# Health Care Benefits Trust Board Regular Meeting

June 11, 2025 | 4:00 p.m. Council Chambers Conference Room 88 E. Chicago St., Chandler, AZ or Webex 1-415-655-0001 code 2664 538 7834 password JsvD6asmf43





# **Board Members**

Elisha Anderson Ray Kieffer Mark Knight Carson Mohr Jonah Roehl

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, June 11, 2025, at 4:00 p.m., at City Council Chambers Conference Room, 88 E. Chicago Street, Chandler, AZ or via Webex by dialing 1-415-655-0001, Access Code 2664 538 7834, and password: JsvD6asmf43. 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 - June 11, 2025

# 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. February 26, 2025 City of Chandler Health Care Benefits Trust Board Meeting Minutes Move to approve the City of Chandler Health Care Benefits Trust Board meeting minutes from February 26, 2025.

# Briefing

- Medical Trust Financial Audit Report Heinfeld Meech
- Medical Trust Actuarial Report Segal
- 4. Financial Statements and Wellness Report Through March 31, 2025 Management Services
- Investment Report Through Quarter Ending March 31, 2025 Management Services
- 6. Election of Chair, Vice Chair, and Secretary

# **Action Agenda**

7. Election of Chair, Vice Chair, and Secretary

# Member Comments/Announcements

# Calendar

8. The next meeting is scheduled for Wednesday, August 13, 2025.

# Information Items - For Future Meetings

- 9. Financial Statements and Wellness Report Management Services
- 10. Investment Report Management Services
- 11. Review of 2026 Rates Management Services/Human Resources
- 12. Resolution for 2026 Rates

# Adjourn



### Health Care Benefits Trust Board Human Resources Memo No.

**Date:** 06/11/2025

To: Health Care Benefits Trust Board

From: Sarah Meland, Management Assistant

Subject: February 26, 2025 City of Chandler Health Care Benefits Trust Board Meeting

Minutes

# **Proposed Motion:**

Move to approve the City of Chandler Health Care Benefits Trust Board meeting minutes from February 26, 2025.

### **Attachments**

February 26, 2025 City of Chandler Health Care Benefits Trust Board Meeting Minutes

# Meeting Minutes Health Care Benefits Trust Board Regular Meeting

February 26, 2025 | 4:00 pm Council Chambers Conference Room 88 East Chicago Street, Chandler, AZ



# **Call to Order**

The meeting was called to order by Chair Terry Bond at 4:00 pm.

## **Roll Call**

### **Present**

Chair Terry Bond Secretary Zac Cummard Mark Knight Carson Mohr

### **Absent**

Vice Chair Jennifer Huppenthal

### Other Attendance

Fernanda Acurio, HR Manager Kristi Smith, Financial Services Director Julie Goucher, Accounting Senior Manager Rachel Calisi, Segal Consultants Rowena Laxa, Assistant City Attorney Sarah Meland, Management Assistant

# **Scheduled and Unscheduled Public Appearances**

None.

# **Consent Agenda and Discussion**

1. November 13, 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 November 13, 2024.

# **Consent Agenda Motion and Vote**

Board Member Knight moved to approve the Minutes for November 13, 2024 Health Care Benefits Trust Board Meeting; Board Member Mohr seconded the motion. Motion carried unanimously (4-0).

# **Briefing**

### 2. Medical Trust Actuarial Report - Rachel Calisi, Segal

Rachel Calisi of Segal presented the actuarial report through December 31, 2024. The report is attached to the meeting agenda.

Discussion: Board Member Knight asked if the trend up in specialty drugs was unusual. Ms. Calisi said the trend up Chandler is being experienced by everyone across the board. Chair Bond asked what the specialty drugs were and Ms. Calisi cited drugs for chemotherapy, anti-cancer, cystic fibrosis, MS, etc.

- 3. Financial Statements and Wellness Report Julie Goucher, Management Services
- 4. Investment Report Julie Goucher, Management Services

Julie Goucher presented the Financial Statements and Wellness Report and Investment Report which are attached to the meeting agenda. There was no discussion or questions about the presentation.

# **Action Agenda**

None

# **Member Comments/Announcements**

Fernanda Acurio congratulated Secretary Cummard on his retirement and thanked him for his service on the Board. She also let the Board know that we are in the process of selecting new Board members and would vote on them at the June meeting.

Board Member Mohr also thanked Secretary Cummard on his service on the Board then asked if there was a study regarding savings from specialty drugs versus hospital stays over the long term. Ms. Acurio responded that there was an upcoming meeting with Blue Cross Blue Shield, and she would ask if they know of a report like that or had any data.

# **Calendar**

The next regular meeting will be held on Wednesday, June 11, 2025 at 4:00 pm. This meeting will be a joint meeting with the Workers' Compensation and Employer Liability Trust Board.

# **Informational Items**

Chair Bond let the Board know that items for future meetings are the Financial Audit Report, Actuarial Audit Report, Financial Statements and Wellness Report, the Investment Report, and election of new members and the election of officers.

# **Adjourn**

Board Member Knight motione	d to adjourn the meeting which was seconded by Secretary
Cummard. Motion passed unanir	nously (4-0). The meeting was adjourned at 4:29 pm.
. Secretary	Terry Bond, Chair



# Health Care Benefits Trust Board Human Resources Memo No.

**Date:** 06/11/2025

To: Health Care Benefits Trust Board

From: Sarah Meland, Management Assistant

**Subject:** Medical Trust Financial Audit Report - Heinfeld Meech

### **Attachments**

Communication to Governance Financial Audit Report



May 16, 2025

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, 2024. 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., P.C.

Heinfeld Meach & Co. PC

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?



October 28, 2024

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, 2024. 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, 2024.

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 opinions 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 judgements 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 the issuance of the financial statements you will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and related notes to the financial statements, and acknowledge 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; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers) and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). 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) and 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 2024 and conclude audit procedures and date our report in May 2025.

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.

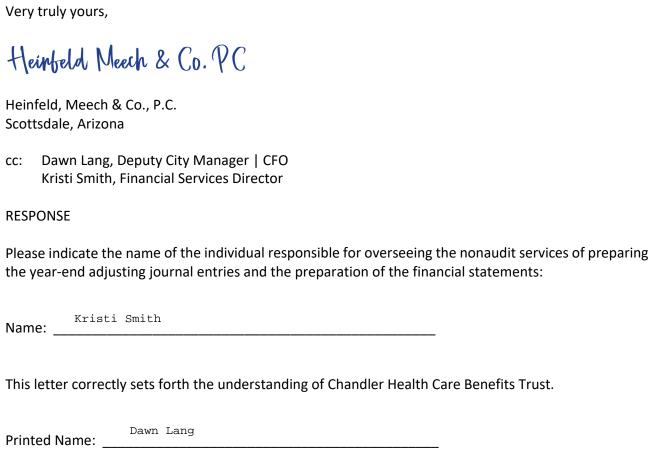
Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us 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 \$9,275. 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 - \$288; Manager - \$226; Senior - \$169; Staff - \$123.

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.



# citrix | RightSignature

### SIGNATURE CERTIFICATE

### REFERENCE NUMBER

3C6400AE-79B4-43A2-B999-140D7F1153DB

### TRANSACTION DETAILS

**Reference Number** 

3C6400AE-79B4-43A2-B999-140D7F1153DB

**Transaction Type** 

Packager

Sent At

10/28/2024 17:04 EDT

**Executed At** 

11/04/2024 11:55 EST

**Identity Method** email

**Distribution Method** 

email

Signed Checksum

e7ed5a163bd7a8f3722a346191d485c3b4423e107028d73d17836baee920e288

Signer Sequencing

Disabled

**Document Passcode** 

Disabled

### **DOCUMENT DETAILS**

**Document Name** 

Engagement Ltr ELR Examination FY24 Chandler City

Filename

Engagement\_Ltr\_ELR\_Examination\_FY24\_Chandler\_City.pdf

Pages

18 pages

Content Type application/pdf

File Size

610 KB

**Original Checksum** 

d6a9f9bf295f635e5d786e7d6286d20c74c1492c0cfa24bb8a03de3e2408c569

### **SIGNERS**

SIGNER	E-SIGNATURE	EVENTS
Name Dawn Lang Email dawn.lang@chandleraz.gov Components 12	Status signed Multi-factor Digital Fingerprint Checksum 2a15aba9c4c9b33aa5d012a26da5a306e7d3707f892f98b4080c5846411c5b00	Viewed At 11/04/2024 11:51 EST Identity Authenticated At 11/04/2024 11:55 EST
	IP Address 198.241.2.1  Device  Microsoft Edge via Windows  Typed Signature	Signed At 11/04/2024 11:55 EST
	Signature Reference ID 65AA4E6F	

### **AUDITS**

TIMESTAMP	AUDIT
10/28/2024 17:04 EDT	Heidi Hibbard (heidi.hibbard@hm.cpa) created document 'Engagement_Ltr_ELR_Examination_FY24_Chandler_City.pdf' on Chrome via Windows from 35.169.110.255.
10/28/2024 17:04 EDT	Dawn Lang (dawn.lang@chandleraz.gov) was emailed a link to sign.
10/29/2024 15:57 EDT	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Microsoft Edge via Windows from 198.241.2.1.
10/29/2024 15:58 EDT	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Microsoft Edge via Windows from 54.225.218.133.
10/29/2024 15:59 EDT	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Chrome via Windows from 23.82.16.107.
10/31/2024 11:48 EDT	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Microsoft Edge via Windows from 98.82.245.51.
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10/31/2024 11:49 EDT	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Chrome via Windows from 173.208.77.108.
11/01/2024 19:02 EDT	Dawn Lang (dawn.lang@chandleraz.gov) was emailed a reminder.
11/04/2024 11:51 EST	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Microsoft Edge via Windows from 198.241.2.1.
11/04/2024 11:51 EST	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Microsoft Edge via Windows from 100.28.173.159.
11/04/2024 11:55 EST	Dawn Lang (dawn.lang@chandleraz.gov) authenticated via email on Microsoft Edge via Windows from 198.241.2.1.
11/04/2024 11:55 EST	Dawn Lang (dawn.lang@chandleraz.gov) signed the document on Microsoft Edge via Windows from 198.241.2.1.



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, 2024, 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.

- 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.

Bawn Lang	05/07/2025	
Dawn Lang, Deputy City Manager   CFO	Date	
Chandler Health Care Benefits Trust		

# ♠ Progress\* | RightSignature

### SIGNATURE CERTIFICATE

# REFERENCE NUMBER

62A37074-7C49-44B5-9474-91AC1EAAB44A

### TRANSACTION DETAILS

**Reference Number** 

62A37074-7C49-44B5-9474-91AC1EAAB44A

Transaction Type Signature Request

Sent At

05/07/2025 11:44 EDT

**Executed At** 

05/07/2025 16:41 EDT **Identity Method** 

email

**Distribution Method** 

email

**Signed Checksum** 

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Signer Sequencing

Disabled

**Document Passcode** 

Disabled

### **DOCUMENT DETAILS**

**Document Name** 

General Rep Non SA FY24 Chandler HCBT

Filename

General\_Rep\_Non\_SA\_FY24\_Chandler\_HCBT.pdf

Pages 6 pages Content Type application/pdf File Size 178 KB

**Original Checksum** 

937b17e2a9f3ee70def84300d68cc2968e58bb2fa4f5bf6b731e9f97276d4e80

### **SIGNERS**

SIGNER	E-SIGNATURE	EVENTS
Name Dawn Lang	<b>Status</b> signed	Viewed At 05/07/2025 16:40 EDT
Email dawn.lang@chandleraz.gov	Multi-factor Digital Fingerprint Checksum c203ea1506679325c6aa57a322d5ef53666ce774676f4520c960bedf7ebefa6a	Identity Authenticated At 05/07/2025 16:41 EDT
Components 2	IP Address 198.241.2.1	<b>Signed At</b> 05/07/2025 16:41 EDT
	<b>Device</b> Microsoft Edge via Windows	
	Typed Signature	
	Sawn Lang	
	Signature Reference ID 273E280E	

### **AUDITS**

TIMESTAMP	AUDIT
05/07/2025 11:44 EDT	Emily Zamora (emily.zamora@hm.cpa) created document 'General_Rep_Non_SA_FY24_Chandler_HCBT.pdf' on Chrome via Windows from 54.144.112.110.
05/07/2025 11:44 EDT	Dawn Lang (dawn.lang@chandleraz.gov) was emailed a link to sign.
05/07/2025 16:40 EDT	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Microsoft Edge via Windows from 198.241.2.1.
05/07/2025 16:40 EDT	Dawn Lang (dawn.lang@chandleraz.gov) viewed the document on Microsoft Edge via Windows from 54.156.117.151.
05/07/2025 16:41 EDT	Dawn Lang (dawn.lang@chandleraz.gov) authenticated via email on Microsoft Edge via Windows from 198.241.2.1.
05/07/2025 16:41 EDT	Dawn Lang (dawn.lang@chandleraz.gov) signed the document on Microsoft Edge via Windows from 198.241.2.1.

Chandler Health Care Benefits Trust
Financial Statements and
Report on Internal Control and on Compliance
Year Ended December 31, 2024

# Chandler Health Care Benefits Trust December 31, 2024

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statemer Performed in Accordance with Government Auditing Standards	nts 19



### **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, 2024, 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, 2024, 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, 2024, 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 May 7, 2025, 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., P.C.

Heinfeld Meech & Co. PC

Scottsdale, Arizona May 7, 2025 Management's Discussion and Analysis (MD&A) (Required Supplementary Information)

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, 2024. 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 \$4.1 million to \$19.4 million, primarily due to a contribution of \$5.0 million that was transferred in from the city's General Fund.
- Operating revenues of \$27.8 million included \$21.3 million in employer premiums, \$3.2 million in employee premiums and \$2.7 million in retiree premiums.
- The Trust had approximately \$29.6 million in operating expenses, consisting primarily of \$25.2 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.

#### **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 \$19.4 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, 2024 and 2023.

	2024	2023
Current assets	\$ 24,918,110	\$ 21,328,332
Total assets	24,918,110	21,328,332
Current liabilities	5,160,584	5,612,781
Noncurrent liabilities	354,420	400,400
Total liabilities	 5,515,004	6,013,181
Net position:		
Unrestricted	19,403,106	15,315,151
Total net position	\$ 19,403,106	\$ 15,315,151

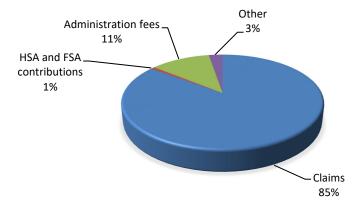
At the end of the current and prior year, the Trust reported a positive net position. The Trust's financial position is the product of several financial transactions, including the net results of activities. The change in total assets is primarily due to an increase in the Trust's investment balance.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

## **Financial Analysis**

**Changes in net position.** The Trust's total revenues for the current fiscal year were \$33.7 million. The total expenses were \$29.6 million. The following table presents a summary of the changes in net position for the years ended December 31, 2024 and 2023.

	 2024	2023
Revenues:		
Contributions and premiums	\$ 27,224,545	\$ 24,868,903
Investment income	899,653	875,756
Other	547,980	189,467
City funding	 5,000,000	5,000,000
Total revenues	 33,672,178	30,934,126
Expenses:		
Claims	25,194,793	24,450,942
HSA and FSA contributions	209,650	196,000
Administrative fees	3,393,987	2,504,585
Other	 785,793	 497,454
Total expenses	 29,584,223	27,648,981
Changes in net position	4,087,955	3,285,145
Net position, beginning	 15,315,151	 12,030,006
Net position, ending	\$ 19,403,106	\$ 15,315,151

## **Expenses - Fiscal Year 2024**



#### **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 \$2.4 million (9.5%).
- An increase in administration fees of \$889,402 (35.5%) primarily due to the implementation of two years of rate increases in 2024.
- An increase in claims expenses of \$743,851 (3.0%) primarily due to the city having 36 large claims (over \$100,000) in 2024, with only one claim penetrating the stop loss (\$350,000+).

#### **Claims Payable**

As of December 31, 2024, the Trust had \$5.4 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, 2024, the actuary estimated a minimum reserve of \$9,063,000 (IBNR as of December 31, 2024 of \$3,222,000 + 2025 two months of Incurred Claims and Administration of \$5,841,000), and the Trust's net position at December 31, 2024 was \$19,403,106. Based on end of year results, it was determined that contributions were adequate to maintain the appropriate reserve level as of December 31, 2024.

During the process of developing the contribution rates for the year ended December 31, 2024, 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. The city's General Fund will not provide a contribution in fiscal year 2025-26. A rate increase of 8% in calendar year 2026 is projected.

### **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, 2024

<u>Assets</u>	
Current assets:	
Cash and investments	\$ 21,184,643
Accrued investment income	205,155
Accounts receivable	132,244
Due from city	3,396,068
Total assets	24,918,110
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	13,989
Accrued payroll	21,473
Compensated absences payable	56,944
Employee claims payable, due to Blue Cross Blue Shield	1,868,533
Retiree claims payable, due to Blue Cross Blue Shield	314,318
COBRA claims payable, due to Blue Cross Blue Shield	17,747
Claims payable, incurred claims but not reported	2,867,580
Total current liabilities	5,160,584
Noncurrent liabilities:	
Claims payable, incurred claims but not reported	354,420
Total noncurrent liabilities	354,420
Total Honeument liabilities	334,420
Total liabilities	5,515,004
Net position	
Unrestricted	\$ 19,403,106

## Chandler Health Care Benefits Trust Statement of Revenues, Expenses and Changes in Net Position For the Year Ended December 31, 2024

Operating revenues:	
Contributions:	
Employer premiums	\$ 21,346,698
Employee premiums	3,183,742
Retiree premiums	2,671,111
COBRA premiums	22,994
Other:	
Recovery of medical claims	23,940
Wellness programs	150,000
Administrator contribution	55,000
Pharmaceutical rebates	319,040
Total operating revenues	27,772,525
Operating expenses:	
Claims paid - employees	21,669,677
Claims paid - retirees	4,212,260
Claims paid - COBRA	94,856
Change in claims incurred but not reported	(782,000)
Health savings and flexible spending account contributions	209,650
Personnel services	459,435
Contractual services	260,643
Self-insurance administrative fees	3,393,987
Wellness programs	17,568
Comparative effectiveness fee	11,086
Audit fees	9,000
Bank fees	507
Operating supplies	22,024
Total operating expenses	29,578,693
Operating income (loss)	(1,806,168)
Nonoperating revenues (expenses):	
Payments to city	(5,530)
City funding	5,000,000
Investment income (loss)	899,653
Total nonoperating revenues (expenses)	5,894,123
Change in net position	4,087,955
Net position, beginning of year	15,315,151
Net position, end of year	\$ 19,403,106

## Chandler Health Care Benefits Trust Statement of Cash Flows For the Year Ended December 31, 2024

## **Increase/Decrease in Cash and Cash Equivalents**

Cash flows from operating activities:	
Cash received for premiums and other operating purposes	\$ 27,425,821
Cash payments for claims	(25,717,513)
Cash payments to suppliers for other services	(3,914,369)
Cash payments to employees for services	(444,988)
Net cash provided by/used for operating activities	(2,651,049)
Cash flows from noncapital financing activities:	
Cash paid to city for technology replacement	(5,530)
City funding	5,000,000
Net cash provided by/used for non-capital financing activities	4,994,470
Cash flows from investing activities:	
Investment income	899,653
Proceeds from sales of investments	5,017,726
Purchases of investments	(8,260,800)
Net cash provided by/used for investing activities	(2,343,421)
Net increase/decrease in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	
Cash and Cash equivalents, beginning or year	
Cash and cash equivalents, end of year	\$ -
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities	<u> </u>
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss	
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss Adjustments to reconcile operating income/loss to net cash provided by/used for	<u> </u>
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	<u> </u>
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss Adjustments to reconcile operating income/loss to net cash provided by/used for	<u> </u>
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities: Changes in assets and liabilities:	\$ (1,806,168)
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss  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	\$ (1,806,168)
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city	\$ (1,806,168) \$ (26,253) (320,451)
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city Increase/decrease in claims payable	\$ (1,806,168) \$ (26,253) (320,451) (522,720)
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city Increase/decrease in claims payable Increase/decrease in accounts payable	\$ (1,806,168) \$ (26,253) (320,451) (522,720) 10,096
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city Increase/decrease in claims payable Increase/decrease in accounts payable Increase/decrease in accounts payable Increase/decrease in accounts payable Increase/decrease in accounts payable	\$ (1,806,168) (26,253) (320,451) (522,720) 10,096 5,644
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city Increase/decrease in claims payable Increase/decrease in accounts payable Increase/decrease in accounts payable Increase/decrease in compensated absences payable  Net cash provided by/used for operating activities	\$ (1,806,168) (26,253) (320,451) (522,720) 10,096 5,644 8,803
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city Increase/decrease in claims payable Increase/decrease in accounts payable Increase/decrease in accounts payable Increase/decrease in compensated absences payable  Net cash provided by/used for operating activities  Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	\$ (1,806,168) (26,253) (320,451) (522,720) 10,096 5,644 8,803 \$ (2,651,049)
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city Increase/decrease in claims payable Increase/decrease in accounts payable Increase/decrease in accounts payable Increase/decrease in compensated absences payable  Net cash provided by/used for operating activities  Reconciliation of Cash and Cash Equivalents to the Statement of Net Position: Cash and cash equivalents	\$ (1,806,168) \$ (26,253) (320,451) (522,720) 10,096 5,644 8,803 \$ (2,651,049)
Cash and cash equivalents, end of year  Reconciliation of operating income/loss to cash provided by/used for operating activities  Operating income/loss 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 Increase/decrease in due to/from city Increase/decrease in claims payable Increase/decrease in accounts payable Increase/decrease in accounts payable Increase/decrease in compensated absences payable  Net cash provided by/used for operating activities  Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	\$ (1,806,168) (26,253) (320,451) (522,720) 10,096 5,644 8,803 \$ (2,651,049)

#### 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.

#### 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.

#### 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.

#### 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 Maturities				
Investment Type	Category	Fair Value	Le	ess than 1 Year		1-5 Years	Concentration of Credit Risk %	S&P / Moody's Rating
Money Market Fund	N/A	\$ 10	\$	10	\$		0.00%	AAAm/NR
Custodial Money Market	Level 1	102,943		102,943			0.49%	AAAm/NR
U.S. Treasuries	Level 1	16,971,388		3,345,864		13,625,524	80.09%	
Municipal Bond:								
Scottsdale-REF	Level 2	88,374		88,374			0.42%	AAA/Aaa
U.S. Agencies:								
Fannie Mae	Level 2	374,158		374,158			1.77%	AA+/Aaa
Federal Home Loan Banks	Level 2	874,297		874,297			4.13%	AA+/Aaa
Corporate Bonds:								
Amazon.com	Level 2	95,674				95,674	0.45%	AA/A1
Apple Inc Corporation	Level 2	263,818		263,818			1.25%	AA+/Aaa
Bank of America Corporation	Level 2	136,777				136,777	0.65%	A+/Aa1
Bank of NY Mellon Corporation	Level 2	331,317				331,317	1.56%	A/Aa3
Blackrock Funding Inc	Level 2	105,256				105,256	0.50%	AA-/Aa3
Caterpillar Finl Service Corporation	Level 2	169,328				169,328	0.80%	A/A2
Charles Schwab Corporation	Level 2	114,568				114,568	0.54%	A-/A2
Intel Corporation	Level 2	148,998		148,998			0.70%	BBB/Baa1
JPMorgan Chase & CO Corporation	Level 2	217,709				217,709	1.03%	A/A1
Mastercard Inc	Level 2	89,015				89,015	0.42%	A+/Aa3
Microsoft Corporation	Level 2	262,235		262,235			1.24%	AAA/Aaa
Novartis Capital Corporation	Level 2	227,084		227,084			1.07%	AA-/Aa3
Pepsico Inc Corporation	Level 2	154,169		154,169			0.73%	A+/A1
Toyota Motor Credit Corporation	Level 2	135,901				135,901	0.64%	A+/A1
Wal-Mart Stores Inc Corporation	Level 2	321,624				321,624	1.52%	AA/Aa2
		\$ 21,184,643	\$	5,841,950	\$	15,342,693	100.00%	

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

#### 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 BBB+ or Baa1, 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.

## 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, 2024 and 2023.

	2024	2023
Unpaid claims and claim adjustments, beginning	\$ 5,945,318	\$ 5,594,364
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	24,880,736	24,581,122
Increase in provision for insured events of prior years	 314,057	(130,180)
Total claims and claim adjustment expenses	25,194,793	24,450,942
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	(20.551.406)	(20,259,624)
Claims and claim adjustment expenses attributable to	(20,331,400)	(20,233,024)
insured events of prior years	 (5,166,107)	(3,840,364)
Total claims payments	 (25,717,513)	(24,099,988)
Unpaid claims and claim adjustments, ending	\$ 5,422,598	\$ 5,945,318

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, 2024, 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 May 7, 2025. 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., P.C.

Heinfeld Meech & Co. PC

Scottsdale, Arizona May 7, 2025



## Health Care Benefits Trust Board Human Resources Memo No.

**Date:** 06/11/2025

To: Health Care Benefits Trust Board

From: Sarah Meland, Management Assistant Subject: Medical Trust Actuarial Report - Segal

## **Attachments**

Segal Report



Rachel Calisi, GBDS, CEBS Senior Health Consultant T 602.381.4027 M 480.490.7306 rcalisi@segalco.com 1501 West Fountainhead Parkway Suite 370 Tempe, AZ 85282-1936 segalco.com

May 14, 2025

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, 2025 through December 31, 2025 – Data through March

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 March 31, 2025.

For the month of March, Medical paid claims were approximately \$2,482,400 while net Rx claims were about \$379,800. For the 2025 plan year to date, claims and expenses (after stoploss reimbursements and pharmacy rebates) exceeded contributions by approximately \$331,700 or 4.5% of contributions. Based on paid claims and expenses, Retirees and Actives on the Red Plan, as well as Actives on the Blue Plan and Retirees on the White Plan, experienced an operating deficit, as displayed on Page 8.

There is one claimant with paid claims in excess of \$100,000 during the reporting period. There are no claimants in the current plan year to date 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 \$126,692 per month from the estimated 2025 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 March 2025, approximately 37.1% of all active employees and retirees were enrolled in the Red plan, with 5.1% enrolled in the Blue plan, and 57.7% enrolled in the White plan. The average total enrollment in 2025 is approximately 1.2% higher than the 2024 average enrollment.

Rae Lynn Nielsen May 14, 2025 Page 2

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.

achel Calisi

Sincerely yours,

Rachel Calisi, GBDS, CEBS Senior Health Consultant





## Medical/Rx Monthly Reporting: January 2025 - December 2025

(Data Through March 2025)

05/14/2025

Presented by: Rachel Calisi

Segal

## **City of Chandler**

#### HealthPlan Dashboard - Data thru March 2025

#### Financial

Income vs Paid Medical/Rx Claims + Expenses						
	<u>Mar'25</u>	<u>Jan'25-Mar'25</u>	Jan'24-Dec'24			
Contributions (PEPM)	\$1,306.55	\$1,305.87	\$1,218.43			
Net Paid Medical Claims (PEPM)	\$1,312.24	\$944.02	\$868.80			
Net Paid Rx Claims (PEPM)	<u>\$200.85</u>	<u>\$194.88</u>	<u>\$258.63</u>			
Total Claims (PEPM)	\$1,513.09	\$1,138.90	\$1,127.43			
Stop Loss & Adm Expenses (PEPM)	\$228.30	<u>\$225.41</u>	<u>\$212.71</u>			
Total Claims & Expenses (PEPM)	\$1,741.39	\$1,364.31	\$1,340.14			
Surplus/Deficit (PEPM)	-\$434.85	-\$58.43	-\$121.71			
Loss Ratio	133%	104%	110%			
PEPM % Change	27.6%	1.8%				

### Prescription Drugs (Rx)

	Pharmacy Spend <sup>2</sup>	2	
	<u>Jan'25-Mar'25</u>	Jan'24-Dec'24	<u>% Change</u>
Generic (PEPM)	\$16.36	\$23.34	-29.9%
Brand Preferred (PEPM)	\$175.46	\$196.82	-10.9%
Brand Non-Preferred (PEPM)	\$10.44	\$20.70	-49.5%
Specialty (PEPM)	<u>\$205.34</u>	<u>\$278.25</u>	<u>-26.2%</u>
Total (PEPM)	\$407.60	\$519.10	-21.5%
	Pharmacy Retail vs Mail	Order	
	<u>Jan'25-Mar'25</u>	Jan'24-Dec'24	% Change
Retail Scripts PMPY	9.40	11.00	-14.6%
Mail Order Scripts PMPY	0.34	0.39	-14.2%
% Mail Order	3.5%	3.5%	0.4%
	Pharmacy Per Script Me	etrics <sup>2</sup>	
	<u>Jan'25-Mar'25</u>	Jan'24-Dec'24	% Change
Generic Dispensing Rate	83.9%	83.4%	0.6%
Generic Plan Paid/Script	\$7.91	\$9.86	<b>-</b> 19.8%
Brand Plan Paid/Script	\$506.95	\$499.13	1.6%
Specialty Plan Paid/Script	\$6,562.74	\$7,541.56	-13.0%
Total Plan Paid/Script	\$165.29	\$182.82	-9.6%

#### Enrollment

	Demographics		
	<u>Mar'25</u>	Jan'25-Mar'25	Jan'24-Dec'24
Avg. # of Employees	1,891	1,890	1,868
Avg. # of Members	4,806	4,803	4,732
Ratio Members to EEs	2.54	2.54	2.53
Age/Gender Index <sup>1</sup>	-	0.941	0.944

#### **Medical Utilization**

Large Claimants (> \$100,000)						
	Jan'25-Mar'25	Jan'24-Mar'24	% Change			
# of Claimants	1	4	-75.0%			
\$ of Medical/Rx Paid Claims	\$200,221	\$469,204	-57.3%			
% of Medical/Rx Paid Claims	3.0%	7.6%	-60.0%			
	Inpatient Hospital					
	Jan'25-Mar'25	Jan'24-Dec'24	% Change			
Bed Days/1,000	110.8	234.0	-52.7%			
Avg Length of Stay	4.4	5.3	-17.1%			

#### **Medical Network**

Medical In-Network Usage & Discounts					
<u>Jan'25-Mar'25</u> <u>Jan'24-Dec'24</u> <u>% Change</u>					
In-Network Allowed %	98.6%	96.2%	2.5%		
Discount from Billed <sup>5</sup>	68.1%	68.2%	-0.1%		

## Medical/Rx Plan Design

Medical/Rx Plan - Member Cost Sharing <sup>3</sup>									
<u>Jan'25-Mar'25</u> <u>Jan'24-Dec'24</u> <u>% Change</u>									
Member Cost Share %	26.7%	14.7%	81.6%						
Plan Paid %	73.3%	85.3%	-14.1%						

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

**-** ≺ Segal

<sup>(2)</sup> The amount that plan participants enrolled in the White plan pay for their prescription drugs 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.

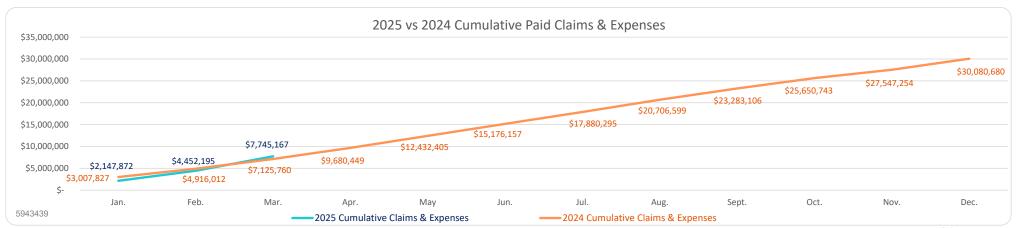
<sup>(3)</sup> Cost share means the member's out-of-pocket expense compared to the sum of plan paid claims plus member out-of-pocket. Percentages do not reflect employee contributions.

<sup>(4)</sup> 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.

## City of Chandler 2024-2025 Medical/Rx Contributions and Expenses Year-to-date through March 2025

Month	Enrollment	Contributions <sup>1</sup>	Medical Paid <sup>2,3</sup>	Stop Loss Refunds	Rx Paid	Rx Rebates	Net Claims	Expenses <sup>4</sup>	Total Paid Claims and Expenses	Surplus/ (Deficit)	Total Loss Ratio
Jan-24	1,837	\$2,255,077	\$2,391,086	(\$121,423)	\$410,269	\$0	\$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	\$0	\$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	\$0	\$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	\$0	\$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	\$0	\$2,358,847	\$393,110	\$2,751,957	(\$482,584)	121.3%
Jun-24	1,866	\$2,268,861	\$1,764,187	(\$1,853)	\$591,275	\$0	\$2,353,608	\$390,143	\$2,743,751	(\$474,890)	120.9%
Jul-24	1,879	\$2,282,875	\$1,783,173	(\$67,503)	\$560,440	\$0	\$2,276,109	\$428,029	\$2,704,139	(\$421,264)	118.5%
Aug-24	1,879	\$2,285,642	\$1,861,896	(\$2,003)	\$565,136	\$0	\$2,425,029	\$401,274	\$2,826,303	(\$540,662)	123.7%
Sep-24	1,873	\$2,282,149	\$1,649,463	(\$477)	\$515,968	\$0	\$2,164,953	\$411,554	\$2,576,508	(\$294,358)	112.9%
Oct-24	1,881	\$2,290,288	\$1,446,977	(\$18)	\$526,203	\$0	\$1,973,162	\$394,475	\$2,367,637	(\$77,349)	103.4%
Nov-24	1,880	\$2,290,795	\$1,219,703	\$0	\$586,109	(\$319,040)	\$1,486,772	\$409,738	\$1,896,510	\$394,285	82.8%
Dec-24	1,886	\$2,297,060	\$1,620,147	(\$40,176)	\$546,539	\$0	\$2,126,510	\$406,916	\$2,533,427	(\$236,367)	110.3%
2024 Total	22,446	\$27,348,873	\$19,855,837	(\$354,825)	\$6,124,299	(\$319,040)	\$25,306,271	\$4,774,410	\$30,080,680	(\$2,731,808)	110.0%
2024 Avg.	1,871	\$2,279,073	\$1,654,653	(\$29,569)	\$510,358	(\$26,587)	\$2,108,856	\$397,867	\$2,506,723	(\$227,651)	110.0%
Jan-25	1,893	\$2,472,662	\$1,305,024	(\$24,025)	\$445,129	\$0	\$1,726,127	\$421,745	\$2,147,872	\$324,790	86.9%
Feb-25	1,893	\$2,470,093	\$1,597,614	(\$883)	\$458,094	(\$176,701)	\$1,878,125	\$426,198	\$2,304,323	\$165,770	93.3%
Mar-25	1,891	\$2,470,680	\$2,482,351	(\$897)	\$379,806	\$0	\$2,861,261	\$431,712	\$3,292,973	(\$822,292)	133.3%
Apr-25											
May-25											
Jun-25											
Jul-25											
Aug-25											
Sep-25											
Oct-25											
Nov-25											
Dec-25											
2025 Total	5,677	\$7,413,435	\$5,384,989	(\$25,804)	\$1,283,029	(\$176,701)	\$6,465,513	\$1,279,655	\$7,745,167	(\$331,732)	104.5%
2025 Avg.	1,892	\$2,471,145	\$1,794,996	(\$8,601)	\$427,676	(\$58,900)	\$2,155,171	\$426,552	\$2,581,722	(\$110,577)	104.5%

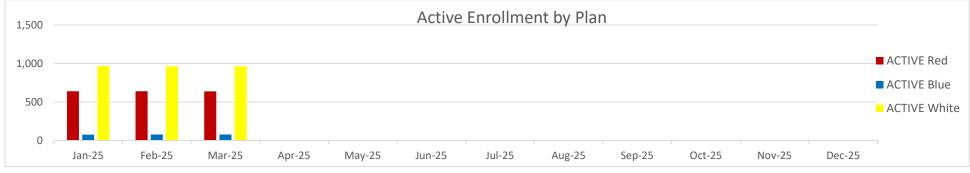
- (1) Contributions for COBRA are assumed to be the same as the Actives. (2) Medical Paid claims include BCBSAZ AEA amounts, access fees, and capitation.
- (3) Medical Paid claims includes retroactive adjustments which causes discrepancies when comparing to BCBSAZ invoices. (4) Expenses include prorated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

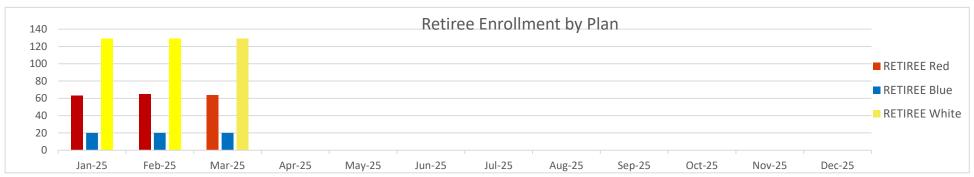




## City of Chandler 2025 Enrollment by Status and Plan Year-to-date through March 2025

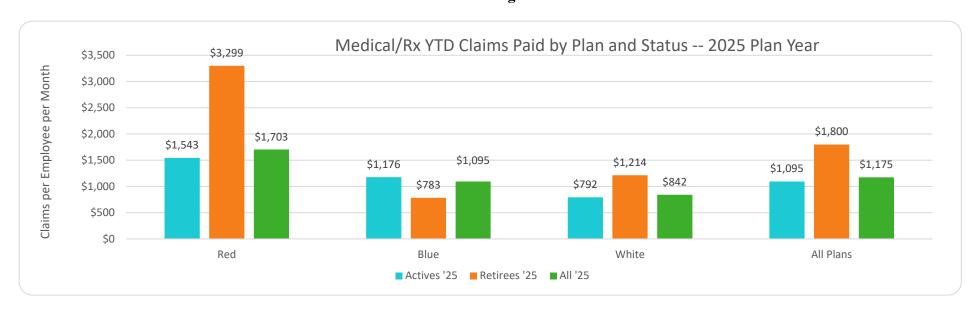
		ACT	ΓIVE			RET	IREE			TO	ΓAL	
	Red	Blue	White	Total	Red	Blue	White	Total	Red	Blue	White	Total
Jan-25	639	75	967	1,681	63	20	129	212	702	95	1,096	1,893
Feb-25	639	77	963	1,679	65	20	129	214	704	97	1,092	1,893
Mar-25	638	77	963	1,678	64	20	129	213	702	97	1,092	1,891
Apr-25												
May-25												
Jun-25												
Jul-25												
Aug-25												
Sep-25												
Oct-25												
Nov-25												
Dec-25												
2025 Avg.	639	76	964	1,679	64	20	129	213	703	96	1,093	1,892
% of Total	34%	4%	51%	89%	3%	1%	7%	11%	37%	5%	58%	100%
2024 Avg.	660	75	915	1,650	71	21	129	221	730	96	1,044	1,871
% Change	-3.2%	1.2%	5.4%	1.8%	-9.2%	-4.8%	-0.3%	-3.5%	-3.8%	-0.1%	4.7%	1.2%

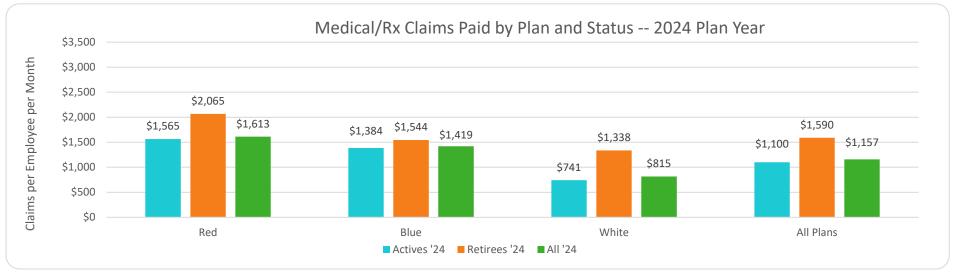






## City of Chandler 2025 Medical/Rx Paid Claims by Plan and Status Year-to-date through March 2025





#### **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.



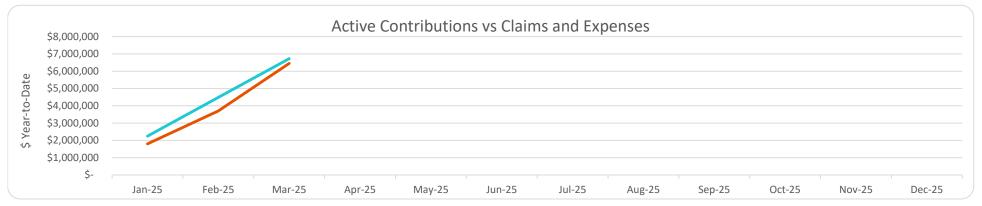
## City of Chandler 2025 Contributions and Paid Claims by Status and Plan Year-to-date through March 2025

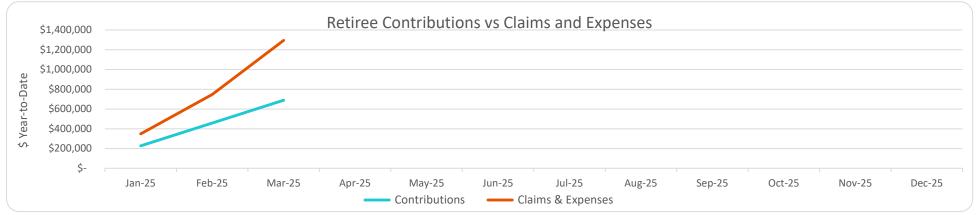
		ACTI	VE			RETI	REE		TOTAL			
	Enrollment	Contributions	Claims & Expenses	Active Loss Ratio		Contributions	Claims & Expenses	Retiree Loss Ratio	Enrollment	Contributions	Total Claims & Expenses	Total Loss Ratio
All Plans	5,038	\$6,724,710	\$6,653,407	99%	639	\$688,725	\$1,294,266	188%	5,677	\$7,413,435	\$7,947,673	107%
% of Total	89%	91%	84%		11%	9%	16%		100%	100%	100%	
Red Plan	1,916	\$3,153,399	\$3,387,968	107%	192	\$262,988	\$676,676	257%	2,108	\$3,416,387	\$4,064,644	119%
% of Total	91%	92%	83%		9%	8%	17%		37%	46%	51%	
Blue Plan	229	\$280,321	\$320,968	115%	60	\$64,146	\$60,487	94%	289	\$344,467	\$381,455	111%
% of Total	79%	81%	84%		21%	19%	16%		5%	5%	5%	
White Plan	2,893	\$3,290,991	\$2,944,471	89%	387	\$361,591	\$557,103	154%	3,280	\$3,652,582	\$3,501,574	96%
% of Total	88%	90%	84%		12%	10%	16%		58%	49%	44%	

Notes: Paid claims include capitation but are unadjusted for stop loss reimbursements and prescription drug rebates.

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 March 2025

	Actives												
		I	Red			Blue				White			
Month	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-25	186	147	89	217	38	9	11	17	330	107	103	427	
Feb-25	186	146	91	216	40	9	11	17	333	104	103	423	
Mar-25	186	144	90	218	39	10	11	17	333	104	101	425	
Apr-25													
May-25													
Jun-25													
Jul-25													
Aug-25													
Sep-25													
Oct-25													
Nov-25													
Dec-25													
2025 Total	558	437	270	651	117	28	33	51	996	315	307	1,275	
2025 Avg.	186	146	90	217	39	9	11	17	332	105	102	425	

	Retirees											
		R	ed		Blue				White			
Month	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-25	25	29	6	3	11	7	1	1	65	40	7	17
Feb-25	27	28	6	4	11	7	1	1	63	40	7	19
Mar-25	27	27	6	4	12	6	1	1	62	40	7	20
Apr-25												
May-25												
Jun-25												
Jul-25												
Aug-25												
Sep-25												
Oct-25												
Nov-25												
Dec-25												
2025 Total	79	84	18	11	34	20	3	3	190	120	21	56
2025 Avg.	26	28	6	4	11	7	1	1	63	40	7	19



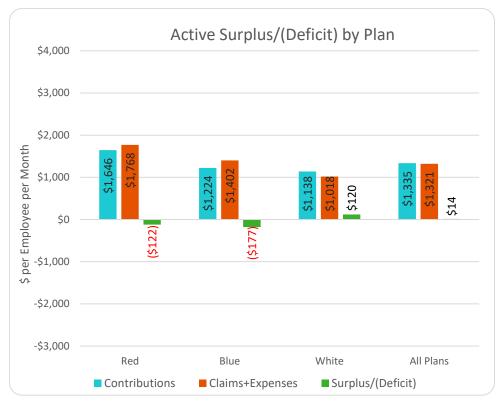
## City of Chandler Enrollment by Tier Plan Year 2024

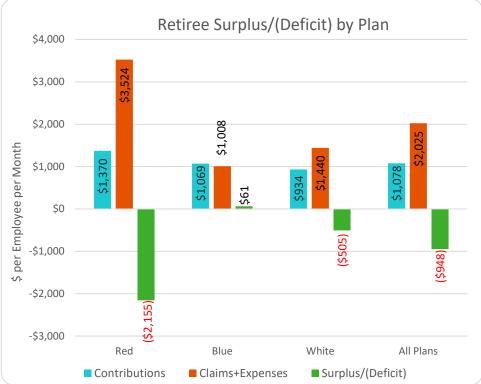
	Actives												
		F	Red			В	lue			W	hite		
Month	EE	EE+SP	EE+Ch(rn)	EE+Fam	EE	EE+SP	EE+Ch(rn)	EE+Fam	EE	EE+SP	EE+Ch(rn)	EE+Fam	
Jan-24	181	148	95	233	37	4	16	17	292	101	93	395	
Feb-24	185	147	100	229	37	4	17	18	310	104	94	399	
Mar-24	188	149	99	228	36	4	17	18	309	102	93	399	
Apr-24	190	146	101	226	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	397	
Jul-24	191	144	100	227	34	5	18	17	321	105	99	400	
Aug-24	190	141	98	227	33	5	18	17	321	105	99	405	
Sep-24	193	142	98	227	32	5	18	17	317	105	97	404	
Oct-24	194	142	100	225	35	5	18	19	320	99	97	407	
Nov-24	189	142	100	227	36	5	18	19	323	100	97	408	
Dec-24	193	141	99	229	37	6	19	19	323	101	97	405	
2024 Total	2,268	1,728	1,190	2,731	419	58	215	213	3,782	1,232	1,148	4,812	
2024 Avg.	189	144	99	228	35	5	18	18	315	103	96	401	

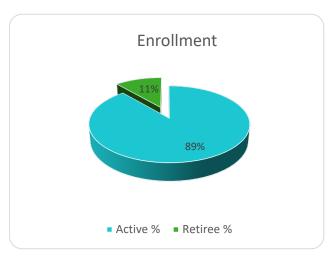
	Retirees												
		R	Red			В	lue		White				
Month	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam	Retiree	Ret+SP	Ret+Ch(rn)	Ret+Fam	
Jan-24	35	30	4	2	13	8	0	1	65	42	7	18	
Feb-24	35	29	4	3	12	8	0	1	65	44	7	19	
Mar-24	33	29	4	3	12	8	0	1	65	44	7	18	
Apr-24	33	30	4	3	13	7	0	1	65	43	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	33	30	5	3	12	7	1	1	62	40	7	17	
Aug-24	32	32	6	3	12	7	1	2	62	39	7	17	
Sep-24	31	31	6	3	11	7	1	2	61	40	7	18	
Oct-24	30	31	6	4	11	7	1	2	62	41	7	18	
Nov-24	28	30	6	4	12	6	1	2	61	41	7	18	
Dec-24	29	31	6	4	12	6	1	2	60	41	8	17	
2024 Total	386	363	59	38	144	85	6	17	757	497	85	213	
2024 Avg.	32	30	5	3	12	7	1	1	63	41	7	18	

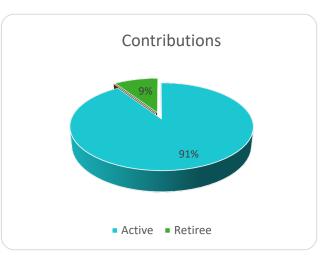


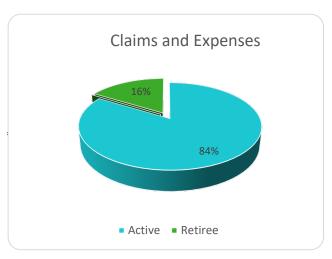
## City of Chandler 2025 Contributions and Expenses by Status and Plan Year-to-date through March 2025











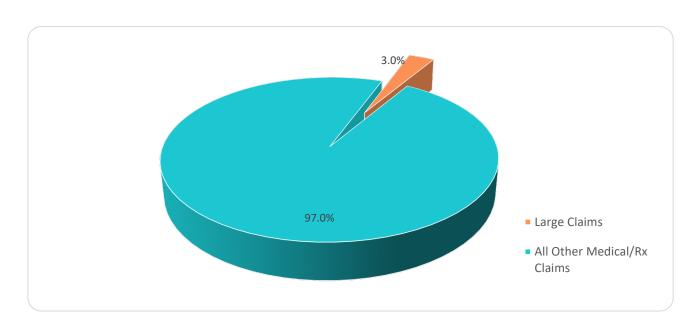
Claims include capitation (allocated by claims paid year-to-date), but are unreduced for stop loss reimbursements.

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.

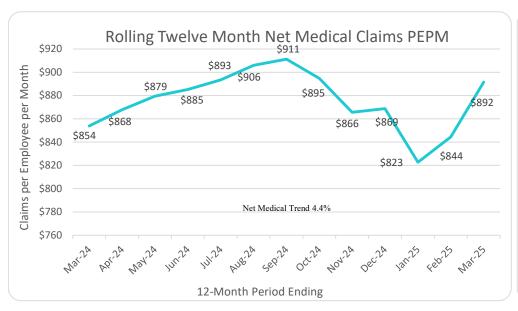


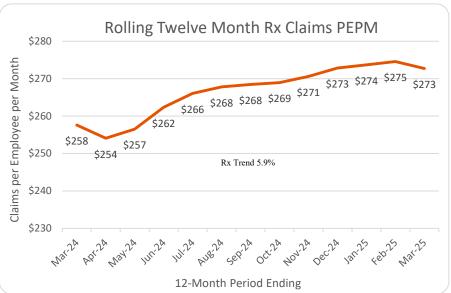
## City of Chandler 2025 Incurred Medical Claims Paid in Excess of \$100,000 Year-to-date through March 2025



Rank	Plan	Medical/Rx Paid YTD	Medical/Rx Paid in Excess of \$350K Stop Loss Deductible
1	Red Plan	\$200,212	\$0
Total of one claimants		\$200,212	\$0
Percentage of Total Medical/Rx	Paid:	3.0%	

## City of Chandler Thirteen Month Snapshot - Medical and Rx Plan Paid Claims Through March 2025





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
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	22,161	\$20,849,263	(\$1,232,865)	\$19,616,398	\$5,814,207	\$25,430,605	\$885.18	\$262.36
Jul-24	22,213	\$21,074,591	(\$1,227,870)	\$19,846,720	\$5,910,029	\$25,756,750	\$893.47	\$266.06
Aug-24	22,272	\$21,165,027	(\$986,152)	\$20,178,875	\$5,964,326	\$26,143,201	\$906.02	\$267.79
Sep-24	22,310	\$21,130,907	(\$800,784)	\$20,330,123	\$5,989,654	\$26,319,777	\$911.26	\$268.47
Oct-24	22,357	\$20,641,305	(\$637,894)	\$20,003,411	\$6,013,052	\$26,016,463	\$894.73	\$268.96
Nov-24	22,402	\$19,923,145	(\$532,383)	\$19,390,762	\$6,062,379	\$25,453,141	\$865.58	\$270.62
Dec-24	22,446	\$19,855,837	(\$354,825)	\$19,501,011	\$6,124,299	\$25,625,311	\$868.80	\$272.85
Jan-25	22,502	\$18,769,775	(\$257,428)	\$18,512,346	\$6,159,159	\$24,671,506	\$822.70	\$273.72
Feb-25	22,524	\$19,185,885	(\$165,674)	\$19,020,211	\$6,184,611	\$25,204,822	\$844.44	\$274.58
Mar-25	22,549	\$20,249,064	(\$146,406)	\$20,102,659	\$6,149,467	\$26,252,126	\$891.51	\$272.72

#### Notes:

Medical Claims Paid includes capitation.





## Health Care Benefits Trust Board Human Resources Memo No.

**Date:** 06/11/2025

To: Health Care Benefits Trust Board

From: Sarah Meland, Management Assistant

Subject: Financial Statements and Wellness Report Through March 31, 2025 -

**Management Services** 

## **Attachments**

Financial Statements and Wellness Report - Management Services

## **CITY OF CHANDLER**

## Chandler Health Care Benefits Self-Insurance Trust Fund Statement of Net Position March 31, 2025

ASSETS	
Cash and investments	\$ 24,754,818
Accrued interest	267,411
Due from city - premiums	600,487
Accounts Receivable	101,895
Total assets	25,724,611
LIABILITIES	
Compensated absences payable	56,944
Claims incurred but not reported (IBNR) Current 89%	2,867,580
Claims incurred but not reported (IBNR) Non-current 11%	354,420
Employee claims payable, due to Blue Cross Blue Shield	2,408,797
Retiree claims payable, due to Blue Cross Blue Shield	497,437
COBRA claims payable, due to Blue Cross Blue Shield	1,387
Total liabilities	6,186,565
NET POSITION	
Unrestricted	19,538,046
Total net position	\$ 19,538,046
<b>Note:</b> December 31, 2024 minimum end of year reserve including IBNR and two months costs as projected by Segal Consulting.	\$ 9,063,000

## CITY OF CHANDLER

### Chandler Health Care Benefits Self-Insurance Trust Fund Statement of Revenues, Expenses and Changes in Net Position For the Three Months Ended March 31, 2025

	2025	2025 Budget		Budget to Actual
	Budget	Prorated	Actuals	Difference
OPERATING REVENUES				
Contributions:				
Employer self insurance premiums	\$ 22,528,480	\$ 5,632,120	\$ 5,847,829	\$ 215,709
Employee self insurance premiums	3,357,170	839,293	848,906	9,613
Retiree premiums	2,816,610	704,153	699,295	(4,858)
COBRA premiums	24,250	6,063	2,895	(3,168)
Other:				
BCBS wellness programs	80,000	80,000	80,000	-
BCBS wellness coordinator	100,000	100,000	100,000	-
BCBS general and administration	25,000	-	-	-
Recovery of medical claims	30,000	7,500	6,088	(1,412)
Pharmaceutical rebates	665,000	166,250	176,701	10,451
Total operating revenues	29,626,510	7,535,379	7,761,714	226,335
OPERATING EXPENSES				
Personnel support	470,406	126,648	101,720	(24,928)
Audits & financial services	10,125	10,125	-	(10,125)
Promotional	30,000	7,500	-	(7,500)
Operating supplies & equipment	95,027	23,757	2,745	(21,012)
Bank charges	500	125	-	(125)
Contractual services	173,000	43,250	569	(42,681)
Other:	•	,		, , ,
Self-insurance administrative fees	3,283,833	820,958	798,259	(22,699)
PCORI fees	11,000	11,000	-	(11,000)
Wellness programs	133,368	33,342	14,505	(18,837)
Health savings & flex spending acct contributions	280,593	280,593	195,650	(84,943)
Claims paid:			,	(= 1/2 12)
Employees	21,188,000	5,297,000	5,592,747	295,747
Retirees	4,119,000	1,029,750	1,149,591	119,841
COBRA	93,000	23,250	7,349	(15,901)
Total operating expenses	29,887,852	7,707,298	7,863,135	155,837
OPERATING INCOME (LOSS)	(261,342)	(171,919)	(101,421)	70,498
NONOPERATING REVENUES (EXPENSES):				
Transfers Out - Technology Fund	(5,530)	_	_	_
Interest income (loss)	785,500	196,375	236,361	39,986
Total nonoperating revenues (expenses)	779,970	196,375	236,361	39,986
Change in net position	518,628	24,456	134,940	110,484
NET POSITION:				
Total net position, as of January 1, 2025	19,403,106	19,403,106	19,403,106	
Total net position, as of March 31, 2025	\$ 19,921,734	\$ 19,427,562	\$ 19,538,046	\$ 110,484

### **CITY OF CHANDLER**

## Chandler Health Care Benefits Self-Insurance Trust Fund Statement of Cash Flows

## For the Three Months Ended March 31, 2025

Cash flows from operating activities:		
Cash received for premiums and other operating purposes	\$	10,587,644
Cash payments for claims		(6,042,664)
Cash payments to suppliers for other services		(1,025,717)
Cash payments to employees for services		(123,193)
Net cash provided by operating activities		3,396,070
Cash flows from investing activities:		
Investment income		236,361
Proceeds from sales of investments		3,820,246
Purchases of investments		(7,452,677)
Net cash used for investing activities		(3,396,070)
Net increase in cash and cash equivalents		-
Cash and cash equivalents, January 1, 2025		
Cash and cash equivalents, March 31, 2025	\$	
Reconciliation of operating income to cash provided by operating activities:		
Operating income	\$	(101,421)
Adjustments to reconcile operating income to net cash provided by		
operating activities:		
Changes in assets and liabilities:		
(Increase)/Decrease in due from (to) city		2,795,581
(Increase)Decrease in accounts receivable		30,349
Increase/(Decrease) in claims payable		707,023
Increase/(Decrease) in accounts payable		(13,989)
Increase/(Decrease) in accrued payroll		(21,473)
Net cash provided by operating activities	\$	3,396,070
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	:	
Cash and cash equivalents	\$	-
Investments		24,754,818
Cash and investments	\$	24,754,818

### Chandler Health Care Benefits Trust Wellness Programs Tracking thru March 2025

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 - Dec 2024	Jan - Mar 2025	Cumulative Total Since Inception
	2011	2012	2013	2014	2013	2010	2017	2018	2019	2020	2021	2022	2023	2024	2023	пісерціон
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	¥ 24,031.73	2,150.00	2,288.00	2,466.00	2,266.00	1,820.00	1,062.00	2,148.00	- 23,000.00	- 23,000.00	- 23,000.00	- 23,000.00	- 23,000.00	- 23,000.00	-	14,200.00
Total Wellness Program Revenue	\$ 24.031.73	<u> </u>	· ·	<u> </u>	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25.000.00	\$ 25.000.00	\$ 25,000.00	\$ -	\$ 363.231.73				
Operating 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 Services	-	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	8,289.13	255.23	171,104.74
Printing Supplies and Charges	-	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
Office Supplies	-	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	-	203.02	6,550.48
Food and Events	-	628.00	-	-	-	-	51.58	-	-	-	-	-	-	-	-	679.58
Clothing and Uniforms	-	26.16	-	26.75	-	-	-	-	-	-	-	-	-	-	-	52.91
Other Supplies	-	-	-	-	-	-	-	-	-	-	-	489.80	440.88	-	-	930.68
Office Furniture and Equipment	-	-	-	-	-	1,000.00	-	-	-	-	1,121.00	3,200.73	1,476.34	7,534.63	-	14,332.70
Employee Activities/Recognitions	-	-	481.63	-	-	-	-	-	-	-	-	-	-	-	453.15	934.78
Postage and Freight	-	-	27.12	-	-	-	288.50	942.96	1,327.36	-	-	-	-	-	-	2,585.94
Travel/Lodging/Meals	-	365.00	352.00	310.00	-	-	395.00	365.00	-	-	-	574.22	450.00	-	-	2,811.22
Subscriptions and Memberships	-	-	(600.00)	-	120.00	79.00	439.10	625.50	895.50	460.00	419.00	-	-	150.00	-	2,588.10
Education and Training	2,648.92	-	-	-	-	-	-	-	-	-	-	-	-	1,277.51	995.00	4,921.43
Other Expenses	-	-	-	-	-	-	625.50	-	200.00	-	70.00	70.00	77.85	-	-	1,043.35
Total Operating 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	\$ 17,567.51	\$ 1,906.40	\$ 256,769.87
Capital Expenses																
Mezzanine (6BF670)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,460.56	\$ 12,599.24	\$ 31,059.80
Total Capital Wellness Program Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,460.56	\$ 12,599.24	\$ 31,059.80
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	\$ 36,028.07	\$ 14,505.64	\$ 287,829.67

Net Wellness Funds Remaining \$ 75,402.06



### Health Care Benefits Trust Board Human Resources Memo No.

**Date:** 06/11/2025

To: Health Care Benefits Trust Board

From: Sarah Meland, Management Assistant

Subject: Investment Report Through Quarter Ending March 31, 2025 - Management

Services

#### **Attachments**

Investment Report for the Quarter Ending March 31, 2025



# CITY OF CHANDLER HEALTH CARE BENEFITS TRUST

# **Investment Performance Review**For the Quarter Ended March 31, 2025

**Client Management Team** 

PFM Asset Management A division of U.S. Bancorp Asset Management, Inc

Luke Schneider, CFA, Managing Director Annette Gaston, Director 1101 W. Washington Street Tempe, AZ 85288 480-271-0432

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

# **Agenda**

- Account Summary
- Portfolio Review

**Account Summary** 

## **Account Summary**

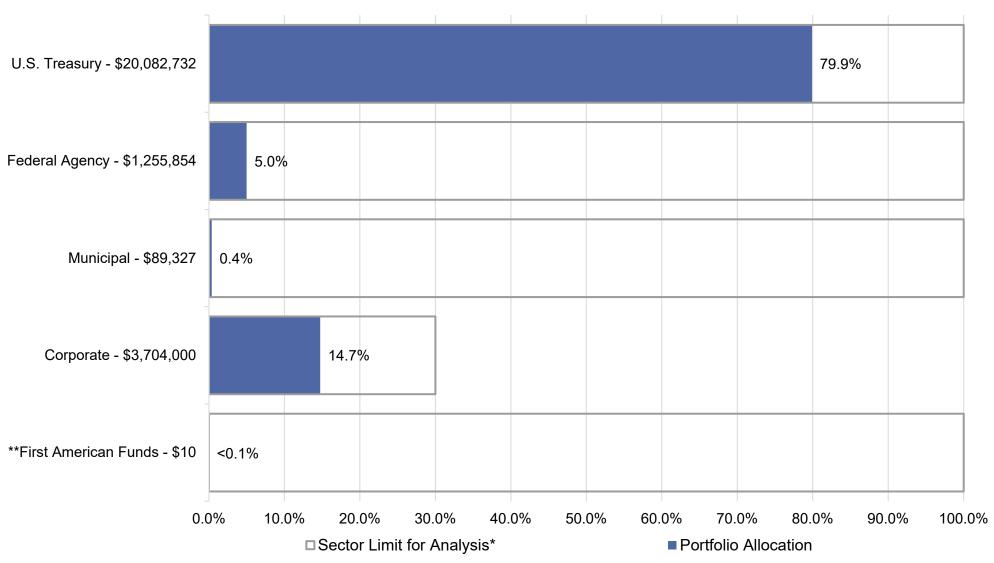
CHANDLER HEALTH CARE BENEFITS TRUST						
Portfolio Values	March 31, 2025	Analytics¹	March 31, 2025			
PFMAM Managed Account	\$24,864,501	Yield at Market	4.11%			
Amortized Cost	\$24,769,454	Yield on Cost	4.24%			
Market Value	\$24,864,501	Portfolio Duration	1.70			
Accrued Interest	\$267,411					
Cash	\$5,691					

<sup>1.</sup> 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.

CITY OF CHANDLER

Account Summary





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

<sup>\*</sup>Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

<sup>\*\*</sup>First American Funds Balance as of 3/31/25.

CITY OF CHANDLER Account Summary

### **Issuer Diversification**

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	79.9%	
United States Treasury	79.9%	AA / Aaa / AA
Federal Agency	5.0%	
Federal Home Loan Mortgage Corp	3.5%	AA / Aaa / AA
Federal National Mortgage Association	1.5%	AA / Aaa / AA
Municipal	0.4%	
City of Scottsdale AZ	0.4%	AAA / Aaa / AAA
Corporate	14.7%	
Advanced Micro Devices Inc	0.4%	A/A/NR
Amazon.com Inc	0.4%	AA / A / AA
Apple Inc	1.1%	AA / Aaa / NR
Bank of America Corp	0.5%	A / Aa / AA
Bank of New York Mellon Corp	1.3%	A / Aa / AA
BlackRock Inc	0.4%	AA / Aa / NR
Caterpillar Inc	0.7%	A/A/A
Charles Schwab Corp	0.5%	A/A/A
Chevron Corp	0.8%	AA / Aa / NR
Cisco Systems Inc	0.2%	AA / A / NR
Citigroup Inc	0.6%	BBB / A / A
Johnson & Johnson	0.2%	AAA / Aaa / NR
JPMorgan Chase & Co	0.9%	A / Aa / AA
Mastercard Inc	0.6%	A / Aa / NR
Microsoft Corp	1.1%	AAA / Aaa / NR
Novartis AG	0.9%	AA / Aa / AA
PepsiCo Inc	1.3%	A/A/NR
State Street Corp	1.1%	A / Aa / AA
Toyota Motor Corp	0.5%	A/A/A

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	14.7%	
Walmart Inc	1.3%	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.

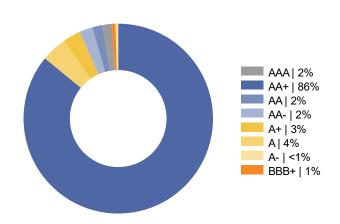
# Portfolio Review: CHANDLER HEALTH CARE BENEFITS TRUST

### Portfolio Snapshot - CHANDLER HEALTH CARE BENEFITS TRUST<sup>1</sup>

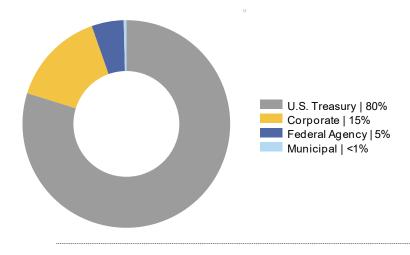
### **Portfolio Statistics**

Total Market Value	\$25,137,602.42
Securities Sub-Total	\$24,864,501.00
Accrued Interest	\$267,410.59
Cash	\$5,690.83
Portfolio Effective Duration	1.70 years
Benchmark Effective Duration	1.75 years
Yield At Cost	4.24%
Yield At Market	4.11%
Portfolio Credit Quality	AA

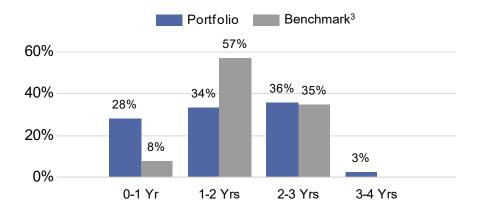
### Credit Quality - S&P<sup>2</sup>



### **Sector Allocation**



### **Duration Distribution**



- 1. Total market value includes accrued interest and balances invested in PFMAM, as of March 31, 2025. Yield and duration calculations exclude balances invested in PFMAM.
- 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 Finance L.P..

CITY OF CHANDLER Portfolio Snapshot

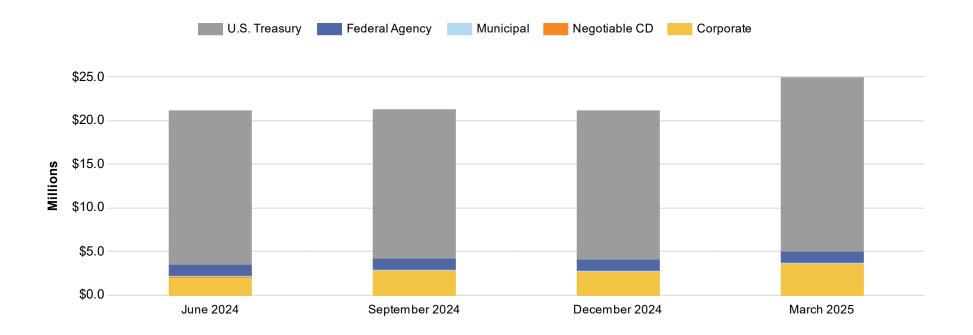
Liquidity Vehicle	Quarter-End Yield
Allspring Treasury Plus Money Market A Fund <sup>1</sup>	4.19%
First American Funds <sup>2</sup>	4.22%

<sup>1.</sup> Allspring Treasury Plus Money Market A Fund ticker symbol PISXX. Account yield is the 30-day current yield from Fund website as of 3/31/2025.

<sup>2.</sup> First American Funds ticker symbol FGZXX; Account yield is the Net Annualized Monthly Average Yield as of March 2025. 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	Jun-24	% of Total	Sep-24	% of Total	Dec-24	% of Total	Mar-25	% of Total
U.S. Treasury	\$17.6	83.3%	\$17.0	80.4%	\$17.0	80.5%	\$19.8	79.8%
Federal Agency	\$1.2	5.8%	\$1.2	5.9%	\$1.2	5.9%	\$1.2	5.0%
Municipal	\$0.1	0.4%	\$0.1	0.4%	\$0.1	0.4%	\$0.1	0.4%
Negotiable CD	\$0.2	1.2%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Corporate	\$2.0	9.3%	\$2.8	13.3%	\$2.8	13.2%	\$3.7	14.8%
Total	\$21.1	100.0%	\$21.2	100.0%	\$21.1	100.0%	\$24.9	100.0%

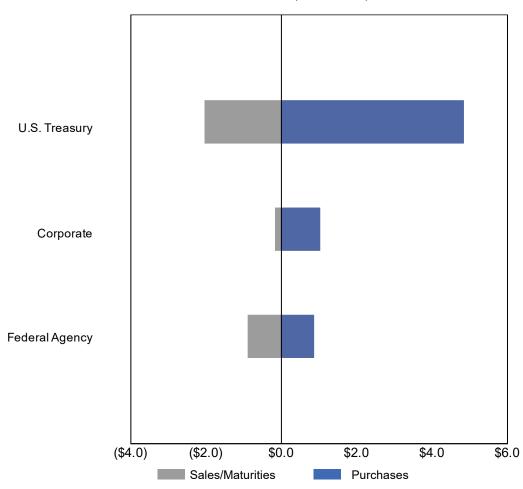


Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

## Portfolio Activity - CHANDLER HEALTH CARE BENEFITS TRUST

### **Net Activity by Sector**

(\$ millions)

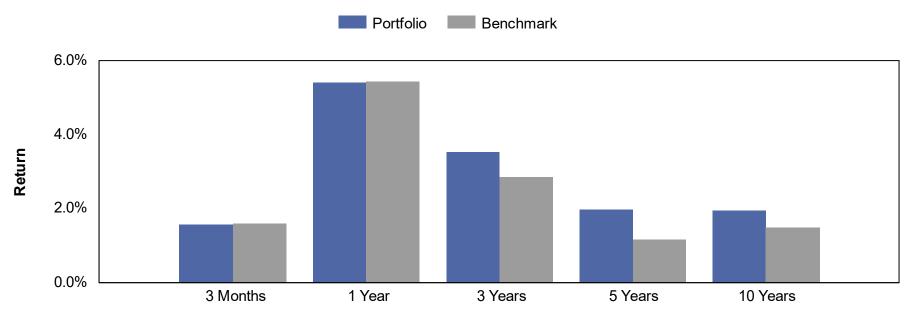


Sector	Net Activity
U.S. Treasury	\$2,803,784
Corporate	\$878,365
Federal Agency	\$0
Total Net Activity	\$3,682,149

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

CITY OF CHANDLER Portfolio Performance





Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years¹
Interest Earned²	\$210,547	\$769,085	\$1,600,852	\$2,039,406	\$2,903,457
Change in Market Value	\$144,296	\$382,673	\$521,091	(\$1,184)	\$353,637
Total Dollar Return	\$354,843	\$1,151,758	\$2,121,943	\$2,038,222	\$3,257,094
Total Return³					
Portfolio	1.57%	5.40%	3.54%	1.98%	1.96%
Benchmark⁴	1.59%	5.43%	2.84%	1.16%	1.49%

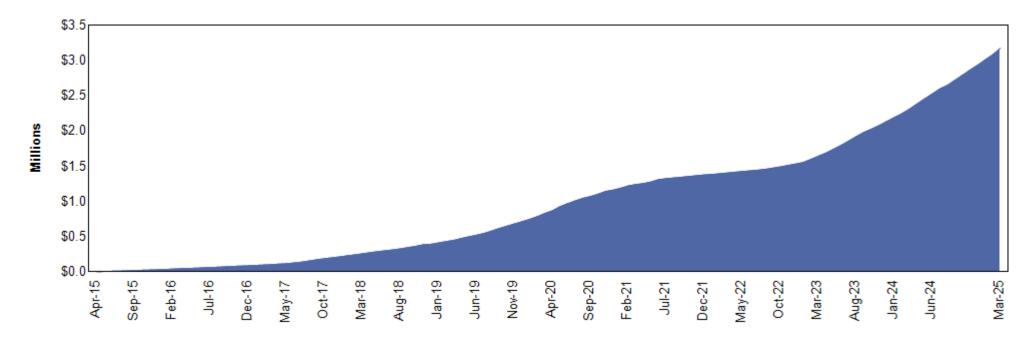
<sup>1.</sup> The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2010.

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

<sup>3.</sup> 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.

<sup>4.</sup> 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 Financial LP.

## **Accrual Basis Earnings - CHANDLER HEALTH CARE BENEFITS TRUST**



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year¹
Interest Earned²	\$210,547	\$769,085	\$1,600,852	\$2,039,406	\$2,903,457
Realized Gains / (Losses) <sup>3</sup>	\$3,438	(\$31,473)	(\$40,823)	\$142,694	\$79,586
Change in Amortized Cost	\$25,473	\$126,488	\$209,523	\$161,201	\$190,219
Total Earnings	\$239,459	\$864,100	\$1,769,552	\$2,343,301	\$3,173,261

<sup>1.</sup> The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2010.

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

<sup>3.</sup> Realized gains / (losses) are shown on an amortized cost basis.

CITY OF CHANDLER Portfolio Composition

# Issuer Distribution As of March 31, 2025

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	19,849,598	79.84%
FEDERAL HOME LOAN MORTGAGE CORP	874,918	3.52%
FEDERAL NATIONAL MORTGAGE ASSOCIATION	374,135	1.50%
BANK OF NEW YORK MELLON CORP	334,389	1.34%
WALMART INC	325,508	1.31%
PEPSICO INC	315,481	1.27%
STATE STREET CORP	271,131	1.09%
APPLE INC	264,581	1.06%
MICROSOFT CORP	263,377	1.06%
NOVARTIS AG	228,209	0.92%
JPMORGAN CHASE & CO	218,970	0.88%
CHEVRON CORP	191,191	0.77%
CATERPILLAR INC	170,549	0.69%
MASTERCARD INC	160,240	0.64%
CITIGROUP INC	160,238	0.64%
BANK OF AMERICA CORP	137,137	0.55%
TOYOTA MOTOR CORP	136,134	0.55%
CHARLES SCHWAB CORP	115,838	0.47%
BLACKROCK INC	105,789	0.43%
AMAZON.COM INC	96,658	0.39%
ADVANCED MICRO DEVICES INC	95,462	0.38%
CITY OF SCOTTSDALE AZ	89,190	0.36%
JOHNSON & JOHNSON	45,466	0.18%

### For the Quarter Ended March 31, 2025

CITY OF CHANDLER

Portfolio Composition

Issuer	Market Value (\$	% of Portfolio
CISCO SYSTEMS INC	40,313	0.16%
Grand Total	24,864,501	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 N/B 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	524.43	134,472.52	134,421.25
US TREASURY N/B 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	388.47	99,842.81	99,571.30
US TREASURY N/B DTD 08/17/2015 2.000% 08/15/2025	912828K74	995,000.00	AA+	Aaa	2/7/2023	2/8/2023	942,490.43	4.23	2,473.76	987,229.27	986,526.58
US TREASURY N/B 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	1,788.19	105,158.31	105,209.16
US TREASURY N/B 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	4,598.20	270,547.13	270,537.84
US TREASURY N/B 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	2,128.80	125,351.83	125,249.00
US TREASURY N/B 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	3,174.73	269,656.07	269,786.97
US TREASURY N/B DTD 01/17/2023 3.875% 01/15/2026	91282CGE5	2,280,000.00	AA+	Aaa	2/7/2023	2/8/2023	2,266,017.19	4.10	18,548.62	2,276,230.38	2,276,135.40
US TREASURY N/B 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	546.96	109,974.69	109,870.20
US TREASURY N/B DTD 04/17/2023 3.750% 04/15/2026	91282CGV7	147,000.00	AA+	Aaa	5/1/2023	5/1/2023	146,643.98	3.84	2,544.23	146,875.06	146,536.07
US TREASURY N/B DTD 04/17/2023 3.750% 04/15/2026	91282CGV7	185,000.00	AA+	Aaa	5/12/2023	5/15/2023	185,317.97	3.69	3,201.92	185,113.05	184,416.14
US TREASURY N/B 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	3,429.73	248,995.05	248,857.50
US TREASURY N/B 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	707.01	129,534.47	130,639.86
US TREASURY N/B 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	1,006.13	184,256.99	185,910.57
US TREASURY N/B 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	897.36	164,230.60	165,812.13

Portfolio Holdings

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 N/B DTD 10/16/2023 4.625% 10/15/2026	91282CJC6	280,000.00	AA+	Aaa	10/16/2023	10/17/2023	278,260.94	4.85	5,976.92	279,075.80	282,701.44
US TREASURY N/B 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	8,314.14	476,207.88	479,805.58
US TREASURY N/B 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	5,251.04	302,218.80	303,035.10
US TREASURY N/B 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	5,915.87	461,813.69	463,090.74
US TREASURY N/B 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	4,948.29	959,255.96	968,128.53
US TREASURY N/B 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	2,284.62	109,546.57	111,220.34
US TREASURY N/B DTD 04/15/2024 4.500% 04/15/2027	91282CKJ9	3,500,000.00	AA+	Aaa	3/3/2025	3/4/2025	3,537,050.78	3.97	72,692.31	3,535,771.26	3,538,829.00
US TREASURY N/B 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	10,561.21	1,126,966.97	1,138,006.30
US TREASURY N/B 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	1,703.04	99,757.84	101,144.50
US TREASURY N/B DTD 06/17/2024 4.625% 06/15/2027	91282CKV2	255,000.00	AA+	Aaa	7/2/2024	7/3/2024	255,517.97	4.55	3,466.84	255,393.73	258,795.17
US TREASURY N/B DTD 07/15/2024 4.375% 07/15/2027	91282CKZ3	640,000.00	AA+	Aaa	8/1/2024	8/2/2024	646,525.00	4.00	5,878.45	645,127.32	646,275.20
US TREASURY N/B DTD 07/15/2024 4.375% 07/15/2027	91282CKZ3	105,000.00	AA+	Aaa	7/30/2024	7/31/2024	105,516.80	4.20	964.43	105,405.67	106,029.53
US TREASURY N/B 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	503.45	175,641.05	173,264.04
US TREASURY N/B DTD 09/16/2024 3.375% 09/15/2027	91282CLL3	730,000.00	AA+	Aaa	10/1/2024	10/2/2024	727,832.81	3.48	1,138.15	728,185.14	720,875.00
US TREASURY N/B DTD 10/15/2024 3.875% 10/15/2027	91282CLQ2	230,000.00	AA+	Aaa	11/1/2024	11/4/2024	228,176.17	4.16	4,113.46	228,415.16	229,748.38
US TREASURY N/B DTD 11/15/2024 4.125% 11/15/2027	91282CLX7	975,000.00	AA+	Aaa	12/5/2024	12/6/2024	975,152.34	4.12	15,220.91	975,136.73	979,989.08
US TREASURY N/B 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	14,286.40	1,085,621.54	1,098,839.50

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			- rating	- raung	Duto	- Dutc			- Interest		
US TREASURY N/B	91282CMB4	1,235,000.00	AA+	Aaa	1/3/2025	1/6/2025	1,225,496.29	4.28	14,521.43	1,226,212.41	1,237,798.51
DTD 12/16/2024 4.000% 12/15/2027											
US TREASURY N/B DTD 02/28/2023 4.000% 02/29/2028	91282CGP0	910,000.00	AA+	Aaa	3/14/2024	3/15/2024	897,416.40	4.38	3,165.22	900,740.70	912,062.06
US TREASURY N/B DTD 01/02/2024 3.750% 12/31/2028	91282CJR3	665,000.00	AA+	Aaa	1/26/2024	1/29/2024	655,830.27	4.06	6,268.82	657,854.76	660,480.00
Security Type Sub-Total		19,842,000.00					19,672,626.61	4.17	233,133.54	19,771,817.21	19,849,597.97
Municipal											
SCOTTSDALE-REF 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	136.80	90,000.00	89,189.91
Security Type Sub-Total		90,000.00					90,000.00	0.61	136.80	90,000.00	89,189.91
Federal Agency											
FANNIE MAE (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	1,375.00	374,997.44	374,134.88
FREDDIE MAC (CALLABLE) DTD 02/14/2025 4.750% 02/14/2028	3134HA6J7	875,000.00	AA+	Aaa	2/10/2025	2/14/2025	875,000.00	4.75	5,426.22	875,000.00	874,917.75
Security Type Sub-Total		1,250,000.00					1,249,981.25	4.53	6,801.22	1,249,997.44	1,249,052.63
Corporate											
APPLE INC 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	3,250.67	264,616.12	264,581.04
PEPSICO INC (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	1,115.14	154,589.62	154,585.84
MICROSOFT CORP (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	3,404.51	263,244.80	263,376.61
NOVARTIS CAPITAL CORP (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	2,510.83	228,153.16	228,209.45

Portfolio Holdings

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											
AMAZON.COM INC (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	386.11	96,429.35	96,657.50
CHARLES SCHWAB CORP (CALLABLE) DTD 05/13/2021 1.150% 05/13/2026	808513BR5	120,000.00	A-	A2	7/25/2024	7/26/2024	111,789.60	5.19	529.00	114,811.00	115,838.40
TOYOTA MOTOR CREDIT CORP 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	881.25	134,714.23	136,134.00
BANK OF AMERICA NA (CALLABLE) 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	891.07	134,442.86	137,137.19
WALMART INC (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	138.83	325,538.06	325,507.84
BLACKROCK FUNDING INC (CALLABLE) DTD 07/26/2024 4.600% 07/26/2027	09290DAH4	105,000.00	AA-	Aa3	7/17/2024	7/26/2024	104,996.85	4.60	872.08	104,997.72	105,789.29
CATERPILLAR FINL SERVICE DTD 08/16/2024 4.400% 10/15/2027	14913UAR1	170,000.00	Α	A2	8/12/2024	8/16/2024	169,915.00	4.42	3,449.11	169,930.91	170,548.59
MASTERCARD INC (CALLABLE) DTD 09/05/2024 4.100% 01/15/2028	57636QBA1	90,000.00	A+	Aa3	9/3/2024	9/5/2024	89,950.50	4.12	779.00	89,958.68	89,764.92
BANK OF NY MELLON CORP (CALLABLE) DTD 02/07/2017 3.442% 02/07/2028	06406RAB3	340,000.00	Α	Aa3	8/6/2024	8/7/2024	330,323.60	4.33	1,755.42	332,015.90	334,388.64
PEPSICO INC (CALLABLE) DTD 02/07/2025 4.450% 02/07/2028	713448GA0	160,000.00	A+	A1	2/5/2025	2/7/2025	159,932.80	4.47	1,068.00	159,936.04	160,895.36
CISCO SYSTEMS INC (CALLABLE) DTD 02/24/2025 4.550% 02/24/2028	17275RBW1	40,000.00	AA-	A1	2/19/2025	2/24/2025	39,956.80	4.59	187.06	39,958.25	40,313.28
JPMORGAN CHASE & CO (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	333.17	103,844.40	106,811.65
CHEVRON USA INC (CALLABLE) DTD 02/26/2025 4.475% 02/26/2028	166756BB1	190,000.00	AA-	Aa2	2/24/2025	2/26/2025	190,000.00	4.48	826.63	190,000.00	191,191.11
STATE STREET CORP (CALLABLE) DTD 02/28/2025 4.536% 02/28/2028	857477CU5	270,000.00	Α	Aa3	2/25/2025	2/28/2025	270,000.00	4.54	1,066.47	270,000.00	271,131.03
JOHNSON & JOHNSON (CALLABLE) DTD 02/20/2025 4.550% 03/01/2028	478160DH4	45,000.00	AAA	Aaa	2/18/2025	2/20/2025	44,973.90	4.57	233.19	44,974.84	45,465.84

#### CITY OF CHANDLER

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											
MASTERCARD INC (CALLABLE) DTD 02/27/2025 4.550% 03/15/2028	57636QBF0	70,000.00	A+	Aa3	2/18/2025	2/27/2025	69,946.80	4.58	300.81	69,948.52	70,474.60
ADVANCED MICRO DEVICES (CALLABLE) DTD 03/24/2025 4.319% 03/24/2028	007903BJ5	95,000.00	А	A2	3/10/2025	3/24/2025	95,000.00	4.32	79.78	95,000.00	95,462.08
JPMORGAN CHASE & CO (CALLABLE) DTD 04/22/2024 5.571% 04/22/2028	46647PEE2	110,000.00	Α	A1	6/3/2024	6/4/2024	110,733.70	5.38	2,706.58	110,535.08	112,158.31
CITIGROUP INC (CALLABLE) DTD 03/04/2025 4.786% 03/04/2029	17327CAW3	160,000.00	BBB+	A3	2/25/2025	3/4/2025	160,000.00	4.79	574.32	160,000.00	160,237.92
Security Type Sub-Total		3,700,000.00					3,598,259.75	4.58	27,339.03	3,657,639.54	3,676,660.49
Managed Account Sub Total		24,882,000.00					24,610,867.61	4.24	267,410.59	24,769,454.19	24,864,501.00
Securities Sub Total		\$24,882,000.00					\$24,610,867.61	4.24%	\$267,410.59	\$24,769,454.19	\$24,864,501.00
Accrued Interest											\$267,410.59
Total Investments											\$25,131,911.59

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/3/2025	1/6/2025	1,235,000.00	91282CMB4	US TREASURY N/B	4.00%	12/15/2027	1,228,482.00	4.28%	
2/5/2025	2/7/2025	160,000.00	713448GA0	PEPSICO INC (CALLABLE)	4.45%	2/7/2028	159,932.80	4.47%	
2/10/2025	2/14/2025	875,000.00	3134HA6J7	FREDDIE MAC (CALLABLE)	4.75%	2/14/2028	875,000.00	4.75%	
2/18/2025	2/20/2025	45,000.00	478160DH4	JOHNSON & JOHNSON (CALLABLE)	4.55%	3/1/2028	44,973.90	4.57%	
2/18/2025	2/27/2025	70,000.00	57636QBF0	MASTERCARD INC (CALLABLE)	4.55%	3/15/2028	69,946.80	4.58%	
2/19/2025	2/24/2025	40,000.00	17275RBW1	CISCO SYSTEMS INC (CALLABLE)	4.55%	2/24/2028	39,956.80	4.59%	
2/24/2025	2/26/2025	190,000.00	166756BB1	CHEVRON USA INC (CALLABLE)	4.47%	2/26/2028	190,000.00	4.48%	
2/25/2025	2/28/2025	270,000.00	857477CU5	STATE STREET CORP (CALLABLE)	4.53%	2/28/2028	270,000.00	4.54%	
2/25/2025	3/4/2025	160,000.00	17327CAW3	CITIGROUP INC (CALLABLE)	4.78%	3/4/2029	160,000.00	4.79%	
3/3/2025	3/4/2025	3,500,000.00	91282CKJ9	US TREASURY N/B	4.50%	4/15/2027	3,597,627.70	3.97%	
3/10/2025	3/24/2025	95,000.00	007903BJ5	ADVANCED MICRO DEVICES (CALLABLE)	4.31%	3/24/2028	95,000.00	4.32%	
Total BUY		6,640,000.00					6,730,920.00		0.00
CALL									
2/8/2025	2/8/2025	875,000.00	3130ASRJ0	FEDERAL HOME LOAN BANK (CALLABLE)	4.10%	8/8/2025	875,000.00	4.10%	
Total CALL		875,000.00					875,000.00		0.00
INTEREST									
1/1/2025	1/1/2025		810454BL1	SCOTTSDALE-REF	0.60%	7/1/2025	273.60		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
1/2/2025	1/2/2025		MONEY0002	MONEY MARKET FUND	0.00%		324.55		
1/15/2025	1/15/2025		91282CGE5	US TREASURY N/B	3.87%	1/15/2026	44,175.00		
1/15/2025	1/15/2025		91282CKZ3	US TREASURY N/B	4.37%	7/15/2027	16,296.88		
1/15/2025	1/15/2025		57636QBA1	MASTERCARD INC (CALLABLE)	4.10%	1/15/2028	1,332.50		
1/17/2025	1/17/2025		713448CY2	PEPSICO INC (CALLABLE)	3.50%	7/17/2025	2,712.50		
1/26/2025	1/26/2025		09290DAH4	BLACKROCK FUNDING INC (CALLABLE)	4.60%	7/26/2027	2,415.00		
2/3/2025	2/3/2025		MONEY0002	MONEY MARKET FUND	0.00%		228.08		
2/7/2025	2/7/2025		06406RAB3	BANK OF NY MELLON CORP (CALLABLE)	3.44%	2/7/2028	5,851.40		
2/8/2025	2/8/2025		3130ASRJ0	FEDERAL HOME LOAN BANK (CALLABLE)	4.10%	8/8/2025	17,937.50		
2/14/2025	2/14/2025		89236TKX2	TOYOTA MOTOR CREDIT CORP	5.00%	8/14/2026	3,375.00		
2/15/2025	2/15/2025		91282CGL9	US TREASURY N/B	4.00%	2/15/2026	2,200.00		
2/15/2025	2/15/2025		91282CFE6	US TREASURY N/B	3.12%	8/15/2025	3,671.88		
2/15/2025	2/15/2025		912828K74	US TREASURY N/B	2.00%	8/15/2025	12,100.00		
2/15/2025	2/15/2025		91282CKA8	US TREASURY N/B	4.12%	2/15/2027	19,903.13		
2/15/2025	2/15/2025		9128282R0	US TREASURY N/B	2.25%	8/15/2027	2,025.00		
2/15/2025	2/15/2025		91282CHU8	US TREASURY N/B	4.37%	8/15/2026	10,500.00		
2/18/2025	2/18/2025		06428CAA2	BANK OF AMERICA NA (CALLABLE)	5.52%	8/18/2026	3,730.05		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
2/24/2025	2/24/2025		46647PCW4	JPMORGAN CHASE & CO (CALLABLE)	2.94%	2/24/2028	1,620.85		
2/28/2025	2/28/2025		91282CGP0	US TREASURY N/B	4.00%	2/29/2028	18,200.00		
2/28/2025	2/28/2025		3135GACV1	FANNIE MAE (CALLABLE)	4.00%	8/28/2025	7,500.00		
3/3/2025	3/3/2025		MONEY0002	MONEY MARKET FUND	0.00%		1,447.56		
3/15/2025	3/15/2025		91282CLL3	US TREASURY N/B	3.37%	9/15/2027	12,318.75		
3/17/2025	3/17/2025		931142ER0	WALMART INC (CALLABLE)	1.05%	9/17/2026	1,785.00		
Total INTER	REST	0.00					191,924.23		0.00
SELL									
1/3/2025	1/6/2025	1,000,000.00	912828K74	US TREASURY N/B	2.00%	8/15/2025	994,310.47		-824.73
1/3/2025	1/6/2025	150,000.00	458140AS9	INTEL CORP (CALLABLE)	3.70%	7/29/2025	151,445.42		-340.23
2/5/2025	2/7/2025	165,000.00	912828K74	US TREASURY N/B	2.00%	8/15/2025	164,638.22		-149.25
2/24/2025	2/26/2025	190,000.00	91282CGP0	US TREASURY N/B	4.00%	2/29/2028	192,763.48		1,000.51
2/25/2025	2/26/2025	165,000.00	91282CHE4	US TREASURY N/B	3.62%	5/31/2028	164,035.47		1,366.42
2/25/2025	2/28/2025	295,000.00	91282CHE4	US TREASURY N/B	3.62%	5/31/2028	293,438.01		2,535.36

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
SELL									
3/21/2025	3/24/2025	50,000.00	912828K74	US TREASURY N/B	2.00%	8/15/2025	49,660.80		-27.95
Total SELL		2,180,000.00					2,173,771.06		3,438.27

			Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY	1/3/2025	1/6/2025	1,235,000.00	91282CMB4	US TREASURY N/B	4.00%	12/15/2027	1,228,482.00	4.28%	
BUY :	2/5/2025	2/7/2025	160,000.00	713448GA0	PEPSICO INC (CALLABLE)	4.45%	2/7/2028	159,932.80	4.47%	
BUY :	2/10/2025	2/14/2025	875,000.00	3134HA6J7	FREDDIE MAC (CALLABLE)	4.75%	2/14/2028	875,000.00	4.75%	
BUY :	2/18/2025	2/20/2025	45,000.00	478160DH4	JOHNSON & JOHNSON (CALLABLE)	4.55%	3/1/2028	44,973.90	4.57%	
BUY :	2/18/2025	2/27/2025	70,000.00	57636QBF0	MASTERCARD INC (CALLABLE)	4.55%	3/15/2028	69,946.80	4.58%	
BUY :	2/19/2025	2/24/2025	40,000.00	17275RBW1	CISCO SYSTEMS INC (CALLABLE)	4.55%	2/24/2028	39,956.80	4.59%	
BUY :	2/24/2025	2/26/2025	190,000.00	166756BB1	CHEVRON USA INC (CALLABLE)	4.47%	2/26/2028	190,000.00	4.48%	
BUY :	2/25/2025	2/28/2025	270,000.00	857477CU5	STATE STREET CORP (CALLABLE)	4.53%	2/28/2028	270,000.00	4.54%	
BUY :	2/25/2025	3/4/2025	160,000.00	17327CAW3	CITIGROUP INC (CALLABLE)	4.78%	3/4/2029	160,000.00	4.79%	
BUY	3/3/2025	3/4/2025	3,500,000.00	91282CKJ9	US TREASURY N/B	4.50%	4/15/2027	3,597,627.70	3.97%	
BUY	3/10/2025	3/24/2025	95,000.00	007903BJ5	ADVANCED MICRO DEVICES	4.31%	3/24/2028	95,000.00	4.32%	
CALL	2/8/2025	2/8/2025	875,000.00	3130ASRJ0	FEDERAL HOME LOAN BANK	4.10%	8/8/2025	875,000.00	4.10%	
INTEREST	1/1/2025	1/1/2025		810454BL1	SCOTTSDALE-REF	0.60%	7/1/2025	273.60		
INTEREST	1/2/2025	1/2/2025		MONEY0002	MONEY MARKET FUND	0.00%		324.55		
INTEREST	1/15/2025	1/15/2025		91282CGE5	US TREASURY N/B	3.87%	1/15/2026	44,175.00		
INTEREST	1/15/2025	1/15/2025		91282CKZ3	US TREASURY N/B	4.37%	7/15/2027	16,296.88		
INTEREST	1/15/2025	1/15/2025		57636QBA1	MASTERCARD INC (CALLABLE)	4.10%	1/15/2028	1,332.50		
INTEREST	1/17/2025	1/17/2025		713448CY2	PEPSICO INC (CALLABLE)	3.50%	7/17/2025	2,712.50		

INTEREST 2	1/26/2025 2/3/2025	1/26/2025			Coupon	Date	Amount (\$)	at Market	G/L (BV)
INTEREST 2	2/3/2025		09290DAH4	BLACKROCK FUNDING INC	4.60%	7/26/2027	2,415.00		
		2/3/2025	MONEY0002	MONEY MARKET FUND	0.00%		228.08		
INITEDECT O	2/7/2025	2/7/2025	06406RAB3	BANK OF NY MELLON CORP	3.44%	2/7/2028	5,851.40		
INTEREST 2	2/8/2025	2/8/2025	3130ASRJ0	FEDERAL HOME LOAN BANK	4.10%	8/8/2025	17,937.50		
INTEREST 2	2/14/2025	2/14/2025	89236TKX2	TOYOTA MOTOR CREDIT CORP	5.00%	8/14/2026	3,375.00		
INTEREST 2	2/15/2025	2/15/2025	91282CGL9	US TREASURY N/B	4.00%	2/15/2026	2,200.00		
INTEREST 2	2/15/2025	2/15/2025	91282CFE6	US TREASURY N/B	3.12%	8/15/2025	3,671.88		
INTEREST 2	2/15/2025	2/15/2025	912828K74	US TREASURY N/B	2.00%	8/15/2025	12,100.00		
INTEREST 2	2/15/2025	2/15/2025	91282CKA8	US TREASURY N/B	4.12%	2/15/2027	19,903.13		
INTEREST 2	2/15/2025	2/15/2025	9128282R0	US TREASURY N/B	2.25%	8/15/2027	2,025.00		
INTEREST 2	2/15/2025	2/15/2025	91282CHU8	US TREASURY N/B	4.37%	8/15/2026	10,500.00		
INTEREST 2	2/18/2025	2/18/2025	06428CAA2	BANK OF AMERICA NA (CALLABLE)	5.52%	8/18/2026	3,730.05		
INTEREST 2	2/24/2025	2/24/2025	46647PCW4	JPMORGAN CHASE & CO (CALLABLE)	2.94%	2/24/2028	1,620.85		
INTEREST 2	2/28/2025	2/28/2025	91282CGP0	US TREASURY N/B	4.00%	2/29/2028	18,200.00		
INTEREST 2	2/28/2025	2/28/2025	3135GACV1	FANNIE MAE (CALLABLE)	4.00%	8/28/2025	7,500.00		
INTEREST 3	3/3/2025	3/3/2025	MONEY0002	MONEY MARKET FUND	0.00%		1,447.56		
INTEREST 3	3/15/2025	3/15/2025	91282CLL3	US TREASURY N/B	3.37%	9/15/2027	12,318.75		
INTEREST 3	3/17/2025	3/17/2025	931142ER0	WALMART INC (CALLABLE)	1.05%	9/17/2026	1,785.00		

	an. ⁄pe	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
SE	ELL 1	/3/2025	1/6/2025	1,000,000.00	912828K74	US TREASURY N/B	2.00%	8/15/2025	994,310.47		-824.73
SE	ELL 1	/3/2025	1/6/2025	150,000.00	458140AS9	INTEL CORP (CALLABLE)	3.70%	7/29/2025	151,445.42		-340.23
SE	ELL 2	/5/2025	2/7/2025	165,000.00	912828K74	US TREASURY N/B	2.00%	8/15/2025	164,638.22		-149.25
SE	ELL 2	/24/2025	2/26/2025	190,000.00	91282CGP0	US TREASURY N/B	4.00%	2/29/2028	192,763.48		1,000.51
SE	ELL 2	2/25/2025	2/26/2025	165,000.00	91282CHE4	US TREASURY N/B	3.62%	5/31/2028	164,035.47		1,366.42
SE	ELL 2	/25/2025	2/28/2025	295,000.00	91282CHE4	US TREASURY N/B	3.62%	5/31/2028	293,438.01		2,535.36
SE	ELL 3	/3/2025	3/4/2025	165,000.00	912828K74	US TREASURY N/B	2.00%	8/15/2025	163,479.19		-121.86
SE	ELL 3	/21/2025	3/24/2025	50,000.00	912828K74	US TREASURY N/B	2.00%	8/15/2025	49,660.80		-27.95
TOTA	LS			9,695,000.00					9,971,615.29		3,438.27

CITY OF CHANDLER
Appendix

### **Important Disclosures**

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

PFMAM professionals have exercised reasonable professional care in the preparation of this performance report. Information in this report is obtained from sources external to PFMAM and is generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness or suitability. We rely on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur. References to particular issuers are for illustrative purposes only and are not intended to be recommendations or advice regarding such issuers. Fixed income manager and index characteristics are gathered from external sources. When average credit quality is not available, it is estimated by taking the market value weights of individual credit tiers on the portion of the strategy rated by a NRSRO.

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.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

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CITY OF CHANDLER Appendix

### **Important Disclosures**

- Generally, PFMAM's market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services. There may be differences in the values shown for investments due to accrued but uncollected income and the use of differing valuation sources and methods. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFMAM believes the prices to be reliable, the values of the securities may not represent the prices at which the securities could have been bought or sold. Explanation of the valuation methods for a registered investment company or local government investment program is contained in the appropriate fund offering documentation or information statement.
- 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.
- ICE Bank of America 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 or 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.