	297,548	330,441	200,378	858,577	1,869,840	1,536,642	334,158
Public Safety (j)	2,512,811	2,010,414	-	-	-	-	-	-	-	-
Community services (a) (c) (m)	-	-	3,336,679	1,909,685	3,249,544	7,714,161	8,323,732	8,283,698	7,812,755	7,589,603
Transportation (k)	16,724,639	20,177,263	-	-	-	-	-	-	-	-
Engineering and transportation (e) (k)	-	-	15,076,973	10,492,178	16,315,473	-	-	-	-	-
Municipal utilities (e) (k)	-	-	-	289	5,897	-	-	-	-	-
Public works (e)	-	-	-	-	-	17,797,231	16,011,590	16,585,374	17,740,856	19,786,216
Community development (m)	-	-	22,270,861	16,682,427	21,113,072	14,283,336	15,684,471	13,250,819	12,665,828	13,065,445
Human services (c) (m)	-	-	2,736,199	1,948,647	3,285,787	10,031	9,501	7,820	13,926	80,237
Community enrichment (m)	27,708,900	21,068,644	-	-	-	-	-	-	-	-
Criminal justice (l)	1,539,433	7,935,474	-	-	-	-	-	-	-	-
Municipal court (l)	-	-	1,248,063	2,299,815	2,289,026	4,457,922	3,559,861	5,852,849	6,372,719	8,302,032
General government (n)	8,651,310	6,311,329	-	-	-	-	-	-	-	-
City manager (f)(h) (n)	-	-	-	-	-	-	-	7,597	-	-
City attorney (n)	-	-	-	30,000	27,013	23,487	19,361	16,940	14,174	-
Internal audit office (n)	-	-	-	-	-	-	-	-	-	-
Municipal budget office (n)	-	-	-	-	-	-	-	-	-	-
Economic development office (f) (m)	-	-	2,769,468	196,462	-	-	-	-	-	-
Sustainability office (f) (n)	-	-	6,045	15,544	-	-	-	-	-	-
Office of strategic management and diversity (h) (n)	-	-	1,000	-	-	-	-	-	-	-
City clerk and elections (n)	-	-	-	-	-	2,056	3,140	-	-	-
Financial services (g) (n)	-	-	3,597,830	-	-	-	-	-	-	-
Human resources (g) (n)	-	-	-	-	-	-	-	-	-	-
Information technology (g) (n)	-	-	-	-	-	-	-	-	-	-
Internal services (b)(g) (n)	-	-	-	3,423,684	1,804,246	2,827,988	3,000,921	1,797,928	2,186,635	2,212,402
Operating grants and contributions	39,108,463	36,149,703	26,374,825	36,398,251	32,178,593	34,467,594	30,237,598	27,582,362	26,831,238	19,784,859
Capital grants and contributions	11,887,956	22,911,000	18,931,868	36,754,274	76,680,266	39,638,190	4,094,624	6,355,742	8,091,341	7,258,243
<b>Total governmental activities program revenues</b>	<b>108,133,512</b>	<b>116,563,827</b>	<b>97,521,668</b>	<b>111,187,398</b>	<b>158,070,150</b>	<b>122,721,186</b>	<b>82,781,290</b>	<b>82,632,639</b>	<b>84,711,100</b>	<b>80,125,501</b>

Business-type activities:

Charges for services:

Water and wastewater	99,078,192	90,130,138	91,475,655	90,696,447	85,057,003	85,339,513	87,807,953	86,273,324	81,265,973	78,043,384
Solid waste	21,488,728	20,843,436	20,627,824	19,824,131	18,394,311	17,306,244	16,706,706	16,274,287	15,319,833	14,216,743
Emergency medical transportation (d)	7,583,401	8,226,766	5,990,395	4,135,310	4,375,755	3,442,151	2,280,247	-	-	-
Golf course	-	4,603,641	4,006,042	3,907,736	2,780,200	2,626,308	2,387,362	2,322,777	2,575,908	2,755,966
Total business-type activities program revenues	<u>128,150,321</u>	<u>123,803,981</u>	<u>122,099,916</u>	<u>118,563,624</u>	<u>110,607,269</u>	<u>108,714,216</u>	<u>109,182,268</u>	<u>104,870,388</u>	<u>99,161,714</u>	<u>95,016,093</u>

Total primary government program revenues	<u>\$ 236,283,833</u>	<u>\$ 240,367,808</u>	<u>\$ 219,621,584</u>	<u>\$ 229,751,022</u>	<u>\$ 268,677,419</u>	<u>\$ 231,435,402</u>	<u>\$ 191,963,558</u>	<u>\$ 187,503,027</u>	<u>\$ 183,872,814</u>	<u>\$ 175,141,594</u>
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**Net (expense)/revenue**

Governmental activities	\$(397,126,196)	\$(352,632,479)	\$(287,127,760)	\$(266,547,655)	\$(234,829,456)	\$(250,106,386)	\$(287,933,728)	\$(291,580,620)	\$(258,001,063)	\$(251,819,508)
Business-type activities	8,220,788	(4,195,089)	4,487,095	7,214,408	8,647,802	9,111,948	10,206,120	16,067,358	6,030,200	2,913,642
Total primary government net expense	<u>\$(388,905,408)</u>	<u>\$(356,827,568)</u>	<u>\$(282,640,665)</u>	<u>\$(259,333,247)</u>	<u>\$(226,181,654)</u>	<u>\$(240,994,438)</u>	<u>\$(277,727,608)</u>	<u>\$(275,513,262)</u>	<u>\$(251,970,863)</u>	<u>\$(248,905,866)</u>

Note: To assist with comparability, certain prior year expenses have been recategorized as listed below.

- (a) Tickmark not utilized
- (b) In Fiscal Year 2015, Finance and Technology was merged into the Internal Services department.
- (c) In Fiscal Year 2015, a component of the Community Services department along with Diversity formed a new department called Human Services.
- (d) In Fiscal Year 2018, the Emergency Medical Transportation Fund was established.
- (e) In Fiscal Year 2020, the Public Works department separated into two new departments: Municipal Utilities; Engineering and Transportation.
- (f) In Fiscal Year 2020, the Sustainability Office and the Economic Development Office were created. Both offices were previously part of the City Manager's office.
- (g) In Fiscal Year 2022, the Internal Services department separated into three new departments: Financial services, Human resources, and Information technology.
- (h) In Fiscal Year 2017, the Office of Strategic Management and Diversity was created. The Diversity office which was under the City Manager's office was moved into the new office.
- (i) not used in program revenues.
- (j) In Fiscal Year 2023 the Police and Fire medical rescue departments were reported under the Public safety function for financial reporting purposes only.
- (k) In Fiscal Year 2023 the Engineering and transportation and municipal utilities departments were reported under the Transportation function for financial reporting purposes only.
- (l) In Fiscal Year 2023 the Municipal court department was reported under the Criminal Justice function for financial reporting purposes only.
- (m) In Fiscal Year 2023 the Community development, Community services, Human services and the economic development departments were reported under the Community enrichment function for financial reporting purposes only.
- (n) In Fiscal Year 2023 Mayor and Council, City Manager, City Attorney, Internal Audit, Municipal Budget, Sustainability, Office of Strategic Management and Diversity, City Clerk and Elections, Financial Services, Human Resources, and Information Technology were reported under the General Government function for financial reporting purposes only.

# Changes in Net Position (Exhibit S-2c)

## Last Ten Fiscal Years

### Accrual Basis of Accounting

City of Tempe, Arizona

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>General revenues and other changes in net position</b>										
Governmental activities:										
General revenues:										
Sales taxes	\$ 220,706,908	\$ 222,221,888	\$ 222,951,580	\$ 190,760,900	\$ 180,941,410	\$ 177,596,413	\$ 168,650,143	\$ 160,218,570	\$ 152,492,065	\$ 147,787,315
Intergovernmental revenue, unrestricted (a)	100,839,012	84,994,033	58,954,757	60,503,495	52,940,012	48,024,343	48,403,871	44,671,765	41,472,528	40,571,933
Property taxes	63,045,369	63,596,741	59,488,492	52,210,522	51,525,619	48,706,817	47,495,555	45,308,519	43,316,151	41,457,646
Franchise taxes	3,255,826	2,742,874	3,055,126	2,846,569	2,772,127	3,036,531	3,290,220	3,182,193	3,363,615	2,933,239
Unrestricted investment earnings	9,260,955	4,594,728	(3,820,904)	829,560	7,950,512	7,936,949	1,489,603	662,115	1,683,445	889,594
Miscellaneous	12,670,187	7,524,676	3,646,464	4,770,561	3,241,181	5,924,186	5,506,328	5,435,113	7,419,129	5,042,875
Gain on sale of capital assets	-	-	767,622	1,692,302	638,133	674,569	1,667,264	7,538,846	5,298,681	2,170,917
Transfers	2,984,998	(193,514)	646,079	820,065	1,295,173	603,077	(1,454,082)	427,858	509,690	479,071
Special Item	-	(65,027,861)	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>412,763,255</b>	<b>320,453,565</b>	<b>345,689,216</b>	<b>314,433,974</b>	<b>301,304,167</b>	<b>292,502,885</b>	<b>275,048,902</b>	<b>267,444,979</b>	<b>255,555,304</b>	<b>241,332,590</b>
Business-type activities:										
Unrestricted investment earnings	7,175,090	1,866,714	(1,777,102)	200,724	3,504,059	3,614,531	697,388	351,831	841,726	488,477
Miscellaneous	730,341	697,005	788,909	888,141	326,138	1,124,986	651,500	299,116	152,428	142,914
Gain (loss) on sale of capital assets	-	-	294,562	266,964	81,757	231,940	33,015	128,394	572,356	247,296
Capital contributions	-	-	-	100,000	-	-	-	-	-	-
Transfers	(2,984,998)	193,514	(646,079)	(820,065)	(1,295,173)	(603,077)	(25,122)	(427,858)	(509,690)	(479,071)
Special Item	-	(34,852,246)	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>4,920,433</b>	<b>(32,095,013)</b>	<b>(1,339,710)</b>	<b>635,764</b>	<b>2,616,781</b>	<b>4,368,380</b>	<b>1,356,781</b>	<b>351,483</b>	<b>1,056,820</b>	<b>399,616</b>
<b>Total primary government</b>	<b>\$ 417,683,688</b>	<b>\$ 288,358,552</b>	<b>\$ 344,349,506</b>	<b>\$ 315,069,738</b>	<b>\$ 303,920,948</b>	<b>\$ 296,871,265</b>	<b>\$ 276,405,683</b>	<b>\$ 267,796,462</b>	<b>\$ 256,612,124</b>	<b>\$ 241,732,206</b>
<b>Changes in net position</b>										
Governmental activities	\$ 15,637,059	\$ (32,178,914)	\$ 58,561,456	\$ 47,886,319	\$ 66,474,711	\$ 42,396,499	\$ 3,315,145	\$ (24,135,641)	\$ (2,445,759)	\$ (10,486,918)
Business-type activities	13,141,221	(36,290,102)	3,147,385	7,850,172	11,264,583	13,480,328	10,312,582	16,418,841	7,087,020	3,313,258
<b>Total primary government</b>	<b>\$ 28,778,280</b>	<b>\$ (68,469,016)</b>	<b>\$ 61,708,841</b>	<b>\$ 55,736,491</b>	<b>\$ 77,739,294</b>	<b>\$ 55,876,827</b>	<b>\$ 13,627,727</b>	<b>\$ (7,716,800)</b>	<b>\$ 4,641,261</b>	<b>\$ (7,173,660)</b>

(a) To assist with comparability, in Fiscal Year 2015, *State shared income taxes, unrestricted* and *Auto-lieu taxes* were combined under the category *Intergovernmental revenue, unrestricted*.

# Fund Balances, Governmental Funds (Exhibit S-3)

## Last Ten Fiscal Years

Modified Accrual Basis of Accounting

*City of Tempe, Arizona*

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>General fund</b>										
Fund balances:										
Non-spendable	\$ 1,390,248	\$ 1,211,974	\$ 976,468	\$ 391,694	\$ 396,885	\$ 491,024	\$ 711,092	\$ 638,685	\$ 782,276	\$ 346,364
Restricted	-	-	3,497,723	199,456	154,819	106,684	154,667	100,000	100,000	-
Committed	5,279,326	4,586,678	-	-	-	480,675	-	475,531	147,036	520,770
Assigned	38,625,337	39,500,000	24,869,373	20,579,412	17,408,412	18,713,280	15,336,906	14,762,667	10,291,768	8,800,833
Unassigned	120,298,222	126,393,523	142,653,835	138,855,354	116,285,953	97,995,211	93,995,709	80,099,820	78,629,198	73,879,480
Total general fund	<u>\$ 165,593,133</u>	<u>\$ 171,692,175</u>	<u>\$ 171,997,399</u>	<u>\$ 160,025,916</u>	<u>\$ 134,246,069</u>	<u>\$ 117,786,874</u>	<u>\$ 110,198,374</u>	<u>\$ 96,076,703</u>	<u>\$ 89,950,278</u>	<u>\$ 83,547,447</u>
<b>All other governmental funds</b>										
Fund balances:										
Non-spendable	\$ 2,500,764	\$ 1,850,205	\$ 1,622,640	\$ 1,670,998	\$ 1,458,623	\$ 1,527,574	\$ 1,553,045	\$ 1,623,799	\$ 1,594,761	\$ 1,952,950
Restricted	168,003,447	172,889,384	129,981,114	96,536,269	68,712,850	65,121,669	80,434,422	88,581,119	82,863,821	80,049,732
Committed	78,579,897	30,466,106	50,341,486	28,925,620	39,133,751	46,353,146	39,232,880	26,744,884	20,404,290	21,925,153
Assigned	45,662,796	36,469,492	15,405,309	11,880,755	23,310,919	12,308,616	11,261,680	15,774,827	15,186,266	15,935,817
Unassigned	(53,714,003)	(4,070,016)	(836,064)	(1,089,017)	(1,777,702)	(1,442,236)	(296,755)	-	(2,856,351)	(2,922,001)
Total all other governmental funds	<u>\$ 241,032,901</u>	<u>\$ 237,605,171</u>	<u>\$ 196,514,485</u>	<u>\$ 137,924,625</u>	<u>\$ 130,838,441</u>	<u>\$ 123,868,769</u>	<u>\$ 132,185,272</u>	<u>\$ 132,724,629</u>	<u>\$ 117,192,787</u>	<u>\$ 116,941,651</u>

# Changes in Fund Balance, Governmental Funds (Exhibit S-4a)

## Last Ten Fiscal Years

### Modified Accrual Basis of Accounting

City of Tempe, Arizona

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>Revenues:</b>										
Taxes	\$ 286,721,746	\$ 285,491,863	\$ 271,111,952	\$ 232,293,514	\$ 222,478,903	\$ 216,680,985	\$ 207,580,582	\$ 197,341,071	\$ 188,672,865	\$ 182,323,977
Intergovernmental	152,107,819	138,933,245	111,295,511	109,958,549	101,776,973	99,111,729	90,577,368	89,383,867	85,856,572	78,988,805
Property rental	4,099,430	3,172,790	3,349,508	-	-	-	-	-	-	-
Interest earnings	723,770	521,950	545,252	-	-	-	-	-	-	-
Investment earnings	21,603,619	3,892,348	(4,366,156)	829,560	7,950,512	7,936,949	1,489,603	662,115	1,683,445	889,594
Charges for services	35,095,210	33,010,063	24,488,695	17,845,292	27,538,387	29,552,529	30,445,583	30,134,108	31,752,038	33,520,741
Fines and forfeitures	5,607,005	4,605,768	5,373,996	4,909,416	6,154,697	7,191,904	7,670,630	8,982,209	9,357,450	9,986,226
Other entities' participation	3,960,238	2,631,499	3,917,813	4,316,313	4,755,503	3,778,658	5,972,968	1,916,336	1,751,971	1,093,272
Special assessments	2,057,895	1,911,731	2,126,515	2,541,561	2,442,290	1,990,732	2,027,722	2,173,798	2,439,086	3,862,306
Licenses and permits	9,053,660	7,633,873	7,487,684	6,888,387	7,400,258	6,951,095	8,330,276	5,446,638	6,308,241	6,828,905
Miscellaneous	7,010,116	9,544,794	13,473,798	11,999,740	9,453,724	9,005,664	8,502,999	8,761,291	9,867,156	8,197,929
<b>Total revenues</b>	<b>528,040,508</b>	<b>491,349,924</b>	<b>438,804,568</b>	<b>391,582,332</b>	<b>389,951,247</b>	<b>382,200,245</b>	<b>362,597,731</b>	<b>344,801,433</b>	<b>337,688,824</b>	<b>325,691,755</b>
<b>Expenditures:</b>										
Police (h)	-	-	310,896,560	96,040,799	96,427,720	93,078,088	87,341,647	82,429,673	81,154,550	78,102,044
Fire medical rescue (h)	-	-	161,837,533	41,303,945	40,622,999	38,797,039	33,159,702	31,383,875	30,724,706	26,802,154
Public safety (h)	157,548,136	144,936,068	-	-	-	-	-	-	-	-
Community services (c) (k)	-	-	33,952,582	30,307,131	30,336,733	25,228,594	25,507,377	23,770,512	22,516,873	22,240,413
Transportation (i)	89,541,016	80,198,409	-	-	-	-	-	-	-	-
Public works (e)	-	-	-	-	-	79,092,222	72,517,143	70,604,468	73,771,025	72,414,122
Engineering and transportation (e) (i)	-	-	39,980,688	41,665,283	54,873,909	-	-	-	-	-
Municipal utilities (e) (i)	-	-	-	78,310	377,524	-	-	-	-	-
Community development (k)	-	-	15,540,735	15,701,904	16,438,644	16,624,962	16,408,645	15,336,696	16,321,778	17,432,661
Human services (c) (k)	-	-	30,942,701	30,565,705	26,679,827	26,244,724	20,428,462	17,589,585	17,388,871	13,471,552
Community enrichment (k)	119,298,854	106,326,931	-	-	-	-	-	-	-	-
Criminal justice (j)	5,520,400	5,222,882	-	-	-	-	-	-	-	-
Municipal court (j)	-	-	4,993,995	4,825,954	5,105,605	5,133,357	5,158,342	4,886,110	4,262,778	4,058,927
General government (l)	42,306,565	39,897,072	-	-	-	-	-	-	-	-
Mayor and council (l)	-	-	600,044	486,599	457,553	495,829	403,658	417,734	342,645	345,501
City manager (b)(d)(f) (l)	-	-	9,344,242	10,038,861	7,427,628	7,397,648	7,182,164	6,800,149	7,292,703	6,583,633
City attorney (l)	-	-	4,118,555	3,407,246	3,571,789	3,515,785	3,261,843	3,098,124	2,920,857	3,790,479
Internal audit office (l)	-	-	573,579	542,627	506,977	459,746	490,396	408,867	403,108	432,384
Municipal budget office (c) (l)	-	-	297,671	174,398	255,729	261,798	294,404	262,696	236,768	323,676
Economic development office (f) (k)	-	-	1,463,481	748,363	738,759	-	-	-	-	-



Sustainability office (f) (l)	-	-	531,845	309,803	160,406	-	-	-	-	-
Office of strategic management and diversity (l)	-	-	1,236,388	1,258,230	1,244,678	1,088,773	987,828	932,200	-	-
City clerk and elections (l)	-	-	981,782	869,904	1,006,212	910,335	995,339	752,876	850,235	751,978
Financial services (g) (l)	-	-	14,533,212	-	-	-	-	-	-	-
Human resources (g) (l)	-	-	4,365,764	-	-	-	-	-	-	-
Information technology (g) (l)	-	-	11,639	-	-	-	-	-	-	-
Internal services (c)(a)(g)	-	-	-	19,427,458	18,004,773	15,716,010	16,263,826	16,334,235	7,433,821	7,232,975
Debt service:										
Principal	55,239,874	40,826,740	31,022,000	27,019,000	47,107,000	38,768,000	31,730,000	39,547,000	29,686,000	41,065,000
Interest	18,881,620	17,228,445	15,755,521	10,454,626	11,350,230	13,526,198	11,326,484	11,688,331	13,361,380	13,622,096
Fiscal fees	1,486,271	491,045	2,815,114	300,802	472,785	344,231	331,593	569,367	432,387	542,498
Capital outlay	103,128,115	73,242,561	73,518,401	56,128,602	60,975,054	53,518,221	32,418,674	30,298,582	45,373,210	49,626,981
Total expenditures	<u>\$ 592,950,851</u>	<u>\$ 508,370,153</u>	<u>\$ 759,314,032</u>	<u>\$ 391,655,550</u>	<u>\$ 424,142,534</u>	<u>\$ 420,201,560</u>	<u>\$ 366,207,527</u>	<u>\$ 357,111,080</u>	<u>\$ 354,473,695</u>	<u>\$ 358,839,074</u>
Deficiency of revenues over expenditures before other financing sources (uses)	\$ (64,910,343)	\$ (17,020,229)	\$ (320,509,464)	\$ (73,218)	\$ (34,191,287)	\$ (38,001,315)	\$ (3,609,796)	\$ (12,309,647)	\$ (16,784,871)	\$ (33,147,319)

Note: To assist with comparability, certain prior year expenses have been recategorized as listed below.

- (a) Tickmark not used
- (b) In Fiscal Year 2015, Economic Development and Community Relations became part of the City Manager's Office.
- (c) In Fiscal Year 2015, Finance & Technology and Human Resources were combined to form the Internal Services Department. A component of the Community Services Department along with Diversity formed a new department called Human Services. The budget office became a stand alone department now known as Municipal Office. Economic Development and Community Relations became a part of the City Manager Office.
- (d) In Fiscal Year 2017, the Office of Strategic Management and Diversity was created. The Diversity office which was under the City Manager's office was moved into the new office.
- (e) In Fiscal Year 2020, the Public Works department separated into two new departments: Municipal Utilities; Engineering and Transportation.
- (f) In Fiscal Year 2020, the Sustainability Office and the Economic Development Office were created. Both offices were previously part of the City Manager's office.
- (g) In Fiscal Year 2022, the Internal Services department separated into three new departments: Financial services, Human resources, and Information technology.
- (h) In Fiscal Year 2023 the Police and Fire medical rescue departments were reported under the Public safety function for financial reporting purposes only.
- (i) In Fiscal Year 2023 the Engineering and transportation and municipal utilities departments were reported under the Transportation function for financial reporting purposes only.
- (j) In Fiscal Year 2023 the Municipal court department was reported under the Criminal Justice function for financial reporting purposes only.
- (k) In Fiscal Year 2023 the Community development, Community services, Human services and the economic development departments were reported under the Community enrichment function for financial reporting purposes only.
- (l) In Fiscal Year 2023 Mayor and council. City manager, city Attorney, Internal Audit, Municipal budget, Sustainability, Office of strategic management and diversity, City Clerk and Elections, Financial services, human resources, Information technology, and Internal services were reported under the General government function for financial reporting purposes only.

# Changes in Fund Balance, Governmental Funds (Exhibit S-4b)

## Last Ten Fiscal Years

Modified Accrual Basis of Accounting

*City of Tempe, Arizona*

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>Other financing sources (uses):</b>										
Transfers in	\$56,420,842	\$42,065,224	\$42,875,301	\$42,696,445	\$30,942,109	\$38,729,874	\$42,297,460	\$27,870,785	\$30,410,514	\$26,437,046
Transfers out	(56,229,927)	(50,439,388)	(42,229,222)	(41,876,380)	(29,646,936)	(38,126,797)	(43,372,403)	(27,442,927)	(29,900,824)	(25,957,975)
Issuance of debt	55,395,000	52,382,158	384,186,600	23,862,732	37,325,000	27,130,000	25,025,000	12,290,000	13,630,000	43,965,000
Premium on issuance of debt	5,023,129	5,395,948	4,897,404	6,515,503	-	5,655,061	4,083,395	1,754,028	5,413,632	1,269,813
Lease proceeds	-	1,294,308	-	-	74,604	-	87,798	-	-	111,827
Sbita lease proceeds	1,316,631	3,927,816	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	802,356	3,179,625	789,301	1,740,949	665,377	1,220,174	1,685,856	4,483,481	5,350,923	2,189,572
Issuance of refunding bonds	6,910,000	-	-	-	18,260,000	2,665,000	-	34,095,000	34,422,798	6,780,000
Payment to refunding bond escrow agent	(7,399,000)	-	(37,643,577)	-	-	-	(12,614,996)	(19,082,453)	(35,888,204)	(4,534,184)
<b>Total other financing sources</b>	<b>62,239,031</b>	<b>57,805,691</b>	<b>391,070,807</b>	<b>32,939,249</b>	<b>57,620,154</b>	<b>37,273,312</b>	<b>17,192,110</b>	<b>33,967,914</b>	<b>23,438,839</b>	<b>50,261,099</b>
<b>Net change in fund balances</b>	<b>\$ (2,671,312)</b>	<b>\$40,785,462</b>	<b>\$70,561,343</b>	<b>\$32,866,031</b>	<b>\$23,428,867</b>	<b>\$ (728,003)</b>	<b>\$13,582,314</b>	<b>\$21,658,267</b>	<b>\$ 6,653,968</b>	<b>\$17,113,780</b>
<b>Debt service as a percentage of noncapital expenditures</b>	15.1%	13.3%	6.8%	11.2%	16.1%	14.3%	12.9%	15.7%	13.9%	17.7%

## Taxable Sales and Percentage of Taxable Sales by Category (Exhibit S-5)

### Last Ten Fiscal Years

Cash Basis

City of Tempe, Arizona

### Taxable Sales

Fiscal Year	Retail	Rental	Utilities and Telecommunications	Restaurant	Contracting	Hotel and Motel	Amusements	All Other	Total	City Direct Sales Tax Rate
2015	\$ 3,898,027,000	\$ 1,277,164,000	\$ 583,788,000	\$ 628,169,000	\$ 701,314,000	\$ 159,255,000	\$ 82,680,000	\$ 74,754,000	\$ 7,405,151,000	1.80 %
2016	4,057,021,000	1,342,058,000	548,882,000	656,237,000	653,818,000	166,167,000	89,261,000	75,989,000	7,589,433,000	1.80
2017	4,323,045,000	1,391,183,000	539,476,000	679,897,000	654,944,000	184,412,000	96,055,000	75,694,000	7,944,706,000	1.80
2018	4,527,666,000	1,526,503,000	552,373,000	705,920,000	662,203,000	209,961,000	89,259,000	59,140,000	8,333,025,000	1.80
2019	4,649,114,000	1,755,549,000	554,618,000	736,240,000	675,955,000	228,785,000	94,108,000	74,142,000	8,768,511,000	1.80
2020	5,075,059,000	1,734,138,000	427,008,000	678,918,000	853,617,000	156,197,000	68,804,000	52,347,000	9,046,088,000	1.80
2021	5,547,684,000	1,835,514,000	420,360,000	676,710,000	640,451,000	111,374,000	46,901,000	49,253,000	9,328,247,000	1.80
2022	6,504,492,000	2,047,036,000	433,999,000	907,502,000	668,052,000	227,406,000	88,694,000	63,861,000	10,941,042,000	1.80
2023	6,274,459,000	2,366,430,000	460,900,000	983,173,000	685,242,000	281,700,000	118,813,000	70,734,000	11,241,451,000	1.80
2024	6,112,329,000	2,471,466,000	483,729,000	1,016,272,000	744,178,000	275,234,000	151,742,000	62,454,000	11,317,404,000	1.80

### Percentage of Taxable Sales

Fiscal Year	Retail	Rental	Utilities and Telecommunications	Restaurant	Contracting	Hotel and Motel	Amusements	All Other	Total
2015	52.64 %	17.25 %	7.88 %	8.48 %	9.47 %	2.15 %	1.12 %	1.01 %	100 %
2016	53.46	17.68	7.23	8.65	8.61	2.19	1.18	1.00	100
2017	54.42	17.51	6.79	8.56	8.24	2.32	1.21	0.95	100
2018	54.33	18.32	6.63	8.47	7.95	2.52	1.07	0.71	100
2019	53.02	20.02	6.33	8.40	7.71	2.61	1.07	0.85	100
2020	56.10	19.17	4.72	7.51	9.44	1.73	0.76	0.57	100
2021	59.47	19.68	4.51	7.25	6.87	1.19	0.50	0.53	100
2022	59.45	18.71	3.97	8.29	6.11	2.08	0.81	0.58	100
2023	55.82	21.03	4.10	8.75	6.10	2.51	1.06	0.63	100
2024	54.01	21.84	4.27	8.98	6.58	2.43	1.34	0.55	100

Source: City of Tempe, Arizona Tax and License Division

## Direct and Overlapping Sales Tax Rates (Exhibit S-6)

### Last Ten Fiscal Years

City of Tempe, Arizona

Fiscal Year	City Sales Tax Rates				Total City Direct Sales Tax Rate	Maricopa County Sales Tax Rate	State Sales Tax Rate	Total Sales Tax Rate
	General Fund Sales Tax Rate	Transit Special Revenue Fund Sales Tax Rate	Arts+Culture/ Performing Arts Special Revenue Fund Sales Tax Rate					
2015 (a)	1.20 %	0.50 %	0.10 %		1.80 %	0.70 %	5.60 %	8.10 %
2016	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2017	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2018	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2019	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2020	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2021	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2022	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2023	1.20	0.50	0.10		1.80	0.70	5.60	8.10
2024	1.20	0.50	0.10		1.80	0.70	5.60	8.10

Source: City of Tempe, Arizona Tax and License Division

(a) In Fiscal Year 2015, the City of Tempe, Arizona voters approved 0.2% temporary sales tax expired, effective June 30, 2014.

## General Property Tax Information (Exhibit S-7)

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*City of Tempe, Arizona*

### Tax Levy Limitations

Beginning in 1980-81, the total tax levy is comprised of two elements: a primary levy for operating costs and a secondary levy for general obligation bond debt service requirements. The primary levy was limited to a 7% increase for 1980-81 and a 2% annual increase thereafter. In addition, the primary levy on residential property only is limited to an amount not more than 1% of fair value. The secondary levy is unlimited.

### Assessments and Collections

Since 1950-51, Maricopa County, at no charge to the cities, has assessed and collected all municipal property taxes. Remittances are made to the respective cities periodically as collections accrue.

### Taxes Due

First installment is due October 1st; second installment is due March 1st.

### Taxes Payable

City property taxes are payable at the office of the County Treasurer. Taxes for the first half of the year can be paid on the first of September through the first of November. Second half taxes can be paid on the first of March through the first of May.

### Taxes Delinquent

The first half becomes delinquent on the first day of November at 5 p.m. The second half becomes delinquent on the first day of May at 5 p.m. Interest at the rate of 16% per annum attaches on the first and second installments following the delinquent dates.

### Tax Sale

The sale of delinquent tax bills is begun on a date not earlier than February 1 nor later than March 1 following the May 1 date upon which the second half taxes become delinquent. The sale is made at public auction in the office of the County Treasurer. Tax bills are sold to the highest bidder who offers to pay the accumulated amount of tax and to charge thereon the lowest rate of interest. The maximum amount of interest allowed by law is 16% per annum. The purchaser is given a Certificate of Purchase for each parcel.

### Tax Deed

Five years subsequent to the tax sale, the holder of a Certificate of Purchase which has not been redeemed by the delinquent property owner may demand a County Treasurer's Deed. However, at the end of three full years, a holder of a Certificate of Purchase may institute quiet title action and the court will instruct the County Treasurer to issue a County Treasurer's Deed if the suit is successful.

### Redemption

Redemption may be made by the delinquent property owner or any interested party by payment in full of all accumulated charges at any time before issuance of the tax deed. Payment may be made to the County Treasurer.

# Primary and Secondary Assessed Value and Estimated Actual Value of Taxable Property (Exhibit S-8)

## Last Ten Fiscal Years

Rate per \$100 of Assessed Value

City of Tempe, Arizona

Fiscal Year		Commercial, Manufacturing, Telecommunications Property	Vacant, Agricultural & Governmental Property	Owner Occupied Residential Property	Rental Residential Property	Railroad & Airlines Property	Non-commercial Historic Property	Less: Tax-Exempt Property	Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Total Actual Value (a)	Assessed Value as a Percentage of Actual Value
2015	Primary	\$ 1,018,312,716	\$ 582,528,256	\$ 445,788,470	\$ 279,658,188	\$ 2,626,349	\$ 5,660,031	\$ 786,460,357	\$ 1,548,113,653	0.92	\$11,632,254,953	13.31 %
	Secondary	1,030,441,480	605,931,213	472,413,709	317,364,940	2,652,015	7,102,655	812,188,311	1,623,717,701	1.51	12,317,499,077	13.18
2016	Primary	1,040,045,065	604,094,072	458,995,411	303,832,779	2,453,154	5,495,047	820,971,174	1,593,944,354	0.93	12,152,815,646	13.12
	Secondary	1,119,535,292	681,597,591	569,311,744	395,569,487	2,501,825	6,440,828	901,610,148	1,873,346,619	1.59	14,573,138,077	12.85
2017	Primary	1,066,869,523	604,354,126	480,671,687	340,922,305	2,213,159	5,507,068	831,185,771	1,669,352,097	0.94	12,936,980,827	12.90
	Secondary	1,066,869,523	604,354,126	480,671,687	340,922,305	2,213,159	5,507,068	831,185,771	1,669,352,097	1.59	16,688,127,422	10.00
2018	Primary	1,121,945,426	655,920,933	502,268,412	378,171,085	2,238,277	5,400,480	891,707,903	1,774,236,710	0.92	13,773,672,226	12.88
	Secondary	1,121,945,426	655,920,933	502,268,412	378,171,085	2,238,277	5,400,480	891,707,903	1,774,236,710	1.57	17,858,194,237	9.94
2019	Primary	1,130,477,624	701,270,049	528,812,064	404,759,028	2,063,797	3,229,286	907,642,388	1,862,969,460	0.92	14,500,815,905	12.85
	Secondary	1,130,477,624	701,270,049	528,812,064	404,759,028	2,063,797	3,229,286	907,642,388	1,862,969,460	1.50	19,292,541,580	9.66
2020	Primary	1,226,011,101	724,469,285	549,262,440	452,477,990	2,106,703	5,460,842	949,264,953	2,010,523,408	0.90	15,652,812,327	12.84
	Secondary	1,226,011,101	724,469,285	549,262,440	452,477,990	2,106,703	5,460,842	949,264,953	2,010,523,408	1.50	21,407,207,731	9.39
2021	Primary	1,260,003,905	789,897,255	580,182,705	494,195,105	2,082,237	5,536,167	1,003,325,543	2,128,571,831	0.89	16,641,307,485	12.79
	Secondary	1,260,003,905	789,897,255	580,182,705	494,195,105	2,082,237	5,536,167	1,003,325,543	2,128,571,831	1.50	23,585,521,332	9.02
2022 (b)	Primary	1,374,583,030	848,054,327	608,638,569	525,409,409	2,228,245	5,725,998	1,081,805,791	2,282,833,787	0.89	17,774,367,390	12.84
	Secondary	1,374,583,030	848,054,327	608,638,569	525,409,409	2,228,245	5,725,998	1,081,805,791	2,282,833,787	1.48	26,023,287,469	8.77
2023	Primary	1,392,066,474	892,654,128	637,487,403	575,020,890	2,799,655	5,877,028	1,120,498,024	2,385,407,554	0.88	18,860,241,682	12.65
	Secondary	1,392,066,474	892,654,128	637,487,403	575,020,890	2,799,655	5,877,028	1,120,498,024	2,385,407,554	1.50	27,897,790,751	8.55
2024	Primary	1,434,029,632	930,177,005	666,181,366	620,087,504	3,941,671	5,865,630	1,175,912,652	2,484,370,156	0.88	19,894,637,071	1249.00
	Secondary	1,434,029,632	930,177,005	666,181,366	620,087,504	3,941,671	5,865,630	1,175,912,652	2,484,370,156	1.53	34,616,715,701	718.00

Source: Maricopa County Assessor - State Abstract  
Maricopa County Tax Levy - Schedule B & C: Cities and Towns Tax Levies, Primary & Secondary

Note: The total tax levy was comprised of two elements: a primary levy for operating costs and a secondary levy for general obligation bond debt service requirements. The primary levy is limited to a 2% increase plus new construction. The secondary levy is unlimited. In Fiscal Year 2016, with the passage of Proposition 117, the limited property tax value is required to be used in determining and levying primary and secondary taxes on all property. Prior to Fiscal Year 2016, the primary levy was based on the limited property tax value and the secondary levy was based on the secondary property tax value.

(a) Estimated Total Actual Value is the calculated value of the actual full cash value net of estimated value of property exempt from taxation.

(b) FY2022 data was obtained from the August abstract because February was unavailable. All other years are based on the February abstract.

# Property Tax Rates - All Direct and Overlapping Governments (Exhibit S-9)

## Last Ten Fiscal Years

Rate per \$100 of Assessed Value

*City of Tempe, Arizona*

Fiscal Year		Schools				County-Wide Jurisdiction								Total
		City of Tempe (a)	Tempe Union	Tempe Elementary (b)	East Valley Institute of Technology	Maricopa County	Community College	County Ed Equalization Rate	Flood District	Central Arizona Water	Fire District Assistance	County Library District	Special Health Care District	
2015	Primary	\$ 0.92	\$ 2.43	\$ 3.30	\$ -	\$ 1.32	\$ 1.28	\$ 0.51	\$ -	\$ -	\$ -	\$ -	\$ 0.19	\$ 9.95
	Secondary	1.51	0.63	2.45	0.05	-	0.24	-	0.14	0.14	0.01	0.06	-	5.23
	Total	2.43	3.06	5.75	0.05	1.32	1.52	0.51	0.14	0.14	0.01	0.06	0.19	15.18
2016	Primary	0.93	2.22	3.22	-	1.36	1.26	0.51	-	-	-	-	0.19	9.69
	Secondary	1.59	0.66	2.25	0.05	-	0.23	-	0.16	0.14	0.01	0.06	0.11	5.26
	Total	2.52	2.88	5.47	0.05	1.36	1.49	0.51	0.16	0.14	0.01	0.06	0.30	14.95
2017	Primary	0.94	2.24	3.09	-	1.40	1.24	0.50	-	-	-	-	0.20	9.61
	Secondary	1.59	0.66	2.20	0.05	-	0.23	-	0.18	0.14	0.01	0.06	0.11	5.23
	Total	2.53	2.90	5.29	0.05	1.40	1.47	0.50	0.18	0.14	0.01	0.06	0.31	14.84
2018	Primary	0.92	2.06	2.96	-	1.40	1.20	0.49	-	-	-	-	0.20	9.23
	Secondary	1.57	0.60	2.09	0.05	-	0.21	-	0.18	0.14	0.01	0.06	0.09	5.00
	Total	2.49	2.66	5.05	0.05	1.40	1.41	0.49	0.18	0.14	0.01	0.06	0.29	14.23
2019	Primary	0.92	1.99	2.05	-	1.40	1.17	0.47	-	-	-	-	0.19	8.19
	Secondary	1.50	0.66	2.85	0.05	-	0.20	-	0.18	0.14	0.01	0.06	0.10	5.75
	Total	2.42	2.65	4.90	0.05	1.40	1.37	0.47	0.18	0.14	0.01	0.06	0.29	13.94
2020	Primary	0.90	1.93	2.70	-	1.40	1.16	0.46	-	-	-	-	0.19	8.74
	Secondary	1.50	0.64	2.01	0.05	-	0.17	-	0.18	0.14	0.01	0.06	0.15	4.92
	Total	2.40	2.57	4.71	0.05	1.40	1.33	0.46	0.18	0.14	0.01	0.06	0.34	13.65
2021	Primary	0.89	1.87	2.62	-	1.40	1.13	0.44	-	-	-	-	0.18	8.53
	Secondary	1.50	0.63	1.85	0.05	-	0.16	-	0.18	0.14	0.01	0.06	0.12	4.71
	Total	2.39	2.50	4.47	0.05	1.40	1.29	0.44	0.18	0.14	0.01	0.06	0.30	13.23
2022	Primary	0.89	1.84	2.61	-	1.35	1.11	0.43	-	-	-	-	0.18	8.41
	Secondary	1.48	0.60	1.84	0.05	-	0.11	-	0.18	0.14	0.01	0.06	0.12	4.59
	Total	2.37	2.44	4.45	0.05	1.35	1.22	0.43	0.18	0.14	0.01	0.06	0.30	13.00

2023	Primary	0.88	1.75	2.51	-	1.25	1.09	-	-	-	-	-	0.18	7.66
	Secondary	1.50	0.60	1.97	0.05	-	0.10	-	0.16	0.14	0.01	0.05	0.07	4.65
	Total	2.38	2.35	4.48	0.05	1.25	1.19	-	0.16	0.14	0.01	0.05	0.25	12.31
2024	Primary	0.88	1.70	2.42	-	1.20	1.08	-	-	-	-	-	0.17	7.45
	Secondary	1.53	0.72	1.93	0.05	-	0.06	-	0.15	0.14	0.01	0.05	0.10	4.74
	Total	2.41	2.42	4.35	0.05	1.20	1.14	-	0.15	0.14	0.01	0.05	0.27	12.19

Source: Maricopa County Assessor's Office  
*Maricopa County Tax Levy* Publication

- (a) Primary levies are limited to a 2% increase annually plus levies attributable to assessed valuation added as a result of growth and annexation. Secondary tax levies do not have a limitation.
- (b) Tempe property owners residing within the Kyrene Elementary School District No. 28, Scottsdale Unified School District No. 48 or Mesa Unified School District No. 4 have combined rates of \$11.40, \$11.18 or \$15.04, respectively. Also, see the *Direct and Overlapping Governmental Activities Debt- Property Tax Supported* Schedule (Exhibit S-17).



# Property Tax Levies - All Direct and Overlapping Governments (Exhibit S-10)

## Last Ten Fiscal Years

City of Tempe, Arizona

Fiscal Year		Schools				County-Wide Jurisdiction								Total
		City of Tempe	Tempe Union	Tempe Elementary (a)	East Valley Institute of Technology	Maricopa County	Community College	Flood District	County Ed Equalization Rate	Central Arizona Water	Fire District Assistance	County Library District	Special Health Care District	
2015	Primary	\$ 14,324,634	\$ 71,480,977	\$ 40,508,811	\$ -	\$ 442,762,977	\$ 429,857,856	\$ -	\$ 170,582,239	\$ -	\$ -	\$ -	\$ 65,124,108	\$1,234,641,602
	Secondary	24,609,512	19,247,913	31,649,661	7,676,815	-	82,901,341	43,660,332	-	49,076,612	3,946,541	19,504,284	-	282,273,011
	Total	38,934,146	90,728,890	72,158,472	7,676,815	442,762,977	512,759,197	43,660,332	170,582,239	49,076,612	3,946,541	19,504,284	65,124,108	1,516,914,613
2016	Primary	14,877,877	67,301,586	40,281,153	-	471,193,529	437,227,709	-	174,988,030	-	-	-	67,273,204	1,273,143,088
	Secondary	25,281,551	19,895,071	28,161,726	7,614,014	-	80,036,848	49,512,136	-	48,660,147	4,013,398	19,250,761	37,341,000	319,766,652
	Total	40,159,428	87,196,657	68,442,879	7,614,014	471,193,529	517,264,557	49,512,136	174,988,030	48,660,147	4,013,398	19,250,761	104,614,204	1,592,909,740
2017	Primary	15,690,240	70,920,943	40,273,959	-	506,222,142	447,212,880	-	181,352,524	-	-	-	70,777,141	1,332,449,829
	Secondary	26,577,755	20,881,916	28,658,765	8,034,256	-	82,211,035	58,463,580	-	50,677,352	4,030,569	20,091,335	39,747,000	339,373,563
	Total	42,267,995	91,802,859	68,932,724	8,034,256	506,222,142	529,423,915	58,463,580	181,352,524	50,677,352	4,030,569	20,091,335	110,524,141	1,671,823,392
2018	Primary	16,404,593	68,659,932	40,876,811	-	535,870,745	457,339,611	-	186,400,980	-	-	-	73,820,558	1,379,373,230
	Secondary	27,834,226	19,909,974	28,971,774	8,489,725	-	81,872,034	62,198,813	-	53,530,745	3,893,879	21,268,052	35,191,536	343,160,758
	Total	44,238,819	88,569,906	69,848,585	8,489,725	535,870,745	539,211,645	62,198,813	186,400,980	53,530,745	3,893,879	21,268,052	109,012,094	1,722,533,988
2019	Primary	17,118,826	69,668,285	29,725,536	-	566,289,063	473,275,205	-	191,959,243	-	-	-	76,921,021	1,424,957,179
	Secondary	28,030,238	23,042,843	41,355,451	9,005,606	-	82,713,190	66,310,571	-	56,684,864	4,319,354	22,475,317	42,153,890	376,091,324
	Total	45,149,064	92,711,128	71,080,987	9,005,606	566,289,063	555,988,395	66,310,571	191,959,243	56,684,864	4,319,354	22,475,317	119,074,911	1,801,048,503
2020	Primary	18,114,816	72,156,009	42,303,940	-	605,109,318	499,542,385	-	196,326,940	-	-	-	80,459,388	1,514,012,796
	Secondary	30,177,956	23,880,002	31,468,300	9,617,828	-	74,279,486	70,887,943	-	60,196,609	4,082,918	24,016,045	62,843,632	391,450,719
	Total	48,292,772	96,036,011	73,772,240	9,617,828	605,109,318	573,821,871	70,887,943	196,326,940	60,196,609	4,082,918	24,016,045	143,303,020	1,905,463,515
2021	Primary	18,980,475	73,991,571	43,485,838	-	640,280,922	514,159,761	-	202,808,377	-	-	-	84,240,979	1,577,947,923
	Secondary	32,017,977	25,111,276	30,666,905	11,299,160	-	74,558,711	75,415,664	-	64,150,864	4,096,425	25,411,963	55,365,219	398,094,164
	Total	50,998,452	99,102,847	74,152,743	11,299,160	640,280,922	588,718,472	75,415,664	202,808,377	64,150,864	4,096,425	25,411,963	139,606,198	1,976,042,087
2022	Primary	20,086,813	77,439,694	46,760,224	-	655,778,021	541,422,496	-	208,194,759	-	-	-	88,031,823	1,637,713,830
	Secondary	33,620,224	25,352,189	32,864,175	11,999,126	-	55,787,637	80,429,826	-	68,372,664	4,186,635	27,090,614	56,990,223	396,693,313
	Total	53,707,037	102,791,883	79,624,399	11,999,126	655,778,021	597,210,133	80,429,826	208,194,759	68,372,664	4,186,635	27,090,614	145,022,046	2,034,407,143
2023	Primary	20,948,649	77,052,844	47,230,052	-	643,295,202	560,363,573	-	-	-	-	-	92,081,287	1,440,971,607
	Secondary	35,773,957	26,264,408	37,005,233	12,684,601	-	53,051,463	75,704,791	-	72,706,057	4,252,620	26,045,384	37,132,768	380,621,282
	Total	56,722,606	103,317,252	84,235,285	12,684,601	643,295,202	613,415,036	75,704,791	-	72,706,057	4,252,620	26,045,384	129,214,055	1,821,592,889
2024	Primary	21,802,825	78,024,561	47,274,546	-	659,075,503	590,508,449	-	-	-	-	-	96,224,945	1,492,910,829
	Secondary	37,983,522	33,196,482	37,795,010	13,397,769	-	32,680,233	77,344,624	-	77,038,310	4,421,757	26,704,487	53,203,259	393,765,453
	Total	\$ 59,786,347	\$ 111,221,043	\$ 85,069,556	\$ 13,397,769	\$ 659,075,503	\$ 623,188,682	\$ 77,344,624	\$ -	\$ 77,038,310	\$ 4,421,757	\$ 26,704,487	\$ 149,428,204	\$ 1,886,676,282

Source: Maricopa County Assessor's Office  
Maricopa County Tax Levy Publication

- (a) For levies for Tempe property owners residing within Kyrene, Scottsdale or Mesa School Districts, see the *Direct and Overlapping Governmental Activities Debt- Property Tax Supported Schedule* (Exhibit S-17).
- (b) 2022 Tax Levy Rate for County Ed Equalization (State Equalization Tax) was 0.00.

# Property Tax Levies and Collections (Exhibit S-11)

## Last Ten Fiscal Years

*City of Tempe, Arizona*

Fiscal Year	Total Tax Levy for Fiscal Year (a)	Adjustments	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Original Levy		Amount	% of Adjusted Levy
2015	\$ 38,916,826	\$ (280,960)	\$ 38,635,866	\$ 38,310,425	98.4 %	\$ 323,164	\$ 38,633,589	100.0 %
2016	40,471,289	(362,147)	40,109,142	39,886,362	98.6	221,625	40,107,987	100.0
2017	42,580,125	(411,041)	42,169,084	41,757,608	98.1	404,759	42,162,367	100.0
2018	44,161,889	(242,341)	43,919,548	43,501,882	98.5	414,683	43,916,565	100.0
2019	45,529,984	(266,244)	45,263,740	44,892,921	98.6	366,136	45,259,057	100.0
2020	48,265,218	(204,779)	48,060,439	47,378,445	98.2	675,444	48,053,889	100.0
2021	50,936,177	(315,300)	50,620,877	49,942,161	98.0	653,044	50,595,205	99.9
2022	54,040,262	24,951	54,065,213	53,371,592	98.8	548,859	54,005,758	99.9
2023	57,217,825	(530,451)	56,687,374	55,973,207	97.8	390,197	55,973,207	98.7
2024	60,312,401	(792,768)	59,519,633	58,550,432	97.1	-	58,550,432	98.4

Source: Maricopa County Treasurer

(a) The amounts listed in this column do not tie directly to the amount listed for City of Tempe in Exhibit S-10 for total of Primary and Secondary Property Tax Levy. Due to a timing difference, the amount listed on the *Maricopa County Secured Tax Levy Report*, from the Maricopa County Treasurer's office, is at the time the levy is placed on the Tax Levy report (in May/June when the property tax rate is set). The amount listed on the *Secured Tax Levy Report*, from the Maricopa County Treasurer's office, is at the time the levy is placed on the actual tax rolls in August.

# Principal Tax Payers (Exhibit S-12)

## Property Tax

### Current Year and Nine Years Prior

City of Tempe, Arizona

Taxpayer:	Fiscal Year 2024			Fiscal Year 2015		
	Net Assessed Limited Property Values	Rank	Percentage of Net Assessed Limited Property Values	Taxable Secondary Assessed Value	Rank	Percentage of Total City Secondary Taxable Assessed Value
Salt River Project (T&D)	\$ 194,642,919	1	754.00 %	\$ —		
Arizona Public Service Company	88,875,069	2	345.00	27,461,046	1	1.69
JP Morgan Chase Bank NA	19,981,837	3	77.00	7,070,939	10	0.43
Arizona Mills Mall LLC	19,068,132	4	74.00			
JDM II Tempe OC LLC	10,364,244	5	40.00			
Cousins Fund II Phoenix IV LLC	10,348,965	6	40.00	—		
KM Sonoma LLC/MT Sonoma LLC	10,164,689	7	39.00			
University House Tempe LLC	9,778,752	8	38.00			
Cousins Fund II Phoenix II LLC	8,770,419	9	34.00			
PR II TRG Watermark LLC	8,252,379	10	32.00			
Verizon Wireless	-		-	19,994,293	3	1.23
KBSII Fountainhead LLC	-		-	17,035,781	4	1.05
Qwest Corporation	-		-	11,545,434	5	0.71
Honeywell Internation Inc	-		-	10,291,550	6	0.63
Tempe Campus	-		-	8,325,000	7	0.51
Sci Real Estate Investments LLC	-		-	8,098,330	9	0.50
<b>Total</b>	<b>\$ 380,247,405</b>		<b>14.73 %</b>	<b>\$ 144,909,095</b>		<b>8.90 %</b>

Source 2024: 2024 data was not available at the time of ACFR preparation from Maricopa County Treasurer Office. 2023 data is presented.

Source 2015: RBC Capital Markets

Note: Beginning in Fiscal Year 2016, a voter-approved constitutional amendment and related enabling legislation changed the property valuation for assessing property taxes. Property taxes are now levied based on a revised "Limited Property Value" which is generally (a) the Full Cash Value of a property or (b) an amount of percent greater than the Limited Property Value as determined for the prior year.

## Excise Tax Collections (Exhibit S-13)

### Last Ten Fiscal Years

*City of Tempe, Arizona*

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Privilege and use tax (a)	\$ 135,520,956	\$ 137,347,979	\$ 140,443,769	\$ 118,865,174	\$ 113,398,508	\$ 111,283,725	\$ 105,643,666	\$ 99,865,430	\$ 95,804,083	\$ 92,910,407
State shared sales tax	49,275,176	34,924,472	25,683,520	23,228,957	19,899,062	17,958,644	18,266,956	16,145,681	15,357,220	14,779,296
State shared income tax	28,128,266	27,216,492	24,105,004	27,983,270	24,875,451	22,408,078	22,604,114	21,511,044	19,470,946	19,577,085
Franchise tax	3,430,257	2,863,995	3,055,126	2,846,569	2,772,127	3,036,531	3,290,220	3,182,193	3,363,615	2,933,239
Vehicle license tax	9,412,813	9,132,854	9,166,233	9,291,268	8,165,499	7,657,621	7,532,801	7,015,040	6,644,362	6,215,552
Permits and fees (b)	9,053,660	17,733,066	8,005,559	12,328,064	15,896,029	13,739,509	14,815,290	10,244,664	11,543,817	11,881,915
Fines and forfeitures (c)	5,607,005	4,144,727	4,934,285	4,404,217	5,612,670	6,434,188	6,839,148	8,094,581	8,464,633	8,436,300
<b>Total</b>	<b>\$ 240,428,133</b>	<b>\$ 233,363,585</b>	<b>\$ 215,393,496</b>	<b>\$ 198,947,519</b>	<b>\$ 190,619,346</b>	<b>\$ 182,518,296</b>	<b>\$ 178,992,195</b>	<b>\$ 166,058,633</b>	<b>\$ 160,648,676</b>	<b>\$ 156,733,794</b>

Source: City of Tempe, Arizona Annual Comprehensive Financial Report  
City of Tempe, Arizona "Revenue and Expenditure by Account by Fund" report.

- (a) Amounts exclude the 0.5% Excise Tax approved by voters on September 10, 1996 as a dedicated "transit tax", the 0.1% Performing Arts Center Tax approved by voters in September 2000 (expiring December 2020), the 0.1% Arts and Culture Tax approved by voters in November 2018 (effective January 2021) and the 1.0% increase in the transient lodging tax on hotels approved by the voters in September 2002, which are restricted to fund programs of the Tempe Convention and Visitor's Bureau.
- (b) Amounts include all licenses/permits and Community Development and Engineering and Transportation fees/charges for services.
- (c) Amounts include fines and forfeitures for General Fund only.

## Ratios of Net General Bonded Debt Outstanding (Exhibit S-14)

### Last Ten Fiscal Years

City of Tempe, Arizona

Fiscal Year	Governmental General Obligation Debt	Enterprise General Obligation Debt and WIFA	General Obligation Premium	Less: Debt Service Reserves	Total	Secondary/Limited Assessed Valuation (a)	Percentage of Governmental Debt to Assessed Value (b)	Percentage of Total to Assessed Value of Property	Net Direct Debt Per Capita
2015	\$ 181,905,000	\$ 216,802,282	\$ 14,741,563	\$ 20,960,171	\$ 392,488,674	\$ 1,627,720,901	9.9 %	24.1 %	\$ 2,140
2016	180,750,000	196,122,761	26,115,095	20,693,070	382,294,786	1,593,944,354	10.0	24.0	2,213
2017	178,555,000	198,182,660	27,517,521	21,456,909	382,798,272	1,669,352,097	10.0	22.3	2,053
2018	180,435,000	201,216,644	32,224,134	13,114,979	400,760,799	1,774,236,710	9.4	22.9	2,098
2019	183,990,000	206,499,363	38,801,412	3,463,501	425,827,274	1,862,969,450	9.7	22.9	2,214
2020	191,860,000	185,795,463	33,458,848	4,158,853	406,955,458	2,010,523,406	9.3	20.2	2,078
2021	196,865,000	163,289,583	36,837,470	6,898,943	390,093,110	2,128,571,831	8.9	18.7	2,198
2022	212,220,000	195,886,352	44,910,501	8,447,041	444,569,812	2,282,833,787	8.9	19.5	2,686
2023	243,407,158	183,268,233	45,530,393	9,524,199	462,681,585	2,385,407,554	9.8	19.4	2,488
2024	271,690,000	208,366,315	49,855,654	6,896,565	523,015,404	2,484,369,283	10.7	21.1	2,755

Source Secondary assessed valuation from Maricopa County Assessor's Office for fiscal years prior to Fiscal Year 2016. In Fiscal Year 2016, the assessed valuation used is the *Limited Property Value* from Maricopa County Assessor's office *Net Assessed Value Detail* schedule.

(a) In Fiscal Year 2016, with the passage of Proposition 117, the *Limited Assessed Value* is required to be used for the calculation of the tax levy.

(b) General obligation debt for business-type activities is not paid by property taxes and therefore the "*Percentage of Governmental Debt to Assessed Value*" is disclosed.

# Ratios of Outstanding Debt by Type (Exhibit S-15)

## Last Ten Fiscal Years

City of Tempe, Arizona

Fiscal Year	Governmental Activities										Total Government-Type Debt
	General Obligation Bonds	Special Assessment Bonds	Excise Tax Revenue Bonds	Premium on Debt Payable	HUD Section 108 Loan	Capital Improvement Notes	SBITA	Leases	Financed Purchases	Certificates of Participation	
2015	\$ 181,905,000	\$ 21,175,000	\$ 134,746,000	\$ 18,668,237	\$ 4,552,000	\$ -	\$ -	\$ -	\$ 87,082	\$ -	\$ 361,133,319
2016	180,750,000	19,980,000	123,389,000	22,291,058	4,181,000	-	-	-	61,399	-	350,652,457
2017	178,555,000	18,730,000	116,009,000	20,515,300	3,794,000	-	-	-	34,743	-	337,638,043
2018	180,435,000	17,415,000	97,994,000	21,847,912	3,389,000	-	-	-	65,610	-	321,146,522
2019	183,990,000	16,035,000	87,269,000	25,046,197	2,966,000	-	-	-	40,972	-	315,347,169
2020	191,860,000	27,750,000	76,604,000	21,731,892	2,524,000	-	-	-	81,216	-	320,551,108
2021	196,865,000	25,755,000	69,582,000	26,374,477	2,062,000	-	-	-	979,231	-	321,617,708
2022	212,220,000	23,865,000	69,442,000	24,718,409	1,580,000	-	-	-	8,710	343,000,000	674,834,119
2023	243,407,158	21,895,000	60,787,000	28,097,020	1,076,000	-	2,637,704	1,085,876	4,514	336,000,000	694,990,272
2024	271,690,000	19,835,000	55,048,000	30,392,466	549,000	-	2,613,840	853,724	-	317,570,000	698,552,030

Fiscal Year	Business-Type Activities										Percentage of Personal Income
	General Obligation Bonds	Excise Tax Revenue Bonds	Revenue Obligations	Premium on Debt Payable	WIFA Loans	Financed Purchases	SBITA	Total Business-Type Debt	Total Primary Government	Per Capita	
2015	\$ 204,970,000	\$ 84,839,000	\$ -	\$ 13,905,912	\$ 11,832,282	\$ 283,594	\$ -	\$ 315,830,788	\$ 676,964,107	3,822	14.12 %
2016	185,025,000	91,876,000	-	26,735,479	11,097,761	63,750	-	314,797,990	665,450,447	3,816	14.23
2017	187,835,000	80,466,000	-	26,648,171	10,347,660	318,834	-	305,615,665	643,253,707	3,553	12.63
2018	191,635,000	69,876,000	-	27,703,607	9,581,644	213,267	-	299,009,518	643,253,707	3,525	12.53
2019	197,700,000	57,886,000	-	30,951,583	8,799,363	736,327	-	296,073,273	611,420,442	3,178	10.23
2020	177,795,000	54,331,000	38,000,000	27,176,457	8,000,463	480,916	-	305,783,836	626,334,944	3,199	9.62
2021	156,105,000	50,543,000	72,100,000	35,391,535	7,184,583	327,068	-	321,651,186	643,268,894	3,562	10.44
2022	189,535,000	46,703,000	69,570,000	37,695,756	6,351,352	166,851	-	350,021,959	1,024,856,078	6,193	24.38
2023	177,767,872	42,528,000	66,895,000	35,672,156	5,500,392	-	494,365	328,857,785	1,019,630,082	5,483	13.38
2024	203,735,000	37,557,000	64,120,000	35,884,021	4,631,315	-	342,455	346,269,791	1,044,821,821	5,504	12.48

## Direct and Overlapping Governmental Activities Debt (Exhibit S-16)

City of Tempe, Arizona

<b>Governmental Unit:</b>	2024 Net	Debt	Portion Applicable To		Combined
	Limited		Percent	Amount	
Assessed	Outstanding	City of Tempe			Assessed
Valuation					
<b>Debt repaid with property taxes:</b>					
State of Arizona	\$83,026,530,244	None	3.06 %	None	\$ 0.4263
Maricopa County	54,722,326,231	None	4.66	None	1.7293
Maricopa Special Health Care District	47,553,260,925	\$ 640,695,000	4.66	\$ 29,856,387	0.1145
Maricopa County Community College	54,722,326,231	184,715,000	4.66	8,607,719	1.2881
Tempe Elementary School District No. 3	1,954,706,143	154,515,000	83.59	129,159,089	4.4508
Mesa Unified School District No. 4	3,879,528,058	358,660,000	0.67	2,403,022	7.0635
Kyrene Elementary School District No. 28	2,627,428,186	213,060,000	30.36	64,685,016	3.6784
Scottsdale Unified School District No. 48	6,708,326,903	304,315,000	0.29	882,514	3.4579
Tempe Union High School District No. 213	4,582,134,328	76,755,000	53.03	40,703,177	2.4466
East Valley Institute of Technology	26,795,538,826	None	9.46	None	0.0500
Subtotal overlapping debt				<u>276,296,924</u>	
City direct debt (governmental activities)	\$ 2,484,370,156	\$ 698,552,030	100.00 %	<u>698,552,030</u>	2.3959
Total direct and overlapping debt				<u><u>\$ 974,848,954</u></u>	

Source: RBC Capital Markets and Maricopa County Assessor

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

The applicable percentage of each jurisdiction's assessed valuation which lies within the City's boundaries (see "Percent" column above) was derived from information obtained from the County Assessor's Office.

# Legal Debt Margin Information (Exhibit S-17)

## Last Ten Fiscal Years

City of Tempe, Arizona

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>Assessed Valuation</b>	<u>\$5,002,722,528</u>	<u>\$3,445,248,462</u>	<u>\$3,270,464,268</u>	<u>\$2,985,831,463</u>	<u>\$2,723,618,126</u>	<u>\$2,457,096,949</u>	<u>\$2,285,492,942</u>	<u>\$2,125,705,145</u>	<u>\$1,593,944,354</u>	<u>\$1,627,720,901</u>
<b>20% Limitation:</b>										
Debt limit equal to 20% of assessed valuation	\$ 842,278,925	\$ 689,049,692	\$ 654,092,854	\$ 597,166,293	\$ 544,723,625	\$ 491,419,390	\$ 457,098,588	\$ 425,141,029	\$ 318,788,871	\$ 325,554,180
Total net debt applicable to 20% limit	<u>409,957,304</u>	<u>367,391,618</u>	<u>394,798,663</u>	<u>344,099,415</u>	<u>357,900,003</u>	<u>369,823,502</u>	<u>353,760,024</u>	<u>337,734,652</u>	<u>330,432,281</u>	<u>361,721,555</u>
Legal 20% debt margin (available borrowing capacity)	<u>\$ 432,321,621</u>	<u>\$ 321,658,074</u>	<u>\$ 259,294,191</u>	<u>\$ 253,066,878</u>	<u>\$ 186,823,622</u>	<u>\$ 121,595,888</u>	<u>\$ 103,338,564</u>	<u>\$ 87,406,377</u>	<u>\$ -</u>	<u>\$ -</u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	48.67%	53.32%	60.36%	57.62%	65.70%	75.26%	77.39%	79.44%	103.65%	111.11%
<b>6% Limitation:</b>										
Debt limit equal to 6% of assessed valuation	\$ 252,683,677	\$ 206,714,908	\$ 196,227,856	\$ 179,149,888	\$ 163,417,088	\$ 147,425,817	\$ 137,129,577	\$ 127,542,309	\$ 95,636,661	\$ 97,663,254
Total net debt applicable to 6% limit	<u>110,312,688</u>	<u>97,469,864</u>	<u>91,074,059</u>	<u>84,050,477</u>	<u>76,093,198</u>	<u>77,915,351</u>	<u>77,206,874</u>	<u>80,243,108</u>	<u>81,905,000</u>	<u>81,495,000</u>
Legal 6% debt margin (available borrowing capacity)	<u>\$ 142,370,989</u>	<u>\$ 109,245,044</u>	<u>\$ 105,153,797</u>	<u>\$ 95,099,411</u>	<u>\$ 87,323,890</u>	<u>\$ 69,510,466</u>	<u>\$ 59,922,703</u>	<u>\$ 47,299,201</u>	<u>\$ 13,731,661</u>	<u>\$ 16,168,254</u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	43.66%	47.15%	46.41%	46.92%	46.56%	52.85%	56.30%	62.91%	85.64%	83.44%

Source: Maricopa County Assessor's Office  
City of Tempe, Arizona Accounting Division

Note 1: Prior to Fiscal Year 2016, the Assessed Valuation was based on the Net Assessed Secondary Value. Due to a change in the legislation (Proposition 117), in Fiscal Year 2016, the City was required to use the Limited Property Value. In Fiscal Year 2017, the law changed again to allow the Full Cash Value to be used in the legal debt margin calculation.



## Remaining General Obligation Bond Authorizations (Exhibit S-18)

City of Tempe, Arizona

	<u>Authorization</u>	<u>Prior Issues</u>	<u>Current Year Issue</u>	<u>Remaining Authorization</u>
<b>2016 Program:</b>				
Water/Wastewater	\$ 148,000,000	\$ 91,864,657	\$ 52,000,000	\$ 4,135,343
Streets/Transportation/Storm Drains	25,000,000	20,000,000	-	-
Public Safety - Police/Fire	20,000,000	34,000,000	-	-
Community Services/Park Improvements	34,000,000	27,000,000	-	-
Municipal Infrastructure Preservation	27,000,000	25,000,000	-	-
Total 2016 Program	254,000,000	197,864,657	52,000,000	4,135,343
<b>2020 Program:</b>				
Water/Wastewater	134,000,000	-	-	134,000,000
Streets/Transportation/Storm Drains	74,000,000	8,454,171	13,200,000	52,345,829
Public Safety - Police/Fire	34,000,000	8,297,636	19,200,000	6,502,364
Community Services/Park Improvements	45,000,000	24,826,953	8,000,000	12,173,047
Municipal Infrastructure Preservation	62,000,000	33,753,594	19,000,000	9,246,406
	349,000,000	75,332,354	59,400,000	214,267,646
Grand Total	<u>\$ 603,000,000</u>	<u>\$ 273,197,011</u>	<u>\$ 111,400,000</u>	<u>\$ 218,402,989</u>

Source: City of Tempe, Arizona Accounting Division

## Pledged-Revenue Coverage (Exhibit S-19)

### Last Ten Fiscal Years

City of Tempe, Arizona

Fiscal Year	Special Assessment Bonds			Excise Tax Revenue Obligations		
	Special Assessment Collections	Debt Service (d)	Coverage	Excise Tax Revenue Collections (a)	Debt Service (d)	Coverage
2015	\$ 3,862,306	\$ 3,884,758	0.99	\$156,733,794	\$ 12,055,250	13.00
2016	2,439,086	2,214,178	1.10	160,648,676	45,696,593	3.52
2017	2,173,798	2,209,650	0.98	166,058,633	36,355,425	4.57
2018	2,027,722	2,212,190	0.92	178,992,195	20,743,689	8.63
2019	1,990,732	2,211,570	0.90	182,518,296	20,739,629	8.80
2020	2,442,290	2,207,767	1.11	190,619,346	12,637,348	15.08
2021	2,143,728	2,210,533	0.97	198,947,519	12,652,543	15.72
2022	2,126,515	1,989,250	1.07	206,991,736	12,703,056	16.29
2023	1,911,731	1,984,125	0.96	233,366,585	11,938,011	19.55
2024	1,582,150	1,985,500	0.80	240,428,133	8,755,062	27.46

Fiscal Year	Performing Arts/Arts + Culture Excise Tax Obligations			Transit Excise Tax Obligations		
	0.1% Privilege and Use Tax Collections (b)	Debt Service (d)	Coverage	0.5% Privilege and Use Tax Collections (c)	Debt Service (d)	Coverage
2015	\$ 7,460,054	\$ 5,919,026	1.26	\$ 36,147,640	\$ 4,655,688	7.76
2016	7,656,210	5,921,676	1.29	37,288,527	4,658,463	8.00
2017	8,084,891	3,427,850	2.36	39,512,636	4,372,288	9.04
2018	8,436,503	3,428,850	2.46	41,074,434	4,311,491	9.53
2019	8,823,434	3,428,100	2.57	43,063,185	4,116,542	10.46
2020	9,131,870	3,433,850	2.66	44,373,904	4,118,094	10.78
2021 (e)	4,895,809	—	N/A	47,534,174	4,978,120	9.55
2022	11,202,441	504,233	22.22	54,736,977	5,901,166	9.28
2023	11,647,867	580,750	20.06	57,815,447	4,689,492	12.33
2024	11,482,634	579,250	19.82	57,413,170	4,695,249	12.23

Source: City of Tempe, Arizona Accounting Division

- (a) Excise tax revenue collections include privilege and use tax, state shared privilege and use tax, state shared income tax, franchise tax, permits and fees, and fines and forfeitures. Note that the privilege and use tax exclude the 0.5% excise tax approved by voters on September 10, 1996 as a dedicated "transit tax", the 0.1% Performing Arts Center Tax approved by voters in September 2000, and the 1.0% increase in the transient lodging tax on hotels approved by the voters in September 2002, which is restricted to fund programs of the Tempe Convention and Visitor's Bureau.

- (b) The 0.1% privilege and use tax is a Performing Arts Center Tax approved by voters in September 2000 (expiring December 31, 2020) and the 0.1% Arts & Culture Tax approved by voters in November 2018 (effective January 1, 2021).
- (c) The 0.5% privilege and use tax is a Transit Tax approved by voters in September 1996.
- (d) The debt service amount does not include fiscal agent fees.
- (e) Beginning January 1, 2021, the Performing Arts Excise Tax ended and there was no outstanding Performing Arts Excise Tax Obligation debt service after Fiscal Year 2020.

## Pledged Revenue, Projected Debt Service and Estimated Coverage (Exhibit S-20)

Excise Tax Obligations (Excluding Transit Excise Tax Obligations)

City of Tempe, Arizona

### Senior Excise Tax Obligations

Fiscal Year	Pledged Excise Tax Revenues (a)	Outstanding Senior Excise Tax Obligations Debt Service Requirements (b)	Outstanding Senior Excise Tax Obligations Coverage (c)	Revenue Available for Debt Service (d)	Outstanding Subordinate Excise Tax Obligations Debt Service Requirements (e)	Coverage (f)
2024	\$ 240,428,133	\$ 8,755,062	27.46	\$ 243,155,705	\$ 579,250	419.78 %
2025		16,352,372	14.70		582,000	417.79
2026		6,611,312	36.37		578,350	420.43
2027		6,606,870	36.39		579,700	419.45
2028		6,605,455	36.40		581,000	418.51
2029		6,606,380	36.39		582,250	417.61
2030		5,014,078	47.95		577,500	421.05
2031		5,007,535	48.01		582,000	417.79
2032		2,615,875	91.91		580,250	419.05
2033		2,058,000	116.83		577,500	421.05
2034		—			578,750	420.14
2035					578,750	420.14
2036					577,500	421.05
2037						
2038						

Source: City of Tempe, Arizona Accounting Division

- (a) Excise Tax Revenues received by the City in Fiscal Year 2024. See Excise Tax Collection schedule (Exhibit S-14).
- (b) Consists of the annual debt service requirements (not including fiscal fees) of the following Excise Tax Revenue/Refunding Obligations:

<b>Series</b>	<b>Remaining Obligation</b>
2011A+B	\$ 7,300,000
2013	17,850,000
2016	18,390,000
2019R	8,110,000
2021R	14,210,000
	<u>\$ 65,860,000</u>

- (c) The estimated coverage figures shown reflect the ratio of actual Fiscal Year 2024 excise tax revenues to total debt service requirements for the City's revenue bonds.
- (d) Consists of Arts and Culture Excise Taxes and Excise Taxes (net of current year annual debt service on Outstanding Senior Excise Tax Obligations) received in Fiscal Year 2024.
- (e) Includes the annual debt service requirements of the City of Tempe, Arizona Arts and Culture Excise Tax Obligations, Series 2021, currently outstanding in the principal amount of \$5,895,000. Debt service requirements do not include fiscal fees.
- (f) Pursuant to the Purchase Agreement, the City agrees that the Arts and Culture Excise Taxes and the Excise Taxes presently imposed will continue to be imposed so that the amount of Arts and Culture Excise Taxes and the Excise Taxes (net of maximum annual debt service on the Outstanding Senior Excise Tax Obligations) collected for any fiscal year shall be equal to at least three times the total Debt Service requirements for the Obligations and other Parity Obligations in such fiscal year.

# Pledged Revenue, Projected Debt Service and Estimated Coverage (Exhibit S-21)

Transit Excise Tax Obligations

City of Tempe, Arizona

<b>Senior Excise Tax Obligations</b>					
<b>Fiscal Year</b>	<b>Pledged Excise Tax Revenues (a)</b>	<b>Outstanding Senior Excise Tax Obligations Debt Service Requirements (b)</b>	<b>Outstanding Senior Excise Tax Obligations Coverage (c)</b>		
2024	\$ 57,413,170	\$ 4,695,249	12.31		
2025		4,689,034	12.33		
2026		4,692,521	12.32		
2027		4,690,698	12.33		
2028		4,693,842	12.32		
2029		4,686,310	12.34		
2030		4,699,737	12.30		
2031		4,693,299	12.32		
2032		4,692,892	12.32		
2033		4,692,175	12.32		
2034		4,695,933	12.31		
2035		4,695,126	12.31		
2036		2,019,412	28.63		
2037		1,568,538	36.86		
2038		861,150	67.14		
2039		859,685	67.25		
2040		862,680	66.55		

Source: City of Tempe, Arizona Accounting Division

- (a) Excise Tax Revenues recognized by the City in Fiscal Year 2024.
- (b) Includes annual remaining debt service requirements for the Series 2017R City of Tempe, Arizona Transit Excise Tax Refunding Obligations in the principal amount outstanding of \$16,060,000; the Series 2020 City of Tempe, Arizona Transit Excise Tax Obligations in the principal amount outstanding of \$12,165,000; and the Series 2021R City of Tempe, Arizona Transit Excise Tax Refunding Obligations in the principal amount outstanding of \$28,330,000.
- (c) The estimated coverage figures shown reflect the ratio of actual Fiscal Year 2024 excise tax revenues to total debt service requirements for the City's Transit excise tax bonds.

# Pledged Revenue, Projected Debt Service and Estimated Coverage (Exhibit S-22)

Water/Sewer Revenue Obligations

City of Tempe, Arizona

<i>Senior Excise Tax Obligations</i>				
<b>Fiscal Year</b>	<b>Pledged Water/Sewer Net Revenues (a)</b>		<b>Outstanding Water &amp; Sewer Revenue Obligation Debt Service Requirements</b>	<b>Outstanding Water &amp; Sewer Revenue Obligation Coverage (b)</b>
2024	\$	32,039,318	\$ 5,330,855	6.01
2025			5,329,470	6.01
2026			5,329,025	6.01
2027			5,329,388	6.01
2028			5,330,308	6.01
2029			5,326,535	6.02
2030			5,333,070	6.01
2031			5,324,280	6.02
2032			5,330,548	6.01
2033			5,331,108	6.01
2034			5,330,843	6.01
2035			5,329,620	6.01
2036			5,327,190	6.01
2037			5,328,303	6.01
2038			5,327,458	6.01
2039			5,329,523	6.01
2040			5,328,998	6.01
2041			2,850,750	11.24

Source: City of Tempe, Arizona Accounting Division

- (a) Net Revenues are defined as that portion of the Revenues remaining after providing sufficient funds for the Current Expenses of the System.
- (b) The estimated coverage figures shown reflect the ratio of actual Fiscal Year 2024 Pledged Water/Sewer Net Revenues the annual total Debt Service Requirements for the Water & Sewer Revenue Obligations.

## Demographic and Economic Statistics (Exhibit S-23)

### Last Ten Fiscal Years

*City of Tempe, Arizona*

Fiscal Year	Population (a)	Total Personal Income (b)	Per Capita Personal Income (c)	Average Household Income (c)	Median Age (c)	School Enrollment (d)	ASU School Enrollment (e)	Unemployment Rate (f)
2024	189,834	\$ 8,374,337,076	\$ 44,114	\$ 102,861	30.1	22,268	60,731	3.10 %
2023	185,950	7,622,648,350	40,993	96,012	30.7	23,806	60,839	3.10
2022	186,194	7,181,502,580	38,570	91,012	30.5	23,986	58,088	2.90
2021	180,587	6,159,822,570	34,110	82,283	29.8	23,838	56,095	6.20
2020	195,805	6,511,691,080	33,256	79,758	29.6	25,275	57,009	9.80
2019	192,364	5,975,402,932	31,063	72,792	30.4	25,478	55,224	4.10
2018	185,038	5,594,253,854	30,233	71,916	30.0	25,527	54,456	3.90
2017	182,498	5,134,033,736	28,531	67,501	29.5	24,891	75,729	4.30
2016	173,510	4,881,183,320	28,132	65,814	28.7	25,656	74,293	5.90
2015	169,533	4,546,705,527	26,819	62,291	28.5	25,480	83,301	6.80

- Source:
- (a) Estimate obtained from Sites USA through Fiscal Year 2015. From Fiscal Year 2016 and forward the estimate is obtained from State Shared Revenue Report published by the League of Arizona Cities & Towns.
  - (b) Amount is calculated using population times per capita personal income.
  - (c) Estimate is provided by Sites USA through FY 18-19 and by ESRI beginning FY 19-20.
  - (d) Arizona Department of Education (Azed.gov)
  - (e) ASU - Office of Institutional Analysis. Fiscal Year 2018 and going forward the amount is for the ASU Tempe campus only.
  - (f) <https://www.azcommerce.com/oeo/labor-market/unemployment/#content-block-1>



## Principal Employers (Exhibit S-24)

### Current Fiscal Year and Nine Years Prior

*City of Tempe, Arizona*

	Fiscal Year 2024			Fiscal Year 2015		
	Employees (a)	Rank	Employment	Employees (b)	Rank	Employment
<i>Employers:</i>						
Arizona State University	8,330	1	27.2 %	11,185	1	27.7 %
State Farm Insurance	7,540	2	24.6	-	-	-
City of Tempe	2,231	4	7.3	-	-	-
ABM Industries Inc	2,000	5	6.5	-	-	-
Kyrene School District 28	1,930	6	6.3	2,401	8	5.9
Wells Fargo	1,440	7	4.7	3,576	5	8.9
Honeywell	1,240	8	4.1	3,000	7	7.4
Adp Inc	1,200	9	3.9	-	-	-
Laboratory Sciences of Arizona	1,190	10	3.9	-	-	-
Maricopa Community Colleges	0	0		4,611	2	11.4
SRP	-	-	-	4,374	3	10.8
Safeway Inc.	-	-	-	3,996	4	9.9
Motorolla	-	-	-	3,000	6	7.4
Chase Manhattan Corporation	-	-	-	2,377	9	5.9
US Airways	-	-	-	1,898	10	4.7
Total	<u>27,101</u>		<u>100.0 %</u>	<u>40,418</u>		<u>100.0 %</u>

Source: (a) <https://geo.azmag.gov/maps/azemployer>

(b) City of Tempe, Arizona Comprehensive Annual Financial Report, Fiscal Year 2015

# Full-Time Equivalent City Government Employees by Function (Exhibit S-25)

## Last Ten Fiscal Years

City of Tempe, Arizona

	Fiscal year 2024	Fiscal year 2023	Fiscal year 2022	Fiscal year 2021	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal Year 2016	Fiscal Year 2015
Police	525	519	520	516	516	512	508	505	500	496
Fire medical rescue	244	241	230	221	220	214	174	155	156	156
Community services	384	349	306	283	297	305	304	297	286	286
Community development	86	89	86	82	84	79	85	83	88	90
Municipal court	44	44	43	43	43	43	43	43	42	42
Mayor and council	7	7	7	7	7	7	7	7	7	7
City manager	30	26	32	28	31	32	31	33	32	31
City attorney	31	30	29	28	28	27	25	25	26	26
Internal audit office	4	3	4	4	4	4	4	4	4	4
Municipal budget office	5	4	4	4	4	4	4	4	4	4
Economic development office	7	6	6	3	3	-	-	-	-	-
City clerk and elections	6	6	6	5	5	5	5	5	4	4
Financial services	110	108	108	-	-	-	-	-	-	-
Human resources	23	23	20	-	-	-	-	-	-	-
Information technology	88	85	82	-	-	-	-	-	-	-
Strategic Management & Government Relations	6	6	-	-	-	-	-	-	-	-
Diversity, Equity & Inclusion	1	1	-	-	-	-	-	-	-	-
Diversity, Equity & Inclusion	3	3	-	-	-	-	-	-	-	-
Communication Marketing	14	13	-	-	-	-	-	-	-	-
Education, Career & Family	106	108	-	-	-	-	-	-	-	-
Community Health & Human	103	95	-	-	-	-	-	-	-	-
Public works	278	-	-	-	-	429	431	430	470	467
Transportation & Sustainability	126									
Engineering and transportation	-	121	118	116	106	-	-	-	-	-
Municipal utilities	-	277	261	257	267	-	-	-	-	-
Internal services	-	-	-	207	212	210	217	206	156	155
Human services	-	-	190	156	147	54	50	46	49	40
Office of strategic management and diversity	-	-	6	6	8	7	6	6	6	-
<b>Total</b>	<b>2,231</b>	<b>2,170</b>	<b>2,060</b>	<b>1,967</b>	<b>1,983</b>	<b>1,932</b>	<b>1,894</b>	<b>1,843</b>	<b>1,824</b>	<b>1,808</b>

Source: City of Tempe, Arizona Fiscal Year 2024 Annual Budget

Note: See Exhibit S-2a for changes in functions that have occurred in prior years.

# Operating Indicators by Function/Program (Exhibit S-26)

## Last Ten Fiscal Years

City of Tempe, Arizona

Function /Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Police</b>										
Crime rate (per 100,000 population)	5,880	4,237	4,944	4,606	4,247	4,752	4,478	5,063	4,900	5,110
Traffic accidents	4,632	4,818	3,833	3,012	4,945	5,857	5,621	5,638	5,376	5,103
Emergency service average response time (minimum)	6:35	6:23	6:19	6:24	6:27	6:66	6:60	6:36	6:83	5:13
Citizen calls for police service	81,061	83,813	85,516	79,072	83,427	90,055	91,012	88,515	86,229	85,502
Operating expenditures per citizen calls (a) \$	\$ 1,499	\$ 1,282	\$ 1,167	\$ 1,212	\$ 1,166	\$ 1,015	\$ 968	\$ 917	\$ 926	\$ 926
<b>Fire</b>										
Firefighters per capita (10,000)		9.52		9.33	9.33	9.3	8.86	11.60	8.82	9.45
Number of fire calls	2,546	2,532	2,746	2,369	2,207	1,980	2,212	2,565	1,944	2,022
Number of medical calls	23,311	24,533	24,729	21,582	21,761	22,209	22,093	26,633	20,021	19,630
Number of other assistance calls	2,098	1,991	2,045	2,068	2,117	2,324	1,916	2,637	1,963	1,853
Emergency service average response time (minimum)	4:43	4:40	4:38	4:31	4:31	4:31	4:15	3:36	4:16	4:10
Percent of emergency responses taking 6.0 minutes or less (d)	79%	79%	80%	82%	80%	80%	75%	74%	73%	75%
<b>Transportation</b>										
Percent of on-time bus performance (f)	82%	83%	85%	87%	N/A	92%	92%	90%	90%	92%
Annual bus boardings	3,909,167	3,676,750	2,701,540	1,967,142	4,741,442	6,022,149	6,407,657	6,484,875	6,841,497	7,178,128
Annual rail boardings (e)	2,823,038	2,511,247	1,703,120	1,241,440	2,588,121	3,008,033	3,145,896	N/A	N/A	N/A
Number of square yards of asphalt repaired	1,177,933	1,062,443	1,021,983	720,275	918,426	1,225,309	736,076	731,425	402,900	302,000
<b>Library</b>										
Registered borrowers	73,305	87,848	88,366	110,808	104,791	93,689	100,155	97,443	140,000	143,000
Circulation	992,008	914,753	763,686	497,675	566,745	743,931	802,492	855,055	800,000	930,000
<b>Community development</b>										
Number of permits issued for commercial / industrial	460	464	369	447	476	541	503	644	775	678
Valuation of commercial/industrial permits	\$ 649,286,761	\$ 409,458,156	\$ 570,407,379	\$ 435,445,691	\$ 725,909,656	\$ 790,508,270	\$ 739,627,514	\$ 270,664,400	\$ 333,250,987	\$ 527,389,841
Number of permits issued for residential	805	1,247	1,382	965	603	573	532	122	474	646
Valuation of residential permits	\$ 36,587,866	\$ 32,319,819	\$ 44,418,957	\$ 37,855,549	\$ 40,035,903	\$ 32,849,626	\$ 35,888,436	\$ 157,887,839	\$ 274,402,813	\$ 173,004,137
Number of permits issued other	548	390	583	981	1102	1053	1165	1	1	4
Valuation of other permits	\$ 102,205,815	\$ 73,063,218	\$ 24,408,687	\$ 32,290,151	\$ 25,876,027	\$ 35,278,125	\$ 40,037,341	\$ 60,000	\$ 150,000	\$ 8,758,218
<b>Water/wastewater</b>										
Number of customer accounts (annual average)	42,932	43,327	43,319	42,949	43,724	43,284	43,214	42,647	43,061	42,678
Total water gallons treated (million gallons - mg)	14,339	14,190	15,580	16,600	15,154	15,506	16,090	15,506	15,278	15,130
Operating and maintenance cost per customer account	\$ 1,396	\$ 1,305	\$ 1,167	\$ 1,070	\$ 783	\$ 995	\$ 979	\$ 953	\$ 941	\$ 878
Total wastewater gallons treated (million gallons per day)	19.0	19.4	19.6	19.0	19.0	19.1	19.1	19.4	19.4	19.4
<b>Solid waste collection</b>										
Residential container/recycling cost per ton	\$ 77	\$ 177	\$ 232	\$ 258	\$ 159	\$ 235	\$ 111	\$ 139	\$ 138	\$ 140

Number of residential accounts	33,574	33,326	33,328	34,540	33,245	33,263	32,869	33,160	33,001	33,397
Residential recycling diversion rate (c)	21%	18%	20%	18%	23%	23%	28%	19%	21%	19%
Number of commercial accounts	1,471	1,454	1,487	1,722	1,491	1,565	1,641	1,671	1,709	1,783
Commercial collection cost per ton	\$ 131	\$ 103	\$ 97	\$ 98	\$ 342	\$ 113	\$ 100	\$ 93	\$ 91	\$ 95

- (a) Source: City of Tempe, Arizona Municipal Budget Office and other applicable City departments.
- (b) The numbers are revised by department to reflect change in methodology in tracking.
- (c) This calculation consists of the blue container program and green organics.
- (d) For Fiscal Years 2017 and prior, the percents measured were for 5.0 minutes or less.
- (e) For Fiscal Years 2017 and prior, this data was not requested.
- (f) Due to a system conversion, data was not available for all of Fiscal Year 2020 and for part of Fiscal Year 2021.

## Capital Asset Statistics by Function/Program (Exhibit S-27)

### Last Ten Fiscal Years

*City of Tempe, Arizona*

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol units (squads)	21	21	21	21	21	21	21	21	24	24
Fire stations	7	7	7	7	7	6	6	6	6	6
Transportation										
Streets (miles)	1,321	1,321	1,775	1,775	1,241	1,241	1,241	1,241	1,241	1,241
Streetlights	12,267	12,301	12,274	11,559	11,483	11,414	12,048	12,026	11,969	11,904
Traffic signals	249	254	249	244	235	230	230	229	228	223
Buses	118	118	120	124	124	124	124	125	125	125
Parks and recreation										
Acreage (a)	1,519	1,519	1,519	1,519	1,875	1,875	1,875	1,875	1,872	1,872
Playgrounds	44	44	44	44	45	45	45	45	45	45
Sports fields (b)	66	66	66	66	200	200	200	200	200	200
Community centers	6	5	5	5	5	5	5	5	5	5
Golf courses	2	2	2	2	2	2	2	2	2	2
Water/wastewater										
Water mains (miles)	850	850	850	850	850	850	850	850	833	833
Water production capacity (million gallons per day)	137	137	137	137	137	137	137	137	125	125
Water storage capacity (million gallons)	54	54	54	54	54	54	54	54	54	42
Sanitary sewers (miles)	495	495	495	495	495	495	495	495	495	549
Storm sewers (miles)	231	231	231	231	231	231	231	231	231	173
Wastewater treatment capacity (million gallons per day)	29	29	29	29	29	29	29	29	29	19
Solid waste collection										
Collection trucks	42	42	42	42	42	43	43	43	45	47

Source: City of Tempe, Arizona Municipal Budget Office and other applicable City departments.

# Water Connections by Customer Type, Sewer Connections and Sewage Treated (Exhibit S-28)

## Last Four Fiscal Years

*City of Tempe, Arizona*

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
<b>Water Connections</b>				
<b>Customer Type:</b>				
Single Family	35,038	35,007	35,135	35,204
Multifamily	1,936	1,933	1,902	1,907
Commercial	3,878	3,946	3,946	3,950
Industrial	73	73	73	73
Landscape	2,007	2,000	2,014	2,005
Total (a)	42,932	42,959	43,070	43,139
<b>Sewer connections</b>				
No. of Sewer Connections	40,699	40,707	40,784	40,596
<b>Sewage treated</b>				
91st Avenue Plant (MGD)	19.0	19.4	19.2	19

Source: City of Tempe, Municipal Utilities Department.

(a) Total number of accounts billed in any month is less than the total number of connections due to vacancies.

Note: This schedule is required for the Series 2021 City of Tempe, Arizona Water and Sewer Revenue Obligations and is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## Water Deliveries (Exhibit S-29)

### Last Four Calendar Years

*City of Tempe, Arizona*

	Calendar Year 2024 (c)	Calendar Year 2023 (c)	Calendar Year 2022 (c)	Calendar Year 2021
Water Deliveries				
Residential (a)	21,785	20,257	20,077	22,512
Commercial	10,884	10,245	10,447	11,324
Other (b)	11,336	10,475	10,377	11,617
Total	44,005	40,977	40,901	45,453

Source: City of Tempe, Municipal Utilities Department.

- (a) Residential includes both single family and multifamily housing.
- (b) Other includes industrial, landscape and construction.
- (c) Water Deliveries are from January through November 30 each calendar year.

Note: This schedule is required for the Series 2021 City of Tempe, Arizona Water and Sewer Revenue Obligations and is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

# Metered Water Usage Charges (Exhibit S-30)

## Last Four Fiscal Years

City of Tempe, Arizona

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
<b>Single Family Residential-Inside City</b>				
<b>Tier Level (gallons used)</b>				
0 - 6,000	\$ 2.90	\$ 2.53	\$ 1.90	\$ 1.84
6,001 - 8,000	2.90	2.53	2.91	2.83
8,001 - 12,000	4.51	3.93	2.91	2.83
12,001 - 16,000	4.51	3.93	4.01	3.89
16,001 - 20,000	5.74	5.00	4.01	3.89
20,001 - 36,000	5.74	5.00	5.08	4.93
36,001 - 40,000	6.64	5.79	5.08	4.93
Over 40,000	6.64	5.79	5.58	5.42
<b>Single Family Residential-Outside City</b>				
<b>Tier Level (gallons used)</b>				
0 - 6,000	\$ 3.29	\$ 3.29	\$ 2.46	\$ 2.39
6,001 - 8,000	3.29	3.29	3.79	3.68
8,001 - 12,000	5.11	5.11	3.79	3.68
12,001 - 16,000	5.11	5.11	5.21	5.06
16,001 - 20,000	6.50	6.50	5.21	5.06
20,001 - 36,000	6.50	6.50	6.60	6.41
36,001 - 40,000	7.53	7.53	6.60	6.41
Over 40,000	7.53	7.53	7.26	7.05
<b>Charges Per Thousand Gallons (a)</b>				
<b>Customer Class-Inside City</b>				
Multifamily	\$ 2.81	\$ 2.81	\$ 2.11	\$ 2.11
Commercial	3.16	3.16	2.73	2.73
Construction	4.66	4.66	4.42	4.42
Industrial	3.12	3.12	2.85	2.85
Landscape	4.26	4.26	4.08	4.08
<b>Customer Class-Outside City</b>				
Multifamily	\$ 3.65	\$ 3.65	\$ 2.74	\$ 2.74
Commercial	4.11	4.11	3.55	3.55
Construction	6.06	6.06	5.74	5.74
Industrial	4.06	4.06	3.71	3.71
Landscape	5.54	5.54	5.30	5.30

Source: City of Tempe, Municipal Utilities Department.

(a) Volume charge per one thousand (1,000) gallons usage based on customer class.

Note: This schedule is required for the Series 2021 City of Tempe, Arizona Water and Sewer Revenue Obligations and is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



# Water Rates and Sewer Rates Per Meter Size(Exhibit S-31)

## Last Four Fiscal Years

City of Tempe, Arizona

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
<b>Water Monthly Service Charge</b>				
<b>Inside City</b>				
5/8 inch	\$ 11.75	\$ 10.25	\$ 13.55	\$ 13.55
3/4 inch	13.20	11.50	15.30	15.30
1 inch	19.30	16.80	22.80	22.80
1 1/2 inch	39.75	34.65	48.40	48.40
2 inch	75.10	65.45	94.35	94.35
3 inch	112.35	97.90	213.45	213.45
4 inch	261.75	228.10	307.65	307.65
6 inch	753.85	656.95	1,183.00	1,183.00
8 inch	1,168.15	1,018.85	2,064.50	2,064.50
10 inch	1,750.20	1,525.25	3,092.90	3,092.90
1.0" installed to accommodate sprinklers	11.75	10.25	13.55	13.55
<b>Outside City</b>				
5/8 inch	\$ 15.28	\$ 13.35	\$ 17.62	\$ 17.62
3/4 inch	17.16	14.95	19.89	19.89
1 inch	25.09	21.85	29.64	29.64
1 1/2 inch	51.68	45.05	62.92	62.92
2 inch	97.63	85.10	122.66	122.66
3 inch	146.06	127.25	277.49	277.49
4 inch	340.28	296.55	399.95	399.95
6 inch	980.01	854.05	1,537.90	1,537.90
8 inch	1,518.60	1,324.50	2,683.85	2,683.85
10 inch	2,275.26	1,982.85	4,020.77	4,020.77
1.0" installed to accommodate sprinklers	15.28	13.35	17.62	17.62
<b>Sewer Monthly Base Charge</b>				
5/8 inch	\$ 9.90	\$ 9.30	\$ 10.30	\$ 10.30
3/4 inch	11.40	10.70	14.00	14.00
1 inch	17.70	16.65	25.10	25.10
1 1/2 inch	39.00	36.70	46.70	46.70
2 inch	75.75	71.30	72.60	72.60
3 inch	114.55	107.80	176.00	176.00
4 inch	269.95	254.05	349.00	349.00
6 inch	782.00	736.00	695.00	695.00
8 inch	1,214.10	1,142.65	1,650.00	1,650.00
10 inch	1,818.75	1,711.75	2,600.00	2,600.00

Source: City of Tempe, Municipal Utilities department.

Note: This schedule is required for the Series 2021 City of Tempe, Arizona Water and Sewer Revenue Obligations and is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

# Sewer Service Rates(Exhibit S-32)

## Last Four Fiscal Years

City of Tempe, Arizona

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
<b>Sewage Return Flow Rate of Metered Water Use</b>				
<b>Customer Class</b>				
Multifamily	95%	95%	95%	95%
Multifamily w/ sprinkler	95%	95%	95%	95%
Commercial: self-service laundry	95%	95%	95%	95%
Commercial: laundry/dry cleaners	95%	95%	95%	95%
Commercial: restaurants/bakeries	95%	95%	75%	75%
Commercial: food sales	95%	95%	75%	75%
Commercial: hospitals	95%	95%	85%	85%
Commercial: other	95%	95%	90%	90%
<b>Volume Charge per 1,000 gallons</b>				
<b>Customer Class</b>				
Multifamily	\$ 2.54	\$ 2.39	\$ 1.84	\$ 1.84
Multifamily w/ sprinkler	3.28	2.39	3.28	3.28
Commercial: self-service laundry	3.22	3.03	2.82	2.82
Commercial: laundry/dry cleaners	4.72	4.44	7.91	7.91
Commercial: restaurants/bakeries	4.72	4.44	7.91	7.91
Commercial: food sales	4.72	4.44	4.58	4.58
Commercial: hospitals	3.22	3.03	3.06	3.06
Commercial: other	3.22	3.03	3.06	3.06

Source: City of Tempe, Municipal Utilities Department.

Note: This schedule is required for the Series 2021 City of Tempe, Arizona Water and Sewer Revenue Obligations and is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

