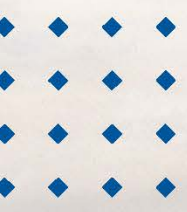




FISCAL YEAR ENDED
JUNE 30, 2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2024





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Gilbert
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Annual Comprehensive Financial Report

Year Ended June 30, 2024



Brigette Peterson, Mayor

Scott Anderson, Vice Mayor

Yung Koprowski, Council Member

Chuck Bongiovanni, Council Member

Kathy Tilque, Council Member

Bobbi Buchli, Council Member

Jim Torgeson, Council Member

Patrick Banger, Manager

Prepared by the Finance & Management Services Department

Håkon Johanson, Finance & Management Services Director

TOWN OF GILBERT, ARIZONA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

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gilbert
arizona



Introductory Section

Letter of Transmittal

Organizational Report Chart



**Shaping a new
tomorrow, today**

January 30, 2025

Honorable Mayor, Members of the Council, and Gilbert Citizens:

I am pleased to submit to you the **Annual Comprehensive Financial Report** for the Town of Gilbert (Gilbert), for the fiscal year ended June 30, 2024. State law (Arizona Revised Statutes §9-481) requires that local governments publish a complete set of audited financial statements within six months of the close of each fiscal year. However, for this fiscal year, Gilbert received a one-month extension from the Government Finance Officers Association due to the implementation of a new financial reporting software.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are fairly stated in all material respects.

Heinfeld, Meech & Company, a firm of licensed certified public accountants, has issued an unmodified opinion on Gilbert's financial statements for the year ended June 30, 2024. The independent auditor's report is located in the Financial Section of this report.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. MD&A can be found in the Financial Section of this report.

GILBERT PROFILE

Governmental Structure

Gilbert is an Arizona Municipal Corporation, operating as a general law community as prescribed in the Arizona Revised Statutes. Gilbert was incorporated July 6, 1920, and operates under the Council-Manager form of government. The Mayor is a member of the Council and is elected by the voters for a four-year term. Six additional council members are elected at-large to staggered four-year terms.

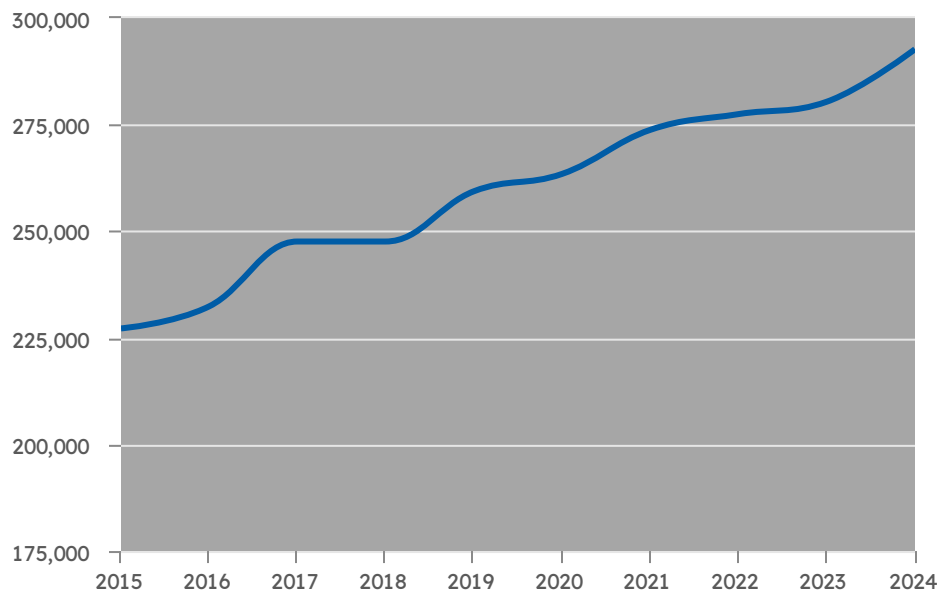
The Mayor is chairperson of the Council. The Town Manager (Manager) is appointed by the Council and serves as the chief executive officer to oversee and carry out operations. During fiscal year 2024, the Manager administered Gilbert's operations through a staff of 1,721 budgeted full-time equivalent positions.

Gilbert provides or administers a full range of services including public safety (police and fire protection and ambulance transport), development services (planning, code enforcement, and engineering), public works (water, wastewater, solid waste and recycling, environmental compliance, and streets), and parks and recreation services among others. Transit and "dial-a-ride" services are provided through an intergovernmental agreement with the Regional Public Transportation Authority. Library services, incarceration and animal control are provided through intergovernmental agreements with Maricopa County.

Geography and Population

Gilbert is located in the southeastern section of the greater Phoenix metropolitan area in Maricopa County, bounded on the north and east by the City of Mesa, on the west by the City of Chandler, on the southeast by the Town of Queen Creek, and on the south by the Gila River Indian Community. Gilbert has a planning area of 72.6 square miles. The most recent estimate of population as of July 1, 2024 is 292,711, which was derived from the Maricopa Association of Governments population estimates. The following graph depicts the ten-year population trend for Gilbert.

Population



FACTORS AFFECTING FINANCIAL CONDITION

Public Safety Personnel Retirement System (PSPRS) Funding

Gilbert's goal is to be at least 90% funded in both police and fire pension systems. After years of dedicated effort to pay down large unfunded liabilities in the PSPRS, Gilbert fell slightly below the 90% goal in fiscal year 2024 with fire and police funded at 84.3% and 85.6%, respectively. To increase our funding levels, Gilbert sent \$10.0 million to PSPRS in fiscal year 2025.

Public Infrastructure Financing

Gilbert has significant transportation and water-related infrastructure needs and was able to secure bond funding necessary to move forward with necessary projects. In the 2021 fall election, Gilbert citizens voted and approved \$515.0 million in transportation bonds; \$188.9 million of which were issued in the spring of 2022. As of June 30, 2024, there remained \$150.1 million of unspent bond proceeds. Furthermore, in the Spring of 2022, the Water Resources Municipal Property Corporation Board and Gilbert's Town Council approved additional bond funding for water projects in the amount of \$473.0 million. The full amount was issued in June 2022. As of June 30, 2024, there remained \$342.5 million in unspent bond proceeds.

Utility Rates

After successful completion of a utility rate study, new water and solid waste rates were approved by Council and became effective in April of 2024 to support the infrastructure and operational needs for these funds. In 2024, another utility rate study was conducted, which resulted in a recommendation to increase wastewater rates, which would take effect late in fiscal year 2025 if approved by Council.

Growth and Construction

System Development Fees (SDFs) are collected for capital needs related to growth in the community. Council has adopted SDFs for police, fire, road maintenance, traffic signals, parks and recreation, water, water resources, and wastewater. The fees are based on build-out system requirements to serve the projected population and land uses. During fiscal year 2024, a total of \$25.4 million was collected in SDFs compared to \$25.0 million in fiscal year 2023.

The total value of all new construction in fiscal year 2024, including commercial, was \$306.4 million, representing a decrease of \$117.7 million from fiscal year 2023. This decrease was primarily due to a slow down in residential permits issued from 854 in fiscal year 2023 to 619 in fiscal year 2024 due as Gilbert approaches buildout.

Economic Development

With over 290,000 residents, Gilbert is focused on sustaining the thriving community seen today well into the future. This aim is supported through a commitment to develop a prosperous community, strong economy, and exceptional built environment. Over the past few years, Gilbert has received numerous awards and recognitions, a few of which are included below.

- AAA Bond rating from all three major rating agencies (S&P, Moody's, and Fitch)
- Best Place to Live in Arizona (Ranking Arizona, 2022)
- #1 City for Economic Growth, 250K - 500K Population (CoworkingCafe, 2024)
- 2nd Safest Place Among 100 Largest Cities (FBI Uniform Crime Reporting Program, 2022)
- 2nd Fastest-Rising City in the United States (FinanceBuzz, 2023)
- 2nd America's Best Cities to Start a Side Hustle (LLC.org, 2023)
- 6th Best Place to Raise a Family (WalletHub, 2024)
- 7th Best City for First-Time Home Buyers (WalletHub, 2023)
- 12th Best Big City to Live in America (Stacker, 2023)

Gilbert is a community committed to education; 49.1% of residents aged 25 and older hold a bachelor's degree or higher, compared with about 34.3% statewide and 36.8% nationally. Notable employers like Banner Health, Dignity Health, Deloitte, Footprint, Silent-Aire, Northrop Grumman, Li-Cycle, Lockheed Martin, and the worldwide headquarters of Isagenix, benefit from this commitment to education and have helped keep Gilbert's 2024 annual average unemployment rate at 3.0%, as compared to 3.9% for the state. Knowledge assets that support the community include Park University, the University of Arizona, Arizona State University Polytechnic Campus, Chandler-Gilbert Community College, A.T. Still University, and numerous other colleges, universities, and technical schools within a 30-minute commute. Additionally, there are more than 40 charter/private schools in Gilbert and three A+ rated school districts – Gilbert, Higley, and Chandler, that serve the citizens of Gilbert.

The Gilbert Office of Economic Development (OED) is one of approximately 73 Accredited Economic Development Organizations in the nation. Gilbert achieved re-accreditation through the International Economic Development Council in 2022, after initially being accredited in 2013, and was the first Arizona economic development organization and the second municipality in the nation, to do so.

In fiscal year 2024, the business development lines of service saw strong performance, with continued focus on building inventory to support employment-oriented users and increased support for Gilbert's small business community.

In fiscal year 2024, Gilbert's economic development initiatives continued to yield positive results for the community. In the northwest employment area, SunCap Property Group completed construction of a new 120,000 square-foot building in support of Northrop Grumman's continued investment in the community. In the Germann Road employment area, ATLAS initiated construction on a new 60,000 square-foot industrial facility. The Gateway employment area saw the completion of Phase I of Power Gateway 202, a 265,000 square-foot employment industrial park near the southwest corner of Warner and Power Roads. Long-term Gilbert based business resiliency efforts continued as well, with the Gilbert Town Council approving the creation of the Catalyst Business Resource Center, which officially launched in fiscal year 2024, providing a one-stop location for Gilbert businesses to access valuable resources to help thrive in the community.

Investment in the downtown Heritage District during fiscal year 2024 focused largely on critical infrastructure projects, enacting strategies of the 10-year redevelopment plan, and planning entitlements for private projects. Gilbert continued investment in design of two major roadways that will improve traffic circulation and will provide opportunities to diversify the downtown Heritage District with additional retail, entertainment, and higher education uses. Additionally, the Town is nearing completion of redevelopment of the Water Tower Plaza. The design of a new comprehensive wayfinding system was completed and will be installed in the next fiscal year. Finally, new private projects which have approved design review include a bowling alley and arcade, a pizza restaurant, an adaptive reuse of an automotive garage to restaurant and retail, and a mixed-use office and retail building. These continued investments to the downtown are key to sustaining the more than 5.5 million visits annually to the Heritage District (Placer.ai, 2023). Redevelopment efforts in Gilbert will also be expanding in the coming years with Council approving a boundary for a new northwest Gilbert redevelopment area. This is the first step in this public process to focus on the northwest part of the community and support reinvestment that will ensure this important economic engine thrives for years to come.

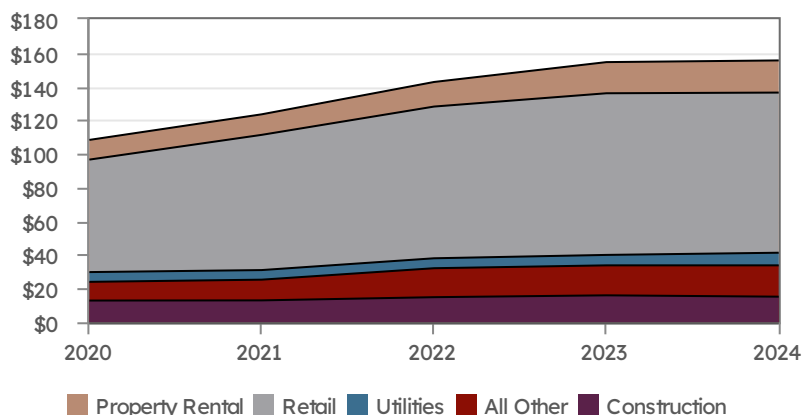
Discover Gilbert also had a big year, capped by hosting the LPGA Ford Championship in March at Gilbert’s own Seville Golf and Country Club. Over the seven days of activity, there were approximately 4,735 unique visitors to the event with a total estimated visitor spending of \$1.7 million over those seven days. Hotel demand was down slightly in the first two quarters before showing strong growth in the second half of the fiscal year and room rates corrected from record highs. Marketing campaigns continue to keep Gilbert top-of-mind for overnight and regional day visitors, and large events brought added exposure to Gilbert. The short-term rental market showed similar trends. That market continues to grow with new rental listings remaining high, while new hotel projects are likely to begin development in fiscal years 2025 and 2026.

Gilbert’s connectivity to major markets is provided through a comprehensive transportation network which includes the SanTan Loop 202 and US-60 Superstition Freeways, Sky Harbor International Airport (Sky Harbor), and Phoenix-Mesa Gateway Airport. This network provides access to Gilbert-based businesses while connecting the community to local, national and international markets. Located just over 10 miles west of Gilbert, Sky Harbor Airport offers non-stop service to more than 140 destinations. Sky Harbor is one of the busiest airports in the nation for passenger traffic, seeing over 48 million passengers in fiscal year 2024. Mesa Gateway Airport is located on Gilbert’s eastern border and handled just over 1.8 million passengers in fiscal year 2024 with flights to over 45 destinations throughout the United States and Canada. The airport also provides air cargo services and is located within a Foreign Trade Zone.

Transaction Privilege (Sales) Tax Trend

Sales tax revenues represented 45.7% of General Fund revenues for fiscal year 2024, totaling approximately \$155.7 million. Local sales taxes are collected by the Arizona Department of Revenue and remitted to Gilbert weekly. The graph below depicts sales tax receipts by source for the past five fiscal years.

Privilege Tax by Source
(in millions)

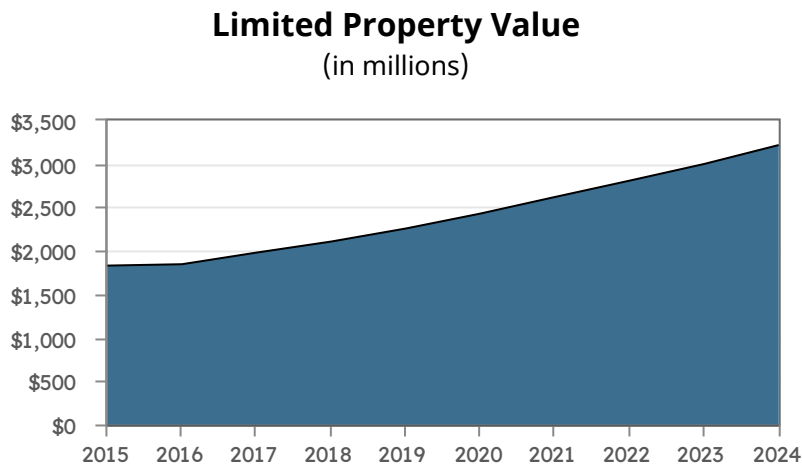


Property Taxes

State law requires municipalities to adopt a property tax levy based on the amount of scheduled and projected debt service for the year plus a reasonable amount for delinquencies and certain costs. For fiscal year 2024, Gilbert’s property tax rate was \$0.98 per \$100 of limited property valuation and was used exclusively for the payment of voter approved general obligation bond debt. Gilbert does not levy a primary property tax for general operating purposes.

Property Value

The value of real property within the Gilbert annexed area is a vital economic forecast variable. Taking the market value of a property and applying the statutory assessment rate derives the property value, which is limited to increase by a maximum of 5% per year. Residential properties are assessed at 10%, vacant land is assessed at 15%, and commercial properties are assessed at 17.5%. This illustrates how crucial the additions of commercial properties are to the tax base. The limited property valuation increased by 7.3% in fiscal year 2024 from \$2.999 billion to \$3.217 billion. The following graph depicts the changes in the limited property value in Gilbert for the past ten years:



State-Shared Revenues

State-shared revenues totaled \$128.5 million for the General Fund and \$20.8 million for the Streets Special Revenue Fund in fiscal year 2024. Excluding the change in fair market value of investments, state-shared revenues represented approximately 38.0% of total General Fund revenues and 96.7% of total Streets Special Revenue Fund revenues. State-shared revenues include allocations of state sales tax, income tax, gas tax, motor vehicle in-lieu tax, vehicle license tax, and lottery funds. These revenues are shared based upon relative population in the State as determined by the most recent population estimates of the United States Census Bureau.

Budget and Financial Policies

Gilbert’s financial policies establish the framework for overall fiscal planning and management. The policies set forth guidelines for both current activities and long-range planning. The purposes of the financial policies are:

Balanced Budget – Gilbert is required by Arizona Revised Statutes to adopt a balanced budget each fiscal year. All funds are appropriated annually. A balanced budget is one in which the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Fiscal Conservatism – To ensure that Gilbert is always in solid financial condition, defined as:

Maximum efficiency – best possible service at the lowest possible cost

Cash solvency – the ability to pay bills

Budgetary solvency – the ability to balance the budget

Long-term solvency – the ability to pay future costs

Service level solvency – the ability to provide needed and desired services

Flexibility – To ensure Gilbert can respond to changes in the economy or new service challenges without an undue amount of financial stress.

Transparency and Communication – To utilize best practices in communicating financial information to facilitate sound decision-making, promote openness and transparency, and inspire public confidence and trust.

Adherence to the Highest Accounting and Management Practices – As set by the Governmental Accounting Standards Board and the Government Finance Officers Association standards for financial reporting and budgeting.

A five-year financial plan is developed for each operating fund, and current year decisions are made with a forecasted future impact. Other financial policies that guide the budget include: maintaining a minimum general fund balance sufficient to cover 90 days of ongoing operating expenditures and annual debt service payments, one-time revenues are not applied toward ongoing expenditures, and an economic development reserve. Gilbert’s Council adopted a comprehensive listing of policies of responsible financial management in November of 2011, with the latest revision adopted in March of 2024. These policies are reviewed annually to ensure their continued relevance and adherence.

The Town Council sets policy and adopts the annual budget at the fund level as a total amount of expenditures. Financial control is set by the Council at the fund level, with budgetary control for operating performance administered at the department level by the Town Manager. All annual appropriations lapse at year-end and are considered for inclusion in the subsequent year’s budget on a case-by-case basis.

Long-Term Financial Planning

In addition to Gilbert’s General Plan and Capital Improvement Plan, Gilbert is developing infrastructure inventories (including repair and replacement plans) and functional area master plans. Gilbert staff and Council also align both short-term goals and resources toward the long-term realization of Gilbert’s established strategic focus areas: Strong Economy, Prosperous Community and Exceptional Built Environment. Gilbert’s mission and vision is to be the “City of the Future” as we anticipate change, create solutions and help people. Gilbert has implemented Franklin Covey’s The 4 Disciplines of Execution, providing an exceptional tool for advancing these goals while managing the challenges of the daily whirlwind, and Lean Six Sigma (Lean) process improvement events to optimize processes throughout the organization to further enhance Gilbert’s long-term financial resiliency.

Gilbert also focuses on continuous improvements through its Employees Driving Gilbert’s Excellence (EDGE) program, which takes the best parts of Continuous Quality Improvement and Lean Six Sigma. It teaches our employees to participate in organizational transformation by aligning people, process, and technology in an ongoing effort to deliver efficiency and effectiveness from a customer-centric point of view. When combined with clearly defined Wildly Important Goals, (WIGs), a concept in the 4 Disciplines of Execution, we are constantly evaluating the work we do and asking ourselves, “Is this the most important thing we can do right now for our customer?” Since departments are so diverse, it is hard to find a “one size fits all” approach. We believe that through the marrying of our organizational transformation approach (EDGE) and The 4 Disciplines of Execution WIGs, we are equipping the organization with a variety of quality tools and agile techniques in to:

- Improve Service Delivery
- Increase Customer Satisfaction
- Empower Staff to Innovate
- Enhance the Organizational Culture
- Yield a Return on Investment
- Reduce Costs
- Increase Staff Capacity to Deliver Results

Gilbert continues to update its Long-Term Financial Plan, which includes an interactive Excel model. The model looks at revenue and spending trends to predict what the financial sustainability of Gilbert would look like if those trends were to continue or change. The main dashboard contains live “what if” variables that can be easily changed to help decision-makers see the financial impact that individual changes make to the overall budget health into the future.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the Town of Gilbert for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the 33rd consecutive year that Gilbert has received this prestigious award. To be awarded a Certificate of Achievement, we must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting this year’s report to the GFOA to determine its eligibility for another certificate.

Gilbert also received the GFOA’s Distinguished Budget Presentation Award for our annual budget document. To qualify for this award, our budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device. Gilbert has received this award for 25 consecutive years.

ACKNOWLEDGMENTS

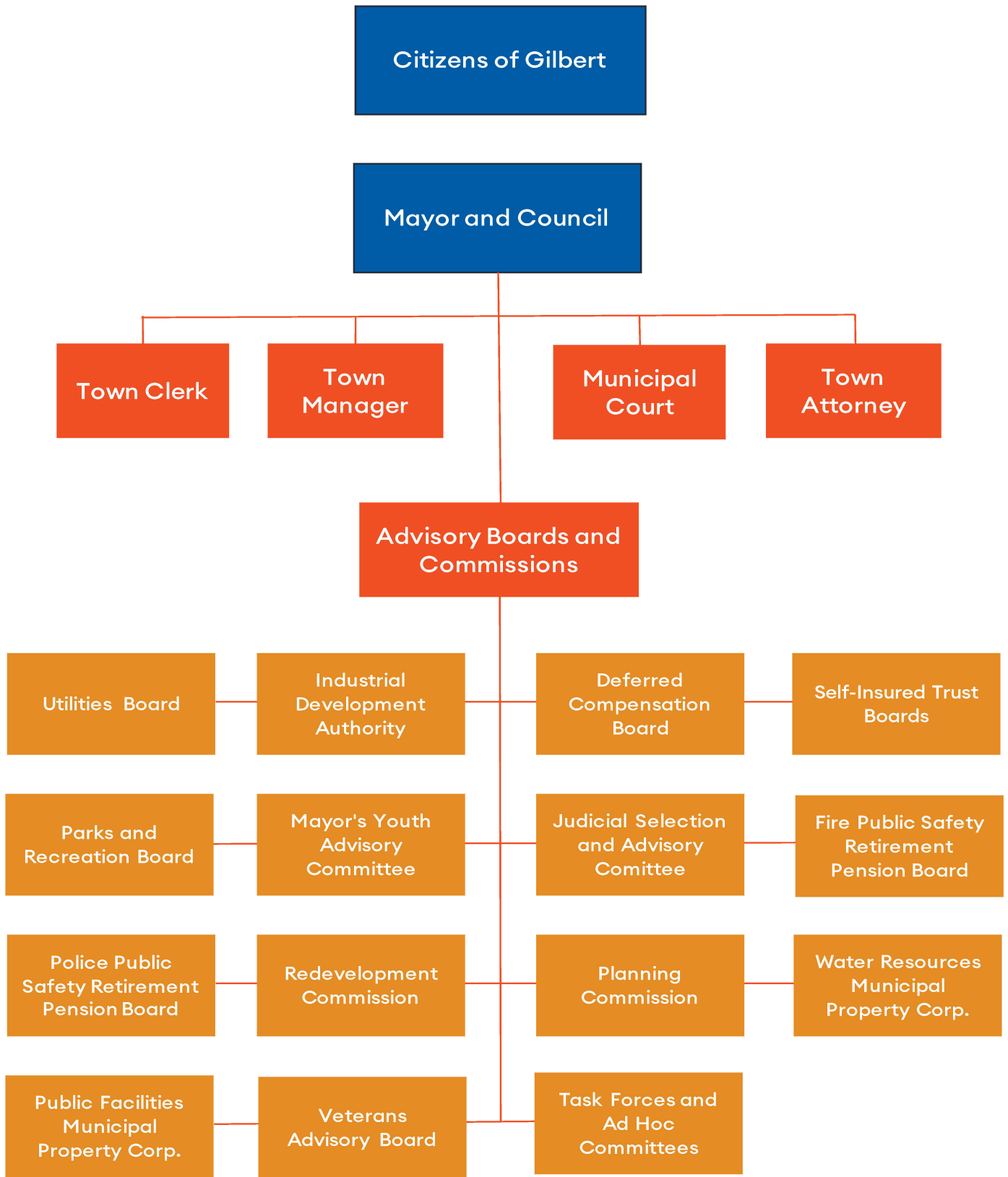
The completion of this report is the result of the efficient and dedicated services of the entire staff of the Accounting Division. I would like to give special recognition to Tanya Wright, Financial Services Officer; Anthony St. George, Accounting Manager; Emily Harmon, Accounting Supervisor; and Matthew Masters, Accounting Supervisor, who were primarily responsible for preparing this document. In addition, I would like to thank staff from all Town departments for their contributions and assistance.

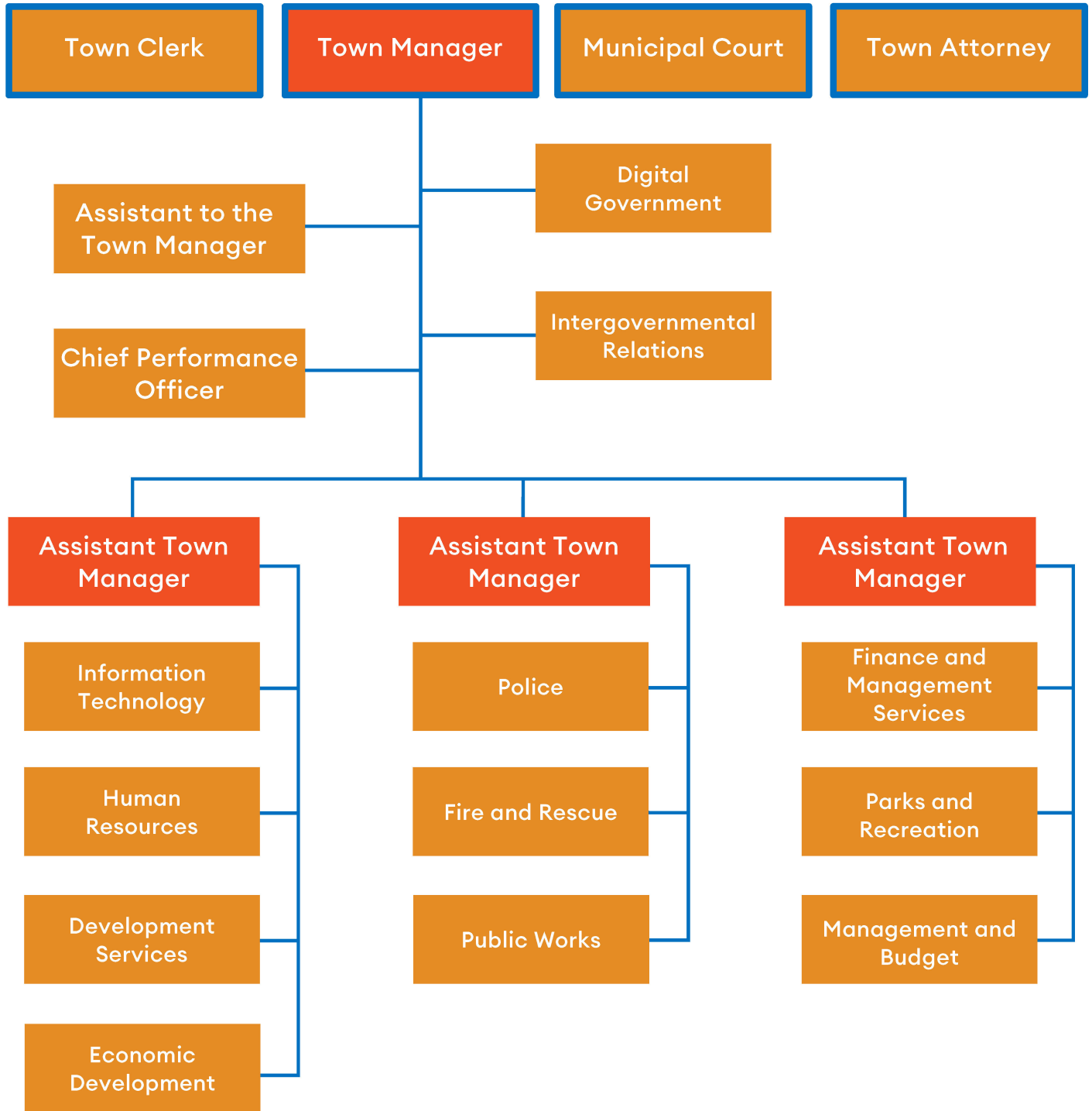
Finally, I wish to acknowledge the continued support of the Council and the Manager in providing the leadership necessary for sound financial management.

Respectfully submitted,



Håkon Johanson
Finance & Management Services Director





= Employment contracts directly with Council

Financial Section

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

**Combining and Individual Fund Statements
and Schedules**

Independent Auditor's Report

Honorable Mayor and Members of the Town Council
Town of Gilbert, Arizona

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Town of Gilbert, Arizona (Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Town of Gilbert, Arizona, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Streets Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025, on our consideration of Town of Gilbert, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Gilbert, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Gilbert, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
January 30, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Gilbert's Annual Comprehensive Financial Report presents a narrative overview and comparative analysis of the financial activities of Gilbert for the fiscal years ended June 30, 2024 and 2023. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal and other portions of this Annual Comprehensive Financial Report.

Financial Highlights

- Gilbert's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$2.4 billion, which is an increase over the prior year of \$131.0 million due to increases in both governmental and business-type activities. Included in net position of \$2.4 billion is \$1.6 billion of net investment in capital assets, \$136.7 million of amounts restricted for various purposes, and \$694.8 million of unrestricted net position. Included in unrestricted net position is \$161.6 million invested in joint ventures with the Cities of Mesa, Chandler, and the Town of Queen Creek, and \$533.1 million which may be used to fund ongoing operations in future years.
- Governmental activities increased net position by \$58.6 million, which was primarily due to taxes totaling \$308.5 million and investment income of \$31.8 million, offset by net program expenses of \$263.0 million. The business-type activities increased net position by \$72.3 million, primarily due to higher charges for services revenue as a result of rate increases of \$9.7 million, \$8.3 million, and \$5.0 million in the Water, Wastewater, and Solid Waste funds, respectively, capital contributions from developers of \$10.1 million, and investment income and changes in fair market value of investments totaling \$34.0 million. These were offset by increased operation and maintenance costs mainly due to increased cost of purchased water and effects of inflation of \$6.4 million, \$1.1 million, and \$1.2 million in the Water, Wastewater, and Solid Waste funds, respectively.
- Net position includes \$933.3 million net investment in capital assets in governmental activities such as streets, parks, and municipal buildings and a \$644.1 million net investment in business-type activities in water, wastewater and solid waste infrastructure and equipment. Amounts increased in the governmental activities by \$13.4 million from the prior year, which is attributed to ongoing capital projects including various street improvements (\$40.1 million), police dispatch center expansion (\$10.3 million), and water tower plaza renovations (\$5.4 million), offset by current year depreciation of \$66.6 million. Amounts increased in the business-type activities by \$66.8 million in fiscal year 2024 primarily due to the construction of various capital projects including waterline replacements (\$3.1 million), recovery well renovation (\$2.7 million) and water main repairs (\$1.7 million), which were offset by depreciation expense of \$30.7 million.
- The combined fund balance for all governmental funds is \$635.5 million. Unrestricted fund balance is classified as Committed, Assigned, and Unassigned. The unrestricted portion of all governmental funds is \$340.6 million, which represents an increase of \$32.8 million from the prior year. The increase is primarily due to increases in the following compared to prior year: state-shared income tax of \$21.2 million, investment earnings of \$8.3 million, and change in the fair market value of investments of \$5.3 million.
- The General Fund unrestricted fund balance is \$350.0 million, of which \$175.5 million has been assigned for capital replacement, capital improvement projects, highways and streets, and debt service.
- The General Fund unassigned fund balance of \$174.4 million is 69.1% of total fund expenditures.
- Gilbert's total bonded debt outstanding at the end of the fiscal year was \$873.4 million, as compared to \$922.0 million at the end of fiscal year 2023. This represents a decrease of \$48.6 million due to regularly scheduled debt payments made throughout the fiscal year.
- Gilbert's total net pension liability at the end of the fiscal year was \$150.1 million, as compared to \$132.1 million at the end of fiscal year 2023. Gilbert made contributions in excess of the annual required contribution to the Public Safety Personnel Retirement System (PSPRS) of \$340 thousand during the fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements

The **government-wide financial statements** are designed to provide readers with a broad overview of the finances of Gilbert as a whole, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of Gilbert'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 Gilbert's financial position is improving or declining.

The **statement of activities** presents the changes in net position from the previous 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 result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both government-wide financial statements distinguish functions of Gilbert that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a majority, or all, of their costs through user fees and charges (business-type activities). The governmental activities of Gilbert include general government, public safety, highways and streets, parks and recreation, and transportation. The business-type activities include water, wastewater, and solid waste.

The government-wide financial statements also include the Industrial Development Authority (IDA) as a component unit of Gilbert. The IDA provides financing for eligible private sector entities to acquire and construct facilities deemed to be in the public interest. The financial information for the IDA is presented separately in the statements.

The government-wide financial statements can be found beginning on page 29 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Gilbert, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of Gilbert's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at fiscal year-end. This information may be useful in evaluating a government's near-term financing ability.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Gilbert's near-term financing decisions. To facilitate this comparison, reconciliations are provided with the fund financial statements.

The basic governmental fund financial statements can be found beginning on page 32 of this report.

Proprietary Funds

Gilbert maintains two different types of proprietary funds; Enterprise funds and Internal Service fund types. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, which include water, wastewater, and solid waste. Internal service funds accumulate and allocate costs internally among the various functions. Gilbert uses internal service funds to account for maintenance of its fleet of vehicles, and employee health, dental, workers' compensation, and general liability self-insurance.

The assets and liabilities of the internal service funds are included in the governmental activities column of the government-wide statement of net position. Costs of internal service funds are allocated to the various user functions on the government-wide statement of activities. Enterprise funds provide the same information as the government-wide financial statements, only with more detail. Internal service funds are combined into a single column on the proprietary funds statements. Additional detail for the internal service funds can be found on pages 118-120.

The proprietary fund statements can be found beginning on page 42 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found beginning on page 47 of this report.

Government-wide Financial Analysis

Net position serves as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position as of June 30, 2024 and 2023.

Town of Gilbert Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 744,001,127	\$ 726,323,032	\$ 849,631,263	\$ 899,548,442	\$ 1,593,632,390	\$ 1,625,871,474
Capital assets	1,132,090,294	1,098,279,359	907,524,532	773,678,440	2,039,614,826	1,871,957,799
Total assets	1,876,091,421	1,824,602,391	1,757,155,795	1,673,226,882	3,633,247,216	3,497,829,273
Deferred outflows of resources	54,835,600	48,899,016	5,426,647	6,128,587	60,262,247	55,027,603
Long-term liabilities	497,466,133	511,873,238	630,484,026	651,579,815	1,127,950,159	1,163,453,053
Other liabilities	74,861,013	61,469,588	59,684,772	27,890,322	134,545,785	89,359,910
Total liabilities	572,327,146	573,342,826	690,168,798	679,470,137	1,262,495,944	1,252,812,963
Deferred inflows of resources	20,992,635	21,184,235	1,074,736	867,985	22,067,371	22,052,220
Net position:						
Net investment in capital assets	933,340,392	919,930,069	644,115,990	577,320,244	1,577,456,382	1,497,250,313
Restricted	126,759,600	123,034,184	9,950,411	10,630,053	136,710,011	133,664,237
Unrestricted	277,507,248	236,010,093	417,272,507	411,067,050	694,779,755	647,077,143
Total net position	\$ 1,337,607,240	\$ 1,278,974,346	\$ 1,071,338,908	\$ 999,017,347	\$ 2,408,946,148	\$ 2,277,991,693

Net position consists of three components. The largest portion of Gilbert's net position (65.5%) is its investment in capital assets (land, buildings, infrastructure, equipment, etc.), less depreciation and any related debt used to acquire those assets that is still outstanding. Gilbert uses these capital assets to provide services to citizens; consequently, these assets are not available for appropriation. Although Gilbert's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Gilbert's net position (5.7%) represents resources that are subject to external restrictions on how they may be used. The remaining portion of net position (28.8%) includes \$161.6 million which is invested in joint ventures with the Cities of Mesa, Chandler, and the Town of Queen Creek. The remaining \$533.1 million may be used to meet Gilbert's ongoing obligations to citizens, customers, and creditors.

Governmental Activities

Governmental activities in fiscal year 2024 increased Gilbert's net position by \$58.6 million. Taxes and program revenues (charges for services and grants and contributions that are clearly identifiable to operating functions) were Gilbert's most significant revenue sources comprising 92.4% of total revenues for governmental activities, which is consistent with prior years. Taxes (local and state-shared) were \$308.5 million, which represents an increase of \$24.4 million from the prior year primarily due to an increase in unrestricted state-shared revenue of \$22.3 million. Program revenues were \$95.6 million, a decrease of \$12.8 million from the prior year, which was mostly due to a decrease in capital grants and contributions specifically related to highways and streets.

The other component of the change in net position is expenses. The largest expense functions were public safety, which represented 43.8%, and highways and streets, which represented 19.9% of total governmental activities expenses, which is consistent with prior year. Total expenses increased \$44.8 million (14.3%) over the prior fiscal year, which was mostly due to increases in police and parks and recreation expenditures. Police expenses increased due to the purchase of 2-way public safety radios along with increases in salary and related expenses. Park expenses increased due to costs associated with infrastructure repairs and maintenance related to the installation of new closed-circuit television cameras as well as an increase in salary and related expenses compared to the prior year.

The following table details the changes in net position for governmental and business-type activities.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 24,363,420	\$ 23,484,910	\$ 151,448,996	\$ 128,401,689	\$ 175,812,416	\$ 151,886,599
Operating grants and contributions	43,307,417	41,985,234	2,744,840	3,104,074	46,052,257	45,089,308
Capital grants and contributions	27,914,663	42,935,057	26,444,901	24,865,411	54,359,564	67,800,468
General revenues						
Sales taxes	156,171,430	155,493,976	-	-	156,171,430	155,493,976
Property taxes	34,006,483	32,588,000	-	-	34,006,483	32,588,000
Unrestricted state-shared revenue	114,537,943	92,189,540	-	-	114,537,943	92,189,540
Other taxes	3,793,472	3,800,885	-	-	3,793,472	3,800,885
Grants/contributions not restricted	101,202	895,733	-	-	101,202	895,733
Investment income	31,840,195	17,805,233	33,953,799	10,509,505	65,793,994	28,314,738
Gain on sale of capital assets	150,621	1,152,603	122,201	74,984	272,822	1,227,587
Other	978,678	1,030,614	57,745	462,841	1,036,423	1,493,455
Total revenues	<u>437,165,524</u>	<u>413,361,785</u>	<u>214,772,482</u>	<u>167,418,504</u>	<u>651,938,006</u>	<u>580,780,289</u>
Expenses						
Management and policy	42,529,033	34,670,470	-	-	42,529,033	34,670,470
Finance and management services	3,813,341	3,395,952	-	-	3,813,341	3,395,952
Court	5,371,881	4,983,766	-	-	5,371,881	4,983,766
Development services	13,323,240	12,751,814	-	-	13,323,240	12,751,814
Police	95,543,636	81,159,390	-	-	95,543,636	81,159,390
Fire	61,582,326	54,960,568	-	-	61,582,326	54,960,568
Highways and streets	71,350,575	67,635,517	-	-	71,350,575	67,635,517
Parks and recreation	46,504,795	37,450,429	-	-	46,504,795	37,450,429
Transportation	1,047,456	725,221	-	-	1,047,456	725,221
Non departmental	7,158,988	4,016,081	-	-	7,158,988	4,016,081
Interest and fiscal charges on long-term debt	10,351,814	12,075,106	-	-	10,351,814	12,075,106
Water	-	-	86,878,800	67,785,692	86,878,800	67,785,692
Wastewater	-	-	42,031,775	38,774,386	42,031,775	38,774,386
Solid Waste	-	-	33,495,891	31,843,418	33,495,891	31,843,418
Total expenses	<u>358,577,085</u>	<u>313,824,314</u>	<u>162,406,466</u>	<u>138,403,496</u>	<u>520,983,551</u>	<u>452,227,810</u>
Increase in net position before transfers	78,588,439	99,537,471	52,366,016	29,015,008	130,954,455	128,552,479
Transfers	(19,955,545)	(5,273,067)	19,955,545	5,273,067	-	-
Change in net position	58,632,894	94,264,404	72,321,561	34,288,075	130,954,455	128,552,479
Net position, beginning	<u>1,278,974,346</u>	<u>1,184,709,942</u>	<u>999,017,347</u>	<u>964,729,272</u>	<u>2,277,991,693</u>	<u>2,149,439,214</u>
Net position, ending	<u>\$ 1,337,607,240</u>	<u>\$ 1,278,974,346</u>	<u>\$ 1,071,338,908</u>	<u>\$ 999,017,347</u>	<u>\$ 2,408,946,148</u>	<u>\$ 2,277,991,693</u>

Business-type Activities

Gilbert's net position for business-type activities increased by \$72.3 million during the fiscal year. The revenues for business-type activities increased 28.3% over the prior year mainly due to an increase in charges for service in the Water and Wastewater funds which was due to rate increases for wastewater of 32% in April of last fiscal year and water and solid waste both rate increases of 46% in April 2024. Additionally, revenue from development related growth increased, including \$9.3 million in system development fee collections and \$10.1 million in water, wastewater, and solid waste infrastructure contributed by developers. Expenses increased \$24.0 million (17.3%) from the prior year primarily due to the impacts of inflation, which increased costs of operation and maintenance such as purchased water and fuel, accompanied by an increase in depreciation expense.

Financial Analysis of Gilbert’s Funds

As noted earlier, Gilbert maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. Such information is useful in assessing Gilbert’s financing requirements. Unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Gilbert operated and separately reported the following major governmental funds:

- General
- Streets Special Revenue
- Streets and Traffic Capital Projects
- Parks Capital Projects
- Municipal Facilities Capital Projects
- Debt Service
- Special Assessments Debt Service

All nonmajor funds are combined for reporting purposes captioned “Other Governmental Funds”.

As of the end of fiscal year 2024, the governmental funds reported ending unrestricted fund balances totaling \$340.6 million, an increase of \$32.8 million from the prior fiscal year. See explanations of variances below.

General Fund

The General Fund is the primary operating fund. At the end of fiscal year 2024, the fund balance of the General Fund was \$368.9 million, compared to \$319.2 million in the prior year. The unrestricted portion of the fund balance was \$350.0 million, of which \$33.4 million has been assigned for capital replacement, \$132.9 million for future capital projects, \$9.3 million for highways and streets, and for debt service. The remainder of \$174.4 million supports our minimum fund balance policy and can be used for future operations. As a measure of the General Fund’s liquidity, it is useful to compare its available fund balance to total fund expenditures. The General Fund’s unassigned fund balance represents 69.1% of total General Fund expenditures for the current year, which is lower than the prior year of 77.1%.

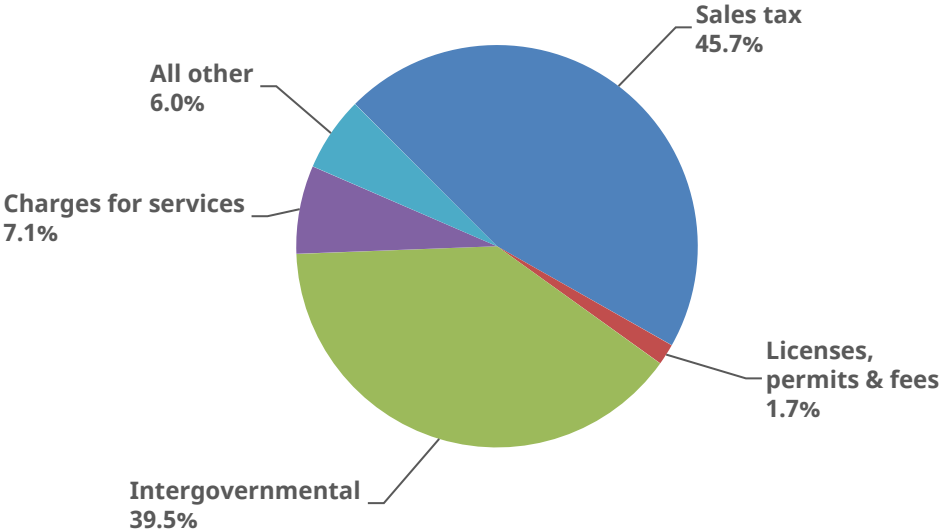
Overall, the General Fund’s performance resulted in revenues and other financing sources exceeding expenditures and other financing uses by \$49.7 million. Total revenues increased \$17.6 million, or 5.5% compared to the prior year, while expenditures increased \$17.8 million, or 7.6%. Gilbert’s largest revenue sources are local sales tax and intergovernmental revenues, which accounted for 85.2% of the total revenues in fiscal year 2024, which is consistent with the prior year. The largest General Fund expenditures are salaries, benefits, and associated costs, representing 65.1% of total expenditures, which is also consistent with prior year.

General Fund revenues showing an increase over the prior year were from intergovernmental sources, the largest of which was in state shared income tax of \$21.2 million. This increase is attributable to an increase in per capita income to \$51,739 in fiscal year 2024 compared to \$48,791 in fiscal year 2023. Other revenue sources that contributed to the increase over the prior year were investment earnings of \$4.8 million and change in fair value of investments of \$2.6 million. These increases were offset by a decrease in revenues tied to other entities’ participation of \$15.3 million, where \$11.3 million was received in fiscal year 2023 as contributions for the completion of the Lindsay Road and Loop 202 Interchange.

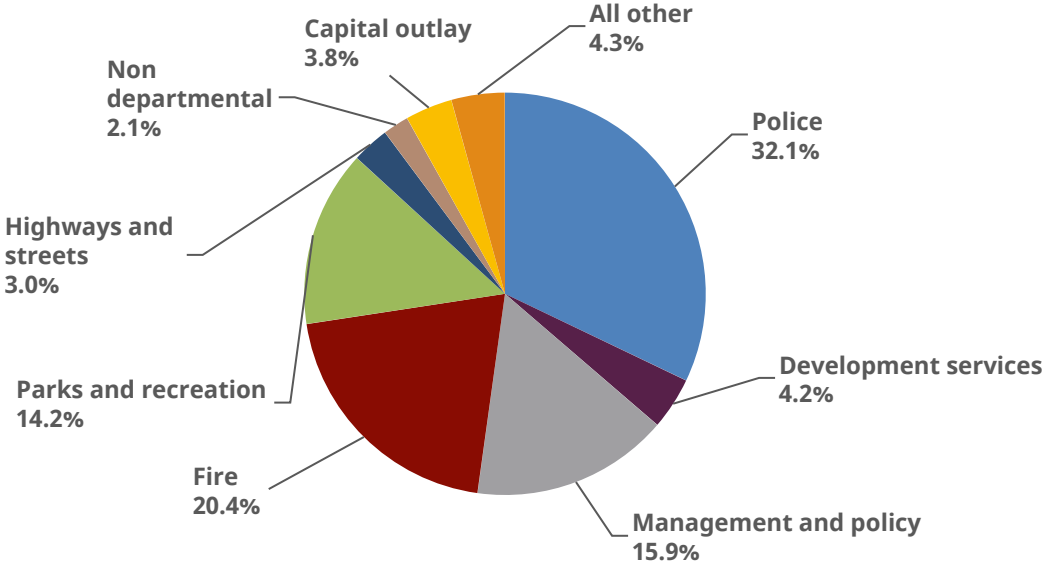
These increases in revenue were offset by increases in expenditures over the prior year of \$17.8 million primarily due to increases in police, parks and recreation, and management and policy expenditures of \$8.8 million, \$7.4 million, and \$5.9 million, respectively. These increases were primarily the result of increased salary and related expenditures from market adjustments and annual performance review pay increases. These increases were offset by a decrease of \$10.1 million in capital outlay expenditures in the current year, due primarily to subscription-based information technology agreements recorded in the prior year.

The graphs below depicts General Fund revenues by source and General Fund expenditures by function.

General Fund Revenues \$340.8 million



General Fund Expenditures \$252.4 million



Streets Special Revenue

The Streets Fund contains state-shared highway user revenues funds (HURF) that are required by state statute to be used for highways and street related purposes. Total revenues in the Streets Fund remained relatively stable from prior year, with a \$696 thousand (3.3%) increase due to receiving additional HURF funds. Total expenditures increased \$1.9 million (10.2%) compared to the prior fiscal year due to one-time costs incurred in the current year to install new management units and controllers software, as well as overall increased operating expenditures due to the effects of inflation.

Streets and Traffic Capital Projects

The Streets and Traffic Capital Projects Fund consists of system development fees and intergovernmental revenues and the expenditure of those funds to purchase or construct capital assets. The fund balance decreased by \$37.8 million during the year. This was due to planned capital outlay expenditures towards completion of various projects. The larger projects with capital expenditures during the year were related to the road work on Ocotillo Road from Greenfield Road to 148th Street totaling \$13.3 million and significant work performed on Guadalupe Road from Arizona Avenue to McQueen Road totaling \$11.4 million. Capital outlay was partially offset by system development fee collections of \$4.9 million, interest earnings of \$9.1 million, and intergovernmental proceeds of \$3.3 million to fund capital projects.

Parks Capital Projects

The Parks Capital Projects Fund accounts for system development fee revenue and the expenditure of those funds for parks infrastructure. The fund balance increased by \$5.5 million during the year, which was primarily due to the collection of system development fees of \$7.9 million and transfers in of \$7.4 million to fund capital projects. These were offset by capital outlay of \$8.1 million. The largest projects with capital expenditures during the year were water tower plaza repairs and renovations of \$5.8 million and renovations to Gilbert Regional Park of \$787 thousand. The remaining fund balance of \$40.9 million will be used to fund future parks needs related to growth in Gilbert.

Municipal Facilities Capital Projects

The Municipal Facilities Capital Projects Fund consists of system development fee revenue and Public Facilities Municipal Property Corporation bond proceeds and the expenditure of those funds to purchase or construct municipal capital assets. The fund balance decreased by \$2.6 million during the year, resulting in a deficit in fund balance at fiscal year-end of \$5.7 million. The deficiency in this fund is primarily due to long-term loans from the General Fund to cover cash deficits for previous capital expenditures where future system development fee revenue is expected to eliminate the deficiency. The decrease in fund balance was primarily due to capital outlay expenditures of \$21.5 million. The largest projects with capital expenditures during the year were the Police Dispatch Center Renovation of \$10.3 million, Emergency Operations Center renovation and expansion of \$3.5 million, and construction of the Gilbert Victim Advocacy Center of \$3.2 million. Total expenditures of \$22.1 million were offset by transfers in of \$18.1 million.

Debt Service

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs for outstanding bonds. The fund balance decreased by \$6.7 million during the year. Revenues and other financing sources and expenditures offset each other, where property tax revenue and transfers from other funds totaled \$40.4 million, while debt service payments were \$40.4 million. See Note 9 for additional information on debt service payments.

Special Assessments Debt Service

The Special Assessments Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs for outstanding improvement district bonds. The fund balance of \$125 thousand increased from the prior fiscal year by \$25 thousand due to regularly scheduled debt payments, offset by the administrative fee charged for early redemption of a portion of the special assessment debt. See Note 9 for additional information.

Nonmajor Governmental Funds

All nonmajor governmental funds are combined into one column on the governmental fund statements. The combined fund balance of these funds decreased \$1.7 million from the prior year to a balance at year-end of \$5.6 million. Nonmajor funds represent less than 1% of the total governmental funds balance.

Proprietary Funds

Gilbert's proprietary funds statements are prepared on the same basis as the government-wide financial statements (accrual basis). Gilbert operates, and separately reports, the following proprietary funds:

- Water
- Wastewater
- Solid Waste

Water Fund

The Water Fund is responsible for producing and distributing potable water that exceeds all county, state and federal drinking water standards. The water system is also sized and pressurized to provide adequate fire suppression to the entire planning area and operates two surface water treatment facilities capable of producing 69 million gallons per day (mgd), and 17 ground water wells capable of producing 43.5 mgd. The SanTan Vista Water Treatment Plant is jointly owned with the City of Chandler, with Gilbert acting as the lead agent. The North Water Treatment Plant has reached its useful life and a new treatment plant located directly east of the current plant is under construction, with a planned completion in early 2027.

Net position increased by \$58.1 million to \$616.2 million primarily due to an increase in charges for services over the prior year of \$9.7 million due to a base water rate increase of 46% combined with incremental increases based on total use implemented in April of fiscal year 2024, an increase in investment earnings of \$5.7 million, an increase of \$15.9 million for change in fair market value of investments, and an increase in the annual transfer from the General Fund to support Water SDF expenses not covered by SDF revenue of \$15.0 million over the prior year. Operating income was \$12.8 million, which is slightly lower than prior year of \$13.5 million.

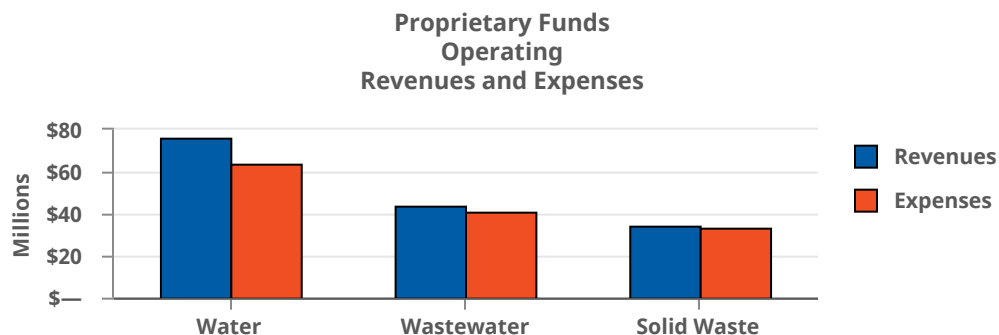
Wastewater Fund

The Wastewater Fund provides wastewater collection and treatment services to residents and businesses in Gilbert through the operation of two wastewater treatment facilities. The services also include the storage and distribution of effluent water (treated wastewater). The Greenfield Water Reclamation Plant (GWRP) is a joint venture with the Cities of Mesa and Queen Creek, with Mesa acting as the lead agent and plant operator. Net position increased \$11.5 million to \$404.7 million primarily due to charges for services increasing \$8.3 million resulting from a rate increase of 32% in the late portion of fiscal year 2023. The operating income of \$2.3 million was primarily due to the rate increase, which was offset by an increase in salaries and related costs of \$1.2 million, along with the impact of inflation increasing the operation and maintenance costs of the two treatment plants by \$1.1 million.

Solid Waste Fund

Gilbert operates the Solid Waste Fund to provide residential and commercial refuse collection, residential recycling services, street cleaning, storm water infrastructure, and environmental compliance. Residential services are provided exclusively by Gilbert, while the commercial service competes with the private sector for customers. Net position increased by \$3.0 million, to \$50.4 million. The operating income of \$828 thousand was due to an increase in charges for services over the prior year of \$5.0 million primarily resulting from a 45% rate increase in April 2024. This revenue increase was offset by an increase in various operating costs including salaries and related costs of \$579 thousand and operation and maintenance such as fuel and equipment of \$1.2 million.

The following graph compares the fiscal year revenues to expenses for the Water, Wastewater and Solid Waste Funds.



General Fund Budgetary Highlights

There was a difference of \$21.2 million between the original adopted expenditure budget and the final amended expenditure budget. The final amended budget projected that expenditures would exceed revenues by \$15.1 million resulting in a \$163.4 million reduction to fund balance after other financing sources and uses. The difference between the original adopted budget and final amended budget was mainly due to the utilization of \$11.1 million in contingency during the year which was primarily allocated to governmental capital project funds in addition to increases in General Fund budgets for police (\$3.8 million) and fire (\$1.3 million).

During the year, actual revenues exceeded the budgeted amount by \$32.3 million (10.6%) mainly due to higher than expected sales taxes collected of \$17.7 million, interest earnings of \$12.0 million, and intergovernmental revenues of \$7.4 million. Actual expenditures were less than budgeted by \$70.8 million (22.0%) mainly due to lower than expected expenditures in non-departmental (\$22.9 million), capital outlay (\$28.0 million), and unused contingency (\$8.7 million). This resulted in an excess of revenues over expenditures of \$103.0 million more than budgeted. Other financing sources and uses came in \$108.1 million lower than expected as a result of the timing of transfers related to redevelopment, municipal facilities, and streets and traffic capital projects. This also resulted in the actual net change in fund balance being \$211.1 million more than budgeted.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2024, Gilbert had \$2.0 billion in capital assets, net of accumulated depreciation, which is an increase of \$167.7 million (9.0%) over prior year. This was due to increases in construction-in-progress for streets, redevelopment districts, municipal facilities, water, and wastewater projects. These increases were offset by the depreciation expense taken. Major capital improvement projects completed during the year included the following:

Governmental Activities

- Municipal Center II Renovation of \$19.7 million
- Guadalupe Road Improvements of \$12.3 million
- Elliot and Cooper Intersection of \$10.2 million
- Fuel Dispensing Pump of \$1.5 million

Business-type Activities

- Higley Road Waterline Replacement of \$3.1 million
- Elliot Road District Park Recovery Well of \$2.7 million
- Western Canal Force Main Repair of \$1.7 million
- Blending Control for Wells 20 and 22 of \$702 thousand

The following table presents capital asset balances, net of accumulated depreciation, for the fiscal years ended June 30, 2024 and 2023.

**Town of Gilbert
Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 159,855,162	\$ 146,430,538	\$ 25,565,804	\$ 24,188,051	\$ 185,420,966	\$ 170,618,589
Nondepreciable water rights	-	-	65,898,010	65,898,010	65,898,010	65,898,010
Construction-in-progress	85,694,065	61,616,133	256,831,729	118,648,153	342,525,794	180,264,286
Buildings	204,603,709	198,680,268	-	-	204,603,709	198,680,268
Improvements other than buildings	80,071,095	84,383,711	-	-	80,071,095	84,383,711
Plant, machinery & equipment	37,870,682	33,108,306	47,727,904	51,959,870	85,598,586	85,068,176
Infrastructure	552,892,605	562,498,213	475,506,935	476,579,777	1,028,399,540	1,039,077,990
Right-to-use leased equipment	624,471	-	-	-	624,471	-
Intangible right-to-use subscription assets	10,478,505	11,562,190	-	-	10,478,505	11,562,190
Depreciable water rights	-	-	35,994,150	36,404,579	35,994,150	36,404,579
Total Capital Assets	\$ 1,132,090,294	\$ 1,098,279,359	\$ 907,524,532	\$ 773,678,440	\$ 2,039,614,826	\$ 1,871,957,799

Total governmental capital assets and business-type capital assets increased by \$33.8 million and \$133.8 million, respectively. The change in governmental capital assets can be attributed to the addition of land of \$13.4 million, construction-in-progress of \$76.1 million, buildings of \$20.5 million, machinery and equipment of \$9.9 million, infrastructure of \$29.4 million, and intangible right-to-use subscription assets of \$1.0 million. These were offset by construction-in-progress deletions of \$52.0 million and depreciation taken of \$66.6 million. Most of the increase for the business-type capital assets can be attributed to the addition of construction-in-progress of \$148.2 million and infrastructure of \$21.0 million, which were offset by depreciation taken of \$30.7 million and construction-in-progress deletions of \$10.0 million.

See Note 6 on page 61 for further information regarding capital assets.

Long-term Debt. At June 30, 2024, Gilbert had total bonded debt obligations of \$311.1 million related to governmental activities and \$562.3 million in business-type activities. Of the total debt outstanding, \$258.1 million is general obligation (GO) bonds backed by the full faith and credit of Gilbert, \$2.1 million is special assessment bonds secured by a lien against the land of the benefited property owners in Improvement Districts #19 and #20, all other outstanding debt is secured by pledges of specific revenue sources.

The Arizona Constitution and state statutes limit a municipality's bonded debt capacity to certain percentages of its limited property valuation and by the type of project to be constructed with GO bonds. For projects involving water, wastewater, artificial lighting, parks, open space, recreational facility improvements, streets, public safety, and fire and emergency facilities, Gilbert can issue GO bonds up to 20% of its limited property valuation. For any other general-purpose improvements, Gilbert may issue bonds up to 6% of its limited property valuation. Gilbert's available debt margin at June 30, 2024, was \$323.9 million in the 6% capacity and \$803.6 million in the 20% capacity.

See Note 9 on page 63 for additional information on debt.

The following schedule shows Gilbert’s outstanding debt as of June 30, 2024 and 2023.

**Town of Gilbert
Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation	\$ 258,130,000	\$ 279,935,000	\$ -	\$ -	\$ 258,130,000	\$ 279,935,000
Special Assessment	2,120,000	2,490,000	-	-	2,120,000	2,490,000
Revenue Obligations	31,790,000	32,640,000	-	-	31,790,000	32,640,000
Revenue Bonds	19,095,000	24,865,000	562,285,000	582,020,000	581,380,000	606,885,000
Totals	\$ 311,135,000	\$ 339,930,000	\$ 562,285,000	\$ 582,020,000	\$ 873,420,000	\$ 921,950,000

Gilbert’s bonds are rated by leading rating agencies that assess the risk of default based on Gilbert’s financial condition. The following schedule shows Gilbert’s bond ratings as of June 30, 2024.

**Town of Gilbert
Long-term Debt Ratings
As of June 30, 2024**

	Moody's Investor Service	Standard and Poors' Ratings Service	Fitch Ratings
General Obligation	Aaa	AAA	AAA
Public Facilities Municipal Property Corporation (Revenue Bonds)	Aa1	AAA	AAA
Water Resources Municipal Property Corporation (Revenue Bonds)	Not rated	AAA	AAA
Revenue Obligations	Aa1	AAA	AAA
Improvement Districts (Special Assessment)	Aa1	AA-	Not rated

Economic Factors and Next Year's Budget

Gilbert continued to grow during fiscal year 2024, although growth is slowing as the inventory of available land declines. Gilbert citizens and businesses are continuing to receive high quality services as the Town focuses on making long-term quality of life decisions for the future. Inflation was a significant hurdle for many departments and some rates had to be adjusted to compensate for the changes in operational costs. Gilbert is also keeping a close eye on regional water discussions to ensure that our water portfolio and infrastructure are ready for the future. We want to ensure that a shortage at the river does not equal a shortage at the tap for our residents and businesses. We will also remain financially prepared to meet economic challenges that may arise as the economy evolves and potentially transitions into a slower growth or recessionary phase of the typical cycle.

With a population of 292,711 residents, Gilbert is Arizona’s fifth largest city and has received many accolades. Cactus Yards was named Outstanding Park of the year again in 2024. Gilbert stands proud as the #2 Best Place to Raise a Family in Arizona (Niche, 2024) and the #2 Fastest Growing City in the U.S. (Ranking Arizona, 2024). Gilbert was also ranked the #1 Best City for Early Retirement (Smart Asset, 2022) and the #3 Healthiest Midsize Employer in Arizona (Phoenix Business Journal, 2023). From fiscal year 2013 to fiscal year 2023, private investment in Gilbert’s four employment areas exceeded over \$1.35 billion. Science, technology, engineering and mathematics (STEM) and STEM related job growth has outpaced total job growth in the community over the last five years which represents a 24.0% increase for STEM/STEM related jobs compared to 12.0% total job growth (Lightcast, Inc., 2018-2023). Over the last five years, Gilbert has added 4.4 million square-feet of office, industrial/flex, and retail space to its inventory, representing an increase of 16.6%. (Costar, Q2 2019 – Q2 2024).

In fiscal year 2024, Gilbert’s economic development initiatives continued to yield positive results for the community. In the northwest employment area, SunCap Property Group completed construction of a new 120,000 square-foot building in support of Northrop Grumman’s continued investment in the community. In the central employment area, ATLAS initiated construction on a new 60,000 square-foot industrial facility in the Germann Road Employment Corridor and the Gateway employment area saw the completion of Phase I of Power Gateway 202, a 265,000 square-foot employment industrial park near the southwest corner of Warner and Power Roads. Long-term Gilbert based business resiliency efforts continued as well, with the Gilbert Town Council approving the creation of the Catalyst Business Resource Center, which will officially launch in fiscal year 2025 and provide a one-stop location for Gilbert businesses to access valuable resources to help thrive in the community. Redevelopment efforts also saw significant advancements with Town Council approving a boundary for a new northwest Gilbert redevelopment area, which is the first step in this public process to focus on the northwest part of the community and support reinvestment that will ensure this important economic engine thrives for years to come. Discover Gilbert also had a big year, capped by hosting the LPGA Ford Championship in March 2024 at the Seville Golf and Country Club in Gilbert. Over the seven days of activity, there were approximately 4,735 unique visitors to the event with a total estimated visitor spending of \$1.7 million over those seven days.

A community of excellence demands exceptional governance. Gilbert undertakes a zero-based process for one third of the organization every year, and always applies priority, program, and performance-based approaches. Since 2018, over \$4.4 million has been removed due to the zero-based efforts which was a decrease from the prior year accumulated amount of \$7.6 million. Due to inflation, the cumulative zero-based savings reduced from the prior year. Directors are tasked with balancing the budget through consensus, rather than presenting requests and waiting to hear back. This helps build a leadership team that is working together and focused on outcomes that will best meet citizen needs. Only once the directors achieve consensus is the Town Manager presented with the recommended budget. This collaborative and teamwork-focused approach allows Gilbert to promote transparency, the importance of short- and long-term planning, and maintain a strong return on investment for the zero-based process while staying focused on the citizens and businesses that we all serve in different capacities.

Additionally, Gilbert staff and Council align both short-term goals and resources toward the long-term realization of Gilbert’s established strategic initiatives: Strong Economy, Prosperous Community and Exceptional Built Environment. These strategic initiatives guide the formulation of organizational goals and corresponding budget for the following fiscal year. Council retreats, as well as the budget kickoff in September 2023, allow staff to initiate the process with clear direction and focus governing the priorities for service delivery in fiscal year 2025. Gilbert has a “City of the Future” initiative which focuses on maintaining community health in the coming decades by making strategic, future-focused decisions today. Use of performance management and data analytics help the Town make informed decisions on how to best meet citizen needs and prepare for the future.

The budget for fiscal year 2025 reflects an effort to deliver both effective and efficient services to our community. Even given Gilbert’s growth, the budget is balanced, and applies the non-recurring level of construction-related revenues toward non-recurring costs. The adopted budget is based off conservative revenue estimates which provide flexibility in responding to possible economic volatility.

Budget Highlights for Fiscal Year 2025

With carry forwards and contingency adjustments, the maximum budget of \$2,344,218,800 was adopted for fiscal year 2025. Most of the increase from fiscal year 2024 is from increased activity in the Capital Improvement Program, especially related to the voter-approved transportation bond projects and additional water projects. The budget includes a capital projects contingency budget of \$100 million to allow Council the flexibility and legal authority to respond to community needs. This contingency is consistent with practice in prior years.

Tax Rates: The budget reflects a levy of \$33.3 million which maintains the property tax rate of \$0.98 per \$100 of assessed value.

Balanced Financial Plan: The fiscal year 2025 budget is balanced based upon identified revenues and expenditures.

Constitutional Expenditure Limit: The fiscal year 2025 budget reflects expenses that will be under the constitutional expenditure limitation. Staff regularly monitors conformity with the constitutional expenditure requirements and will recommend, if necessary, continuing adjustments and modifications necessary to comply with expenditure limitation requirements. The prior state-imposed expenditure limit was insufficient to cash fund necessary capital improvements. As such, two adjustments were included for voter consideration on the November 2023 General Election Ballot (permanent base adjustment and capital projects accumulation fund) with both passing.

State Shared Revenues: The fiscal year 2025 budget reflects state shared revenues based upon Census population adjustments and statutory distribution formulas, taking into account currently projected State sales and income tax collections (provided by the Arizona League of Cities and Towns), which reflect the state's budgeted HURF distributions.

Fund Balance: The Revenue Summary in the Annual Budget lists the use of carry over funds in an amount of \$1.2 billion. This reflects use of revenues which were received in prior fiscal years in excess of minimum fund balance. Unspent proceeds from the bonds sold in 2022 for both transportation and water related projects are included in this carry over number.

Capital Project Financing – System Development Fees: The fiscal year 2025 budget reflects revenues projected from the continued collection of System Development Fees as allowed under current State Law.

Financial Contact

This financial report is designed to provide a general overview of Gilbert's finances and to demonstrate accountability for the use of public funds. This report is also available on Gilbert's website at www.gilbertaz.gov. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Town of Gilbert
Tanya Wright, Financial Services Officer
50 East Civic Center Drive
Gilbert, AZ 85296
(480)503-6000

TOWN OF GILBERT, ARIZONA
Statement of Net Position
June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
Assets				
Pooled cash and investments	\$ 665,873,373	\$ 666,175,303	\$ 1,332,048,676	\$ 17,186
Restricted cash and investments	6,499,349	11,317,046	17,816,395	-
Receivables, net				
Taxes	21,493,991	-	21,493,991	-
Special assessments	2,113,877	-	2,113,877	-
Accrued interest	2,694,356	2,670,484	5,364,840	-
Restricted accrued interest	-	36,543	36,543	-
Accounts	12,630,600	10,655,954	23,286,554	-
Due from other governments	5,864,855	404,107	6,268,962	-
Leases	15,531,615	-	15,531,615	-
Prepaid items	6,552,693	113,198	6,665,891	-
Deposits	50,000	-	50,000	-
Inventories	1,246,269	65,367	1,311,636	-
Internal balances	1,475,277	(1,475,277)	-	-
Investment in joint venture	1,974,872	159,668,538	161,643,410	-
Capital assets				
Non-depreciable	245,549,227	348,295,543	593,844,770	-
Depreciable, net	886,541,067	559,228,989	1,445,770,056	-
Total assets	<u>1,876,091,421</u>	<u>1,757,155,795</u>	<u>3,633,247,216</u>	<u>17,186</u>
Deferred outflows of resources				
Deferred charge on refundings	1,323,936	1,557,431	2,881,367	-
Pensions and other postemployment benefits	53,511,664	3,869,216	57,380,880	-
Total deferred outflows of resources	<u>54,835,600</u>	<u>5,426,647</u>	<u>60,262,247</u>	<u>-</u>
Liabilities				
Accounts payable	28,827,998	33,611,741	62,439,739	-
Accrued liabilities	7,730,111	610,790	8,340,901	-
Judgements payable	1,611,245	-	1,611,245	-
Claims payable	12,560,000	-	12,560,000	-
Deposits held for others	2,083,628	-	2,083,628	-
Utility deposits	-	2,023,716	2,023,716	-
Bond interest payable	683,103	2,116,906	2,800,009	-
Unearned revenue	21,364,928	21,321,619	42,686,547	-
Noncurrent liabilities				
Due within one year	39,515,688	21,879,181	61,394,869	-
Due in more than one year	457,950,445	608,604,845	1,066,555,290	-
Total liabilities	<u>572,327,146</u>	<u>690,168,798</u>	<u>1,262,495,944</u>	<u>-</u>
Deferred inflows of resources				
Leases	15,430,477	-	15,430,477	-
Pensions and other postemployment benefits	5,562,158	1,074,736	6,636,894	-
Total deferred inflows of resources	<u>20,992,635</u>	<u>1,074,736</u>	<u>22,067,371</u>	<u>-</u>
Net position				
Net investment in capital assets	933,340,392	644,115,990	1,577,456,382	-
Restricted for				
Capital projects	102,733,819	9,950,411	112,684,230	-
Court/police programs	2,208,797	-	2,208,797	-
Debt service	6,099,276	-	6,099,276	-
Highway and streets	11,258,550	-	11,258,550	-
Other purposes	1,434,232	-	1,434,232	-
Tourism	1,331,298	-	1,331,298	-
Transportation	1,693,628	-	1,693,628	-
Unrestricted	277,507,248	417,272,507	694,779,755	17,186
Total net position	<u>\$ 1,337,607,240</u>	<u>\$ 1,071,338,908</u>	<u>\$ 2,408,946,148</u>	<u>\$ 17,186</u>

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

TOWN OF GILBERT, ARIZONA
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government				
Management and policy	\$ 42,529,033	\$ 77,166	\$ 2,719,676	\$ -
Finance and management services	3,813,341	21,788	-	-
Court	5,371,881	592,426	-	-
Development services	13,323,240	4,812,910	-	-
Public safety				
Police	95,543,636	3,018,850	2,484,130	5,221,214
Fire	61,582,326	7,434,600	3,077,769	1,419,267
Highways and streets	71,350,575	35,683	34,769,563	12,287,025
Parks and recreation	46,504,795	8,077,662	206,435	8,014,260
Transportation	1,047,456	-	-	972,897
Non departmental	7,158,988	292,335	49,844	-
Interest and fiscal charges on long-term debt	10,351,814	-	-	-
Total governmental activities	<u>358,577,085</u>	<u>24,363,420</u>	<u>43,307,417</u>	<u>27,914,663</u>
Business-type activities				
Water	86,878,800	74,046,397	2,431,331	21,828,529
Wastewater	42,031,775	43,098,034	293,294	3,780,410
Solid Waste	33,495,891	34,304,565	20,215	835,962
Total business-type activities	<u>162,406,466</u>	<u>151,448,996</u>	<u>2,744,840</u>	<u>26,444,901</u>
Total primary government	<u>\$ 520,983,551</u>	<u>\$ 175,812,416</u>	<u>\$ 46,052,257</u>	<u>\$ 54,359,564</u>
Component unit				
Industrial Development Authority	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues and transfers				
Sales taxes				
Property taxes				
In-Lieu property taxes				
Franchise taxes				
Unrestricted state-shared revenue				
Grants and contributions not restricted to specific programs				
Investment income				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Industrial Development Authority
\$ (39,732,191)	\$ -	\$ (39,732,191)	\$ -
(3,791,553)	-	(3,791,553)	-
(4,779,455)	-	(4,779,455)	-
(8,510,330)	-	(8,510,330)	-
(84,819,442)	-	(84,819,442)	-
(49,650,690)	-	(49,650,690)	-
(24,258,304)	-	(24,258,304)	-
(30,206,438)	-	(30,206,438)	-
(74,559)	-	(74,559)	-
(6,816,809)	-	(6,816,809)	-
(10,351,814)	-	(10,351,814)	-
(262,991,585)	-	(262,991,585)	-
-	11,427,457	11,427,457	-
-	5,139,963	5,139,963	-
-	1,664,851	1,664,851	-
-	18,232,271	18,232,271	-
(262,991,585)	18,232,271	(244,759,314)	-
			\$ (10)
156,171,430	-	156,171,430	-
34,006,483	-	34,006,483	-
1,089,079	-	1,089,079	-
2,704,393	-	2,704,393	-
114,537,943	-	114,537,943	-
101,202	-	101,202	-
31,840,195	33,953,799	65,793,994	92
150,621	122,201	272,822	-
978,678	57,745	1,036,423	-
(19,955,545)	19,955,545	-	-
321,624,479	54,089,290	375,713,769	92
58,632,894	72,321,561	130,954,455	82
1,278,974,346	999,017,347	2,277,991,693	17,104
<u>\$ 1,337,607,240</u>	<u>\$ 1,071,338,908</u>	<u>\$ 2,408,946,148</u>	<u>\$ 17,186</u>

TOWN OF GILBERT, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2024

	General	Streets Special Revenue	Streets and Traffic Capital Projects	Parks Capital Projects
Assets				
Pooled cash and investments	\$ 340,036,909	\$ 10,818,389	\$ 216,796,245	\$ 44,090,575
Restricted cash and investments	2,362,456	-	-	-
Receivables, net				
Taxes	21,131,901	-	-	-
Special assessments	-	-	-	-
Accrued interest	1,479,459	45,475	876,814	178,326
Accounts	11,938,584	-	-	-
Due from other governments	774,725	2,121,474	-	-
Lease	15,531,615	-	-	-
Due from other funds	793,460	-	-	-
Prepaid items	5,543,380	-	-	-
Advances to other funds	11,249,679	-	-	-
Total assets	<u>\$ 410,842,168</u>	<u>\$ 12,985,338</u>	<u>\$ 217,673,059</u>	<u>\$ 44,268,901</u>
Liabilities				
Accounts payable	\$ 8,901,952	\$ 752,105	\$ 8,017,400	\$ 3,351,885
Accrued liabilities	7,415,310	123,027	-	-
Judgments payable	-	-	-	-
Deposits held for others	2,083,628	-	-	-
Due to other funds	-	-	-	-
Interest payable	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	1,090,952	-	-	-
Bonds payable	-	-	-	-
Total liabilities	<u>19,491,842</u>	<u>875,132</u>	<u>8,017,400</u>	<u>3,351,885</u>
Deferred inflows of resources				
Unavailable revenue - sales tax	57,929	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Unavailable revenue - court fines	5,614,931	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - ambulance	1,321,356	-	-	-
Deferred inflows related to leases	15,430,477	-	-	-
Total deferred inflows of resources	<u>22,424,693</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)				
Nonspendable	16,793,059	-	-	-
Restricted	2,179,464	12,110,206	209,655,659	40,917,016
Assigned	175,530,719	-	-	-
Unassigned	174,422,391	-	-	-
Total fund balances (deficits)	<u>368,925,633</u>	<u>12,110,206</u>	<u>209,655,659</u>	<u>40,917,016</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 410,842,168</u>	<u>\$ 12,985,338</u>	<u>\$ 217,673,059</u>	<u>\$ 44,268,901</u>

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

Municipal Facilities Capital Projects	Debt Service	Special Assessments Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 6,775,037	\$ 2,493,487	\$ 125,336	\$ 25,343,869	\$ 646,479,847
-	4,136,893	-	-	6,499,349
-	275,605	-	86,485	21,493,991
-	-	2,113,877	-	2,113,877
8,400	11,184	507	22,109	2,622,274
-	-	-	2,489	11,941,073
-	-	-	2,929,764	5,825,963
-	-	-	-	15,531,615
-	-	-	-	793,460
1,009,313	-	-	-	6,552,693
-	-	-	-	11,249,679
<u>\$ 7,792,750</u>	<u>\$ 6,917,169</u>	<u>\$ 2,239,720</u>	<u>\$ 28,384,716</u>	<u>\$ 731,103,821</u>
\$ 6,039,629	\$ -	\$ -	\$ 910,237	\$ 27,973,208
-	-	-	125,469	7,663,806
-	1,479,510	-	131,735	1,611,245
-	-	-	-	2,083,628
-	-	-	793,460	793,460
-	683,103	-	-	683,103
7,449,679	-	-	-	7,449,679
-	-	-	20,273,976	21,364,928
-	895,000	-	-	895,000
<u>13,489,308</u>	<u>3,057,613</u>	<u>-</u>	<u>22,234,877</u>	<u>70,518,057</u>
-	-	-	-	57,929
-	-	2,113,839	-	2,113,839
-	-	-	-	5,614,931
-	-	-	527,376	527,376
-	-	-	-	1,321,356
-	-	-	-	15,430,477
-	-	2,113,839	527,376	25,065,908
1,009,313	-	-	-	17,802,372
2,085,267	3,859,556	125,881	6,178,511	277,111,560
-	-	-	-	175,530,719
(8,791,138)	-	-	(556,048)	165,075,205
<u>(5,696,558)</u>	<u>3,859,556</u>	<u>125,881</u>	<u>5,622,463</u>	<u>635,519,856</u>
<u>\$ 7,792,750</u>	<u>\$ 6,917,169</u>	<u>\$ 2,239,720</u>	<u>\$ 28,384,716</u>	<u>\$ 731,103,821</u>



TOWN OF GILBERT, ARIZONA
Reconciliation of Balance Sheet
To the Statement of Net Position
June 30, 2024

Fund balances of governmental funds	\$	635,519,856
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets		2,204,577,105
Accumulated depreciation/amortization		<u>(1,073,969,841)</u>
		1,130,607,264
The investment in joint venture is not a financial resource and, therefore, is not reported in the funds.		
		1,974,872
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
		9,635,431
Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance, to the individual funds. The assets, deferred outflows, liabilities, and deferred inflows of the internal service funds are included in the governmental activities in the statement of net position, but are not included on the governmental funds balance sheet.		
		4,676,599
Deferred outflows and inflows of resources related to pensions, other postemployment benefits, and deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		
Unamortized deferred outflow on bond refunding		1,323,936
Pension and other postemployment benefits-related items		<u>47,684,264</u>
		49,008,200
Certain liabilities applicable to the Town's governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities in the governmental funds balance sheet.		
Bonds payable		(310,240,000)
Bonds premium		(28,574,999)
Compensated absences		(21,900,293)
Leases		(426,325)
Subscription-based information technology arrangements		(10,423,061)
Net other postemployment benefits		(549,630)
Net pension		<u>(121,700,674)</u>
		(493,814,982)
Net position of governmental activities - statement of net position	\$	<u><u>1,337,607,240</u></u>

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

TOWN OF GILBERT, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General</u>	<u>Streets Special Revenue</u>	<u>Streets and Traffic Capital Projects</u>	<u>Parks Capital Projects</u>
Revenues				
Taxes				
Sales	\$ 155,711,223	\$ -	\$ -	\$ -
Property	-	-	-	-
Special assessments	-	-	-	-
Franchise	2,704,393	-	-	-
Licenses and permits	3,081,985	-	-	-
Charges for services	24,107,015	-	-	-
Intergovernmental	134,713,301	20,805,401	3,287,741	-
Fines and forfeitures	2,911,827	2,274	-	-
Other entities' participation	1,340,573	-	-	-
System development fees	-	-	4,931,404	7,948,998
Gifts and donations	203,748	-	-	-
Interest earnings	12,884,966	481,703	9,051,652	1,540,988
Net change in fair value of investments	2,411,952	136,303	2,835,149	223,844
Miscellaneous	722,584	232,168	3,132	-
Total revenues	<u>340,793,567</u>	<u>21,657,849</u>	<u>20,109,078</u>	<u>9,713,830</u>
Expenditures				
Current				
General government				
Management and policy	40,167,593	-	-	-
Finance and management services	4,023,860	-	-	-
Court	4,219,356	-	-	-
Development services	10,628,032	-	-	-
Public safety				
Police	81,131,640	-	-	-
Fire	51,428,989	-	-	-
Highways and streets	7,462,454	20,899,338	73,660	-
Parks and recreation	35,878,406	-	-	631,057
Transportation	-	-	-	-
Non departmental	5,355,775	-	-	-
Debt service				
Principal	2,150,104	-	-	-
Interest	355,686	-	-	-
Fiscal and other charges	-	-	-	-
Capital outlay	9,578,066	57,347	53,392,445	8,097,085
Total expenditures	<u>252,379,961</u>	<u>20,956,685</u>	<u>53,466,105</u>	<u>8,728,142</u>
Excess (deficiency) of revenues over expenditures	<u>88,413,606</u>	<u>701,164</u>	<u>(33,357,027)</u>	<u>985,688</u>
Other financing sources (uses)				
Transfers in	10,035,436	-	2,426,704	7,427,226
Transfers out	(50,368,045)	(1,836,055)	(6,865,459)	(2,873,419)
Leases	654,135	-	-	-
Subscription-based information technology arrangements	905,361	-	-	-
Proceeds from the sale of capital assets	98,202	4,619	-	-
Total other financing sources (uses)	<u>(38,674,911)</u>	<u>(1,831,436)</u>	<u>(4,438,755)</u>	<u>4,553,807</u>
Net change in fund balances	49,738,695	(1,130,272)	(37,795,782)	5,539,495
Fund balances - beginning	319,186,938	13,240,478	247,451,441	35,377,521
Fund balances - ending	<u>\$ 368,925,633</u>	<u>\$ 12,110,206</u>	<u>\$ 209,655,659</u>	<u>\$ 40,917,016</u>

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

Municipal Facilities Capital Projects	Debt Service	Special Assessments Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 482,207	\$ 156,193,430
-	31,144,173	-	2,862,310	34,006,483
-	-	505,895	-	505,895
-	-	-	-	2,704,393
-	-	-	-	3,081,985
-	-	2,223	167,939	24,277,177
-	-	-	7,174,515	165,980,958
-	-	-	363,976	3,278,077
-	-	-	-	1,340,573
3,180,036	-	-	-	16,060,438
-	-	-	88,403	292,151
160,771	181,349	4,667	565,779	24,871,875
58,162	365,650	632	78,621	6,110,313
-	12,988	-	638,927	1,609,799
<u>3,398,969</u>	<u>31,704,160</u>	<u>513,417</u>	<u>12,422,677</u>	<u>440,313,547</u>
-	-	-	2,461,321	42,628,914
-	-	-	-	4,023,860
-	-	-	448,801	4,668,157
-	-	-	-	10,628,032
30,929	-	-	764,554	81,927,123
-	-	-	169,995	51,598,984
-	-	-	2,229,736	30,665,188
-	-	-	1,238,278	37,747,741
-	-	-	1,047,456	1,047,456
489,365	1,479,510	-	341,084	7,665,734
-	28,470,000	370,000	-	30,990,104
-	11,910,406	117,595	-	12,383,687
-	5,375	1,107	-	6,482
<u>21,543,431</u>	<u>-</u>	<u>-</u>	<u>8,083,529</u>	<u>100,751,903</u>
<u>22,063,725</u>	<u>41,865,291</u>	<u>488,702</u>	<u>16,784,754</u>	<u>416,733,365</u>
<u>(18,664,756)</u>	<u>(10,161,131)</u>	<u>24,715</u>	<u>(4,362,077)</u>	<u>23,580,182</u>
18,116,256	9,266,101	-	8,113,691	55,385,414
(2,068,267)	(5,790,756)	-	(5,489,948)	(75,291,949)
-	-	-	-	654,135
-	-	-	-	905,361
-	-	-	-	102,821
<u>16,047,989</u>	<u>3,475,345</u>	<u>-</u>	<u>2,623,743</u>	<u>(18,244,218)</u>
(2,616,767)	(6,685,786)	24,715	(1,738,334)	5,335,964
(3,079,791)	10,545,342	101,166	7,360,797	630,183,892
<u>\$ (5,696,558)</u>	<u>\$ 3,859,556</u>	<u>\$ 125,881</u>	<u>\$ 5,622,463</u>	<u>\$ 635,519,856</u>



TOWN OF GILBERT, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$	5,335,964
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital outlay	100,751,903	
Depreciation/amortization expense	<u>(66,523,907)</u>	34,227,996
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
		(3,431,549)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.		
Leases incurred	(654,135)	
Subscription-based information technology arrangements incurred	(905,361)	
Principal repaid	30,990,104	
Amortization of bond premium	2,479,667	
Amortization of deferred charge on bond refunds	<u>(441,312)</u>	31,468,963
Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance and self-insurance, to the individual funds. The adjustments for internal service funds "close" those funds by charging the additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.		
		(1,211,467)
Capital assets contributed by developers are not shown on the governmental fund statements but are included in the assets of the Town. On the statement of activities, these donations are shown as capital contributions.		
		2,444,777
Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(742,370)
Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.		
Pension contributions	15,641,416	
Pension/OPEB expense	<u>(26,069,544)</u>	(10,428,128)
Certain revenues are not reported in the governmental funds because they do not provide current financial resources due to unavailability but are recognized as revenue in the statement of activities. However, other revenues in the governmental funds that provide current financial resources are not included in the statement of activities because they were recognized in a prior period.		
Special assessments	(387,757)	
Court fines	79,127	
Sales tax	(22,000)	
Grants	338,469	
Ambulance	1,321,356	
Other	<u>(360,487)</u>	968,708
Change in net position of governmental activities - statement of activities	\$	<u>58,632,894</u>

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

TOWN OF GILBERT, ARIZONA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Sales	\$ 138,000,000	\$ 138,000,000	\$ 155,711,223	\$ 17,711,223
Franchise	2,350,000	2,350,000	2,704,393	354,393
Licenses and permits	2,610,000	2,610,000	3,081,985	471,985
Charges for services	23,879,900	23,879,900	24,107,015	227,115
Intergovernmental	127,345,300	127,345,300	134,713,301	7,368,001
Fines and forfeitures	2,510,000	2,510,000	2,911,827	401,827
Other entities' participation	7,899,000	7,899,000	1,340,573	(6,558,427)
Gifts and donations	80,000	80,000	203,748	123,748
Interest earnings	695,000	695,000	12,705,502	12,010,502
Miscellaneous	556,000	556,000	722,584	166,584
Total revenues	<u>305,925,200</u>	<u>305,925,200</u>	<u>338,202,151</u>	<u>32,276,951</u>
Expenditures				
Current				
General government				
Management and policy	43,192,920	44,744,550	40,167,593	4,576,957
Finance and management services	4,363,840	4,320,240	4,023,860	296,380
Court	3,852,750	4,300,440	4,219,356	81,084
Development services	10,828,600	11,124,780	10,628,032	496,748
Public safety				
Police	77,218,830	81,003,862	81,131,640	(127,778)
Fire	50,877,900	52,177,220	51,428,989	748,231
Highways and streets	7,715,290	7,815,290	7,462,454	352,836
Parks and recreation	39,859,060	40,687,930	35,878,406	4,809,524
Non departmental	32,797,260	30,226,539	7,355,775	22,870,764
Capital outlay	9,412,200	36,001,450	8,018,570	27,982,880
Contingency	19,800,000	8,668,395	-	8,668,395
Total expenditures	<u>299,918,650</u>	<u>321,070,696</u>	<u>250,314,675</u>	<u>70,756,021</u>
Excess (deficiency) of revenues over expenditures	<u>6,006,550</u>	<u>(15,145,496)</u>	<u>87,887,476</u>	<u>103,032,972</u>
Other financing sources (uses)				
Transfers in	2,190,960	10,202,236	10,035,436	(166,800)
Transfers out	(157,501,414)	(158,501,414)	(50,368,045)	108,133,369
Proceeds from the sale of capital assets	-	-	98,202	98,202
Total other financing sources (uses)	<u>(155,310,454)</u>	<u>(148,299,178)</u>	<u>(40,234,407)</u>	<u>108,064,771</u>
Net change in fund balances	<u>\$ (149,303,904)</u>	<u>\$ (163,444,674)</u>	<u>47,653,069</u>	<u>\$ 211,097,743</u>

Explanation of difference between budgetary ending fund balance at June 30, 2024, and GAAP ending fund balance:

Fair market value adjustments on investments are recorded on the GAAP basis but are not recognized on the budget basis	2,411,952
Contributions and interest related to the Arizona State Retirement System (ASRS) Contribution Prepayment Program (CPP)	2,179,464
Capital outlay related to leases and subscription-based information technology arrangements	(1,559,496)
Debt service principal and interest related to leases and subscription-based information technology arrangements	(2,505,790)
Other financing sources related to leases and subscription-based information technology arrangements	1,559,496
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	<u>\$ 49,738,695</u>

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

TOWN OF GILBERT, ARIZONA
Streets Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	Non-GAAP Actual	
Revenues				
Intergovernmental	\$ 20,300,000	\$ 20,300,000	\$ 20,805,401	\$ 505,401
Fines and forfeitures	-	-	2,274	2,274
Interest earnings	65,000	65,000	481,703	416,703
Miscellaneous	-	-	232,168	232,168
Total revenues	<u>20,365,000</u>	<u>20,365,000</u>	<u>21,521,546</u>	<u>1,156,546</u>
Expenditures				
Current				
Highways and streets	20,530,190	21,380,490	20,899,338	481,152
Capital outlay	259,330	295,560	57,347	238,213
Contingency	500,000	-	-	-
Total expenditures	<u>21,289,520</u>	<u>21,676,050</u>	<u>20,956,685</u>	<u>719,365</u>
Excess (deficiency) of revenues over expenditures	<u>(924,520)</u>	<u>(1,311,050)</u>	<u>564,861</u>	<u>1,875,911</u>
Other financing sources (uses)				
Transfers out	(1,731,960)	(1,836,055)	(1,836,055)	-
Proceeds from the sale of capital assets	-	-	4,619	4,619
Total other financing sources (uses)	<u>(1,731,960)</u>	<u>(1,836,055)</u>	<u>(1,831,436)</u>	<u>4,619</u>
Net change in fund balances	<u>\$ (2,656,480)</u>	<u>\$ (3,147,105)</u>	<u>(1,266,575)</u>	<u>\$ 1,880,530</u>

Explanation of difference between budgetary change in fund balance at June 30, 2024, and GAAP change in fund balance:

Changes in fair value of investments are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis	136,303
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	<u>\$ (1,130,272)</u>

TOWN OF GILBERT, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Wastewater	Solid Waste	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets					
Pooled cash and investments	\$ 550,243,671	\$ 85,953,527	\$ 29,978,105	\$ 666,175,303	\$ 19,393,526
Restricted cash and investments	8,281,887	3,035,159	-	11,317,046	-
Receivables, net					
Accrued interest	2,220,520	317,256	132,708	2,670,484	72,082
Restricted accrued interest	-	36,543	-	36,543	-
Accounts	6,637,353	1,899,038	2,119,563	10,655,954	689,527
Due from other governments	404,107	-	-	404,107	38,892
Prepaid items	113,198	-	-	113,198	-
Deposits	-	-	-	-	50,000
Inventories	65,367	-	-	65,367	1,246,269
Total current assets	<u>567,966,103</u>	<u>91,241,523</u>	<u>32,230,376</u>	<u>691,438,002</u>	<u>21,490,296</u>
Noncurrent assets					
Investment in joint venture	66,408,388	93,260,150	-	159,668,538	-
Capital assets					
Non-depreciable	284,127,559	62,896,773	1,271,211	348,295,543	901,456
Depreciable, net	336,807,717	193,661,643	28,759,629	559,228,989	581,574
Total noncurrent assets	<u>687,343,664</u>	<u>349,818,566</u>	<u>30,030,840</u>	<u>1,067,193,070</u>	<u>1,483,030</u>
Total assets	<u>1,255,309,767</u>	<u>441,060,089</u>	<u>62,261,216</u>	<u>1,758,631,072</u>	<u>22,973,326</u>
Deferred outflows of resources					
Deferred charge on refundings	1,557,431	-	-	1,557,431	-
Pensions and other post-employment benefits	1,813,081	716,787	1,339,348	3,869,216	368,559
Total deferred outflows of resources	<u>3,370,512</u>	<u>716,787</u>	<u>1,339,348</u>	<u>5,426,647</u>	<u>368,559</u>
Liabilities					
Current liabilities					
Accounts payable	27,800,704	4,789,301	1,021,736	33,611,741	854,790
Accrued liabilities	292,134	110,014	208,642	610,790	66,305
Advances from other funds	-	-	1,500,000	1,500,000	2,300,000
Unearned revenue	21,321,619	-	-	21,321,619	-
Accrued compensated absences	566,923	248,982	348,276	1,164,181	98,994
Claims payable	-	-	-	-	12,560,000
Bond interest payable	1,531,781	585,125	-	2,116,906	-
Bonds payable	18,265,000	2,450,000	-	20,715,000	-
Utility deposits	1,962,729	-	60,987	2,023,716	-
Total current liabilities	<u>71,740,890</u>	<u>8,183,422</u>	<u>3,139,641</u>	<u>83,063,953</u>	<u>15,880,089</u>
Noncurrent liabilities					
Utility revenue bonds payable	556,987,107	23,368,776	-	580,355,883	-
Accrued compensated absences	1,090,122	489,817	635,345	2,215,284	177,322
Net other post-employment benefits	57,996	21,861	44,883	124,740	12,667
Net pension liability	12,141,147	4,800,943	8,966,848	25,908,938	2,467,168
Total noncurrent liabilities	<u>570,276,372</u>	<u>28,681,397</u>	<u>9,647,076</u>	<u>608,604,845</u>	<u>2,657,157</u>
Total liabilities	<u>642,017,262</u>	<u>36,864,819</u>	<u>12,786,717</u>	<u>691,668,798</u>	<u>18,537,246</u>
Deferred inflows of resources					
Pensions and other post-employment benefits	503,063	197,599	374,074	1,074,736	103,317
Total deferred inflows of resources	<u>503,063</u>	<u>197,599</u>	<u>374,074</u>	<u>1,074,736</u>	<u>103,317</u>
Net position					
Net investment in capital assets	385,498,895	228,604,458	30,012,637	644,115,990	1,434,523
Restricted for capital projects	878,470	9,071,941	-	9,950,411	-
Unrestricted	229,782,589	167,038,059	20,427,136	417,247,784	3,266,799
Total net position	<u>\$ 616,159,954</u>	<u>\$ 404,714,458</u>	<u>\$ 50,439,773</u>	<u>1,071,314,185</u>	<u>\$ 4,701,322</u>
				24,723	
				<u>\$ 1,071,338,908</u>	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net position of business-type activities

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

TOWN OF GILBERT, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Water	Wastewater	Solid Waste	Total Enterprise Funds	Internal Service Funds
Operating revenues					
Charges for services	\$ 74,046,397	\$ 43,098,034	\$ 34,304,565	\$ 151,448,996	\$ 46,151,563
Intergovernmental	2,431,331	293,294	20,215	2,744,840	438,432
Other	48,966	8,449	330	57,745	1,909,146
Total operating revenues	<u>76,526,694</u>	<u>43,399,777</u>	<u>34,325,110</u>	<u>154,251,581</u>	<u>48,499,141</u>
Operating expenses					
General and administrative	2,562,373	1,519,259	2,106,922	6,188,554	8,406,304
Personnel services	12,694,358	6,947,951	11,525,639	31,167,948	3,390,181
Operation and maintenance	24,230,186	15,573,249	12,993,038	52,796,473	8,830,472
Claims incurred	-	-	-	-	30,111,677
Depreciation	20,833,759	15,257,138	4,480,932	40,571,829	93,008
Allocation of indirect expenses	3,454,860	1,829,080	2,390,360	7,674,300	-
Total operating expenses	<u>63,775,536</u>	<u>41,126,677</u>	<u>33,496,891</u>	<u>138,399,104</u>	<u>50,831,642</u>
Operating income (loss)	<u>12,751,158</u>	<u>2,273,100</u>	<u>828,219</u>	<u>15,852,477</u>	<u>(2,332,501)</u>
Nonoperating revenues (expenses)					
Interest expense	(22,545,328)	(827,025)	-	(23,372,353)	-
Intergovernmental	6,829,114	-	211,250	7,040,364	-
Interest earnings	22,435,251	3,404,500	1,071,829	26,911,580	686,751
Net change in fair value of investments	6,054,132	820,999	167,088	7,042,219	171,236
Gain (loss) on sale of capital assets	(325,679)	32,550	71,079	(222,050)	21,299
Total nonoperating revenues (expenses)	<u>12,447,490</u>	<u>3,431,024</u>	<u>1,521,246</u>	<u>17,399,760</u>	<u>879,286</u>
Income (loss) before contributions and transfers	<u>25,198,648</u>	<u>5,704,124</u>	<u>2,349,465</u>	<u>33,252,237</u>	<u>(1,453,215)</u>
Capital contributions	14,999,415	3,780,410	624,712	19,404,537	-
Transfers in	20,000,000	1,973,462	104,095	22,077,557	-
Transfers out	(2,065,462)	-	(56,550)	(2,122,012)	(49,010)
Change in net position	<u>58,132,601</u>	<u>11,457,996</u>	<u>3,021,722</u>	<u>72,612,319</u>	<u>(1,502,225)</u>
Total net position - beginning	<u>558,027,353</u>	<u>393,256,462</u>	<u>47,418,051</u>	<u>998,701,866</u>	<u>6,203,547</u>
Total net position - ending	<u>\$ 616,159,954</u>	<u>\$ 404,714,458</u>	<u>\$ 50,439,773</u>	<u>1,071,314,185</u>	<u>\$ 4,701,322</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(290,758)</u>	
Changes in net position of business-type activities				<u>\$ 72,321,561</u>	

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

TOWN OF GILBERT, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Wastewater	Solid Waste	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities					
Cash receipts from customers	\$ 72,379,387	\$ 43,207,511	\$ 33,631,409	\$ 149,218,307	\$ 419,072
Other operating cash receipts	231,966	8,449	330	240,745	1,909,146
Cash receipts from other funds for services	-	-	-	-	45,890,228
Cash receipts from deposits	29,976	-	(3,190)	26,786	-
Proceeds from intergovernmental agreements	2,959,809	293,294	20,215	3,273,318	-
Cash payments to suppliers for goods and services	(25,101,581)	(17,558,988)	(15,687,548)	(58,348,117)	(45,279,878)
Cash payments to employees for services	(11,834,987)	(6,312,884)	(10,880,794)	(29,028,665)	(3,133,244)
Cash payments to other funds for services	(3,454,860)	(1,829,080)	(2,390,360)	(7,674,300)	-
Net cash provided (used) by operating activities	<u>35,209,710</u>	<u>17,808,302</u>	<u>4,690,062</u>	<u>57,708,074</u>	<u>(194,676)</u>
Cash flows from noncapital financing activities					
Changes in advances from other funds	-	-	1,500,000	1,500,000	1,000,000
Transfers from other funds	20,000,000	1,973,462	104,095	22,077,557	-
Transfers to other funds	(2,065,462)	-	(56,550)	(2,122,012)	(49,010)
Net cash provided (used) by noncapital financing activities	<u>17,934,538</u>	<u>1,973,462</u>	<u>1,547,545</u>	<u>21,455,545</u>	<u>950,990</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(118,336,158)	(21,654,817)	(4,217,875)	(144,208,850)	(781,170)
Proceeds from intergovernmental agreements	27,933,073	-	211,250	28,144,323	-
Acquisition and construction of investment in joint venture	-	(1,216,349)	-	(1,216,349)	-
Proceeds from development fees	7,458,535	1,838,009	-	9,296,544	-
Cash paid for interest and fiscal charges	(24,759,162)	(1,230,225)	-	(25,989,387)	-
Principal payments on bonds	(17,400,000)	(2,335,000)	-	(19,735,000)	-
Proceeds from sale of capital assets	17,136	37,321	78,147	132,604	21,299
Net cash provided (used) by capital and related financing	<u>(125,086,576)</u>	<u>(24,561,061)</u>	<u>(3,928,478)</u>	<u>(153,576,115)</u>	<u>(759,871)</u>
Cash flows from investing activities					
Investment income	27,669,849	4,079,562	1,169,818	32,919,229	828,657
Net cash provided (used) by investing activities	<u>27,669,849</u>	<u>4,079,562</u>	<u>1,169,818</u>	<u>32,919,229</u>	<u>828,657</u>
Net increase (decrease) in cash and cash equivalents	(44,272,479)	(699,735)	3,478,947	(41,493,267)	825,100
Balances - beginning of year	602,798,037	89,688,421	26,499,158	718,985,616	18,568,426
Balances - end of the year	<u>\$ 558,525,558</u>	<u>\$ 88,988,686</u>	<u>\$ 29,978,105</u>	<u>\$ 677,492,349</u>	<u>\$ 19,393,526</u>

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

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Wastewater	Solid Waste	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating Income	\$ 12,751,158	\$ 2,273,100	\$ 828,219	\$ 15,852,477	\$ (2,332,501)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	20,833,759	15,257,138	4,480,932	40,571,829	93,008
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources					
Accounts receivable	(1,667,010)	109,477	(673,156)	(2,230,689)	(264,789)
Due from other governments	528,478	-	-	528,478	(15,906)
Prepaid items	588,614	176,701	-	765,315	-
Inventories	2,451	-	-	2,451	(164,891)
Deferred outflows of resources	260,203	51,187	168,060	479,450	34,635
Accounts payable	1,099,913	(643,181)	(587,588)	(130,856)	(93,534)
Claims payable	-	-	-	-	2,327,000
Deposits	29,976	-	(3,190)	26,786	-
Accrued expenses	294,173	155,699	105,010	554,882	50,235
Unearned revenue	183,000	-	-	183,000	-
Other post-employment benefits	(38,535)	(14,526)	(27,782)	(80,843)	(7,057)
Net pension liability	252,892	398,470	327,681	979,043	156,908
Deferred inflows of resources	90,638	44,237	71,876	206,751	22,216
Net cash provided (used) by operating activities	<u>\$ 35,209,710</u>	<u>\$ 17,808,302</u>	<u>\$ 4,690,062</u>	<u>\$ 57,708,074</u>	<u>\$ (194,676)</u>
Schedule of non-cash capital and related financing activities					
Contributions of capital assets	\$ 7,540,880	\$ 1,942,401	\$ 624,712	\$ 10,107,993	\$ -
Purchase of machinery, equipment, and vehicles on account	25,289,039	3,306,251	-	28,595,290	-



TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

The Town of Gilbert, Arizona (Gilbert) was incorporated on July 6, 1920, under the provisions of Article 13, Section 1 of the Constitution of the State of Arizona. Gilbert operates as a general law community, under the provisions of Title 9, Chapter 2, Article 3 (Common Council provision). Gilbert operates under the Council- Manager form of government, as empowered in Chapter 2, Article 2-51 of the Code of the Town of Gilbert, Arizona. There are seven members of the Council, elected to staggered four-year terms. The voters select the Mayor and the Council membership annually elects the Vice Mayor.

Note 1 – Summary of Significant Accounting Policies

Gilbert’s accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

Gilbert’s operations include public safety (police, fire, ambulance transport, and animal control), parks and recreation (parks, recreation, library, culture and arts, and social services), highways and streets (street and right-of-way maintenance, traffic control, and transportation), development services (planning, code enforcement, and engineering), and general administration in support of operations. Gilbert also operates three enterprise funds to provide water, wastewater, and solid waste, and two internal service funds that provide equipment and fleet maintenance and employee self-insurance for medical, dental, workers’ compensation, and general liability claims.

The accompanying financial statements present the activities of Gilbert (the primary government) and its component units. Component units are legally separate entities for which Gilbert is financially accountable. Blended component units, although legally separate entities, are in substance part of Gilbert’s operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Town of Gilbert. Each blended and discretely presented component unit discussed below has a June 30 year-end.

Blended Component Units – The Water Resources Municipal Property Corporation (Water MPC) is a legally separate, non-profit corporation. The Water MPC is an integral part of the Town of Gilbert and exists solely for the purpose of financing the construction or acquisition of water and wastewater capital improvement projects. The Public Facilities Municipal Property Corporation (Public Facilities MPC) is a legally separate, non-profit corporation which exists solely for the purpose of financing construction of municipal facilities. Each is considered a blended component unit because the Council appoints the five-member board of directors of each MPC, the Council must approve any amendments to the articles of incorporation of each MPC, the Council must approve any debt issues of each MPC, and each MPC provides services solely to the Town of Gilbert. At June 30, 2024, the Water MPC bonded debt is reported within the Water and Wastewater Funds and the Public Facilities MPC bonded debt is reported within the Debt Service Fund (current portion only) and within the governmental activities in the government-wide statement of net position.

The SPARK App League (SPARK) is a legally separate, non-profit organization which exists solely for the purpose of driving invention and innovation in computer programming for Gilbert junior high and high school students. SPARK was created in 2012 and is the first mobile development contest, hosted in partnership with Arizona State University’s Ira A. Fulton Schools of Engineering, in collaboration with the Smithsonian’s Lemelson Center for the Study of Invention and Innovation, and sponsored by Waymo. The contest focuses on the thinking behind programming by helping teachers and students create a working video game while collaborating with teams. Students compete against each other in a two-day Game Jam. At June 30, 2024, the SPARK activity is reported within the Other Special Revenue funds in the Nonmajor Fund Financial Statements and within the governmental activities in the government-wide statement of net position.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Discretely Presented Component Unit – The Industrial Development Authority (IDA) issues industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of eligible industrial and commercial facilities deemed to be in the public interest. The IDA is considered a component unit because the Council appoints the board of directors of the IDA, the Council must approve any amendments to the articles of incorporation of the IDA, and the Council must approve any debt issues of the IDA. The IDA is discretely presented in these combined financial statements because the IDA does not provide services solely to Gilbert. Separate financial statements for the IDA are prepared and presented to the IDA Board annually and can be found on Gilbert’s website.

B. Jointly Governed Organizations

Phoenix-Mesa Gateway Airport Authority (PMGAA) is a non-profit corporation established and funded by the Towns of Gilbert and Queen Creek, the Cities of Mesa, Phoenix, and Apache Junction, and the Gila River Indian Community. The purpose of the entity is the development of Phoenix-Mesa Gateway Airport. The airport has three runways, a passenger terminal and is positioned to be a reliever airport to Phoenix’s Sky Harbor International Airport. The Board of Directors consists of the mayors of the respective communities and the governor of the Gila River Indian Community. Gilbert contributed \$350,000 in fiscal year 2024 to the PMGAA operating and capital budget.

Regional Public Transportation Authority (RPTA) is a voluntary association of local governments, including Maricopa County, Chandler, Mesa, Tempe, Scottsdale, Glendale, Phoenix, and Gilbert. Its purpose is to create a regional public transportation plan for Maricopa County. The Board of Directors consists of the mayors of those municipalities and a member of the County Board of Supervisors.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on Gilbert and its component units as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The government-wide Statement of Net Position reports all financial and capital resources of the government. It is displayed in a format of assets and deferred outflows of resources, less liabilities and deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Net investment in capital assets is capital assets net of accumulated depreciation, reduced by outstanding balances of any bonds, mortgages, notes, capital related accounts payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position has constraints placed on its use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, is shown as unrestricted.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions or departments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or department. Interest and fiscal charges on long-term debt are not allocated to the various functions. Program revenues include charges for services, fines and forfeitures, licenses and permit fees, special assessment fees, system development fees, intergovernmental grants and other entities participation. Taxes, investment earnings, and other revenues not identifiable with a particular function or department are included as general revenues. The general revenues support the net costs of the functions and departments not covered by program revenues.

For the most part, the effect of internal activity has been removed from the government-wide financial statements. Net internal activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. However, certain charges between the enterprise funds’ utility systems and the various functional activities are not eliminated in the government-wide statements, as this would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Separate financial statements are provided for the governmental funds and proprietary funds.

The focus of the fund financial statements is on major funds. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements. Other nonmajor governmental funds, as well as the internal service funds, are summarized into a single column on the fund financial statements and are detailed in the combining statements included as supplementary information.

The internal service funds, which provide services to the other funds of the government, are presented in a single combined column in the proprietary fund financial statements. Because the principal users of the internal service funds are the governmental activities, the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service fund services are spread to the appropriate function or department on the government-wide Statement of Activities. The revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling up effect from these revenues and expenses.

D. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Gilbert considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Gilbert's major revenue sources that are susceptible to accrual are property taxes, sales taxes, franchise taxes, licenses and permits, intergovernmental revenue and investment earnings associated with the current fiscal period. Charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received as cash because they are generally not measurable until received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt, acquisitions under lease contracts, and subscription-based information technology arrangements are reported as other financing sources.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of Gilbert's enterprise funds are user fees and charges to customers for water, wastewater, and solid waste. Operating expenses for these funds include the cost of supplies and repair and maintenance, administrative and payroll expenses, and depreciation/amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of Gilbert's internal service funds are charges to user departments for services provided.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

E. Fund Accounting

Gilbert uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

Gilbert uses the following fund categories, further divided by fund type:

Governmental Funds

Governmental funds are those through which most of the governmental functions are financed. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

Gilbert reports the following major governmental funds:

General – The General Fund is the primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund will always be considered a major fund in the basic financial statements.

Streets Special Revenue – The Streets Special Revenue Fund accounts for Gilbert’s portion of the Arizona Highway User Revenue Tax. The revenue is used exclusively for the maintenance and improvement of highways and streets.

Streets and Traffic Capital Projects – The Streets and Traffic Capital Projects Fund accounts for the receipt of proceeds restricted or assigned for expenditure on street and traffic capital improvements. Proceeds recorded in this fund include general obligation bonds for street projects, roads and traffic system development fees collected from building permits, and state funds in accordance with the Maricopa Association of Governments Regional Transportation Plan approved by voters as Proposition 400.

Parks Capital Projects – The Parks Capital Projects Fund accounts for the receipt of parks system development fees collected from building permits paid and the expenditure of those funds for parks capital improvements.

Municipal Facilities Capital Projects – The Municipal Facilities Capital Projects Fund accounts for the receipt of proceeds restricted for expenditure on municipal facilities capital improvements. Proceeds recorded in this fund include general obligation bonds for municipal projects, police and fire SDFs, and previously collected general government SDFs from building permits.

Debt Service – The Debt Service Fund accounts for the principal and interest requirements of general obligation, public facilities municipal property corporation revenue bonds, and revenue obligations not recorded in proprietary funds. Financing is provided from the levy of secondary property taxes and revenue-supported transfers.

Special Assessments Debt Service – The Special Assessments Debt Service Fund accounts for the principal and interest requirements of special assessment bonds not recorded in proprietary funds. Financing is provided by special assessment levies against benefited property owners.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Proprietary Funds

Proprietary funds are used to account for Gilbert's ongoing activities which are similar to those found in the private sector, where cost-recovery and the determination of net income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of net income, changes in net position, financial position and cash flows.

Gilbert reports the following major proprietary funds:

Water – The Water Fund accounts for the revenues and expenses from the operation and maintenance of the domestic water system.

Wastewater – The Wastewater Fund accounts for the revenues and expenses from the operation of the sanitary wastewater collection and treatment and reclaimed water distribution system.

Solid Waste – The Solid Waste Fund accounts for the revenues and expenses of operating the solid waste collection system and environmental compliance.

Additionally, Gilbert reports the following fund type:

Internal Service – The Internal Service Funds account for operations that provide services to other departments on a cost-reimbursement basis. These services include maintenance of Gilbert's motorized equipment and self-insurance for property, liability, health, dental, and workers' compensation insurance programs.

F. Budgetary Data

In December of each year, the Office of Management & Budget (OMB) prepares a revenue estimate based upon local and state-shared revenue forecasts, historic trends, economic indicators, anticipated growth, and year-to-date revenue performance to develop guidelines for departments to follow in prioritizing budget requests.

Simultaneously, departments develop operating budget requests and submit them to the OMB. Departments work with the Capital Improvement Program (CIP) Division to finalize project estimates for the CIP and submit them to the OMB for funding. Estimates for debt service, maintenance improvement districts, and internal service funds are prepared by respective departments and submitted to the OMB for review.

In April, Council is presented with a working budget request for preliminary review and discussion and approves a schedule of hearings and dates for adoption of the budget. A public hearing is held in May for discussion and adoption of the preliminary budget. The preliminary budget sets the maximum legal expenditure limit for the upcoming year. A second public hearing is held in June for discussion and adoption of the final budget. The Council typically adopts the final tax levy in June and reports the levy amounts to Maricopa County for collection not later than the third Monday in August.

On June 3, 1980, Arizona voters approved Arizona Constitution, Article IX, §20, prescribing an expenditure limitation for all local governments. The expenditure limitation's purpose is to control expenditures of local revenues and limit future increases in spending to adjustments for inflation and population growth. Certain types of expenditures are excluded from the limitation. Article 9, Sections 20 and 21 of the Arizona Constitution require the Economic Estimates Commission to determine each year the expenditure limitation for the following fiscal year for each local government. The limitation is calculated based upon the amount of fiscal year 1979-80 actual payments of local revenues, referred to as the "base limit". Each year, the base limits for local jurisdictions are adjusted for population and inflation to reach the current expenditure limitations. Gilbert's fiscal year 2024 Expenditure Limitation was \$544,824,047.

Local governments may carry forward to future years' revenues, which are not subject to the expenditure limitation and were not expended in the year of receipt.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

The Council sets policy and adopts the annual budget at the fund level as a total amount of expenditures. Financial control is set by Council at the fund level, with budgetary control for operating performance administered at the departmental level. Budget adjustments for special revenue funds, excluding the Streets Special Revenue Fund, will be administered by the OMB and will not exceed the available revenues. Grants and restricted appropriations are administered by OMB. Directors may authorize transfers within non- personnel budget lines at the same fund, department, and project level while the Town Manager or his/her designee may authorize transfers between personnel and non-personnel budget lines within the same fund. The OMB Director or his/her designee is authorized to approve any adjustments between funds, projects, or contingency transactions up to \$50,000. Council action is required to approve adjustments between funds, projects, or contingency transactions over \$50,000. All annual appropriations lapse at year-end and are considered for inclusion in the subsequent year's budget on a case-by-case basis.

Gilbert prepares its budget on a basis generally consistent with GAAP, with certain exceptions such as long- term liability activity, capital outlay activity, depreciation expense, fair market value adjustments and developer contributions. Budgetary comparison statements for the General Fund and major special revenue funds are presented in the basic financial statements. These statements display original budget, amended budget, and actual results. Budgetary comparison schedules are also included as supplementary schedules for the other governmental funds.

G. Pooled Cash and Investments

Gilbert maintains pooled cash and investment accounts for funds that are not legally required to be maintained separately. Each fund's equity in pooled cash and investments represents that fund's position in the consolidated accounts and determines that fund's allocation of interest earned in the pool. The Arizona Revised Statutes require a pooled collateral program for public deposits and regulate the investment of surplus cash. Gilbert limits its investments to the Local Government Investment Pool (managed by the Arizona State Treasurer), U.S. government securities, certificates of deposit, bonds, repurchase agreements, corporate notes, asset-backed securities, commercial paper, and money market accounts. Investments are stated at fair market value.

H. Inventories and Prepaid Items

Inventories are recorded as assets when purchased and expensed when consumed. These inventories are valued at cost using the weighted average method.

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

I. Capital Assets

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and similar assets), are defined as assets with an initial, individual cost of more than \$10,000 and an estimated useful life greater than one year. All infrastructure, including infrastructure acquired prior to June 30, 1980, is reported. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets (including streets, water and wastewater lines installed by developers) are recorded at acquisition value. A gain or loss is recognized when assets are retired from service or otherwise disposed.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major improvements are capitalized and depreciated/amortized over the remaining useful lives of the related capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method based on the following estimated useful lives (land, certain water rights, and construction-in-progress are not depreciated):

Buildings	10 to 50 years
Improvements	5 to 30 years
Infrastructure	3 to 80 years
Machinery and equipment	2 to 25 years
Water rights	80 to 100 years

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

J. Deferred Outflows/Inflows of Resources

On the government-wide and proprietary funds Statement of Net Position, deferred outflows of resources are reported and represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until then. Gilbert has two items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred charge on pension and other postemployment-related items results from the difference between expected and actual experience, changes in assumptions and other inputs, and changes in proportion and differences between Gilbert contributions and proportionate share of contributions. These amounts are deferred and will be recognized as an expenditure/expense in future periods.

On the government-wide and proprietary funds Statement of Net Position, deferred inflows of resources are reported and represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. Gilbert has two items that qualify for reporting in this category. A deferred inflow of pension and other postemployment-related items is reported for the net difference between projected and actual investment earnings on pension, changes in proportion and differences between Gilbert's proportionate share of contributions, and other postemployment plan investments. These amounts are amortized as an expenditure/expense in future periods. A deferred inflow for leases is reported for the fair value of lease receivables plus any payments received at or prior to the commencement of the lease term that relate to future periods. The amounts are deferred and will be recognized as revenue in future periods.

On the governmental funds Balance Sheet, deferred inflows of resources are reported and represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from several sources: special assessments, court fines, sales tax, grants, and other. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

K. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Vacation is based on a graduated scale of years of employment and is credited to each employee as it accrues. Vacation hours vary according to years of employment and job class, and are either taken as time off from work or paid to employees upon separation or retirement. Sick leave accumulated in excess of 520 hours (728 hours for fire personnel) is convertible annually to a partial cash benefit. Sick leave is convertible to a cash benefit upon retirement or death of the employee (at 100%) or upon resignation (at 50%) when the employee has ten or more years of service calculated at the current hourly rate of pay.

TOWN OF GILBERT, ARIZONA
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For the governmental funds, an expenditure for compensated absences is reported only if they have matured, for example, as a result of employee resignations and retirements. For the government-wide financial statements, as well as the proprietary fund financial statements, all of the outstanding compensated absences are recorded as a liability.

L. Leases and subscription-based information technology arrangements

Leases

As lessee, the Town recognizes lease liabilities with an initial, individual value of \$10,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the Daily Treasury Par Yield Curve Rates at the date of inception of the lease.

As lessor, Gilbert recognizes lease receivables for building space, cell tower, license, and right-of-way use agreements as the primary types of lessor activities. As lessee, Gilbert recognizes a lease payable for a contract to work with a company to test, develop, and utilize a reduced carbon emissions fire apparatus.

If there is no stated value in the lease contract (or if the stated rate is not the rate Gilbert charges the lessee) and the implicit rate cannot be determined, Gilbert uses its own estimated incremental borrowing rate based on the Daily Treasury Par Yield Curve Rate obtained from the U.S. Treasury as the discount rate to measure the lease receivables.

Subscription-based information technology arrangements

Gilbert recognizes subscription liabilities with an initial, individual value of \$10,000 or more. Gilbert uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. Gilbert's estimated incremental borrowing rate is calculated as described above.

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

The debt service funds are specifically established to account for and service the long-term obligations for the governmental funds and special assessment debt. Each enterprise fund individually accounts for and services the applicable bonds that benefit these funds. Long-term obligations are recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

TOWN OF GILBERT, ARIZONA
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N. Postemployment Benefits

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

O. Restricted Assets

Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted on the Balance Sheet, or Statement of Net Position, because they are maintained separately, and their use is limited by applicable debt covenants.

P. Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which Gilbert is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. *Nonspendable and Restricted* fund balances represent the restricted classifications and *Committed, Assigned, and Unassigned* represent the unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form such as inventory or (b) legally or contractually required to be maintained intact. Restricted fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed *externally* by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed *internally* by formal action of the Council. Formal action by Council through resolution is required to establish, modify or rescind committed fund balance. Assigned fund balance includes amounts that are limited to specific purposes by management. Per the Policies of Responsible Financial Management, Council has authorized the Finance & Management Services Director to assign fund balance amounts to a specific purpose. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any other governmental fund can report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, as a general rule, restricted resources are considered spent before unrestricted. Within unrestricted, committed amounts would be reduced first, followed by assigned amounts (if available) and then unassigned amounts.

Q. Statement of Cash Flows

A statement of cash flows classifies cash receipts and payments according to whether they stem from operating, noncapital financing, capital and related financing, or investing activities. For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased are considered cash equivalents.

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make a number of estimates and assumptions that affect the amounts reported as assets, liabilities, and deferred outflows/inflows of resources and disclosure of contingent assets and liabilities at the date of the Statement of Net Position/Balance Sheet and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF GILBERT, ARIZONA
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S. Transactions Between Funds

Transactions that would be recorded as revenues and expenditures/expenses if they involved entities external to the governmental unit are recorded as revenues and expenditures/expenses in the respective funds. Transactions constituting a reimbursement of a fund for expenditures/expenses originally recorded in that fund, but properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of the expenditures/expenses in the fund which is reimbursed, excluding indirect administrative costs which are recorded as revenues and expenditures/expenses in the related funds. Indirect administrative expenses represent overhead costs which have been allocated to the enterprise funds based upon a formula approved with the budget. All other interfund transactions are reported as transfers.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., short-term interfund loans due to timing differences) or "advances to/from other funds" (i.e., loans adopted by Council for a particular purpose). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. See Note 4 for further discussion of the interfund receivables/payables at June 30.

T. Property Tax

Gilbert's property tax levy is adopted by the Council each year and the County levies the taxes on or before the third Monday of August, based on the previous year's limited property value as of the lien date (January 1). Maricopa County, at no charge, levies, collects, and remits all property taxes. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively.

Public auctions of properties that have delinquent real estate taxes are held in February following the May 1 delinquency of the second installment. The purchaser is given a certificate of purchase, issued by the County Treasurer. Five years from the date of sale, the holder of a certificate of purchase, which has not been redeemed, may demand of the County Treasurer, a County Treasurer's Deed.

Gilbert does not levy property taxes for general operations (primary tax). Secondary property taxes are levied solely for the purpose of retiring the principal, interest, and servicing fees on voter approved general obligation bonded indebtedness. State law requires municipalities to adopt a property tax levy based on the amount of scheduled and projected debt service for the year plus a reasonable amount for delinquencies and certain costs. For fiscal year 2024, Gilbert's property tax rate is \$0.98 per \$100 of limited property value.

Note 2 - Deposits and Investments

The Arizona Revised Statutes require 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% of the public deposits, less any applicable deposit 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.

TOWN OF GILBERT, ARIZONA
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The investment of public monies is also regulated by the Arizona Revised Statutes Title 35. Gilbert limits its investments to the Local Government Investment Pools 7 and 700 (that only invest in U.S. government securities and managed by the Arizona State Treasurer), U.S. government securities, certificates of deposit, bonds, corporate notes, asset-backed securities, commercial paper, and money market accounts. The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares, and the participant's shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Gilbert categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 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 rates) or other market corroborated inputs. Gilbert had total investments of \$1,341,783,266 at June 30, 2024.

Gilbert categorizes certain investments within the fair value hierarchy established by generally accepted accounting principles as follows:

Investment Type	Fair Value	Fair Value Measurement Using	
		Level 1	Level 2
U.S. Government Treasuries	\$ 823,070,648	\$ 823,070,648	\$ -
U.S. Government Agencies	61,801,669	-	61,801,669
Federal Agency Collateralized Mortgage Obligations	57,122,562	-	57,122,562
Municipal Bonds	2,248,059	-	2,248,059
Corporate Notes	105,819,216	-	105,819,216
Commercial Paper	148,367,025	-	148,367,025
Asset Backed Securities	3,224,017	-	3,224,017
Money Market	75,217,564	-	75,217,564
Total Investments Categorized by Fair Value Level	<u>1,276,870,760</u>	<u>\$ 823,070,648</u>	<u>\$ 453,800,112</u>
External Investment Pools Measured at Fair Value			
State Treasurer's Investment Pool	<u>64,912,506</u>		
Total Investments Measured at Fair Value	<u>\$ 1,341,783,266</u>		

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, Gilbert's investment policy limits its investment portfolio to maturities of five years or less.

TOWN OF GILBERT, ARIZONA
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At June 30, 2024, Gilbert's investment maturities were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
U.S. Government Treasuries	\$ 823,070,648	\$ 377,804,467	\$ 445,266,181
U.S. Government Agencies	61,801,669	30,156,244	31,645,425
Federal Agency Collateralized Mortgage Obligations	57,122,562	-	57,122,562
Municipal Bonds	2,248,059	-	2,248,059
Corporate Notes	105,819,216	455,925	105,363,291
Commercial Paper	148,367,025	148,367,025	-
Asset Backed Securities	3,224,017	-	3,224,017
State Treasurer's Investment Pool	64,912,506	37,106,262	27,806,244
Money Market	75,217,564	75,217,564	-
Total	<u>\$ 1,341,783,266</u>	<u>\$ 669,107,487</u>	<u>\$ 672,675,779</u>

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Gilbert addresses credit risk through its investment policy by restricting the allowable investment instruments. As of June 30, 2024, the investments were rated as follows: U.S. Government Treasuries ranged from A-1+ to AA+, Federal Agencies AA+, Federal Agency Collateralized Mortgage Obligations AA+, Municipal Bonds AAA, Corporate Notes ranged from A- to AAA, Commercial Paper ranged from A-1 to A-1+, and Asset Backed Securities AAA. Gilbert's investment in the State Treasurer's Investment Pool did not receive a credit quality rating from a national rating agency.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, Gilbert's deposits may not be returned. As of June 30, 2024, Gilbert's bank balance with JP Morgan was \$16,179,230 of which \$15,929,230 was exposed to custodial credit risk. JP Morgan's balance was uninsured but collateralized with securities held by the pledging financial institution's trustee. These securities are not in Gilbert's name, but cannot be released without Gilbert's authorization. At the end of each day, a portion of Gilbert's bank balance is transferred to a sweep investment account.

Custodial credit risk – investments – The custodial credit risk for investments is the risk that, in the event of the failures of the counterparty (e.g. broker-dealer) to a transaction, Gilbert will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Gilbert's investment policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by Gilbert be conducted on a delivery-versus-payment basis. Securities are to be held by a third-party custodian. Gilbert's investment in the State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio; however, Gilbert's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of credit risk – Gilbert's investment policy limits corporate notes to 20% of total funds and 3% per issuer. As of June 30, 2024, of Gilbert's investments, 65% were in U.S. Government Treasuries, 12% were in Commercial Paper, 8% were in Corporate Notes, 5% were in U.S. Government Agencies, 5% were in Federal Agency Collateralized Mortgage Obligations, and 5% were in the State Treasurer's Investment Pool.

TOWN OF GILBERT, ARIZONA
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Reconciliation of pooled cash and investments as reported on the Statement of Net Position:

Primary government:		
Carrying amount of cash	\$	5,902,329
Carrying amount of deposits/investments		1,341,783,266
Cash held by ASRS related to CPP pension program		<u>2,179,476</u>
Total cash and investments	\$	<u><u>1,349,865,071</u></u>
Pooled cash and investments	\$	1,332,048,676
Restricted cash and investments		<u>17,816,395</u>
Total cash and investments	\$	<u><u>1,349,865,071</u></u>

The Town has also had restricted cash and investments of \$2,179,476 held by the ASRS pension plan, related to the CPP. The employer pension plan contributions prepaid by the Town and the related accrued earnings are managed at the discretion of ASRS.

Note 3 - Taxes Receivable and Due from Other Governments

The General Fund taxes receivable amount of \$21,131,901 at June 30, 2024, includes \$1,297,823 in state-shared sales tax and \$19,834,078 in local sales tax.

Amounts reported as due from other governments for governmental funds at June 30, 2024, are summarized as follows:

General Fund

Vehicle License Tax	\$	529,720
Chandler Unified School District - school resource officers		217,474
Other intergovernmental		<u>27,531</u>
Total General Fund		774,725

Streets Special Revenue Fund

Highway User Revenue Funds		<u>2,121,474</u>
Total Streets Special Revenue Fund		2,121,474

Nonmajor Funds

Maricopa County Attorney's Office - Racketeer Influenced Corrupt Organization Funds		1,844,326
U.S. Department of Housing and Urban Development CDBG and HOME		819,142
Other grant reimbursements		<u>266,296</u>
Total Nonmajor Funds		2,929,764
Total Governmental Funds	\$	<u><u>5,825,963</u></u>

TOWN OF GILBERT, ARIZONA
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Amounts reported as due from other governments for proprietary funds at June 30, 2024, are summarized as follows:

Water Fund

City of Chandler - joint operation of SanTan Vista Water Treatment Plant	\$	361,826
City of Chandler - cost share for capital project		34,660
Other intergovernmental		7,621
Total Enterprise Funds	<u>\$</u>	<u>404,107</u>

Internal Service Funds

Chandler Unified School District - fuel charges	\$	19,805
Town of Queen Creek - vehicle repairs		19,087
Total Internal Service Funds	<u>\$</u>	<u>38,892</u>

Note 4 - Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2024, is shown below.

Due to/from other funds are short-term loans that cover cash deficits and are recorded in the following Governmental Funds (cash deficits are temporary until reimbursements are received):

	<u>Due To</u>	<u>Due From</u>
General	\$ 793,460	\$ -
Other Governmental Funds	-	793,460
Total	<u>\$ 793,460</u>	<u>\$ 793,460</u>

Advances to/from other funds are long-term loans that cover various purposes. The loan to the Municipal Facilities Capital Project fund is to cover cash deficits related to capital expenditures. The loan to the Solid Waste Fund and the Self-Insurance fund is to maintain the minimum fund balance while a rate study is being conducted and to offset an increase in the IBNR, respectively.

	<u>Advances To</u>	<u>Advances From</u>
Governmental Funds		
General	\$ 11,249,679	\$ -
Municipal Facilities Capital Projects	-	7,449,679
Total Governmental Funds	<u>11,249,679</u>	<u>7,449,679</u>
Proprietary Funds		
Solid Waste	\$ -	\$ 1,500,000
Self-Insurance	-	2,300,000
Total Proprietary Funds	<u>\$ -</u>	<u>\$ 3,800,000</u>
Total all Funds	<u>\$ 11,249,679</u>	<u>\$ 11,249,679</u>

TOWN OF GILBERT, ARIZONA
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Note 5 – Lease Receivables

Gilbert leases building space, cell tower, parking spaces, and right-of-way use to third parties under the provisions of various agreements. Gilbert’s agreements that meet the definition of a lease according to GASB Statement No. 87, convey to its lessees the right to use certain assets that Gilbert owns in exchange-like transactions for consideration in amounts that are fixed in substance, other than short-term leases. Gilbert has various long-term lease agreements and therefore the total lease receivable balance at June 30, 2024, is not expected to be collected within the next year.

During the fiscal year ended June 30, 2024, Gilbert recognized total lease-related revenues of \$2,600,533. This was comprised of lease revenue of \$2,295,812 and interest revenue of \$304,721. Lease-related revenues are recorded as charges for service in the General Fund.

Gilbert’s lease contracts include variable lease payments, that are not included in the lease receivable because they are not fixed in substance. During the fiscal year ended June 30, 2024, Gilbert recognized revenues of \$3,122,357 for variable lease payments not included in the measurement of the lease receivables.

Note 6 – Capital Assets

A summary of changes in capital assets for governmental activities, for the fiscal year ended June 30, 2024, is as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Non-depreciable assets:				
Land	\$ 146,430,538	\$ 13,424,624	\$ -	\$ 159,855,162
Construction-in-progress	61,616,133	76,090,929	(52,012,997)	85,694,065
Total non-depreciable assets	<u>208,046,671</u>	<u>89,515,553</u>	<u>(52,012,997)</u>	<u>245,549,227</u>
Depreciable assets:				
Buildings	372,344,694	20,539,513	-	392,884,207
Improvements other than buildings	147,137,508	1,424,249	-	148,561,757
Machinery and equipment	92,263,743	9,927,999	(1,626,960)	100,564,782
Infrastructure	1,274,519,693	29,449,608	-	1,303,969,301
Right-to-use leased equipment	-	657,338	-	657,338
Intangible right-to-use subscription assets	13,293,983	954,961	-	14,248,944
Total depreciable assets	<u>1,899,559,621</u>	<u>62,953,668</u>	<u>(1,626,960)</u>	<u>1,960,886,329</u>
Less accumulated depreciation/amortization				
Buildings	(173,664,426)	(14,616,072)	-	(188,280,498)
Improvements other than buildings	(62,753,797)	(5,736,865)	-	(68,490,662)
Machinery and equipment	(59,155,437)	(5,137,249)	1,598,586	(62,694,100)
Infrastructure	(712,021,480)	(39,055,216)	-	(751,076,696)
Right-to-use leased equipment	-	(32,867)	-	(32,867)
Intangible right-to-use subscription assets	(1,731,793)	(2,038,646)	-	(3,770,439)
Total accumulated depreciation/amortization	<u>(1,009,326,933)</u>	<u>(66,616,915)</u>	<u>1,598,586</u>	<u>(1,074,345,262)</u>
Total depreciable assets, net	<u>890,232,688</u>	<u>(3,663,247)</u>	<u>(28,374)</u>	<u>886,541,067</u>
Governmental activities capital assets, net	<u>\$ 1,098,279,359</u>	<u>\$ 85,852,306</u>	<u>\$ (52,041,371)</u>	<u>\$ 1,132,090,294</u>

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation and amortization expense were charged to governmental functions in the government-wide financial statement as follows:

Management and policy	\$	4,001,496
Finance and management services		366,101
Legal and court		459,261
Development services		2,022,978
Police		4,908,973
Fire		5,612,225
Highways and streets		40,291,009
Parks and recreation		<u>8,861,864</u>
Total depreciation expense not including internal service funds		66,523,907
Capital assets held by Gilbert's internal service funds are charged to the various functions based on their usage of the assets		<u>93,008</u>
Total depreciation/amortization expense - governmental activities	\$	<u><u>66,616,915</u></u>

A summary of changes in capital assets for business-type activities, for the fiscal year ended June 30, 2024, is as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Non-depreciable assets:				
Land	\$ 24,188,051	\$ 1,377,753	\$ -	\$ 25,565,804
Water rights	65,898,010	-	-	65,898,010
Construction-in-progress	118,648,153	148,195,432	(10,011,856)	256,831,729
Total non-depreciable assets	<u>208,734,214</u>	<u>149,573,185</u>	<u>(10,011,856)</u>	<u>348,295,543</u>
Depreciable assets:				
Plant and equipment	156,864,738	3,996,036	(509,738)	160,351,036
Infrastructure	777,576,736	21,018,357	-	798,595,093
Water rights	40,354,519	-	-	40,354,519
Total depreciable assets	<u>974,795,993</u>	<u>25,014,393</u>	<u>(509,738)</u>	<u>999,300,648</u>
Less accumulated depreciation:				
Plant and equipment	(104,904,868)	(8,217,021)	498,757	(112,623,132)
Infrastructure	(300,996,959)	(22,091,199)	-	(323,088,158)
Water rights	(3,949,940)	(410,429)	-	(4,360,369)
Total accumulated depreciation	<u>(409,851,767)</u>	<u>(30,718,649)</u>	<u>498,757</u>	<u>(440,071,659)</u>
Total depreciable assets, net	<u>564,944,226</u>	<u>(5,704,256)</u>	<u>(10,981)</u>	<u>559,228,989</u>
Business-type activities capital assets, net	<u>\$ 773,678,440</u>	<u>\$ 143,868,929</u>	<u>\$ (10,022,837)</u>	<u>\$ 907,524,532</u>

TOWN OF GILBERT, ARIZONA
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Note 7 – Construction-in-Progress and Commitments

Governmental activities construction-in-progress and related construction commitments at June 30, 2024, were as follows:

	Construction- in-progress	Commitments
Redevelopment	\$ 3,951,284	\$ 4,172,328
Municipal facilities	28,883,783	7,976,512
Streets & traffic	42,167,861	9,084,237
Parks	9,789,681	27,967,185
Fleet	901,456	437,295
Total	<u>\$ 85,694,065</u>	<u>\$ 49,637,557</u>

Business-type activities construction-in-progress and related construction commitments at June 30, 2024, were as follows:

	Construction- in-progress	Commitments
Water system	\$ 204,131,415	\$ 461,496,491
Wastewater system	51,429,103	19,763,192
Solid waste	1,271,211	517,751
Total	<u>\$ 256,831,729</u>	<u>\$ 481,777,434</u>

Note 8 – Judgements Payable

The final judgment in the class action property-related lawsuit known as Qasimyar vs. Maricopa County was entered on February 5, 2024. The judgement requires the County to issue all property tax refunds related to the case to the taxpayers by December 31, 2024. Gilbert’s portion of the judgement was \$1,479,510 for secondary property tax and \$131,735 for assessments on Street Light Improvement Districts plus 8.0% interest until paid. These amounts are reflected as Judgements Payable in the Debt Service Fund and Other Governmental Funds on the Governmental Funds Balance Sheet. It is expected that the liability will be paid in the next fiscal year.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
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Note 9 - Long-Term Debt

General Obligation Bonds

Gilbert issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, street improvements, transportation, and infrastructure-related improvements. One example is the Public Safety Training Facility. General obligation bonds have been issued for both governmental and business-type activities. Currently, there are no outstanding general obligation bonds for business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of Gilbert. General obligation bonds outstanding at June 30, 2024, were as follows:

	Governmental
2017 General Obligation and General Obligation Refunding Bonds, Series 2017, 3.0% to 5.0%, original amount \$121,670,000, annual retirements due July 1, 2017, through July 1, 2036	\$ 39,945,000
2020 General Obligation and General Obligation Refunding Bonds, Series 2020, 2.0% to 4.0%, original amount \$76,750,000, annual retirements due July 1, 2020, through July 1, 2039	46,910,000
2022 General Obligation Bonds, Series 2022 Bonds, 3.375% to 5.0%, original amount \$188,910,000, annual retirements due July 15, 2023, through July 15, 2041	171,275,000
Total	\$ 258,130,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Governmental Activities	
	Principal	Interest
2025	\$ 22,630,000	\$ 10,011,675
2026	25,440,000	8,832,600
2027	10,470,000	7,958,350
2028	10,980,000	7,446,600
2029	11,455,000	6,970,000
2030-34	65,785,000	26,339,050
2035-39	79,695,000	12,444,597
2040-42	31,675,000	1,750,240
Totals	\$ 258,130,000	\$ 81,753,112

TOWN OF GILBERT, ARIZONA
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Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, electric, parks and open space, streets, and public safety purposes may not exceed 20% of Gilbert's net full cash (NFC) valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of Gilbert's NFC valuation.

The following is a summary of legal borrowing capacity at June 30, 2024:

Water, Wastewater, Electric, Streets, Fire, Police, and Parks and Open Space Special Purpose Bonds		All Other General Obligation Bonds	
NFC - Assessed Valuation	<u>\$ 5,398,512,772</u>	NFC - Assessed Valuation	<u>\$ 5,398,512,772</u>
20% constitutional limit	\$ 1,079,702,554	6% constitutional limit	\$ 323,910,766
Less general obligation bonds outstanding	(258,130,000)	Less general obligation bonds outstanding	-
Less premium adjustment	<u>(17,939,159)</u>	Less premium adjustment	<u>-</u>
Available 20% limitation borrowing capacity	<u>\$ 803,633,395</u>	Available 6% limitation borrowing capacity	<u>\$ 323,910,766</u>

Special Assessment Bonds with Governmental Commitment

As trustee for the improvement districts, Gilbert is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 2024, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, were adequate for the scheduled maturities of the bonds payable and the related interest. Special assessment bonds are collateralized by properties within the districts. In the event of default by the owner, Gilbert may enforce an auction sale to satisfy the debt service requirements of the improvement bonds. Gilbert is contingently liable for special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

Special assessment bonds outstanding at June 30, 2024, were as follows:

	<u>Governmental</u>
2002 Improvement District #19 Bonds, 5.2%, original amount \$6,510,000, annual retirements due January 1, 2005, through January 1, 2027	\$ 35,000
2009 Improvement District #20 Bonds, 5.1%, original amount \$8,675,000, annual retirements due January 1, 2012, through January 1, 2029	<u>2,085,000</u>
Total	<u>\$ 2,120,000</u>

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Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ending</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 390,000	\$ 98,203
2026	405,000	77,918
2027	425,000	56,743
2028	440,000	34,680
2029	460,000	11,730
Totals	<u>\$ 2,120,000</u>	<u>\$ 279,274</u>

Municipal Property Corporation (MPC) Revenue Bonds

The Public Facilities MPC exists solely for the purpose of financing the cost of acquisition and construction of real property for public safety and parks and recreation facilities. The Water MPC exists solely for the purpose of financing the construction of water and wastewater capital improvement projects. Also, see Note 18 regarding Pledged Revenues.

Municipal property corporation revenue bonds outstanding at June 30, 2024, were as follows:

	<u>Governmental</u>	<u>Business-Type</u>
2017 Public Facilities Municipal Property Corporation Revenue Refunding Bonds, 3.0% to 5.0%, original amount \$43,075,000, annual retirements due July 1, 2018 through July 1, 2027	\$ 15,645,000	\$ -
2017 Public Facilities Municipal Property Corporation Revenue Bonds, 4.0% to 5.0%, original amount \$6,450,000, annual retirements due July 1, 2022 through July 1, 2027	3,450,000	-
2016 Water Resources Municipal Property Corporation, Senior Lien Utility System Revenue and Revenue Refunding Bonds, 2.25% to 5.0%, original amount \$115,940,000, annual retirements due July 1, 2017 through July 1, 2036	-	76,830,000
2018 Water Resources Municipal Property Corporation, Senior Lien Utility System Revenue Bonds, 3.0% to 5.0%, original amount \$37,460,000, annual retirements due July 1, 2018 through July 1, 2031	-	23,405,000
2022 Water Resources Municipal Property Corporation, Senior Lien Utility System Revenue Bonds, 4.0% to 5.0%, original amount \$473,005,000, annual retirements due July 15, 2023 through July 15, 2047	-	462,050,000
Totals	<u>\$ 19,095,000</u>	<u>\$ 562,285,000</u>

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Annual debt service requirements to maturity for MPC revenue bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 6,055,000	\$ 954,750	\$ 20,715,000	\$ 24,973,338
2026	6,360,000	652,000	21,760,000	23,911,463
2027	6,680,000	334,000	22,885,000	22,832,613
2028	-	-	23,955,000	21,698,888
2029	-	-	25,170,000	20,582,481
2030-2034	-	-	135,835,000	84,408,200
2035-2039	-	-	142,475,000	51,187,675
2040-2044	-	-	136,830,000	18,475,400
2045-2048	-	-	32,660,000	2,677,800
Totals	<u>\$ 19,095,000</u>	<u>\$ 1,940,750</u>	<u>\$ 562,285,000</u>	<u>\$ 270,747,858</u>

University Revenue Obligations Bonds

The University Revenue Obligations were issued specifically for the purpose of providing funds to design and construct a four-story building to be utilized for educational purposes. These obligations are payable solely from the revenues generated from excise taxes and state-shared revenue.

Subordinate lien pledged revenue obligations outstanding at June 30, 2024, were as follows:

	Governmental
Subordinate Lien Pledged Revenue Obligations, Series 2015, 3.0% to 5.0%, original amount \$36,980,000, annual retirements due July 1, 2017 through July 1, 2045	\$ 31,790,000

Annual debt service requirements to maturity for subordinate lien pledged revenue obligations are as follows:

Year Ending	Governmental Activities	
	Principal	Interest
2025	\$ 895,000	\$ 1,343,831
2026	935,000	1,298,081
2027	985,000	1,250,081
2028	1,035,000	1,199,581
2029	1,085,000	1,146,581
2030-2034	6,165,000	5,010,609
2035-2039	7,355,000	3,797,697
2040-2044	9,040,000	2,203,266
2045-2046	4,295,000	217,375
Totals	<u>\$ 31,790,000</u>	<u>\$ 17,467,102</u>

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Leases

Gilbert, as a lessee, has entered into a lease agreement involving an electric fire truck. The total of Gilbert's lease assets are recorded at a cost of \$657,338 less accumulated amortization of \$32,867. The General Fund is used to pay the lease obligation.

The future lease payments under lease agreements are as follows:

Year Ending	Governmental Activities	
	Principal	Interest
2025	\$ 209,311	\$ 15,689
2026	217,014	7,986
Totals	<u>\$ 426,325</u>	<u>\$ 23,675</u>

Subscription-based Information Technology Arrangements

Gilbert has obtained the right to use software primarily related to electronic control weapons and body worn cameras used by the police department, an enterprise resource planning software, and other software under the provisions of various subscription-based information technology arrangements.

The total amount of subscription assets and the related accumulated amortization are as follows:

Total intangible right-to-use subscription assets	\$ 14,248,944
Less: accumulated amortization	<u>(3,770,439)</u>
Carrying value	<u>\$ 10,478,505</u>

The following schedule details minimum subscription payments to maturity for the SBITAs liability at June 30, 2024 which are paid out of the General Fund:

Year Ending	Principal	Interest
2025	\$ 1,769,459	\$ 291,322
2026	1,764,536	240,424
2027	1,814,580	190,381
2028	960,881	138,891
2029	987,141	112,630
2030-33	3,126,464	172,850
Totals	<u>\$ 10,423,061</u>	<u>\$ 1,146,498</u>

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Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 279,935,000	\$ -	\$ (21,805,000)	\$ 258,130,000	\$ 22,630,000
Special assessment bonds with government commitment	2,490,000	-	(370,000)	2,120,000	390,000
Revenue bonds	24,865,000	-	(5,770,000)	19,095,000	6,055,000
Revenue obligations	32,640,000	-	(850,000)	31,790,000	895,000
Unamortized bond premium	31,054,666	-	(2,479,667)	28,574,999	-
Total bonds payable	370,984,666	-	(31,274,667)	339,709,999	29,970,000
Compensated absences	21,400,567	14,069,867	(13,293,825)	22,176,609	7,566,918
Leases	-	654,135	(227,810)	426,325	209,311
Subscriptions liabilities	11,439,995	905,361	(1,922,295)	10,423,061	1,769,459
OPEB liability	920,946	-	(358,649)	562,297	-
Net pension liability	107,127,064	17,040,778	-	124,167,842	-
Total long-term liabilities	<u>\$ 511,873,238</u>	<u>\$ 32,670,141</u>	<u>\$ (47,077,246)</u>	<u>\$ 497,466,133</u>	<u>\$ 39,515,688</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 582,020,000	\$ -	\$ (19,735,000)	\$ 562,285,000	\$ 20,715,000
Unamortized bond premium	41,405,908	-	(2,620,025)	38,785,883	-
Total bonds payable	623,425,908	-	(22,355,025)	601,070,883	20,715,000
Compensated absences	3,018,429	2,772,356	(2,411,320)	3,379,465	1,164,181
OPEB liability	205,583	-	(80,843)	124,740	-
Net pension liability	24,929,895	979,043	-	25,908,938	-
Total long-term liabilities	<u>\$ 651,579,815</u>	<u>\$ 3,751,399</u>	<u>\$ (24,847,188)</u>	<u>\$ 630,484,026</u>	<u>\$ 21,879,181</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$276,316 of internal service funds compensated absences, \$2,467,168 of net pension liability, and \$12,667 of other postemployment benefits liability are included in the above amounts.

Long-term compensated absences, other postemployment benefits, and the net pension liability of governmental activities are expected to be liquidated by the operating funds (primarily the General Fund and the Streets Special Revenue Fund) as they come due.

Gilbert does not have any outstanding notes from direct borrowings or direct placements, no assets pledged as collateral for debt, nor any outstanding lines of credit.

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Note 10 – Risk Management

Traditional Commercial Insurance Programs

Gilbert operates with traditional commercial insurance programs to protect against major losses in cybercrime, property, public entity, storage tank, drone, and equipment liability. Administrative responsibility for the safety program resides with the Office of the Town Manager, and administrative responsibility for risk management (including education) resides with the Risk Management Division of the Town Attorney's Office. Insurance is procured annually on a competitive quotation basis, using the services of an independent broker as a consultant. Risk Management processes all claims and evaluates their validity to determine if insurance reporting is warranted, or if the claim can be resolved administratively. Claims settled administratively, which are generally less than the deductibles of the appropriate policy, are paid from the funds where the claims occurred. During fiscal year 2024, there was no reduction in insurance coverage from prior years. Additionally, settlements and judgements have not exceeded insurance coverage during any of the last three fiscal years.

Self-Insurance

Gilbert established an Internal Service Fund to account for the Self-Insurance Trusts (Trusts), which finance the uninsured risk of loss related to medical, dental, workers' compensation, and general liability claims. The Trusts are overseen by the Health Trust Board, the Workers' Compensation Trust Board, and the General Liability Trust Board. Gilbert purchases commercial stop loss insurance to limit the claims liability to the Trusts. The stop loss insurance provides reimbursement to the Trusts for medical claims incurred by an individual member in excess of \$250,000 after an additional \$150,000 aggregate plan risk retention, workers' compensation claims in excess of \$2,000,000 for presumptive loss claims and \$750,000 per occurrence for other types of claims, and general liability claims in excess of \$5,000,000 per occurrence. Premiums are paid into the Trusts by funds and are available to pay claims and administrative costs of the program and fund claim reserves. As with any risk retention program, Gilbert is contingently liable with respect to claims beyond those actuarially projected.

The claims liability of \$12,560,000 reported as claims payable in the Trusts at June 30, 2024, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

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Changes in the Trusts' claim liability amount in fiscal years 2024 and 2023 were:

Year Ended June 30,	Risk of Loss	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2024	Health	\$ 2,905,000	\$ 23,683,770	\$ (23,719,820)	\$ 2,868,950
	Dental	97,000	1,329,569	(1,372,519)	54,050
	Workers' Compensation	4,863,000	3,828,936	(2,142,936)	6,549,000
	General Liability	2,368,000	1,269,401	(549,401)	3,088,000
	Totals	<u>\$ 10,233,000</u>	<u>\$ 30,111,676</u>	<u>\$ (27,784,676)</u>	<u>\$ 12,560,000</u>
2023	Health	\$ 3,572,000	\$ 23,096,037	\$ (23,763,037)	\$ 2,905,000
	Dental	96,000	1,284,071	(1,283,071)	97,000
	Workers' Compensation	3,701,518	2,835,268	(1,673,786)	4,863,000
	General Liability	-	2,807,154	(439,154)	2,368,000
	Totals	<u>\$ 7,369,518</u>	<u>\$ 30,022,530</u>	<u>\$ (27,159,048)</u>	<u>\$ 10,233,000</u>

Note 11 – Pensions and Other Postemployment Benefits

Gilbert contributes to the following pension and OPEB plans:

- Elected Officials Retirement Plan (EORP) Pension
- Arizona State Retirement System (ASRS) Pension
- ASRS Health Insurance Premium Supplement (OPEB)
- ASRS Long-Term Disability (OPEB)
- Public Safety Personnel Retirement System (PSPRS) Pension
- PSPRS Health Insurance Premium Benefit (OPEB)

Gilbert also provides postemployment medical care, prescription drug, and dental care for retired employees through a single employer defined benefit medical and dental plan. The ASRS, PSPRS, and EORP OPEB plan information is not disclosed in detail in this note due to their relative insignificance to the financial statements. See Note 12 for information on Gilbert's OPEB plan. The ASRS and PSPRS plans are component units of the State of Arizona.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Pension and OPEB
Statement of Net Position and Statement of
Activities

	Governmental Activities	Business-Type Activities	Total
Deferred Outflow of Resources			
OPEB - Town	\$ 81,588	\$ 18,099	\$ 99,687
Pension - ASRS	11,267,629	3,851,117	15,118,746
Pension - PSPRS Fire	22,425,199	-	22,425,199
Pension - PSPRS Police	19,614,704	-	19,614,704
Pension - EORP	122,544	-	122,544
Total	<u>\$ 53,511,664</u>	<u>\$ 3,869,216</u>	<u>\$ 57,380,880</u>
Liabilities			
OPEB - Town	\$ 562,297	\$ 124,740	\$ 687,037
Pension - ASRS	68,678,083	25,908,938	94,587,021
Pension - PSPRS Fire	24,991,427	-	24,991,427
Pension - PSPRS Police	29,864,616	-	29,864,616
Pension - EORP	633,716	-	633,716
Total	<u>\$ 124,730,139</u>	<u>\$ 26,033,678</u>	<u>\$ 150,763,817</u>
Deferred Inflow of Resources			
OPEB - Town	\$ 695,490	\$ 154,289	\$ 849,779
Pension - ASRS	2,439,874	920,447	3,360,321
Pension - PSPRS Fire	1,982,672	-	1,982,672
Pension - EORP	444,122	-	444,122
Total	<u>\$ 5,562,158</u>	<u>\$ 1,074,736</u>	<u>\$ 6,636,894</u>
Pension/OPEB Expense			
OPEB - Town	\$ (378,952)	\$ (86,227)	\$ (465,179)
Pension - ASRS	11,920,414	4,151,223	16,071,637
Pension - PSPRS Fire	7,224,159	-	7,224,159
Pension - PSPRS Police	8,083,198	-	8,083,198
Pension - EORP	(224,303)	-	(224,303)
Total	<u>\$ 26,624,516</u>	<u>\$ 4,064,996</u>	<u>\$ 30,689,512</u>

Gilbert reported \$15,641,416 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributed for fiscal year 2024.

TOWN OF GILBERT, ARIZONA
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June 30, 2024

A. Arizona State Retirement System

Plan Description – Gilbert employees not covered by the other pension plans described below participate in the ASRS. The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium supplement (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes financial statements and required supplementary information. This report is available on their website at www.azasrs.gov.

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

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

* With actuarially reduced benefits.

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

Pursuant to Senate Bill 1082 and Arizona Revised Statute Title 38 § 737, the Arizona State Retirement System has implemented an innovative program for employers to voluntarily prepay future pension contribution obligations while maintaining future budget flexibility. The Contribution Prepayment Program (CPP) is a voluntary program available to ASRS employers. The CPP allows the Town to maintain budget flexibility by allowing employers to determine when to utilize the prepaid CPP balances (possibly during future economic downturns when budgets are more restricted).

Employers may deposit a lump-sum payment to the ASRS which is credited with actual ASRS investment returns. Employers determine when, in the future, to utilize their prepaid contributions. Utilization occurs when an employer decides to offset their future contribution payments. Employers determine the length of time (amortization period) over which to utilize their prepaid contributions. Any pre-contributions made to the ASRS Trust pool will be invested pursuant to their investment policies and so there exists some risk to loss of principal. In fiscal year 2024, Gilbert contributed \$2.2 million to the Contribution Prepayment Program.

TOWN OF GILBERT, ARIZONA
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Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29% (12.14% for retirement and 0.15% for long term disability) of the members’ annual covered payroll, and statute required Gilbert to contribute at the actuarially determined rate of 12.29% (12.03% for retirement, 0.11% for health insurance premium benefit, and 0.15% for long-term disability) of the members’ annual covered payroll. In addition, Gilbert was required by statute to contribute at the actuarially determined rate of 9.99% (9.94% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for Gilbert in positions that an employee who contributes to the ASRS would typically fill.

During fiscal year 2024, Gilbert paid for ASRS pension contributions as follows: 70% from the general fund, 27% from major funds, and 3% from other funds. The contributions to the pension plan for fiscal year 2024 were \$10,115,314.

Pension Liability – At June 30, 2024, Gilbert reported a liability of \$94,587,021 for its proportionate share of the ASRS’ net pension liability. The net pension liability were measured as of June 30, 2023. The total liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

Gilbert’s proportion of the net pension liability was based on Gilbert’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2023. Gilbert’s proportion measured as of June 30, 2023, was 0.585%, which represents a slight increase of 0.029% from its proportion measured as of June 30, 2022.

Gilbert’s reported liability at June 30, 2024, increased by \$3,786,506 from the prior year liability of \$90,800,515 because of changes in ASRS’ total net pension liability and Gilbert’s share of the net pension liability. The ASRS’ publicly available financial report provides details on the change in the net pension liability.

The allocation of pension liability to the funds is based on employer contributions for the fiscal year.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2024, Gilbert recognized pension expense for ASRS of \$16,071,637. At June 30, 2024, Gilbert reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,137,289	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,346,571
Changes in proportion and differences between Gilbert contributions and proportionate share of contributions	2,866,143	13,750
Gilbert contributions subsequent to the measurement date	10,115,314	-
Total	<u>\$ 15,118,746</u>	<u>\$ 3,360,321</u>

The \$10,115,314 reported as deferred outflows of resources related to ASRS pensions resulting from Gilbert’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

TOWN OF GILBERT, ARIZONA
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June 30, 2024

Year Ending June 30	Amount
2025	\$ 1,096,380
2026	(2,644,019)
2027	3,606,614
2028	(415,864)
2029	-
Thereafter	-

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

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

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

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

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

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

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June 30, 2024

Discount Rate – At June 30, 2023, the discount rate used to measure the ASRS total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Gilbert’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following presents Gilbert’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what Gilbert’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Gilbert's proportionate share of the net pension liability	\$ 141,677,461	\$ 94,587,021	\$ 55,321,919

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

B. Public Safety Personnel Retirement System

Plan Description – The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent multiple-employer defined benefit health insurance premium benefit (OPEB) plans. Gilbert public safety employees who are regularly assigned hazardous duty participate in the PSPRS or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to Gilbert’s financial statements.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report is available on their website at www.psprs.com.

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

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Initial Membership Date:

	Initial Membership Date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Retirement and Disability:			
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5* 15 or more years of service, age 55
Final average salary based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years	Highest 60 months of last 15 years
Benefit percent			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement		50% plus normal retirement, whichever is greater	
Catastrophic disability retirement		90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement		Normal retirement calculated with actual years of credited service or 20 years of credited service,	
Survivor Benefit:			
Retired members		80% to 100% of retired member's pension benefit	
Active members		80% to 100% of accidental disability benefit or 100% of average monthly compensation if death was	

* With actuarially reduced benefits.

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

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the agent pension plan's benefit terms:

	Police	Fire
Inactive employees or beneficiaries currently receiving benefits	109	40
Inactive employees entitled to but not yet receiving benefits	53	27
Active employees	163	134
Total	<u>325</u>	<u>201</u>

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Contributions and Annual OPEB Cost – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active Member- Pension	Active Member- Health	Gilbert- Pension	Gilbert- Health
Police				
PSPRS Tier 1	7.65%		19.44%	0.37%
PSPRS Tier 2	10.65%		19.44%	0.37%
PSPRS Tier 3				
Defined benefit only	8.69%	0.12%	14.42%	0.12%
PSPRS Tier 3				
Defined contribution only	10.60%		15.58%	
Fire				
PSPRS Tier 1	7.65%		23.15%	0.35%
PSPRS Tier 2	10.65%		23.15%	0.35%
PSPRS Tier 3				
Defined benefit only	8.69%	0.12%	16.62%	0.12%
PSPRS Tier 3				
Defined contribution only	10.60%		17.78%	

In addition, the statute required Gilbert to contribute at the actuarially determined rate indicated above for employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to Gilbert’s required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

For the agent plans, actual contributions made to the pension plan for the year ended June 30, 2024, exceeded the annual pension cost due to an additional payment made towards the unfunded liability (100% from the General Fund):

	Police	Fire
Pension contributions made	\$ 3,980,988	\$ 4,142,036

Pension Liability – At June 30, 2024, Gilbert reported \$29,864,616 and \$24,991,427 in net pension liabilities for PSPRS Police and Fire, respectively. The net pension liabilities were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.0 - 6.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Public Equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash	2%	0.69%
	<u>100%</u>	

Pension Discount Rates – At June 30, 2023, the discount rate used to measure total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Agent Plans Net Pension Liability/(Asset)

Police	Increase / (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Balances at June 30, 2023	\$ 189,998,178	\$ 168,434,161	\$ 21,564,017
Changes for the year			
Service cost	4,301,964	-	4,301,964
Interest on the total pension liability	13,663,633	-	13,663,633
Differences between expected results and actual experience	9,177,297	-	9,177,297
Changes of assumptions	-	-	-
Contributions - employer	-	4,480,117	(4,480,117)
Contributions - employee	-	1,705,844	(1,705,844)
Net investment income	-	12,760,073	(12,760,073)
Benefit payments, including refunds of employee contributions	(9,054,910)	(9,054,910)	-
Administrative expense	-	(78,538)	78,538
Tiers 1 & 2 Adjustments	-	(14,411)	14,411
Other	-	(10,790)	10,790
Net changes	<u>18,087,984</u>	<u>9,787,385</u>	<u>8,300,599</u>
Balances at June 30, 2024	<u>\$ 208,086,162</u>	<u>\$ 178,221,546</u>	<u>\$ 29,864,616</u>

Fire	Increase / (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 139,835,987	\$ 121,722,541	\$ 18,113,446
Changes for the year			
Service cost	4,182,713	-	4,182,713
Interest on the total pension liability	10,223,868	-	10,223,868
Differences between expected results and actual experience	9,378,715	-	9,378,715
Changes of assumptions	-	-	-
Contributions - employer	-	6,112,737	(6,112,737)
Contributions - employee	-	1,522,036	(1,522,036)
Net investment income	-	9,474,106	(9,474,106)
Benefit payments, including refunds of employee contributions	(4,041,079)	(4,041,079)	-
Administrative expense	-	(43,518)	43,518
Tiers 1 & 2 Adjustments	-	(158,081)	158,081
Other	-	35	(35)
Net changes	<u>19,744,217</u>	<u>12,866,236</u>	<u>6,877,981</u>
Balances at June 30, 2024	<u>\$ 159,580,204</u>	<u>\$ 134,588,777</u>	<u>\$ 24,991,427</u>

TOWN OF GILBERT, ARIZONA
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents Gilbert’s net pension liability calculated using the discount rate of 7.2%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2%) or 1 percentage point higher (8.2%) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Police net pension liability / (asset)	\$ 61,373,276	\$ 29,864,616	\$ 4,446,595
Fire net pension liability / (asset)	49,814,521	24,991,427	4,819,995

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

Pension Expense – For the year ended June 30, 2024, Gilbert recognized \$8,083,198 as pension expense for Police and \$7,224,159 as pension expense for Fire.

Pension Deferred Outflows/Inflows of Resources – At June 30, 2023, Gilbert reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,868,592	\$ -
Changes in assumptions or other inputs	2,002,138	-
Net difference between projected and actual earnings on pension plan investments	1,762,986	-
Gilbert contributions subsequent to the measurement date	3,980,988	-
Total	<u>\$ 19,614,704</u>	<u>\$ -</u>
Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,799,360	\$ 1,982,672
Changes in assumptions or other inputs	2,303,846	-
Net difference between projected and actual earnings on pension plan investments	1,179,957	-
Gilbert contributions subsequent to the measurement date	4,142,036	-
Total	<u>\$ 22,425,199</u>	<u>\$ 1,982,672</u>

The \$3,980,988 for Police and the \$4,142,036 for Fire reported as deferred outflows of resources related to PSPRS pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ending June 30	Police	Fire
2025	\$ 3,763,722	\$ 2,946,939
2026	2,350,664	1,827,443
2027	6,979,407	5,289,935
2028	2,539,923	2,327,599
2029	-	2,568,759
Thereafter	-	1,339,816

Note 12 – Postemployment Healthcare Benefits

Under authority of Town Council, Gilbert provides postretirement insurance benefits, for certain retirees and their dependents in accordance with the Town of Gilbert, Arizona Self-Insured Trust Fund for Health Insurance Benefits. The plan is a single employer defined benefit OPEB plan administered by Gilbert. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Generally, retiree contributions are used to pay for postemployment benefits.

Benefits Provided – Gilbert provides postemployment medical care, prescription drug, and dental care for retired employees through a single-employer defined benefit medical and dental plan (the Plan). The Plan provides medical and dental benefits for eligible retirees, their spouses and dependents through Gilbert’s group health and dental insurance plans, which cover active and retired members. To be eligible for benefits, the retired employee must retire under one of the state retirement plans for public employees, must have a minimum of ten years of service with Gilbert, and be covered under Gilbert’s medical plan during their active status. Plan benefits and coverage levels are reviewed annually by Town staff and the Board of Trustees for recommendation to and approval from Town Council. The Board of Trustees makes corresponding premium recommendations to the Town Council based on revenues needed to cover the projected cost to operate the plan which are subject to approval by the Town Council. As of June 30, 2024, there were 50 retirees currently receiving medical and/or dental benefits.

Contributions – Gilbert requires retirees to pay 125% of the premium of the plan selected by the retiree. Gilbert makes no contributions for retirees other than allowing them to participate through Gilbert’s pooled benefits. Town retirees are eligible to receive benefits through age 65, up until they have access to Medicare. By providing retirees access to Gilbert’s healthcare plans, Gilbert is in effect providing a subsidy to retirees. This implied subsidy exists because on average, retiree healthcare costs are higher than active employee healthcare costs. Gilbert pays for and reports retiree benefits on a pay-as-you-go basis, which is the practice of paying for these benefits as they become due each year. As of June 30, 2024, retirees contributed \$575,582, which was in excess of claims paid by \$318,754. Gilbert’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The Plan does not issue a separate financial report.

Employees Covered by Benefit Terms – The following employees were covered as of the effective date of the OPEB valuation:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	-
Active employees	1,434
Total	<u>1,484</u>

Total OPEB Liability – The Plan’s total OPEB liability of \$687,037 was measured as of June 30, 2024.

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Actuarial Assumptions and Other Inputs – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2024
Actuarial valuation date	June 30, 2023
Interest rate	3.97%
Inflation rate	2.40%
Projected salary increases	3.00%
Health care cost trend rate	
Medical and prescription drug	19.85% graded down to an ultimate rate of 5.00% over 4 years
Retiree contribution increase	Consistent with medical/drug trends
ASRS subsidy increases	None

The discount rate was based on the Fidelity General Obligation AA 20-year yield as of the measurement date.

Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee Mortality Table, Generational with Projection Scale MP-2021 for males/females. Mortality rates for retirees were based on the PubG.H-2010 (current retirees and general employees) PubS.H- 2010 (public safety) Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021 for males/females.

Changes in the Total OPEB Liability

Balances at June 30, 2023	\$	1,126,529
Changes for the year		
Service cost		104,164
Interest		52,688
Differences between expected and actual experience		(283,022)
Changes in assumptions/inputs		(21,591)
Changes in benefit terms		(560,598)
Benefit payments		268,867
Net changes		(439,492)
Balances at June 30, 2024	\$	<u>687,037</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Plan, as well as what the Plan’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB Liability	\$ 662,176	\$ 687,037	\$ 487,450

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Plan, as well as what the Plan’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 465,407	\$ 687,037	\$ 772,124

OPEB Expense and Deferred Outflows/Inflows of Resource Related to OPEB – For the year ended June 30, 2024, the Plan recognized OPEB expense of (\$465,179). At June 30, 2024, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,447	\$ 644,574
Changes in assumptions or other inputs	35,240	205,205
Total	\$ 99,687	\$ 849,779

The amounts reported as deferred outflows of resources and inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ (314,297)
2026	(124,378)
2027	(122,104)
2028	(72,898)
2029	(72,898)
Thereafter	(43,515)

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Note 13 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2024, were as follows:

Fund Balances	Capital Project Funds					Debt Service Funds			Total
	General	Streets Special Revenue	Streets & Traffic	Parks	Municipal Facilities	Debt Service	Special Assessments	Other Gov't	
Nonspendable									
Advances	\$11,249,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$11,249,679
Prepaid items	5,543,380	-	-	-	1,009,313	-	-	-	6,552,693
Restricted for									
Capital projects	-	-	209,655,659	40,917,016	2,085,267	-	-	-	252,657,942
Court/public safety	-	-	-	-	-	-	-	2,241,820	2,241,820
Debt service	-	-	-	-	-	3,859,556	125,881	-	3,985,437
Highways and streets	-	12,110,206	-	-	-	-	-	-	12,110,206
Contract agreements	-	-	-	-	-	-	-	110,373	110,373
Settlement agreements	-	-	-	-	-	-	-	719,123	719,123
Parks & recreation	-	-	-	-	-	-	-	77,385	77,385
Transportation	-	-	-	-	-	-	-	1,693,628	1,693,628
Tourism	-	-	-	-	-	-	-	1,334,280	1,334,280
Special districts	-	-	-	-	-	-	-	602	602
ASRS CPP	2,179,464	-	-	-	-	-	-	-	2,179,464
Other purposes	-	-	-	-	-	-	-	1,300	1,300
Assigned to									
Capital replacement	33,416,177	-	-	-	-	-	-	-	33,416,177
Capital projects	132,851,550	-	-	-	-	-	-	-	132,851,550
Highways and streets	9,253,146	-	-	-	-	-	-	-	9,253,146
Mgmt and policy	9,846	-	-	-	-	-	-	-	9,846
Unassigned	174,422,391	-	-	-	(8,791,138)	-	-	(556,048)	165,075,205
Total fund balances	<u>\$368,925,633</u>	<u>\$12,110,206</u>	<u>\$209,655,659</u>	<u>\$40,917,016</u>	<u>\$(5,696,558)</u>	<u>\$ 3,859,556</u>	<u>\$ 125,881</u>	<u>\$ 5,622,463</u>	<u>\$635,519,856</u>

It is Gilbert's policy to maintain a minimum unrestricted fund balance of the General Fund of 90 days working capital of the current fiscal year, which is equal to approximately 25% of General Fund budgeted ongoing expenditures, plus one year's worth of General Fund debt service payments.

Note 14 – Capital Contributions

During the year ended June 30, 2024, the enterprise funds external capital contributions consisted of the following:

	Water	Wastewater	Solid Waste	Total
Contributions from developers	\$ 7,540,880	\$ 1,942,401	\$ 624,712	\$ 10,107,993
Development fees	7,458,535	1,838,009	-	9,296,544
Total	<u>\$ 14,999,415</u>	<u>\$ 3,780,410</u>	<u>\$ 624,712</u>	<u>\$ 19,404,537</u>

TOWN OF GILBERT, ARIZONA
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Note 15 – Interfund Transfers

As of June 30, 2024, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General	\$ 10,035,436	\$ 50,368,045
Streets Special Revenue	-	1,836,055
Streets and Traffic Capital Projects	2,426,704	6,865,459
Parks Capital Projects	7,427,226	2,873,419
Municipal Facilities Capital Projects	18,116,256	2,068,267
Debt Service	9,266,101	5,790,756
Other Governmental Funds	8,113,691	5,489,948
Total Governmental Funds	<u>55,385,414</u>	<u>75,291,949</u>
Enterprise Funds		
Water	20,000,000	2,065,462
Wastewater	1,973,462	-
Solid Waste	104,095	56,550
Total Enterprise Funds	<u>22,077,557</u>	<u>2,122,012</u>
Internal Service Funds		
Self-Insurance	-	49,010
Total Internal Service Funds	-	49,010
Total Transfers	<u>\$ 77,462,971</u>	<u>\$ 77,462,971</u>

The interfund transfers generally fall within one of the following categories: 1) transfers to cover debt service payments primarily from the General Fund to the Debt Service Fund; 2) transfers to fund capital project costs primarily from the General Fund and Capital Projects Funds to other Capital Projects Funds; 3) transfers from the General Fund to the Water SDF Fund to support Water SDF expenses not covered by the SDF revenue, or 4) charge for reclaimed water usage primarily from the Water Fund to the Wastewater Fund. There were no significant transfers during fiscal year 2024 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

Note 16 – Individual Fund Disclosures

Individual funds with deficiencies in fund balance/net position at June 30, 2024, were as follows:

Governmental funds

Municipal Facilities Capital Projects	\$	5,696,558
Grants		497,791
Other Capital Projects		58,257

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The deficiency in the Municipal Facilities Capital Projects Fund, a major governmental fund, is primarily due to long-term loans that cover cash deficits for capital expenditures. Future system development fee revenue is expected to eliminate the deficiency. The deficiency in the Grants Fund, a non-major governmental fund, is primarily due to unavailable revenue related to various grants. Future grant revenue is expected to eliminate the deficiency. The deficiency in the Other Capital Projects Fund, a non-major governmental fund, is primarily due to the recording of retainage for capital projects. Future transfers are expected to eliminate the deficiency when the capital projects approach completion.

Note 17 – Contingent Liabilities

Gilbert is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of Gilbert’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of Gilbert.

Note 18 – Pledged Revenues

Gilbert has pledged future water system development fees revenue and future water and wastewater revenues, net of specified operating expenses, to repay \$626,405,000 in utility system revenue and revenue refunding bonds issued since 2016. Proceeds from the utility system revenue bonds provided financing for water and wastewater system improvements, and the proceeds from the 2016 revenue refunding bonds were used to advance refund \$75,326,000 of outstanding 2007 utility system revenue bonds. The bonds are payable from water and wastewater system development fees and water and wastewater net revenues and are payable through 2048. Principal and interest payments on the bonds are expected to require less than 38 percent of revenue described above. The total principal and interest remaining to be paid on the bonds is \$833,032,856. Principal and interest paid for the current year was \$45,920,088. Total water and wastewater system SDF revenue was \$9,296,544 and water and wastewater net revenues were \$93,637,849.

Gilbert has pledged future excise taxes and state-shared revenues to repay \$49,525,000 in public facilities municipal property corporation (MPC) revenue bonds issued since 2017; \$43,075,000 in public facilities MPC revenue refunding bonds issued in 2017, and \$6,450,000 in public facilities MPC revenue bonds issued in 2017. Proceeds from the 2017 revenue bonds provided financing of a fire and rescue station. Proceeds from the 2017 refunding bonds were used to advance refund \$56,845,000 of outstanding 2009 public facilities MPC revenue bonds. The bonds are payable through 2027. In addition, Gilbert has pledged future excise taxes and state-shared revenues to repay \$36,980,000 in revenue obligations issued in 2015. Proceeds from the obligations provided financing to design and construct a four-story building for educational purposes. Principal and interest payments on the bonds and obligations are expected to require less than 4 percent of excise taxes and state-shared revenues. The total principal and interest remaining to be paid on the bonds and obligations is \$70,292,852. Principal and interest paid for the current year was \$9,274,456, and the total excise taxes and state-shared revenues were \$303,138,725.

Note 19 – Investment in Joint Venture

In fiscal year 2021, Gilbert, in joint effort with Mesa and Queen Creek, completed improvements as part of the Phase III Expansion for the Greenfield Water Reclamation Plant (GWRP) located on the northwest corner of Greenfield and Queen Creek Roads. This project included process improvements and upgrades to increase the plant’s capacity from 16 million gallons per day (mgd) to 30 mgd, as well as maintenance and improvements to the existing infrastructure of the plant. Mesa, Gilbert and Queen Creek participate in ownership of the plant and are charged for operating expenses based on gallons of flow. Gilbert’s investment in joint venture is reflected as a separate line item in the proprietary funds financial statements. Separate financial statements for the joint venture are not prepared.

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Total investment (net of depreciation) as of June 30, 2024, was:

Mesa's share	\$ 140,151,075
Gilbert's share	93,260,150
Queen Creek's share	27,269,007
Total	<u>\$ 260,680,232</u>

Gilbert and the City of Chandler entered into an agreement to build a joint water treatment plant to provide each with 24 mgd of water. The plant was completed in two phases with each phase providing 12 mgd to both Gilbert and Chandler. Phase I was completed in fiscal year 2009 and Phase II in fiscal year 2018. Gilbert's investment in joint venture is reflected as a separate line item in the proprietary funds financial statements. Separate financial statements for the joint venture are not prepared.

Total investment (net of depreciation) as of June 30, 2024, was:

Gilbert's share	\$ 66,408,388
Chandler's share	60,132,728
Total	<u>\$ 126,541,116</u>

In August 2008, Gilbert entered into an Intergovernmental Agreement with the Cities of Mesa and Apache Junction, Superstition Fire & Medical (F&M), and the Town of Queen Creek (the Parties) to plan, design, construct, operate, maintain and finance the TOPAZ Regional Wireless Cooperative Network (Trunked Open Arizona Network – 700/800 MHz Network procured and built by the City of Mesa). On May 1, 2012 and October 26, 2015, Rio Verde Fire District (FD) and Fort McDowell Yavapai Nation (Fort McDowell), respectively, joined TOPAZ. The City of Mesa acts as the lead agency and is responsible for the planning, budgeting, construction, operation and maintenance of the network, in addition to providing all management personnel and financing arrangements. The Parties participate in ownership of the network and are charged for operating and capital expenses based on a six-month rolling average of airtime. Gilbert's investment in joint venture is reflected within the governmental activities in the government-wide statement of net position. Separate financial statements are not prepared.

Total investment (net of depreciation) as of June 30, 2024, was:

Mesa's share	\$ 6,118,794
Gilbert's share	1,974,872
Apache Junction's share	571,232
Queen Creek's share	199,648
Superstition F&M's share	169,686
Fort McDowell's share	60,270
Rio Verde FD's share	15,429
Total	<u>\$ 9,109,931</u>

Note 20 – Tax Abatements

Gilbert has made a commitment as part of our economic development program to reimburse certain public improvement costs through transaction privilege taxes generated out of the respective development area. Additional information regarding this agreement may only be disclosed when a sufficient number of participants can be aggregated together. Gilbert has an insufficient number of participants within the development area to authorize such disclosure, as detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002 *Disclosure of Confidential Information Prohibited*.

**TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024**

Note 21 – Subsequent Event

The Gilbert Town Council approved the increase of Gilbert’s sales tax, use tax, and bed tax rates, with the new rates going into effect January 1, 2025. With the new tax rate structure, Gilbert’s sales tax rate will increase from 1.5% to 2.0%. Use tax is paid for by residents and businesses when purchases are made online with out-of-state vendors who do less than \$100K of sales in Arizona per year. Gilbert’s use tax rate will increase from 0% to 2.0%. Bed tax is paid for by travelers who rent accommodations in a hotel, motel, or other lodging in Gilbert. Gilbert’s bed tax rate will increase from 2.8% to 5.0%.



REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of the Proportionate Share of the Net Pension Liability

Arizona State Retirement System

	Fiscal Year				
	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.58 %	0.56 %	0.56 %	0.52 %	0.52 %
Proportionate share of the net pension liability	\$ 94,587,021	\$ 90,800,515	\$ 73,124,257	\$ 90,610,769	\$ 75,693,697
Covered payroll (1)	79,341,485	65,568,734	62,344,498	55,508,515	52,965,805
Proportionate share of the net pension liability as a percentage of covered payroll	119 %	138 %	117 %	163 %	143 %
Plan fiduciary net position as a percentage of the total pension liability	74.47 %	74.26 %	78.58 %	69.33 %	73.24 %

	Fiscal Year				
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.49 %	0.49 %	0.49 %	0.49 %	0.47 %
Proportionate share of the net pension liability	\$ 69,364,217	\$ 76,832,504	\$ 78,813,297	\$ 75,695,863	\$ 69,412,268
Covered payroll (1)	49,511,839	48,187,902	45,764,166	43,765,044	42,295,765
Proportionate share of the net pension liability as a percentage of covered payroll	140 %	159 %	172 %	172 %	164 %
Plan fiduciary net position as a percentage of the total pension liability	73.40 %	69.92 %	67.06 %	68.35 %	69.49 %

(1) The covered payroll amount will be as of the measurement date of the net pension liability. For fiscal year 2024, the measurement date of the net pension liability is June 30, 2023.

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of Changes in the Net Pension Liability and Related Ratios

Public Safety Personnel Retirement System – Police

	Fiscal Year				
	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 4,301,964	\$ 4,152,107	\$ 4,070,093	\$ 4,166,829	\$ 4,173,615
Interest on the total pension liability	13,663,633	12,796,854	12,099,505	11,233,464	10,325,605
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	9,177,297	3,763,762	97,134	3,349,250	1,313,900
Changes in assumptions or other inputs	-	1,349,730	-	-	3,858,110
Benefit payments, including refunds of employee contributions	(9,054,910)	(6,423,066)	(7,168,987)	(6,409,473)	(4,223,688)
Net change in total pension liability	18,087,984	15,639,387	9,097,745	12,340,070	15,447,542
Total pension liability - beginning	189,998,178	174,358,791	165,261,046	152,920,976	137,473,434
Total pension liability - ending (a)	208,086,162	189,998,178	174,358,791	165,261,046	152,920,976
Plan fiduciary net position					
Contributions - employer	4,480,117	5,239,645	19,610,018	25,390,957	7,682,173
Contributions - employee	1,705,844	1,728,667	1,581,158	1,845,450	1,487,218
Net investment income	12,760,073	(6,937,364)	36,645,254	1,512,207	5,637,557
Benefit payments, including refunds of employee contributions	(9,054,910)	(6,423,066)	(7,168,987)	(6,409,473)	(4,223,688)
Administrative expense	(78,538)	(125,217)	(172,063)	(123,284)	(98,934)
Tiers 1 & 2 Adjustment	(14,411)	-	-	-	-
Other changes	(10,790)	-	-	-	-
Net change in plan fiduciary net position	9,787,385	(6,517,335)	50,495,380	22,215,857	10,484,326
Plan fiduciary net position - beginning	168,434,161	174,951,496	124,456,116	103,632,748	93,189,007
Adjustment to beginning of year	-	-	-	(1,392,489)	(40,585)
Plan fiduciary net position - ending (b)	178,221,546	168,434,161	174,951,496	124,456,116	103,632,748
Net pension liability / (asset) - ending (a) -	<u>\$ 29,864,616</u>	<u>\$ 21,564,017</u>	<u>\$ (592,705)</u>	<u>\$ 40,804,930</u>	<u>\$ 49,288,228</u>
Plan fiduciary net position as a percentage of the total pension liability	85.65 %	88.65 %	100.34 %	75.31 %	67.77 %
Covered payroll (1)	\$ 20,667,258	\$ 18,498,054	\$ 17,797,726	\$ 17,973,970	\$ 20,212,530
Gilbert's net pension liability / (asset) as a percentage of covered payroll	144.50 %	116.57 %	(3.33)%	227.02 %	243.85 %

(1) The covered payroll amount will be as of the measurement date of the net pension liability. For fiscal year 2024, the measurement date of the net pension liability is June 30, 2023.

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

		Fiscal Year							
		2019	2018	2017	2016	2015			
\$	4,056,282	\$	4,361,408	\$	3,466,239	\$	3,570,214	\$	3,293,404
	9,457,916		8,535,995		7,222,969		6,604,564		5,414,469
	-		1,136,619		9,149,421		-		605,849
	847,849		928,575		547,040		713,111		2,479,128
	-		3,680,906		4,549,861		-		5,473,070
	(5,340,286)		(3,648,774)		(3,515,621)		(2,400,631)		(2,087,138)
	9,021,761		14,994,729		21,419,909		8,487,258		15,178,782
	128,451,673		113,456,944		92,037,035		83,549,777		68,370,995
	137,473,434		128,451,673		113,456,944		92,037,035		83,549,777
	7,551,083		12,682,256		4,426,923		3,280,061		3,103,356
	1,973,907		2,271,326		2,243,118		2,107,439		2,088,159
	6,242,434		8,763,809		365,916		2,037,534		6,306,779
	(5,340,286)		(3,648,774)		(3,515,621)		(2,400,631)		(2,087,138)
	(95,708)		(77,945)		(53,053)		(50,099)		(50,793)
	-		-		-		-		-
	106,036		153,768		113,260		75,447		49,298
	10,437,466		20,144,440		3,580,543		5,049,751		9,409,661
	82,751,541		62,607,101		59,026,558		53,976,807		44,567,146
	-		-		-		-		-
	93,189,007		82,751,541		62,607,101		59,026,558		53,976,807
\$	44,284,427	\$	45,700,132	\$	50,849,843	\$	33,010,477	\$	29,572,970
	67.79 %		64.42 %		55.18 %		64.13 %		64.60 %
\$	18,572,542	\$	18,694,661	\$	19,247,567	\$	19,071,843	\$	18,990,156
	238.44 %		244.46 %		264.19 %		173.08 %		155.73 %

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of Changes in the Net Pension Liability and Related Ratios

Public Safety Personnel Retirement System – Fire

	Fiscal Year				
	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 4,182,713	\$ 3,888,663	\$ 3,607,805	\$ 3,696,610	\$ 3,690,094
Interest on the total pension liability	10,223,868	9,387,813	8,442,872	7,536,882	7,024,670
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	9,378,715	2,203,529	3,168,376	3,919,493	(1,850,677)
Changes in assumptions or other inputs	-	804,047	-	-	1,934,990
Benefit payments, including refunds of employee contributions	(4,041,079)	(2,319,150)	(2,791,898)	(2,514,806)	(2,462,421)
Net change in total pension liability	19,744,217	13,964,902	12,427,155	12,638,179	8,336,656
Total pension liability - beginning	139,835,987	125,871,085	113,443,930	100,805,751	92,469,095
Total pension liability - ending (a)	159,580,204	139,835,987	125,871,085	113,443,930	100,805,751
Plan fiduciary net position					
Contributions - employer	6,112,737	3,792,437	5,838,307	11,097,287	3,866,247
Contributions - employee	1,522,036	1,388,147	1,341,353	1,297,110	1,241,407
Net investment income	9,474,106	(4,987,202)	26,646,654	1,130,134	4,444,022
Benefit payments, including refunds of employee contributions	(4,041,079)	(2,319,150)	(2,791,898)	(2,514,806)	(2,462,421)
Administrative expense	(43,518)	(89,964)	(125,013)	(92,147)	(78,196)
Tiers 1 & 2 Adjustment	(158,081)	-	-	-	-
Other changes	35	-	-	-	-
Net change in plan fiduciary net position	12,866,236	(2,215,732)	30,909,403	10,917,578	7,011,059
Plan fiduciary net position - beginning	121,722,541	123,938,273	93,028,870	82,657,955	75,671,432
Adjustment to beginning of year		-	-	(546,663)	(24,536)
Plan fiduciary net position - ending (b)	134,588,777	121,722,541	123,938,273	93,028,870	82,657,955
Net pension liability - ending (a) - (b)	<u>\$ 24,991,427</u>	<u>\$ 18,113,446</u>	<u>\$ 1,932,812</u>	<u>\$ 20,415,060</u>	<u>\$ 18,147,796</u>
Plan fiduciary net position as a percentage of the total pension liability	84.34 %	87.05 %	98.46 %	82.00 %	82.00 %
Covered payroll (1)	\$ 18,437,853	\$ 16,768,912	\$ 16,301,459	\$ 15,790,177	\$ 16,590,770
Gilbert's net pension liability as a percentage of covered payroll	135.54 %	108.02 %	11.86 %	129.29 %	109.38 %

(1) The covered payroll amount will be as of the measurement date of the net pension liability. For fiscal year 2024, the measurement date of the net pension liability is June 30, 2023.

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Fiscal Year				
2019	2018	2017	2016	2015
\$ 3,661,929	\$ 3,652,130	\$ 2,728,554	\$ 2,785,128	\$ 2,545,607
6,428,184	5,586,910	4,550,994	4,138,400	3,408,433
-	434,841	7,610,545	-	(131,651)
(1,694,618)	3,761,967	(1,091,858)	(1,235,512)	2,247,902
-	444,609	3,069,903	-	1,333,403
(1,925,561)	(1,094,738)	(529,722)	(277,805)	(171,217)
6,469,934	12,785,719	16,338,416	5,410,211	9,232,477
85,999,161	73,213,442	56,875,026	51,464,815	42,232,338
92,469,095	85,999,161	73,213,442	56,875,026	51,464,815
5,035,275	5,192,069	3,183,837	1,845,382	1,954,145
1,365,916	1,860,471	1,792,809	1,903,578	1,667,772
4,953,004	6,959,055	300,260	1,653,304	5,045,090
(1,925,561)	(1,094,738)	(529,722)	(277,805)	(171,217)
(76,084)	(61,976)	(43,606)	(40,728)	(40,631)
-	-	-	-	-
7,224	636	96,335	(229,513)	-
9,359,774	12,855,517	4,799,913	4,854,218	8,455,159
66,311,658	53,456,141	48,656,228	43,802,010	35,346,851
-	-	-	-	-
75,671,432	66,311,658	53,456,141	48,656,228	43,802,010
<u>\$ 16,797,663</u>	<u>\$ 19,687,503</u>	<u>\$ 19,757,301</u>	<u>\$ 8,218,798</u>	<u>\$ 7,662,805</u>
81.83 %	77.11 %	73.01 %	85.55 %	85.11 %
\$ 16,176,854	\$ 16,132,031	\$ 15,444,728	\$ 15,274,115	\$ 15,508,151
103.84 %	122.04 %	127.92 %	53.81 %	49.41 %

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of Pension Contributions

Arizona State Retirement System

	Fiscal Year				
	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 10,115,314	\$ 9,457,505	\$ 7,874,805	\$ 7,263,134	\$ 6,355,725
Contributions in relation to the actuarially determined contributions	10,115,314	9,457,505	7,874,805	7,263,134	6,355,725
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 82,305,240	\$ 79,341,485	\$ 65,568,734	\$ 62,344,498	\$ 55,508,515
Contributions as a percentage of covered	12.29 %	11.92 %	12.01 %	11.65 %	11.45 %

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,921,577	\$ 5,338,739	\$ 5,187,460	\$ 5,278,569	\$ 5,137,457
Contributions in relation to the actuarially determined contributions	5,921,577	5,338,739	5,187,460	5,278,569	5,137,457
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 52,965,805	\$ 49,511,839	\$ 48,187,902	\$ 45,764,166	\$ 43,765,044
Contributions as a percentage of covered	11.18 %	10.78 %	10.77 %	11.53 %	11.74 %

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of Pension Contributions

Public Safety Retirement System – Police

	Fiscal Year				
	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 3,810,988	\$ 4,009,448	\$ 4,446,932	\$ 5,652,558	\$ 5,649,219
Contributions in related to the actuarially determined contributions	3,980,988	4,009,448	4,446,932	18,652,558	20,376,341
Contribution deficiency (excess)	<u>\$ (170,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,000,000)</u>	<u>\$ (14,727,122)</u>
Covered payroll	\$ 19,603,849	\$ 20,667,258	\$ 18,498,054	\$ 17,797,726	\$ 17,973,970
Contributions as a percentage of covered	20.31 %	19.40 %	24.04 %	104.80 %	113.37 %

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 6,410,919	\$ 6,170,252	\$ 4,501,937	\$ 4,021,770	\$ 3,414,607
Contributions in related to the actuarially determined contributions	11,245,894	7,330,436	12,700,837	4,449,337	3,414,607
Contribution deficiency (excess)	<u>\$ (4,834,975)</u>	<u>\$ (1,160,184)</u>	<u>\$ (8,198,900)</u>	<u>\$ (427,567)</u>	<u>\$ -</u>
Covered payroll	\$ 20,212,530	\$ 18,572,542	\$ 18,694,661	\$ 19,247,567	\$ 19,071,843
Contributions as a percentage of covered	55.64 %	39.47 %	67.94 %	23.12 %	17.90 %

Public Safety Retirement System – Fire

	Fiscal Year				
	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 3,972,036	\$ 3,958,607	\$ 3,513,087	\$ 3,715,102	\$ 3,495,945
Contributions in related to the actuarially determined contributions	4,142,036	5,760,518	3,513,087	5,715,102	6,652,405
Contribution deficiency (excess)	<u>\$ (170,000)</u>	<u>\$ (1,801,911)</u>	<u>\$ -</u>	<u>\$ (2,000,000)</u>	<u>\$ (3,156,460)</u>
Covered payroll	\$ 17,157,824	\$ 18,437,853	\$ 16,768,912	\$ 16,301,459	\$ 15,790,177
Contributions as a percentage of covered	24.14 %	31.24 %	20.95 %	35.06 %	42.13 %

	Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,009,743	\$ 4,644,867	\$ 3,266,367	\$ 2,241,688	\$ 1,982,159
Contributions in related to the actuarially determined contributions	7,556,014	5,096,285	5,307,483	3,088,477	1,982,159
Contribution deficiency (excess)	<u>\$ (3,546,271)</u>	<u>\$ (451,418)</u>	<u>\$ (2,041,116)</u>	<u>\$ (846,789)</u>	<u>\$ -</u>
Covered payroll	\$ 16,590,770	\$ 16,176,854	\$ 16,132,031	\$ 15,444,728	\$ 15,274,115
Contributions as a percentage of covered	45.54 %	31.50 %	32.90 %	20.00 %	12.98 %

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios:

Town of Gilbert Defined Benefit Plan

	Fiscal Year				
	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$ 104,164	\$ 85,927	\$ 101,360	\$ 88,914	\$ 69,208
Interest on the total OPEB liability	52,688	45,046	23,174	22,369	17,841
Changes of benefit terms	(560,598)	—	—	—	—
Differences between expected and actual experience in the measurement of the total OPEB liability	(283,022)	(67,481)	(249,173)	181,231	24,230
Changes in assumptions/inputs	(21,591)	(138,189)	(46,068)	(194,875)	74,733
Benefit payments, including refunds of employee contributions	268,867	131,304	270,009	97,744	176,849
Net change in total OPEB liability	(439,492)	56,607	99,302	195,383	362,861
Total OPEB liability - beginning	1,126,529	1,069,922	970,620	775,237	412,376
Total OPEB liability - ending	<u>\$ 687,037</u>	<u>\$ 1,126,529</u>	<u>\$ 1,069,922</u>	<u>\$ 970,620</u>	<u>\$ 775,237</u>
Covered-employee payroll (1)	\$ 116,353,301	\$ 112,964,370	\$ 92,479,026	\$ 89,785,462	\$ 83,544,308
Gilbert's total OPEB liability as a percentage of covered payroll	0.6 %	1.0 %	1.2 %	1.1 %	0.9 %

	Fiscal Year		
	2019	2018	2017 through 2015
Total OPEB liability			
Service cost	\$ 87,269	\$ 84,727	Information not available (2)
Interest on the total OPEB liability	54,575	58,026	
Differences between expected and actual experience in the measurement of the total OPEB liability	(1,604,373)	(1,296,953)	
Changes in assumptions/inputs	159,488	1,184,917	
Benefit payments, including refunds of employee contributions	118,124	96,758	
Net change in total OPEB liability	(1,184,917)	127,475	
Total OPEB liability - beginning	1,597,293	1,469,818	
Total OPEB liability - ending	<u>\$ 412,376</u>	<u>\$ 1,597,293</u>	
Covered-employee payroll (1)	\$ 81,110,979	\$ 72,406,115	
Gilbert's total OPEB liability as a percentage of covered payroll	0.5 %	2.2 %	

(1) The covered-employee payroll amount will be as of the measurement date of the total OPEB liability. For fiscal year 2024, the measurement date of the total OPEB liability is June 30, 2024.

(2) The OPEB schedule in this required supplementary information is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

(3) No assets are accumulated in a trust that meets the criteria of a trust as defined in GASB Statement No. 75, Accounting and Reporting for Postemployment Benefits Other than Pensions, to pay for the related benefits of this plan.

**TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024**

Notes to Pension Plan Schedules

Note 1 – Actuarially Determined Contribution Rates

Arizona State Retirement System (ASRS)

The actuarial assumptions used in the June 30, 2022 valuation for ASRS were based on the results of an actuarial five-year period ended June 30, 2020. The major changes in assumptions were decreasing the discount rate from 7.5% to 7.0% and changing the projected salary increases from 2.7%-7.2% to 2.9%-8.4%. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020 actuarial valuation.

Public Safety Personnel Retirement System (PSPRS)

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

Actuarial cost method	Entry age normal
Amortization method	PSPRS members with initial membership date before July 1, 2017: Level percent-of-pay, closed PSPRS members with initial membership on or after July 1, 2017: Level dollar closed
Remaining amortization period as of the 2022 actuarial valuation	10 years
Asset valuation method	PSPRS members with initial membership date before July 1, 2017: 7-year smoothed market value; 80%/120% market corridor PSPRS members with initial membership on or after July 1, 2017: 5-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7.0%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 – 6.25%. In the 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to the experience study of the period July 1, 2006 – June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

TOWN OF GILBERT, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Note 2 – Factors That Affect Trends

Pensions

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

OPEB

The following changes were made to assumptions in the actuarial valuation for the fiscal year ending June 30, 2023: 1) the discount rate was increased from 3.86% to 3.97% and 2) there was a change in benefit terms effective July 1, 2024 whereby the Town added a high-deductible health plan for actives and retirees to the current offering and a third tier was added to the retiree contribution rate.

NONMAJOR FUNDS

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for revenues and expenditures from specific taxes or other earmarked sources. Such funds are usually required by statute or ordinance to finance particular functions or activities.

Grants – accounts for miscellaneous grants received from federal, state and local governments that require segregation of revenues and expenditures.

Special Districts – accounts for taxes received from and expenditures of the street light maintenance improvement districts and parkway maintenance improvement districts.

Other Special Revenue – accounts for revenues received from various agencies and sources, including seized funds from law enforcement agencies that are required to be used for specific purposes.

Capital Projects Funds

Capital Projects Funds are established to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Other Capital Projects – accounts for the design and construction of redevelopment infrastructure and related funding.

TOWN OF GILBERT, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Grants	Special Districts	Other Special Revenue	Other Capital Projects		
Assets						
Pooled cash and investments	\$ 18,995,589	\$ 209,625	\$ 5,501,454	\$ 637,201	\$	25,343,869
Receivables, net						
Taxes	-	20,191	66,294	-		86,485
Accrued interest	-	-	22,109	-		22,109
Accounts	-	-	2,489	-		2,489
Due from other governments	1,085,438	-	1,844,326	-		2,929,764
Total assets	\$ 20,081,027	\$ 229,816	\$ 7,436,672	\$ 637,201	\$	28,384,716
Liabilities						
Accounts payable	\$ 135,696	\$ 23,629	\$ 55,454	\$ 695,458	\$	910,237
Accrued liabilities	4,842	3,889	116,738	-		125,469
Judgments payable	-	131,735	-	-		131,735
Due to other funds	718,998	69,961	4,501	-		793,460
Unearned revenue	19,191,906	-	1,082,070	-		20,273,976
Total liabilities	20,051,442	229,214	1,258,763	695,458	\$	22,234,877
Deferred inflows of resources						
Unavailable revenue - grants	527,376	-	-	-		527,376
Total deferred inflows of	527,376	-	-	-	\$	527,376
Fund balances (deficits)						
Restricted	-	602	6,177,909	-		6,178,511
Unassigned	(497,791)	-	-	(58,257)		(556,048)
Total fund balances (deficits)	(497,791)	\$ 602	\$ 6,177,909	\$ (58,257)	\$	5,622,463
Total liabilities and fund balances	\$ 20,081,027	\$ 229,816	\$ 7,436,672	\$ 637,201	\$	28,384,716

TOWN OF GILBERT, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Grants	Special Districts	Other Special Revenue	Other Capital Projects		
Revenues						
Taxes						
Sales	\$ -	\$ -	\$ 482,207	\$ -	\$ -	\$ 482,207
Property	-	2,862,310	-	-	-	2,862,310
Charges for services	-	-	167,939	-	-	167,939
Intergovernmental	6,136,638	-	1,037,877	-	-	7,174,515
Fines and forfeitures	-	-	363,976	-	-	363,976
Gifts and donations	-	-	88,403	-	-	88,403
Interest earnings	-	-	565,779	-	-	565,779
Net change in fair value of investments	-	-	78,621	-	-	78,621
Miscellaneous	9,136	-	629,791	-	-	638,927
Total revenues	6,145,774	2,862,310	3,414,593	-	-	12,422,677
Expenditures						
Current						
General government						
Management and policy	2,239,728	-	221,593	-	-	2,461,321
Court	-	-	448,801	-	-	448,801
Public safety						
Police	340,612	-	423,942	-	-	764,554
Fire	150,176	-	19,819	-	-	169,995
Highways and streets	-	2,047,804	-	181,932	-	2,229,736
Parks and recreation	18,411	1,203,506	16,361	-	-	1,238,278
Transportation	-	-	1,047,456	-	-	1,047,456
Non departmental	159,465	131,735	49,884	-	-	341,084
Capital outlay	51,856	-	116,657	7,915,016	-	8,083,529
Total expenditures	2,960,248	3,383,045	2,344,513	8,096,948	-	16,784,754
Excess (deficiency) of revenues over expenditures	3,185,526	(520,735)	1,070,080	(8,096,948)	-	(4,362,077)
Other financing sources (uses)						
Transfers in	-	-	75,000	8,038,691	-	8,113,691
Transfers out	(3,504,631)	-	(1,985,317)	-	-	(5,489,948)
Total other financing sources (uses)	(3,504,631)	-	(1,910,317)	8,038,691	-	2,623,743
Net change in fund balances	(319,105)	(520,735)	(840,237)	(58,257)	-	(1,738,334)
Fund balances - beginning	(178,686)	521,337	7,018,146	-	-	7,360,797
Fund balances - ending	\$ (497,791)	\$ 602	\$ 6,177,909	\$ (58,257)	\$ -	\$ 5,622,463



BUDGETARY COMPARISON SCHEDULES

TOWN OF GILBERT, ARIZONA
Streets and Traffic Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 9,502,000	\$ 9,502,000	\$ 3,287,741	\$ (6,214,259)
System development fees	2,750,000	2,750,000	4,931,404	2,181,404
Interest earnings	70,000	70,000	9,051,652	8,981,652
Miscellaneous	-	-	3,132	3,132
Total revenues	<u>12,322,000</u>	<u>12,322,000</u>	<u>17,273,929</u>	<u>4,951,929</u>
Expenditures				
Current				
Highways and streets	1,002,700	996,987	73,660	923,327
Capital outlay	385,596,690	285,180,554	53,392,445	231,788,109
Contingency	-	36,120,407	-	36,120,407
Total expenditures	<u>386,599,390</u>	<u>322,297,948</u>	<u>53,466,105</u>	<u>268,831,843</u>
Excess (deficiency) of revenues over expenditures	<u>(374,277,390)</u>	<u>(309,975,948)</u>	<u>(36,192,176)</u>	<u>273,783,772</u>
Other financing source (uses)				
Transfers in	30,301,743	30,301,743	2,426,704	(27,875,039)
Transfers out	<u>(90,272,150)</u>	<u>(90,272,150)</u>	<u>(6,865,459)</u>	<u>83,406,691</u>
Total other financing sources (uses)	<u>(59,970,407)</u>	<u>(59,970,407)</u>	<u>(4,438,755)</u>	<u>55,531,652</u>
Net change in fund balances	<u>\$ (434,247,797)</u>	<u>\$ (369,946,355)</u>	<u>(40,630,931)</u>	<u>\$ 329,315,424</u>

Explanation of difference between budgetary change in fund balance at June 30, 2024, and GAAP change in fund balance:

Changes in fair value of investments are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis.	<u>2,835,149</u>
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	<u>\$ (37,795,782)</u>

TOWN OF GILBERT, ARIZONA
Parks Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
System development fees	\$ 5,000,000	\$ 5,000,000	\$ 7,948,998	\$ 2,948,998
Interest earnings	65,000	65,000	1,540,988	1,475,988
Total revenues	<u>5,065,000</u>	<u>5,065,000</u>	<u>9,489,986</u>	<u>4,424,986</u>
Expenditures				
Current				
Parks and recreation	2,603,736	1,090,415	631,057	459,358
Capital outlay	71,932,224	77,800,415	8,097,085	69,703,330
Contingency	-	10,015,183	-	10,015,183
Total expenditures	<u>74,535,960</u>	<u>88,906,013</u>	<u>8,728,142</u>	<u>80,177,871</u>
Excess (deficiency) of revenues over expenditures	<u>(69,470,960)</u>	<u>(83,841,013)</u>	<u>761,844</u>	<u>84,602,857</u>
Other financing sources (uses)				
Transfers in	57,491,137	60,491,137	7,427,226	(53,063,911)
Transfers out	(2,895,850)	(2,895,850)	(2,873,419)	22,431
Total other financing sources (uses)	<u>54,595,287</u>	<u>57,595,287</u>	<u>4,553,807</u>	<u>(53,041,480)</u>
Net change in fund balances	<u>\$ (14,875,673)</u>	<u>\$ (26,245,726)</u>	<u>5,315,651</u>	<u>\$ 31,561,377</u>

Explanation of difference between budgetary change in fund balance at June 30, 2024, and GAAP change in fund balance:

Changes in fair value of investments are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis	<u>223,844</u>
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	<u>\$ 5,539,495</u>

TOWN OF GILBERT, ARIZONA
Municipal Facilities Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
System development fees	\$ 1,750,000	\$ 1,750,000	\$ 3,180,036	\$ 1,430,036
Interest earnings	5,000	5,000	160,771	155,771
Total revenues	<u>1,755,000</u>	<u>1,755,000</u>	<u>3,340,807</u>	<u>1,585,807</u>
Expenditures				
Current				
Public safety				
Police	31,641	29,758	30,929	(1,171)
Fire	150,000	150,000	-	150,000
Non departmental	394,577	1,198,089	489,365	708,724
Capital outlay	79,806,366	70,907,550	21,543,431	49,364,119
Contingency	-	9,957,116	-	9,957,116
Total expenditures	<u>80,382,584</u>	<u>82,242,513</u>	<u>22,063,725</u>	<u>60,178,788</u>
Excess (deficiency) of revenues over expenditures	<u>(78,627,584)</u>	<u>(80,487,513)</u>	<u>(18,722,918)</u>	<u>61,764,595</u>
Other financing sources (uses)				
Transfers in	71,263,529	71,263,529	18,116,256	(53,147,273)
Transfers out	(1,917,670)	(2,070,970)	(2,068,267)	2,703
Total other financing sources (uses)	<u>69,345,859</u>	<u>69,192,559</u>	<u>16,047,989</u>	<u>(53,144,570)</u>
Net change in fund balances	<u>\$ (9,281,725)</u>	<u>\$ (11,294,954)</u>	<u>\$ (2,674,929)</u>	<u>\$ 8,620,025</u>

Explanation of difference between budgetary change in fund balance at June 30, 2024, and GAAP change in fund balance:

Changes in fair value of investments are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis	<u>58,162</u>
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	<u>\$ (2,616,767)</u>

TOWN OF GILBERT, ARIZONA
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 31,600,000	\$ 31,600,000	\$ 31,144,173	\$ (455,827)
Interest earnings	35,000	35,000	181,349	146,349
Miscellaneous	-	-	12,988	12,988
Total revenues	<u>31,635,000</u>	<u>31,635,000</u>	<u>31,338,510</u>	<u>(296,490)</u>
Expenditures				
Current				
Non departmental	-	1,479,510	1,479,510	-
Debt service				
Principal	28,470,000	28,470,000	28,470,000	-
Interest	11,910,420	11,910,420	11,910,406	14
Fiscal and other charges	35,000	35,000	5,375	29,625
Total expenditures	<u>40,415,420</u>	<u>41,894,930</u>	<u>41,865,291</u>	<u>29,639</u>
Excess (deficiency) of revenues over expenditures	<u>(8,780,420)</u>	<u>(10,259,930)</u>	<u>(10,526,781)</u>	<u>(266,851)</u>
Other financing sources (uses)				
Transfers in	17,289,500	17,289,500	9,266,101	8,023,399
Transfers out	-	(5,790,756)	(5,790,756)	-
Total other financing sources (uses)	<u>17,289,500</u>	<u>11,498,744</u>	<u>3,475,345</u>	<u>8,023,399</u>
Net change in fund balances	<u>\$ 8,509,080</u>	<u>\$ 1,238,814</u>	<u>(7,051,436)</u>	<u>\$ 8,290,250</u>

Explanation of difference between budgetary change in fund balance at June 30, 2024, and GAAP change in fund balance:

Changes in fair value of investments are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis.	<u>365,650</u>
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	<u>\$ (6,685,786)</u>

TOWN OF GILBERT, ARIZONA
Special Assessments Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 2,542,100	\$ 2,542,100	\$ 505,895	\$ (2,036,205)
Charges for services	-	-	2,223	2,223
Interest earnings	-	-	4,667	4,667
Total revenues	<u>2,542,100</u>	<u>2,542,100</u>	<u>512,785</u>	<u>(2,029,315)</u>
Expenditures				
Debt service				
Principal	2,490,000	2,490,000	370,000	2,120,000
Interest	117,600	117,600	117,595	5
Fiscal and other charges	35,000	35,000	1,107	33,893
Total expenditures	<u>2,642,600</u>	<u>2,642,600</u>	<u>488,702</u>	<u>2,153,898</u>
Excess (deficiency) of revenues over expenditures	<u>(100,500)</u>	<u>(100,500)</u>	<u>24,083</u>	<u>124,583</u>
Net change in fund balances	<u>\$ (100,500)</u>	<u>\$ (100,500)</u>	<u>24,083</u>	<u>\$ 124,583</u>

Explanation of difference between budgetary change in fund balance at June 30, 2024, and GAAP change in fund balance:

Changes in fair value of investments are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis	<u>632</u>
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	<u>\$ 24,715</u>

TOWN OF GILBERT, ARIZONA
Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 35,121,690	\$ 35,121,690	\$ 6,136,638	\$ (28,985,052)
Miscellaneous	-	-	9,136	9,136
Total revenues	<u>35,121,690</u>	<u>35,121,690</u>	<u>6,145,774</u>	<u>(28,975,916)</u>
Expenditures				
Current				
General government				
Management and policy	2,202,010	4,405,474	2,239,728	2,165,746
Public safety				
Police	128,940	379,549	340,612	38,937
Fire	-	45,625	150,176	(104,551)
Parks and recreation	52,150	52,150	18,411	33,739
Non departmental	862,790	862,790	159,465	703,325
Capital outlay	55,140	1,389,794	51,856	1,337,938
Contingency	5,000,000	1,127,848	-	1,127,848
Total expenditures	<u>8,301,030</u>	<u>8,263,230</u>	<u>2,960,248</u>	<u>5,302,982</u>
Excess (deficiency) of revenues over expenditures	<u>26,820,660</u>	<u>26,858,460</u>	<u>3,185,526</u>	<u>(23,672,934)</u>
Other financing sources (uses)				
Transfers out	(27,354,542)	(30,354,542)	(3,504,631)	26,849,911
Total other financing sources (uses)	<u>(27,354,542)</u>	<u>(30,354,542)</u>	<u>(3,504,631)</u>	<u>26,849,911</u>
Net change in fund balances	<u>\$ (533,882)</u>	<u>\$ (3,496,082)</u>	<u>\$ (319,105)</u>	<u>\$ 3,176,977</u>

TOWN OF GILBERT, ARIZONA
Special Districts Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 2,879,980	\$ 2,879,980	\$ 2,862,310	\$ (17,670)
Total revenues	<u>2,879,980</u>	<u>2,879,980</u>	<u>2,862,310</u>	<u>(17,670)</u>
Expenditures				
Current				
Highways and streets	2,016,400	2,050,000	2,047,804	2,196
Parks and recreation	1,219,580	1,219,580	1,203,506	16,074
Non departmental	20,000	151,735	131,735	20,000
Total expenditures	<u>3,255,980</u>	<u>3,421,315</u>	<u>3,383,045</u>	<u>38,270</u>
Excess (deficiency) of revenues over expenditures	<u>(376,000)</u>	<u>(541,335)</u>	<u>(520,735)</u>	<u>20,600</u>
Net change in fund balances	<u>\$ (376,000)</u>	<u>\$ (541,335)</u>	<u>\$ (520,735)</u>	<u>\$ 20,600</u>

TOWN OF GILBERT, ARIZONA
Other Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2024

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 1,000,000	\$ 1,000,000	\$ 482,207	\$ (517,793)
Charges for services	140,000	140,000	167,939	27,939
Intergovernmental	713,380	713,380	1,037,877	324,497
Fines and forfeitures	285,000	285,000	363,976	78,976
Gifts and donations	1,086,140	1,086,140	88,403	(997,737)
Interest earnings	1,000	1,000	565,779	564,779
Miscellaneous	-	-	629,791	629,791
Total revenues	3,225,520	3,225,520	3,335,972	110,452
Expenditures				
Current				
General government				
Management and policy	442,900	552,200	221,593	330,607
Court	555,600	605,800	448,801	156,999
Public safety				
Police	454,170	560,919	423,942	136,977
Fire	56,610	56,610	19,819	36,791
Parks and recreation	20,000	28,080	16,361	11,719
Transportation	842,840	1,047,460	1,047,456	4
Non departmental	66,840	66,840	49,884	16,956
Capital outlay	-	129,039	116,657	12,382
Contingency	1,010,000	306,445	-	306,445
Total expenditures	3,448,960	3,353,393	2,344,513	1,008,880
Excess (deficiency) of revenues over expenditures	(223,440)	(127,873)	991,459	1,119,332
Other financing sources (uses)				
Transfers in	150,000	150,000	75,000	(75,000)
Transfers out	(1,494,000)	(3,442,220)	(1,985,317)	1,456,903
Total other financing sources (uses)	(1,344,000)	(3,292,220)	(1,910,317)	1,381,903
Net change in fund balances	\$ (1,567,440)	\$ (3,420,093)	(918,858)	\$ 2,501,235

Explanation of difference between budgetary change in fund balance at June 30, 2024, and GAAP change in fund balance:

Changes in fair value of investments are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis	78,621
Change in fund balance as reported on the statement of revenues, expenses and changes in fund balance	\$ (840,237)

TOWN OF GILBERT, ARIZONA
Other Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current				
Highways and streets	367,609	322,868	181,932	140,936
Capital outlay	86,598,371	46,796,588	7,915,016	38,881,572
Contingency	-	12,199,248	-	12,199,248
Total expenditures	<u>86,965,980</u>	<u>59,318,704</u>	<u>8,096,948</u>	<u>51,221,756</u>
Excess (deficiency) of revenues over expenditures	<u>(86,965,980)</u>	<u>(59,318,704)</u>	<u>(8,096,948)</u>	<u>(51,221,756)</u>
Other financing sources (uses)				
Transfers in	<u>86,965,980</u>	<u>86,965,980</u>	<u>8,038,691</u>	<u>(78,927,289)</u>
Total other financing sources (uses)	<u>86,965,980</u>	<u>86,965,980</u>	<u>8,038,691</u>	<u>(78,927,289)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 27,647,276</u>	<u>\$ (58,257)</u>	<u>\$ (27,705,533)</u>

INTERNAL SERVICE FUNDS

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

Equipment Maintenance – to account for the revenues and expenses from the maintenance of Gilbert's motorized vehicles and equipment.

Self-Insurance – to account for and finance Gilbert's uninsured risks of loss for medical, dental, workers' compensation, and general liability claims.

TOWN OF GILBERT, ARIZONA
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Equipment Maintenance	Self-Insurance	Total Internal Service Funds
Assets			
Current assets			
Pooled cash and investments	\$ 2,064,037	\$ 17,329,489	\$ 19,393,526
Receivables, net			
Accrued interest	8,430	63,652	72,082
Accounts	3,454	686,073	689,527
Due from other governments	38,892	-	38,892
Deposits	-	50,000	50,000
Inventories	1,246,269	-	1,246,269
Total current assets	<u>3,361,082</u>	<u>18,129,214</u>	<u>21,490,296</u>
Noncurrent assets			
Non-depreciable	901,456	-	901,456
Depreciable, net	581,574	-	581,574
Total noncurrent assets	<u>1,483,030</u>	<u>-</u>	<u>1,483,030</u>
Total assets	<u>4,844,112</u>	<u>18,129,214</u>	<u>22,973,326</u>
Deferred outflows of resources			
Pensions and other post-employment benefits	368,559	-	368,559
Total deferred outflows of resources	<u>368,559</u>	<u>-</u>	<u>368,559</u>
Liabilities			
Current liabilities			
Accounts payable	617,283	237,507	854,790
Accrued liabilities	58,524	7,781	66,305
Advances from other funds	-	2,300,000	2,300,000
Accrued compensated absences	98,994	-	98,994
Claims payable	-	12,560,000	12,560,000
Total current liabilities	<u>774,801</u>	<u>15,105,288</u>	<u>15,880,089</u>
Noncurrent liabilities			
Accrued compensated absences	177,322	-	177,322
Net other post-employment benefits	12,667	-	12,667
Net pension liability	2,467,168	-	2,467,168
Total noncurrent liabilities	<u>2,657,157</u>	<u>-</u>	<u>2,657,157</u>
Total liabilities	<u>3,431,958</u>	<u>15,105,288</u>	<u>18,537,246</u>
Deferred inflows of resources			
Pensions and other post-employment benefits	103,317	-	103,317
Total deferred inflows of resources	<u>103,317</u>	<u>-</u>	<u>103,317</u>
Net position			
Net investment in capital assets	1,434,523	-	1,434,523
Unrestricted	242,873	3,023,926	3,266,799
Total net position	<u>\$ 1,677,396</u>	<u>\$ 3,023,926</u>	<u>\$ 4,701,322</u>

TOWN OF GILBERT, ARIZONA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2024

	Equipment Maintenance	Self-Insurance	Total Internal Service Funds
Operating revenues			
Charges for services	\$ 12,220,597	\$ 33,930,966	\$ 46,151,563
Intergovernmental	438,432	-	438,432
Other	66,538	1,842,608	1,909,146
Total operating revenues	<u>12,725,567</u>	<u>35,773,574</u>	<u>48,499,141</u>
Operating expenses			
General and administrative	259,104	8,147,200	8,406,304
Personnel services	3,009,879	380,302	3,390,181
Operation and maintenance	8,830,472	-	8,830,472
Claims incurred	-	30,111,677	30,111,677
Depreciation	93,008	-	93,008
Total operating expenses	<u>12,192,463</u>	<u>38,639,179</u>	<u>50,831,642</u>
Operating income (loss)	<u>533,104</u>	<u>(2,865,605)</u>	<u>(2,332,501)</u>
Nonoperating revenues (expenses)			
Interest earnings	91,338	595,413	686,751
Net change in fair value of investments	19,171	152,065	171,236
Gain (loss) on sale of capital assets	21,299	-	21,299
Total nonoperating revenues (expenses)	<u>131,808</u>	<u>747,478</u>	<u>879,286</u>
Income (loss) before contributions and transfers	664,912	(2,118,127)	(1,453,215)
Transfers out	-	(49,010)	(49,010)
Change in net position	664,912	(2,167,137)	(1,502,225)
Total net position - beginning	1,012,484	5,191,063	6,203,547
Total net position - ending	<u>\$ 1,677,396</u>	<u>\$ 3,023,926</u>	<u>\$ 4,701,322</u>

TOWN OF GILBERT, ARIZONA
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2024

	Equipment Maintenance	Self-Insurance	Total Internal Service Funds
Cash flows from operating activities			
Cash receipts from customers	\$ 419,072	\$ -	\$ 419,072
Other operating cash receipts	66,538	1,842,608	1,909,146
Cash receipts from other funds for services	12,220,597	33,669,631	45,890,228
Cash payments to suppliers for goods and services	(9,357,749)	(35,922,129)	(45,279,878)
Cash payments to employees for services	(2,755,558)	(377,686)	(3,133,244)
Net cash provided (used) by operating activities	<u>592,900</u>	<u>(787,576)</u>	<u>(194,676)</u>
Cash flows from noncapital financing activities			
Change in due to other funds	-	1,000,000	1,000,000
Transfers to other funds	-	(49,010)	(49,010)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>950,990</u>	<u>950,990</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(781,170)	-	(781,170)
Proceeds from the sale of capital assets	21,299	-	21,299
Net cash provided (used) by capital and related financing activities	<u>(759,871)</u>	<u>-</u>	<u>(759,871)</u>
Cash flows from investing activities			
Investment income	106,992	721,665	828,657
Net cash provided (used) by investing activities	<u>106,992</u>	<u>721,665</u>	<u>828,657</u>
Net increase (decrease) in cash and cash equivalents	(59,979)	885,079	825,100
Balances - beginning of year	2,124,016	16,444,410	18,568,426
Balances - end of the year	<u>\$ 2,064,037</u>	<u>\$ 17,329,489</u>	<u>\$ 19,393,526</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income / (loss)	\$ 533,104	\$ (2,865,605)	\$ (2,332,501)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	93,008	-	93,008
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts receivable	(3,454)	(261,335)	(264,789)
Due from other governments	(15,906)	-	(15,906)
Inventories	(164,891)	-	(164,891)
Deferred outflows of resources	34,635	-	34,635
Accounts payable	(103,282)	9,748	(93,534)
Claims payable	-	2,327,000	2,327,000
Accrued expenses	47,619	2,616	50,235
Other post-employment benefits	(7,057)	-	(7,057)
Net pension liability	156,908	-	156,908
Deferred inflows of resources	22,216	-	22,216
Net cash provided (used) by operating activities	<u>\$ 592,900</u>	<u>\$ (787,576)</u>	<u>\$ (194,676)</u>

STATISTICAL SECTION

This part of Gilbert's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about Gilbert's overall financial health.

Contents	Page
Financial Trends	123
<i>These schedules contain trend information to help the reader understand how Gilbert's financial performance has changed over time.</i>	
Revenue Capacity	130
<i>These schedules contain information to help the reader assess Gilbert's most significant local revenue source, sales tax.</i>	
Debt Capacity	133
<i>These schedules present information to help the reader assess the affordability of Gilbert's current levels of outstanding debt and Gilbert's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	138
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Gilbert's financial activities take place.</i>	
Operating Information	140
<i>These schedules contain service and infrastructure data to help the reader understand how the information in Gilbert's financial report relates to the services Gilbert provides and the activities it performs.</i>	
Other Information	144

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.



Town of Gilbert, Arizona
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(1,000's)

	2015	2016	2017	2018	2019	2020	2021 (as restated)	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 688,900	\$ 735,369	\$ 753,973	\$ 790,285	\$ 792,864	\$ 804,917	\$ 844,068	\$ 885,750	\$ 919,930	\$ 933,340
Restricted	82,546	83,227	72,780	76,701	87,450	72,943	91,917	115,550	123,034	126,760
Unrestricted	30,276	49,960	60,983	45,964	67,904	132,638	162,177	183,410	236,010	277,507
Total governmental activities net position	<u>\$ 801,722</u>	<u>\$ 868,556</u>	<u>\$ 887,736</u>	<u>\$ 912,950</u>	<u>\$ 948,218</u>	<u>\$ 1,010,498</u>	<u>\$ 1,098,162</u>	<u>\$ 1,184,710</u>	<u>\$ 1,278,974</u>	<u>\$ 1,337,607</u>
Business-type activities										
Net investment in capital assets	\$ 363,333	\$ 411,831	\$ 399,537	\$ 392,632	\$ 462,857	\$ 468,440	\$ 506,807	\$ 541,025	\$ 577,320	\$ 644,116
Restricted	54,084	34,054	42,814	34,499	30,972	24,873	22,717	13,500	10,630	9,950
Unrestricted	290,870	304,198	342,616	389,336	379,636	408,154	418,159	410,204	411,067	417,273
Total business-type activities net position	<u>\$ 708,287</u>	<u>\$ 750,083</u>	<u>\$ 784,967</u>	<u>\$ 816,467</u>	<u>\$ 873,465</u>	<u>\$ 901,467</u>	<u>\$ 947,683</u>	<u>\$ 964,729</u>	<u>\$ 999,017</u>	<u>\$ 1,071,339</u>
Primary government										
Net investment in capital assets	\$ 1,052,233	\$ 1,147,200	\$ 1,153,510	\$ 1,182,917	\$ 1,255,721	\$ 1,273,357	\$ 1,350,875	\$ 1,426,775	\$ 1,497,250	\$ 1,577,456
Restricted	136,630	117,281	115,594	111,200	118,422	97,816	114,633	129,050	133,664	136,710
Unrestricted	321,146	354,158	403,599	435,299	447,540	540,792	580,336	593,614	647,077	694,780
Total primary government net position	<u>\$ 1,510,009</u>	<u>\$ 1,618,639</u>	<u>\$ 1,672,703</u>	<u>\$ 1,729,416</u>	<u>\$ 1,821,683</u>	<u>\$ 1,911,965</u>	<u>\$ 2,045,844</u>	<u>\$ 2,149,439</u>	<u>\$ 2,277,992</u>	<u>\$ 2,408,946</u>

Town of Gilbert, Arizona
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(1,000's)

Expenses	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
General government										
Management and policy	\$ 19,090	\$ 20,049	\$ 19,454	\$ 19,176	\$ 24,948	\$ 23,430	\$ 41,161	\$ 32,299	\$ 34,670	\$ 42,529
Finance and management services	1,814	2,110	2,109	2,000	1,883	2,591	2,943	3,090	3,396	3,813
Court	4,053	4,164	4,300	4,078	3,898	3,947	4,356	4,623	4,984	5,372
Development services	7,082	7,611	9,400	10,312	9,449	10,898	11,389	11,876	12,752	13,323
Public safety										
Police	47,541	50,115	63,151	54,117	55,328	65,972	65,100	67,492	81,159	95,544
Fire	28,071	31,972	42,513	34,969	35,263	41,373	38,174	48,220	54,961	61,582
Highways and streets	46,932	48,726	51,931	52,545	54,632	61,414	62,501	63,022	67,636	71,351
Parks and recreation	28,429	25,647	25,202	29,985	35,840	26,844	28,975	32,719	37,450	46,505
Transportation	778	1,051	1,132	1,151	886	655	609	-	725	1,047
Non departmental	4,423	5,311	13,690	7,976	3,915	5,076	6,495	3,523	4,016	7,159
Interest and fiscal charges on long-term debt	12,780	12,911	10,506	10,793	9,890	9,641	8,716	8,221	12,075	10,352
Total governmental activities expenses	<u>200,993</u>	<u>209,667</u>	<u>243,387</u>	<u>227,103</u>	<u>235,932</u>	<u>251,842</u>	<u>270,419</u>	<u>275,085</u>	<u>313,824</u>	<u>358,577</u>
Business-type activities										
Water	41,817	44,360	42,329	44,605	47,167	49,373	52,259	55,761	67,786	86,879
Wastewater	25,620	26,530	26,791	27,244	27,844	30,930	31,224	36,908	38,774	42,032
Solid Waste	16,720	17,719	16,857	18,183	21,689	22,928	25,644	27,861	31,843	33,496
Total business-type activities expenses	<u>84,157</u>	<u>88,609</u>	<u>85,977</u>	<u>90,033</u>	<u>96,700</u>	<u>103,231</u>	<u>109,127</u>	<u>120,530</u>	<u>138,403</u>	<u>162,406</u>
Total primary government expenses	<u>\$ 285,150</u>	<u>\$ 298,276</u>	<u>\$ 329,365</u>	<u>\$ 317,135</u>	<u>\$ 332,632</u>	<u>\$ 355,072</u>	<u>\$ 379,546</u>	<u>\$ 395,614</u>	<u>\$ 452,228</u>	<u>\$ 520,984</u>
Program Revenues										
Governmental activities										
Charges for services										
Development services	\$ 6,608	\$ 6,826	\$ 6,900	\$ 7,227	\$ 8,318	\$ 6,867	\$ 8,121	\$ 5,864	\$ 5,350	\$ 4,813
Police	4,526	5,343	7,484	3,826	3,609	1,827	2,024	3,338	3,195	3,019
Fire	224	197	231	360	386	827	1,208	4,908	6,144	7,435
Parks and recreation	4,146	4,366	4,603	4,700	4,355	4,800	5,419	7,036	7,954	8,078
Other activities	2,472	2,618	2,795	2,635	1,152	966	1,027	1,076	841	1,019
Operating grants and contributions	24,171	38,666	33,204	28,381	30,012	53,661	43,619	40,309	41,985	43,307
Capital grants and contributions	37,214	65,535	41,877	32,904	36,203	39,675	57,447	61,139	42,935	27,915
Total governmental activities program revenues	<u>79,361</u>	<u>123,551</u>	<u>97,094</u>	<u>80,033</u>	<u>84,035</u>	<u>108,623</u>	<u>118,865</u>	<u>123,670</u>	<u>108,405</u>	<u>95,586</u>

Schedule 2 Continued

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities										
Charges for services										
Water	\$ 37,501	\$ 39,457	\$ 40,696	\$ 42,868	\$ 45,508	\$ 48,782	\$ 52,890	\$ 55,270	\$ 64,346	\$ 74,046
Wastewater	24,625	25,116	26,032	26,517	28,686	29,772	30,847	31,695	34,753	43,098
Solid Waste	18,007	18,141	18,270	18,437	20,633	21,918	22,460	24,187	29,302	34,305
Operating grants and contributions	-	1,051	953	1,184	1,720	1,698	1,960	2,607	3,104	2,745
Capital grants and contributions	29,017	43,655	34,134	30,615	27,032	18,319	22,186	29,360	24,865	26,445
Total business-type activities program revenues	109,150	127,420	120,085	119,621	123,579	120,489	130,343	143,119	156,371	180,639
Total primary government program revenues	\$ 188,511	\$ 250,971	\$ 217,179	\$ 199,654	\$ 207,614	\$ 229,112	\$ 249,208	\$ 266,789	\$ 264,776	\$ 276,224
Net (Expense)/Revenue										
Governmental activities	\$ (121,632)	\$ (86,116)	\$ (146,293)	\$ (147,070)	\$ (151,897)	\$ (143,219)	\$ (151,555)	\$ (151,415)	\$ (205,419)	\$ (262,992)
Business-type activities	24,993	38,811	34,108	29,588	26,879	17,258	21,215	22,589	17,968	18,232
Total primary government net expense	\$ (96,639)	\$ (47,305)	\$ (112,185)	\$ (117,482)	\$ (125,018)	\$ (125,961)	\$ (130,340)	\$ (128,825)	\$ (187,451)	\$ (244,759)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales taxes	\$ 71,773	\$ 77,070	\$ 82,797	\$ 89,497	\$ 98,648	\$ 107,534	\$ 123,930	\$ 142,901	\$ 155,494	\$ 156,171
Property taxes	19,423	19,424	20,761	21,549	25,220	26,570	28,603	30,356	32,588	34,006
In-Lieu property taxes	1,201	1,187	1,159	1,124	1,024	1,015	1,009	1,086	1,040	1,089
Franchise taxes	2,737	2,989	2,814	2,911	2,954	2,744	2,669	2,660	2,761	2,704
Unrestricted state-shared revenue	44,263	45,028	52,861	52,193	53,777	57,802	66,463	72,667	92,190	114,538
Unrestricted grants and contributions	2,595	3,204	2,400	2,444	3,036	2,762	4,140	2,125	896	101
Unrestricted investment earnings	1,224	2,651	859	1,549	10,153	10,467	526	(14,993)	17,805	31,840
Gain/(loss) on sale of capital assets	106	136	154	1,333	1,466	(3,973)	(4,508)	238	1,153	151
Miscellaneous	847	1,162	1,224	1,352	1,153	674	936	1,080	1,031	979
Transfers	184	98	446	(64)	(242)	(96)	(2,665)	(158)	(5,273)	(19,956)
Total governmental activities	144,354	152,949	165,475	173,888	197,189	205,499	221,103	237,962	299,684	321,624
Business-type activities										
Unrestricted investment earnings	1,457	2,666	1,009	1,894	11,494	9,820	32	(6,500)	10,510	33,954
Gain on sale of capital assets	172	158	92	39	183	148	405	241	75	122
Miscellaneous	1,310	259	121	172	366	680	75	559	463	58
Transfers	(184)	(98)	(446)	64	242	96	2,665	158	5,273	19,956
Total business-type activities	2,755	2,985	776	2,169	12,285	10,744	3,177	(5,543)	16,320	54,089
Total primary government	\$ 147,109	\$ 155,934	\$ 166,251	\$ 176,057	\$ 209,474	\$ 216,243	\$ 224,280	\$ 232,419	\$ 316,004	\$ 375,714
Change in Net Position										
Governmental activities	\$ 22,722	\$ 66,833	\$ 19,182	\$ 26,818	\$ 45,292	\$ 62,280	\$ 69,548	\$ 86,548	\$ 94,264	\$ 58,633
Business-type activities	27,748	41,796	34,884	31,757	39,164	28,002	24,392	17,046	34,289	72,322
Total primary government	\$ 50,470	\$ 108,629	\$ 54,066	\$ 58,575	\$ 84,456	\$ 90,282	\$ 93,940	\$ 103,594	\$ 128,553	\$ 130,954

Town of Gilbert, Arizona
Program Revenues by Function
Last Ten Fiscal Years
(accrual basis of accounting)
(1,000's)

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
General government										
Management and policy	\$ 962	\$ 690	\$ 991	\$ 2,235	\$ 1,830	\$ 1,503	\$ 4,862	\$ 5,651	\$ 3,212	\$ 2,797
Finance and management services	27	24	20	27	7	12	-	4	-	22
Court	824	859	831	731	700	573	629	679	519	592
Development services	6,608	6,826	6,900	7,227	8,318	7,145	8,641	5,864	5,350	4,813
Public safety										
Police	8,975	10,645	11,551	7,829	8,544	18,366	9,757	6,495	7,227	10,724
Fire	3,766	4,170	3,877	4,203	4,687	13,783	8,384	9,000	10,168	11,932
Highways and streets	44,497	69,791	54,059	44,943	43,133	50,476	62,153	76,106	60,933	47,092
Parks and recreation	13,012	29,861	18,190	12,158	15,035	15,561	23,312	16,230	20,005	16,298
Transportation	639	635	626	630	648	643	643	3,241	678	973
Non departmental	51	50	50	50	1,136	562	484	400	314	342
Subtotal governmental activities	<u>79,361</u>	<u>123,551</u>	<u>97,095</u>	<u>80,033</u>	<u>84,038</u>	<u>108,624</u>	<u>118,865</u>	<u>123,670</u>	<u>108,405</u>	<u>95,586</u>
Business-type activities										
Water	55,590	68,102	61,546	64,056	65,489	64,204	70,973	78,518	85,990	98,306
Wastewater	35,552	41,178	37,232	36,232	36,344	34,111	36,354	40,082	40,737	47,172
Solid Waste	18,008	18,141	21,307	19,334	21,746	22,173	23,016	24,519	29,644	35,161
Subtotal business-type activities	<u>109,150</u>	<u>127,421</u>	<u>120,085</u>	<u>119,622</u>	<u>123,579</u>	<u>120,488</u>	<u>130,343</u>	<u>143,119</u>	<u>156,371</u>	<u>180,639</u>
Total primary government	<u>\$ 188,511</u>	<u>\$ 250,972</u>	<u>\$ 217,180</u>	<u>\$ 199,655</u>	<u>\$ 207,617</u>	<u>\$ 229,112</u>	<u>\$ 249,208</u>	<u>\$ 266,789</u>	<u>\$ 264,776</u>	<u>\$ 276,224</u>

Town of Gilbert, Arizona
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(1,000's)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General fund										
Nonspendable	\$ 24,470	\$ 19,866	\$ 18,995	\$ 17,877	\$ 23,061	\$ 15,833	\$ 11,561	\$ 11,722	\$ 9,742	\$ 16,793
Restricted	-	-	-	-	-	-	-	-	-	2,179
Assigned	17,046	13,681	32,766	41,371	41,631	68,002	76,747	86,881	128,525	175,531
Unassigned	67,057	85,498	82,885	72,453	89,787	133,901	139,520	153,384	180,920	174,422
Total general fund	<u>\$ 108,573</u>	<u>\$ 119,045</u>	<u>\$ 134,646</u>	<u>\$ 131,701</u>	<u>\$ 154,479</u>	<u>\$ 217,736</u>	<u>\$ 227,828</u>	<u>\$ 251,987</u>	<u>\$ 319,187</u>	<u>\$ 368,926</u>
All other governmental funds										
Nonspendable	\$ 2	\$ 4	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ 70	\$ -	\$ 1,009
Restricted	96,837	87,005	139,725	134,441	110,470	101,628	95,704	311,522	312,616	274,932
Assigned	22,462	38,337	34,387	15,971	-	-	-	5,369	5,362	-
Unassigned	(23,981)	(19,897)	(19,353)	(18,311)	(17,424)	(16,448)	(9,259)	(6,686)	(6,981)	(9,347)
Total all other governmental funds	<u>\$ 95,320</u>	<u>\$ 105,449</u>	<u>\$ 154,761</u>	<u>\$ 132,102</u>	<u>\$ 93,046</u>	<u>\$ 85,180</u>	<u>\$ 86,445</u>	<u>\$ 310,275</u>	<u>\$ 310,997</u>	<u>\$ 266,594</u>

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(1,000's)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes										
Sales	\$ 71,794	\$ 77,108	\$ 82,980	\$ 89,516	\$ 98,671	\$107,552	\$123,932	\$142,924	\$155,510	\$156,193
Property	21,953	22,000	23,707	24,468	25,220	26,570	28,603	30,356	32,588	34,006
Special assessments	1,184	2,233	696	958	818	744	617	1,351	490	506
Franchise	2,737	3,389	2,814	2,911	2,954	2,744	2,669	2,660	2,761	2,704
Licenses and permits	4,791	4,787	4,785	4,645	5,735	4,689	5,868	4,068	2,884	3,082
Charges for services	10,440	11,147	11,161	12,151	12,816	13,154	14,884	20,552	24,190	24,277
Intergovernmental	76,284	77,007	87,364	84,923	86,480	117,277	132,388	141,466	136,417	165,981
Fines and forfeitures	4,476	4,618	4,336	4,065	3,305	3,084	3,259	3,231	3,059	3,278
Other entities' participation	382	1,666	2,252	1,585	4,380	9,799	919	5,280	16,657	1,341
System development fees	18,836	22,944	18,101	17,617	21,966	20,971	38,771	19,270	15,312	16,060
Gifts and donations	192	187	120	195	183	280	163	281	304	292
Investment earnings	1,210	2,639	836	1,523	9,890	10,085	4,205	3,527	16,569	24,872
Net change in fair value of investments ^a	n/a	n/a	n/a	n/a	n/a	n/a	(3,714)	(18,134)	813	6,110
Miscellaneous	953	14,797	5,683	1,796	1,153	674	936	1,383	1,332	1,610
Total revenues	215,232	244,522	244,835	246,353	273,571	317,623	353,500	358,215	408,887	440,314
Expenditures										
Current										
General government										
Management and policy	20,485	20,997	22,001	21,858	22,942	26,854	28,747	30,834	36,057	42,629
Finance and management services	1,943	2,134	2,270	2,338	2,396	2,681	3,003	3,162	3,567	4,024
Court	3,493	3,608	3,657	3,600	3,752	3,491	3,731	4,037	4,390	4,668
Development services	6,069	6,239	7,049	7,200	7,701	8,194	8,526	8,949	9,715	10,628
Public safety										
Police	43,084	44,402	54,397	53,174	58,327	69,450	72,453	62,456	73,195	81,927
Fire	25,631	28,295	32,048	35,698	35,828	35,883	38,003	42,359	50,172	51,599
Highways and streets	12,478	12,831	14,680	14,545	15,769	23,184	24,892	24,480	27,615	30,665
Parks and recreation	21,836	18,591	19,660	24,351	30,482	20,588	23,051	26,627	31,078	37,748
Transportation	774	1,046	1,135	1,151	888	652	606	-	725	1,047
Non departmental	4,423	5,311	13,690	7,976	3,915	5,076	22,090	8,178	5,065	7,666
Debt service										
Principal	23,750	30,105	34,935	33,965	34,190	49,055	35,615	29,495	27,084	30,990
Interest	13,108	13,773	11,583	11,758	11,242	9,868	10,068	8,312	14,116	12,384
Payment to refunded bond escrow agent	-	-	-	12,096	-	-	-	-	-	-
Bond issuance costs	209	-	779	408	-	853	-	662	-	-
Fiscal and other charges	307	37	9	14	35	13	13	15	10	6
Capital outlay	58,849	36,573	34,111	50,895	71,644	127,093	79,273	60,593	68,415	100,752
Total expenditures	236,439	223,942	252,004	281,027	299,111	382,935	350,071	310,159	351,205	416,733
Excess (deficiency) of revenues over (under) expenditures	(21,207)	20,580	(7,169)	(34,674)	(25,540)	(65,312)	3,429	48,056	57,682	23,580

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other financing sources (uses)										
Transfers in	23,401	21,406	23,334	29,999	63,086	36,774	46,987	62,268	42,631	55,385
Transfers out	(23,216)	(21,385)	(22,881)	(30,063)	(63,324)	(36,871)	(49,652)	(64,425)	(50,109)	(75,292)
Proceeds from sale of capital assets	-	-	-	1,226	1,691	38,470	10,594	262	4,777	103
Revenue obligations issued	36,980	-	-	-	-	-	-	-	-	-
Premium on revenue obligations	2,706	-	-	-	-	-	-	-	-	-
Bonds issued	28,080	-	121,670	49,525	-	76,750	-	188,910	-	-
Premium on bonds	4,417	-	14,139	7,546	-	5,577	-	12,917	-	-
Payment to refunded bond escrow agent	(32,211)	-	(64,182)	(49,162)	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	654
Subscription-based information technology arrangements	-	-	-	-	-	-	-	-	-	905
Total other financing sources and uses	40,157	21	72,080	9,071	1,453	120,700	7,929	199,932	(2,700)	(18,244)
Net change in fund balances	<u>\$ 18,950</u>	<u>\$ 20,601</u>	<u>\$ 64,911</u>	<u>\$(25,603)</u>	<u>\$(24,087)</u>	<u>\$ 55,388</u>	<u>\$ 11,358</u>	<u>\$247,988</u>	<u>\$ 54,981</u>	<u>\$ 5,336</u>
Debt service as a percentage of noncapital expenditures	20.8 %	23.4 %	21.3 %	19.9 %	20.0 %	23.0 %	16.9 %	15.1 %	14.6 %	13.7 %

^a Previous years' fair market value adjustment was netted with investment earnings

Town of Gilbert, Arizona
Sales Tax Collections by Category
Fiscal Years 2015 - 2016^a

	<u>2015</u>	<u>2016</u>
Construction	\$ 7,663,801	\$ 7,326,040
Manufacturing	882,509	1,042,710
Communications & Utilities	6,342,578	6,327,257
Wholesale	1,320,977	1,486,450
Retail	37,463,617	40,406,219
Restaurant & Bar	5,526,275	6,177,869
Real Estate, Rental & Leasing	8,286,878	9,290,919
Accommodation ^b	533,870	569,390
Services	2,018,647	2,223,706
Other ^b	629,740	784,957
Transportation & Warehousing	30,529	37,823
Finance & Insurance	438,257	557,582
Public Administration	3,020	18,977
Arts & Entertainment	652,973	858,177
	<u> </u>	<u> </u>
Total	<u>\$ 71,793,671</u>	<u>\$ 77,108,076</u>
Gilbert's local sales tax rate	1.5 %	1.5 %

Source: Arizona Department of Revenue

^a Effective July 1, 2016, the Arizona Department of Revenue changed the way taxpayers report city tax on their tax returns and simultaneously changed the manner in which they summarize the tax data in their reports to the cities. As a result, Gilbert no longer receives the tax data in the same categories that were recorded in the past. See Schedule 6B for fiscal years 2017 forward.

^b Effective July 1, 2020, Accommodation (Bed Tax), Accommodation (Base 1.5% Tax) and Retail - Food for Home Consumption categories have passed the confidentiality requirements and now are separately stated.

Note: State and local laws prohibit the disclosure of individual taxpayer information.

Town of Gilbert, Arizona
Sales Tax Collections by Category
Fiscal Years 2017 - 2024^a

	2017	2018	2019	2020	2021	2022	2023	2024
Accommodation (Bed Tax)	\$ 599,950	\$ 598,668	\$ 728,224	\$ 820,336	\$ 955,504	\$ 1,798,155	\$ 1,824,487	\$ 1,687,807
Accommodation (Base 1.5% Tax) ^b	-	-	-	-	531,419	994,743	1,012,435	992,887
Amusement	793,681	844,634	922,856	709,163	587,909	1,063,321	1,216,207	1,493,426
Communications & Utilities	5,625,248	5,763,531	5,707,201	5,784,555	5,860,873	5,992,184	6,586,617	7,264,146
Construction Contracting	9,611,076	10,833,291	13,167,940	12,919,742	12,949,937	14,942,241	16,546,790	15,255,757
Maintenance, Repair, Replacement & Alteration ^c	89,165	-	-	-	-	-	-	-
Personal Property Rental	1,392,591	1,535,298	1,706,431	1,755,690	1,973,489	2,514,789	4,042,002	3,821,589
Publications, Advertising & Job Printing	174,054	165,942	166,146	140,170	124,149	171,133	169,121	100,591
Rental of Commercial Property/Non-Residential	4,116,417	4,435,844	4,790,946	4,944,404	5,368,895	6,080,132	6,649,908	7,210,621
Residential Rental	3,367,073	3,652,056	4,238,867	4,569,549	5,149,541	6,143,339	7,818,929	8,420,032
Restaurant & Bar	6,974,438	7,638,319	8,549,495	8,442,741	9,968,916	13,025,145	13,606,325	14,485,853
Retail	49,491,813	53,366,713	57,710,844	66,602,568	66,654,843	75,134,162	79,354,172	78,204,929
Retail - Food for Home Consumption ^b	-	-	-	-	13,722,892	14,986,376	16,686,956	17,233,431
Tax License Fees ^d	14,632	13,246	9,646	-	-	-	-	-
Other	730,191	668,812	972,655	863,073	83,565	55,700	(3,973)	22,361
Total	\$ 82,980,329	\$ 89,516,354	\$ 98,671,251	\$107,551,991	\$123,931,932	\$142,901,420	\$155,509,976	\$156,193,430
Gilbert's local sales tax rate	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %

Source: Arizona Department of Revenue

^a Effective July 1, 2016, the Arizona Department of Revenue changed the way taxpayers report city tax on their tax returns and simultaneously changed the manner in which they summarize the tax data in their reports to the cities. As a result, Gilbert no longer receives the tax data in the same categories that were reported in the past. See Schedule 6A for fiscal years 2015 - 2016 data.

^b Effective July 1, 2020, Accommodation (Bed Tax), Accommodation (Base 1.5% Tax) and Retail - Food for Home Consumption categories have passed the confidentiality requirements and now are separately stated.

^c Maintenance, Repair, Replacement & Alteration has been combined with Construction Contracting due to disclosure laws concerning confidentiality.

^d Effective July 1, 2019, Tax License Fees were combined with Other due to disclosure laws concerning confidentiality.

Note: State and local laws prohibit the disclosure of individual taxpayer information.

**Town of Gilbert, Arizona
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Town Direct Rates:										
Hotel/Transient Lodging	4.50 %	4.50 %	4.50 %	4.30 %	4.30 %	4.30 %	4.30 %	4.30 %	4.30 %	4.30 %
All Others	1.50 %	1.50 %	1.50 %	1.50 %	1.50 %	1.50 %	1.50 %	1.50 %	1.50 %	1.50 %
County Rates:										
Hotel/Transient Lodging	1.77 %	1.77 %	1.77 %	1.77 %	1.77 %	1.77 %	1.77 %	1.77 %	1.77 %	1.77 %
All Others	0.70 %	0.70 %	0.70 %	0.70 %	0.70 %	0.70 %	0.70 %	0.70 %	0.70 %	0.70 %
State Rates:										
Hotel/Transient Lodging	5.50 %	5.50 %	5.50 %	5.50 %	5.50 %	5.50 %	5.50 %	5.50 %	5.50 %	5.50 %
All Others	5.60 %	5.60 %	5.60 %	5.60 %	5.60 %	5.60 %	5.60 %	5.60 %	5.60 %	5.60 %

Source: Gilbert Finance & Management Services Department

Note: Gilbert sales tax rate may be changed with the approval of Council.

Town of Gilbert, Arizona
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Business-Type Activities			
	General Obligation Bonds	Special Assessment Bonds	Street and Highway User Revenue Bonds	Municipal Property Corporation Revenue Bonds	Revenue Obligations	Leases	Subscription-Based Information Technology Arrangements	Municipal Property Corporation Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2015	\$123,420,395	\$8,306,402	\$13,754,807	\$126,607,711	\$39,685,688	-	-	\$98,190,924	\$409,965,927	5.89%	1,804
2016	105,296,311	6,504,185	10,538,003	118,310,093	39,685,688	-	-	135,410,861	415,745,141	5.52	1,789
2017	157,102,290	6,126,440	7,174,209	109,229,636	39,637,764	-	-	134,594,390	453,864,729	5.30	1,833
2018	140,551,095	5,464,645	3,664,605	95,342,840	38,887,844	-	-	170,517,212	454,428,241	5.13	1,835
2019	122,209,904	4,912,850	-	81,835,435	38,122,923	-	-	160,502,481	407,583,593	4.64	1,571
2020	168,454,903	4,526,056	-	64,161,400	37,328,003	-	-	151,742,751	426,213,113	4.17	1,618
2021	147,475,574	4,014,261	-	49,482,365	36,498,083	-	-	142,648,020	380,118,303	3.58	1,388
2022	326,043,366	2,852,466	-	34,137,804	35,633,163	-	-	634,385,933	1,033,052,732	9.53	3,723
2023	305,883,180	2,490,000	-	27,883,243	34,728,243	-	\$13,293,983	623,425,908	1,007,704,557	7.37	3,594
2024	282,447,994	2,120,000	-	21,358,682	33,783,323	\$426,325	10,423,061	601,070,883	951,630,268	6.28	3,251

Notes:

See Schedule 13 for personal income and population data.

Details regarding Gilbert's outstanding debt can be found in the notes to the financial statements.

Amounts include unamortized bond discounts/premiums.

Town of Gilbert, Arizona
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding^a	Less Amount Available in Debt Service Fund	Net General Bonded Debt Outstanding	Secondary Assessed Property Value^b	Limited Property Value^b	Percentage of Applicable Property Value	Per Capita
2015	\$ 123,420,395	\$ 10,165,593	\$ 113,254,802	\$ 1,829,471,839	n/a	6.19 %	\$ 498
2016	105,296,311	6,952,183	98,344,128	n/a	1,845,325,449	5.33	423
2017	157,102,290	2,186,272	154,916,018	n/a	1,979,359,269	7.83	626
2018	140,551,095	6,020,480	134,530,615	n/a	2,105,762,268	6.39	543
2019	122,209,904	1,870,513	120,339,391	n/a	2,256,162,227	5.33	464
2020	168,454,903	1,846,926	166,607,977	n/a	2,428,289,285	6.86	632
2021	147,475,574	1,925,381	145,550,193	n/a	2,618,569,519	5.56	532
2022	326,043,366	2,392,952	323,650,414	n/a	2,807,360,551	11.53	1,166
2023	305,883,180	2,692,144	303,191,036	n/a	2,998,786,660	10.11	1,081
2024	282,447,994	1,299,666	281,148,328	n/a	3,216,754,422	8.74	960

^a Includes unamortized bond discounts/premiums

^b Maricopa County Assessor's Office

Notes:

In accordance with Proposition 117, The Arizona Property Tax Assessed Valuation Amendment, property taxes are calculated based on the limited property value beginning with tax year 2015.

See Schedule 13 for population data.

General obligation bonds principal and interest payments are paid for with secondary property taxes.

Town of Gilbert, Arizona
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Maricopa County ^b	None	5.85 %	None
Maricopa County Community College District ^c	\$ 57,615,000	5.85 %	\$ 3,370,478
Maricopa County Special Health District	544,135,000	5.85 %	31,831,898
Gilbert Unified School District No. 41	108,900,000	68.72 %	74,836,080
Higley Elementary School District No. 60	61,210,000	86.99 %	53,246,579
Chandler Unified School District No. 80	379,607,778	14.02 %	53,221,010
Mesa Unified School District No. 4	211,485,000	0.35 %	740,198
East Valley Institute of Technology District No. 401 ^d	None	11.94 %	None
Subtotal, overlapping debt			217,246,242
Town of Gilbert direct debt ^e	339,709,999	100.00 %	339,709,999
Total direct and overlapping debt			<u>\$ 556,956,241</u>

Source: The various jurisdictions

^a Proportion applicable to Town of Gilbert, Arizona is computed on the ratio of limited property valuation for fiscal year 2024

^b Excludes various other non-property tax supported debt such as Public Finance Corporation lease revenue bonds, Stadium District revenue bonds and loans, Housing Authority loans and capital leases.

^c Excludes non-property tax supported debt such as revenue bonds.

^d Based on the East Valley Institute of Technology's secondary assessed valuation and does not include amount of secondary assessed valuation in Pinal County.

^e Includes: General Obligation bonds, Special Assessments bonds, Revenue Obligation bonds, Revenue bonds and unamortized bond premiums.

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

**Town of Gilbert, Arizona
Legal Debt Margin Information
Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
20% Limitation										
Debt limit equal to 20% of net full cash assessed valuation	\$346,856,631	\$369,065,090	\$395,871,854	\$524,748,518	\$566,219,031	\$622,820,366	\$695,490,004	\$761,061,261	\$821,925,801	\$1,079,702,554
Total net debt applicable to 20% limit	122,715,000	105,250,000	143,945,000	128,090,000	110,445,000	151,825,000	131,830,000	298,465,000	279,935,000	258,130,000
Premium adjustment	-	-	9,675,637	9,516,726	8,090,801	11,071,074	9,400,564	20,134,505	19,026,138	17,939,159
Legal 20% debt margin (available)	<u>\$224,141,631</u>	<u>\$263,815,090</u>	<u>\$242,251,217</u>	<u>\$387,141,792</u>	<u>\$447,683,230</u>	<u>\$459,924,292</u>	<u>\$554,259,440</u>	<u>\$442,461,756</u>	<u>\$522,964,663</u>	<u>\$803,633,395</u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	35.38 %	28.52 %	38.81 %	26.22 %	20.93 %	26.15 %	20.31 %	41.86 %	36.37 %	25.57 %
6% Limitation										
Debt limit equal to 6% of net full	\$104,056,989	\$110,719,527	\$118,761,556	\$157,424,555	\$169,865,709	\$186,846,110	\$208,647,001	\$228,318,378	\$246,577,740	\$323,910,766
Total net debt applicable to 6%	-	-	-	-	-	-	-	-	-	-
Legal 6% debt margin (available)	<u>\$104,056,989</u>	<u>\$110,719,527</u>	<u>\$118,761,556</u>	<u>\$157,424,555</u>	<u>\$169,865,709</u>	<u>\$186,846,110</u>	<u>\$208,647,001</u>	<u>\$228,318,378</u>	<u>\$246,577,740</u>	<u>\$323,910,766</u>
Total net debt applicable to the	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Note: The Constitution of the State of Arizona establishes two levels of bonded indebtedness limits based upon the type of improvement constructed with the debt. The twenty percent bond type is restricted to water, wastewater, electric, parks and open space improvements, streets, public safety, and fire and emergency facilities. The six percent bond type is for all other general purpose improvements. In 2017, HB 2452: bonding; amortized premium; segregated fund passed, requiring the net premium associated with a general obligation bond to be amortized for all debt limitation purposes on a pro-rata basis each year.

**Town of Gilbert, Arizona
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Special Assessment Bonds				Public Facilities Municipal Property Corp. Revenue Bonds				
	Special Assessment Collections	Debt Service		Coverage	Excise Taxes & State-Shared Revenues	Debt Service		Coverage	
		Principal	Interest			Principal	Interest		
2015	\$ 1,184,368	\$ 1,135,000	\$ 470,225	0.74	\$ 125,743,087	\$ 7,515,000	\$ 6,030,998	9.28	
2016	2,232,678	1,795,000	394,755	1.02	133,104,631	8,000,000	7,457,791	8.61	
2017	695,541	375,000	321,073	1.00	146,007,063	9,660,000	6,877,081	8.83	
2018	952,679	660,000	294,670	1.00	159,912,939	14,355,000	4,721,073	8.38	
2019	818,092	550,000	264,095	1.00	170,885,312	12,745,000	5,213,731	9.52	
2020	744,007	385,000	239,908	1.19	193,995,174	13,300,000	4,610,856	10.83	
2021	617,024	510,000	217,075	0.85	222,921,775	15,110,000	3,958,981	11.69	
2022	1,351,411	1,160,000	193,350	1.00	245,000,143	6,060,000	3,210,356	26.43	
2023	490,470	350,000	135,965	1.01	278,807,974	6,350,000	2,916,956	30.09	
2024	505,895	370,000	117,595	1.04	303,138,724	6,665,000	2,609,456	32.69	

Fiscal Year	Water Resources Municipal Property Corp. Revenue Bonds							
	Operating Revenue ^a	Less: Operating expenses ^a	Net Available Revenue ^b	Water System Dev't Fee	Wastewater System Dev't Fee	Debt Service		Coverage
						Principal	Interest	
2015	\$ 63,338,422	\$ 40,316,645	\$ 23,021,777	\$ 10,461,708	\$ -	\$ 4,075,000	\$ 4,894,864	3.73
2016	64,659,329	42,119,371	22,539,958	11,873,824	-	4,275,000	4,683,019	3.84
2017	66,788,603	41,921,216	24,867,387	9,914,166	-	4,830,000	4,984,570	3.54
2018	69,487,792	45,014,122	24,473,670	9,944,975	5,308,292	8,480,000	4,970,948	2.95
2019	74,465,811	44,686,700	29,779,111	9,434,032	5,189,779	7,225,000	6,207,163	3.31
2020	78,919,231	48,227,311	30,691,920	6,679,195	3,394,980	7,560,000	5,865,313	3.04
2021	83,775,290	50,449,389	33,325,901	8,936,917	5,295,232	7,950,000	5,487,313	3.54
2022	84,754,618	53,871,428	30,883,190	9,634,948	3,022,095	8,340,000	5,089,813	3.24
2023	112,578,635	56,403,489	56,175,146	7,514,174	2,187,503	8,780,000	17,453,053	2.51
2024	159,177,338	65,539,489	93,637,849	7,458,535	1,838,009	20,155,000	25,765,088	2.24

^a Combined operating revenues and expenses for the Water and Wastewater Funds.

^b Combined operating revenues and expenses for the Water and Wastewater Funds less debt service payments for the Water and Wastewater Revenue Bonds.

Note: Details regarding Gilbert's outstanding debt can be found in the notes to the financial statements.

**Town of Gilbert, Arizona
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population^a	Personal Income^b (in thousands) (estimate)	Per Capita Income^c (estimate)	Median Age^c	School Enrollment^d	Unemployment Rate^e
2015	227,217	\$ 6,962,000	\$ 30,639	32.7	37,240	4.30 %
2016	232,399	7,534,000	32,418	33.2	34,079	4.20
2017	247,600	8,558,000	34,565	33.1	35,449	3.70
2018	247,600	8,858,000	35,777	34.4	34,552	3.50
2019	259,386	8,775,000	33,831	35.2	33,393	3.80
2020	263,461	10,222,000	38,800	34.8	34,188	8.00
2021	273,796	10,623,000	38,800	34.8	33,055	4.90
2022	277,486	10,843,000	39,073	35.3	33,644	2.80
2023	280,391	13,680,000	48,791	36.4	33,210	3.30
2024	292,711	15,144,000	51,739	36.1	32,332	3.00

Sources:

^a Fiscal years 2015 through 2016 Census.gov; fiscal years 2017 and 2018 Office of Management & Budget; fiscal years 2019-2024 Maricopa Association of Governments.

^b Estimated based on population and per capita income.

^c Fiscal year 2015: American Community Survey; fiscal years 2016 through 2024: Census.gov

^d Gilbert Public Schools through 2021; 2022-2024 obtained from AZ Department of Education

^e AZ Office of Economic Opportunity through fiscal year 2019; AZ Commerce Authority fiscal years 2020 through 2024

**Town of Gilbert, Arizona
Top Ten Principal Employers
Current Fiscal Year Compared to Nine Years Ago**

Employer	Fiscal Year 2024			Fiscal Year 2015		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Gilbert Public Schools	3,417	1	3.26 %	3,657	1	4.23 %
Banner Health/MD Anderson	2,537	2	2.42	2,811	2	3.25
Town of Gilbert	1,877	3	1.79	1,126	5	1.30
Frys Food Stores	1,496	4	1.43	988	8	1.14
Northrop Grumman	1,374	5	1.31	---		---
Higley Unified School District	1,333	6	1.27	848	9	0.98
Walmart Inc. (Walmart/Sam's Club)	1,070	7	1.02	1,398	3	1.62
Dignity Health	1,059	8	1.01	1,093	6	1.26
Deloitte	860	9	0.82	---		---
Silent Aire USA Inc	778	10	0.74	---		---
GoDaddy Software	---			1,346	4	1.56
BH Drywall	---			997	7	1.15
Hunter Contracting	---			650	10	0.75
Totals	15,801		15.07 %	14,914		17.24 %

Source: Maricopa Association of Governments (MAG) 2024 and 2015 Employer Database; Total Employment - Lightcast 2024 Total Jobs

Town of Gilbert, Arizona
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Governmental Funds</u>										
General government										
Management and policy	120.0	128.6	131.6	132.6	136.1	142.5	155.8	157.8	166.1	171.3
Finance and management	19.0	21.0	21.0	25.0	25.5	26.5	28.5	28.5	29.0	30.0
Court	32.9	32.9	32.9	33.9	33.9	33.9	34.1	34.1	34.1	34.1
Development services	73.3	66.7	68.7	83.7	84.5	93.3	94.3	98.3	102.3	108.3
Public safety										
Police	354.0	358.0	369.0	385.5	409.5	429.5	447.5	466.5	489.5	496.5
Fire	201.0	203.0	210.0	217.0	216.0	223.0	256.6	264.6	283.6	292.6
Highways and streets	58.0	51.7	51.7	53.7	55.7	55.7	57.7	57.7	59.7	59.7
Parks and recreation	118.7	125.3	126.2	128.3	128.5	169.1	176.4	182.4	186.2	188.9
<u>Enterprise Funds</u>										
Water	116.5	125.0	130.0	131.0	133.5	135.7	135.9	136.9	141.9	141.9
Wastewater	45.4	42.5	42.5	43.5	45.5	48.5	49.5	49.5	53.5	53.5
Solid Waste	84.0	94.3	96.3	97.3	100.3	101.8	103.8	106.8	106.8	109.8
<u>Internal Service Funds</u>										
Equipment maintenance	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	29.0	31.0
Self-Insurance	-	-	-	-	-	-	-	-	2.0	3.0
Total	<u>1,248.8</u>	<u>1,275.0</u>	<u>1,305.9</u>	<u>1,357.5</u>	<u>1,395.0</u>	<u>1,485.5</u>	<u>1,566.1</u>	<u>1,609.1</u>	<u>1,683.7</u>	<u>1,720.6</u>

Source: Gilbert Office of Management & Budget

Town of Gilbert, Arizona
Operating Indicators by Function
Fiscal Years 2015 - 2019

Function	2015	2016	2017	2018	2019
General government:					
Management and policy					
% of population satisfied with value received from tax dollar ^a	n/a	74 %	n/a	71 %	79 %
Number of recruitments	148	175	149	156	199
Employee turnover	8.3 %	9.7 %	9.3 %	10.3 %	10.4 %
Legal and court					
Case filings	29,499	32,091	29,501	26,147	24,244
Development services					
Building permits issued	3,364	3,584	4,157	4,607	4,441
Value of permits issued (in millions)	\$ 496.00	\$ 553.8	\$ 532.2	\$ 531.6	\$ 746.3
Public Safety					
Police					
Number of arrests ^e	8,900	8,702	8,250	8,360	8,061
Crimes per 1,000 population	15.5	15.3	15.5	15.2	13.2
Fire					
Number of emergency calls	17,777	18,923	19,422	20,506	20,903
Response time average (en-route to on-scene) ^b	3 min 57 sec	3 min 55 sec	n/a	3 min 32 sec	3 min 25 sec
Total dispatch time (dispatch to on scene) ^b	n/a	n/a	5 min 9 sec	4 min 48 sec	4 min 44 sec
Highways and streets					
Average pavement condition index	75	72	74	72	73
Parks and recreation					
Facility reservation requests ^c	n/a	n/a	n/a	n/a	n/a
Facility reservations ^c	11,747	19,835	18,000	16,000	16,670
Participants in recreation programs ^d	62,815	69,423	71,651	98,286	113,245
Transportation					
Average daily ridership	687	669	679	784	668
Water					
Daily average water production (mg)	43	43	46	47	47
Average # of meters read per month	73,199	82,871	83,945	84,243	84,147
Number of utility locates	20,100	21,197	26,850	27,380	23,157
Wastewater					
Daily average wastewater effluent (mg)	13.21	14.03	14.91	15.41	16.20
Annual effluent produced/reused (mg)	4,822	4,815	4,931	5,115	5,784
Solid Waste & Recycle (SWR)					
Solid waste tonnage	112,778	114,144	110,520	113,745	129,737
Recycle tonnage	19,418	19,894	22,567	24,058	21,120

Source: Various Town departments

^a Survey completed every other year; 2024 results not available at time of compilation

^b Beginning in 2017, the Fire Department began reporting total dispatch time instead of average time en-route to on-scene

^c Indicator no longer being tracked; beginning in 2015, tracking actual facility reservations

^d Only includes adult sports, youth ball programs, adaptive recreation, and town-sponsored special events. Effective July 1, 2021, participants are accounted for per session instead of per meeting date.

^e Excludes warrants

Town of Gilbert, Arizona
Operating Indicators by Function (continued)
Fiscal Years 2020 - 2024

Function	2020	2021	2022	2023	2024
General government:					
Management and policy					
% of population satisfied with value received from tax dollar ^a	n/a	69 %	n/a	72 %	n/a
Number of recruitments	200	210	261	282	284
Employee turnover	9.6 %	9.8 %	14.6 %	10.7 %	12.8 %
Legal and court					
Case filings	20,813	21,620	19,102	23,181	26,076
Development services					
Building permits issued	4,278	6,060	4,655	3,073	3,087
Value of permits issued (in millions)	\$ 607.80	\$ 702.5	\$ 441.5	\$ 424.1	\$ 306.4
Public Safety					
Police					
Number of arrests ^e	7,889	8,275	7,997	7,648	8,445
Crimes per 1,000 population	13.0	12.1	12.0	11.0	10.1
Fire					
Number of emergency calls	20,680	22,160	24,672	25,437	25,396
Response time average (en-route to on-scene) ^b	3 min 25 sec	3 min 36 sec	3 min 53 sec	3 min 30 sec	3 min 27 sec
Total dispatch time (dispatch to on scene) ^b	4 min 46 sec	5 min 01 sec	5 min 08 sec	4 min 48 sec	4 min 44 sec
Highways and streets					
Average pavement condition index	72	72	73	73	73
Parks and recreation					
Facility reservation requests ^c	n/a	n/a	n/a	n/a	n/a
Facility reservations ^c	14,993	14,976	16,305	18,380	21,364
Participants in recreation programs ^d	133,868	34,697	122,581	124,865	124,668
Transportation					
Average daily ridership	522	296	322	385	401
Water					
Daily average water production (mg)	50	54	50	48	50
Average # of meters read per month	83,650	86,038	91,196	91,595	95,102
Number of utility locates	22,357	29,719	31,943	25,191	26,148
Wastewater					
Daily average wastewater effluent (mg)	16.54	17.32	17.21	18.13	17.34
Annual effluent produced/reused (mg)	5,307	5,162	5,852	5,867	6,190
Solid Waste & Recycle (SWR)					
Solid waste tonnage	130,713	137,888	142,802	138,850	133,619
Recycle tonnage	22,325	22,252	19,131	18,944	17,871

Town of Gilbert, Arizona
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Police										
Number of police cars	185	217	224	251	249	263	299	309	332	346
Fire										
Fire stations	10	10	10	10	11	11	11	11	11	11
Highways and streets										
Street centerline miles (estimate) ^a	1,032	1,055	908	920	926	943	945	980	1,001	1,004
Traffic control signals	185	185	194	201	206	210	214	222	224	227
Parks and recreation										
Total acres of park land, trails, open space, municipal areas and support facilities, operated	605	605	645	645	645	725	725	693	693	828
Water										
Miles of water main ^{b, c, d}	1,304	1,660	1,322	1,335	1,366	1,100	701	710	728	748
Wastewater										
Miles of wastewater main ^{b, c}	1,019	1,038	887	896	923	774	795	802	811	820
Solid Waste										
Garbage trucks ^e	67	57	56	71	63	62	63	70	73	80

Source: Various Town departments

^a The street centerline miles were previously estimated using different methods, such as end of warranty and beginning of Town ownership. Beginning in 2015, the estimate is based on acceptance letter date.

^b Beginning in 2017, estimates were updated to exclude miles not owned by Gilbert

^c Beginning in 2020, estimates were updated to exclude preliminary miles (Initial Acceptance Letter is not completed)

^d Beginning in 2021, estimates were updated to exclude water mains less than 8" in diameter

^e Prior to fiscal year 2016, wheel loaders were included in the statistic

Note: No capital asset statistics are available for the general government or transportation functions.

Town of Gilbert, Arizona
Property Value, Construction and Bank Deposits
Last Ten Fiscal Years

Fiscal Year	Residential Construction ^a		Commercial Construction ^a		Other Construction ^a		Secondary Assessed Property Value ^b	Limited Property Value ^b	Maricopa County Bank Deposits ^c
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value			
2015	1,668	\$ 350,707,421	268	\$ 81,934,987	1,428	\$ 63,344,257	\$ 1,829,471,839	n/a	\$ 76,889,448,000
2016	1,764	402,071,499	278	71,594,349	1,542	80,164,565	n/a	\$ 1,845,325,449	84,014,143,000
2017	1,754	336,676,752	264	119,477,874	2,139	76,023,423	n/a	1,979,359,269	92,567,543,000
2018	1,604	312,805,353	199	129,703,582	2,804	89,093,501	n/a	2,105,762,268	98,288,781,000
2019	1,535	467,961,355	155	164,601,167	2,751	113,774,277	n/a	2,256,162,227	107,879,366,000
2020	1,194	435,133,652	208	85,390,836	2,876	87,276,267	n/a	2,428,289,285	132,017,181,000
2021	2,161	495,787,159	219	103,066,452	3,680	103,670,431	n/a	2,618,569,519	158,003,339,000
2022	1,358	263,268,046	133	55,502,862	3,164	122,769,529	n/a	2,807,360,551	178,327,411,000
2023	854	332,291,531	144	34,633,762	2,075	57,173,755	n/a	2,998,786,660	163,826,070,000
2024	619	209,549,137	194	51,504,944	2,274	45,360,288	n/a	3,216,754,422	168,514,956,000

Sources:

^a Development Services Department^b Maricopa County Assessor's Office^c Federal Deposit Insurance Corporation

Note: In accordance with Proposition 117, The Arizona Property Tax Assessed Valuation Amendment, property taxes are calculated based on the limited property value beginning with tax year 2015.

Town of Gilbert, Arizona
System Development Fees
Fiscal Year 2024

System Development Fee Type	Beginning Balance	System Development Fees Collected	Other Revenue	Expenditures	Ending Balance
Police	\$ 3,709,916	\$ 1,693,776	\$ 202,579	\$ (3,521,002)	\$ 2,085,269
Fire	(5,864,026)	1,385,058	11,276	(2,981,987)	(7,449,679) ^a
General Government	-	101,202	5,078	(106,280)	-
Parks and Recreation	35,377,521	7,948,998	1,764,832	(3,667,370)	41,423,981
Roads	13,899,507	3,634,882	702,673	(6,603,141)	11,633,921
Traffic Signal	13,974,152	1,296,522	674,675	(2,676,350)	13,268,999
Water	(9,477,808)	4,520,514	20,523,425	(14,687,661)	878,470
Water Resources	(15,680,640)	2,938,021	23,049	(1,631,459)	(14,351,029) ^b
Wastewater	10,630,053	1,838,009	553,656	(3,949,777)	9,071,941
Totals	\$ 46,568,675	\$ 25,356,982	\$ 24,461,243	\$ (39,825,027)	\$ 56,561,873

Equivalent Residential Unit

Wastewater system development fee - Greenfield	\$ 2,856
Wastewater system development fee - Neely	\$ 157

Source: Gilbert Finance & Management Services Department

^a The negative ending balance for the fire system development fees is funded by the general fund. The general fund had a cash balance of \$340,036,909 at June 30, 2024.

^b The negative ending balance for the water resources system development fees are funded by the water replacement and repair fund. The water replacement and repair fund had a cash balance of \$92,063,348 at June 30, 2024.

**Town of Gilbert, Arizona
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Initial Year Collections					Cumulative Collections				
	Tax Levy	County Resolutions	Net Tax Levy	Current Collections	Percent of Levy	County Resolutions	Net Tax Levy	Delinquent Collections	Total Collections	Percent of Levy
2015	\$ 19,487,085	\$ (72,483)	\$ 19,414,602	\$ 19,230,809	99.05 %	\$ (128,928)	\$ 19,358,157	\$ 126,738	\$ 19,357,547	100.00 %
2016	19,495,256	(32,290)	19,462,966	19,286,314	99.09	(83,434)	19,411,822	124,984	19,411,298	100.00
2017	20,913,149	(80,844)	20,832,305	20,645,301	99.10	(142,292)	20,770,857	125,054	20,770,355	100.00
2018	21,667,785	(53,647)	21,614,138	21,411,196	99.06	(87,156)	21,580,629	168,611	21,579,807	100.00
2019	22,353,420	(44,819)	22,308,601	22,129,563	99.20	(100,692)	22,252,728	120,302	22,249,865	99.99
2020	24,017,440	(28,727)	23,988,713	23,702,115	98.81	(36,693)	23,980,747	276,091	23,978,206	99.99
2021	25,917,731	(28,414)	25,889,317	25,661,002	99.12	(50,547)	25,867,184	202,509	25,863,511	99.99
2022	27,784,120	(87,560)	27,696,560	27,432,417	99.05	(91,415)	27,692,705	251,980	27,684,397	99.97
2023	29,686,793	(85,585)	29,601,208	29,316,884	99.04	(85,585)	29,601,208	192,931	29,509,815	99.69
2024	31,514,100	(191,281)	31,322,819	30,971,115	98.88	(191,281)	31,322,819	-	30,971,115	98.88

Source: Maricopa County Assessor

**Town of Gilbert, Arizona
Principal Property Taxpayers
Fiscal Year 2024**

<u>Principal Taxpayer</u>	<u>Type of Business</u>	<u>Limited Property Valuation</u>	<u>As % of Gilbert's Total Limited Property Valuation</u>
Westcor SanTan Village LLC	Shopping Center	\$ 16,720,972	0.52%
American Furniture Warehouse Co	Retail	7,768,530	0.24
SP TIC 3 LLC/SP TIC 2 LLC/SP TIC 1 LLC/ETAL	Real Estate Development / Holdings	7,405,836	0.23
BCI IV Gilbert Commerce Park LLC	Real Estate Development / Holdings	5,958,390	0.19
IH6 Property Phoenix LP	Real Estate Development / Holdings	5,909,264	0.18
Gilbert Gateway Towne Center Holdings LLC	Real Estate Development / Holdings	5,518,101	0.17
Target Corporation	Retail	5,439,857	0.17
LIV Northgate LLC	Real Estate Development / Holdings	7,087,368	0.22
Breit Olympus MF Redstone LLC	Real Estate Development / Holdings	5,526,743	0.17
Vestar Crossroads Gilbert LLC	Real Estate Development / Holdings	5,114,771	0.16
Breit Olympus MF Vistara LLC	Real Estate Development / Holdings	5,342,358	0.17
AZ Flats at San Tan Apartments LLC	Real Estate Development / Holdings	5,301,587	0.16
Salt River Project (T&D)	Utility	10,341,592	0.32
Eastgroup Properties LP	Real Estate Development / Holdings	4,879,288	0.15
SanTan MP LP	Real Estate Development / Holdings	4,759,362	0.15
Frankel Family Trust	Real Estate Development / Holdings	6,955,789	0.22
Eleven San Tan LLC	Real Estate Development / Holdings	6,833,583	0.21
USCIF Artis Park Lucero Venture	Real Estate Development / Holdings	6,748,223	0.21
TGA Germann Road Apartments LLC	Real Estate Development / Holdings	6,264,482	0.19
Epicerter Residential Owner	Real Estate Development / Holdings	6,120,000	0.19
Elevation SanTan Apartments LLC	Real Estate Development / Holdings	5,694,165	0.18
PS Mountain West LLC	Real Estate Development / Holdings	5,465,488	0.17
2350 South Wade Drive Investors LLC	Real Estate Development / Holdings	5,323,215	0.17
Acero Val Vista LLC	Real Estate Development / Holdings	5,247,516	0.16
Smiths Food & Drug Centers Inc	Retail	4,989,582	0.16
	Total	<u>\$ 162,716,062</u>	<u>5.06%</u>

Source: Maricopa County Assessor. Top taxpayers based on Net Assessed Limited Property Value of Real and Secured Personal Property for tax year 2024.

Notes:

Information included for current fiscal year only as this is what is required for continuing disclosure requirements for Gilbert's bond issues.

Only the top 24 taxpayer's information was available at the time of this report.





Gilbert, Arizona
Finance & Management Services

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