

Health Care Benefits Trust Board Regular Meeting

August 14, 2024 | 4:00 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ
or Webex 1-415-655-0001
code 2660 643 1169 password sHEMdBXx345



Board Members

Chair Terry Bond
Vice Chair Jennifer Huppenthal
Secretary Zach Cumnard
Mark Knight
Carson Mohr

Pursuant to Resolution No. 4464 of the City of Chandler and to A.R.S. § 38-431.02, notice is hereby given to the members of the Health Care Benefits Trust Board and to the general public that the Health Care Benefits Trust Board will hold a REGULAR MEETING open to the public on Wednesday, August 14, 2024, at 4:00 p.m., at City Council Chambers, 88 E. Chicago Street, Chandler, AZ or via Webex by dialing 1-415-655-0001, Access Code 2660 643 1169, and password: sHEMdBXx345. One or more Board Members may be attending by telephone.

Persons with disabilities may request a reasonable modification or communication aids and services by contacting the City Clerk's office at (480) 782-2181 (711 via AZRS). Please make requests in advance as it affords the City time to accommodate the request.

Agendas are available in the Office of the City Clerk, 175 S. Arizona Avenue.

Health Care Benefits Trust Board

Regular Meeting Agenda - August 14, 2024

Call to Order/Roll Call

Unscheduled Public Appearances

Members of the audience may address any item not on the agenda. State Statute prohibits the Board or Commission from discussing an item that is not on the agenda, but the Board or Commission does listen to your concerns and has staff follow up on any questions you raise.

Consent Agenda

Items listed on the Consent Agenda may be enacted by one motion and one vote. If a discussion is required by members of the Board or Commission, the item will be removed from the Consent Agenda for discussion and determination will be made if the item will be considered separately.

1. **June 12, 2024 City of Chandler Health Care Benefits Trust Board Minutes**
Move to approve the City of Chandler Health Care Benefits Trust Board meeting minutes from June 12, 2024.

Briefing

2. **Capital Project Funding/Bond Election Discussion - Management Services**
3. **Financial Audit Report for Calendar Year 2023 - Heinfeld Meech**
4. **Medical Trust Actuarial Report - Segal**
5. **Financial Statements and Wellness Report - Management Services**
6. **Investment Report for the Quarter Ending June 30, 2024 - Management Services**
7. **Review Calendar Year 2025 Meeting Dates - Human Resources**
8. **Resolution No. HB-015 for 2025 Rates - Human Resources**

Action Agenda

9. Resolution No. HB-015 approving the Total Monthly Rates for Employee Premiums for the Red Plan, the Blue Plan, and the White Plan for Calendar Year 2025.

Member Comments/Announcements

Calendar

10. The next meeting is scheduled for Wednesday, November 13, 2024 (combined).

Information Items - For Future Meetings

11. Actuarial Audit Report - Segal
12. Financial Statements and Wellness Report - Management Services
13. Investment Report - Management Services

Adjourn



Health Care Benefits Trust Board Human Resources Memo No.

Date: 08/14/2024

To: Health Care Benefits Trust Board

From:

Subject: June 12, 2024 City of Chandler Health Care Benefits Trust Board Minutes

Proposed Motion:

Move to approve the City of Chandler Health Care Benefits Trust Board meeting minutes from June 12, 2024.

Attachments

Draft 6/12/2024 HCTB Minutes

Meeting Minutes

Health Care Benefits Trust Board

Regular Meeting

June 12, 2024 | 4:00 pm
Council Chambers Conference Room
88 East Chicago Street, Chandler, AZ



The meeting was called to order by Vice Chair Terry Bond at 4:02 pm.

Roll Call

Commission Attendance

Chair - Vacant
Vice Chair Terry Bond
Secretary Jennifer Huppenthal
Zachary Cummond
Mark Knight
Carson Mohr

Other Attendance

Rae Lynn Nielsen, HR Director
Fernanda Acurio, HR Manager
Kristen Maier, HR Manager
Lina Alam, Accounting Supervisor
Rachel Calisi, Segal Consultants
Dawn Gingerich, Assistant City Attorney
Sarah Meland, Management Assistant

Absent

None

Scheduled and Unscheduled Public Appearances

None.

Consent Agenda and Discussion

1. **February 28, 2024 City of Chandler Health Care Benefits Trust Board Minutes.** Move to approve the City of Chandler Health Care Benefits Trust Board meeting minutes from February 28, 2024.

Consent Agenda Motion and Vote

Secretary Huppenthal moved to approve the Consent Agenda for June 12, 2024 Health Care Benefits Trust Board Meeting; Board Member Wright seconded the motion. Motion carried unanimously (5-0).

Briefing

2. Medical Trust Actuarial Report – Rachel Calisi, Segal

Ms. Calisi explained that she would be comparing first quarter 2024 to first quarter 2023. She reported that employee contributions were up while medical claims increased slightly, but pharmacy claims decreased (with a net increase in claims and expenses). Stop loss and admin expenses were also up compared to last year, mainly attributable to an increase in our stop loss with is at 17% currently.

Our loss ratio has decreased from 111% to 105%. It would be preferable to be under 100%, but it is trending in the right direction.

Pharmacy spends saw generic go down from \$32 to \$25. Preferred brand was down, but non-preferred brand was up, and specialty cost was up about 31% which is the trend. Plan paid per script is holding at 3.6%. Secretary Huppenthal ask who our PBM is; Ms. Calisi responded that it was Blue Cross Blue Shield. Secretary Huppenthal ask if they could come to a future meeting. Ms. Nielsen responded that the Board's responsibility is on the fiduciary side so we need to be careful what we are inviting them to present. Ms. Nielsen went on to say that they could be invited to address specific questions.

Concerning our medical utilization, we're at four large claimants, which is anybody who's got medical and pharmacy claims over \$100,000 combined. This year those four members attributed to \$469,168 and account for four point or 7.6% of our total claims spent. Ms. Calisi cautioned that we are at the beginning of the year so these numbers may appear skewed.

Our medical network, we're still strong at 97.8% in network penetration, which is fantastic. Our discount is at 67%, which is a slight drop, and our member cross share for this year is 17.6%, plan paid is at 82.4%. Again, Ms. Calisi cautioned that we are at the beginning of the year, so people are still meeting their deductibles.

3. Financial Statements and Wellness Report – Lina Alam, Management Services

Ms. Alam reported that the audit for the Medical Trust Actuarial Report is not yet complete and will be presented at the next meeting.

Regarding the Statement of Net Position, Ms. Alam reported total assets of just over \$21 million which is not significantly different from the prior quarter, total liabilities of just over \$5.8 million which a decrease of \$213 thousand from the prior quarter, and unrestricted net position of just over \$15.6 million which is an increase of \$213 thousand. There's a surplus of just over \$6.2 million.

Total operating revenues are just over \$7 million which is about \$132 thousand over budget and total operating expenses are almost \$7 million which is about \$475 thousand over budget, resulting in operating income of over \$39,000. An operating loss was anticipated, but we experienced lower than expected expenditures during the 1st quarter.

Non-operating revenues exceeded expenses by just over \$174 thousands due to stronger than anticipated interest income. The result is a change in net position of just over \$213 thousand and an ending net position of over \$15.6 million.

Regarding cash flow, Ms. Alam reported we have cash investments of over \$21 million which agrees to the statement of that position. Wellness fund remaining total \$121,933.26 after \$25,000 in new funds were received. Board Member Terry Bond asked why there was a significant decrease. Ms. Nielsen replied that Wellness money

rolls over every year and then we spend it programmatically; for example, some will be spent on a revamp of the mezzanine level of City Hall which will become a Wellness space.

4. Investment Report – Lina Alam, Management Services

Ms. Alam moved on to the investment report. As of March 31, 2024, yield at cost is 3.89% up from 3.64% in the prior quarter, yield at market of 4.74% up from 4.55% in the prior quarter, and effective duration of 1.86 compared to 1.33 in the prior quarter and the benchmark 1.76.

Investments are in U.S. Treasuries. S&P credit quality of the portfolio is 93% with AA or higher ratings. Money markets are trending downward, current we are at 5.16%. U.S. Treasuries are considered quality and safe securities; our portfolio allocation is 87.3% up from 85.2%.

5. Election of Chair, Vice Chair, and Secretary

After a brief introduction of Board Members and other presented, the Board moved on to electing officers.

Action Agenda

6. Election of Chair, Vice Chair, and Secretary

Board Member Huppenthal made a motion to nominate Terry Bond as Chair of the Health Care Benefits Trust Board. Board Member Bond accepted the nomination. The motion was seconded by Board Member Wright. Motion passed unanimously (5-0).

Board Member Bond made a motion to nominate Jennifer Huppenthal as Vice Chair of the Health Care Benefits Board. Board Member Huppenthal accepted the nomination. The motion was seconded by Board Member Wright. Motion carried unanimously (5-0).

Board Member Bond made a motion to nominate Zach Cummard as Secretary. Board Member Cummard accepted the nomination. The motion was seconded by Board Member Mohr. Motion carried unanimously (5-0).

Member Comments/Announcements

None.

Calendar

The next regular meeting will be held on Wednesday, August 14, 2024 at 4:00 pm in the Council Chambers Conference Room, 88 East Chicago Street.

Informational Items

None.

Adjourn

Board Member Huppenthal motioned to adjourn the meeting; seconded by Board Member Wright. Motion passed unanimously (5-0). The meeting was adjourned at 4:43 pm.

Sarah Meland, Secretary

Terry Bond, Chair



Health Care Benefits Trust Board Human Resources Memo No.

Date: 08/14/2024
To: Health Care Benefits Trust Board
From: Sarah Meland, Management Assistant
Subject: Capital Project Funding/Bond Election Discussion - Management Services

Attachments

- Bond Election Powerpoint
- Bond Election Attachment



CHANDLER
a r i z o n a
Community of Innovation

Capital Project Funding Bond Election Discussion



Agenda

- “What is a Bond” Video from 2021 Bond Election
<https://youtu.be/x-gEyz6Y1wc?si=BRnpBsb8YRLO5ei->
- 2025-2034 Capital Improvement Plan (CIP)
- Capital Plan Inflation Impacts
- General Obligation (GO) Bond Authorization Status
- Bond Election History and Timelines
- Council Direction for next steps



Strategic Framework Capital Needs in All Areas

Focus Areas

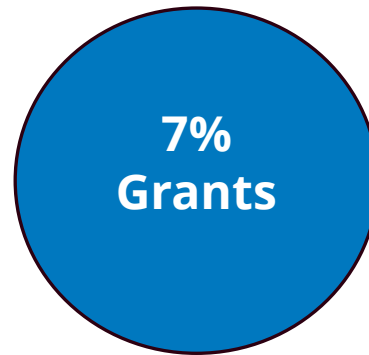
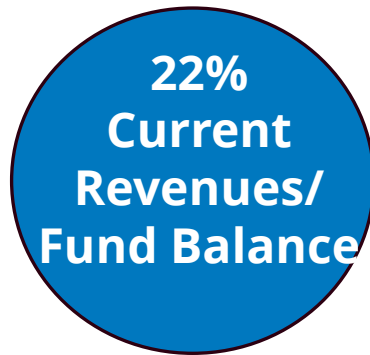
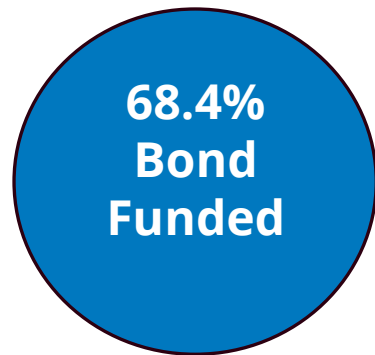
- Economic Vitality
- Sustainability and Technology
- Connectivity
- Neighborhoods
- Quality of Life
- Community Safety



2025-2034 Capital Improvement Plan (CIP)

\$2,488,884,031

Total 10-year CIP is funded as follows



Capital Plan Inflation Impacts



Construction Price Index New Normal

Construction Costs continue to go up, just not as fast

Data source: The Mortenson Construction Cost Index is calculated quarterly by pricing a representative non-residential construction project in geographies throughout the country.

GO Bond Authorization Status

GO Bonds cannot be issued without residents authorizing this first

Type of Voter Approved Debt	Available Authorization After 2021 & 2023 Bond Sales	Fall 2025 Bond Sale	Remaining Authorization	Fall 2027 Bond Sale	Remaining Authorization
Parks/Recreation/Museum/Arts	\$ 52,130,000	\$ (40,930,000)	\$ 11,200,000	\$ (54,825,000)	\$ (43,625,000)
Streets	98,681,000	(72,725,000)	\$ 25,956,000	(75,625,000)	\$ (49,669,000)
Public Safety- Police	55,340,000	(55,340,000)	\$ -	(17,000,000)	\$ (17,000,000)
Public Safety- Fire	15,181,000	-	\$ 15,181,000	(3,300,000)	\$ 11,881,000
Airport	494,000	-	\$ 494,000	-	\$ 494,000
Public Buildings (Facilities)	31,050,000	(7,100,000)	\$ 23,950,000	(9,000,000)	\$ 14,950,000
Stormwater	624,000	-	\$ 624,000	(300,000)	\$ 324,000
Library	3,680,000	-	\$ 3,680,000	-	\$ 3,680,000
Subtotal	\$ 257,180,000	\$ (176,095,000)	\$ 81,085,000	\$ (160,050,000)	\$ (78,965,000)
Landfill	4,935,000	-	\$ 4,935,000	-	\$ 4,935,000
Public Buildings	9,960,000	(6,000,000)	\$ 3,960,000	-	\$ 3,960,000
Water/Wastewater	-	-	\$ -	-	\$ -
Total	\$ 272,075,000	\$ (182,095,000)	\$ 89,980,000	\$ (160,050,000)	\$ (70,070,000)

Bond Authorization usage higher than anticipated and will be exhausted by FY 2025-26 for Police, 2026-27 for Streets and Parks, and FY 2028-29 for Fire. Additional Bond Authorization needed to continue capital program in these areas.

10-Year CIP – GO Bond Funded

Refer to Handout

GO Bond Funded Projects (\$626M) and Related Bond Authorization

- Summarized by bond category (navy blue lines)
- Projects not highlighted will use existing bond authorization
- Projects highlighted in yellow need additional bond authorization to complete (\$395M)
- Supports new and existing infrastructure

Bond Election History

Bond Category	2000 Election	2004 Election	2007 Election	2021 Election
Parks and Recreation	\$34,935,000	\$40,600,000	\$81,350,000	\$72,985,000
Fire	\$4,655,000	\$4,580,000	\$14,265,000	\$25,160,000
Police	\$3,800,000	\$4,360,000	\$15,745,000	\$55,190,000
Art Center			\$4,200,000	
Museum		\$8,500,000	\$4,500,000	
Streets	\$23,795,000	\$59,095,000	\$202,310,000	\$85,780,000
Effluent Reuse	\$24,410,000			
Water and Sewer	\$29,745,000	\$36,580,000	\$107,850,000	
Public Buildings			\$9,960,000	\$33,570,000
Library			\$11,255,000	
Total	\$121,340,000	\$153,715,000	\$451,435,000	\$272,685,000

The City of Chandler has had great success with residents voting to approve bond authorization to support the capital plan. Since 2000 the City has held 4 bond elections. All with significant education/outreach.

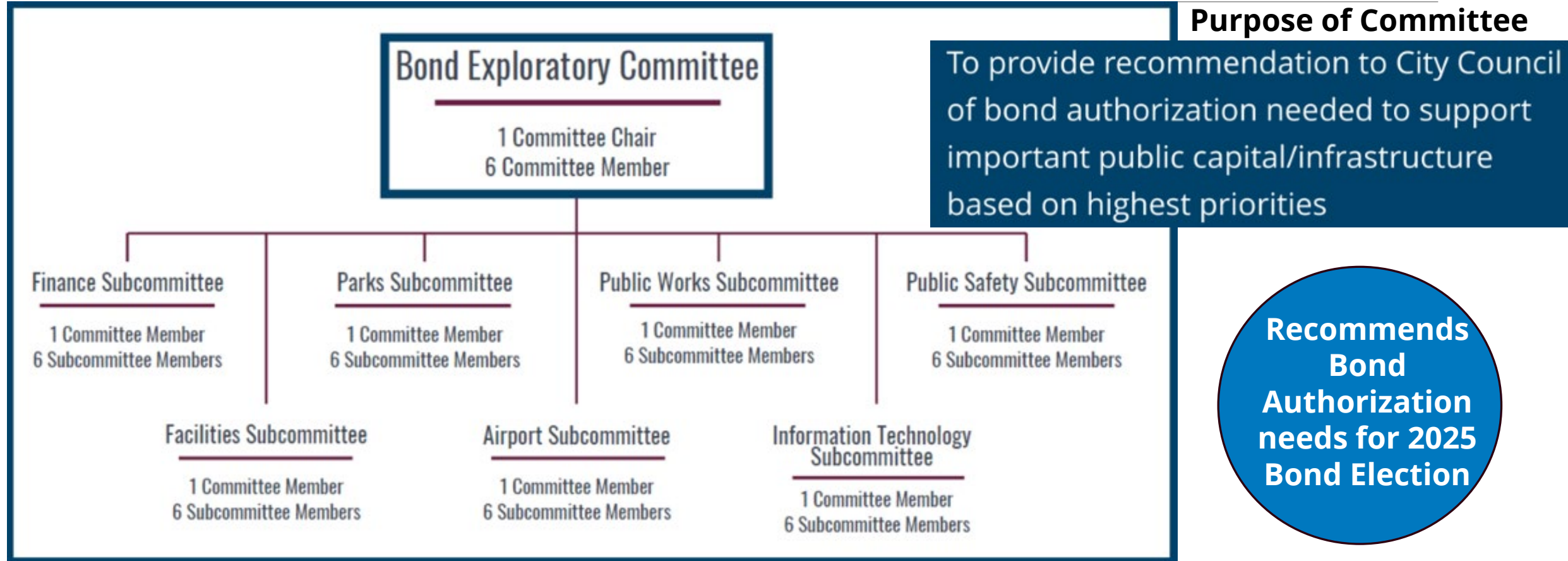
The table shows the bond authorization amounts approved in each category since 2000.

Previous 2021 Bond Election Results



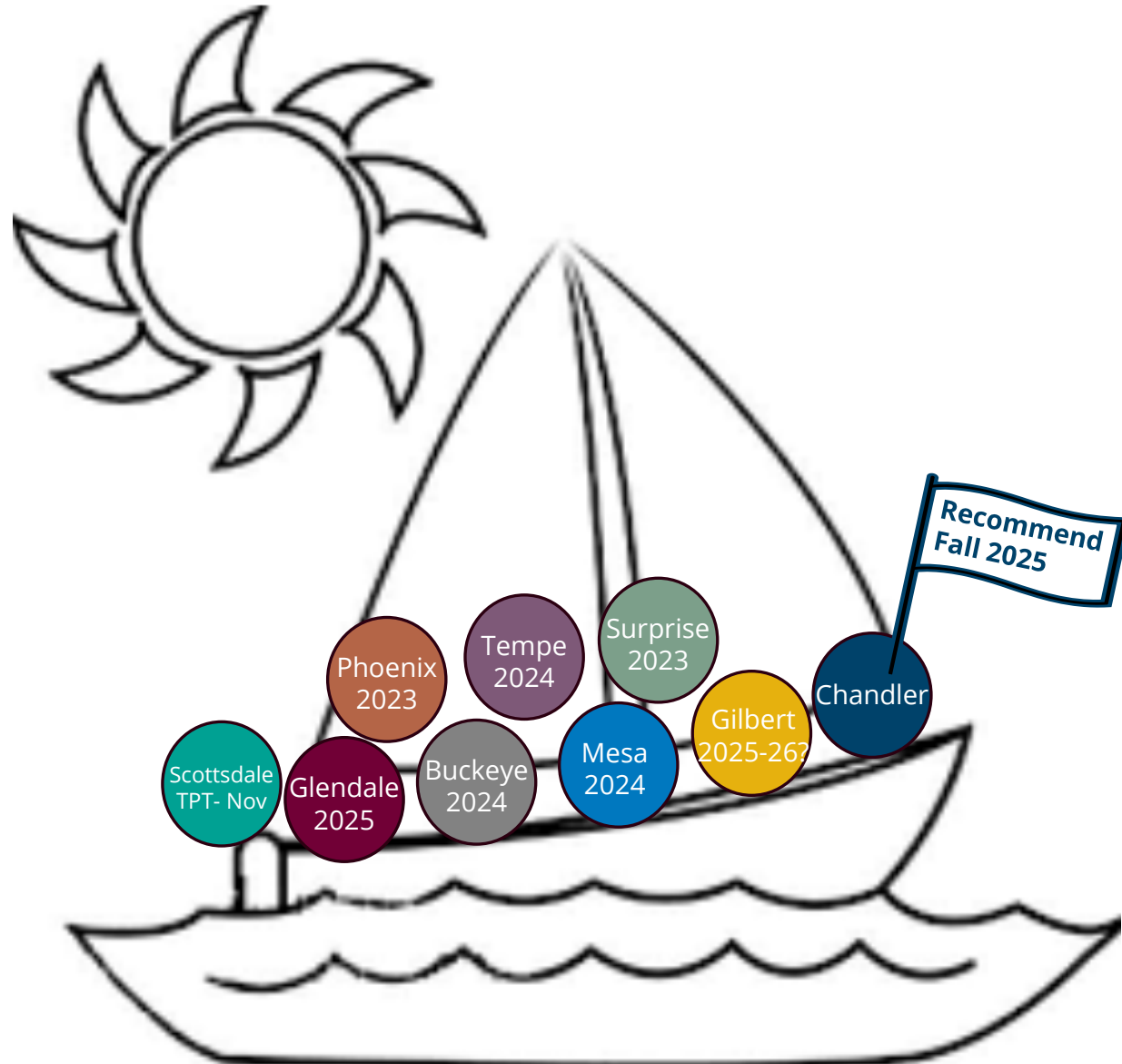
Council direction was to not increase secondary property tax rate

Prior 49 Member Bond Exploratory Election Committee



Bond Exploratory Sample Committee Timeline





Who is in
"The Same
Boat" with
Chandler?



Council Direction

- ✓ Begin outreach prior to formulation of a Citizen Bond Exploratory Committee
- ✓ Report back any feedback prior to Council decision on forming a Citizen Bond Exploratory Committee

Questions



2025-2034 Capital Improvement Program- GO Bond Funded Programs

Bond Election Options

Yellow highlighted projects need Bond Authorization

Bond Fund/Division/Program	FY 2024-25	FY 2025-26	FY2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Ten Year Total
411 - Streets GO Bonds	26,308,000	47,278,865	24,919,975	50,900,200	11,530,500	27,742,500	26,646,500	19,167,500	19,926,500	17,749,500	272,170,040
Cultural Development Capital	2,600,000	500,000	2,020,000	-	-	-	-	-	-	-	5,120,000
6CA671 - Downtown Alley Projects	2,600,000	500,000	2,020,000	-	-	-	-	-	-	-	5,120,000
Streets Capital	20,094,000	46,778,865	22,899,975	47,822,200	10,615,500	19,359,500	17,111,500	19,167,500	19,926,500	17,749,500	241,525,040
6ST248 - Street Repaving	7,144,000	1,144,000	13,144,000	7,144,000	7,144,000	7,144,000	7,144,000	7,144,000	7,144,000	7,144,000	71,440,000
6ST303 - Street Construction - Various Improvements	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	8,000,000
6ST322 - Traffic Signals Improvements and Repairs	2,480,000	1,844,500	1,656,500	1,284,500	1,184,500	1,779,500	1,104,500	1,976,500	1,354,500	1,354,500	16,019,500
6ST692 - Chandler Heights Road (McQueen to Val Vista)	330,300	-	-	-	-	-	-	-	-	-	330,300
6ST693 - Lindsay Road (Ocotillo Road to Hunt Highway)	1,122,300	-	-	-	-	-	-	-	-	-	1,122,300
6ST702 - Washington Street Improvements	-	3,008,000	-	9,833,000	-	-	-	-	-	-	12,841,000
6ST719 - Collector Street Improvements	2,826,000	3,019,000	-	109,000	112,000	1,204,000	-	-	-	-	7,270,000
6ST737 - Kyrene Road (Chandler Boulevard to Santan 202)	-	1,082,000	633,000	11,906,000	-	-	-	-	-	-	13,621,000
6ST747 - Alma School Road (Germann Road to Queen Creek Road)	-	10,006,000	-	-	-	-	-	-	-	-	10,006,000
6ST754 - Ray Road/Dobson Road Intersection Improvement	1,335,200	13,305,565	-	-	-	-	-	-	-	-	14,640,765
6ST774 - Warner Road (Price Rd to Arizona Ave)	-	-	-	357,000	-	-	-	-	7,210,000	6,344,000	13,911,000
6ST781 - Ray Road/Kyrene Road	-	-	-	-	408,000	-	-	-	3,218,000	1,907,000	5,533,000
6ST786 - Arizona Ave/Warner Rd Intersection	1,257,300	-	-	-	-	-	-	-	-	-	1,257,300
6ST787 - Turf To Xeriscape Program	2,798,900	5,565,000	5,759,000	-	-	-	-	-	-	-	14,122,900
6ST790 - Unpaved Alley Program	-	3,876,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	5,476,000
6ST792 - Price Rd/ Queen Creek Rd Intersection Improvement	-	3,128,800	707,475	15,466,700	-	-	-	-	-	-	19,302,975
6ST793 - McQueen Road Improvements (Warner Rd to Pecos Rd)	-	-	-	722,000	767,000	8,232,000	7,863,000	9,047,000	-	-	26,631,000
Transportation Policy Capital	3,614,000	-	-	3,078,000	915,000	8,383,000	9,535,000	-	-	-	25,525,000
6TP750 - Frye Road Protected Bike Lanes	1,338,000	-	-	-	-	-	-	-	-	-	1,338,000
6TP752 - Ashley Trail/Paseo Trail Connection	817,000	-	-	-	-	-	-	-	-	-	817,000
6TP753 - Ocotillo Road Shared Use Path	-	-	-	3,078,000	915,000	8,383,000	9,535,000	-	-	-	21,911,000
6TP767 - Kyrene Branch and Highline Canal Shared Use Paths	1,459,000	-	-	-	-	-	-	-	-	-	1,459,000
412 - Storm Sewer GO Bonds	150,000	-	150,000	-	150,000	-	150,000	-	150,000	-	750,000
Streets Capital	150,000	-	150,000	-	150,000	-	150,000	-	150,000	-	750,000
6ST291 - Miscellaneous Storm Drain Improvements	150,000	-	150,000	-	150,000	-	150,000	-	150,000	-	750,000
420 - Park GO Bonds	5,159,000	26,733,000	39,793,990	11,309,330	42,132,000	54,722,000	5,993,000	8,597,000	2,600,000	3,350,000	190,389,320
Cultural Development Capital	-	10,914,000	3,967,000	1,100,000	783,000	7,836,000	400,000	3,120,000	-	-	28,120,000
6CA650 - Dr. AJ Chandler Park	-	10,000,000	-	-	-	-	-	-	-	-	10,000,000
6CA670 - Tumbleweed Ranch	-	914,000	3,967,000	1,100,000	783,000	7,836,000	400,000	3,120,000	-	-	18,120,000
Parks Capital	5,159,000	15,819,000	35,826,990	10,209,330	41,349,000	46,886,000	5,593,000	5,477,000	2,600,000	3,350,000	162,269,320
6PR049 - Existing Neighborhood Park Improvements/Repairs	837,000	737,000	837,000	700,000	2,418,000	10,357,000	3,793,000	3,677,000	800,000	800,000	24,956,000
6PR398 - Mesquite Groves Park Site Phase I (SDF Loan Bond Issuance)	-	10,000,000	-	-	-	-	-	-	-	-	10,000,000
6PR398 - Mesquite Groves Park Site Phase II	-	-	30,263,000	-	-	-	-	-	-	-	30,263,000
6PR399 - Mesquite Groves Park Site Phase III	-	-	-	-	500,000	34,729,000	-	-	-	-	35,229,000
6PR530 - Existing Community Park Improvements/Repairs	2,237,000	1,437,000	2,937,000	2,300,000	800,000	800,000	800,000	800,000	800,000	1,550,000	14,461,000
6PR629 - Lantana Ranch Park Site	-	-	1,004,990	5,741,330	-	-	-	-	-	-	6,746,320
6PR630 - Existing Community/Recreation Centers Improvements/Repairs	1,585,000	1,204,000	785,000	750,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	10,324,000
6PR650 - Folley Pool Renovation	500,000	2,441,000	-	-	17,745,000	-	-	-	-	-	20,686,000
6PR651 - Tumbleweed Multi-Gen Expansion	-	-	-	718,000	18,886,000	-	-	-	-	-	19,604,000
441 - Public Facility GO Bonds	4,522,000	8,520,000	4,526,000	4,526,000	4,526,000	4,526,000	4,092,000	1,812,000	-	-	37,050,000
Buildings and Facilities Capital	4,522,000	2,520,000	4,526,000	4,526,000	4,526,000	4,526,000	4,092,000	1,812,000	-	-	31,050,000
6BF628 - Existing City Building Renovations/Repairs	4,522,000	2,520,000	4,526,000	4,526,000	4,526,000	4,526,000	4,092,000	1,812,000	-	-	31,050,000
Development Services Capital	-	6,000,000	-	-	-	-	-	-	-	-	6,000,000
6DS736 - Traffic Management Center	-	6,000,000	-	-	-	-	-	-	-	-	6,000,000
460 - Public Safety GO Bonds - Police	5,259,000	50,081,000	1,492,000	10,527,000	4,759,000	11,199,000	-	-	-	-	83,317,000
Police Capital	5,259,000	50,081,000	1,492,000	10,527,000	4,759,000	11,199,000	-	-	-	-	83,317,000
6PD652 - Forensic Services Facility	5,259,000	50,081,000	-	-	-	-	-	-	-	-	55,340,000
6PD653 - Police Main Station Renovations	-	-	1,492,000	10,527,000	4,759,000	11,199,000	-	-	-	-	27,977,000
470 - Public Safety GO Bonds - Fire	-	-	2,633,000	-	2,497,000	14,264,000	5,158,000	17,463,000	-	-	42,015,000
Fire Capital (note: \$10M auth remaining but cannot start construction on #284 since short)	-	-	2,633,000	-	2,497,000	14,264,000	5,158,000	17,463,000	-	-	42,015,000
6FI653 - Rebuild Fire Station #284	-	-	-	-	2,497,000	14,264,000	-	-	-	-	16,761,000
6FI656 - Self Contained Breathing Apparatus Replacements	-	-	2,633,000	-	-	-	-	-	-	-	2,633,000
6FI658 - Fire Station 12 (SDF Loan Bond Issuance)	-	-	-	-	-	-	5,158,000	17,463,000	-	-	22,621,000
Grand Total	41,398,000	132,612,865	73,514,965	77,262,530	65,594,500	112,453,500	42,039,500	47,039,500	22,676,500	21,099,500	625,691,360
Total Planned GO Bond Funded Projects without Bond Authorization	-	-	31,755,000	70,286,530	58,421,500	107,927,500	37,797,500	45,227,500	22,676,500	21,099,500	395,191,530



Health Care Benefits Trust Board Management Services Memo No.

Date: 08/14/2024
To: Health Care Benefits Trust Board
From: Kristi Smith, Financial Services Assistant Director
Subject: Financial Audit Report for Calendar Year 2023 - Heinfeld Meech

Attachments

Communication to Governance
Financial Audit Report

July 30, 2024

To the Governing Board
Chandler Health Care Benefits Trust

We have audited the financial statements of Chandler Health Care Benefits Trust (Trust) for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Chandler Health Care Benefits Trust are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Trust during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are management's estimates of the insurance claims incurred but not reported (IBNR) which are based on information provided by the Trust's third party administrators and subsequent claims activity.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit and communicate them to the appropriate level of management. A misstatement is defined as a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be presented fairly in accordance with the applicable financial reporting framework. During the course of the audit we did not identify any uncorrected misstatements which require communication.

In addition, as part of the professional services we provided to the Trust we assisted with the preparation of the financial statements the notes to financial statements. In providing this service we prepared adjusting journal entries (if necessary) to convert the accounting records to the basis of accounting required by generally accepted accounting principles. If applicable, those adjusting journal entries have been provided to management who reviewed and approved those entries and accepted responsibility for them.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Trust's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the Trust's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the "Independence Rule" of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related factors, as well as the active involvement by management and the members of the governing body in setting the proper "tone at the top", increases the likelihood that fraud will be prevented, deterred and detected.

Other Important Communications Related to the Audit

Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use

This information is intended solely for the use of the members of the Trust and management of Chandler Health Care Benefits Trust and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

1. Is ongoing anti-fraud training provided to all employees of the organization?

- Do employees understand what constitutes fraud?
- Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?
- Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
- Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

2. Is an effective fraud reporting mechanism in place?

- Have employees been taught how to communicate concerns about known or potential wrongdoing?
- Is there an anonymous reporting channel available to employees, such as a third-party hotline?
- Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
- Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
- Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

3. To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?

- Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
- Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
- Are surprise fraud audits performed in addition to regularly scheduled audits?
- Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

- 4. Is the management climate/tone at the top one of honesty and integrity?**
 - Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
 - Are performance goals realistic?
 - Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?
 - Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?
- 5. Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**
- 6. Are strong anti-fraud controls in place and operating effectively, including the following?**
 - Proper separation of duties
 - Use of authorizations
 - Physical safeguards
 - Job rotations
 - Mandatory vacations
- 7. Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**
- 8. Does the hiring policy include the following (where permitted by law)?**
 - Past employment verification
 - Criminal and civil background checks
 - Credit checks
 - Drug screening
 - Education verification
 - References check
- 9. Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?**
- 10. Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**
- 11. Are anonymous surveys conducted to assess employee morale?**

November 1, 2023

Board of Trustees and Management
Chandler Health Care Benefits Trust
P. O. Box 4008
Chandler, AZ 85244-4008

We are pleased to confirm our understanding of the services we are to provide for Chandler Health Care Benefits Trust (Trust) for the year ended December 31, 2023. We encourage you to read this letter carefully as it includes important information regarding the services we will be providing to the Trust. If there are any questions on the content of the letter, or the services we will be providing, we would welcome the opportunity to meet with you to discuss this information further.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the financial statements of Chandler Health Care Benefits Trust as of and for the year ended December 31, 2023.

We have also been engaged to report on supplementary information that accompanies the Trust's financial statements.

Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI) to supplement the Trust's financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Trust's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis

The objectives of our audit 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 issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

An important aspect to our expression of opinions on the financial statements is understanding the concept of materiality. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. For purposes of determining materiality we may assume that reasonable users –

1. have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information in the financial statements with reasonable diligence;
2. understand that financial statements are prepared, presented, and audited to levels of materiality;
3. recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment, and the consideration of future events; and
4. make reasonable judgments based on the information in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Trust or to acts by management or employees acting on behalf of the Trust. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in the financial statements nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts. Our procedures will also include, as deemed necessary, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request, if deemed necessary, written representations from the Trust's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

Audit Procedures – Internal Control

We will obtain an understanding of the Trust and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Trust’s compliance with applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Reporting

We will issue a written report upon completion of our audit of the financial statements. Our report will be addressed to the Governing Board of the Trust. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust’s internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust’s internal control and compliance. The report will also state that the report is not suitable for any other purpose.

If during our audit we become aware that the Trust is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with auditing standards generally accepted in the United States of America and the standards contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Nonaudit Services

As part of the audit, we will assist with preparation of your financial statements, notes to the financial statements, and supplementary information. You have expressed your intention to use these nonaudit services within the scope of your request for proposal for audit services. These nonaudit services do not constitute an audit and such services will not be conducted in accordance with *Government Auditing Standards*.

Upon engagement of the audit we will utilize the general ledger, accounting records, Trust prepared schedules and other information provided by Trust personnel in order to prepare the necessary year-end adjusting journal entries and to prepare drafts of the financial statements, notes to the financial statements, and the supplementary information. You are responsible for the information provided by the Trust and for assuming all management responsibilities related to the financial statements, notes to the financial statements, supplementary information, and the nonaudit services we provide. You are also responsible for designing, implementing, and maintaining internal controls over the financial statements process. Prior to their issuance you will be required to acknowledge in the management representation letter that you have reviewed and approved the financial statements and acknowledge that you have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee the nonaudit services we provide; evaluate the adequacy and results of these nonaudit services; and accept responsibility for the nonaudit services.

As the Trust's independent auditor, professional standards place specific requirements on our provision of certain nonaudit services. We are strictly prohibited from assuming management responsibilities or making management decisions; therefore, the nonaudit services we provide are limited to those indicated above. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities or making management decisions. Accordingly, to maintain our independence it is imperative that management understand its responsibilities and is capable of fulfilling these responsibilities. If there are any questions or concerns regarding management's responsibilities or ability to fulfill these responsibilities we request that you immediately contact us so that we may assess the circumstance and our continued independence with respect to providing audit services.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws, regulations and the provisions of contracts and grant agreements. Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform our audit; (3) additional information we may request for the purpose of the audit; and (4) unrestricted access to persons within the Trust from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Management's responsibilities also include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Trust involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Trust received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Trust complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, it is management's responsibility to evaluate and monitor noncompliance with laws, regulations, and the terms and conditions of contracts; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review prior to issuance of our reports.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in a written representation letter that (1) you are responsible for presentation of supplementary information in accordance with accounting principles generally accepted in the United States of America ; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America ; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or studies related to the objectives discussed in the *Audit Scope and Objectives* section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our tests will not include a detailed check of all transactions for the period.

We have identified the following significant risks of material misstatement as part of our audit planning:

1. Management override of controls
2. Improper revenue recognition

Our audit will include obtaining an understanding of the Trust and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Trust or to acts by management or employees acting on behalf of the Trust. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit in November 2023 and conclude audit procedures and date our report in May 2024.

Our audit of the financial statements does not relieve you of your responsibilities outlined in the *Responsibilities of Management for the Financial Statements* section of this letter.

Use of Third-Party Service Providers

We maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. We may, depending on the circumstances, use third-party service providers in providing our professional services. The following service providers may be utilized in the completion of our engagement:

- Capital Confirmation, Inc. – electronic bank and account balance confirmation service
- Citrix ShareFile – web-based application service to transfer files
- CCH Engagement Organizer – web-based application service to transfer files
- Harvest Investments, Ltd. – investment portfolio valuation service

You hereby consent and authorize us to use the above service providers, if deemed necessary, to complete the professional services outlined in this letter.

Engagement Administration, Fees, and Other

Joshua Jumper is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We will provide copies of our reports to the Trust; however, management is responsible for distribution of the reports and the financial statements.

The audit documentation for this engagement is the property of Heinfeld, Meech & Co., P.C., and constitutes confidential information. However, we may be requested to make certain audit documentation available to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, the U.S. Government Accountability Office, or other authorized governmental agency for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Heinfeld, Meech & Co., P.C., personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date, or for any additional period requested by a regulator, cognizant agency, oversight agency for audit, or pass-through entity. Upon expiration of the seven year period, or any additional period, we will commence the process of destroying the contents of our engagement files. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

Any disagreement, controversy, or claim (“dispute”) that may arise from any aspect of our services, including this engagement or any prior engagement, will be submitted to mediation. The parties will engage in the mediation process in good faith once a written request to mediate has been given by any party. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally.

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between us. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (“limitation period”) after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. The limitation period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Professional standards prohibit auditors from agreeing to indemnify attest clients for damages, losses or costs arising from lawsuits, claims or settlements that relate, directly or indirectly, to the client's acts. As such, professional standards will prevail for indemnification clauses included in audit contracts. In addition, we are unable to obtain waivers on our professional liability insurance policy for certain provisions, including indemnification provisions, provisions requiring the firm to name the Trust as an additional insured party, and a waiver of subrogation rights.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our fee for these services will be \$9,000. We exercised care in estimating the fee and believe it accurately indicates the scope of the work. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fees are based on anticipated cooperation from your personnel, timely receipt of information, and the assumption that unexpected circumstances will not be encountered during the audit, including factors beyond our control, such as new accounting pronouncements or legal requirements, additional consultation, and assistance in correcting errors in your financial records. We will plan the engagement based on the assumption that your personnel will prepare and provide us with the items listed in our request for audit information, including preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Additional fees incurred will be billed at the following hourly rates: Partner - \$280; Manager - \$220; Senior - \$165; Staff - \$120.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect. *Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2021 peer review report accompanies this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please feel free to contact us at any time if you have any questions or concerns. If you have any questions regarding this letter, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

cc: Dawn Lang, Deputy City Manager | CFO
Kristi Smith, Financial Services Assistant Director
Robert Steele, Accounting Manager

RESPONSE

Please indicate the name of the individual responsible for overseeing the nonaudit services of preparing the year-end adjusting journal entries and the preparation of the financial statements:

Robert Steele, Accounting Senior Manager
Name: _____

This letter correctly sets forth the understanding of Chandler Health Care Benefits Trust.

Dawn Lang
Printed Name: _____

Deputy City Manager | CFO
Title: _____

Dawn Lang
Signature: _____

11/08/2023
Date: _____

Report on the Firm's System of Quality Control

August 31, 2021

To Heinfeld, Meech & Co., P.C. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. (the firm) in effect for the year ended May 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

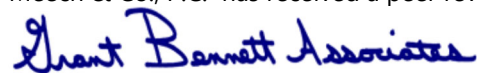
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. in effect for the year ended May 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Heinfeld, Meech & Co., P.C. has received a peer review rating of *pass*.



GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



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TRANSACTION DETAILS

Reference Number
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SIGNERS

SIGNER	E-SIGNATURE	EVENTS
<p>Name Dawn Lang</p> <p>Email dawn.lang@chandleraz.gov</p> <p>Components 5</p>	<p>Status signed</p> <p>Multi-factor Digital Fingerprint Checksum f9d765c0d79605487409f78b9dcd47170e8450d77669d295562d7bed21175b56</p> <p>IP Address 198.241.2.1</p> <p>Device Microsoft Edge via Windows</p> <p>Typed Signature </p> <p>Signature Reference ID FECA7BE5</p>	<p>Viewed At 11/08/2023 15:54 MST</p> <p>Identity Authenticated At 11/08/2023 15:56 MST</p> <p>Signed At 11/08/2023 15:56 MST</p>

AUDITS

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Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of Chandler Health Care Benefits Trust (Trust), an internal service fund of the City of Chandler, Arizona, which comprises the respective financial position as of December 31, 2023, and the respective changes in financial position and cash flows for the period then ended, and the disclosures (collectively the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified financial information required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility 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.

Mailing Address

Mail Stop 609
P.O. Box 4008
Chandler, AZ 85244-4008

Management Services

Administration
480-782-2250
480-782-2553 Fax
chandleraz.gov

Location

Third Floor
175 S. Arizona Ave.
Chandler, AZ 85225

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and responses.
8. The effects of all known actual or possible litigation, claims, and assessments have been evaluated, and if necessary, have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the Trust is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the Trust and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Trust's financial statements communicated by employees, former employees, grantors, regulators, or others.
15. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. If applicable we have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
23. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The Trust has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

26. We have identified and disclosed to you all instances of identified fraud and suspected fraud that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
27. We have identified and disclosed to you all instances of identified noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
28. We have identified and disclosed to you all instances of identified abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
29. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
30. In addition to your audit, you assisted with preparation of the financial statements and notes to the financial statements. We acknowledge our responsibility as it relates to those nonaudit services, including that
 - we assume all management responsibilities;
 - oversee the nonaudit services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience;
 - evaluate the adequacy and results of the nonaudit services performed;
 - and accept responsibility for the results of the nonaudit services.
31. We have reviewed, approved, and accepted responsibility for the financial statements, and notes to the financial statements.
32. The Trust has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
33. The Trust has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
34. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

35. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
36. The financial statements include all fiduciary activities required by U.S. GAAP.
37. The financial statements properly classify all activities in accordance with U.S. GAAP.
38. Components of net position are properly classified and, if applicable, approved.
39. Investments are properly valued.
40. With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
41. If applicable, provisions for uncollectible receivables have been properly identified and recorded.
42. Expenses have been appropriately classified in the statement of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
43. Revenues are appropriately classified in the statement of revenues, expenses and changes in net position.
44. Special and extraordinary items, if any, are appropriately classified and reported.
45. Deposits and investment securities are properly classified as to risk and are properly disclosed.
46. We have appropriately disclosed the Trust's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
47. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

48. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

We have reviewed the drafts of the financial statements and related notes and believe the amounts are properly presented based on the books and records of our Trust. We hereby take responsibility for the financial statements and authorize Heinfeld, Meech & Co., P.C. to issue the reports in final form and to distribute to those parties as outlined in the contract.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the Board of Trustees a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Dawn Lang

Dawn Lang, Deputy City Manager | CFO
Chandler Health Care Benefits Trust

07/24/2024

Date

SIGNATURE CERTIFICATE



REFERENCE NUMBER

FEFFE1AA-C606-4A42-99E8-633DBA84C228

TRANSACTION DETAILS

Reference Number

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Transaction Type

Signature Request

Sent At

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Distribution Method

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Signer Sequencing

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Document Passcode

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6 pages

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178 KB

Original Checksum

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<p>Name Dawn Lang</p> <p>Email dawn.lang@chandleraz.gov</p> <p>Components 2</p>	<p>Status signed</p> <p>Multi-factor Digital Fingerprint Checksum 2bf3583da830b666fe823f6ce1c982e71a18d2d3da123812c7f8f6f8d321da06</p> <p>IP Address 198.241.2.1</p> <p>Device Microsoft Edge via Windows</p> <p>Typed Signature </p> <p>Signature Reference ID 2D1A5401</p>	<p>Viewed At 07/24/2024 19:10 EDT</p> <p>Identity Authenticated At 07/24/2024 19:11 EDT</p> <p>Signed At 07/24/2024 19:11 EDT</p>

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Chandler Health Care Benefits Trust
Financial Statements and
Report on Internal Control and on Compliance
Year Ended December 31, 2023

Chandler Health Care Benefits Trust
December 31, 2023

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Independent Auditor's Report

Board of Trustees
Chandler Health Care Benefits Trust

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Chandler Health Care Benefits Trust (Trust), an internal service fund of the City of Chandler, Arizona, as of and for the year ended December 31, 2023, and the related notes to the 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 financial position of the Chandler Health Care Benefits Trust, as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 the Chandler Health Care Benefits Trust 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 opinion.

Emphasis of Matter

As discussed in Note 1A, the financial statements of the Chandler Health Care Benefits Trust, an internal service fund of the City of Chandler, Arizona, are intended to present the financial position, the changes in financial position, and the cash flows of only that portion of the City of Chandler, Arizona, that is attributable to the transactions of the Chandler Health Care Benefits Trust. They do not purport to, and do not present fairly the financial position of the City of Chandler, Arizona, as of December 31, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 opinion. 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 Trust'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.

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, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2024, on our consideration of the Chandler Health Care Benefits Trust'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 Chandler Health Care Benefits Trust'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 the Chandler Health Care Benefits Trust's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
July 24, 2024

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Chandler Health Care Benefits Trust
Management's Discussion and Analysis (MD&A)
December 31, 2023

As management of the Chandler Health Care Benefits Trust (Trust), we offer readers of the Trust's financial statements this narrative overview and analysis of the financial activities of the Trust for the year ended December 31, 2023. The management's discussion and analysis is presented as required supplementary information to provide additional explanation to the financial statements.

Financial Highlights

- The Trust's total net position increased approximately \$3.3 million to \$15.3 million, primarily due to a contribution of \$5.0 million that was transferred in from the city's General Fund.
- Operating revenues of \$25.1 million included \$19.4 million in employer premiums, \$2.9 million in employee premiums and \$2.5 million in retiree premiums.
- The Trust had approximately \$27.6 million in operating expenses, consisting primarily of \$24.5 million of claims expense.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Trust's financial statements.

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

The statement of revenues, expenses and changes in net position presents information showing how the Trust's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Chandler Health Care Benefits Trust
Management’s Discussion and Analysis (MD&A)
December 31, 2023

Overview of Financial Statements

The statement of cash flows outlines the cash inflows and outflows related to the operation of the Trust for the year ended. As discussed more thoroughly in Note 1 to the financial statements, the operations of the Trust are accounted for as an element of the City of Chandler’s internal service funds. As a result, only the financial statements required for the financial activity of the Trust are presented.

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

Financial Analysis

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the Trust, assets exceeded liabilities by \$15.3 million at the current fiscal year end.

The following table presents a summary of the Trust’s net position for the fiscal years ended December 31, 2023 and 2022.

	2023	2022
Current assets	\$ 21,328,332	\$ 17,687,847
Total assets	21,328,332	17,687,847
Current liabilities	5,612,781	5,315,041
Noncurrent liabilities	400,400	342,800
Total liabilities	6,013,181	5,657,841
Net position:		
Unrestricted	15,315,151	12,030,006
Total net position	\$ 15,315,151	\$ 12,030,006

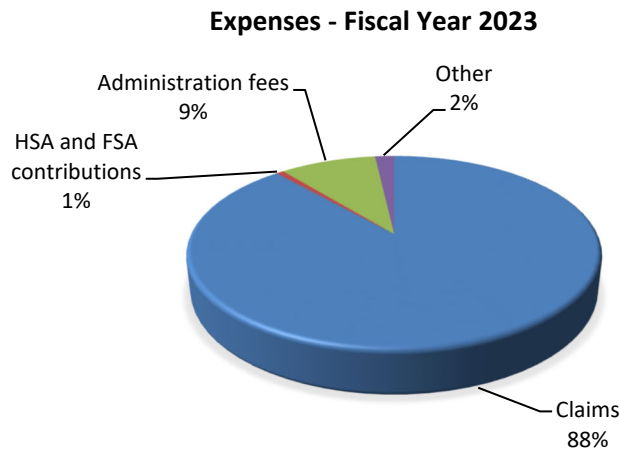
At the end of the current and prior year, the Trust reported a positive net position. The Trust’s financial position is the product of several financial transactions, including the net results of activities. The change in total assets is primarily due to an increase in the Trust’s investment balance. The change in total liabilities is primarily due to an increase in the current portion of the incurred but not reported (IBNR) claims payable estimate.

**Chandler Health Care Benefits Trust
Management’s Discussion and Analysis (MD&A)
December 31, 2023**

Financial Analysis

Changes in net position. The Trust’s total revenues for the current fiscal year were \$30.9 million. The total expenses were \$27.6 million. The following table presents a summary of the changes in net position for the years ended December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Revenues:		
Contributions and premiums	\$ 24,868,903	\$ 22,584,456
Investment income	875,756	(255,392)
Other	189,467	230,280
City funding	5,000,000	5,000,000
Total revenues	<u>30,934,126</u>	<u>27,559,344</u>
Expenses:		
Claims	24,450,942	23,530,166
HSA and FSA contributions	196,000	212,450
Administrative fees	2,504,585	2,595,348
Other	497,454	523,928
Total expenses	<u>27,648,981</u>	<u>26,861,892</u>
Changes in net position	<u>3,285,145</u>	<u>697,452</u>
Net position, beginning	<u>12,030,006</u>	<u>11,332,554</u>
Net position, ending	<u>\$ 15,315,151</u>	<u>\$ 12,030,006</u>



Chandler Health Care Benefits Trust
Management's Discussion and Analysis (MD&A)
December 31, 2023

Financial Analysis

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

- An increase in contributions and premiums of \$2.3 million (10.1%).
- An increase in investment income of \$1.1 million (442.9%).
- An increase in claims expenses of \$920,776 million primarily due to an increase in the average number of employees participating in the plan as well as higher priced specialty prescriptions.

Claims Payable

As of December 31, 2023, the Trust had \$5.9 million in claims payable. Additional information on the Trust's claims payable can be found in Note 3.

Economic Factors, Reserve Levels and Next Year's Rates

An actuarial analysis is completed annually and updated throughout the plan year to help ensure the Trust is funded at an appropriate level and to monitor economic impacts that will affect future rate setting and reserves. The Trust's goal is to maintain a minimum end of year reserve equal to the IBNR plus two months of costs. For the year ended December 31, 2023, the actuary estimated a minimum reserve of \$9,431,000 (IBNR as of December 31, 2023 of \$4,004,000 + 2023 two months of Incurred Claims and Administration of \$5,427,000), and the Trust's net position at December 31, 2023 was \$15,315,151. Based on end of year results, it was determined that contributions were adequate to maintain the appropriate reserve level as of December 31, 2023.

During the process of developing the contribution rates for the year ended December 31, 2023, many factors are considered by the Trust's administration. The primary factors taken into consideration are threefold: attempt to keep rates affordable, while staying within industry pricing; ensure reserves are sufficient to maintain the financial health of the Trust; and address current and future implications of the Affordable Care Act. Due to recent spending trends, it is projected that the city's General Fund will provide a \$5.0 million contribution in fiscal year 2024-25. Additionally, a rate increase of 8.0% in calendar year 2025 is projected as well.

Contacting the Trust's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Management Services Department, Chandler Health Care Benefits Trust; 175 South Arizona Avenue, 3rd Floor; Chandler, Arizona 85225, 480-782-2333.

Chandler Health Care Benefits Trust
Statement of Net Position
December 31, 2023

Assets

Current assets:

Cash and investments	\$ 17,972,754
Accrued investment income	173,970
Accounts receivable	105,991
Due from city	<u>3,075,617</u>

Total assets	<u>21,328,332</u>
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Liabilities

Current liabilities:

Accounts payable	3,893
Accrued payroll	15,829
Compensated absences payable	48,141
Employee claims payable, due to Blue Cross Blue Shield	1,585,874
Retiree claims payable, due to Blue Cross Blue Shield	352,789
COBRA claims payable, due to Blue Cross Blue Shield	2,655
Claims payable, incurred claims but not reported	<u>3,603,600</u>
Total current liabilities	5,612,781

Noncurrent liabilities:

Claims payable, incurred claims but not reported	<u>400,400</u>
Total noncurrent liabilities	400,400

Total liabilities	<u>6,013,181</u>
--------------------------	-------------------------

Net position

Unrestricted	<u><u>\$ 15,315,151</u></u>
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Chandler Health Care Benefits Trust
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

Operating revenues:

Contributions:	
Employer premiums	\$ 19,441,666
Employee premiums	2,904,279
Retiree premiums	2,479,668
COBRA premiums	43,290
Other:	
Recovery of medical claims	9,467
Wellness programs	125,000
Administrator contribution	55,000
Total operating revenues	<u>25,058,370</u>

Operating expenses:

Claims paid - employees	18,826,273
Claims paid - retirees	4,747,554
Claims paid - COBRA	301,115
Claims incurred but not reported	576,000
Health savings and flexible spending account contributions	196,000
Personnel services	425,838
Contractual services	45
Self-insurance administrative fees	2,504,585
Wellness programs	30,279
Comparative effectiveness fee	10,200
Audit fees	8,580
Bank fees	520
Promotional	3,600
Operating supplies	12,862
Total operating expenses	<u>27,643,451</u>

Operating income (loss) (2,585,081)

Nonoperating revenues (expenses):

Payments to city	(5,530)
City funding	5,000,000
Investment income (loss)	875,756
Total nonoperating revenues (expenses)	<u>5,870,226</u>

Change in net position 3,285,145

Net position, beginning of year 12,030,006

Net position, end of year \$ 15,315,151

Chandler Health Care Benefits Trust
Statement of Cash Flows
For the Year Ended December 31, 2023

Increase/Decrease in Cash and Cash Equivalents

Cash flows from operating activities:	
Cash received for premiums and other operating purposes	\$ 24,665,622
Cash payments for claims	(24,099,987)
Cash payments to suppliers for other services	(2,770,699)
Cash payments to employees for services	<u>(417,425)</u>
Net cash provided by/used for operating activities	<u>(2,622,489)</u>
 Cash flows from noncapital financing activities:	
Cash paid to city for technology replacement	(5,530)
City funding	<u>5,000,000</u>
Net cash provided by/used for non-capital financing activities	<u>4,994,470</u>
 Cash flows from investing activities:	
Investment income	768,097
Proceeds from sales of investments	32,208,513
Purchases of investments	<u>(35,348,591)</u>
Net cash provided by/used for investing activities	<u>(2,371,981)</u>
Net increase/decrease in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>

Reconciliation of operating income/loss to cash provided by/used for operating activities:

Operating income/loss	\$ (2,585,081)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in accounts receivable	(15,233)
Increase/decrease in due to/from city	(377,515)
Increase/decrease in claims payable	350,954
Increase/decrease in accounts payable	(4,028)
Increase/decrease in accrued payroll	5,065
Increase/decrease in compensated absences payable	<u>3,349</u>
Net cash provided by/used for operating activities	<u><u>\$ (2,622,489)</u></u>

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:

Cash and cash equivalents	\$ -
Investments	17,972,754
Cash and investments	<u><u>\$ 17,972,754</u></u>

Chandler Health Care Benefits Trust
Notes to Financial Statements
December 31, 2023

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Chandler Health Care Benefits Trust (Trust) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

The Trust is accounted for as an internal service fund of the City of Chandler, Arizona (city), and the ultimate financial accountability for the Trust remains with the city. General risk management is a responsibility of the city. Additional information about the city is reported in the city's Annual Comprehensive Financial Report.

The Trust was organized in September 2010 for the purpose of funding payments to health care vendors who provide health care services to benefit-eligible participating city employees, elected officials, retirees, eligible dependents, and other eligible persons as determined by the city. The financial statements present only the Trust as one of the internal service funds of the city and are not intended to present the balances and activity of all city internal service funds or the city in its entirety.

The Health Care Benefits Trust Board (Board) consists of five trustees. No Trustee may be a member of the city Council and no more than one Trustee may be an employee of the city. No former member of the city Council or former employee of the city shall be a Trustee.

B. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues generally consist of employer and employee premiums and other related revenues, while operating expenses are primarily the payment of health claims and the administration of the Trust. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and Investments

For purposes of the Statement of Cash Flows, the Trust considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Chandler Health Care Benefits Trust
Notes to Financial Statements
December 31, 2023

Note 1 – Summary of Significant Accounting Policies

The Board adopted a resolution to cause the assets of the Trust to be invested, consistent with the city's investment policy. The Trust's investments are stated at fair value. Fair value is based on quoted market prices as of the valuation date.

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

D. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements when applicable.

E. Compensated Absences

Vacation leave vests with the employee as it is earned dependent on accumulated time and the individual's vacation benefits. All employees may carry-forward only the amount of vacation benefits equal to the maximum allowable earned credits for the preceding calendar year. Upon termination or retirement, an employee will be compensated for accumulated vacation leave dependent on accumulated time and the individual's vacation benefits. Payment will be based on the individual's rate of pay at termination or retirement. Upon death, the same benefits shall be paid to the employee's beneficiary.

F. Claims Payable

The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Given the inherent uncertainty in the nature of such estimates, future losses will likely deviate, perhaps materially, from those estimates.

Chandler Health Care Benefits Trust
Notes to Financial Statements
December 31, 2023

Note 1 – Summary of Significant Accounting Policies

G. Deferred Outflows/Inflows of Resources

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

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

H. Contributions

The Trust agreement provides that each participating member and the city contribute a specified amount to the Trust. The contribution rates are determined by the Board on an annual basis.

I. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

J. Net Position Flow Assumption

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

K. Estimates

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

L. Reinsurance

The Trust has entered into reinsurance contracts for health insurance coverage. Reinsurance coverage is for specific losses in excess of \$350,000, with a 125 percent aggregate limit.

Chandler Health Care Benefits Trust
Notes to Financial Statements
December 31, 2023

Note 2 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the Trust's deposits may not be returned to the Trust. At year end, both the carrying amount of the Trust's deposits and the bank balance was zero.

The following summarizes amounts reported as investments in the accompanying financial statements:

Investment Type	Category	Fair Value	Investment Maturities		Concentration of Credit Risk %	S&P / Moody's Rating
			Less than 1 Year	1-5 Years		
Money Market Fund	Level 1	\$ 10	\$ 10	\$	0.00%	AAAm/NR
Custodial Money Market	Level 1	36,895	36,895		0.21%	AAAm/NR
Certificate of Deposit:						
Toronto Dominion Bank NY	Level 2	250,333		250,333	1.39%	A/A1
U.S. Treasuries	Level 1	13,415,300	3,591,488	9,823,812	74.65%	
Municipal Bond						
Scottsdale, AZ TXBL GO Bonds	Level 2	84,743		84,743	0.47%	AAA/Aaa
U.S. Agencies:						
Fannie Mae	Level 2	369,772		369,772	2.06%	AA+/Aaa
Federal Home Loan Banks	Level 2	1,508,531		1,508,531	8.39%	AA+/Aaa
Corporate Bonds:						
Amazon.com	Level 2	200,382	108,058	92,324	1.11%	AA/A1
Apple Inc Corporation	Level 2	259,724		259,724	1.45%	AA+/Aaa
Bank of America Corporation	Level 2	137,598		137,598	0.77%	A+/Aa1
Cisco Systems Inc Corporation	Level 2	226,688		226,688	1.26%	AA-/A1
Intel Corporation	Level 2	147,519		147,519	0.82%	A/A2
JPMorgan Chase & CO Corporation	Level 2	216,532		216,532	1.20%	A-/A1
Microsoft Corporation	Level 2	258,714		258,714	1.44%	AAA/Aaa
Novartis Capital Corporation	Level 2	223,556		223,556	1.24%	AA-/A1
Pepsico Inc Corporation	Level 2	152,356		152,356	0.85%	A+/A1
Texas Instruments Inc Corporation	Level 2	34,836	34,836		0.19%	A+/Aa3
Toyota Motor Credit Corporation	Level 2	136,673		136,673	0.76%	A+/A1
Wal-Mart Stores Inc Corporation	Level 2	312,592		312,592	1.74%	AA/Aa2
		<u>\$ 17,972,754</u>	<u>\$ 3,771,287</u>	<u>\$ 14,201,467</u>	<u>100.00%</u>	

Fair Value Measurements. The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Chandler Health Care Benefits Trust
Notes to Financial Statements
December 31, 2023

Note 2 – Cash and Investments

The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

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

Valuation Techniques. U.S. Treasuries and Money Market Funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities. Governmental bonds, corporate bonds, and other fixed income instruments classified in Level 2 of the fair value hierarchy are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default dates) or other market corroborated inputs. All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis.

Interest Rate Risk. In accordance with the city's investment policy, the Trust manages its exposure to declines in fair value by limiting the maturities of its investment portfolio to five years.

Credit Risk. In accordance with the city's investment policy, the Trust allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of AA+ or Aaa, commercial paper with a minimum short term rating of A-1 or P-1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A-, and the Local Government Investment Pool. The Trust's investments in U.S. Agencies, Corporate Bonds and Money Market Funds were rated no lower than AA+, BBB+ and AAAM by Standard & Poor's, respectively, as of year end.

Custodial Credit Risk - Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure and in accordance with the city's investment policy, the Trust requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Trust's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Trust's name.

Concentration of Credit Risk. In accordance with the city's investment policy, the Trust does not allow for an investment in any one issuer that is in excess of five percent of the total investments. Securities issued by the United States of America or its agencies are exempt from this provision.

Chandler Health Care Benefits Trust
Notes to Financial Statements
December 31, 2023

Note 3 – Claims Payable

As discussed in Note 1, the Trust establishes a liability for both reported and unreported claims costs, which includes estimates of both future claim payments and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Trust during the year ended December 31, 2023 and 2022.

	2023	2022
Unpaid claims and claim adjustments, beginning	\$ 5,594,364	\$4,464,123
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	24,581,122	23,674,372
Increase in provision for insured events of prior years	(130,180)	(144,206)
Total claims and claim adjustment expenses	24,450,942	23,530,166
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	(20,259,624)	(19,071,428)
Claims and claim adjustment expenses attributable to insured events of prior years	(3,840,364)	(3,328,497)
Total claims payments	(24,099,988)	(22,399,925)
Unpaid claims and claim adjustments, ending	\$ 5,945,318	\$ 5,594,364

Report on Internal Control and on Compliance

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

Board of Trustees
Chandler Health Care Benefits Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Chandler Health Care Benefits Trust, an internal service fund of the City of Chandler, Arizona, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Chandler Health Care Benefits Trust’s financial statements, and have issued our report thereon dated July 24, 2024. Our report included an emphasis of matter paragraph regarding the financial statements not representing the entire City of Chandler, Arizona.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chandler Health Care Benefits Trust’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chandler Health Care Benefits Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of Chandler Health Care Benefits Trust’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chandler Health Care Benefits Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
July 24, 2024



Health Care Benefits Trust Board Human Resources Memo No.

Date: 08/14/2024
To: Health Care Benefits Trust Board
From:
Subject: **Medical Trust Actuarial Report - Segal**

Attachments

Medical Report
Dental Report



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Tempe, AZ 85282-1936
segalco.com

August 2, 2024

Rae Lynn Nielsen
Human Resources Director
City of Chandler
PO Box 4008
Chandler, AZ 85244-4008

**Re: City of Chandler
Medical and Prescription Drug Plan Monthly Reporting
January 1, 2024 through December 31, 2024 – Data through June**

Dear Rae Lynn:

Enclosed is the monthly experience reporting for the City's medical and prescription drug plans. The report contains medical claims, prescription drug claims, enrollment, and expense information as furnished by Blue Cross Blue Shield of Arizona (Whyzen Analytics reporting tool) through June 30, 2024.

For the month of June, Medical paid claims were approximately \$1,764,200 while net Rx claims were about \$591,300. For the 2024 plan year-to-date, claims and expenses (after stop-loss reimbursements and pharmacy rebates) exceeded contributions by approximately \$1,557,400 or 11.4% of contributions. Based on paid claims and expenses, Actives and Retirees on the Red Plan and Blue Plan, as well as Retirees on the White Plan experienced an operating deficit, as displayed on Page 8.

There are twelve claimants with paid claims in excess of \$100,000 during the reporting period. There are no individuals in the current plan year who have exceeded the stop loss deductible of \$350,000.

Expenses included in this report are medical plan administration, stop-loss premium, capitation for behavioral health & chiropractic services, value based services, out-of-network shared savings costs, HSA administration, and fees associated with the Affordable Care Act. Also included is the amount of \$125,689 per month from the estimated 2024 Operating Budget. These expenses exclude those funded by Blue Cross Blue Shield of Arizona. These expenses include categories such as wellness incentives, personnel support, audit & financial services, promotional, operating supplies & equipment, bank charges, contractual services, and health savings and flex account contributions.

In June 2024, approximately 38.9% of all active employees and retirees were enrolled in the Red plan, with 5.1% enrolled in the Blue plan, and 56.0% enrolled in the White plan. The current average total enrollment in 2024 is approximately 2.1% higher than the 2023 average enrollment.

This document has been prepared for the exclusive use and benefit of the City of Chandler, based upon information provided by you and your other service providers or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. Except as may be required by law, this document should not be shared, copied or quoted, in whole or in part, without the consent of Segal. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

I look forward to discussing this report with you.

Sincerely yours,



Rachel Calisi, GBDS, CEBS
Senior Health Consultant



City of Chandler

Medical/Rx Monthly Reporting: January 2024 - December 2024

(Data Through June 2024)

8/2/2024

Presented by: Rachel Calisi

City of Chandler

HealthPlan Dashboard - Data thru June 2024

Financial

Income vs Paid Medical/Rx Claims + Expenses			
	Jun'24	Jan'24-Jun'24	Jan'23-Dec'23
Contributions (PEPM)	\$1,215.77	\$1,219.54	\$1,141.17
Net Paid Medical Claims (PEPM)	\$944.95	\$898.17	\$832.44
Net Paid Rx Claims (PEPM)	\$317.04	\$252.88	\$248.75
Total Claims (PEPM)	\$1,261.99	\$1,151.05	\$1,081.19
Stop Loss & Adm Expenses (PEPM)	\$209.12	\$207.96	\$181.52
Total Claims & Expenses (PEPM)	\$1,471.11	\$1,359.01	\$1,262.71
Surplus/Deficit (PEPM)	-\$255.34	-\$139.47	-\$121.53
Loss Ratio	121%	111%	111%
PEPM % Change	8.2%	7.6%	

Prescription Drugs (Rx)

Pharmacy Spend ²			
	Jan'24-Jun'24	Jan'23-Dec'23	% Change
Generic (PEPM)	\$20.13	\$32.38	-37.8%
Brand Preferred (PEPM)	\$175.21	\$222.34	-21.2%
Brand Non-Preferred (PEPM)	\$15.36	\$11.86	29.5%
Specialty (PEPM)	\$251.87	\$171.40	47.0%
Total (PEPM)	\$462.58	\$437.98	5.6%

Pharmacy Retail vs Mail Order			
	Jan'24-Jun'24	Jan'23-Dec'23	% Change
Retail Scripts PMPY	5.06	10.92	-53.7%
Mail Order Scripts PMPY	0.18	0.39	-53.9%
% Mail Order	3.5%	3.5%	-0.5%

Pharmacy Per Script Metrics ²			
	Jan'24-Jun'24	Jan'23-Dec'23	% Change
Generic Dispensing Rate	83.5%	82.6%	1.2%
Generic Plan Paid/Script	\$9.01	\$13.35	-32.5%
Brand Plan Paid/Script	\$468.88	\$483.48	-3.0%
Specialty Plan Paid/Script	\$7,255.92	\$6,098.62	19.0%
Total Plan Paid/Script	\$172.83	\$149.04	16.0%

Enrollment

Demographics			
	Jun'24	Jan'24-Jun'24	Jan'23-Dec'23
Avg. # of Employees	1,865	1,859	1,818
Avg. # of Members	4,709	4,717	4,678
Ratio Members to EEs	2.52	2.54	2.57
Age/Gender Index ¹	-	0.979	0.980

Medical Utilization

Large Claimants (> \$100,000)			
	Jan'24-Jun'24	Jan'23-Jun'23	% Change
# of Claimants	12	8	50.0%
\$ of Medical/Rx Paid Claims	\$1,965,365	\$1,678,526	17.1%
% of Medical/Rx Paid Claims	15.1%	13.5%	12.0%

Inpatient Hospital			
	Jan'24-Jun'24	Jan'23-Dec'23	% Change
Bed Days/1,000	267.5	258.4	3.5%
Avg Length of Stay	6.3	5.9	6.5%

Medical Network

Medical In-Network Usage & Discounts			
	Jan'24-Jun'24	Jan'23-Dec'23	% Change
In-Network Allowed %	98.1%	97.8%	0.3%
Discount from Billed ⁵	67.5%	68.1%	-0.9%

Medical/Rx Plan Design

Medical/Rx Plan - Member Cost Sharing ³			
	Jan'24-Jun'24	Jan'23-Dec'23	% Change
Member Cost Share %	19.1%	13.4%	42.4%
Plan Paid %	80.9%	86.6%	-6.6%

(1) BCBS factor for measuring the cost deviation of a population from that of a benchmark population based on age and gender attributes.

(2) The amount that plan participants enrolled in the White plan pay for their prescription drugs is not included in the Pharmacy Spend and Pharmacy Per Script Metric sections of the Dashboard because the information is not available broken down by pharmacy category in the BCBSAZ Whyzen system. Differences in pharmacy spend may also be due to the reporting data source.

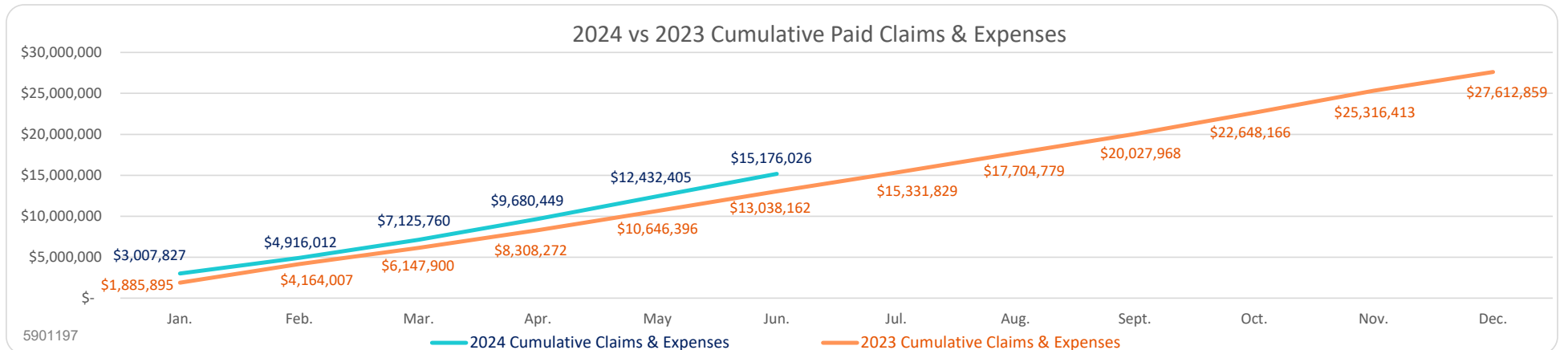
(3) Cost share means the member's out-of-pocket expense compared to the sum of plan paid claims plus member out-of-pocket. Percentages do not reflect employee contributions.

(4) Percentages are rounded to the first decimal. (5) Dashboard Large Claims data is taken from the BCBSAZ Whyzen reporting tool, which is a utilization "snapshot in time" possibly resulting in a difference between the dashboard and the monthly report. (6) In the April 2024 reporting, 2023 and YTD2024 data was updated to reflect more accurate experience pulled from the BCBS Whyzen system.

City of Chandler
2023-2024 Medical/Rx Contributions and Expenses
Year-to-date through June 2024

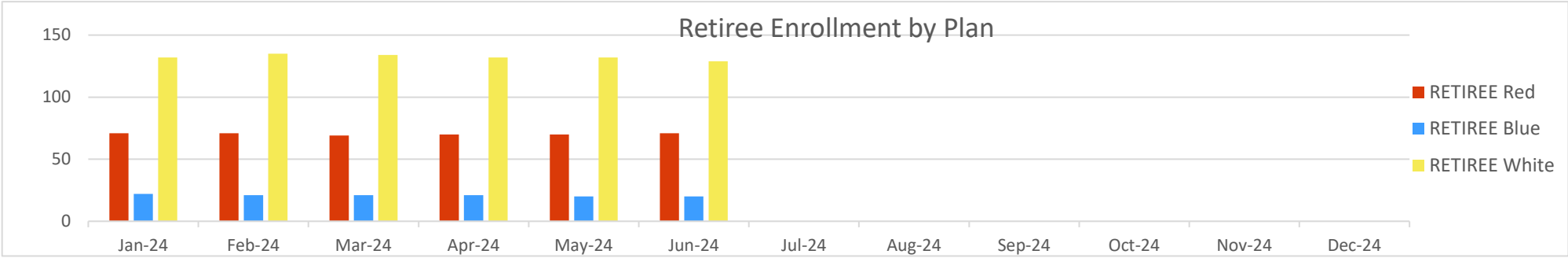
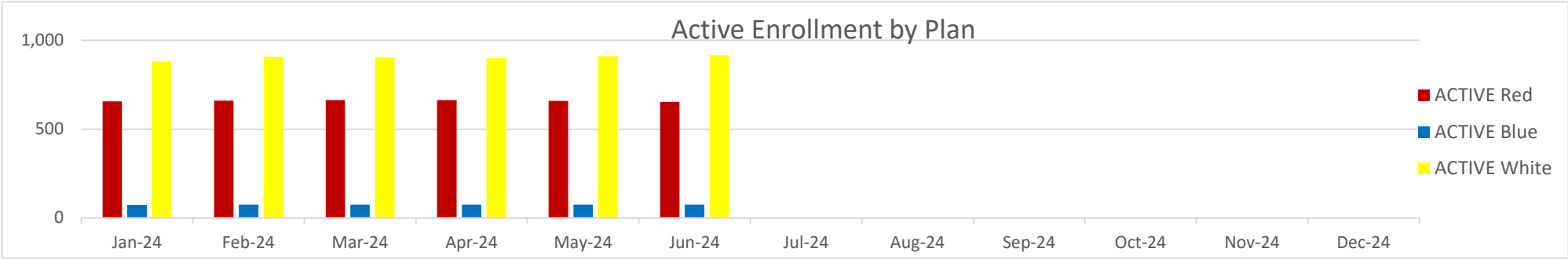
Month	Enrollment	Contributions ¹	Medical Paid ^{2,3}	Stop Loss Refunds	Rx Paid	Net Claims	Expenses ⁴	Total Paid Claims and Expenses	Surplus/ (Deficit)	Total Loss Ratio
Jan-23	1,813	\$2,072,635	\$1,757,955	(\$529,140)	\$346,274	\$1,575,089	\$310,806	\$1,885,895	\$186,740	91.0%
Feb-23	1,809	\$2,065,461	\$2,234,521	(\$651,299)	\$373,487	\$1,956,708	\$321,404	\$2,278,112	(\$212,651)	110.3%
Mar-23	1,810	\$2,069,164	\$1,496,646	(\$141,915)	\$307,300	\$1,662,031	\$321,862	\$1,983,893	\$85,271	95.9%
Apr-23	1,803	\$2,055,673	\$1,389,050	(\$29,892)	\$472,317	\$1,831,474	\$328,899	\$2,160,373	(\$104,700)	105.1%
May-23	1,815	\$2,067,151	\$1,519,940	(\$28,001)	\$498,414	\$1,990,353	\$347,770	\$2,338,123	(\$270,973)	113.1%
Jun-23	1,825	\$2,076,418	\$1,596,502	\$2,865	\$451,471	\$2,050,838	\$340,928	\$2,391,766	(\$315,348)	115.2%
Jul-23	1,827	\$2,083,387	\$1,557,845	(\$72,498)	\$464,618	\$1,949,965	\$343,702	\$2,293,667	(\$210,279)	110.1%
Aug-23	1,820	\$2,082,858	\$1,771,460	(\$243,721)	\$510,839	\$2,038,578	\$334,372	\$2,372,950	(\$290,092)	113.9%
Sep-23	1,835	\$2,097,022	\$1,683,582	(\$185,845)	\$490,640	\$1,988,377	\$334,812	\$2,323,189	(\$226,167)	110.8%
Oct-23	1,834	\$2,092,480	\$1,936,578	(\$162,907)	\$502,805	\$2,276,476	\$343,721	\$2,620,198	(\$527,718)	125.2%
Nov-23	1,835	\$2,092,595	\$1,937,863	(\$105,511)	\$536,782	\$2,369,134	\$299,113	\$2,668,247	(\$575,652)	127.5%
Dec-23	1,842	\$2,100,360	\$1,687,456	(\$217,733)	\$484,618	\$1,954,341	\$342,106	\$2,296,446	(\$196,086)	109.3%
2023 Total	21,868	\$24,955,206	\$20,569,398	(\$2,365,599)	\$5,439,566	\$23,643,364	\$3,969,495	\$27,612,859	(\$2,657,653)	110.6%
2023 Avg.	1,822	\$2,079,601	\$1,714,116	(\$197,133)	\$453,297	\$1,970,280	\$330,791	\$2,301,072	(\$221,471)	110.6%
Jan-24	1,837	\$2,255,077	\$2,391,086	(\$121,423)	\$410,269	\$2,679,932	\$327,895	\$3,007,827	(\$752,750)	133.4%
Feb-24	1,871	\$2,282,167	\$1,181,504	(\$92,637)	\$432,642	\$1,521,510	\$386,675	\$1,908,185	\$373,982	83.6%
Mar-24	1,866	\$2,276,847	\$1,419,172	(\$20,165)	\$414,950	\$1,813,957	\$395,792	\$2,209,748	\$67,098	97.1%
Apr-24	1,861	\$2,267,739	\$1,725,393	(\$8,572)	\$409,060	\$2,125,881	\$428,808	\$2,554,689	(\$286,950)	112.7%
May-24	1,867	\$2,269,373	\$1,793,138	\$0	\$565,709	\$2,358,847	\$393,110	\$2,751,957	(\$482,584)	121.3%
Jun-24	1,865	\$2,267,402	\$1,764,187	(\$1,853)	\$591,275	\$2,353,608	\$390,012	\$2,743,620	(\$476,218)	121.0%
Jul-24										
Aug-24										
Sep-24										
Oct-24										
Nov-24										
Dec-24										
2024 Total	11,167	\$13,618,604	\$10,274,478	(\$244,649)	\$2,823,905	\$12,853,734	\$2,322,292	\$15,176,026	(\$1,557,422)	111.4%
2024 Avg.	1,861	\$2,269,767	\$1,712,413	(\$40,775)	\$470,651	\$2,142,289	\$387,049	\$2,529,338	(\$259,570)	111.4%

- (1) Contributions for COBRA are assumed to be the same as the Actives. (2) Medical Paid claims include BCBSAZ AEA amounts, access fees, and capitation.
- (3) Medical Paid claims includes retroactive adjustments which causes discrepancies when comparing to BCBSAZ invoices. (4) Expenses include prorated monthly PCORI fees.
- (5) Enrollment may change retrospectively based on updated BCBSAZ reporting.

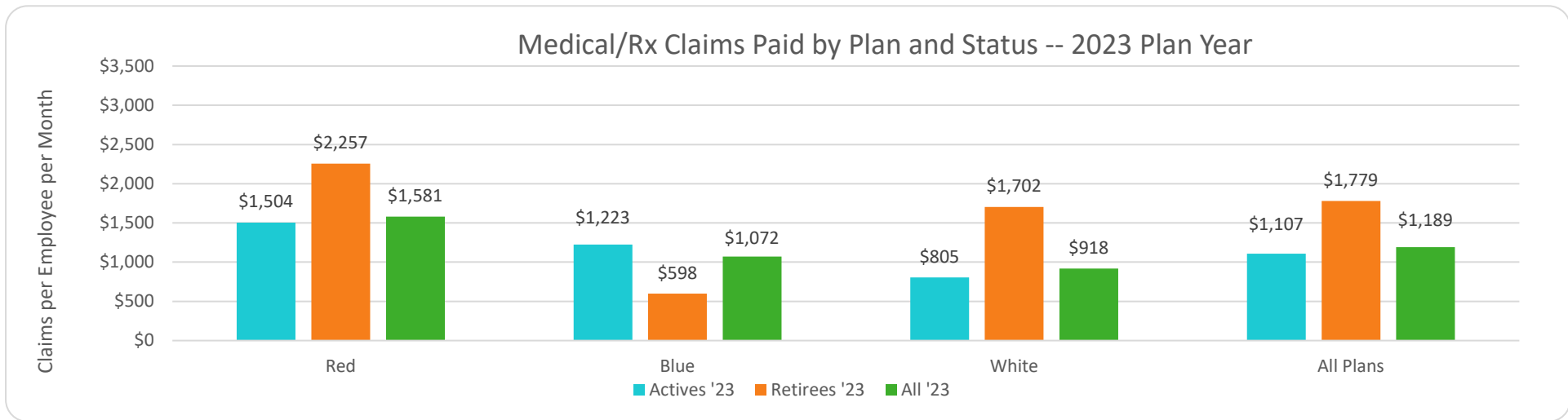
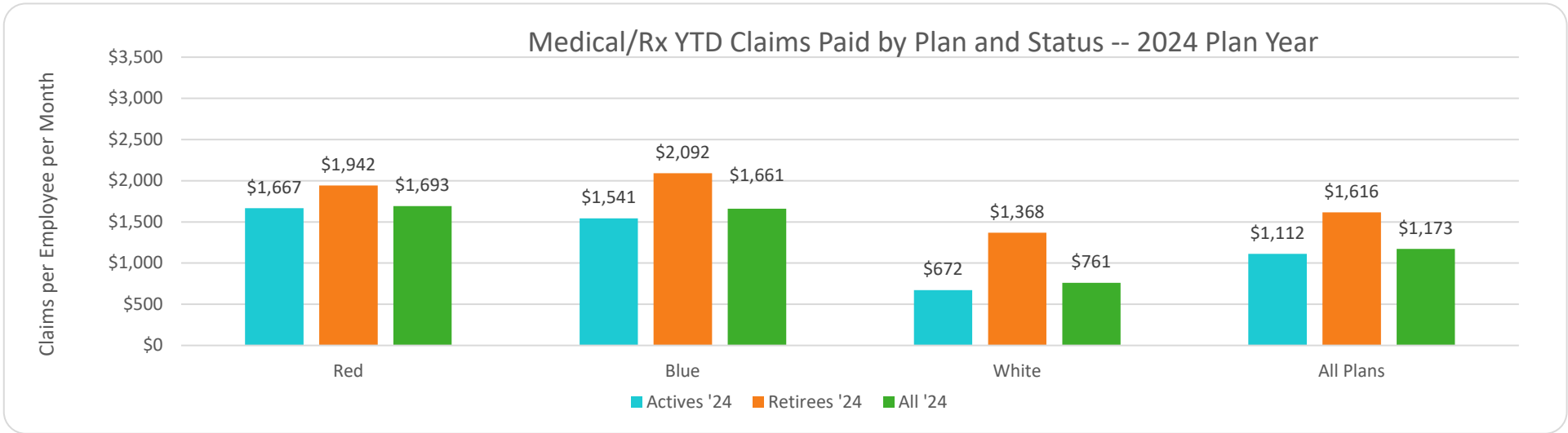


City of Chandler
2024 Enrollment by Status and Plan
Year-to-date through June 2024

	ACTIVE				RETIREE				TOTAL			
	Red	Blue	White	Total	Red	Blue	White	Total	Red	Blue	White	Total
Jan-24	657	74	881	1,612	71	22	132	225	728	96	1,013	1,837
Feb-24	661	76	907	1,644	71	21	135	227	732	97	1,042	1,871
Mar-24	664	75	903	1,642	69	21	134	224	733	96	1,037	1,866
Apr-24	663	75	900	1,638	70	21	132	223	733	96	1,032	1,861
May-24	659	75	911	1,645	70	20	132	222	729	95	1,043	1,867
Jun-24	654	75	916	1,645	71	20	129	220	725	95	1,045	1,865
Jul-24												
Aug-24												
Sep-24												
Oct-24												
Nov-24												
Dec-24												
2024 Avg.	660	75	903	1,638	70	21	132	224	730	96	1,035	1,861
% of Total	35%	4%	49%	88%	4%	1%	7%	12%	39%	5%	56%	100%
2023 Avg.	650	69	881	1,600	75	22	126	223	725	91	1,007	1,822
% Change	1.4%	9.4%	2.5%	2.4%	-5.6%	-4.9%	4.7%	0.3%	0.7%	5.9%	2.8%	2.1%



City of Chandler
2024 Medical/Rx Paid Claims by Plan and Status
Year-to-date through June 2024



Notes:
 Paid claims illustrated include capitation but are not reduced for stop loss reimbursements and prescription drug rebates.
 The claims information by Active and Retiree status is approximate based on the status information reported to Blue Cross Blue Shield as of the date the claim was adjudicated.

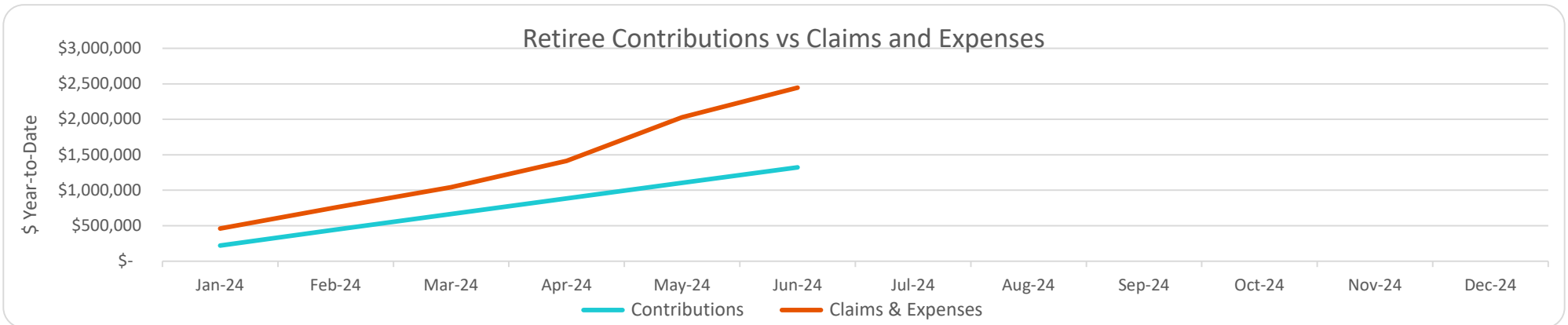
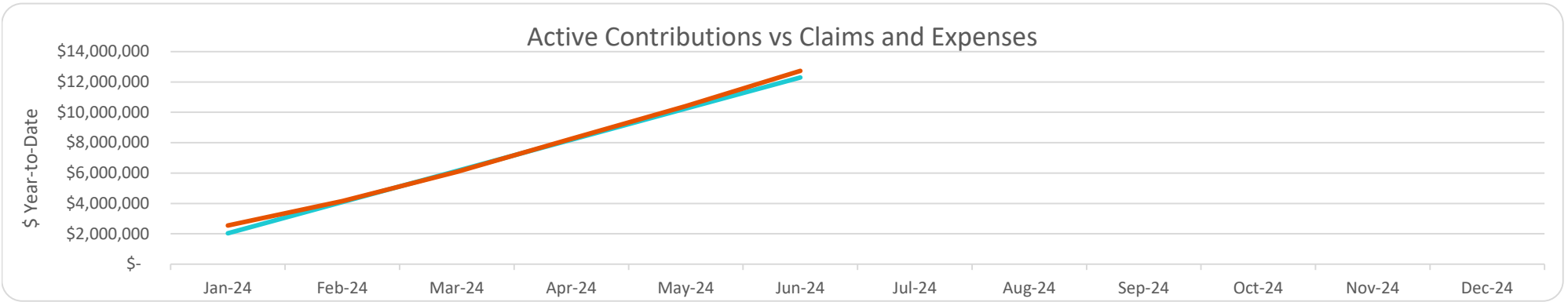
City of Chandler
2024 Contributions and Paid Claims by Status and Plan
Year-to-date through June 2024

	ACTIVE				RETIREE				TOTAL			
	Enrollment	Contributions	Claims & Expenses	Active Loss Ratio	Enrollment	Contributions	Claims & Expenses	Retiree Loss Ratio	Enrollment	Contributions	Total Claims & Expenses	Total Loss Ratio
All Plans	9,826	\$12,296,075	\$12,975,109	106%	1,341	\$1,322,530	\$2,445,566	185%	11,167	\$13,618,604	\$15,420,675	113%
% of Total	88%	90%	84%		12%	10%	16%		100%	100%	100%	
Red Plan	3,958	\$6,062,501	\$7,419,376	122%	422	\$515,410	\$907,252	176%	4,380	\$6,577,911	\$8,326,628	127%
% of Total	90%	92%	89%		10%	8%	11%		39%	48%	54%	
Blue Plan	450	\$524,589	\$787,141	150%	125	\$122,896	\$287,417	234%	575	\$647,485	\$1,074,558	166%
% of Total	78%	81%	73%		22%	19%	27%		5%	5%	7%	
White Plan	5,418	\$5,708,984	\$4,768,593	84%	794	\$684,224	\$1,250,897	183%	6,212	\$6,393,208	\$6,019,489	94%
% of Total	87%	89%	79%		13%	11%	21%		56%	47%	39%	

Notes: Paid claims include capitation but are unadjusted for stop loss reimbursements.

Percent of Total rows sum Active and Retiree columns by plan and show each plan's percentage of the total in the Total columns.

The claims information by Active and Retiree is approximate based on the status information reported to Blue Cross Blue Shield as of the date the claim was adjudicated.



**City of Chandler
Enrollment by Tier
Year-to-date through June 2024**

Actives												
Month	Red				Blue				White			
	EE	EE+SP	EE+Ch(rn)	EE+Fam	EE	EE+SP	EE+Ch(rn)	EE+Fam	EE	EE+SP	EE+Ch(rn)	EE+Fam
Jan-24	181	148	95	233	37	4	16	17	292	101	93	395
Feb-24	185	147	100	229	37	4	17	18	310	104	94	399
Mar-24	188	149	99	228	36	4	17	18	309	102	93	399
Apr-24	190	146	101	226	34	5	18	18	310	100	93	397
May-24	190	144	100	225	34	5	19	17	315	106	94	396
Jun-24	184	142	100	228	34	5	19	17	321	104	95	396
Jul-24												
Aug-24												
Sep-24												
Oct-24												
Nov-24												
Dec-24												
2024 Total	1,118	876	595	1,369	212	27	106	105	1,857	617	562	2,382
2024 Avg.	186	146	99	228	35	5	18	18	310	103	94	397

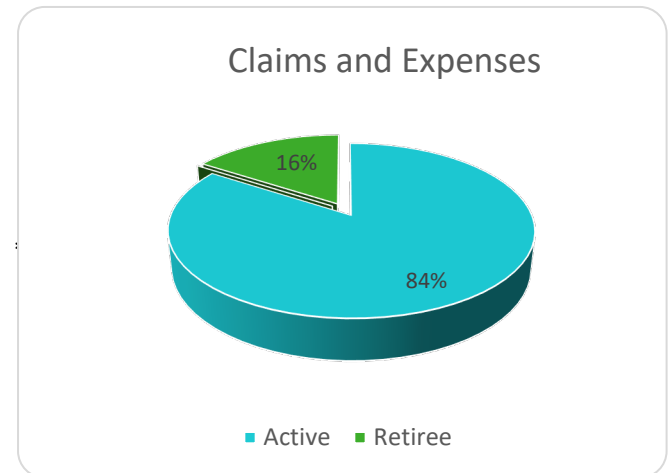
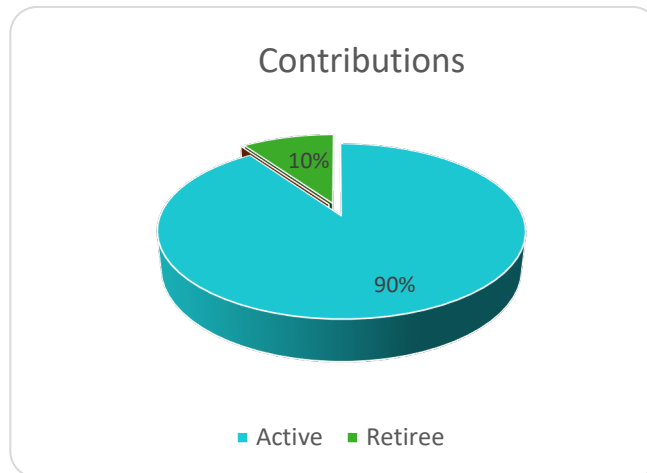
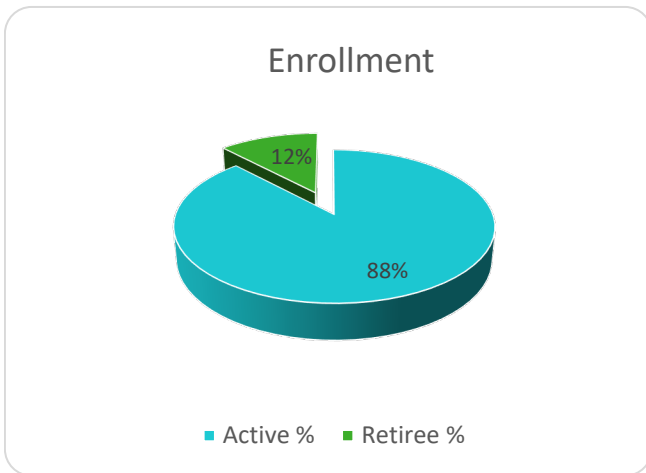
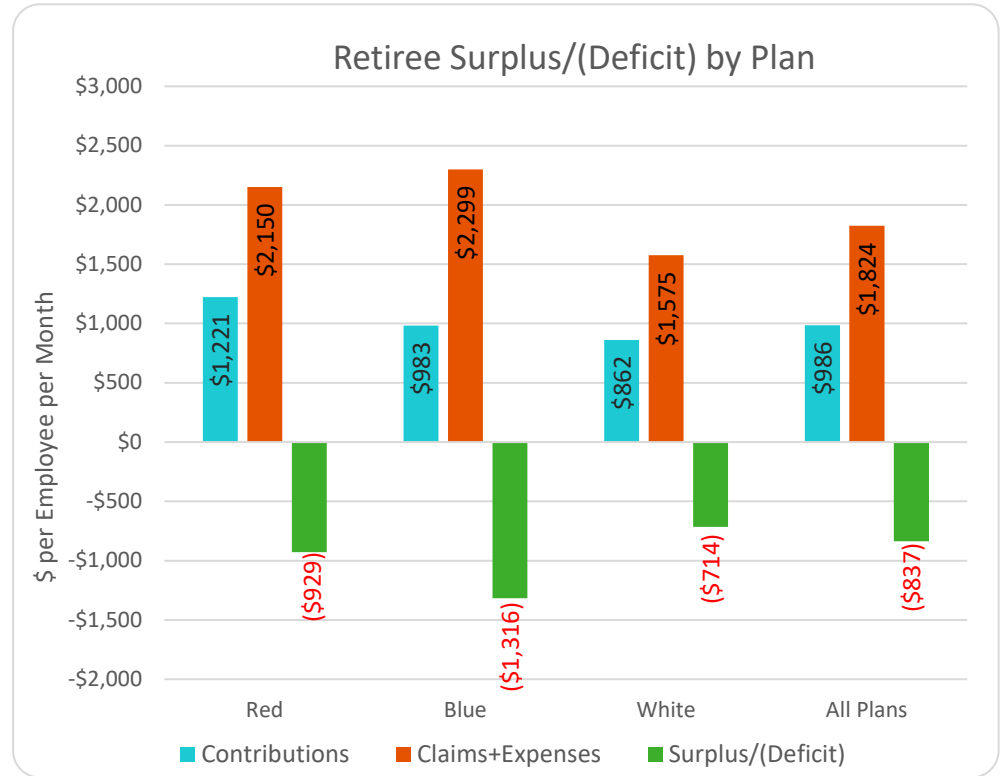
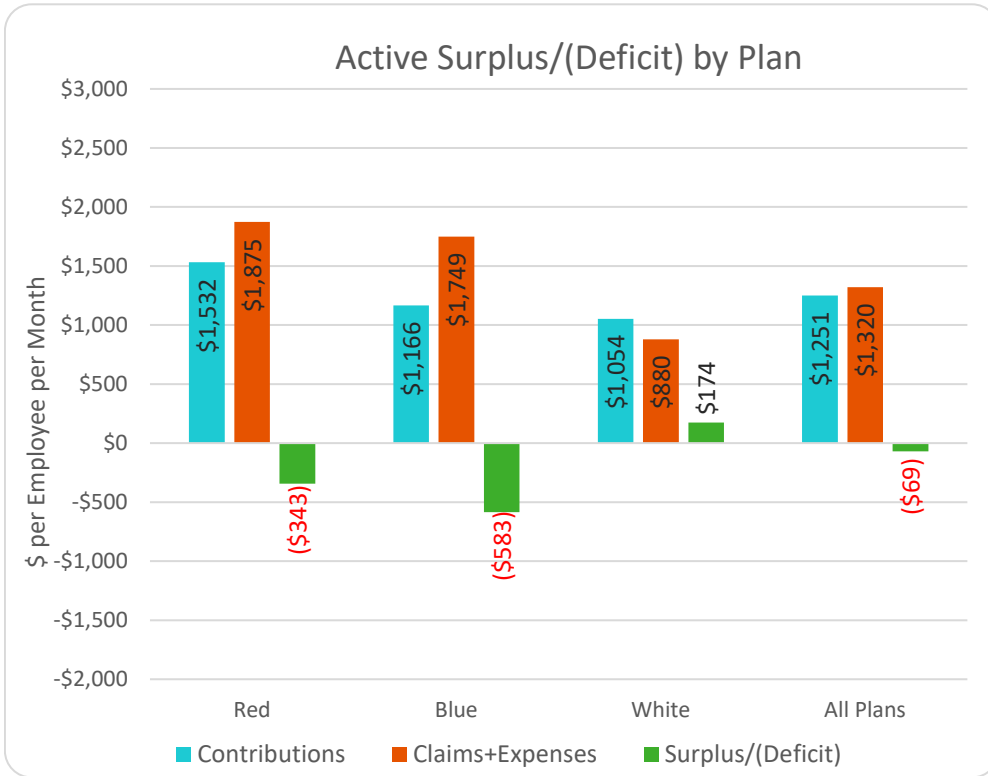
Retirees												
Month	Red				Blue				White			
	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam
Jan-24	35	30	4	2	13	8	0	1	65	42	7	18
Feb-24	35	29	4	3	12	8	0	1	65	44	7	19
Mar-24	33	29	4	3	12	8	0	1	65	44	7	18
Apr-24	33	30	4	3	13	7	0	1	65	43	7	17
May-24	33	30	4	3	12	7	0	1	65	41	7	19
Jun-24	34	30	4	3	12	7	0	1	64	41	7	17
Jul-24												
Aug-24												
Sep-24												
Oct-24												
Nov-24												
Dec-24												
2024 Total	203	178	24	17	74	45	0	6	389	255	42	108
2024 Avg.	34	30	4	3	12	8	0	1	65	43	7	18

**City of Chandler
Enrollment by Tier
Plan Year 2023**

Actives												
Month	Red				Blue				White			
	EE	EE+SP	EE+Ch(rn)	EE+Fam	EE	EE+SP	EE+Ch(rn)	EE+Fam	EE	EE+SP	EE+Ch(rn)	EE+Fam
Jan-23	171	137	91	240	31	7	13	12	293	105	93	404
Feb-23	173	133	92	239	32	7	12	12	294	100	91	406
Mar-23	176	136	93	239	31	7	12	12	291	99	89	406
Apr-23	174	137	95	230	31	7	12	14	291	98	88	406
May-23	177	140	95	232	33	7	13	14	297	96	88	404
Jun-23	183	143	95	228	33	8	13	15	297	94	88	407
Jul-23	183	141	96	233	34	8	12	16	295	93	88	403
Aug-23	178	140	95	237	34	8	13	16	292	93	88	402
Sep-23	184	143	95	238	33	8	13	18	295	94	87	400
Oct-23	187	143	97	236	35	6	12	19	294	94	88	397
Nov-23	187	142	98	235	35	6	13	20	297	93	85	395
Dec-23	189	148	96	235	36	6	14	20	298	93	86	392
2023 Total	2,162	1,683	1,138	2,822	398	85	152	188	3,534	1,152	1,059	4,822
2023 Avg.	180	140	95	235	33	7	13	16	295	96	88	402

Retirees												
Month	Red				Blue				White			
	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam
Jan-23	39	29	3	2	12	9	0	1	52	49	4	16
Feb-23	40	30	3	2	12	9	0	1	54	48	4	15
Mar-23	40	29	3	2	12	9	0	1	54	48	5	16
Apr-23	40	28	3	2	12	9	0	1	54	48	6	17
May-23	40	28	3	2	12	9	0	1	53	48	6	17
Jun-23	40	29	3	2	12	9	0	1	53	47	6	19
Jul-23	39	32	3	2	12	9	0	1	55	45	7	20
Aug-23	38	32	3	2	12	9	0	1	54	45	7	21
Sep-23	38	32	3	2	12	9	0	1	58	44	7	21
Oct-23	37	32	3	2	12	9	0	1	59	43	7	21
Nov-23	39	32	3	2	12	9	0	1	58	43	7	23
Dec-23	39	32	3	2	11	9	0	1	57	44	7	24
2023 Total	469	365	36	24	143	108	0	12	661	552	73	230
2023 Avg.	39	30	3	2	12	9	0	1	55	46	6	19

City of Chandler 2024 Contributions and Expenses by Status and Plan Year-to-date through June 2024

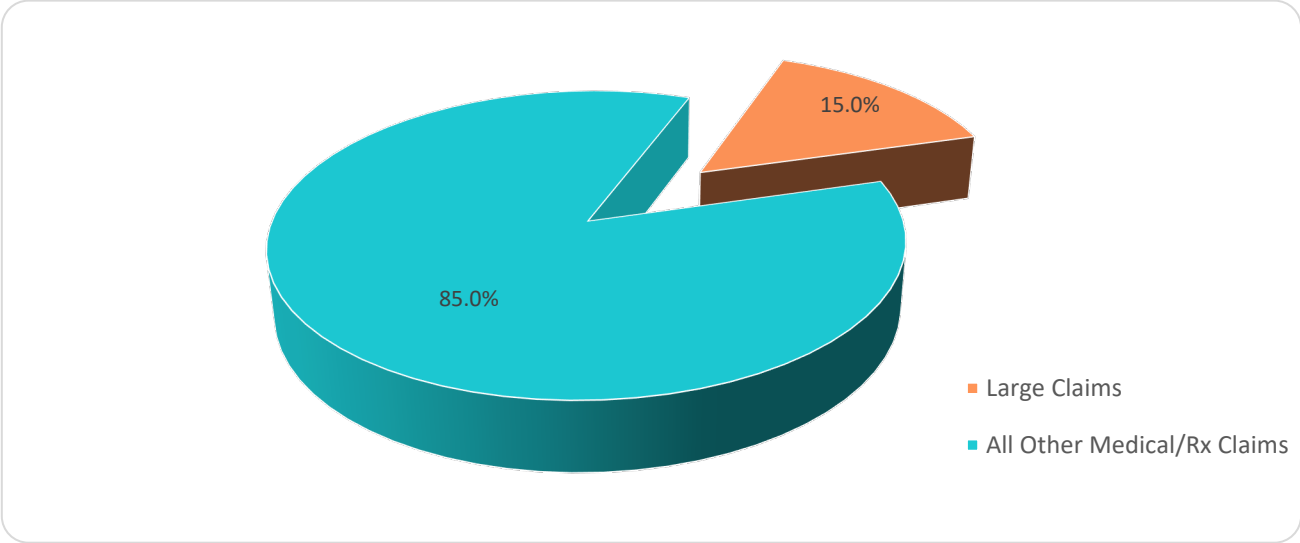


Claims include capitation (allocated by claims paid year-to-date), but are unreduced for stop loss reimbursements.

The claims information by Active and Retiree status is approximate based on the status information reported to Blue Cross as of the date the claim was adjudicated.

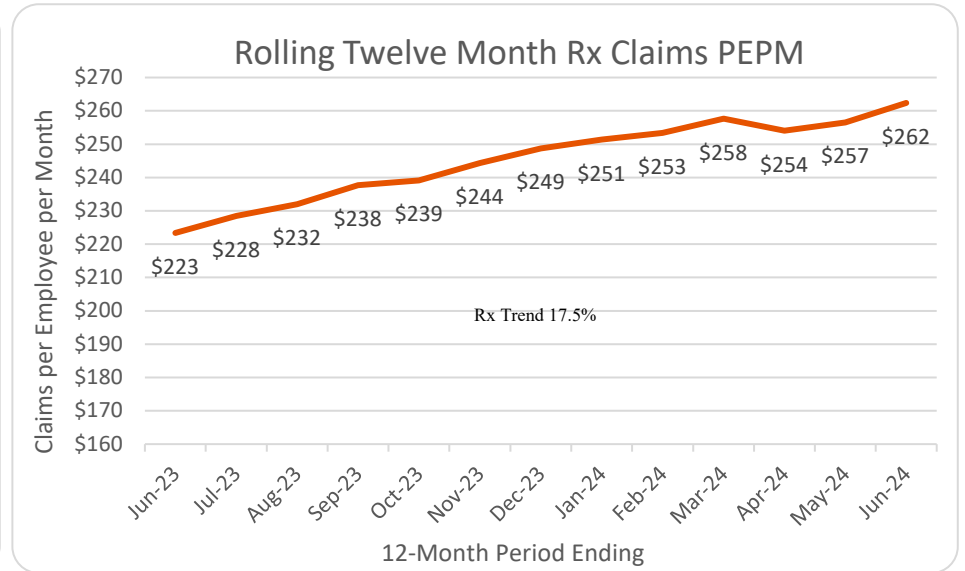
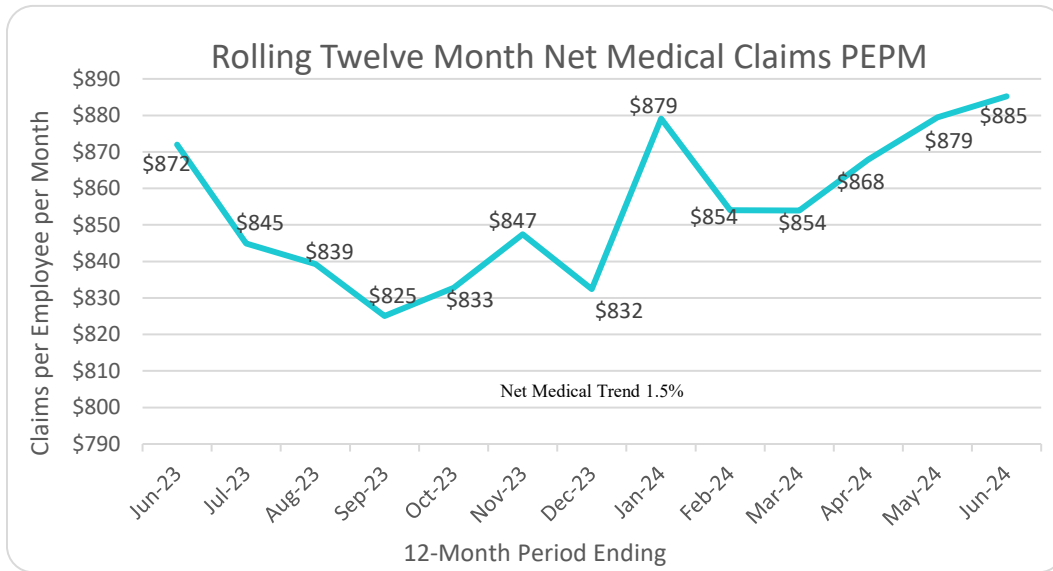
Expenses on these graphs are limited to self-insurance administrative fees, PCORI fees, and paid claims.

City of Chandler
2024 Incurred Medical Claims Paid in Excess of \$100,000
Year-to-date through June 2024



Rank	Plan	Medical/Rx Paid YTD	Medical/Rx Paid in Excess of \$350K Stop Loss Deductible
1	Red Plan	\$316,561	\$0
2	White Plan	\$238,594	\$0
3	Red Plan	\$195,505	\$0
4	Red Plan	\$164,694	\$0
5	Red Plan	\$150,169	\$0
6	White Plan	\$146,383	\$0
7	Blue Plan	\$141,892	\$0
8	Blue Plan	\$141,644	\$0
9	Red Plan	\$126,675	\$0
10	Red Plan	\$116,424	\$0
11	Red Plan	\$113,983	\$0
12	Blue Plan	\$112,841	\$0
Total of twelve claimants		\$1,965,365	\$0
Percentage of Total Medical/Rx Paid:		15.0%	

City of Chandler
Thirteen Month Snapshot - Medical and Rx Plan Paid Claims Through June 2024



Twelve Month Period Ending	(a) Enrollment	(b) Medical Claims Paid	(c) Stop Loss Reimbursements	(d)=(b)+(c) Net Medical Claims	(e) Rx Paid	(f)=(d)+(e) Net Claims	(d)/(a) Net Medical Claims PEPM	(e)/(a) Rx Claims PEPM
Jun-23	21,665	\$21,202,631	(\$2,310,632)	\$18,891,999	\$4,839,277	\$23,731,276	\$872.01	\$223.37
Jul-23	21,741	\$20,677,694	(\$2,308,329)	\$18,369,365	\$4,967,746	\$23,337,111	\$844.92	\$228.50
Aug-23	21,775	\$20,600,656	(\$2,325,058)	\$18,275,598	\$5,051,159	\$23,326,757	\$839.29	\$231.97
Sep-23	21,802	\$20,360,474	(\$2,372,550)	\$17,987,924	\$5,183,108	\$23,171,032	\$825.06	\$237.74
Oct-23	21,827	\$20,592,710	(\$2,416,356)	\$18,176,354	\$5,218,967	\$23,395,321	\$832.75	\$239.11
Nov-23	21,847	\$20,809,299	(\$2,295,752)	\$18,513,547	\$5,338,914	\$23,852,460	\$847.42	\$244.38
Dec-23	21,868	\$20,569,398	(\$2,365,599)	\$18,203,798	\$5,439,566	\$23,643,364	\$832.44	\$248.75
Jan-24	21,892	\$21,202,529	(\$1,957,882)	\$19,244,647	\$5,503,561	\$24,748,208	\$879.07	\$251.40
Feb-24	21,954	\$20,149,512	(\$1,399,219)	\$18,750,293	\$5,562,716	\$24,313,009	\$854.07	\$253.38
Mar-24	22,010	\$20,072,038	(\$1,277,469)	\$18,794,569	\$5,670,366	\$24,464,935	\$853.91	\$257.63
Apr-24	22,068	\$20,408,381	(\$1,256,148)	\$19,152,232	\$5,607,109	\$24,759,341	\$867.87	\$254.08
May-24	22,120	\$20,681,578	(\$1,228,147)	\$19,453,431	\$5,674,403	\$25,127,835	\$879.45	\$256.53
Jun-24	22,160	\$20,849,263	(\$1,232,865)	\$19,616,398	\$5,814,207	\$25,430,605	\$885.22	\$262.37

Notes:
 Medical Claims Paid includes capitation.



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M 480.490.7306
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August 2, 2024

Rae Lynn Nielsen
Human Resources Director
City of Chandler
PO Box 4008
Chandler, AZ 85244-4008

**Re: City of Chandler
Dental Plan Monthly Reporting
January 1, 2024 through December 31, 2024 – Data through June**

Dear Rae Lynn:

Enclosed is the monthly experience reporting for the City's dental plan. The report contains dental paid claims, enrollment, and expense information as furnished by Delta Dental of Arizona through June 30, 2024.

For the month of June, the Dental plan ran a surplus of approximately \$5.2K (before IBNR) or 2.5% of contributions. The 2024 plan year-to-date loss ratio was 97.5%.

For the 2024 plan year-to-date, the average Dental enrollment for Active employees and Retirees has increased 3.1% and 4.2% from the 2023 Plan Year average, respectively.

We will continue to monitor the dental plan experience and provide monthly reports. I look forward to discussing this report with you.

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Sincerely yours,

A handwritten signature in cursive script that reads "Rachel Calisi".

Rachel Calisi, GBDS, CEBS
Senior Health Consultant



City of Chandler

Dental Monthly Reporting: January 2024 - December 2024

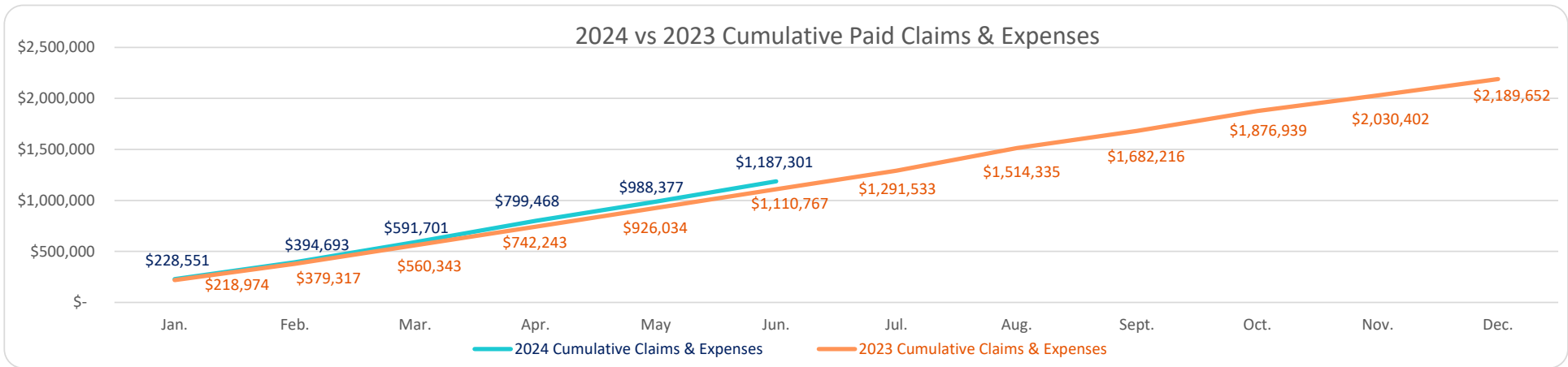
(Data Through June 2024)

8/2/2024

Presented by: Rachel Calisi

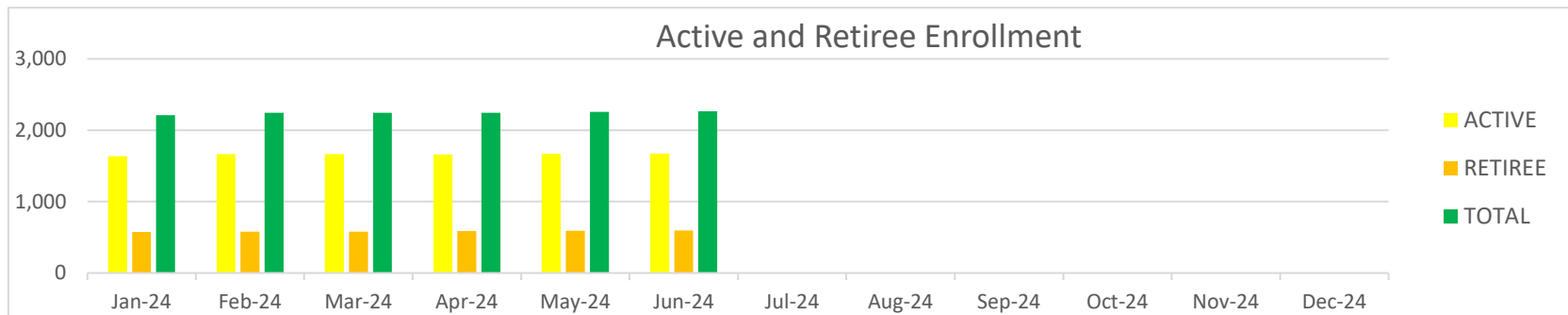
City of Chandler
2023-2024 Dental Contributions and Expenses
Year-to-date through June 2024

Month	Enrollment	Contributions	Dental Paid Claims	Expenses	Total Paid Claims and Expenses	Surplus/ (Deficit)	Total Loss Ratio
Jan-23	2,144	\$195,540	\$208,484	\$10,489	\$218,974	(\$23,434)	112.0%
Feb-23	2,145	\$195,671	\$149,849	\$10,494	\$160,343	\$35,328	81.9%
Mar-23	2,141	\$195,311	\$170,547	\$10,479	\$181,027	\$14,284	92.7%
Apr-23	2,142	\$195,226	\$171,425	\$10,474	\$181,899	\$13,327	93.2%
May-23	2,159	\$196,233	\$173,239	\$10,553	\$183,792	\$12,441	93.7%
Jun-23	2,171	\$196,837	\$174,117	\$10,616	\$184,733	\$12,104	93.9%
Jul-23	2,183	\$197,785	\$170,091	\$10,675	\$180,766	\$17,019	91.4%
Aug-23	2,180	\$197,612	\$212,141	\$10,660	\$222,801	(\$25,189)	112.7%
Sep-23	2,193	\$198,235	\$157,158	\$10,724	\$167,882	\$30,353	84.7%
Oct-23	2,199	\$198,637	\$183,970	\$10,753	\$194,723	\$3,914	98.0%
Nov-23	2,200	\$198,572	\$142,710	\$10,753	\$153,463	\$45,109	77.3%
Dec-23	2,208	\$199,248	\$148,452	\$10,797	\$159,249	\$39,999	79.9%
2023 Total	26,065	\$2,364,907	\$2,062,184	\$127,468	\$2,189,652	\$175,255	92.6%
2023 Avg.	2,172	\$197,076	\$171,849	\$10,622	\$182,471	\$14,605	92.6%
Jan-24	2,210	\$200,554	\$217,749	\$10,802	\$228,551	(\$27,997)	114.0%
Feb-24	2,246	\$203,074	\$155,160	\$10,983	\$166,143	\$36,931	81.8%
Mar-24	2,244	\$202,920	\$186,034	\$10,973	\$197,008	\$5,912	97.1%
Apr-24	2,247	\$202,917	\$196,780	\$10,988	\$207,767	(\$4,850)	102.4%
May-24	2,259	\$203,573	\$177,867	\$11,042	\$188,909	\$14,664	92.8%
Jun-24	2,267	\$204,097	\$187,838	\$11,086	\$198,924	\$5,173	97.5%
Jul-24							
Aug-24							
Sep-24							
Oct-24							
Nov-24							
Dec-24							
2024 Total	13,473	\$1,217,135	\$1,121,428	\$65,873	\$1,187,301	\$29,834	97.5%
2024 Avg.	2,246	\$202,856	\$186,905	\$10,979	\$197,883	\$4,972	97.5%



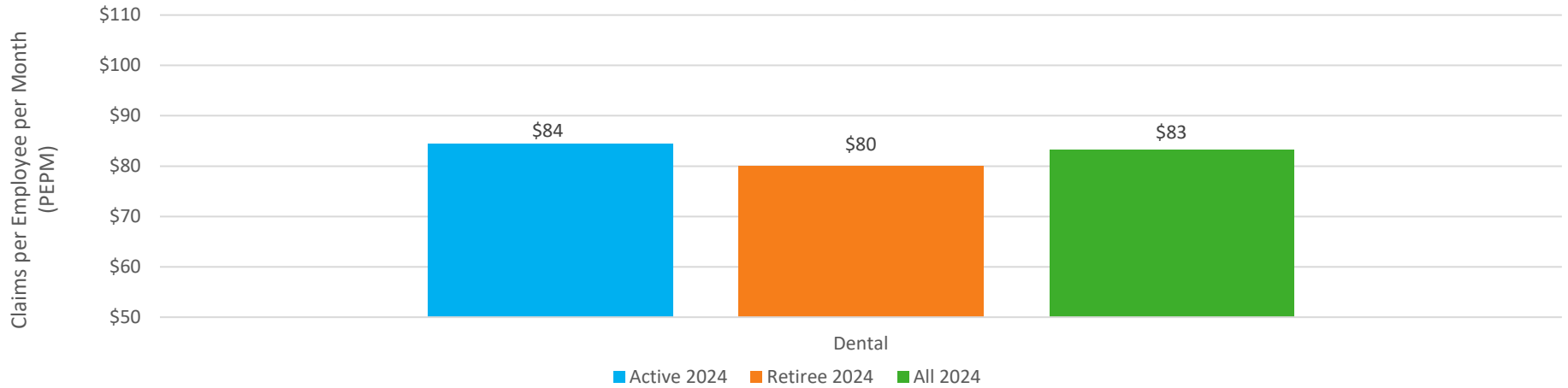
City of Chandler
2024 Dental Enrollment by Status
Year-to-date through June 2024

	ACTIVE	RETIREE	TOTAL
Jan-24	1,636	574	2,210
Feb-24	1,666	580	2,246
Mar-24	1,664	580	2,244
Apr-24	1,661	586	2,247
May-24	1,669	590	2,259
Jun-24	1,673	594	2,267
Jul-24			
Aug-24			
Sep-24			
Oct-24			
Nov-24			
Dec-24			
2024 Avg.	1,662	584	2,246
% of Total	74%	26%	100%
2023 Avg.	1,612	561	2,172
% Change	3.1%	4.2%	3.4%

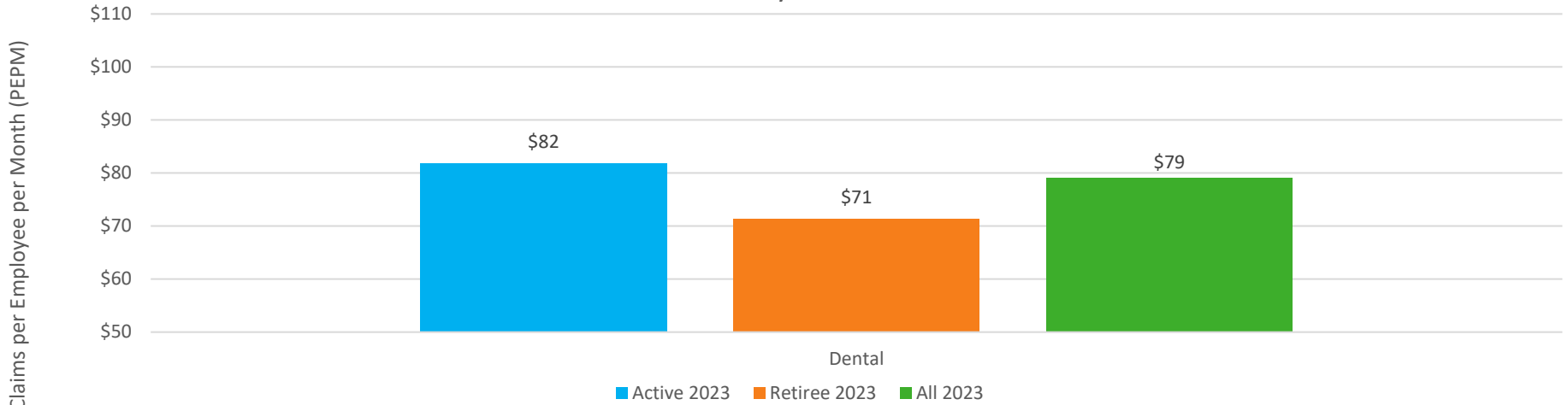


**City of Chandler
2024 Dental Paid Claims by Status
Year-to-date through June 2024**

Dental YTD Claims Paid by Status -- 2024 Plan Year



Dental Claims Paid by Status -- 2023 Plan Year



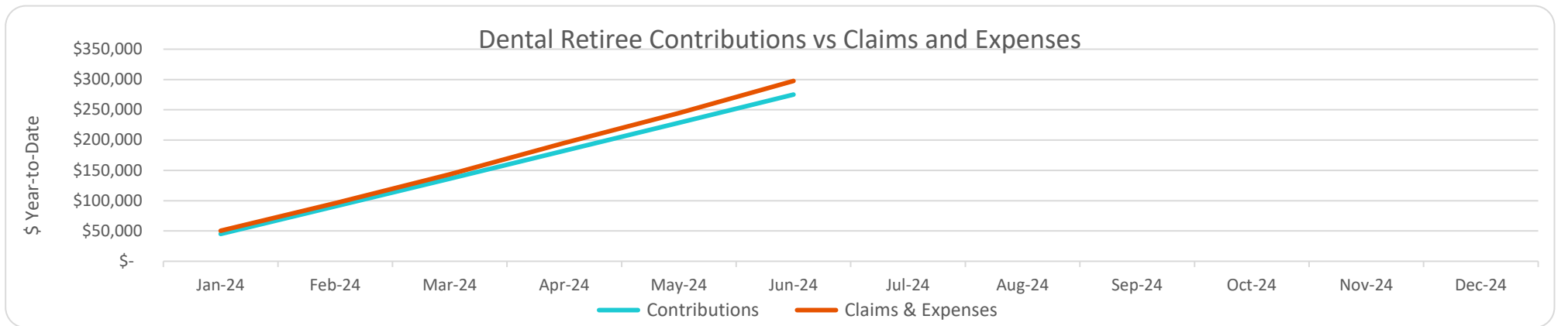
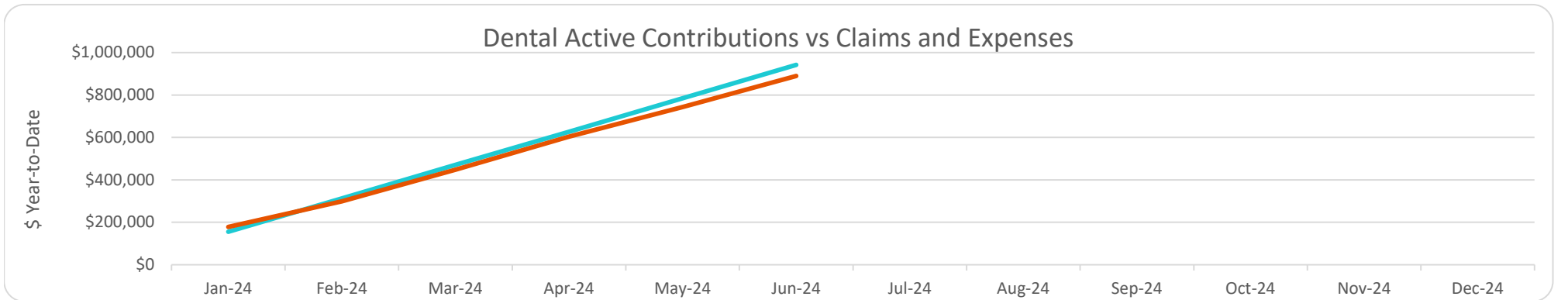
Notes:
- The claims information by Active and Retiree status is approximate based on the status information reported to Delta Dental as of the date the claim was adjudicated.

City of Chandler
2024 Dental Contributions and Paid Claims by Status
Year-to-date through June 2024

	ACTIVE				RETIREE				TOTAL			
	Enrollment	Contributions	Claims & Expenses	Active Loss Ratio	Enrollment	Contributions	Claims & Expenses	Retiree Loss Ratio	Enrollment	Contributions	Total Claims & Expenses	Total Loss Ratio
Dental	9,969	\$942,051	\$889,730	94%	3,504	\$275,084	\$297,571	108%	13,473	\$1,217,135	\$1,187,301	98%
% of Total	74%	77%	75%		26%	23%	25%		100%	100%	100%	

Notes:

- Percent of Total rows sum Active and Retiree columns by plan and show each plan's percentage of the total in the Total columns.
- The claims information by Active and Retiree is approximate based on the status information reported to Delta Dental as of the date the claim was adjudicated.

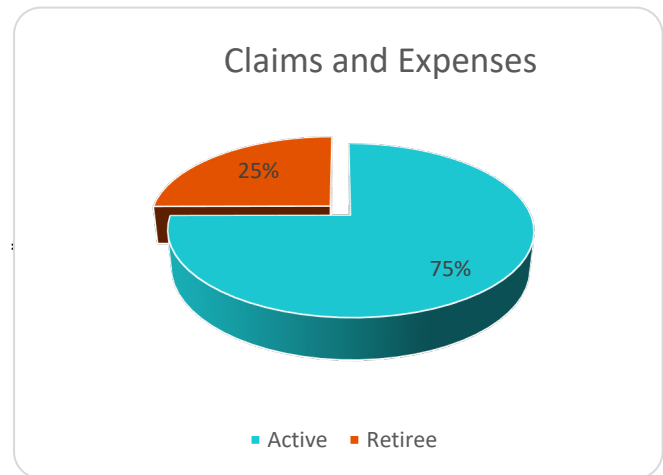
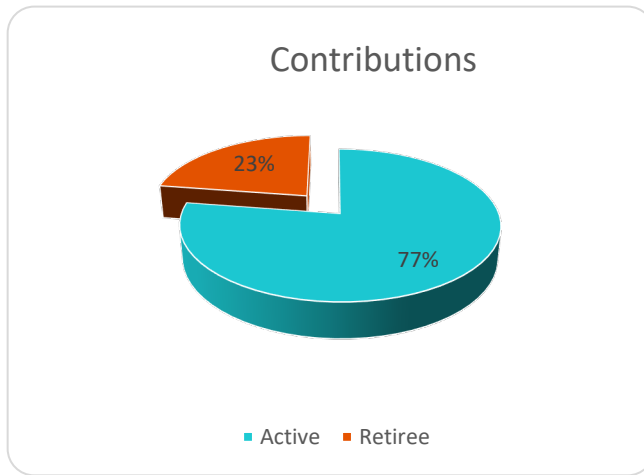
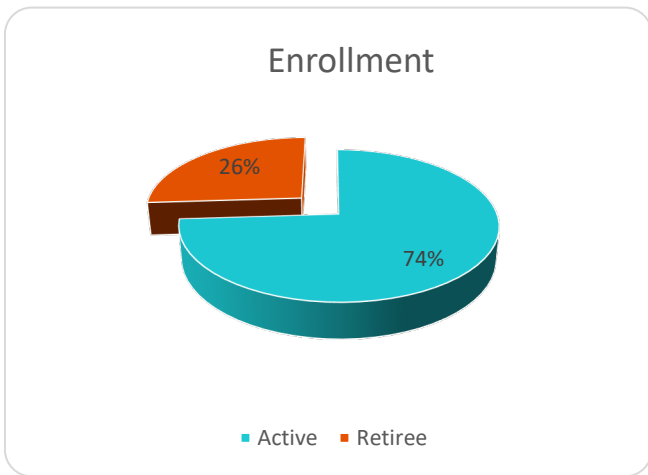
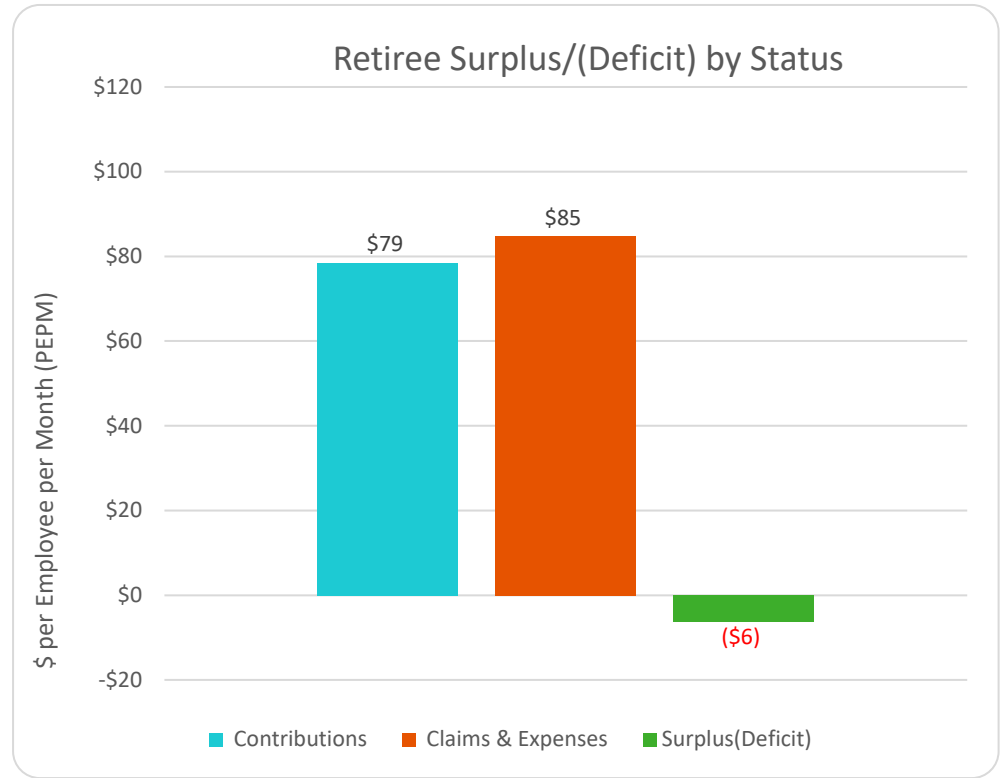
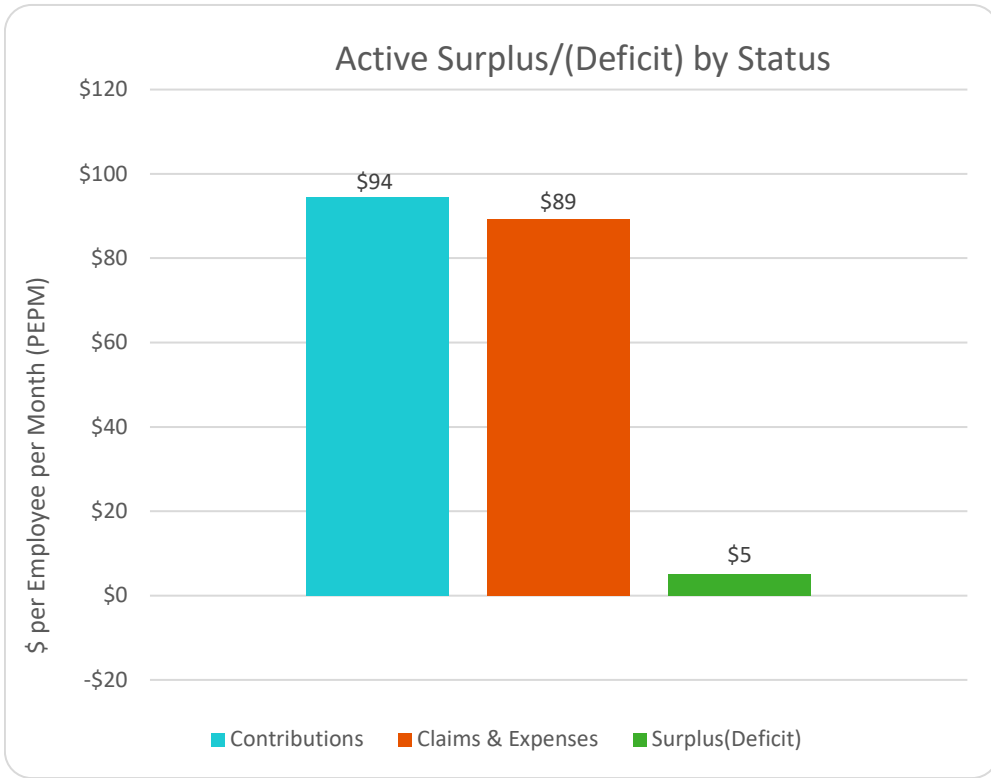


**City of Chandler
Dental Enrollment by Tier
Year-to-date through June 2024**

Month	Actives			Retirees		
	EE	EE+1	EE+2 or more	EE	EE+1	EE+2 or more
Jan-23	524	365	713	202	268	72
Feb-23	529	353	716	202	272	73
Mar-23	526	355	711	201	273	75
Apr-23	528	354	708	201	275	76
May-23	538	361	707	202	275	76
Jun-23	545	365	704	204	276	77
Jul-23	551	361	707	206	280	78
Aug-23	544	362	705	209	281	79
Sep-23	553	367	702	211	280	80
Oct-23	554	369	704	213	281	78
Nov-23	556	367	702	214	282	79
Dec-23	555	376	701	213	284	79
2023 Total	6,503	4,355	8,480	2,478	3,327	922
2023 Avg.	542	363	707	207	277	77

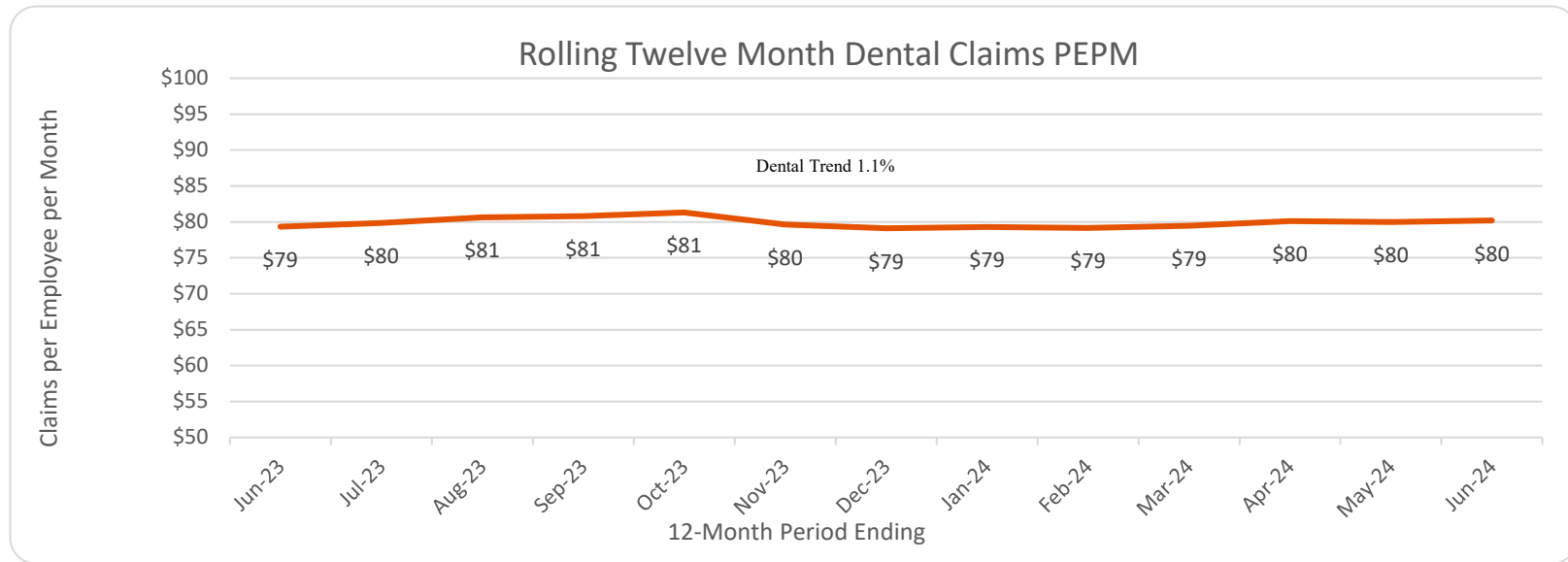
Month	Active			Retirees		
	EE	EE+1	EE+2 or more	EE	EE+1	EE+2 or more
Jan-24	540	385	711	207	289	78
Feb-24	563	387	716	210	290	80
Mar-24	562	386	716	209	292	79
Apr-24	564	384	713	210	297	79
May-24	570	387	712	213	298	79
Jun-24	574	387	712	215	299	80
Jul-24						
Aug-24						
Sep-24						
Oct-24						
Nov-24						
Dec-24						
2024 Total	3,373	2,316	4,280	1,264	1,765	475
2024 Avg.	562	386	713	211	294	79

City of Chandler
2024 Dental Contributions and Expenses by Status
Year-to-date through June 2024



The claims information by Active and Retiree status is approximate based on the status information provided by Delta Dental as of the date the claim was adjudicated.

City of Chandler
Thirteen Month Snapshot - Dental Plan Paid Claims Through June 2024



Twelve Month Period Ending	(a) Enrollment	(b) Dental Claims Paid	(b)/(a) Dental Claims PEPM
Jun-23	25,618	\$2,031,980	\$79.32
Jul-23	25,732	\$2,055,239	\$79.87
Aug-23	25,809	\$2,081,439	\$80.65
Sep-23	25,886	\$2,092,207	\$80.82
Oct-23	25,952	\$2,110,233	\$81.31
Nov-23	26,008	\$2,071,623	\$79.65
Dec-23	26,065	\$2,062,184	\$79.12
Jan-24	26,131	\$2,071,448	\$79.27
Feb-24	26,232	\$2,076,759	\$79.17
Mar-24	26,335	\$2,092,246	\$79.45
Apr-24	26,440	\$2,117,600	\$80.09
May-24	26,540	\$2,122,228	\$79.96
Jun-24	26,636	\$2,135,950	\$80.19



Health Care Benefits Trust Board Management Services Memo No.

Date: 08/14/2024
To: Health Care Benefits Trust Board
From: Kristi Smith, Financial Services Assistant Director
Subject: Financial Statements and Wellness Report - Management Services

Attachments

Financial Statements and Wellness Report

CITY OF CHANDLER
Chandler Health Care Benefits Self-Insurance Trust Fund
Statement of Net Position
June 30, 2024

ASSETS

Cash and investments	\$ 21,561,550
Accrued interest	199,010
Total assets	21,760,560

LIABILITIES

Compensated absences payable	48,141
Claims incurred but not reported (IBNR) Current 90%	3,603,600
Claims incurred but not reported (IBNR) Non-current 10%	400,400
Premiums paid in advance	10,340
Due to city	753,822
Employees claims payable, due to Blue Cross Blue Shield	2,211,176
Retirees claims payable, due to Blue Cross Blue Shield	402,592
COBRA claims payable, due to Blue Cross Blue Shield	8,486
Total liabilities	7,438,557

NET POSITION

Unrestricted	14,322,003
Total net position	\$ 14,322,003

***Note:** December 31, 2023 minimum end of year reserve including IBNR and two months costs as projected by Segal Consulting.*

\$ 9,431,000

CITY OF CHANDLER
Chandler Health Care Benefits Self-Insurance Trust Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ended June 30, 2024

	2024 Budget	2024 Budget Prorated	Actuals	Budget to Actual Difference
OPERATING REVENUES				
Contributions:				
Employer self insurance premiums	\$ 20,867,290	10,433,645	\$ 10,645,070	\$ 211,425
Employee self insurance premiums	3,117,240	1,558,620	1,591,646	33,026
Retiree premiums	2,661,500	1,330,750	1,321,780	(8,970)
COBRA premiums	46,460	23,230	10,567	(12,663)
Other:				
BCBS wellness programs	25,000	25,000	25,000	-
BCBS wellness coordinator	125,000	125,000	125,000	-
BCBS administration	25,000	25,000	25,000	-
BCBS communication	30,000	30,000	30,000	-
Recovery of medical claims	30,000	15,000	15,236	236
Total operating revenues	<u>26,927,490</u>	<u>13,566,245</u>	<u>13,789,298</u>	<u>223,053</u>
OPERATING EXPENSES				
Personnel support	457,115	228,558	199,912	(28,645)
Audits & financial services	10,125	-	-	-
Promotional	30,000	15,000	(2,122)	(17,122)
Operating supplies & equipment	120,027	60,014	2,848	(57,166)
Bank charges	400	200	250	50
Contractual services	188,000	94,000	-	(94,000)
Other:				
Self-insurance administrative fees	3,187,621	1,593,811	1,920,880	327,069
PCORI fees	11,000	11,000	11,086	86
Wellness programs	125,936	62,968	10,143	(52,825)
Health savings & flex spending acct contributions	279,672	279,672	209,650	(70,022)
Claims paid:				
Employees	19,319,000	9,659,500	10,728,707	1,069,207
Retirees	4,872,000	2,436,000	2,165,927	(270,073)
COBRA	309,000	154,500	51,756	(102,744)
Total operating expenses	<u>28,909,896</u>	<u>14,595,222</u>	<u>15,299,037</u>	<u>703,816</u>
OPERATING INCOME (LOSS)	<u>(1,982,406)</u>	<u>(1,028,977)</u>	<u>(1,509,740)</u>	<u>(480,763)</u>
NONOPERATING REVENUES (EXPENSES):				
Transfers Out - Technology Fund	(5,530)	-	-	-
Transfers In - General Fund	5,000,000	-	-	-
Interest income (loss)	407,450	203,725	516,592	312,867
Total nonoperating revenues (expenses)	<u>5,401,920</u>	<u>203,725</u>	<u>516,592</u>	<u>312,867</u>
Change in net position	<u>3,419,514</u>	<u>(825,252)</u>	<u>(993,148)</u>	<u>(167,897)</u>
NET POSITION:				
Total net position, as of January 1, 2024	<u>15,315,151</u>	<u>15,315,151</u>	<u>15,315,151</u>	<u>-</u>
Total net position, as of June 30, 2024	<u>\$ 18,734,665</u>	<u>\$ 14,489,900</u>	<u>\$ 14,322,003</u>	<u>\$ (167,897)</u>

CITY OF CHANDLER
Chandler Health Care Benefits Self-Insurance Trust Fund
Statement of Cash Flows
For the Six Months Ended June 30, 2024

Cash flows from operating activities:

Cash received for premiums and other operating purposes	\$ 17,735,068
Cash payments for claims	(12,265,455)
Cash payments to suppliers for other services	(2,156,627)
Cash payments to employees for services	(215,741)
Net cash provided by operating activities	3,097,245

Cash flows from investing activities:

Investment income	647,419
Proceeds from sales of investments	3,626,531
Purchases of investments	(7,371,195)
Net cash used for investing activities	(3,097,245)

Net increase in cash and cash equivalents -

Cash and cash equivalents, January 1, 2024 -

Cash and cash equivalents, June 30, 2024 \$ -

Reconciliation of operating income to cash provided by operating activities:

Operating income	\$ (1,509,740)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase)/Decrease in due from (to) city	3,829,439
(Increase)Decrease in Accounts receivable	105,991
Increase/(Decrease) in premiums paid in advance	10,340
Increase/(Decrease) in claims payable	680,936
Increase/(Decrease) in accounts payable	(3,893)
Increase/(Decrease) in accrued payroll	(15,829)
Net cash provided by operating activities	\$ 3,097,245

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:

Cash and cash equivalents	\$ -
Investments	21,561,550
Cash and investments	\$ 21,561,550

Chandler Health Care Benefits Trust
Wellness Programs Tracking thru June 30, 2024 (updated thru 6/30/24 Preliminary)

Wellness Detail	Jan - Dec 2011	Jan - Dec 2012	Jan - Dec 2013	Jan - Dec 2014	Jan - Dec 2015	Jan - Dec 2016	Jan - Dec 2017	Jan - Dec 2018	Jan - Dec 2019	Jan - Dec 2020	Jan - Dec 2021	Jan - Dec 2022	Jan - Dec 2023	Jan - Jun 2024	Cumulative Total Since Inception
Revenue															
Wellness Funds from BCBS	24,031.73	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	349,031.73
YOGA Program Revenues	-	2,150.00	2,288.00	2,466.00	2,266.00	1,820.00	1,062.00	2,148.00	-	-	-	-	-	-	14,200.00
Total Wellness Program Revenue	24,031.73	27,150.00	27,288.00	27,466.00	27,266.00	26,820.00	26,062.00	27,148.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	363,231.73
Expenses															
YOGA Program Expenses	-	1,820.00	3,360.00	3,220.00	3,150.00	2,905.00	2,555.00	1,000.00	-	-	360.00	-	-	-	18,370.00
Other Professional Services	-	-	-	1,200.00	-	93.62	-	-	-	-	-	2,500.00	17,700.00	250.00	21,743.62
Promotional/Advertising Svcs	-	7,547.42	22,174.80	24,361.61	10,408.85	8,567.47	15,024.50	10,060.07	17,712.80	9,759.42	10,434.58	16,795.78	9,713.08	1,600.00	164,160.38
Supplies (printing, office, etc.)	-	227.89	2,954.17	1,259.37	1,447.85	1,735.20	12.30	3.02	35.22	-	-	-	379.08	66.24	8,120.34
Food & Events	-	350.19	375.02	64.56	795.09	677.75	427.82	535.24	1,163.33	424.57	843.38	648.96	41.55	-	6,347.46
Clothing & Uniforms	-	628.00	-	-	-	-	51.58	-	-	-	-	-	-	-	679.58
Other Supplies	-	26.16	-	26.75	-	-	-	-	-	-	-	-	-	-	52.91
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	489.80	440.88	-	930.68
Employee Activities/Recognition	-	-	-	-	-	1,000.00	-	-	-	-	1,121.00	3,200.73	1,476.34	7,249.43	14,047.50
Postage & Freight	-	-	481.63	-	-	-	-	-	-	-	-	-	-	-	481.63
Travel	-	-	27.12	-	-	-	288.50	942.96	1,327.36	-	-	-	-	-	2,585.94
Subscriptions & Memberships	-	365.00	352.00	310.00	-	-	395.00	365.00	-	-	-	574.22	450.00	-	2,811.22
Education & Training	-	-	(600.00)	-	120.00	79.00	439.10	625.50	895.50	460.00	419.00	-	-	150.00	2,588.10
Other Wellness Expenses	2,648.92	-	-	-	-	-	-	-	-	-	-	-	-	827.51	3,476.43
Registrations	-	-	-	-	-	-	625.50	-	200.00	-	70.00	70.00	77.85	-	1,043.35
Total Wellness Program Expenses	2,648.92	10,964.66	29,124.74	30,442.29	15,921.79	15,058.04	19,819.30	13,531.79	21,334.21	10,643.99	13,247.96	24,279.49	30,278.78	10,143.18	247,439.14
Net Wellness Funds Remaining															115,792.59



Health Care Benefits Trust Board Management Services Memo No.

Date: 08/14/2024
To: Health Care Benefits Trust Board
From: Kristi Smith, Financial Services Assistant Director
Subject: Investment Report for the Quarter Ending June 30, 2024

Attachments

Investment Report



CITY OF CHANDLER HEALTH CARE BENEFITS TRUST

Investment Performance Review For the Quarter Ended June 30, 2024

Client Management Team

Luke Schneider, CFA, Managing Director
Annette Gaston, Director

PFM Asset Management LLC

1101 W. Washington Street
Tempe, AZ 85288
480-271-0432

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

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Agenda

- Account Summary
- Portfolio Review

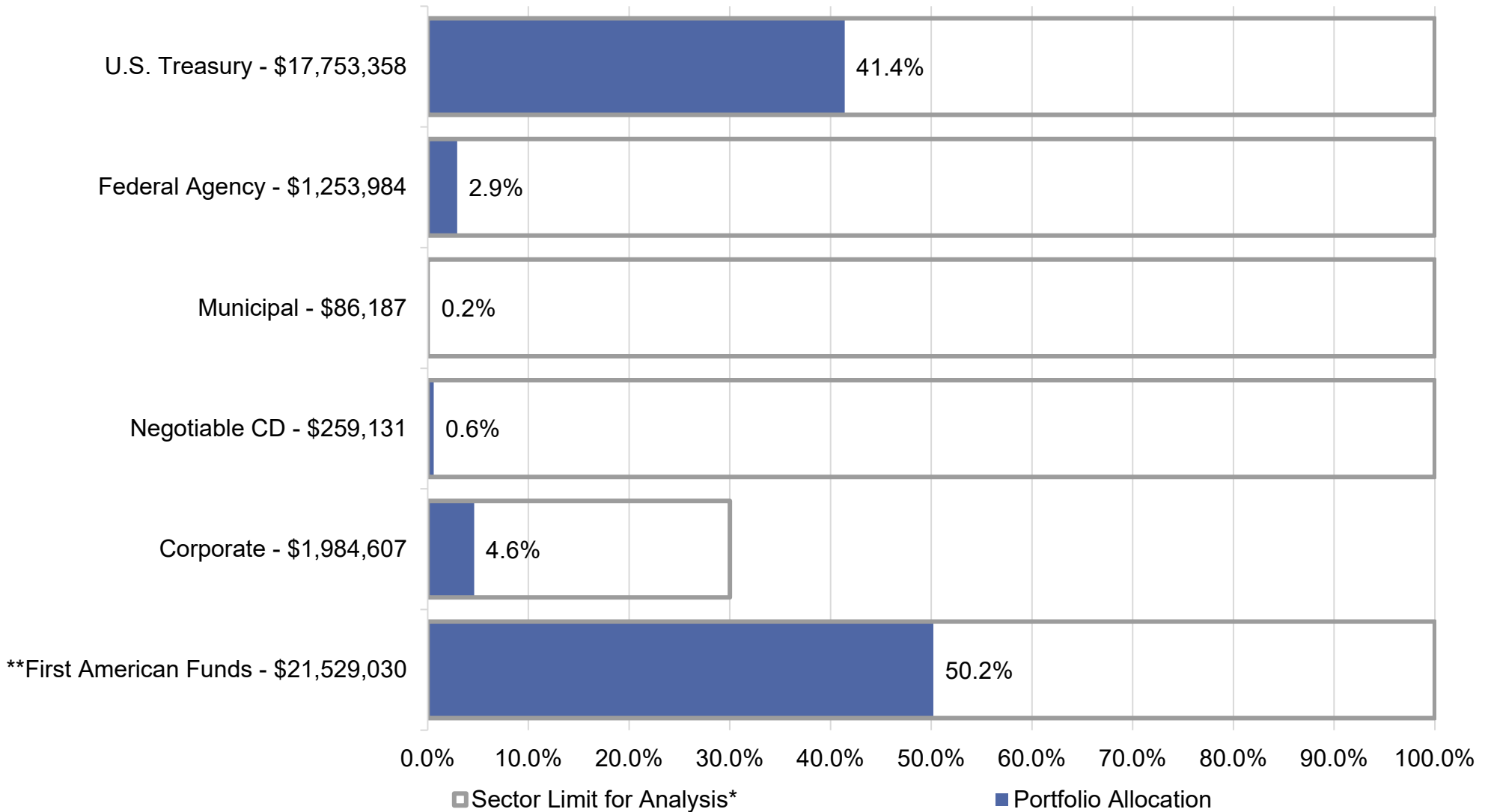
Account Summary

Account Summary

CHANDLER HEALTH CARE BENEFITS TRUST			
Portfolio Values	June 30, 2024	Analytics ¹	June 30, 2024
PFMAM Managed Account	\$21,138,257	Yield at Market	4.90%
Amortized Cost	\$21,341,356	Yield on Cost	3.97%
Market Value	\$21,138,257	Portfolio Duration	1.73
Accrued Interest	\$199,010		
Cash	\$220,183		

1. Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s), excludes balances invested in overnight funds.

Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Included accrued interest.

**Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

***First American Funds Balance as of 7/22/24.*

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	83.2%	
UNITED STATES TREASURY	83.2%	AA / Aaa / AA
Federal Agency	5.9%	
FANNIE MAE	1.8%	AA / Aaa / AA
FEDERAL HOME LOAN BANKS	4.1%	AA / Aaa / NR
Municipal	0.4%	
CITY OF SCOTTSDALE	0.4%	AAA / Aaa / AAA
Negotiable CD	1.2%	
TORONTO-DOMINION BANK	1.2%	A / A / NR
Corporate	9.3%	
AMAZON.COM INC	0.4%	AA / A / AA
APPLE INC	1.2%	AA / Aaa / NR
BANK OF AMERICA CO	0.6%	A / Aa / AA
INTEL CORPORATION	0.7%	A / A / BBB
JP MORGAN CHASE & CO	1.0%	A / A / AA
MICROSOFT CORP	1.2%	AAA / Aaa / NR
NOVARTIS AG	1.1%	AA / Aa / AA
PEPSICO INC	0.7%	A / A / NR
TEXAS INSTRUMENTS INC	0.2%	A / Aa / NR
TOYOTA MOTOR CORP	0.6%	A / A / A
WAL-MART STORES INC	1.5%	AA / Aa / AA
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

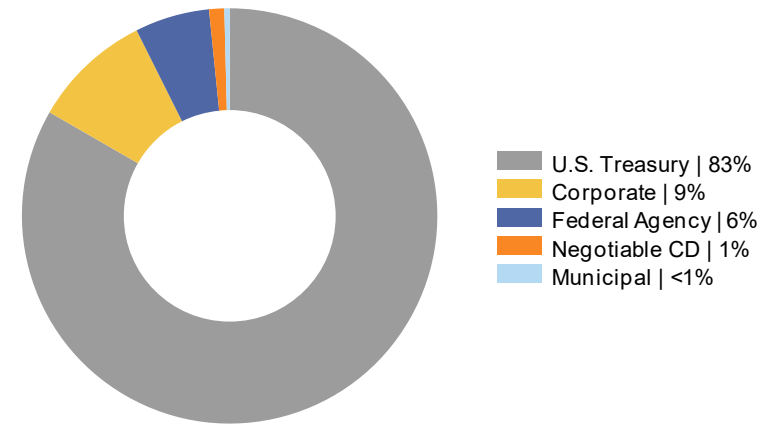
Portfolio Review:
CHANDLER HEALTH CARE BENEFITS TRUST

Portfolio Snapshot - CHANDLER HEALTH CARE BENEFITS TRUST¹

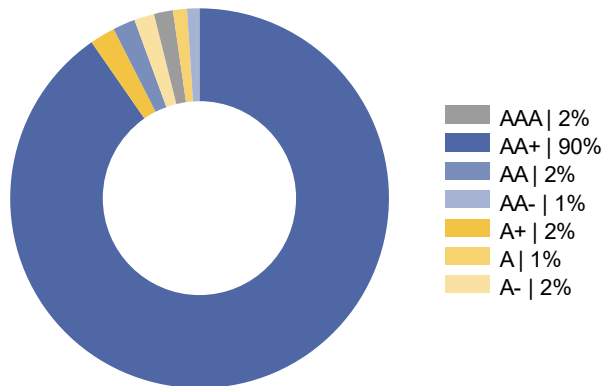
Portfolio Statistics

Total Market Value	\$21,557,449.70
<i>Securities Sub-Total</i>	\$21,138,256.82
<i>Accrued Interest</i>	\$199,009.54
<i>Cash</i>	\$220,183.34
Portfolio Effective Duration	1.73 years
Benchmark Effective Duration	1.75 years
Yield At Cost	3.97%
Yield At Market	4.90%
Portfolio Credit Quality	AA

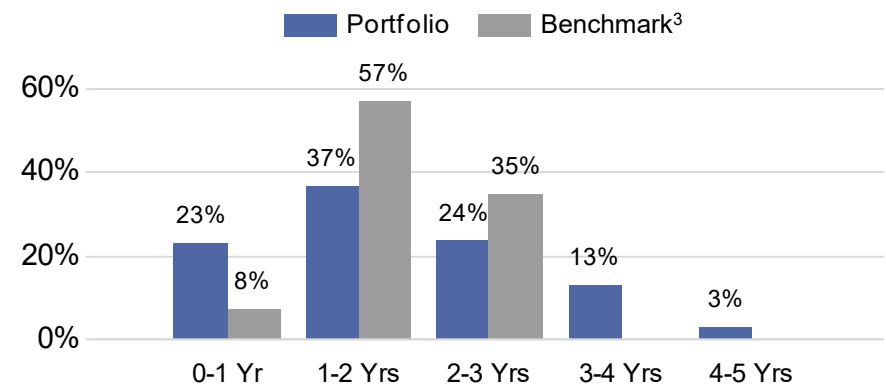
Sector Allocation



Credit Quality - S&P²



Duration Distribution



1. Total market value includes accrued interest and balances invested in PFAM, as of June 30, 2024. Yield and duration calculations exclude balances invested in PFAM.
 2. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.
 3. The portfolio's benchmark is currently the ICE BofA 1-3 Year U.S Treasury Index. Prior to 3/31/17 it was the ICE BofA 0-3 Year U.S Treasury Index. Prior to 9/30/12 it was the ICE BofA 0-6 Month U.S Treasury Index. Source: Bloomberg.

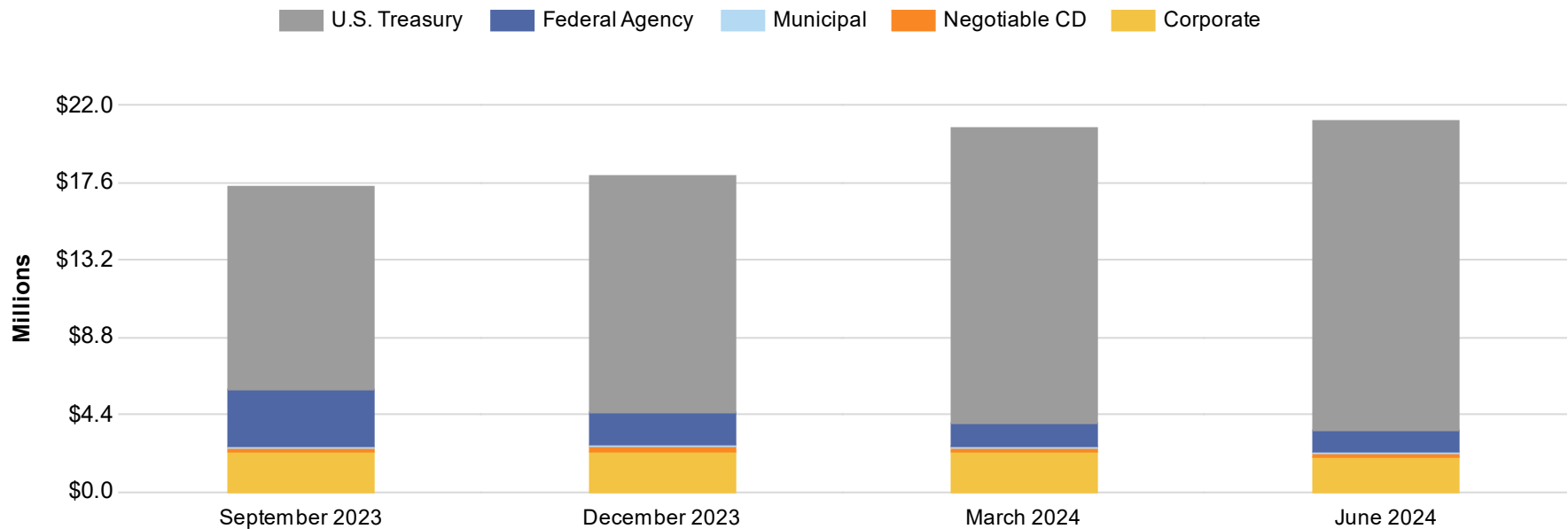
Liquidity Vehicle	Quarter-End Yield
Allspring Treasury Plus Money Market A Fund ¹	5.16%
First American Funds ²	5.18%

1. Allspring Treasury Plus Money Market A Fund ticker symbol PISXX. Account yield is the 30-day current yield from Fund website as of 6/30/2024.

2. First American Funds ticker symbol FGZXX; Account yield is the Net Annualized Monthly Average Yield as of June 2024. For U.S. Treasury, Treasury Obligations and Government Obligations – You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Sector Allocation Review - CHANDLER HEALTH CARE BENEFITS TRUST

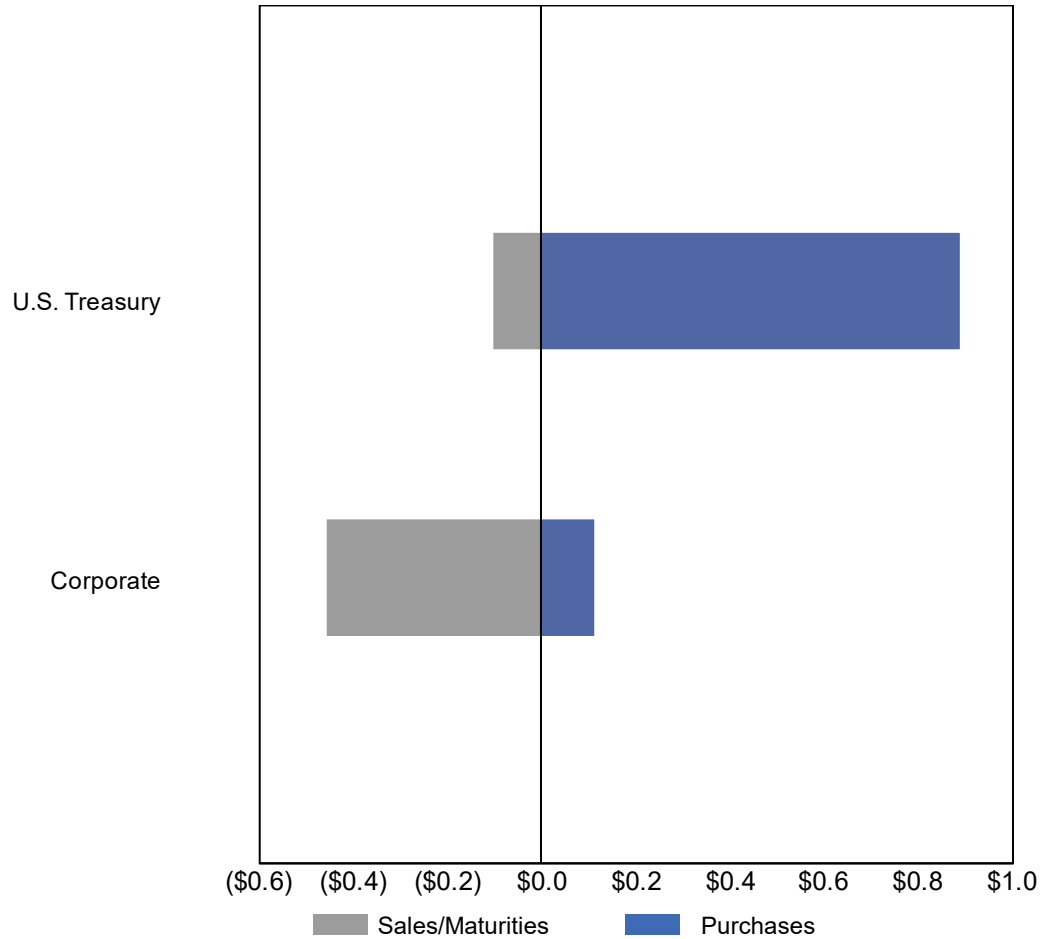
Security Type	Sep-23	% of Total	Dec-23	% of Total	Mar-24	% of Total	Jun-24	% of Total
U.S. Treasury	\$11.6	66.6%	\$13.4	74.7%	\$16.8	81.3%	\$17.6	83.3%
Federal Agency	\$3.2	18.5%	\$1.9	10.5%	\$1.2	6.0%	\$1.2	5.8%
Municipal	\$0.1	0.5%	\$0.1	0.5%	\$0.1	0.4%	\$0.1	0.4%
Negotiable CD	\$0.2	1.4%	\$0.3	1.4%	\$0.2	1.2%	\$0.2	1.2%
Corporate	\$2.3	13.0%	\$2.3	12.9%	\$2.3	11.1%	\$2.0	9.3%
Total	\$17.4	100.0%	\$17.9	100.0%	\$20.7	100.0%	\$21.1	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

Portfolio Activity - CHANDLER HEALTH CARE BENEFITS TRUST

Net Activity by Sector
(\$ millions)

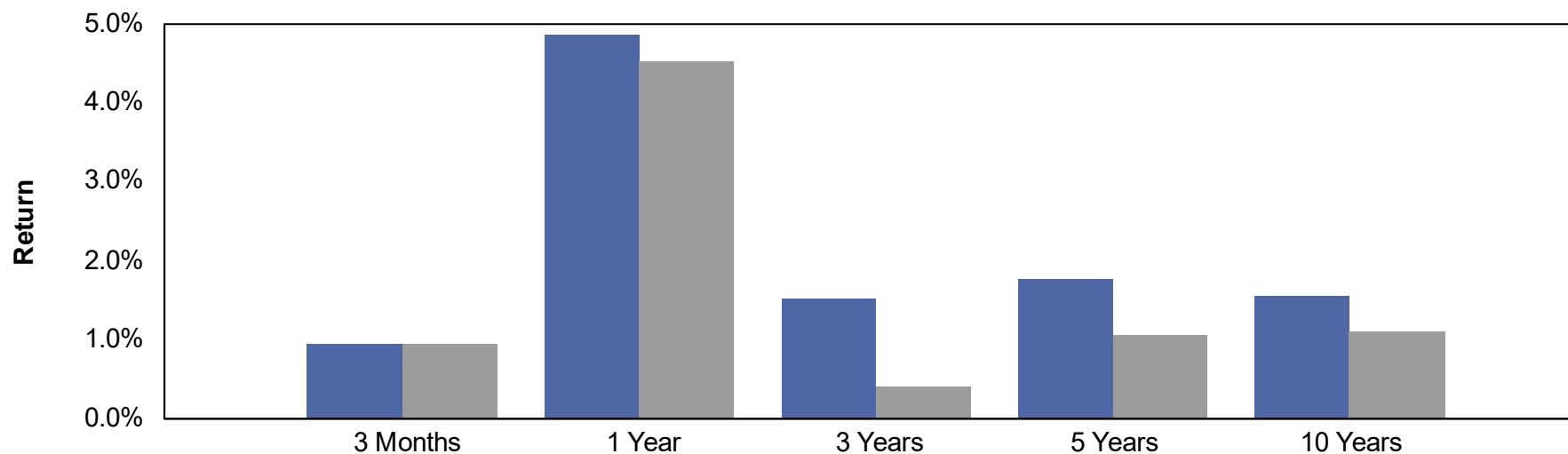


Sector	Net Activity
U.S. Treasury	\$787,485
Corporate	(\$342,978)
Total Net Activity	\$444,507

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

Portfolio Performance

Portfolio Benchmark



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years ¹
Interest Earned ²	\$183,481	\$625,976	\$1,134,887	\$1,727,574	\$2,374,442
Change in Market Value	\$20,941	\$304,383	(\$222,274)	(\$72,852)	(\$40,522)
Total Dollar Return	\$204,422	\$930,359	\$912,613	\$1,654,722	\$2,333,920
Total Return³					
Portfolio	0.96%	4.86%	1.52%	1.76%	1.57%
Benchmark ⁴	0.94%	4.53%	0.40%	1.06%	1.10%

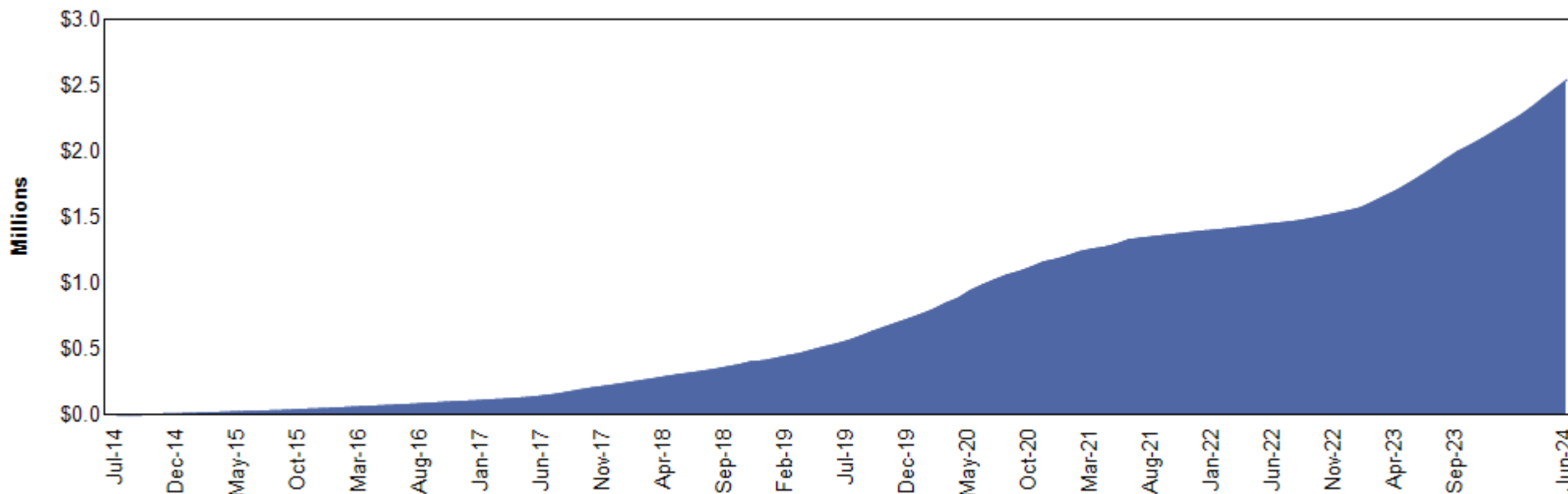
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2010.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is currently the ICE BofA 1-3 Year U.S Treasury Index. Prior to 3/31/17 it was the ICE BofA 0-3 Year U.S Treasury Index. Prior to 9/30/12 it was the ICE BofA 0-6 Month U.S Treasury Index. Source: Bloomberg.

Accrual Basis Earnings - CHANDLER HEALTH CARE BENEFITS TRUST



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year ¹
Interest Earned ²	\$183,481	\$625,976	\$1,134,887	\$1,727,574	\$2,374,442
Realized Gains / (Losses) ³	(\$1,453)	(\$2,072)	(\$12,504)	\$197,069	\$111,979
Change in Amortized Cost	\$32,882	\$104,472	\$91,372	\$78,732	\$56,529
Total Earnings	\$214,910	\$728,376	\$1,213,755	\$2,003,375	\$2,542,950

1. The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2010.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Realized gains / (losses) are shown on an amortized cost basis.

Issuer Distribution As of June 30, 2024

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	17,600,566	83.27%
FEDERAL HOME LOAN BANKS	864,595	4.09%
FANNIE MAE	370,014	1.75%
WAL-MART STORES INC	313,135	1.48%
APPLE INC	260,186	1.23%
MICROSOFT CORP	258,247	1.22%
TORONTO-DOMINION BANK	249,635	1.18%
NOVARTIS AG	223,848	1.06%
JP MORGAN CHASE & CO	214,160	1.01%
PEPSICO INC	152,138	0.72%
INTEL CORPORATION	147,461	0.70%
BANK OF AMERICA CO	135,845	0.64%
TOYOTA MOTOR CORP	134,632	0.64%
AMAZON.COM INC	93,020	0.44%
CITY OF SCOTTSDALE	85,913	0.41%
TEXAS INSTRUMENTS INC	34,862	0.16%
Grand Total	21,138,257	100.00%

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY NOTES DTD 07/31/2022 3.000% 07/31/2024	91282CFA4	375,000.00	AA+	Aaa	8/9/2023	8/10/2023	366,811.52	5.33	4,697.80	374,309.96	374,238.30
US TREASURY NOTES DTD 11/30/2019 1.500% 11/30/2024	912828YV6	935,000.00	AA+	Aaa	6/2/2021	6/4/2021	969,660.74	0.43	1,187.91	939,132.10	920,390.63
US TREASURY NOTES DTD 01/31/2020 1.375% 01/31/2025	912828Z52	615,000.00	AA+	Aaa	5/5/2021	5/7/2021	634,867.38	0.50	3,531.18	618,114.74	601,162.50
US TREASURY NOTES DTD 02/15/2022 1.500% 02/15/2025	91282CDZ1	235,000.00	AA+	Aaa	3/22/2023	3/24/2023	223,075.59	4.31	1,326.72	231,065.29	229,492.19
US TREASURY NOTES DTD 05/15/2022 2.750% 05/15/2025	91282CEQ0	495,000.00	AA+	Aaa	8/12/2022	8/15/2022	488,773.83	3.23	1,738.55	493,027.97	484,790.63
US TREASURY NOTES DTD 06/15/2022 2.875% 06/15/2025	91282CEU1	230,000.00	AA+	Aaa	4/8/2024	4/10/2024	224,402.73	5.02	289.07	225,467.64	225,112.50
US TREASURY NOTES DTD 07/15/2022 3.000% 07/15/2025	91282CEY3	650,000.00	AA+	Aaa	8/8/2022	8/9/2022	647,384.77	3.14	9,000.00	649,074.54	636,289.03
US TREASURY NOTES DTD 07/15/2022 3.000% 07/15/2025	91282CEY3	235,000.00	AA+	Aaa	8/15/2022	8/16/2022	234,045.31	3.15	3,253.85	234,659.94	230,042.96
US TREASURY NOTES DTD 08/15/2022 3.125% 08/15/2025	91282CFE6	100,000.00	AA+	Aaa	9/12/2022	9/12/2022	98,765.63	3.57	1,176.17	99,526.13	97,890.62
US TREASURY NOTES DTD 08/17/2015 2.000% 08/15/2025	912828K74	2,375,000.00	AA+	Aaa	2/7/2023	2/8/2023	2,249,663.09	4.23	17,877.75	2,319,082.55	2,295,957.15
US TREASURY NOTES DTD 08/15/2022 3.125% 08/15/2025	91282CFE6	135,000.00	AA+	Aaa	9/29/2022	9/29/2022	130,923.63	4.25	1,587.82	133,409.79	132,152.34
US TREASURY NOTES DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	270,000.00	AA+	Aaa	12/12/2022	12/13/2022	272,562.89	4.15	1,551.77	271,204.65	268,312.50
US TREASURY NOTES DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	105,000.00	AA+	Aaa	11/29/2022	11/30/2022	105,750.59	4.24	603.46	105,348.56	104,343.75
US TREASURY NOTES DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	125,000.00	AA+	Aaa	12/1/2022	12/2/2022	126,665.04	4.02	718.41	125,774.65	124,218.75
US TREASURY NOTES DTD 12/15/2022 4.000% 12/15/2025	91282CGA3	270,000.00	AA+	Aaa	1/3/2023	1/4/2023	268,565.63	4.19	472.13	269,290.81	266,498.42

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY NOTES DTD 01/15/2023 3.875% 01/15/2026	91282CGE5	2,280,000.00	AA+	Aaa	2/7/2023	2/8/2023	2,266,017.19	4.10	40,776.92	2,272,656.42	2,245,800.00
US TREASURY NOTES DTD 02/15/2023 4.000% 02/15/2026	91282CGL9	110,000.00	AA+	Aaa	4/19/2023	4/20/2023	109,918.36	4.03	1,656.04	109,953.01	108,504.68
US TREASURY NOTES DTD 04/15/2023 3.750% 04/15/2026	91282CGV7	185,000.00	AA+	Aaa	5/12/2023	5/15/2023	185,317.97	3.69	1,459.53	185,194.78	181,675.77
US TREASURY NOTES DTD 04/15/2023 3.750% 04/15/2026	91282CGV7	147,000.00	AA+	Aaa	5/1/2023	5/1/2023	146,643.98	3.84	1,159.73	146,784.74	144,358.59
US TREASURY NOTES DTD 05/15/2023 3.625% 05/15/2026	91282CHB0	250,000.00	AA+	Aaa	5/19/2023	5/22/2023	247,324.22	4.01	1,157.44	248,321.80	244,882.80
US TREASURY NOTES DTD 08/15/2023 4.375% 08/15/2026	91282CHU8	165,000.00	AA+	Aaa	8/22/2023	8/24/2023	163,330.66	4.74	2,716.95	163,809.81	163,917.19
US TREASURY NOTES DTD 08/15/2023 4.375% 08/15/2026	91282CHU8	185,000.00	AA+	Aaa	9/7/2023	9/8/2023	183,410.16	4.69	3,046.28	183,850.63	183,785.93
US TREASURY NOTES DTD 08/15/2023 4.375% 08/15/2026	91282CHU8	130,000.00	AA+	Aaa	8/17/2023	8/18/2023	128,984.38	4.66	2,140.63	129,279.87	129,146.88
US TREASURY NOTES DTD 10/15/2023 4.625% 10/15/2026	91282CJC6	280,000.00	AA+	Aaa	10/16/2023	10/17/2023	278,260.94	4.85	2,724.45	278,648.15	279,737.50
US TREASURY N/B NOTES DTD 11/15/2023 4.625% 11/15/2026	91282CJK8	475,000.00	AA+	Aaa	12/1/2023	12/4/2023	477,133.79	4.46	2,805.79	476,738.70	474,851.56
US TREASURY N/B NOTES DTD 11/15/2023 4.625% 11/15/2026	91282CJK8	300,000.00	AA+	Aaa	1/3/2024	1/4/2024	303,820.31	4.15	1,772.08	303,197.37	299,906.25
US TREASURY N/B NOTES DTD 12/15/2023 4.375% 12/15/2026	91282CJP7	460,000.00	AA+	Aaa	1/3/2024	1/4/2024	463,054.69	4.13	879.78	462,572.60	457,412.50
US TREASURY N/B NOTES DTD 02/15/2024 4.125% 02/15/2027	91282CKA8	965,000.00	AA+	Aaa	2/13/2024	2/15/2024	956,028.52	4.46	14,982.02	957,090.03	953,993.02
US TREASURY N/B NOTES DTD 04/15/2024 4.500% 04/15/2027	91282CKJ9	110,000.00	AA+	Aaa	4/12/2024	4/15/2024	109,346.88	4.71	1,041.39	109,389.76	109,845.32
US TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	1,175,000.00	AA+	Aaa	3/14/2024	3/15/2024	1,103,260.74	4.46	3,564.11	1,109,963.02	1,106,519.59
US TREASURY N/B NOTES DTD 05/15/2024 4.500% 05/15/2027	91282CKR1	100,000.00	AA+	Aaa	5/9/2024	5/15/2024	99,664.06	4.62	574.73	99,677.44	99,875.00
US TREASURY NOTES DTD 08/15/2017 2.250% 08/15/2027	9128282R0	180,000.00	AA+	Aaa	9/1/2022	9/1/2022	170,894.53	3.37	1,524.31	174,261.89	168,187.50

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY NOTES DTD 11/30/2022 3.875% 11/30/2027	91282CFZ9	1,100,000.00	AA+	Aaa	3/14/2024	3/15/2024	1,079,976.56	4.41	3,610.31	1,081,572.52	1,079,031.25
US TREASURY NOTES DTD 02/28/2023 4.000% 02/29/2028	91282CGP0	1,100,000.00	AA+	Aaa	3/14/2024	3/15/2024	1,084,789.06	4.38	14,706.52	1,085,925.15	1,083,156.25
US TREASURY NOTES DTD 05/31/2023 3.625% 05/31/2028	91282CHE4	460,000.00	AA+	Aaa	4/1/2024	4/1/2024	446,541.41	4.40	1,412.36	447,346.62	446,918.75
US TREASURY N/B NOTES DTD 12/31/2023 3.750% 12/31/2028	91282CJR3	665,000.00	AA+	Aaa	1/26/2024	1/29/2024	655,830.27	4.06	67.76	656,549.35	648,167.19
Security Type Sub-Total		17,972,000.00					17,701,467.05	3.89	152,791.72	17,771,272.98	17,600,565.79
Negotiable CD											
TORONTO DOMINION BANK NY CERT DEPOS DTD 10/31/2022 5.470% 10/25/2024	89115B6F2	250,000.00	A	A1	10/27/2022	10/31/2022	250,000.00	5.44	9,496.53	250,000.00	249,634.75
Security Type Sub-Total		250,000.00					250,000.00	5.44	9,496.53	250,000.00	249,634.75
Municipal											
SCOTTSDALE, AZ TXBL GO BONDS DTD 12/30/2020 0.608% 07/01/2025	810454BL1	90,000.00	AAA	Aaa	12/10/2020	12/30/2020	90,000.00	0.61	273.60	90,000.00	85,913.10
Security Type Sub-Total		90,000.00					90,000.00	0.61	273.60	90,000.00	85,913.10
Federal Agency											
FEDERAL HOME LOAN BANK NOTES (CALLABLE) DTD 08/08/2022 4.100% 08/08/2025	3130ASRJ0	875,000.00	AA+	Aaa	8/5/2022	8/8/2022	874,562.50	4.12	14,250.35	874,839.13	864,594.50
FANNIE MAE NOTES (CALLABLE) DTD 08/30/2022 4.000% 08/28/2025	3135GACV1	375,000.00	AA+	Aaa	8/25/2022	8/30/2022	374,981.25	4.00	5,125.00	374,992.75	370,014.00
Security Type Sub-Total		1,250,000.00					1,249,543.75	4.08	19,375.35	1,249,831.88	1,234,608.50

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
TEXAS INSTRUMENTS INC CORPORATE NOTES DTD 11/18/2022 4.700% 11/18/2024	882508BR4	35,000.00	A+	Aa3	11/15/2022	11/18/2022	34,984.25	4.72	196.49	34,996.98	34,861.82
APPLE INC CORPORATE NOTES DTD 05/13/2015 3.200% 05/13/2025	037833BG4	265,000.00	AA+	Aaa	12/15/2022	12/19/2022	257,103.00	4.52	1,130.67	262,151.31	260,186.01
PEPSICO INC CORP NOTES (CALLABLE) DTD 07/17/2015 3.500% 07/17/2025	713448CY2	155,000.00	A+	A1	1/17/2023	1/19/2023	151,523.35	4.46	2,471.39	153,544.39	152,137.93
INTEL CORP NOTES (CALLABLE) DTD 07/29/2015 3.700% 07/29/2025	458140AS9	150,000.00	A-	A3	1/17/2023	1/19/2023	147,154.50	4.50	2,343.33	148,787.11	147,461.25
MICROSOFT CORP NOTES (CALLABLE) DTD 11/03/2015 3.125% 11/03/2025	594918BJ2	265,000.00	AAA	Aaa	1/23/2023	1/25/2023	256,737.30	4.33	1,334.20	261,003.23	258,247.27
NOVARTIS CAPITAL CORP NOTES (CALLABLE) DTD 11/20/2015 3.000% 11/20/2025	66989HAJ7	230,000.00	AA-	Aa3	1/27/2023	1/31/2023	221,862.60	4.35	785.83	225,971.03	223,848.42
AMAZON INC CORP NOTES (CALLABLE) DTD 05/12/2021 1.000% 05/12/2026	023135BX3	100,000.00	AA	A1	6/2/2023	6/6/2023	90,597.00	4.45	136.11	94,029.84	93,019.90
TOYOTA MOTOR CREDIT CORP CORPORATE NOTES DTD 08/14/2023 5.000% 08/14/2026	89236TKX2	135,000.00	A+	A1	8/22/2023	8/25/2023	134,380.35	5.17	2,568.75	134,557.96	134,631.72
BANK OF AMERICA NA CORPORATE NOTES DTD 08/18/2023 5.526% 08/18/2026	06428CAA2	135,000.00	A+	Aa1	10/23/2023	10/24/2023	133,863.30	5.85	2,756.09	134,140.57	135,845.24
WAL MART INC CORP NOTES (CALLABLE) DTD 09/17/2021 1.050% 09/17/2026	931142ER0	340,000.00	AA	Aa2	1/30/2023	1/31/2023	304,092.60	4.22	1,031.33	318,103.26	313,135.24
JPMORGAN CHASE CORP NOTES (CALLABLE) DTD 02/24/2022 2.947% 02/24/2028	46647PCW4	110,000.00	A-	A1	9/14/2023	9/18/2023	100,580.70	5.13	1,143.60	102,249.43	103,091.56

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
JPMORGAN CHASE & CO CORPORATE NOTES (CAL DTD 04/22/2024 5.571% 04/22/2028	46647PEE2	110,000.00	A-	A1	6/3/2024	6/4/2024	110,733.70	5.38	1,174.55	110,716.27	111,068.32
Security Type Sub-Total		2,030,000.00					1,943,612.65	4.64	17,072.34	1,980,251.38	1,967,534.68
Managed Account Sub Total		21,592,000.00					21,234,623.45	3.97	199,009.54	21,341,356.24	21,138,256.82
Securities Sub Total		\$21,592,000.00					\$21,234,623.45	3.97%	\$199,009.54	\$21,341,356.24	\$21,138,256.82
Accrued Interest											\$199,009.54
Total Investments											\$21,337,266.36

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
4/1/2024	4/1/2024	460,000.00	91282CHE4	US TREASURY NOTES	3.62%	5/31/2028	452,145.30	4.40%	
4/8/2024	4/10/2024	230,000.00	91282CEU1	US TREASURY NOTES	2.87%	6/15/2025	226,516.56	5.02%	
4/12/2024	4/15/2024	110,000.00	91282CKJ9	US TREASURY N/B NOTES	4.50%	4/15/2027	109,346.88	4.71%	
5/9/2024	5/15/2024	100,000.00	91282CKR1	US TREASURY N/B NOTES	4.50%	5/15/2027	99,664.06	4.62%	
6/3/2024	6/4/2024	110,000.00	46647PEE2	JPMORGAN CHASE & CO CORPORATE NOTES (CAL	5.57%	4/22/2028	111,448.65	5.38%	
Total BUY		1,010,000.00					999,121.45		0.00
INTEREST									
4/1/2024	4/1/2024		MONEY0002	MONEY MARKET FUND			6,015.56		
4/15/2024	4/15/2024	280,000.00	91282CJC6	US TREASURY NOTES	4.62%	10/15/2026	6,475.00		
4/15/2024	4/15/2024	332,000.00	91282CGV7	US TREASURY NOTES	3.75%	4/15/2026	6,225.00		
5/1/2024	5/1/2024		MONEY0002	MONEY MARKET FUND			189.88		
5/3/2024	5/3/2024	265,000.00	594918BJ2	MICROSOFT CORP NOTES (CALLABLE)	3.12%	11/3/2025	4,140.63		
5/12/2024	5/12/2024	100,000.00	023135BX3	AMAZON INC CORP NOTES (CALLABLE)	1.00%	5/12/2026	500.00		
5/13/2024	5/13/2024	265,000.00	037833BG4	APPLE INC CORPORATE NOTES	3.20%	5/13/2025	4,240.00		
5/15/2024	5/15/2024	250,000.00	91282CHB0	US TREASURY NOTES	3.62%	5/15/2026	4,531.25		
5/15/2024	5/15/2024	775,000.00	91282CJK8	US TREASURY N/B NOTES	4.62%	11/15/2026	17,921.88		
5/15/2024	5/15/2024	1,175,000.00	912828X88	US TREASURY NOTES	2.37%	5/15/2027	13,953.13		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
5/15/2024	5/15/2024	495,000.00	91282CEQ0	US TREASURY NOTES	2.75%	5/15/2025	6,806.25		
5/15/2024	5/15/2024	500,000.00	91282CFW6	US TREASURY NOTES	4.50%	11/15/2025	11,250.00		
5/18/2024	5/18/2024	35,000.00	882508BR4	TEXAS INSTRUMENTS INC CORPORATE NOTES	4.70%	11/18/2024	822.50		
5/20/2024	5/20/2024	230,000.00	66989HAJ7	NOVARTIS CAPITAL CORP NOTES (CALLABLE)	3.00%	11/20/2025	3,450.00		
5/31/2024	5/31/2024	935,000.00	912828YV6	US TREASURY NOTES	1.50%	11/30/2024	7,012.50		
5/31/2024	5/31/2024	460,000.00	91282CHE4	US TREASURY NOTES	3.62%	5/31/2028	8,337.50		
5/31/2024	5/31/2024	1,100,000.00	91282CFZ9	US TREASURY NOTES	3.87%	11/30/2027	21,312.50		
6/3/2024	6/3/2024		MONEY0002	MONEY MARKET FUND			415.17		
6/15/2024	6/15/2024	270,000.00	91282CGA3	US TREASURY NOTES	4.00%	12/15/2025	5,400.00		
6/15/2024	6/15/2024	230,000.00	91282CEU1	US TREASURY NOTES	2.87%	6/15/2025	3,306.25		
6/15/2024	6/15/2024	460,000.00	91282CJP7	US TREASURY N/B NOTES	4.37%	12/15/2026	10,062.50		
6/30/2024	6/30/2024	665,000.00	91282CJR3	US TREASURY N/B NOTES	3.75%	12/31/2028	12,468.75		
Total INTEREST		8,822,000.00					154,836.25		0.00
MATURITY									
4/15/2024	4/15/2024	100,000.00	91282CBV2	US TREASURY NOTES	0.37%	4/15/2024	100,187.50		
5/12/2024	5/12/2024	110,000.00	023135BW5	AMAZON.COM INC CORPORATE NOTES	0.45%	5/12/2024	110,247.50		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
MATURITY									
6/1/2024	6/1/2024	115,000.00	46647PCH7	JPMORGAN CHASE CORP NOTES (CALLED, OMD 6	0.82%	6/1/2024	115,473.80		
Total MATURITY		325,000.00					325,908.80		0.00
SELL									
4/8/2024	4/10/2024	230,000.00	17275RAW2	CISCO SYSTEMS INC CORPORATE NOTES	3.50%	6/15/2025	228,705.23		-1,452.94
Total SELL		230,000.00					228,705.23		-1,452.94

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY	4/1/2024	4/1/2024	460,000.00	91282CHE4	US TREASURY NOTES	3.62%	5/31/2028	452,145.30	4.40%	
BUY	4/8/2024	4/10/2024	230,000.00	91282CEU1	US TREASURY NOTES	2.87%	6/15/2025	226,516.56	5.02%	
BUY	4/12/2024	4/15/2024	110,000.00	91282CKJ9	US TREASURY N/B NOTES	4.50%	4/15/2027	109,346.88	4.71%	
BUY	5/9/2024	5/15/2024	100,000.00	91282CKR1	US TREASURY N/B NOTES	4.50%	5/15/2027	99,664.06	4.62%	
BUY	6/3/2024	6/4/2024	110,000.00	46647PEE2	JPMORGAN CHASE & CO CORPORATE	5.57%	4/22/2028	111,448.65	5.38%	
INTEREST	4/1/2024	4/1/2024		MONEY0002	MONEY MARKET FUND			6,015.56		
INTEREST	4/15/2024	4/15/2024	280,000.00	91282CJC6	US TREASURY NOTES	4.62%	10/15/2026	6,475.00		
INTEREST	4/15/2024	4/15/2024	332,000.00	91282CGV7	US TREASURY NOTES	3.75%	4/15/2026	6,225.00		
INTEREST	5/1/2024	5/1/2024		MONEY0002	MONEY MARKET FUND			189.88		
INTEREST	5/3/2024	5/3/2024	265,000.00	594918BJ2	MICROSOFT CORP NOTES (CALLABLE)	3.12%	11/3/2025	4,140.63		
INTEREST	5/12/2024	5/12/2024	100,000.00	023135BX3	AMAZON INC CORP NOTES	1.00%	5/12/2026	500.00		
INTEREST	5/13/2024	5/13/2024	265,000.00	037833BG4	APPLE INC CORPORATE NOTES	3.20%	5/13/2025	4,240.00		
INTEREST	5/15/2024	5/15/2024	250,000.00	91282CHB0	US TREASURY NOTES	3.62%	5/15/2026	4,531.25		
INTEREST	5/15/2024	5/15/2024	775,000.00	91282CJK8	US TREASURY N/B NOTES	4.62%	11/15/2026	17,921.88		
INTEREST	5/15/2024	5/15/2024	1,175,000.00	912828X88	US TREASURY NOTES	2.37%	5/15/2027	13,953.13		
INTEREST	5/15/2024	5/15/2024	495,000.00	91282CEQ0	US TREASURY NOTES	2.75%	5/15/2025	6,806.25		
INTEREST	5/15/2024	5/15/2024	500,000.00	91282CFW6	US TREASURY NOTES	4.50%	11/15/2025	11,250.00		
INTEREST	5/18/2024	5/18/2024	35,000.00	882508BR4	TEXAS INSTRUMENTS INC CORPORATE	4.70%	11/18/2024	822.50		

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST	5/20/2024	5/20/2024	230,000.00	66989HAJ7	NOVARTIS CAPITAL CORP NOTES	3.00%	11/20/2025	3,450.00		
INTEREST	5/31/2024	5/31/2024	935,000.00	912828YV6	US TREASURY NOTES	1.50%	11/30/2024	7,012.50		
INTEREST	5/31/2024	5/31/2024	460,000.00	91282CHE4	US TREASURY NOTES	3.62%	5/31/2028	8,337.50		
INTEREST	5/31/2024	5/31/2024	1,100,000.00	91282CFZ9	US TREASURY NOTES	3.87%	11/30/2027	21,312.50		
INTEREST	6/3/2024	6/3/2024		MONEY0002	MONEY MARKET FUND			415.17		
INTEREST	6/15/2024	6/15/2024	270,000.00	91282CGA3	US TREASURY NOTES	4.00%	12/15/2025	5,400.00		
INTEREST	6/15/2024	6/15/2024	230,000.00	91282CEU1	US TREASURY NOTES	2.87%	6/15/2025	3,306.25		
INTEREST	6/15/2024	6/15/2024	460,000.00	91282CJP7	US TREASURY N/B NOTES	4.37%	12/15/2026	10,062.50		
INTEREST	6/30/2024	6/30/2024	665,000.00	91282CJR3	US TREASURY N/B NOTES	3.75%	12/31/2028	12,468.75		
MATURITY	4/15/2024	4/15/2024	100,000.00	91282CBV2	US TREASURY NOTES	0.37%	4/15/2024	100,187.50		
MATURITY	5/12/2024	5/12/2024	110,000.00	023135BW5	AMAZON.COM INC CORPORATE NOTES	0.45%	5/12/2024	110,247.50		
MATURITY	6/1/2024	6/1/2024	115,000.00	46647PCH7	JPMORGAN CHASE CORP NOTES	0.82%	6/1/2024	115,473.80		
SELL	4/8/2024	4/10/2024	230,000.00	17275RAW2	CISCO SYSTEMS INC CORPORATE	3.50%	6/15/2025	228,705.23		-1,452.94
TOTALS			10,387,000.00					1,708,571.73		-1,452.94

Important Disclosures

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. **Past performance is not indicative of future returns.**
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.



Health Care Benefits Trust Board Human Resources Memo No.

Date: 08/14/2024
To: Health Care Benefits Trust Board
From:
Subject: **Review Calendar Year 2025 Meeting Dates - Human Resources**

Attachments

Draft Meeting Dates for 2025

2025 Trust Board Meetings

Workers' Compensation and Employer Liability Trust Board			
WCTB Board Meeting Date	Additional Information	Financial Reporting Period	Agenda Items Due to Reporting Secretary
January 29, 2025 4:00 pm	Financial Statements Investment Report Review of Financial Audit Report (Heinfeld/Meech) Review of Actuarial Audit (Oliver Wyman) 2025 Workers' Comp Rate Contribution & Reserve Recommendation	October 1 to December 31	January 15
June 11, 2025 4:00 pm	Joint Meeting with HCTB New Members & Elections Financial Statements Investment Report Excess Insurance Renewal	January 1 to March 31	May 28
September 10, 2025 4:00 pm	Financial Statements Investment Report Corvel Stewardship Report Annual Safety Update Review of 2026 Meeting Dates	April 1 to June 30	August 27
November 12, 2025 4:00 pm	Joint Meeting with HCTB Financial Statements Investment Report	July 1 to September 30	October 29

Heath Care Benefits Trust Board			
Board Meeting Date	Additional Information	Financial Reporting Period	All Agenda Items Due to Board Secretary
February 26, 2025 4:00 pm	Financial Statements Investment Report Segal Report	October 1 to December 31	February 12
June 11, 2025 4:00 pm	Joint Meeting with WCTB New Members & Elections Review Trust Financial Audit Report (Heinfeld Meech) Financial Statements Investment Report Segal Report	January 1 to March 31	May 28
August 13, 2025 4:00 pm	Review of 2026 Rates Resolution Communication Financial Statements Investment Report Segal Report Review of 2026 Meeting Dates	April 1 to June 30	July 30
November 12, 2025 4:00 pm	Joint Meeting with WTCB Financial Statements Investment Report Segal Report	July 1 to September 30	October 29



Health Care Benefits Trust Board Human Resources Memo No.

Date: 08/14/2024
To: Health Care Benefits Trust Board
From:
Subject: **Resolution No. HB-015 for 2025 Rates - Human Resources**

Attachments

Resolution HB-015

RESOLUTION NO. HB-015

A RESOLUTION OF THE CHANDLER HEALTH CARE BENEFITS TRUST BOARD APPROVING PREMIUM LEVELS FOR PARTICIPANTS IN THE CHANDLER HEALTH CARE BENEFITS PLAN FOR CALENDAR YEAR 2025

BE IT RESOLVED by the City of Chandler Health Care Benefits Trust Board as follows:

In accordance with the *Chandler Health Care Benefits Trust Fund*, created by the City of Chandler (“the City”) through Ordinance No. 4245, adopted on August 16, 2010 (“the Ordinance”), and pursuant to the Chandler Health Care Benefits Trust Agreement, approved through Resolution No. 4447, adopted on August 16, 2010, and executed as of August 17, 2010 (the “Trust Agreement”), as amended by Resolution No. 4571, adopted on January, 10, 2012, and executed as of January 12, 2012, and with the concurrence of the City Manager, the City of Chandler Health Care Benefits Trust Board (the “Trust Board”) hereby approves premium levels for participants in the Chandler Health Care Benefits Plan for Calendar Year 2025. Those capitalized terms not otherwise defined herein shall have the same definitions as set forth in the Ordinance and/or the Trust Agreement.

Section 1. Employee Premiums. Monthly Rates for Employee Premiums have been determined by the Trust Board pursuant to Article V of the Trust Agreement. The total monthly premiums for the City’s three alternative health care benefits plans, the “Red Plan,” the “Blue Plan,” and the “White Plan are as follows:

	Total Monthly Premiums Red Plan	Total Monthly Premiums Blue Plan	Total Monthly Premiums White Plan
Employee Only	\$964.61	\$810.67	\$648.55
Employee and Spouse	\$1,610.80	\$1,353.76	\$1,083.02
Employee and Children	\$1,427.48	\$1,199.67	\$959.77
Family	\$2,343.79	\$1,969.81	\$1,575.87

PASSED AND ADOPTED by the City of Chandler Health Care Benefits Trust Board on this 14th day of August 2024.

Chairperson
City of Chandler Health Care Benefits Trust Board

Attest:

City Clerk

CERTIFICATON

I HEREBY CERTIFY that the above and foregoing Resolution No. HB-015 was duly passed and adopted by the City of Chandler Health Care Benefits Trust Board at a regular meeting held on the 14th day of August 2024, and that a quorum was present thereat.

City Clerk

APPROVED AS TO FORM:

CITY ATTORNEY *REL*