



CITY OF SURPRISE
Regular City Council Meeting
16000 N. Civic Center Plaza
Surprise, AZ 85374

Tuesday, February 18, 2025 @ 6:00 PM
COUNCIL CHAMBERS

A. Call To Order

Any prayer or invocation that may be offered before the start of the Regular Council Meeting is a voluntary offering by a private resident of Surprise; has not been previously reviewed or approved by City Council or City staff; should not be considered an endorsement of any particular religion by the City or its officials, as the beliefs, viewpoint, and content are personal to the speaker; and no participation by any person in attendance is required. A list of volunteers is maintained by the office of the City Clerk and interested persons should contact the Clerk's Office for further information.

B. Roll Call

C. Pledge of Allegiance

D. Proclamation and Community Acknowledgements

E. City Manager Report

The City Manager may present a brief summary of current events, including recognition of community members, employees, and programs, pursuant to A.R.S. § 38-431.02(K). The City Council will not discuss or take action on any matter within the City Manager Report.

F. City Clerk Report

- | | | | |
|----|----------|---|---------------------------------|
| 1. | Internal | Consideration and action to appoint Mark McCall to fill the vacancy on the Library Advisory Commission with term expiration June 30, 2027. | Kristi Passarelli
City Clerk |
| 2. | Internal | Consideration and action to appoint Michael Wallace to fill the vacancy on the Parks & Recreation Advisory Commission with term expiration June 30, 2025. | Kristi Passarelli
City Clerk |
| 3. | Internal | Consideration and action to appoint Michael Tree to fill the vacancy on the Veterans Disability & Human Services Commission with term expiration June 30, 2027. | Kristi Passarelli
City Clerk |

G. Regular City Council Meeting Agenda

CONSENT AGENDA:

- | | | | |
|----|------------|---|---------------------------------|
| 4. | Internal | Consideration and action to approve the February 4th, 2025 City Council Retreat Minutes; February 4th, 2025 Regular City Council Meeting Minutes; and February 10th, 2025 City Council Retreat Minutes | Kristi Passarelli
City Clerk |
| 5. | District 1 | Consideration and action declaring to enlarge an existing lighting improvement district known as City of Surprise, Arizona, AUSTIN RANCH WEST PARCEL 6 #143 pursuant to A.R.S. § 48-616 for the purpose of purchasing facilities and energy for lighting the public streets; Resolution #2025-09. | Kristin Tytler
Public Works |
| 6. | District 3 | Consideration and action declaring to enlarge an existing lighting improvement district known as City of Surprise, Arizona, SU-AutoshowEast3216 pursuant to A.R.S. § 48- | Kristin Tytler
Public Works |

616 for the purpose of purchasing facilities and energy for lighting the public streets; Resolution #2025-10.

- | | | | |
|----|----------|---|---|
| 7. | Citywide | Consideration and action pertaining to approval of Amendment No. 1 to the Independent Contractor Agreement between the City of Surprise and Arizona Community Action Association for the Utility Assistance Program, an amendment to the Fiscal Year Contract Awarding Authority List, and approval of a Fiscal Year budget amendment moving budget in the amount of \$15,000 to provide APS utility bill assistance; Resolution 2025-24. | Jennifer Cornelius
Human Svcs and
Comm Vitality |
|----|----------|---|---|

REGULAR AGENDA ITEM - PUBLIC HEARING:

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

- | | | | |
|-----|----------|---|---|
| 8. | Citywide | Presentation and discussion pertaining to the fiscal year 2024 annual audit and Annual Comprehensive Financial Report and associated reports. | Andrea Davis
Erick Martin
Finance |
| 9. | Internal | Consideration and action by City Council determining, in accordance with A.R.S. § 9-481(H), that the City of Surprise has complied with A.R.S. § 41-1494, an Arizona law which prohibits a state agency, including cities, from requiring, or expending public funds on, certain training, orientation or therapy; Resolution #2025-03. | Erick Martin
Finance |
| 10. | Citywide | Consideration and action pertaining to approval of an amendment to Chapters 26 and 58 of the Surprise Municipal Code relating generally to business and solid waste licenses; Ordinance No. 2025-03. | Andrea Davis
Finance |

H. Call To The Public

INSTRUCTIONS: In order to address the City Council, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the City Clerk before the meeting begins. You may also [fill out the Call to the Public form online](#) If submitting form electronically, please submit to City Clerk at least one hour before the meeting start time.

Note: A.R.S. 38-431.01(H)- During this time members of the public may address City Council only on issues within the jurisdiction of the City Council which are not an item on the agenda. At the conclusion of the open call, City Council may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

Approval of items on the Consent Agenda – all items with an asterisk (*) are considered to be routine matters and will be enacted by one motion and one roll call vote to the City Council. There will be no separate discussion on these items unless a Councilmember requests, in which event the item will be removed from the consent agenda and considered in its normal sequence on the agenda.

Please be aware that Council Members may not discuss or respond to matters raised during call to the public that are not specifically identified on the agenda. Council Members may however, in their discretion, discuss or respond to relevant matters raised during a noticed public hearing or agenda item.

- I. Other Business and Future Agenda Items
- J. City Council Reports
- K. Executive Session

For information Purposes; Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, but for only the following purposes:

- discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- discussion or consideration of records exempt by law from public inspection (A.R.S. §38-401.03 (A)(2));
- discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03 (A)(3));
- discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. §38-431.03 (a)(4));
- discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03 (A)(5)); or
- discussion, consultation or consideration for international and interstate negotiations or for negotiations by a city or town, or its designated representatives, with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city or town. A.R.S. §38-401.03 (A)(6)).
- discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

Confidentiality Requirements Pursuant to A.R.S. §38-431.03(C)(D): Any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney by agreement of the City Council, or as otherwise ordered by a court of competent jurisdiction.

The council may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3).

- | | | | |
|-----|-------------|--|-------|
| 11. | Internal | Consideration and action to recess into executive session for discussion and consultation with the City's attorneys to consider its position and receive legal advice pertaining to current litigation pursuant to A.R.S. §§ 38-431.03 and 04. | Legal |
| 12. | Internal | Consideration and action to recess into Executive Session for discussion pertaining to security plans and procedures for Council Chambers and meeting rooms at City Hall pursuant to A.R.S. § 38-431.03(A)(9). | Legal |
| L. | Adjournment | | |

KRISTI PASSARELLI, CITY CLERK

POSTED: Thursday, February 13th, 2025 @ 10:00 AM

SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR CLERK@SURPRISEAZ.GOV, BY NO LATER THAN 24 HOURS IN ADVANCE OF THE REGULAR SCHEDULED MEETING TIME.



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person:
District: Internal

Consent: No	Regular: No	Public Hearing: No	Report/Discussion: No
-------------	-------------	--------------------	-----------------------

Agenda Wording:

Invocation

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department:
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No	Regular: No	Public Hearing: No	Report/Discussion: No
-------------	-------------	--------------------	-----------------------

Agenda Wording:
City Manager sub-text

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: Internal

Consent: No Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action to appoint Mark McCall to fill the vacancy on the Library Advisory Commission with term expiration June 30, 2027.

Motion:

I move to approve the recommendation for appointment of Mark McCall to the Library Advisory Commission with term expiration of June 30, 2027.

Background:

This vacancy is a result of the resignation of Jill Thomsen as of November 08, 2024. The Nomination Committee held interviews for multiple applicants and unanimously recommended Mark McCall.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: Internal

Consent: No Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action to appoint Michael Wallace to fill the vacancy on the Parks & Recreation Advisory Commission with term expiration June 30, 2025.

Motion:

I move to approve the recommendation for appointment of Michael Wallace to the Parks & Recreation Advisory Commission with term expiration of June 30, 2025.

Background:

This vacancy is a result of the resignation of Brad Stallings as of October 28, 2024. The Nomination Committee held interviews for multiple applicants and unanimously recommended Michael Wallace.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: Internal

Consent: No Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action to appoint Michael Tree to fill the vacancy on the Veterans Disability & Human Services Commission with term expiration June 30, 2027.

Motion:

I move to approve the recommendation for appointment of Michael Tree to the Veterans Disability & Human Services Commission with term expiration of June 30, 2027.

Background:

This vacancy is a result of the resignation of Shawna Daigle as of November 14, 2024. The Nomination Committee held interviews for multiple applicants and unanimously recommended Michael Tree.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: Internal

Consent: Yes Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action to approve the February 4th, 2025 City Council Retreat Minutes; February 4th, 2025 Regular City Council Meeting Minutes; and February 10th, 2025 City Council Retreat Minutes

Motion:

I move to approve the February 4th, 2025 City Council Retreat Minutes; and February 4th, 2025 Regular City Council Meeting Minutes.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. 020425 City Council Retreat Minutes DRAFT
 2. 020425 Regular City Council Meeting Minutes DRAFT
 3. 021025 City Council Retreat Minutes DRAFT
-



**CITY OF SURPRISE
City Council Retreat
16000 N. Civic Center Plaza
Surprise, AZ 85374**

**Tuesday, February 4, 2025 @ 4:30 PM
Community Room**

A. Call To Order

Mayor Sartor called the City Council Retreat of February 4th, 2025 to order at 4:30 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

B. Roll Call

In attendance with Mayor Sartor were Vice Mayor Jack Hastings, Council members Nick Haney, Earle Greenberg, Patrick Duffy, Johnny Melton and Chris Judd.

C. Pledge of Allegiance

Mayor Sartor led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

E. City Manager Report

1. City Manager sub-text

F. City Clerk Report

G. Regular City Council Work Session Agenda

1. CONSENT AGENDA:

2. REGULAR AGENDA ITEM - PUBLIC HEARING:

3. REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1. Discussion pertaining to the City Council Strategic Plan

City Manager, Bob Wigenroth, kicked off the Council Retreat. He talked about constructing a Strategic Plan from scratch, and the willingness of the current council to start something new. He explained the process for the exercise to provide their "top area of focus".

Round 1 - Mayor Sartor talked about prioritizing Public-Safety. Vice-Mayor Hastings prioritized Public-Safety with focus on employees. Councilmember Duffy prioritized Parks & Recreation. Councilmember Melton Prioritized Transportation focus on egress. Councilmember Greenberg prioritized Fiscal Responsibility. Councilmember Judd prioritized outdoor experiences. Councilmember Haney prioritized Transportation.

Round 2 - Vice-Mayor Hastings next priority was Fiscal Responsibility. Councilmember Duffy said Transportation. Councilmember Melton talked about Public Safety specifically wireless coverage. Councilmember Greenberg said Transportation. Councilmember Judd talked said Water. Councilmember Haney talked about proactive planning for Public Safety. Mayor Sartor said his second one would be Transportation.

Round 3 - Councilmember Duffy said Public Safety. Councilmember Melton said Water. Councilmember Greenberg said Public Safety. Councilmember Judd said Economic

Development. Councilmember Haney said Community Experience. Mayor Sartor said Economic Development. Vice-Mayor Hastings said Economic Development - D5 City Center.

Round 4 - Councilmember Melton said Economic Development - Heritage District. Councilmember Greenberg said Community Experience. Councilmember Judd said Public Safety. Councilmember Haney said Government Transparency. Mayor Sartor said Community Experience. Vice-Mayor Hastings said Transportation. Councilmember Duffy said Economic Development.

Round 5 - Councilmember Greenberg said Economic Development. Councilmember Judd said Fiscal Responsibility. Councilmember Haney said Economic Development with emphasis on technology. Mayor Sartor said Veteran's Initiatives. Vice-Mayor Hastings said Community Experience. Councilmember Duffy said Water. Councilmember Melton said Fiscal Responsibility.

Round 6 - Councilmember Judd said Transportation. Councilmember Haney said Water. Mayor Sartor said Government Transparency emphasis on the web services. Vice-Mayor Hastings said education. Councilmember Duffy said Fiscal Responsibility. Councilmember Melton said Community Growth. Councilmember Greenberg said Community Growth. Councilmember Judd added taking care of staff or Employee Retention. Councilmember Haney seconded Employee Retention.

Round 7 - Councilmember Haney said Fiscal Responsibility. Mayor Sartor said Fiscal Responsibility. Vice-Mayor Hastings said Government Transparency. Councilmember Duffy said Government Transparency. Councilmember Melton said Community Experience. Councilmember Greenberg said Public Transportation. Councilmember Judd said Government Transparency - GIS website.

City Manager Wigenroth talked about the groupings of priorities, and engaged in a discussion to streamline results. The top categories were Public Safety, Community Experience, Transportation, Fiscal Responsibility, Economic Development, Government Transparency, and Water. They further talked about the similarities of categories and sub categories.

City Manager Wigenroth explained how the next steps in the exercise would work more as an open discussion for each area of focus to identify what council wanted to be continued or what could be improved upon beginning with Public Safety.

Vice-Mayor Hastings wanted more Police Officers. Mayor Sartor wanted more training facilities and opportunities. Councilmember Duffy talked about Response Times and maintaining or improving. Councilmember Melton asked how to reduce dead zones for wireless communication for first responders. Councilmember Greenberg asked about identifying an algorithm to match the service level with the City's population. Councilmember Judd said it should be something specific to the community. Mayor Sartor asked if this was something that the Police already had in place? Chief Pina talked about the number of officers per resident. He talked about where they had previously pulled data to justify the levels currently in place. Mayor Sartor talked about preparedness for emergencies. Vice-Mayor Hastings wanted to add employee safety resources. Councilmember Haney talked about being proactive with employee safety ex: investing in cancer initiatives for fire dept. Councilmember Judd talked about increasing traffic enforcement. Mayor Sartor said he wanted to double down on school safety.

City Manager Wigenroth started the next conversation for Transportation. Councilmember Melton asked about egress moving eastward from the city. Councilmember Haney talked about leveraging resources and strategic investment. Mayor Sartor agreed with that, and pursuing other resources and partnerships. They talked about pursuing innovative financial opportunities. Councilmember Duffy talked about Pedestrian Safety - crosswalks. Councilmember Judd talked about shopping center design. Mayor Sartor asked about adding safe routes to school. Councilmember Greenberg talked about electric bicycles. Councilmember Judd talked about strategic long-term planning. Councilmember Haney

asked about continual investment in streets.

City Manager Wingenroth then directed the discussion to Community Experience. Councilmember Judd said he wants more programmable and larger parks. Mayor Sartor asked about working with developers. Councilmember Judd talked about engaging in a conversation with the developers about the type of parks. Mayor Sartor said he agreed. He talked about partnering with private entities. Vice-Mayor Hastings talked about Sports and Tourism and signature events. Councilmember Judd said he would like to see more community events and building upon themed events. Councilmember Duffy talked about partnerships, but asked about keeping up with the City's own demand. Councilmember Judd said previous partnerships have been a disaster. Mayor Sartor said they need to find some way to fund everything. Councilmember Greenberg talked about pursuing the Vista. Mayor Sartor asked about programming McMicken Dam. Councilmember Judd said they have an IGA framework but it was going to be a while, but that they should plan on what to do. Councilmember Haney asked about expanding the programming so as not to turn away residents wanting to participate in programs.

City Manager Wingenroth moved the conversation to Fiscal Responsibility. Mayor Sartor asked what the term means as it's ambiguous. Councilmember Judd said to him it meant growing revenue through sales tax and economic development. Vice-Mayor Hastings asked about lowering property taxes. He asked what percentage of the budget does property tax compose? He gave example of Maricopa County lowering small percentage each year. Councilmember Haney talked about protecting revenue sources that fund services. Councilmember Melton said they have to react whenever legislation does something that catches the City off guard. Mayor Sartor talked about having a review of programs, regularly scheduled to determine value/effectiveness of the program. Vice-Mayor Hastings talked about the balance of services and revenue. Councilmember Judd talked about police and fire services being provided for property tax to justify it. Vice-Mayor Hastings asked about the cost of having to publish the statutory public notices regarding the taxes.

Mayor Sartor thanked the staff.

H. Other Business and Future Agenda Items

I. City Council Reports

J. Executive Session

1. Executive Session Items

2. Executive Disclaimer - Part 1

3. Executive Disclaimer - Part 2

4. Executive Disclaimer - Part 3

K. Adjournment

Motion: To Adjourn

Initiated By: Nick Haney

Seconded By: Jack Hastings

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle

Greenberg
No: None
Abstain: None

Vote Result: Passed
Meeting adjourned at 5:40 PM

Kevin Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

CERTIFICATION:

I, Kristi Passarelli, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Meeting of **Tuesday, February 4, 2025.**

Kristi Passarelli, City Clerk



CITY OF SURPRISE
Regular City Council Meeting
16000 N. Civic Center Plaza
Surprise, AZ 85374

Tuesday, February 4, 2025 @ 6:00 PM
COUNCIL CHAMBERS

A. Call To Order

Mayor Sartor called the Regular Council Meeting of February 4th, 2025 to order at 6:00 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

1. Invocation

Jerry Henige, led an Invocation.

B. Roll Call

In attendance with Mayor Sartor were Vice Mayor Jack Hastings, Council members Chris Judd, Earle Greenberg, Patrick Duffy, Johnny Melton and Nick Haney

C. Pledge of Allegiance

Ashton Ranch Middle School led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

Mayor Sartor proclaimed it was Future Business Leaders of America Week.

E. City Manager Report

City Manager, Bob Wigenroth, came to present Joann Estfan. Joann introduced the Youth Council Members.

Alice Bachman, Willow Canyon High school

Kayla Vargas, Valley Vista High school

2. City Manager sub-text

3. Reports

F. City Clerk Report

4. Reports

G. Regular City Council Meeting Agenda

5. CONSENT AGENDA:

Councilmember Greenberg, wanted a change to the minutes for item 10 from the previous meeting.

Motion: To Approve (With Minutes Revision)

Initiated By: Jack Hastings

Seconded By: Nick Haney

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

1. Consideration and action to approve the January 21st 2025 Regular City Council Meeting Minutes; January 21st 2025 Regular City Council Work Session Minutes, January 21st 2025 Executive Meeting Minutes, and January 14th, 2025 Special Council Meeting Executive Minutes.
2. Consideration and action pertaining to acceptance of a grant award from FEMA and approval of a Fiscal Year 2025 budget amendment moving budget in the amount of \$354,000 for firefighter training; Resolution #2025-05.
3. Consideration and action pertaining to approval of an amendment to the Intergovernmental Agreement with Maricopa County, an amendment to the Fiscal Year 2025 Contract Award Authority List, and approval of a Fiscal Year 2025 budget amendment moving budget in the amount of \$4,300 to provide Community Action Program (CAP) services; Resolution #2025-18.
4. Consideration and action pertaining to the approval of the Memorandum of Understanding between the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the City of Surprise Police Department to provide one AZ P.O.S.T. certified sworn law enforcement officer to the ATF Firearms Crimes Investigative Task Force on a full-time basis. Resolution 2025-14; RFLS 9855.
6. REGULAR AGENDA ITEM - PUBLIC HEARING:
5. Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 325019, requested by Navayogasingam Thuraisingam, for Native Grill & Wings for Series 12 Liquor License. Native Grill & Wings is located at 13929 W Waddell Rd Surprise, AZ 85379.

Motion: To Approve
 Initiated By: Chris Judd
 Seconded By: Patrick Duffy

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg
 No: None
 Abstain: None

Vote Result: Passed

6. Presentation and discussion regarding the Surprise 295 Annexation, Case FS24-0623. In accordance with Arizona Revised Statutes 9-471(A)(3), a public hearing is required to be held after filing a blank petition within the last ten days of the thirty-day waiting period.

Chris Sexton, came to present this item. She talked about the Vicinity Map, Existing Boundaries, Proposed Annexation, and Annexation Steps.

Councilmember Greenberg asked, about the dimensions of the lot? Chris said they are at least 55 feet wide.

7. REGULAR AGENDA ITEM - NON-PUBLIC HEARING:
7. Presentation and discussion pertaining to proposed updates to the Comprehensive Citywide Fee Schedule.

Chief Financial Officer, Andrea Davis, came to present this item. She talked about User Fees,

Cost Recovery, Public Notices, Updates, Department Changes, Community Development & HSCV Updates, CD & Parks and Rec Updates, and Timelines.

Vice-Mayor Hastings, talked about fees increasing. He asked about what fees could be eliminated? He asked about the appeals fee? and who would be paying for that? Lloyd said it would primarily be the developers. Vice-Mayor Hastings said he liked the fee for this instance, and development paying for itself. Vice-Mayor Hastings asked about lap lane rental? and lap swimming? Holly said it depends on the pool and age of the individual. Vice-Mayor Hastings asked about a Veterans Discount in the future. He also talked about lowering the fees for residents vs non residents. Andrea said that certain fees are cost recovery. She talked about a non resident not paying tax to the city and the cost meant to recover that.

Councilmember Melton asked about two new fees for the water department? Michael Boule said the fees are new fees and renewal fees.

Mayor Sartor asked how the fees are calculated? Andrea said it depends on whose paying the fee. She said they talk about the direct cost of the program and demands for certain services.

H. Call To The Public

Alex Christ, a Surprise Resident, came to ask about the fees and lack of public comment. He also talked about the future of the City.

I. Other Business and Future Agenda Items

Councilmember Judd asked about having the City Manger bring an Ordinance about dealing with people who use City services to harass or bully their neighbors. Vice-Mayor Hastings seconded it.

J. City Council Reports

Councilmember Haney, talked about his community meeting. He thanked staff for their efforts. His said his next meeting is February 27th at Asante. He talked about being subscribed to his text alerts and the tools for teachers donations.

Councilmember Greenberg, said he will be having two district meetings on Wednesday the 5th at the Grand and another on Friday at 11:30 AM. He said the topic would be about Cyber Security.

Councilmember Duffy, talked about his previous meet and greet at the stadium. He talked about his next meet and greet at the new fire station 309.

Councilmember Melton talked about a Garbage Truck fire that happened at Coyote Lakes, and the City's response. His said next meeting is next week at Sun Village, and on the 5th at the OTS.

Vice-Mayor Hastings talked about the successful meet and greets. He said he was looking forward to the next retreat and the Strategic Plan.

Councilmember Judd, talked about the White Tanks Mountain Conservancy and the Diamond in the Desert Fundraiser. He also talked about the meet and greets moving around the City.

Mayor Sartor, talked about his first month in office.

K. Executive Session

8. Executive Session Items

9. Executive Disclaimer - Part 1

10. Executive Disclaimer - Part 2

11. Executive Disclaimer - Part 3

L. Adjournment

Motion: To Adjourn

Initiated By: Nick Haney

Seconded By: Chris Judd

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

Meeting Adjourned at 6:49 PM

Kevin Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

CERTIFICATION:

I, Kristi Passarelli, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Meeting of **Tuesday, February 4, 2025.**

Kristi Passarelli, City Clerk



CITY OF SURPRISE
City Council Retreat
16000 N. Civic Center Plaza
Surprise, AZ 85374
Monday, February 10, 2025 @ 4:30 PM
Community Room

A. Call To Order

Mayor Sartor called the City Council Retreat of February 10th, 2025 to order at 4:30 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

B. Roll Call

In attendance with Mayor Sartor were Vice Mayor Jack Hastings (Late), Council members Earle Greenberg (Late), Chris Judd, Patrick Duffy, Johnny Melton and Nick Haney.

C. Pledge of Allegiance

Mayor Sartor led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

E. City Manager Report

1. City Manager sub-text

F. City Clerk Report

G. Regular City Council Work Session Agenda

1. CONSENT AGENDA:

2. REGULAR AGENDA ITEM - PUBLIC HEARING:

3. REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1. Discussion pertaining to the City Council Strategic Plan

City Manager, Bob Wingenroth, came to present this item. He went over the focus areas of the topics brought up previously, Economic Development, Water, and Transparency. He also talked about a Mission Statement, and Core Values. He also gave some fun facts about the City.

City Manager, Bob Wingenroth, launched the discussion into Economic Development. Councilmember Duffy prioritized keeping Commercial. Councilmember Judd talked about keeping the current Economic Development staff. Mayor Sartor talked about creating business diversity. Councilmember Haney said to empower the Economic Development team to continue the good work. Councilmember Melton asked about the effectiveness of measuring the heritage district in the Original Town Site? Councilmember Judd asked about developing industrial areas and head of household jobs. Councilmember Haney talked about leveraging the commercial parcels in the Northwest part of the City. Mayor Sartor talked about a potential major corporate headquarters in the west valley and bringing more highly skilled workers to the City (Work Force Development). Councilmember Duffy asked about increasing entertainment within the City? Mayor Sartor asked if entertainment fell more within community experience? Mayor Sartor talked about places for parks and the private sector. City Manager Wingenroth led in a discussion about empowering and trusting staff to develop the City. (Councilmember Greenberg came in at 4:49 PM). Councilmember Greenberg asked for elaborations of entertainment business. Mayor Sartor also talked about empowering the Economic Development team with technology. Councilmember

Greenberg talked about getting more manufacturing in the City. Economic Development Director, Jeanine Jerkovic, said there are more big sites in north surprise, but they need more infrastructure which would be more challenging immediately but possible down the road. They talked about different sizes of manufacturing sites. (Vice-Mayor Hastings arrived at 4:53 PM). Vice-Mayor Hastings talked about taking calculated risks. He then asked if the contingency fund was cut for Economic Development? Jeanine said it was removed, but talked about potential uses for Economic Development projects. Vice-Mayor Hastings said he would be in favor of an Economic Development contingency fund. Assistant Director, Mike Hoover, talked about how planning can really avoid the use of such a fund. Vice-Mayor Hastings said it should be a high priority.

City Manager Wingenroth, led the direction of the discussion to Water. Councilmember Judd said he wants to see investigation of new water sources. Vice-Mayor Hastings talked about water conservation. Councilmember Judd talked about maintaining designations and leading the West Valley. Mayor Sartor talked about becoming more of a regional player. Councilmember Judd talked about making other utilities company as designated providers. Councilmember Greenberg talked about increasing prices to provide exceptional service and reducing consumption. Councilmember Haney talked about protecting and maintaining existing water resources. Councilmember Greenberg asked about new sources of water? Water Director, Michael Boule, talked about potential opportunities to achieve that goal. Councilmember Greenberg asked about the number of miles to the Sea of Cortez. Michael Boule said it was about 350 miles. He also said these were great priorities that council brought forth. Councilmember Judd talked about having protections in place, to avoid agencies that would waste water. They then talked about turf reductions and capabilities of the City to refuse developments. City Manager Wingenroth asked about any water concerns from the Fire Dept? Chief Espie said the only concern he has is some water flow from El Mirage in the Original Town Site.

City Manger Wingenroth then directed the conversation to Government Transparency. Mayor Sartor asked what it truly meant? City Manager Wingenroth summarized as an example something the City is already doing but what would Council want the public to feel about the City's Openess and ability to receive information in general. Councilmember Duffy said they need to make it easier for people to know what the City is doing. City Manager Wigenroth asked about signage for developments? Community Development Director, Lloyd Abrams, talked about the upcoming digital map that will be used for the whole city. Councilmember Melton talked about his district's newsletter, and how to effectively relay to the community. Vice-Mayor Hastings talked about simplifying and summarizing complex things for the community to digest. Mayor Sartor asked about how the City operates and connecting things digitally online. Councilmember Haney talked about the challenges of being a multi-generational City; he also talked about increasing community involvement. Councilmember Greenberg talked about the difference between people wanting to be involved versus not caring. Mayor Sartor talked about taking a holistic look at different technologies being used and putting things online, and potentially making a marketing campaign. Vice-Mayor Hastings talked about making data driven decisions. He said he likes the "follow your money" site, but that the design could be updated. Councilmember Haney talked asked if the City was missing folks or was it a distrust of the government? Marketing and Communications Director, Virginia Mungovan, said there is often a lot of people who simply don't engage if there isn't a problem. She talked about quarterly sending out material within the City, and the efforts to connect with citizens. Vice-Mayor Hastings said it was not easy to sign up for email lists within the City. Virginia said there are some limitations from CivicPlus that impact the ease of signing up for certain things. Council then talked about CivicPlus and potentially improving the site, and online security. Councilmember Haney said he would like to continue to invest in bringing government to people.

City Manger, Bob Wingenroth, talked about the rough draft of the Strategic Plan and potential Mission Statement. Council said it was a good statement but lengthy, they talked about key points and the message they wanted to deliver. They talked about the differences between a mission statement versus a Vision statement. City Manager Wingenroth talked about having values in the prior version but not necessary for new version. Councilmember Judd said he liked

the part that talked about Quality of Life. Councilmember Greenberg talked about certain key phrases listed, he discussed Public Safety with Council. Councilmember Judd talked about the verbiage for Investments. Mayor Sartor said he would like both a Mission and Vision Statement. Mayor Sartor suggested Councilmember Greenberg work with staff to draft up a statement.

Mayor Sartor asked what the next step would be? City Manager Wingenroth said it would be turning all the points given into a strategy presented at a Council Meeting. He said they would get input then move it to approval. Mayor Sartor asked if they could do another retreat? Bob said it would take awhile before there would be something to review.

City Manager Wingenroth asked Chief Pena to give an update on a recent event within the City.

H. Other Business and Future Agenda Items

I. City Council Reports

J. Executive Session

1. Executive Session Items

2. Executive Disclaimer - Part 1

3. Executive Disclaimer - Part 2

4. Executive Disclaimer - Part 3

K. Adjournment

Motion: To Adjourn

Initiated By: Nick Haney

Seconded By: Jack Hastings

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

Meeting Adjourned at 5:42

Kevin Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

CERTIFICATION:

I, Kristi Passarelli, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Meeting of **Monday, February 10, 2025**.

Kristi Passarelli, City Clerk



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: Public Works
Staff Recommendations:

Contact Person: Kristin Tytler, Department Director
District: District 1

Consent: Yes	Regular: No	Public Hearing: No	Report/Discussion: No
--------------	-------------	--------------------	-----------------------

Agenda Wording:

Consideration and action declaring to enlarge an existing lighting improvement district known as City of Surprise, Arizona, AUSTIN RANCH WEST PARCEL 6 #143 pursuant to A.R.S. § 48-616 for the purpose of purchasing facilities and energy for lighting the public streets; Resolution #2025-09.

Motion:

I move to approve Resolution No. 2025-09.

Background:

AUSTIN RANCH WEST PARCEL 6 #143 was formed on November 7, 2017 (Resolution 2017-121). Since the time of formation, new parcels have been formed in and around the original SLID boundary.

We request enlarging the existing SLID to include the new parcels and extend existing boundaries to roadway centerlines. The city has verified that the Petition for the proposed street light improvement district enlargement contains the signatures of all of the real property owners in the enlargement area of the district, exclusive of mortgagees and other lien holders. 2 existing lights and 63 (estimated) new lights are proposed within this enlargement which are local, collector and will be billed to the AUSTIN RANCH WEST PARCEL 6 #143 SLID

Objective Analysis:

A SLID is a neighborhood partnership and very common practice in which property owners in a defined area agree to pay the costs to operate and maintain their immediate area's streetlights through a property tax. All new developments in the City of Surprise require a SLID. This action will enlarge an existing SLID boundary to include the remainder of the parcels not within the SLID and extend existing boundaries to roadway centerlines. The District is paid for by the levy and collection of equal apportionment of taxes based on the number and classification of properties within the District. The enlargement of the SLID will only affect the parcels joining into the District, as the valuation of the property may be increased.

Policy Compliant:

Surprise Municipal Code requires that street lighting that serves a defined area be paid for through revenues obtained from the specific area being served by such street lighting. In these instances, a Street Light Improvement District (SLID) is formed. The city strives to assure that residents are subject to

only one SLID and that the boundaries of each SLID accurately reflect the service area. This item is consistent with these objectives.

Financial Impact:

Once the SLID enlargement is illuminated, the City will begin levying the SLID to cover the additional SLID expenses. At the current time, the SLID is not incurring any expense because the SLID lights have not been illuminated, therefore there is no current financial impact.

Budget Impact:

Since the SLID enlargement is not illuminated, there is no revenue or expense budgeted in FY2025 nor are there budgets planned for FY2026 for the SLID. If the enlargement to the SLID is illuminated in FY2025 or FY2026, expenses will be charged to the SLID and recouped with a future levy.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

1. 01 Resolution 2025-09 Austin Ranch West Parcel 6 143 LID_BAC
 2. 02 Signed Petition
 3. 03 Streelight Plan
 4. 04 Streetlight Exhibit
-

RESOLUTION # 2025-09

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, DECLARING ITS INTENT TO ENLARGE THE CITY OF SURPRISE, ARIZONA, AUSTIN RANCH WEST PARCEL 6 #143 LIGHTING IMPROVEMENT DISTRICT AND ORDERING SUCH ENLARGEMENT.

WHEREAS, on November 7, 2017, the Mayor and City Council of the City of Surprise adopted Resolution No. 2017-121, ordering the formation of the CITY OF SURPRISE, ARIZONA, AUSTIN RANCH WEST PARCEL 6 #143 LIGHTING IMPROVEMENT DISTRICT (the "District") for the purpose of purchasing energy for the lighting of the public streets and parks within the District;

WHEREAS, on January 5, 2021, and November 16, 2021, the Mayor and City Council of the City of Surprise adopted Resolution Nos. 2021-04 and 2021-157, ordering the enlargement of the District;

WHEREAS, Ariz. Rev. Stat. § 48-616(M) permits the City to add new territory to an existing district, thereby enlarging the boundaries of an existing street lighting improvement district ("SLID") when proper notice has been given to the owners of property that will be added to the SLID in accordance with Ariz. Rev. Stat. Title 48, Chapter 4, Article 2;

WHEREAS, Ariz. Rev. Stat. § 48-617(A) gives the City immediate jurisdiction to adopt the resolution ordering the creation or enlargement of a SLID without the necessity of publication and posting of the resolution of intention when all owners of the real property being added to the SLID have petitioned the City to form or enlarge the SLID;

WHEREAS, the owners, exclusive of mortgagees and other lienholders, of parcels of property which adjoin the District (hereinafter referred to as "Petitioners") acting pursuant to the provisions of Ariz. Rev. Stat. §§ 48-616(M) and 48-617(A), have petitioned the City to enlarge the District to include said property legally described in Exhibit A to this resolution, with such boundaries as shown in the map in Exhibit B to this resolution; and

WHEREAS, the City has verified and finds that Petitioners are the owners, exclusive of mortgagees and other lienholders, of all of the real property being added to the boundary of the District.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Surprise, Arizona, as follows.

Section 1. *District Enlargement.* The CITY OF SURPRISE, ARIZONA, AUSTIN RANCH WEST PARCEL 6 #143 LIGHTING IMPROVEMENT DISTRICT shall be

Resolution No. 2025-09

RFLS # 9846

Rev 04/24

enlarged by the addition of the property described in Exhibit A and shown in Exhibit B, which are incorporated by reference hereto into this Resolution. The annual tax levied upon the District will remain in full force and effect, and, commencing in fiscal year 2025 will apply to the District as enlarged by this Resolution.

Section 2. *Recording and Filing of this Resolution.* A certified copy of this Resolution shall be recorded in the office of the Maricopa County Recorder. Certified copies of this Resolution shall also be filed with the Arizona Department of Revenue and the Maricopa County Assessor's office pursuant to Ariz. Rev. Stat. § 42-17257.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Robert Wingo, City Attorney

EXHIBIT A
Legal Description

October 14, 2024

“EXHIBIT A”
LEGAL DESCRIPTION FOR
NORTH COPPER CANYON PARCEL 7.1 & PARCEL A
STREET LIGHT IMPROVEMENT DISTRICT

That part of the Southwest Quarter of Section 11, Township 4 North, Range 2 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the Brass Cap Flush marking the Southwest Corner of said Section 11, from which the Aluminum Cap stamped LS 35832 marking the West Quarter Corner of said Section 11, bears North 0°05'51" East, a distance of 2633.88 feet;

Thence North 00°05'51" East, along the West line of said Southwest Quarter, a distance of 1905.78 feet;

Thence South 89°54'09" East, departing said West line, a distance of 40.00 feet;

Thence South 43°32'41" East, a distance of 28.95 feet to a point on a 225.00 foot radius non-tangent curve, whose center bears South 05°21'38" West;

Thence Easterly, along said curve, through a central angle of 02°58'22", a distance of 11.67 feet;

Thence South 81°39'59" East, a distance of 79.56 feet;
Thence North 49°12'41" East, a distance of 26.18 feet;
Thence South 82°36'15" East, a distance of 50.41 feet;
Thence North 00°05'22" East, a distance of 95.00 feet;
Thence South 89°45'08" East, a distance of 794.26 feet;
Thence South 00°14'52" West, a distance of 115.00 feet;
Thence South 89°45'08" East, a distance of 43.08 feet;
Thence South 00°14'52" West, a distance of 50.00 feet;
Thence South 45°14'52" West, a distance of 28.28 feet;

Thence South 00°14'52" West, a distance of 113.51 feet to the beginning of a tangent curve of 55.00 foot radius, concave Northwesterly;

Thence Southwesterly, along said curve, through a central angle of 51°53'27", a distance of 49.81 feet;

Thence South 19°20'26" East, a distance of 24.68 feet;
Thence South 00°14'52" West, a distance of 103.47 feet;
Thence South 89°45'08" East, a distance of 90.00 feet;
Thence South 00°14'52" West, a distance of 115.00 feet;

Thence South 29°10'29" West, a distance of 7.84 feet to a point on a 55.00 foot radius non-tangent curve, whose center bears South 29°10'29" West;

Thence Southeasterly, along said curve, through a central angle of 61°04'24", a distance of 58.63 feet;

Thence South 00°14'52" West, a distance of 225.00 feet to the beginning of a tangent curve of 55.00 foot radius, concave Northwesterly;

Thence Southwesterly, along said curve, through a central angle of 58°58'43", a distance of 56.62 feet;

Thence South 33°40'55" East, a distance of 15.51 feet;
Thence South 00°14'52" West, a distance of 240.00 feet;

Thence South 34°10'40" West, a distance of 11.29 feet to a point on a 55.00 foot radius non-tangent curve, whose center bears South 34°10'40" West;

Thence Southeasterly, along said curve, through a central angle of 56°04'13", a distance of 53.82 feet;

Thence South 00°14'52" West, a distance of 515.01 feet;
Thence South 46°24'24" East, a distance of 28.34 feet;

Thence South 00°14'52" West, a distance of 55.07 feet to a point on a 427.50 foot radius non-tangent curve, whose center bears North 02°25'57" West;

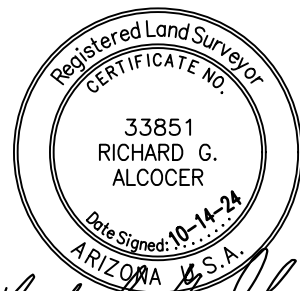
Thence Westerly, along said curve, through a central angle of 02°40'50", a distance of 20.00 feet;

Thence North 89°45'08" West, a distance of 4.67 feet;

Thence South 00°14'52" West, a distance of 172.21 feet to a point on the South line of said Southwest Quarter;

Thence North 89°37'59" West, along said South line, a distance of 1130.01 feet to the Point of Beginning.

Containing 2,170,587 Square Feet or 49.830 Acres, more or less.



NORTH COPPER CANYON
PARCEL 7.1 & PARCEL A
SLID

BOUNDARY

N00°05'50.75" E 1905.78

S89°54'09.25" E 40.00

S43°32'40.57" E 28.95

RB = S05°21'38.12" W

R = 225.00

A = 11.67

C = 11.67

CB = S83°09'10.67" E

D = 02°58'22.41"

T = 5.84

RB = N08°20'00.53" E

S81°39'59.47" E 79.56

N49°12'41.12" E 26.18

S82°36'14.96" E 50.41

N00°05'21.71" E 95.00

S89°45'07.57" E 794.26

S00°14'52.43" W 115.00

S89°45'07.57" E 43.08

S00°14'52.43" W 50.00

S45°14'52.43" W 28.28

S00°14'52.43" W 113.51

RB = N89°45'07.57" W

R = 55.00

A = 49.81

C = 48.13

CB = S26°11'36.08" W

D = 51°53'27.30"

T = 26.76

RB = S37°51'40.27" E

S19°20'26.09" E 24.68

S00°14'52.43" W 103.47

S89°45'07.57" E 90.00

S00°14'52.43" W 115.00

S29°10'28.84" W 7.84

RB = S29°10'28.84" W

R = 55.00

A = 58.63

C = 55.89

CB = S30°17'19.37" E

D = 61°04'23.58"

T = 32.44

RB = S89°45'07.57" E

S00°14'52.43" W 225.00

RB = N89°45'07.29" W

R = 55.00

A = 56.62

C = 54.15

CB = S29°44'14.32" W

D = 58°58'43.22"

T = 31.10

RB = S30°46'24.07" E

S33°40'54.85" E 15.51

S00°14'52.43" W 240.00

S34°10'39.70" W 11.29

RB = S34°10'39.70" W

R = 55.00

A = 53.82

C = 51.70

CB = S27°47'13.94" E
D = 56°04'12.73"
T = 29.29
RB = S89°45'07.57" E

S00°14'52.43" W 515.01

S46°24'23.64" E 28.34

S00°14'52.43" W 55.07

RB = N02°25'57.43" W
R = 427.50
A = 20.00
C = 20.00
CB = S88°54'27.50" W
D = 02°40'49.86"
T = 10.00
RB = S00°14'52.43" W

N89°45'07.57" W 4.67

S00°14'52.43" W 172.21

N89°37'59.05" W 1130.01
to

Area = 2170587 49.830 AC

Closing course: 349°07'05.14" 0.008783

Misclosure: 1/722,953

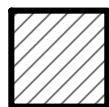
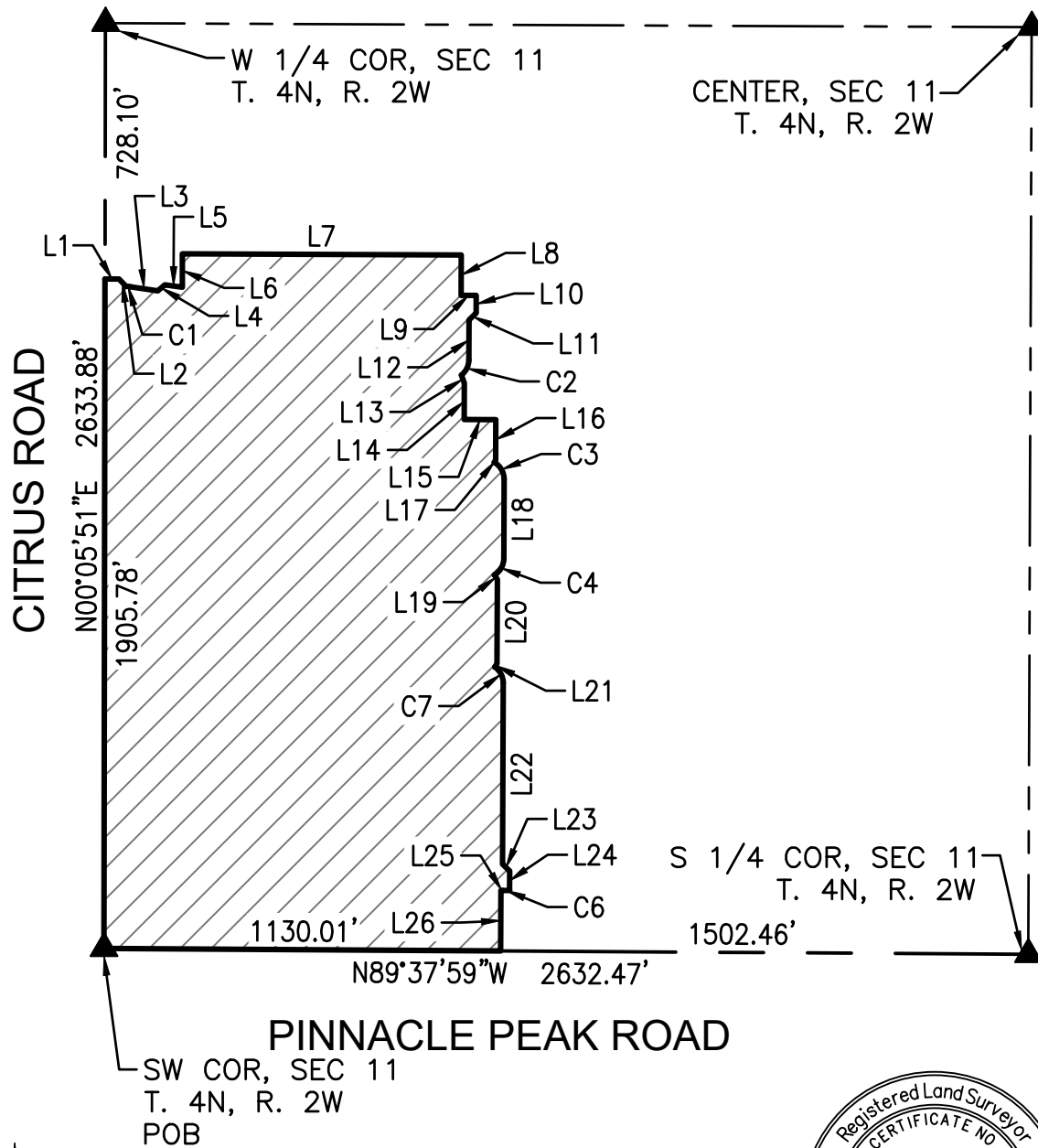
North Error: 0.008625
East Error: 0.001658



EXHIBIT B

Map

"EXHIBIT B"



STREET LIGHT
= IMPROVEMENT
DISTRICT AREA



Richard G. Alcocer

SCALE 1" = 500'

EXHIBIT

4550 North 12th Street
Phoenix, Arizona 85014
Phone 602-264-6831
<http://www.cvlci.com>

NORTH COPPER CANYON
PARCEL 7.1 & PARCEL A

STREET LIGHT IMPROVEMENT DISTRICT



1 OF 3

"EXHIBIT B"

CURVE TABLE

NO.	LENGTH	RADIUS	DELTA	TANGENT	CHORD	CHORD-BEARING
C1	11.67'	225.00'	002°58'22"	5.84	11.67	S83°09'11"E
C2	49.81'	55.00'	051°53'27"	26.76	48.13	S26°11'36"W
C3	58.63'	55.00'	061°04'24"	32.44	55.89	S30°17'19"E
C4	56.62'	55.00'	058°58'43"	31.10	54.15	S29°44'14"W
C6	20.00'	427.50'	002°40'50"	10.00	20.00	S88°54'27"W
C7	53.82'	55.00'	056°04'13"	29.29	51.70	S27°47'14"E



Richard G. Alcocer

NO SCALE	NORTH COPPER CANYON PARCEL 7.1 & PARCEL A	
EXHIBIT		
4550 North 12th Street Phoenix, Arizona 85014 Phone 602-264-6831 http://www.cvlci.com	STREET LIGHT IMPROVEMENT DISTRICT	2 OF 3

"EXHIBIT B"

LINE TABLE		
NO.	BEARING	LENGTH
L1	S89°54'09"E	40.00'
L2	S43°32'41"E	28.95'
L3	S81°39'59"E	79.56'
L4	N49°12'41"E	26.18'
L5	S82°36'15"E	50.41'
L6	N00°05'22"E	95.00'
L7	S89°45'08"E	794.26'
L8	S00°14'52"W	115.00'
L9	S89°45'08"E	43.08'
L10	S00°14'52"W	50.00'
L11	S45°14'52"W	28.28'
L12	S00°14'52"W	113.51'
L13	S19°20'26"E	24.68'
L14	S00°14'52"W	103.47'
L15	S89°45'08"E	90.00'

LINE TABLE		
NO.	BEARING	LENGTH
L16	S00°14'52"W	115.00'
L17	S29°10'29"W	7.84'
L18	S00°14'52"W	225.00'
L19	S33°40'55"E	15.51'
L20	S00°14'52"W	240.00'
L21	S34°10'40"W	11.29'
L22	S00°14'52"W	515.01'
L23	S46°24'24"E	28.34'
L24	S00°14'52"W	55.07'
L25	N89°45'08"W	4.67'
L26	S00°14'52"W	172.21'



Richard G. Alcocer

NO SCALE	NORTH COPPER CANYON PARCEL 7.1 & PARCEL A	
EXHIBIT		
4550 North 12th Street Phoenix, Arizona 85014 Phone 602-264-6831 http://www.cvlci.com	STREET LIGHT IMPROVEMENT DISTRICT	3 OF 3

STREET LIGHT IMPROVEMENT DISTRICT PETITION ENLARGEMENT

TO THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE:

We, the undersigned, are all or a majority of the real property owners, exclusive of mortgagees and other lienholders, adjoining the district named below. We petition the City Council of the City of Surprise, Arizona, to enlarge the District to include said property legally described in Exhibit A with such boundaries as shown in the map in Exhibit B attached hereto. This petition includes a charge for maintaining the lighting facilities.

It is hereby requested that, in compliance with the Arizona Revised Statutes, the City Council adopt a Resolution of Intention to enlarge the existing District, and that unless protests are received pursuant to A.R.S. §48-579 sufficient to bar further proceedings, the City Council proceed with the improvements petitioned for herein.

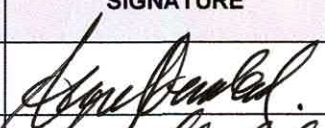
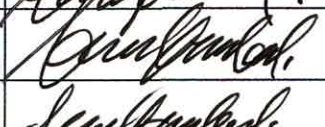
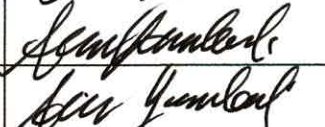
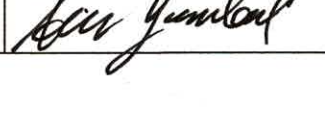
Public convenience, necessity and welfare will be promoted by the establishment of the District and the real property within the District will be benefited by the District. Additional street lighting facilities may be installed and included in the District, at no investment cost to the District, as directed by the City and as approved by Arizona Public Service and the City Engineer.

WHEREFORE, we respectfully ask that this Petition be properly filed and that the Mayor and Council of the City adopt the Resolution and take such other action as is proper, necessary and appropriate to enlarge the District and to fulfill the purposes for which the District is organized, as the Mayor and Council believe is proper and necessary.

The name of the existing street light improvements district to be enlarged:
AUSTIN RANCH WEST PARCEL 6 #143

(Leave Blank - to be assigned by City staff)

PETITIONERS: Please print and sign your name

PRINT BUSINESS/ PETITIONER'S NAME	ADDRESS OF PROPERTY OWNED WITHIN DISTRICT	ASSESSOR PARCEL #	SIGNATURE
Courtland Homes, Inc	N/A	503-70-013A	
Austin Ranch, LLC	N/A	503-70-008G	
Austin Ranch, LLC	N/A	503-70-008H	
Austin Ranch, LLC	N/A	503-70-008F	



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

AVAILABILITY

This rate schedule is applicable to those portions of cities, towns and unincorporated communities in which the Company does a general retail electric business and where the Company has installed a multiple or series street lighting system of adequate capacity for the service to be rendered after December 1, 2021.

DESCRIPTION

E-68 is a rate that is applicable for lighting public streets, alleys, thoroughfares, public parks and playgrounds from dusk to dawn by use of Company's facilities.

TIME PERIOD

Dusk: The time between sunset and full night when photocontrol senses the lack of sufficient sunlight and turns on the lights.

Dawn: The time between full night and sunrise when a photocontrol senses sufficient sunlight to turn off lights.

CHARGES

The monthly bill will consist of the fixture and energy charges, plus adjustments:

I. FIXTURES (Includes Mounting Arm, if applicable)

Fixture Equipment Class	Fixture Cost Range (per unit)	Investment by Company Monthly Rate	Investment by Others Monthly Rate
A	\$ 1 - \$ 430	\$ 6.54	\$ 2.00
B	\$ 431 - \$ 520	\$ 7.97	\$ 2.43
C	\$ 521 - \$ 640	\$ 9.56	\$ 2.97
D	\$ 641 - \$ 820	\$ 11.43	\$ 3.80
E	\$ 821 - \$ 910	\$ 14.46	\$ 4.21
F	\$ 911 - \$ 1,010	\$ 16.10	\$ 4.67
G	\$ 1,011 - \$ 1,110	\$ 17.60	\$ 5.14
H	\$ 1,111 - \$ 1,250	\$ 19.95	\$ 5.77
I	\$ 1,251 - \$ 1,520	\$ 22.20	\$ 7.00
J	\$ 1,521 - \$ 1,670	\$ 27.06	\$ 7.70
K	\$ 1,671 - \$ 1,850	\$ 30.08	\$ 8.52

Note: Equipment cost greater than \$1,850 shall be Customer owned.



II. ENERGY (Includes Generation, T&D, RCS & SBC)

Monthly energy charges for new lighting fixtures will be determined by the Company using the following method:

$$\text{kWh} = \text{Fixture Wattage} \times 344 \text{ Usage Hours}$$

$$\text{Generation} = \text{kWh per month} \times \$0.07575$$

$$\text{T\&D, RCS, System Benefits} = \text{kWh per month} \times \$0.03068$$

NOTES:

1. Investment by Company. These rates are applicable where the Company provides the initial investment to purchase and install all facilities necessary for street lighting service. The Company will own, operate, and maintain the street lighting system.
2. Investment by Others. These rates are applicable in those instances where the requesting entity or individual purchases and installs the street lighting facilities at their own expense and in accordance with Company specifications. These rates will also apply in the instance where the Customer provides a non-refundable advance to the Company to cover the Company's cost of purchasing and installing the street lighting system. The Company retains ownership of the street lighting system and provides operation and maintenance for all facilities.
3. Listed kWh reflects the assigned monthly energy usage for each type of fixture and are used to determine any applicable transmission, system benefit, distribution, energy, and adjustment charges.
4. kWh is determined by the company based on the rated wattage of the equipment and an established average hourly usage per month.
5. The monthly rate for all new poles includes up to 300 feet of overhead secondary wire, or up to 300 feet of underground secondary wire if the Customer provides earthwork and conduit (excluding the underground to overhead transition).



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

III. POLES

			CHARGES		
			Height	Investment by Company	Investment by Others
A. Anchor Base Mounted (Flush)	Round Steel	1 Simplex Adapter	12 ft.	\$ 14.69	\$ 2.03
			22 ft.	\$ 16.53	\$ 2.28
			25 ft.	\$ 17.89	\$ 2.47
			30 ft.	\$ 20.55	\$ 2.83
			32 ft.	\$ 21.59	\$ 2.86
		2 Simplex Adapters	12 ft.	\$ 15.66	\$ 2.16
			22 ft.	\$ 18.00	\$ 2.48
			25 ft.	\$ 18.77	\$ 2.59
			30 ft.	\$ 21.82	\$ 3.01
			32 ft.	\$ 23.27	\$ 3.21
	Square Steel	5"	13 ft.	\$ 16.84	\$ 2.31
			15 ft.	\$ 15.04	\$ 2.07
			23 ft.	\$ 17.85	\$ 2.46
			25 ft.	\$ 19.62	\$ 2.70
			28 ft.	\$ 21.78	\$ 3.00
			32 ft.	\$ 21.66	\$ 2.99
Concrete		12 ft.	\$ 50.19	\$ 6.91	
Fiberglass		12 ft.	\$ 42.50	\$ 5.85	
Decorative Transit	4"	16 ft.	\$ 41.44	\$ 5.72	
Decorative Transit	6"	30 ft.	\$ 80.01	\$ 11.02	
Hinged Poles	Square	15 ft.	\$ 15.93	\$ 1.30	
	Round	19 ft.	\$ 14.40	\$ 1.18	
B. Anchor Base Mounted (Pedestal)	Round Steel	1 Simplex Adapter	12 ft.	\$ 14.13	\$ 1.93
			22 ft.	\$ 15.98	\$ 2.20
			25 ft.	\$ 17.32	\$ 2.39
			30 ft.	\$ 20.00	\$ 2.77
			32 ft.	\$ 21.02	\$ 2.89
		2 Simplex Adapters	12 ft.	\$ 15.09	\$ 2.07
			22 ft.	\$ 16.86	\$ 2.31
			25 ft.	\$ 18.20	\$ 2.49
			30 ft.	\$ 21.26	\$ 2.92
			32 ft.	\$ 22.70	\$ 3.12
		3 Bolt Arm	32 ft.	\$ 26.09	\$ 3.58
	Square Steel	5"	13 ft.	\$ 16.29	\$ 2.25
			15 ft.	\$ 16.66	\$ 2.28
			23 ft.	\$ 17.29	\$ 2.39
			25 ft.	\$ 19.07	\$ 2.64
			28 ft.	\$ 21.19	\$ 2.92
			32 ft.	\$ 22.00	\$ 3.01



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

III. POLES (cont.)

				CHARGES		
				Height	Investment by Company	Investment by Others
C. Direct Bury	Round Steel		19 ft.	\$ 22.23	\$ 3.07	
			30 ft.	\$ 17.36	\$ 3.21	
			38 ft.	\$ 21.18	\$ 3.29	
		Self	40 ft.	\$ 26.09	\$ 4.13	
		Stepped	25 ft.	\$ 60.01	\$ 4.90	
			32 ft.	\$ 63.20	\$ 5.16	
			49 ft.	\$ 78.45	\$ 10.81	
		Square Steel	4"	34 ft.	\$ 19.15	\$ 3.32
			5"	20 ft.	\$ 18.19	\$ 3.01
	30 ft.			\$ 18.96	\$ 3.12	
	38 ft.			\$ 20.57	\$ 3.57	
	8"		28 ft.	\$ 34.33	\$ 2.79	
			32 ft.	\$ 35.89	\$ 2.94	
Decorative Transit				41 ft 6"	\$ 24.71	\$ 3.63
	Decorative Transit			47 ft.	\$ 30.79	\$ 4.53
	Steel Distribution Pole (for lighting only)			35 ft.	\$ 28.42	\$ 3.74
D. Post Top	Decorative Transit Anchor Base			16 ft.	\$ 42.33	\$ 5.81
	Gray Steel/Fiberglass			23 ft.	\$ 14.68	\$ 2.41
	Black Steel			23 ft.	\$ 16.18	\$ 2.67
	E. Existing distribution pole suitable for streetlight use				\$ 1.78	--
F. Wood	Wood Poles		30 ft.	\$ 10.80		
			35 ft.	\$ 10.80		
			40 ft.	\$ 15.00		

IV. ANCHOR BASE

		CHARGES		
		Height	Investment by Company	Investment by Others
A. Flush		4 ft.	\$ 11.96	\$ 1.65
		6 ft.	\$ 14.27	\$ 2.47
B. Pedestal		8 ft.	\$ 16.35	\$ 2.85
	For 32' Round Steel Pole only	4 ft. 6"	\$ 11.34	\$ 1.96



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

V. CHARGES FOR OPTIONAL OR ADDITIONAL COMPANY OWNED EQUIPMENT

Underground Circuit Charges	
a. Per foot of cable, installed under paving	\$ 0.19051
b. Per foot of cable, not installed under paving	\$ 0.06724

TRIP CHARGE

A \$150.00 trip charge per light will be charged when a Customer requests a disconnect or reconnect of service in order to accommodate the maintenance activities of the Customer or its designee(s) on their street lighting equipment.

ADJUSTMENTS

The bill will include the following adjustments:

1. The Renewable Energy Standard charge, Adjustment Schedule REAC-1.
2. The Power Supply Adjustment charges, Adjustment Schedule PSA-1.
3. The Transmission Cost Adjustment charge, Adjustment Schedule TCA-1.
4. The Demand Side Management Adjustment charge, Adjustment Schedule DSMAC-1.
5. Direct Access Customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge, Adjustment Schedule RCDAC-1.
6. The Tax Expense Adjustor Mechanism charge, Adjustment Schedule TEAM.
7. The Court Resolution Surcharge, Adjustment Schedule CRS-1.
8. The System Reliability Benefit Adjustment Mechanism charge, Adjustment Schedule SRB-1.
9. Any applicable taxes and governmental fees that are assessed on APS's revenues, prices, sales volume, or generation volume.



SERVICE DETAILS

1. Street lighting facilities installed under this rate schedule are of the type currently being furnished by Company as standard at the time service is initially requested. Standard facilities are those listed in the Company's Transmission and Distribution Construction Standards book.
2. The Customer's bill will not be reduced due to photocontrol or cable repair or replacement outages.
3. Non-standard facilities (non-standard being defined as any facility not listed in the Company's Transmission and Distribution Construction Standards book) do not qualify for this rate schedule. At the Company's discretion, such facilities may be served under another of the Company's rate schedules.
4. The Company will extend its standard street lighting system up to a distance of 300 feet for each additional lighting installation without cost at the request of the Customer. When the extension is underground, the customer will provide earthwork as specified in the Company's Service Schedule 3, Conditions Governing Extensions of Electric Distribution Lines and Services; or, at the applicant's request, the Company will provide such earthwork and the applicant will be required to pay a non-refundable contribution in aid of construction equal to the cost of such earthwork. Any additional extension required (over and above the first 300 feet) will be provided by Company for a contribution in aid of construction equal to the cost of the additional extension.
 - a. Extensions to isolated areas requiring a substantial extension of the electric distribution system, as opposed to an extension of the street lighting system, will require a special study to determine the terms and conditions under which the Company will undertake such an extension.
5. APS provides electric service under the Company's Service Schedules. These schedules provide details about how the Company serves its Customers, and they have provisions and charges that may affect the Customer's bill. In addition, service may be subject to special terms and conditions as provided for in a Customer contract, maintenance, or service agreement.

Saved: Wednesday, September 18, 2024 7:36:58 AM File Z:\2024\24026-Court (N. Copper Canyon P. A. & 71)\Drawings\Parcel A\24026-SL1 Drafter: Jwiley

DARCOR GENERAL NOTES

- A. LOCATIONS INDICATED FOR EXISTING UNDERGROUND UTILITIES ARE BASED ON DRAWINGS PROVIDED TO US BY THE CIVIL ENGINEER AT TIME OF DESIGN. THE CONTRACTOR SHALL BE RESPONSIBLE FOR ANY DAMAGE TO UNDERGROUND OBSTRUCTIONS AND UTILITIES ENCOUNTERED DURING CONSTRUCTION. THE CONTRACTOR IS RESPONSIBLE FOR CONTACTING BLUE-STAKE AND POT-HOLING TO VERIFY ALL EXISTING UNDERGROUND OBSTRUCTIONS.
- B. DARCOR & ASSOCIATES INC., ITS OWNERS, OR EMPLOYEES WILL NOT BE HELD RESPONSIBLE FOR ANY DAMAGE TO PROPERTY CAUSED BY OTHERS DURING OR RESULTING FROM CONSTRUCTION OF THIS PROJECT.
- C. THE ENGINEER SHALL NOT BE RESPONSIBLE FOR COORDINATING THE RELOCATION OF UTILITIES, POWER POLES, ETC.
- D. THE CONTRACTOR SHALL PROVIDE THE CITY WITH ACCURATE AS-BUILT INFORMATION INCLUDING FIELD MEASUREMENTS TO ELECTRICAL EQUIPMENT AND UNDERGROUND CONDUIT ROUTING.
- E. ANY QUANTITIES SHOWN ARE THE BEST ESTIMATE OF THE ENGINEER. THE CONTRACTOR SHALL MAKE HIS OWN INDEPENDENT ESTIMATE OF QUANTITIES AND BASE HIS BID THEREON.
- F. THE ENGINEER WILL NOT BE RESPONSIBLE FOR CONSTRUCTION MEANS, METHODS, TECHNIQUES, SEQUENCES, PROCEDURES OR SAFETY PRECAUTIONS OR PROGRAMS UTILIZED DURING CONSTRUCTION, AND WILL NOT BE RESPONSIBLE FOR THE CONTRACTOR'S FAILURE TO CARRY OUT THE WORK IN ACCORDANCE WITH THE CONTRACT DOCUMENTS.
- G. THE CONTRACTOR SHALL BE RESPONSIBLE FOR RESTORING ALL PROPERTY, LANDSCAPING, PAVING AND DRIVEWAYS THAT ARE DISTURBED DURING CONSTRUCTION TO THEIR ORIGINAL CONDITION WITH CONFORMANCE TO MAG SPECIFICATION SECTION 107.9.

THE ELECTRICAL / MAINTENANCE COSTS OF ALL STREET LIGHTS ON LOCAL AND COLLECTOR STREETS (TYPICALLY THE 41 WATT / 4,800 LUMEN AND THE 88 WATT / 8,500 LUMEN FIXTURES) ARE TO BE PAID BY THE ADJACENT PROJECT OR THE ADJACENT DEVELOPMENT'S STREET LIGHT IMPROVEMENT DISTRICT (SLID).

LED TECHNOLOGY IS CHANGING RAPIDLY. THE FIXTURES SHOWN ON THESE PLANS MAY NOT BE APPLICABLE AT TIME OF CONSTRUCTION. CONTRACTOR TO COORDINATE WITH APS AND UTILIZE THEIR CURRENT SPECIFICATION AT THE TIME OF BIDDING AND CONSTRUCTION.

ENSURE THERE IS A 1.5' CLEARANCE FROM THE EDGE OF THE SIDEWALK TO THE FACE OF THE POLE.

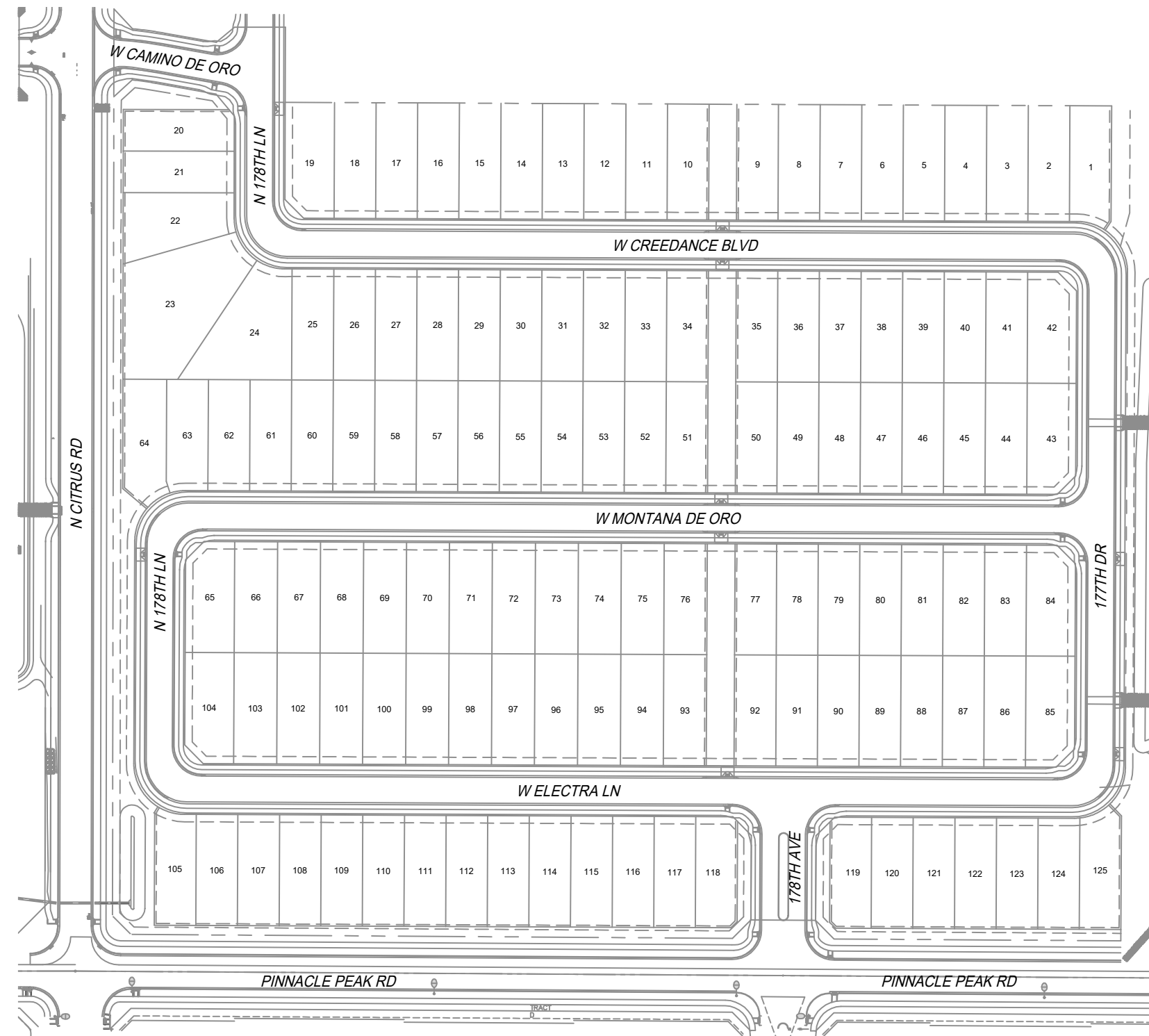
CONTRACTOR TO COORDINATE WITH APS AND UTILIZE THEIR CURRENT SPECIFICATION AT THE TIME OF BIDDING AND CONSTRUCTION.

CITY OF SURPRISE GENERAL ENGINEERING NOTES

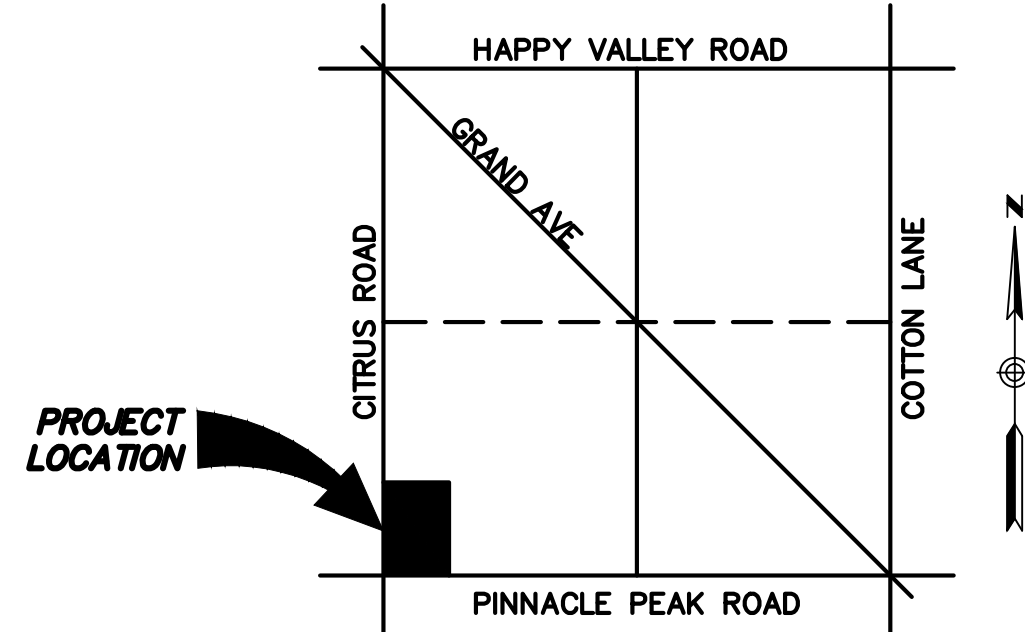
1. ALL CONSTRUCTION MUST CONFORM TO MARICOPA ASSOCIATION OF GOVERNMENT (MAG) SPECIFICATIONS AND DETAILS AND LATEST REVISIONS UNLESS OTHERWISE STATED ON PLANS.
2. THE ENGINEER WILL NOT BE RESPONSIBLE FOR CONSTRUCTION MEANS, METHODS, TECHNIQUES, SEQUENCES, OR PROCEDURES OR FOR SAFETY PRECAUTIONS OR PROGRAMS UTILIZED IN CONNECTION WITH THE WORK, AND THEY WILL NOT BE RESPONSIBLE FOR THE CONTRACTOR'S FAILURE TO CARRY OUT THE WORK IN ACCORDANCE WITH THE CONTRACT DOCUMENTS.
3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR IDENTIFYING ALL OVERHEAD AND UNDERGROUND UTILITY LOCATIONS WHERE CONSTRUCTION OCCURS. SPECIAL CARE SHALL BE TAKEN TO ENSURE THAT ALL UTILITIES ARE AVOIDED. UTILITY LOCATIONS SHOWN ON THE PLANS ARE APPROXIMATE AND NOT FOR CONSTRUCTION PURPOSES. ANY DAMAGE TO EXISTING UTILITIES SHALL BE REPAIRED AND/OR REPLACED AT THE CONTRACTOR'S EXPENSE. THE CONTRACTOR SHALL COMPLY WITH ALL CURRENT ARIZONA UNDERGROUND FACILITIES LAWS (ARIZONA REVISED STATUTES TITLE 40, CHAPTER 2, ARTICLE 6.3, SECTION 40-360.21-32). CALL ARIZONA 811 FOR FIELD LOCATION BY DIAL 811.
4. THE CITY OF SURPRISE ENGINEERING SERVICES OF PUBLIC WORKS SHALL BE NOTIFIED FORTY-EIGHT (48) HOURS PRIOR TO COMMENCEMENT OF ANY CONSTRUCTION WORK AT 623-222-6150.
5. THE ENGINEER AND APPLICABLE AGENCY MUST APPROVE, PRIOR TO CONSTRUCTION, ANY ALTERATION OR VARIANCE FROM THESE PLANS. ANY VARIATION FROM THESE PLANS SHALL BE PROPOSED AND RESUBMITTED FOR REVIEW AND APPROVAL.
6. THE CONTRACTOR SHALL PROTECT AND MAINTAIN ALL EXISTING UTILITIES ON THE SITE. ANY DAMAGE TO EXISTING UTILITIES, WHETHER SHOWN OR NOT ON THE DRAWING, SHALL BE REPAIRED/REPLACED AT THE CONTRACTOR'S EXPENSE. EXISTING SURFACE FEATURES AND FENCING SHALL BE REPLACED IN KIND.
7. ANY INSPECTION BY THE CITY, COUNTY, OR THE ENGINEER, SHALL NOT IN ANY WAY RELIEVE THE CONTRACTOR FROM ANY OBLIGATION TO PERFORM THE WORK IN STRICT COMPLIANCE WITH THE APPLICABLE CODES AND AGENCY REQUIREMENTS.
8. THE CONTRACTOR IS TO LOCATE ALL EXISTING LANDSCAPING, LANDSCAPING IRRIGATION LINES, PROPERTY MONUMENTS, FENCING OR SURFACE FEATURES PRIOR TO CONSTRUCTION. ANYTHING DISTURBED DURING CONSTRUCTION SHALL BE REPLACED IN KIND AT THE CONTRACTOR'S EXPENSE.
9. NOTHING CONTAINED IN THE CONTRACT DOCUMENTS SHALL CREATE, NOR SHALL BE CONSTRUED TO CREATE, ANY CONTRACTUAL RELATIONSHIP BETWEEN THE ENGINEER AND THE CONTRACTOR OR ANY SUBCONTRACTOR.
10. ALL CONSTRUCTION WATER USED WITHIN THE CITY OF SURPRISE WATER SERVICE AREA REQUIRES APPROVAL BY THE CITY OF SURPRISE PUBLIC WORKS DEPARTMENT AND MAY BE SUBJECT TO VOLUME AND TIME RESTRICTIONS. PLEASE SEE THE CITY OF SURPRISE CONSTRUCTION WATER GUIDELINES FOR ADDITIONAL INFORMATION. THE GUIDELINES CAN BE OBTAINED FROM THE PUBLIC WORKS DEPARTMENT AT 623-222-6000.
11. TRAFFIC CONTROL SHALL BE MAINTAINED IN ACCORDANCE WITH MAG SPECIFICATION 401, THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES, AND THE "TEMPORARY WORK ZONE TRAFFIC MANAGEMENT POLICY" (LATEST EDITION).
12. PRIOR TO FINAL APPROVAL AND ACCEPTANCE OF THE WORK, THE DEVELOPER/CONTRACTOR WILL BE REQUIRED TO CLEAN AND REPAIR ADJACENT (OFF-PROJECT) ROADWAYS USED OR DAMAGED DURING THE COURSE OF CONSTRUCTION.
13. EMERGENCY VEHICLE ACCESS (E.V.A.) MUST BE PROVIDED BY THE DEVELOPER/CONTRACTOR THROUGHOUT THE PROJECT SITE. E.V.A. ROADS AND SIGNAGE SHALL BE MAINTAINED BY THE DEVELOPER/CONTRACTOR AT ALL TIMES. SIGNAGE SHALL BE POSTED AT THE POINT OF ENTRY TO THE SITE AND AT ALL LOCATIONS WHERE A CHANGE IN DIRECTION OCCURS.
14. THE PLANS SHALL COMPLY WITH THE AMERICANS WITH DISABILITIES ACT'S ACCESSIBILITY GUIDELINES, AS PUBLISHED IN THE FEDERAL REGISTER ON SEPTEMBER 15, 2010.

STREET LIGHTING PLANS FOR NORTH COPPER CANYON VILLAGE - PARCEL A

AT
A PORTION OF THE SOUTHWEST OF SECTION 11, TOWNSHIP 4 NORTH, RANGE 2 WEST OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, CITY OF SURPRISE, MARICOPA COUNTY, ARIZONA



KEY MAP
NTS



VICINITY MAP
NTS

SHEET INDEX

SHEET	DESCRIPTION
SL1	STREET LIGHTING COVER SHEET
SL2	STREET LIGHTING LAYOUT - I
SL3	STREET LIGHTING LAYOUT - II
SL4	STREET LIGHTING DETAILS
P1	ROADWAY PHOTOMETRIC CALCULATIONS

LEGEND & QUANTITIES LIST

QUANTITY	SYMBOL	DESCRIPTION
25		41W LED (4,800 LUMENS) STREET LIGHT (LOCAL)
6		88W LED (8,500 LUMENS) STREET LIGHT (COLLECTOR)
		EXISTING STREET LIGHT

FS24-0687

SLID #su-AustinRanchWest Parcel 6 #143

CITY OF SURPRISE SIGNATURE BLOCK

THIS SET OF PLANS HAS BEEN REVIEWED FOR COMPLIANCE WITH CITY REQUIREMENTS PRIOR TO ISSUANCE OF PERMITS. THE CITY NEITHER ACCEPTS NOR ASSUMES ANY LIABILITY FOR ERRORS OR OMISSIONS. THIS COMPLIANCE APPROVAL SHALL NOT PREVENT THE CITY ENGINEER FROM REQUIRING CORRECTIONS OF ERRORS OR OMISSIONS IN PLANS FOUND TO BE IN VIOLATION OF LAW OR ORDINANCES.

APPROVED _____

CITY OF SURPRISE ENGINEER

DATE

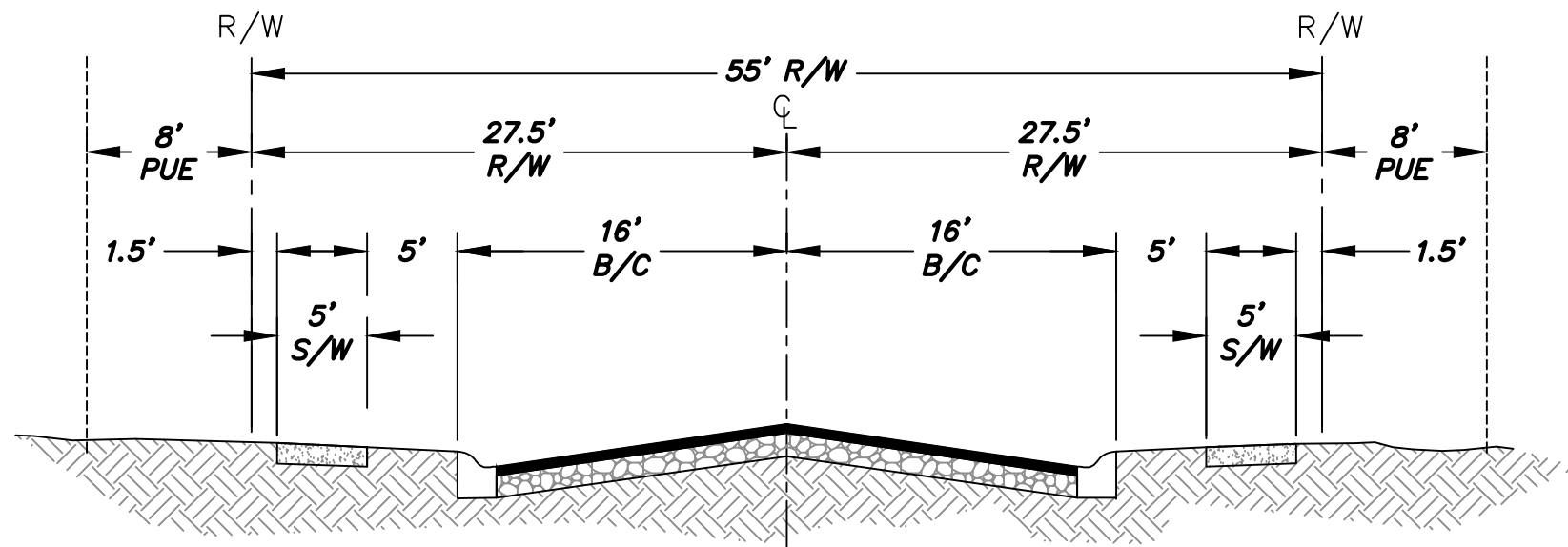
UTILITY CONFLICT COORDINATION			
UTILITY COMPANY	DATE SUBMITTED	CONTACT	RESPONSE DATE
APS	N/A	ARELI OCASIO	N/A
CITY OF SURPRISE	N/A	N/A	N/A
LIBERTY UTILITIES CORP	N/A	N/A	N/A
CENTURYLINK	N/A	KEVIN WAGNER	N/A
COX COMMUNICATIONS	N/A	CORY DAY	N/A
SOUTHWEST GAS	N/A	ARBAN LONDO	N/A

DARCOR
ELECTRICAL CONSULTING ENGINEERS
22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
Ph: (602) 795-2699
WWW.DARCORINC.COM

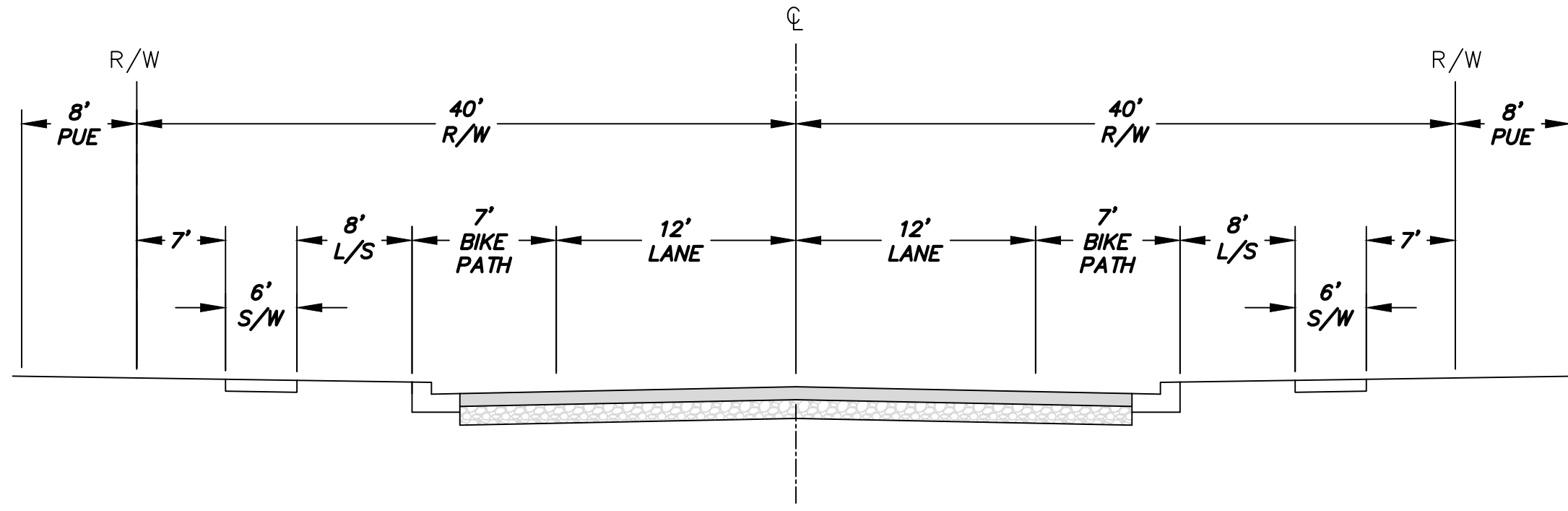
PROJECT TITLE
**NORTH COPPER CANYON
PARCEL A**

SHEET TITLE
**STREET LIGHTING
COVER SHEET**

DATE JULY 2024	DESIGNED: JLG	DWG No. SL1	SHEET 1
SCALE NONE	DRAWN: TW	PROJ No. 24026	OF 5
	CHECKED: JLG		



TYPICAL LOCAL ROAD
N.T.S



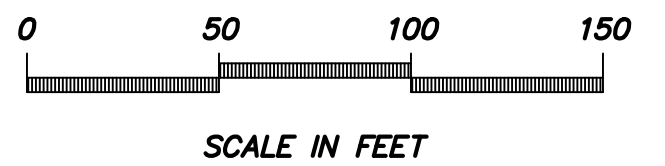
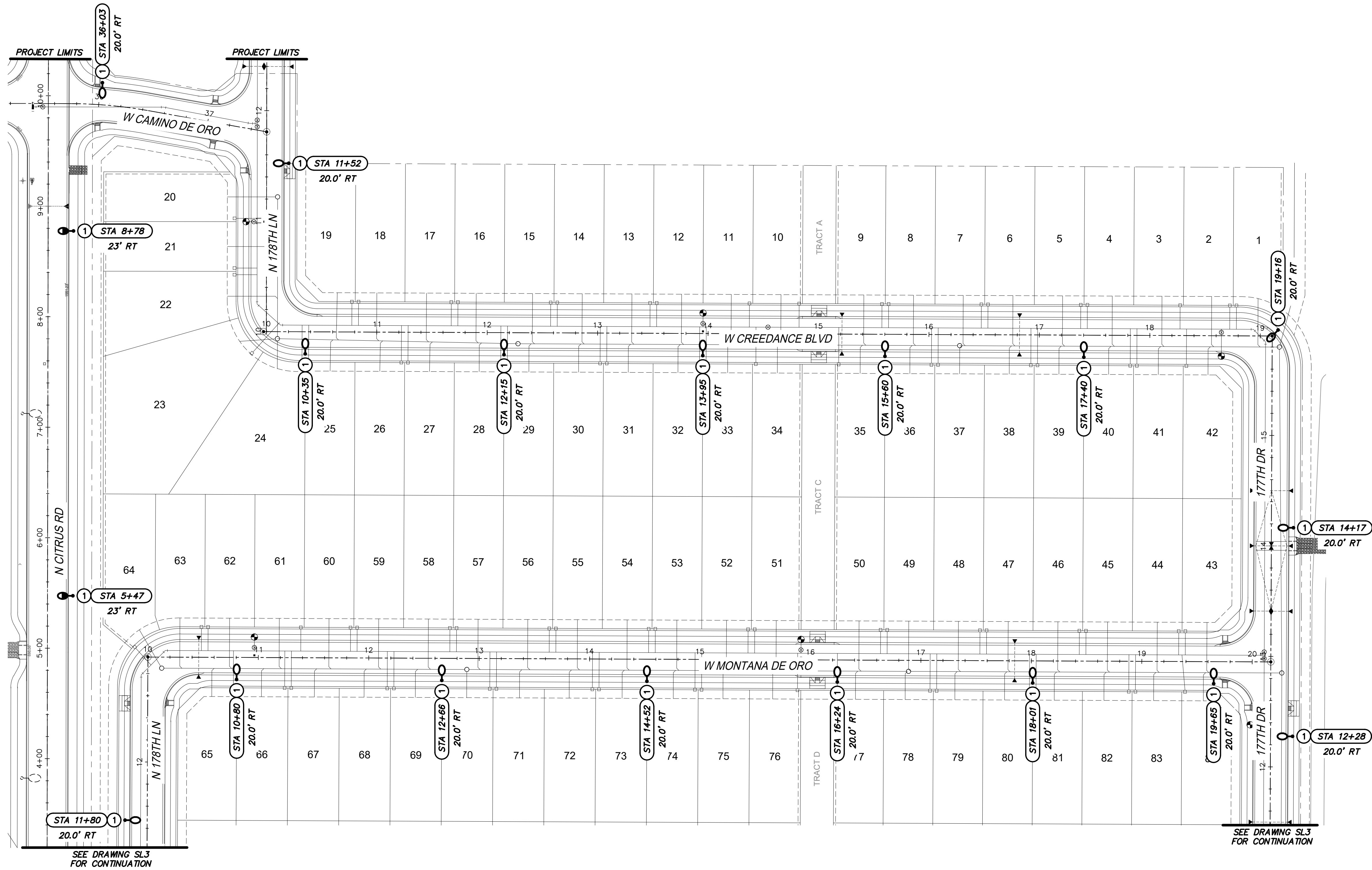
TYPICAL COLLECTOR ROAD
N.T.S

KEY NOTES

- 1 INSTALL 41W, 3000K LED (4,800 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 30'-6" DIRECT BURIED SQUARE STEEL POLE WITH A 2'-0" MAST ARM (25' MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.
- 2 INSTALL 88W, 4000K LED (8,500 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 38'-0" DIRECT BURIED SQUARE STEEL POLE WITH A 4'-0" MAST ARM (31'-6" MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.

LEGEND

- COBRAHEAD STYLE LUMINAIRE (LOCAL)
- FIRE HYDRANT
- COBRAHEAD STYLE LUMINAIRE (COLLECTOR)
- EXISTING STREET LIGHT

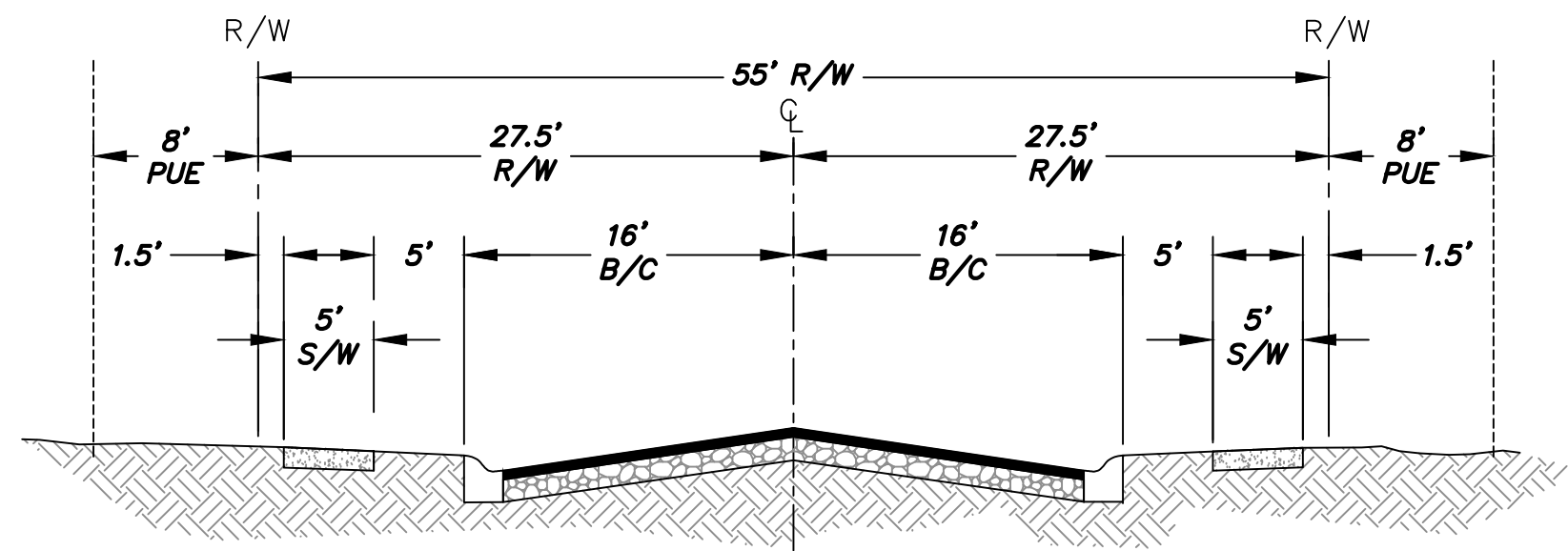


DARCOR
ELECTRICAL CONSULTING ENGINEERS
22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
PH: (602) 795-2699
WWW.DARCORINC.COM

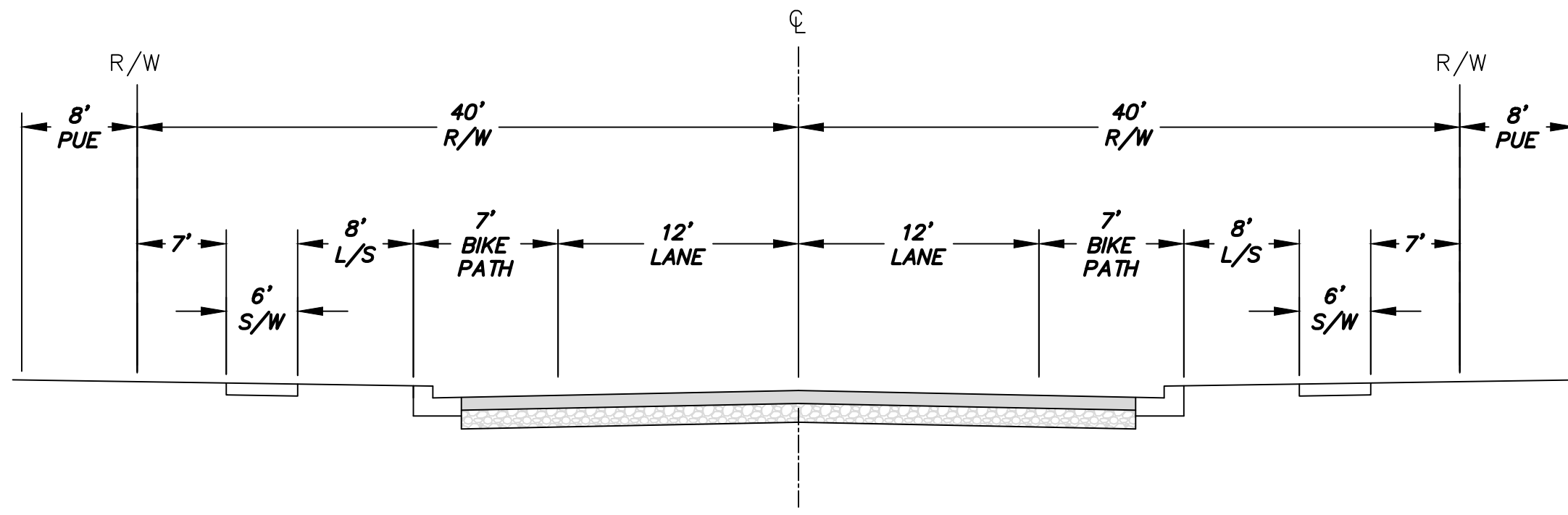
PROJECT TITLE
**NORTH COPPER CANYON
PARCEL A**

SHEET TITLE
STREET LIGHTING LAYOUT - I

DATE JULY 2024	DESIGNED: JLG	DWG No. SL2	SHEET 2
SCALE NONE	DRAWN: TW	PROJ No. 24026	OF 5
	CHECKED: JLG		



TYPICAL LOCAL ROAD
N.T.S



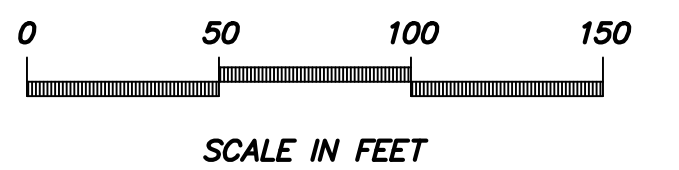
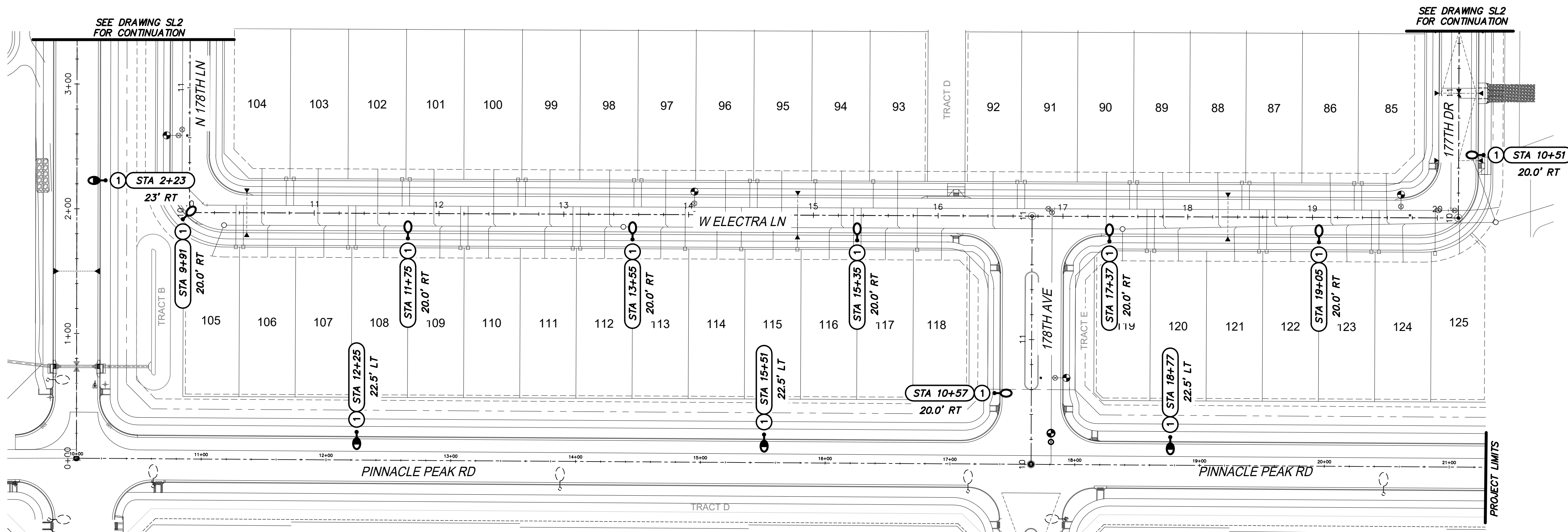
TYPICAL COLLECTOR ROAD
N.T.S

KEY NOTES

1. INSTALL 41W, 3000K LED (4,800 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 30'-6" DIRECT BURIED SQUARE STEEL POLE WITH A 2'-0" MAST ARM (25' MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.
2. INSTALL 88W, 4000K LED (8,500 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 38'-0" DIRECT BURIED SQUARE STEEL POLE WITH A 4'-0" MAST ARM (31'-6" MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.

LEGEND

- COBRAHEAD STYLE LUMINAIRE (LOCAL)
- FIRE HYDRANT
- COBRAHEAD STYLE LUMINAIRE (COLLECTOR)
- EXISTING STREET LIGHT



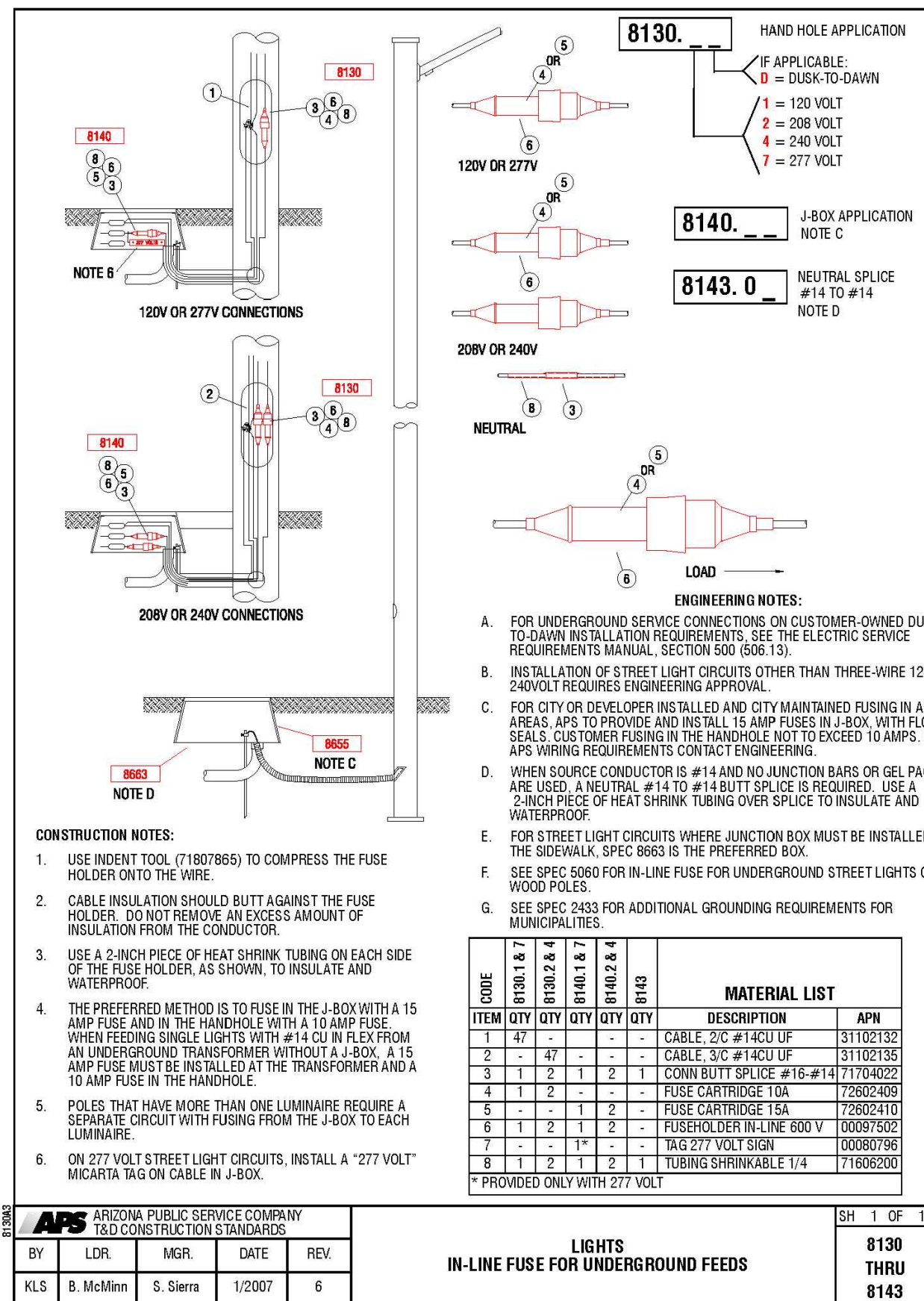
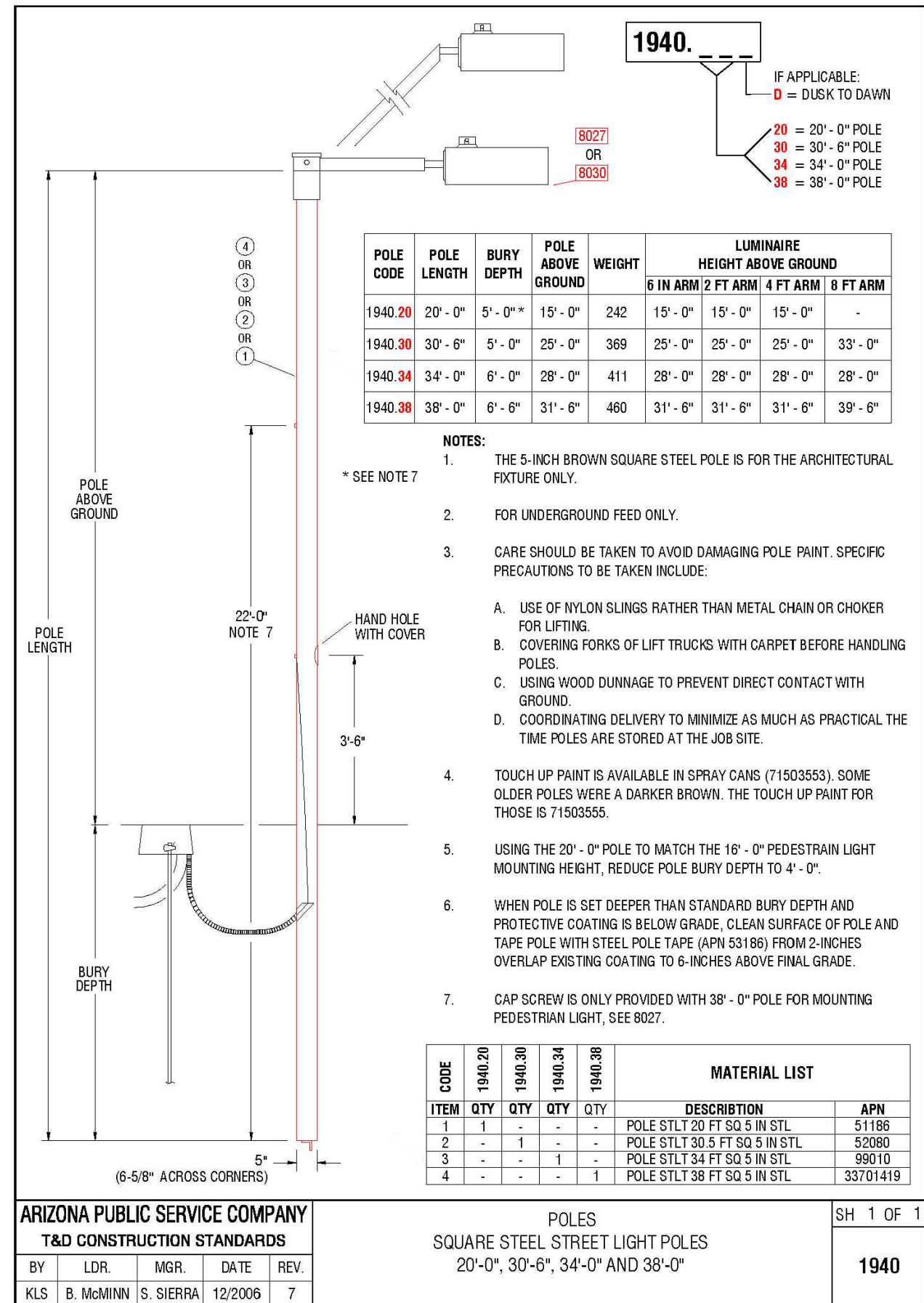
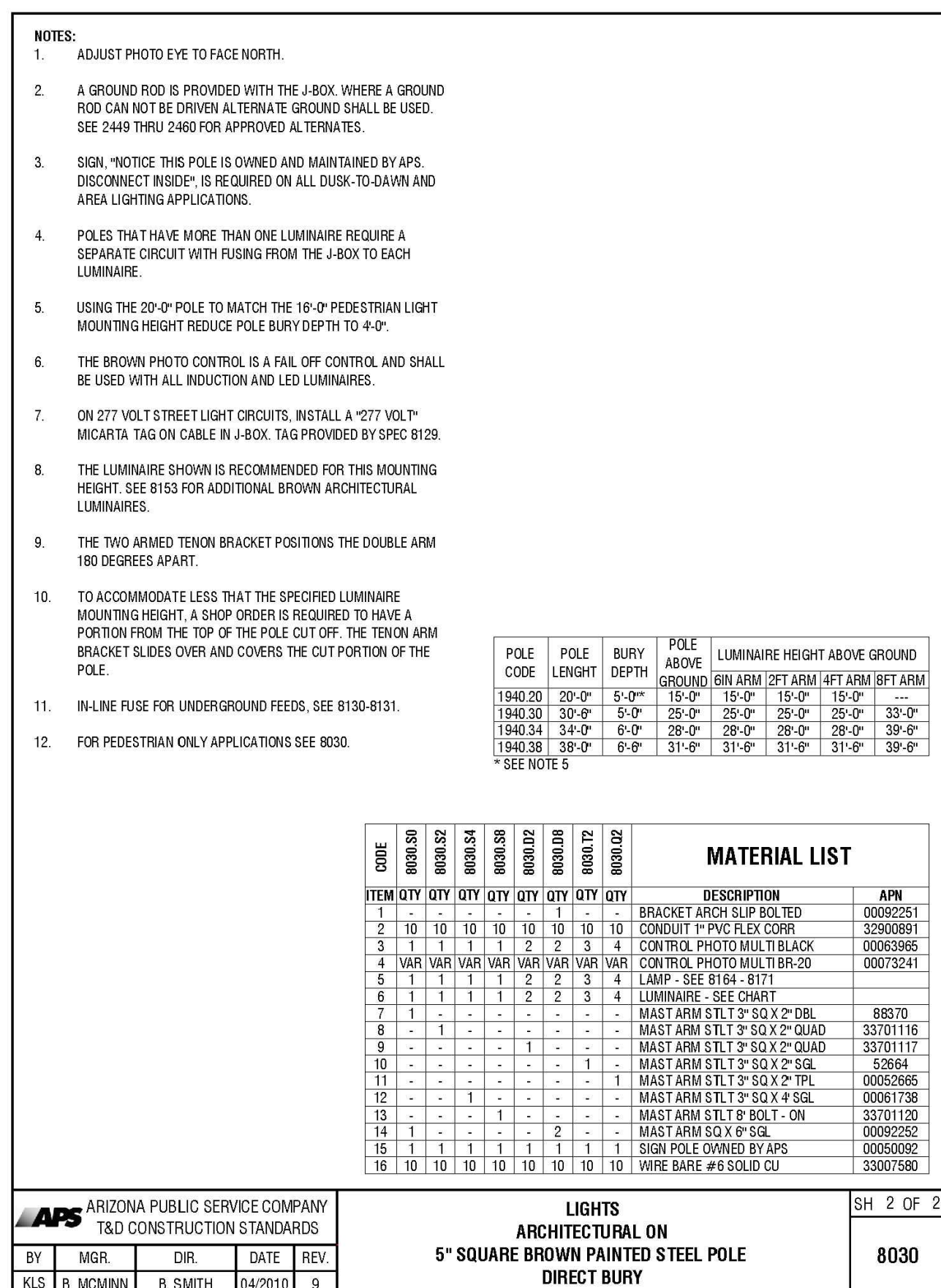
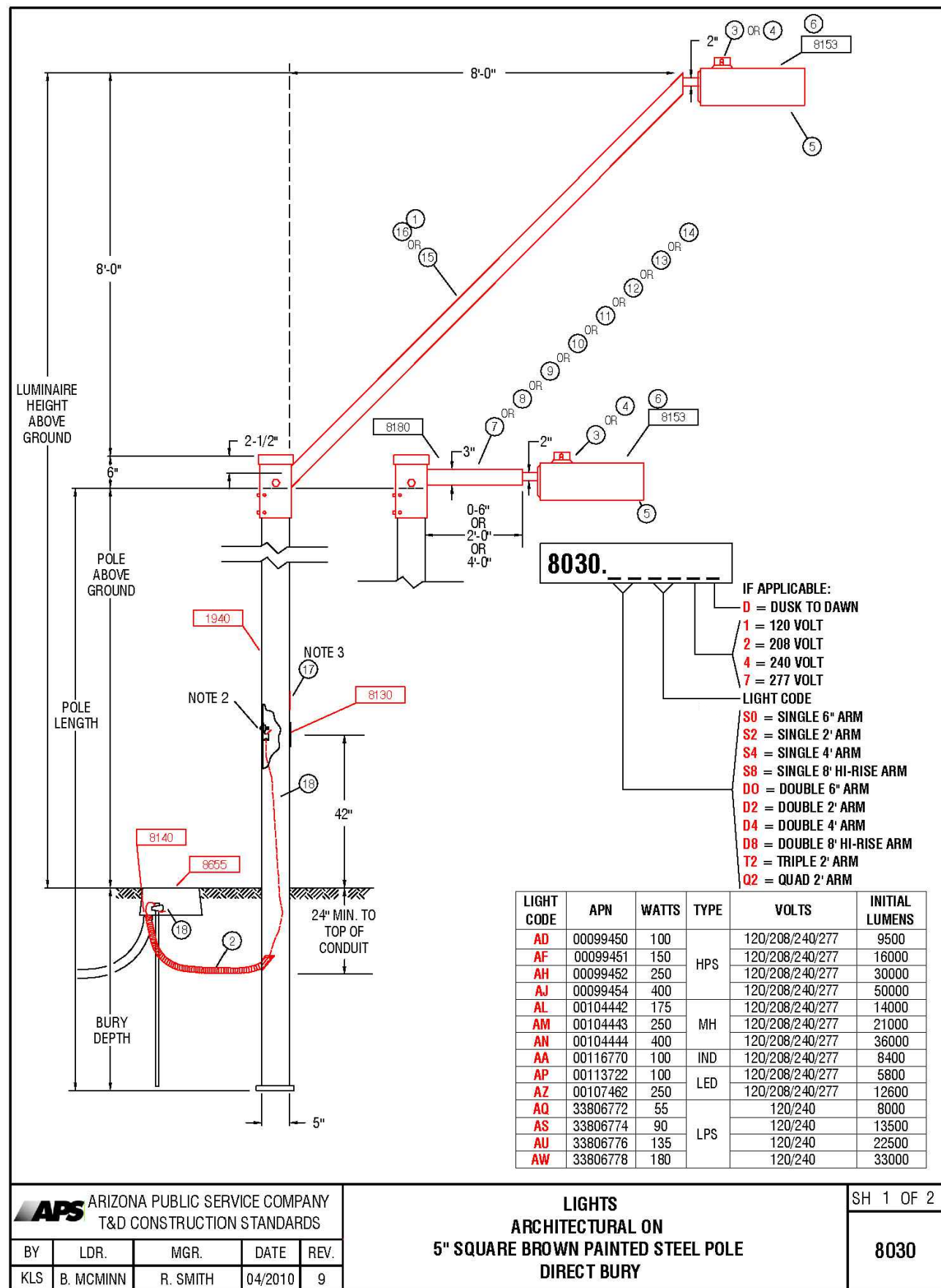
DARCOR
ELECTRICAL CONSULTING ENGINEERS
22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
PH: (602) 795-2699
WWW.DARCORINC.COM

PROJECT TITLE
**NORTH COPPER CANYON
PARCEL A**

SHEET TITLE
STREET LIGHTING LAYOUT - II

DATE JULY 2024	DESIGNED: JLG	DWG No. SL3	SHEET 3
SCALE NONE	DRAWN: TW	PROJ No. 24026	OF 5
	CHECKED: JLG		





CONTRACTOR TO COORDINATE WITH APS AND UTILIZE THEIR CURRENT SPECIFICATION AT THE TIME OF BIDDING AND CONSTRUCTION.

NOTE:
DETAILS ON THIS SHEET
HAVE BEEN PREPARED
AND PROVIDED BY APS

DARCOR
ELECTRICAL CONSULTING ENGINEERS

22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
Ph: (602) 795-2699
WWW.DARCORINC.COM

PROJECT TITLE
**NORTH COPPER CANYON
PARCEL A**

SHEET TITLE
**STREET LIGHTING
DETAILS**

DATE
JULY 2024

DESIGNED: JLG

DWG No.
SL4

SCALE
NONE

DRAWN: TW

CHECKED: JLG

PROJ No.
24026

BY
KLS

LDR
B. McMINN

MGR
R. SMITH

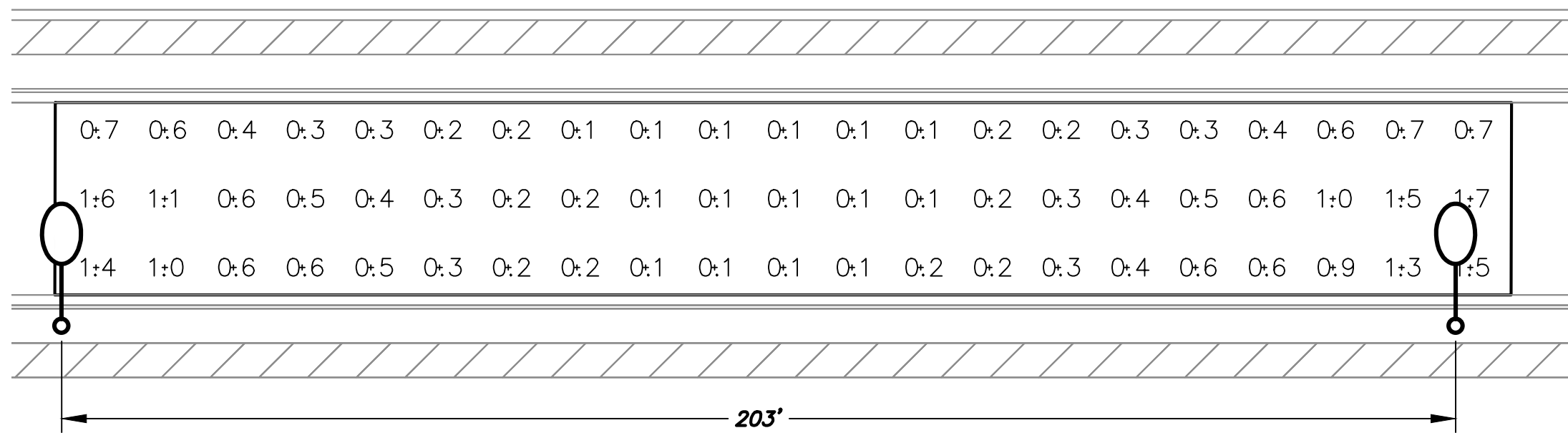
DATE
04/2010

REV
9

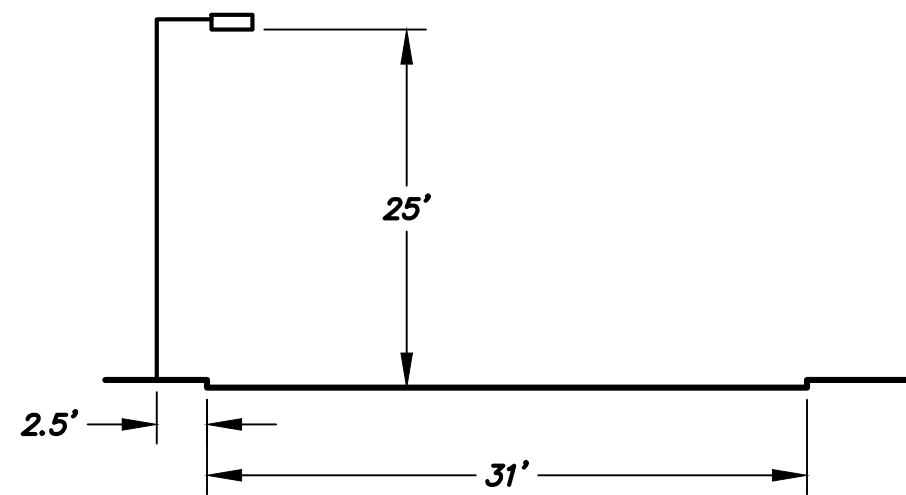
SH 1 OF 2
THRU
8143

Saved: Thursday, August 29, 2024 8:29:58 AM File: Z:\2024\24026-Court (N Copper Canyon P. A. & 7.1)\Drawings\Parcel A\24026-P1 Drafter: Twiley

ROADWAY LOCAL	
63 points at z=0, sp 10ft by 10ft	
HORIZONTAL FOOTCANDLES	
Average	0.47
Maximum	1.70
Minimum	0.10
Avg: Min	4.70
Max: Min	17.00
Coef Var	0.89
UnifGrad	2.43



WORST CASE SPACING FOR 31' WIDE ROADWAY
(LOCAL) (36W) (25' H)

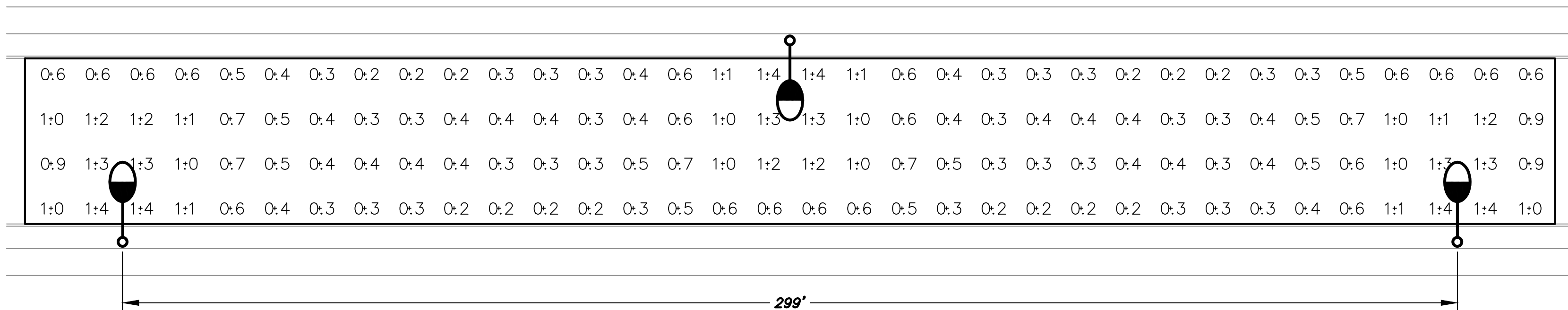


LUMINAIRE INPUT DATA
GE Lighting Solutions
lamp(s): LED
candela file 'ERLC005B530ADKBZGLRV1013'
1 lamp(s) per luminaire, 4,850 initial lumens per lamp
Light Loss Factor = 0.9, watts per luminaire = 36
Outreach (from mounting axis to photometric center)= 30 in
mounting height= 25 ft

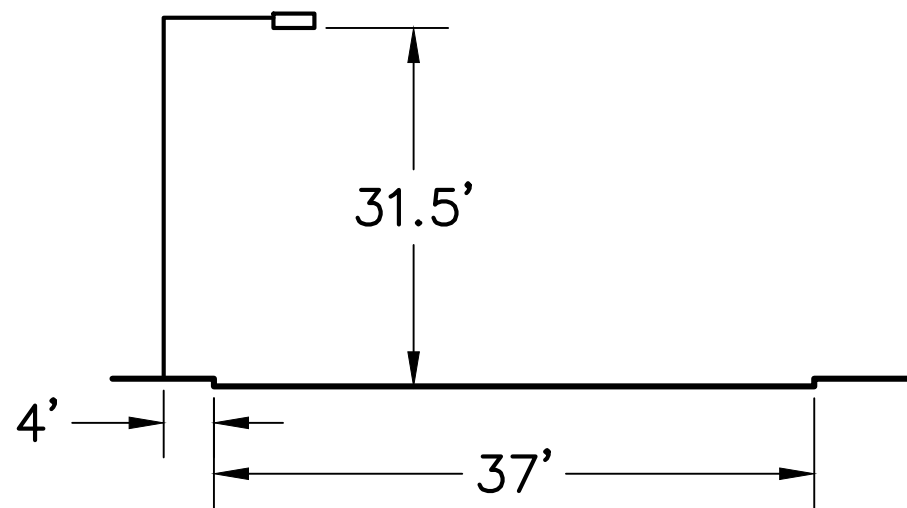
CONTRACTOR TO COORDINATE WITH APS AND UTILIZE THEIR CURRENT SPECIFICATION AT THE TIME OF BIDDING AND CONSTRUCTION.

APS APPROVED LED STREET LIGHTS								
AS OF 6-28-23								
APN	LIGHT CODE	LAMP	WATTS	LUMENS	CCT	COLOR	G.E. MODEL NUMBER	IES CURVE NUMBER
141041	RL41	LED	41	4,800	3000K	DK BRONZE	ERLC005A530ADKBZGLRV1013	ERLC_05B530-120-277V.IES
126805	RL52	LED	88	8,500	4000K	DK BRONZE	ERL1008C540ADKBZGLRV1279	ERL1_08C540

ROADWAY COLLECTOR	
136 points at z=0, sp 10ft by 10ft	
HORIZONTAL FOOTCANDLES	
Average	0.60
Maximum	1.4
Minimum	0.20
Avg: Min	3.00
Max: Min	7.00
Coef Var	0.61
UnifGrad	2.00



WORST CASE SPACING FOR 37' WIDE ROADWAY
(COLLECTOR) (88W) (31.5' H)



LUMINAIRE INPUT DATA
GE Lighting Solutions
lamp(s): LED
candela file 'ERL1_08C540.IES'
1 lamp(s) per luminaire, 8,500 initial lumens per lamp
Light Loss Factor = 0.9, watts per luminaire = 88
Outreach (from mounting axis to photometric center)= 48 in
mounting height= 31.5 ft

ALL PHOTOMETRIC CALCULATIONS ON THESE PLANS REPRESENT ILLUMINANCE VALUES



DARCOR ELECTRICAL CONSULTING ENGINEERS		22901 N. 17TH AVE. SUITE 140 PHOENIX, AZ 85027 Ph: (602) 795-2699 WWW.DARCORINC.COM	
PROJECT TITLE NORTH COPPER CANYON PARCEL A			
SHEET TITLE ROADWAY PHOTOMETRIC CALCULATIONS			
DATE JULY 2024	DESIGNED: JLG	DWG No. P1	SHEET 5
SCALE NONE	DRAWN: TW	PROJ No. 24026	OF 5
CHECKED: JLG			

DARCOR GENERAL NOTES

A. LOCATIONS INDICATED FOR EXISTING UNDERGROUND UTILITIES ARE BASED ON DRAWINGS PROVIDED TO US BY THE CIVIL ENGINEER AT TIME OF DESIGN. THE CONTRACTOR SHALL BE RESPONSIBLE FOR ANY DAMAGE TO UNDERGROUND OBSTRUCTIONS AND UTILITIES ENCOUNTERED DURING CONSTRUCTION. THE CONTRACTOR IS RESPONSIBLE FOR CONTACTING BLUE-STAKE AND POT-HOLING TO VERIFY ALL EXISTING UNDERGROUND OBSTRUCTIONS.

B. DARCOR & ASSOCIATES INC., ITS OWNERS, OR EMPLOYEES WILL NOT BE HELD RESPONSIBLE FOR ANY DAMAGE TO PROPERTY CAUSED BY OTHERS DURING OR RESULTING FROM CONSTRUCTION OF THIS PROJECT.

C. THE ENGINEER SHALL NOT BE RESPONSIBLE FOR COORDINATING THE RELOCATION OF UTILITIES, POWER POLES, ETC.

D. THE CONTRACTOR SHALL PROVIDE THE CITY WITH ACCURATE AS-BUILT INFORMATION INCLUDING FIELD MEASUREMENTS TO ELECTRICAL EQUIPMENT AND UNDERGROUND CONDUIT ROUTING.

E. ANY QUANTITIES SHOWN ARE THE BEST ESTIMATE OF THE ENGINEER. THE CONTRACTOR SHALL MAKE HIS OWN INDEPENDENT ESTIMATE OF QUANTITIES AND BASE HIS BID THEREON.

F. THE ENGINEER WILL NOT BE RESPONSIBLE FOR CONSTRUCTION MEANS, METHODS, TECHNIQUES, SEQUENCES, PROCEDURES OR SAFETY PRECAUTIONS OR PROGRAMS UTILIZED DURING CONSTRUCTION, AND WILL NOT BE RESPONSIBLE FOR THE CONTRACTOR'S FAILURE TO CARRY OUT THE WORK IN ACCORDANCE WITH THE CONTRACT DOCUMENTS.

G. THE CONTRACTOR SHALL BE RESPONSIBLE FOR RESTORING ALL PROPERTY, LANDSCAPING, PAVING AND DRIVEWAYS THAT ARE DISTURBED DURING CONSTRUCTION TO THEIR ORIGINAL CONDITION WITH CONFORMANCE TO MAG SPECIFICATION SECTION 107.9.

THE ELECTRICAL / MAINTENANCE COSTS OF ALL STREET LIGHTS ON LOCAL AND COLLECTOR STREETS (TYPICALLY THE 41 WATT / 4,800 LUMEN AND THE 88 WATT / 8,500 LUMEN FIXTURES) ARE TO BE PAID BY THE ADJACENT PROJECT OR THE ADJACENT DEVELOPMENT'S STREET LIGHT IMPROVEMENT DISTRICT (SLID).

LED TECHNOLOGY IS CHANGING RAPIDLY, THE FIXTURES SHOWN ON THESE PLANS MAY NOT BE APPLICABLE AT TIME OF CONSTRUCTION. CONTRACTOR TO COORDINATE WITH APS AND UTILIZE THEIR CURRENT SPECIFICATION AT THE TIME OF BIDDING AND CONSTRUCTION.

ENSURE THERE IS A 1.5' CLEARANCE FROM THE EDGE OF THE SIDEWALK TO THE FACE OF THE POLE.

CONTRACTOR TO COORDINATE WITH APS AND UTILIZE THEIR CURRENT SPECIFICATION AT THE TIME OF BIDDING AND CONSTRUCTION.

CITY OF SURPRISE
GENERAL ENGINEERING NOTES

1. ALL CONSTRUCTION MUST CONFORM TO MARICOPA ASSOCIATION OF GOVERNMENT (MAG) SPECIFICATIONS AND DETAILS AND LATEST REVISIONS UNLESS OTHERWISE STATED ON PLANS.

2. THE ENGINEER WILL NOT BE RESPONSIBLE FOR CONSTRUCTION MEANS, METHODS, TECHNIQUES, SEQUENCES, OR PROCEDURES OR FOR SAFETY PRECAUTIONS OR PROGRAMS UTILIZED IN CONNECTION WITH THE WORK, AND THEY WILL NOT BE RESPONSIBLE FOR THE CONTRACTOR'S FAILURE TO CARRY OUT THE WORK IN ACCORDANCE WITH THE CONTRACT DOCUMENTS.

3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR IDENTIFYING ALL OVERHEAD AND UNDERGROUND UTILITY LOCATIONS WHERE CONSTRUCTION OCCURS. SPECIAL CARE SHALL BE TAKEN TO ENSURE THAT ALL UTILITIES ARE AVOIDED. UTILITY LOCATIONS SHOWN ON THE PLANS ARE APPROXIMATE AND NOT FOR CONSTRUCTION PURPOSES. ANY DAMAGE TO EXISTING UTILITIES SHALL BE REPAIRED AND/OR REPLACED AT THE CONTRACTOR'S EXPENSE. THE CONTRACTOR SHALL COMPLY WITH ALL CURRENT ARIZONA UNDERGROUND FACILITIES LAWS (ARIZONA REVISED STATUTES TITLE 40, CHAPTER 2, ARTICLE 6.3, SECTION 40-360.21-32). CALL ARIZONA 811 FOR FIELD LOCATION BY DIAL 811.

4. THE CITY OF SURPRISE ENGINEERING SERVICES OF PUBLIC WORKS SHALL BE NOTIFIED FORTY-EIGHT (48) HOURS PRIOR TO COMMENCEMENT OF ANY CONSTRUCTION WORK AT 623-222-8150.

5. THE ENGINEER AND APPLICABLE AGENCY MUST APPROVE, PRIOR TO CONSTRUCTION, ANY ALTERATION OR VARIANCE FROM THESE PLANS. ANY VARIATION FROM THESE PLANS SHALL BE PROPOSED AND RESUBMITTED FOR REVIEW AND APPROVAL.

6. THE CONTRACTOR SHALL PROTECT AND MAINTAIN ALL EXISTING UTILITIES ON THE SITE. ANY DAMAGE TO EXISTING UTILITIES, WHETHER SHOWN OR NOT ON THE DRAWING, SHALL BE REPAIRED/REPLACED AT THE CONTRACTOR'S EXPENSE. EXISTING SURFACE FEATURES AND FENCING SHALL BE REPLACED IN KIND.

7. ANY INSPECTION BY THE CITY, COUNTY, OR THE ENGINEER, SHALL NOT IN ANY WAY RELIEVE THE CONTRACTOR FROM ANY OBLIGATION TO PERFORM THE WORK IN STRICT COMPLIANCE WITH THE APPLICABLE CODES AND AGENCY REQUIREMENTS.

8. THE CONTRACTOR IS TO LOCATE ALL EXISTING LANDSCAPING, LANDSCAPING IRRIGATION LINES, PROPERTY MONUMENTS, FENCING OR SURFACE FEATURES PRIOR TO CONSTRUCTION. ANYTHING DISTURBED DURING CONSTRUCTION SHALL BE REPLACED IN KIND AT THE CONTRACTOR'S EXPENSE.

9. NOTHING CONTAINED IN THE CONTRACT DOCUMENTS SHALL CREATE, NOR SHALL BE CONSTRUED TO CREATE, ANY CONTRACTUAL RELATIONSHIP BETWEEN THE ENGINEER AND THE CONTRACTOR OR ANY SUBCONTRACTOR.

10. ALL CONSTRUCTION WATER USED WITHIN THE CITY OF SURPRISE WATER SERVICE AREA REQUIRES APPROVAL BY THE CITY OF SURPRISE PUBLIC WORKS DEPARTMENT AND MAY BE SUBJECT TO VOLUME AND TIME RESTRICTIONS. PLEASE SEE THE CITY OF SURPRISE CONSTRUCTION WATER GUIDELINES FOR ADDITIONAL INFORMATION. THE GUIDELINES CAN BE OBTAINED FROM THE PUBLIC WORKS DEPARTMENT AT 623-222-7000.

11. TRAFFIC CONTROL SHALL BE MAINTAINED IN ACCORDANCE WITH MAG SPECIFICATION 401, THE MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES, AND THE "TEMPORARY WORK ZONE TRAFFIC MANAGEMENT POLICY" (LATEST EDITION).

12. PRIOR TO FINAL APPROVAL AND ACCEPTANCE OF THE WORK, THE DEVELOPER/CONTRACTOR WILL BE REQUIRED TO CLEAN AND REPAIR ADJACENT (OFF-PROJECT) ROADWAYS USED OR DAMAGED DURING THE COURSE OF CONSTRUCTION.

13. EMERGENCY VEHICLE ACCESS (E.V.A.) MUST BE PROVIDED BY THE DEVELOPER/CONTRACTOR THROUGHOUT THE PROJECT SITE. E.V.A. ROADS AND SIGNAGE SHALL BE MAINTAINED BY THE DEVELOPER/CONTRACTOR AT ALL TIMES. SIGNAGE SHALL BE POSTED AT THE POINT OF ENTRY TO THE SITE AND AT ALL LOCATIONS WHERE A CHANGE IN DIRECTION OCCURS.

14. THE PLANS SHALL COMPLY WITH THE AMERICANS WITH DISABILITIES ACT'S ACCESSIBILITY GUIDELINES, AS PUBLISHED IN THE FEDERAL REGISTER ON SEPTEMBER 15, 2010.

STREET LIGHTING PLANS
FOR
NORTH COPPER CANYON VILLAGE - PARCEL 7.1

AT
A PORTION OF THE SOUTHWEST OF SECTION 11, TOWNSHIP 4 NORTH, RANGE 2 WEST OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, CITY OF SURPRISE, MARICOPA COUNTY, ARIZONA

VICINITY MAP
NTS

KEY MAP
NTS

DEVELOPER
COURTLAND HOMES, INC.
4160 W. KITTY HAWK
CHANDLER, AZ 85226
PHONE: (480) 893-7575
CONTACT: HANS KOPPENHOEFER

CIVIL ENGINEER
STANTEC
3133 W. FRYE RD, SUITE 300
CHANDLER, AZ 85226
PHONE: (602) 977-8075
CONTACT: DANIEL J. POTTINGER, P.E.

ELECTRICAL ENGINEER
DARCOR & ASSOCIATES
22601 N. 17TH AVE, STE 140
PHOENIX, AZ 85027
PHONE: (602) 795-2699
CONTACT: JORGE GERARDO, P.E.

SHEET INDEX

SHEET	DESCRIPTION
SL1	STREET LIGHTING COVER SHEET
SL2	STREET LIGHTING LAYOUT - I
SL3	STREET LIGHTING LAYOUT - II
SL4	STREET LIGHTING DETAILS
P1	ROADWAY PHOTOMETRIC CALCULATIONS

LEGEND & QUANTITIES LIST

QUANTITY	SYMBOL	DESCRIPTION
29		41W LED (4,800 LUMENS) STREET LIGHT (LOCAL)
3		88W LED (8,500 LUMENS) STREET LIGHT (COLLECTOR)
2		EXISTING STREET LIGHT

FS24-0823

AUSTIN RANCH WEST PARCEL 6 143 SLID

CITY OF SURPRISE SIGNATURE BLOCK

THIS SET OF PLANS HAS BEEN REVIEWED FOR COMPLIANCE WITH CITY REQUIREMENTS PRIOR TO ISSUANCE OF PERMITS. THE CITY NEITHER ACCEPTS NOR ASSUMES ANY LIABILITY FOR ERRORS OR OMISSIONS. THIS COMPLIANCE APPROVAL SHALL NOT PREVENT THE CITY ENGINEER FROM REQUIRING CORRECTIONS OF ERRORS OR OMISSIONS IN PLANS FOUND TO BE IN VIOLATION OF LAW OR ORDINANCES.

APPROVED _____ DATE _____

CITY OF SURPRISE ENGINEER

UTILITY CONFLICT COORDINATION			
UTILITY COMPANY	DATE SUBMITTED	CONTACT	RESPONSE DATE
APS	N/A	ARELI OCASIO	N/A
CITY OF SURPRISE	N/A	N/A	N/A
LIBERTY UTILITIES CORP	N/A	N/A	N/A
CENTURYLINK	N/A	KEVIN WAGNER	N/A
COX COMMUNICATIONS	N/A	CORY DAY	N/A
SOUTHWEST GAS	N/A	ARBAN LONDO	N/A

DARCOR
ELECTRICAL CONSULTING ENGINEERS

22601 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
Ph: (602) 795-2699
WWW.DARCORINC.COM

PROJECT TITLE
NORTH COPPER CANYON
PARCEL 7.1

SHEET TITLE
STREET LIGHTING
COVER SHEET

DATE
OCT 2024

DESIGNED: JLG

DWG No.
SL1

SCALE
N/A

DRAWN: MVV

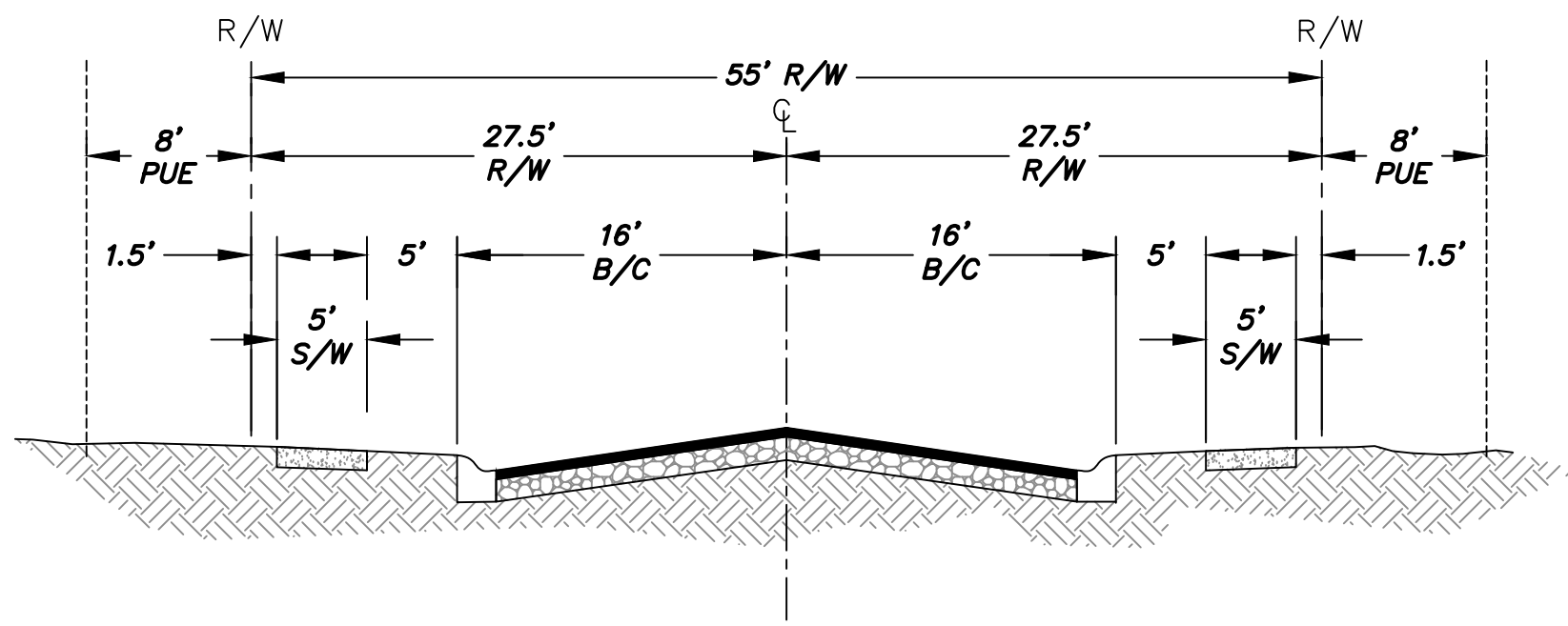
PROJ No.
24026

CHECKED: JLG

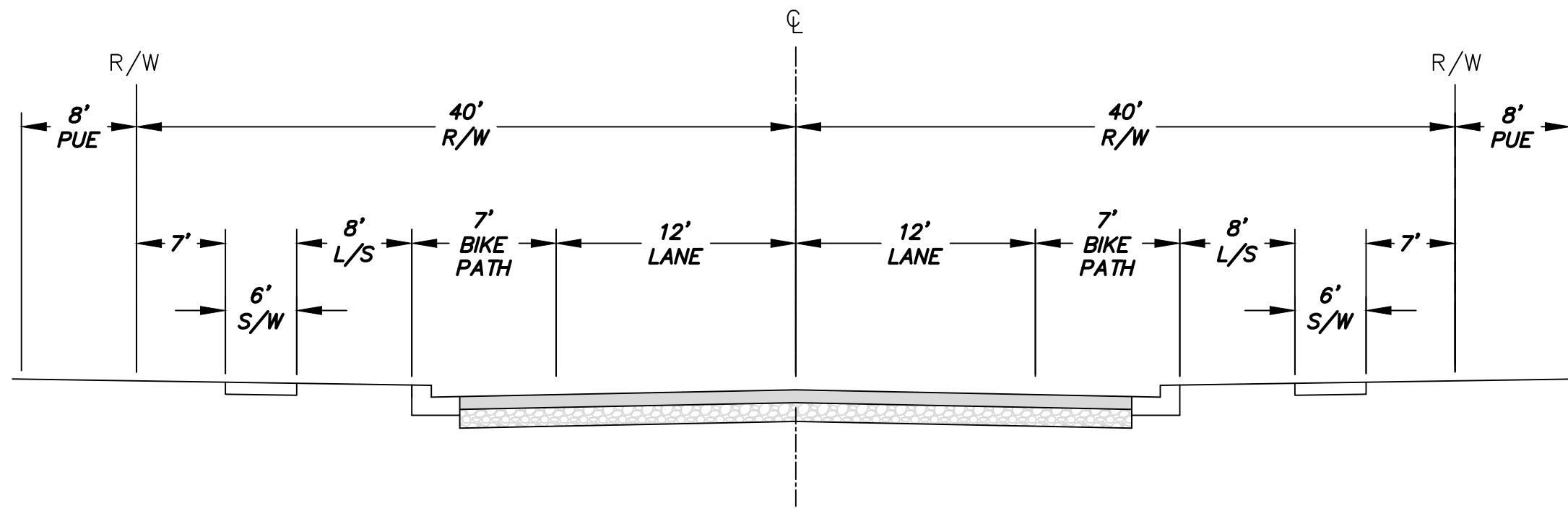
SHEET
1
OF
5

Z:\2024\24026-Court (N Copper Canyon P. A & 7.1)\Drawings\Parcel 7.1\24026-Parcel 7.1-SL1.dwg, 10/4/2024 3:05:12 PM, AutoCAD PDF (General Documentation).pc3

Page 47 of 415



TYPICAL LOCAL ROAD
N.T.S



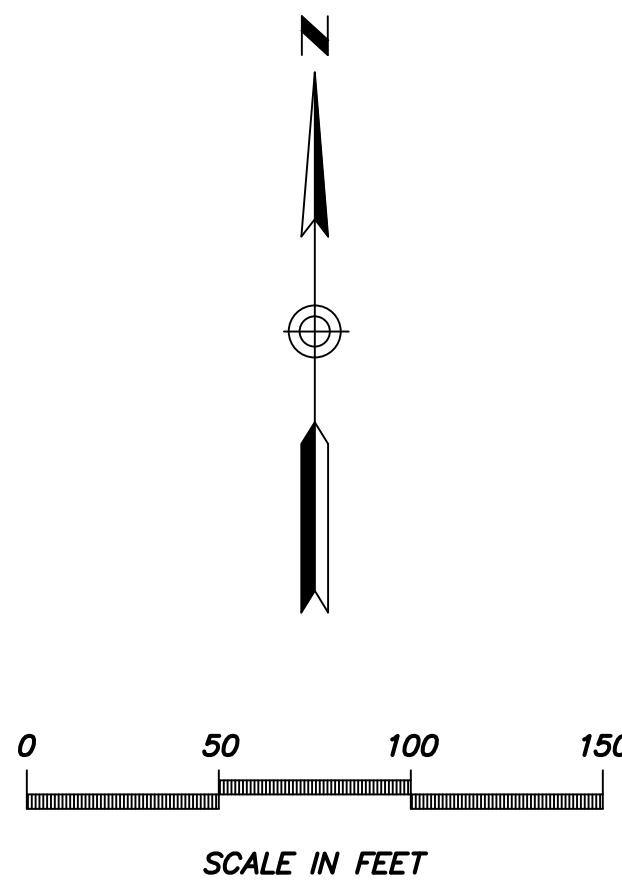
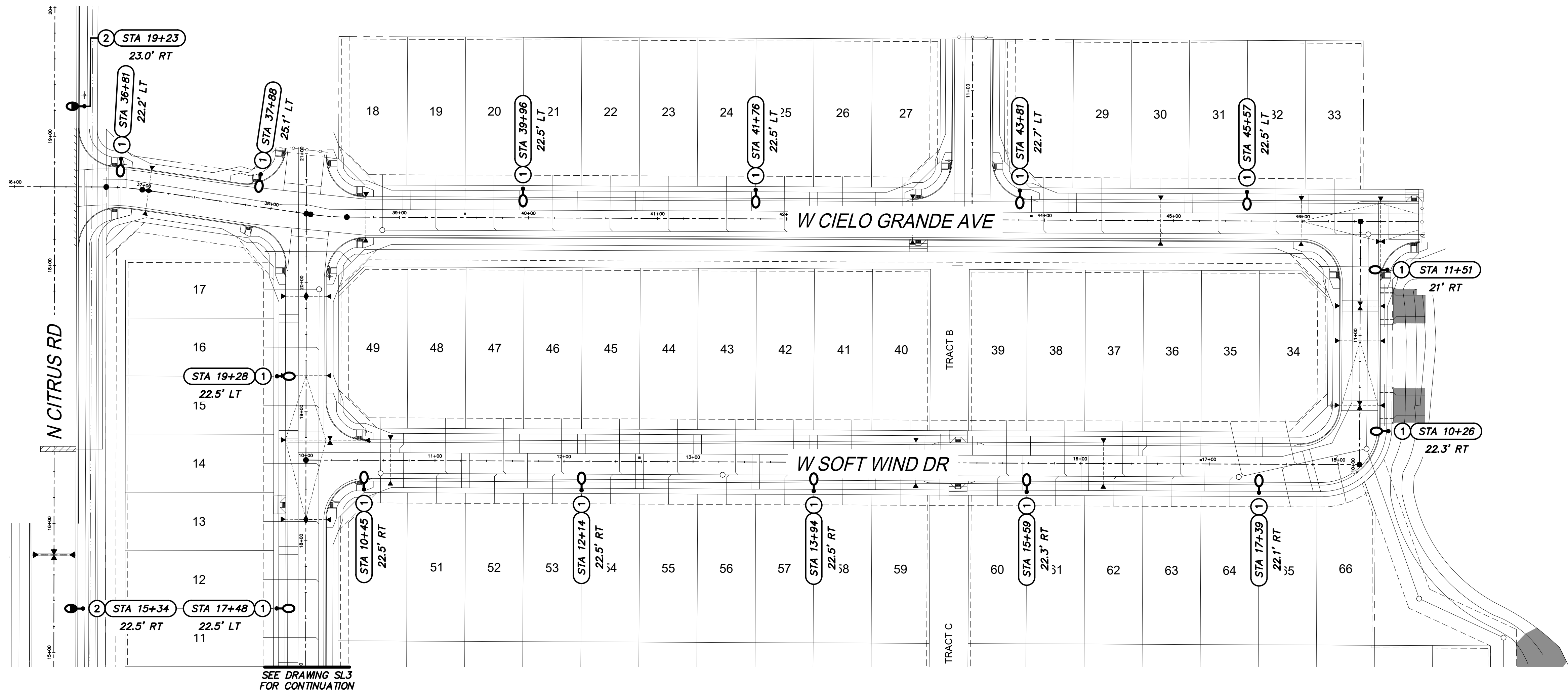
TYPICAL COLLECTOR ROAD
N.T.S

KEY NOTES

- 1 INSTALL 41W, 3000K LED (4,800 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 30'-6" DIRECT BURIED SQUARE STEEL POLE WITH A 2'-0" MAST ARM (25' MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.
- 2 INSTALL 88W, 4000K LED (8,500 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 38'-0" DIRECT BURIED SQUARE STEEL POLE WITH A 4'-0" MAST ARM (31'-6" MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.

LEGEND

- COBRAHEAD STYLE LUMINAIRE (LOCAL)
- FIRE HYDRANT
- COBRAHEAD STYLE LUMINAIRE (COLLECTOR)
- EXISTING STREET LIGHT



FS24-0823

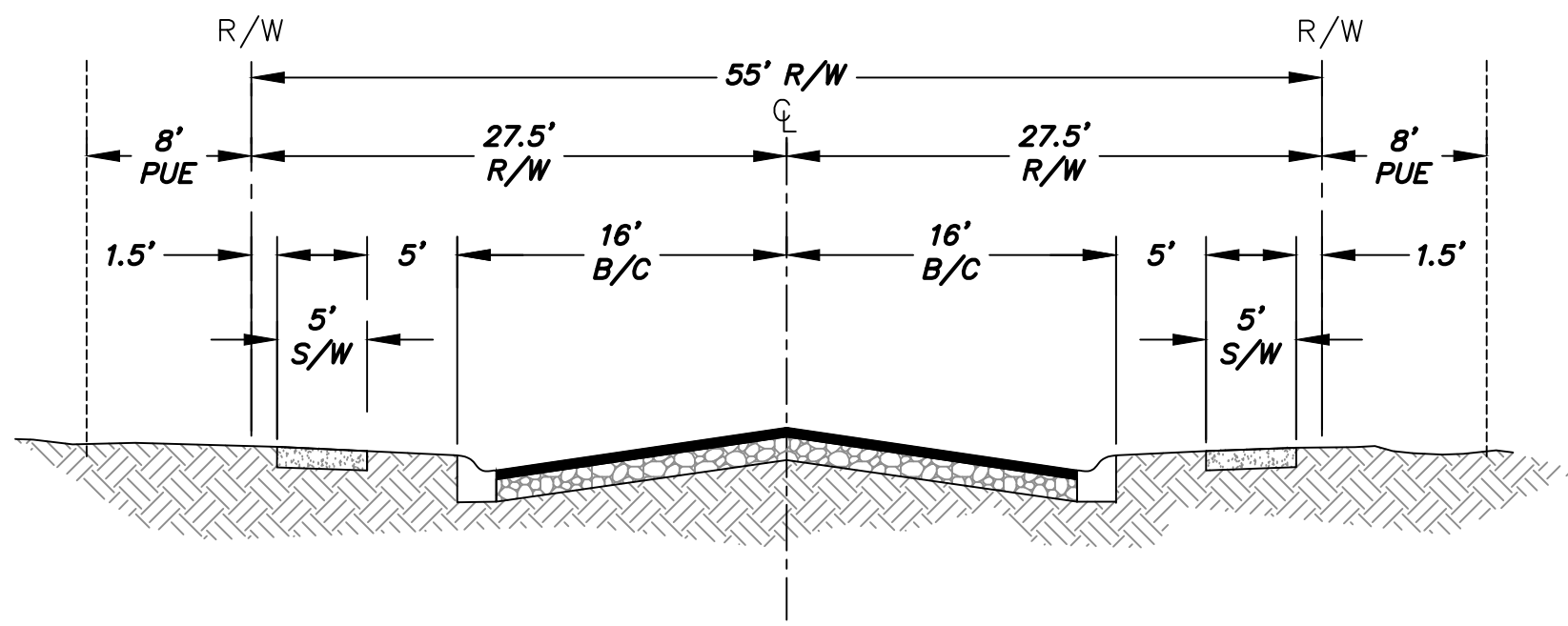
DARCOR
ELECTRICAL CONSULTING ENGINEERS
22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
Ph: (602) 795-2699
WWW.DARCORINC.COM

PROJECT TITLE
**NORTH COPPER CANYON
PARCEL 7.1**

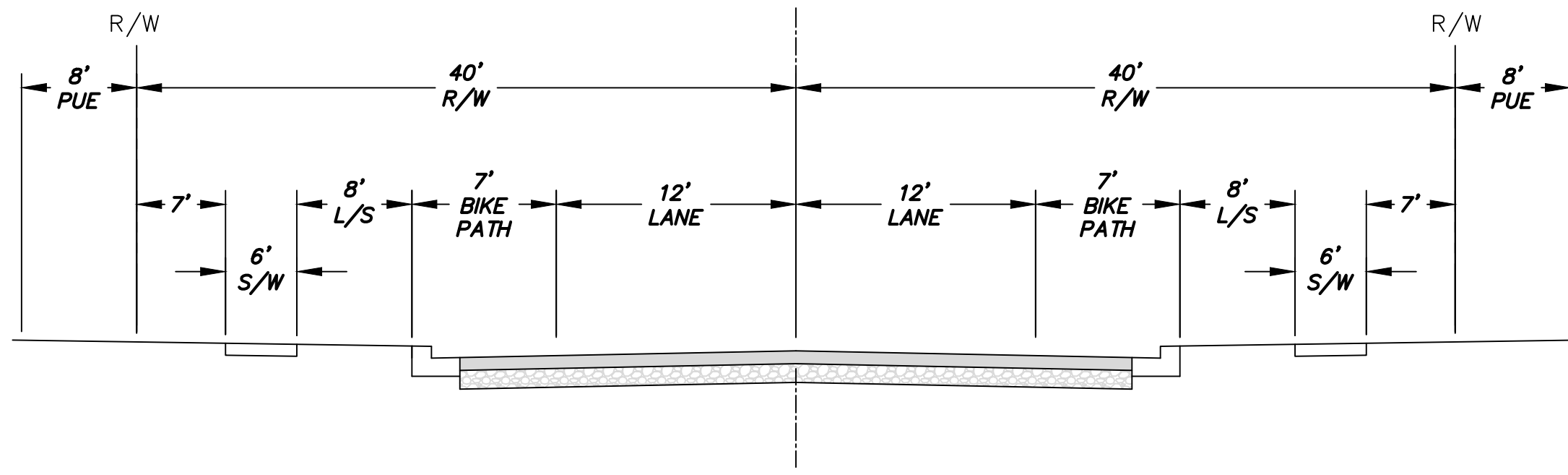
SHEET TITLE
STREET LIGHTING LAYOUT - I

DATE OCT 2024	DESIGNED: JLG DRAWN: MVV CHECKED: JLG	DWG No. SL2 PROJ No. 24026	SHEET 2 OF 5
------------------	---	---	-------------------------------------





TYPICAL LOCAL ROAD
N.T.S



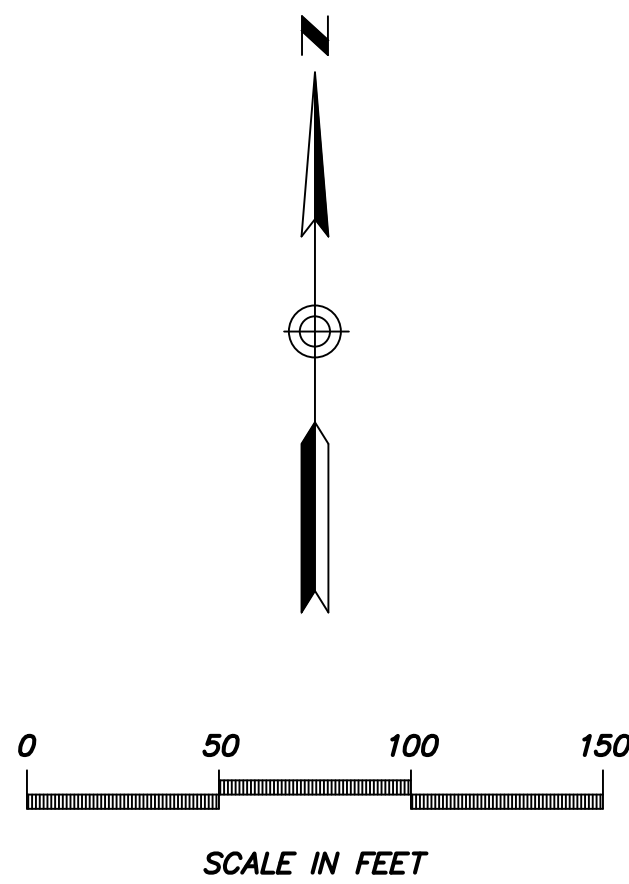
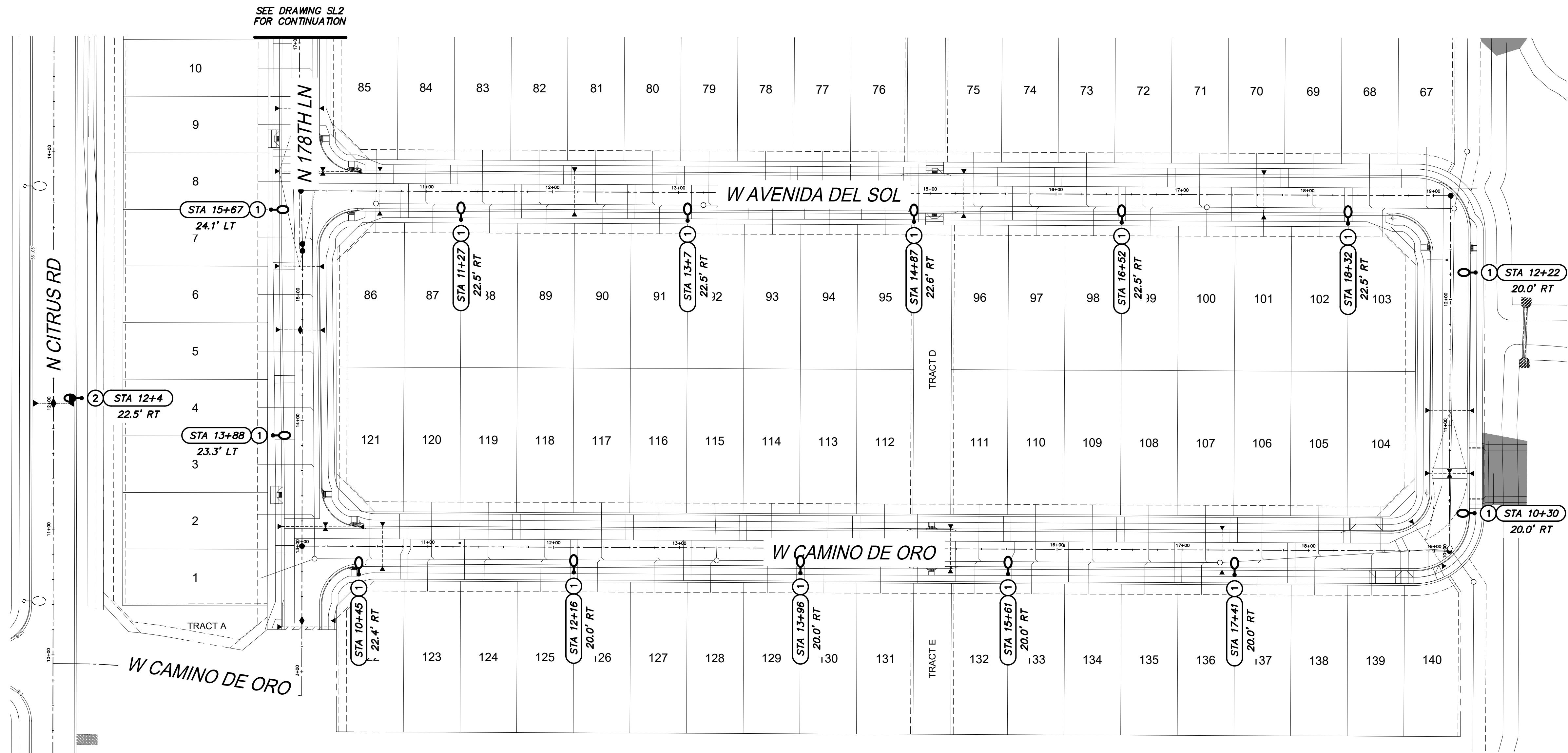
TYPICAL COLLECTOR ROAD
N.T.S

KEY NOTES

1. INSTALL 41W, 3000K LED (4,800 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 30'-6" DIRECT BURIED SQUARE STEEL POLE WITH A 2'-0" MAST ARM (25' MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.
2. INSTALL 88W, 4000K LED (8,500 LUMENS) BRONZE COBRAHEAD LUMINAIRE MOUNTED ON A 38'-0" DIRECT BURIED SQUARE STEEL POLE WITH A 4'-0" MAST ARM (31'-6" MOUNTING HEIGHT). SEE APS STANDARD DETAIL 8030 AND APPLICABLE APS DETAILS ON SHEET SL4.

LEGEND

- COBRAHEAD STYLE LUMINAIRE (LOCAL)
- FIRE HYDRANT
- COBRAHEAD STYLE LUMINAIRE (COLLECTOR)
- EXISTING STREET LIGHT



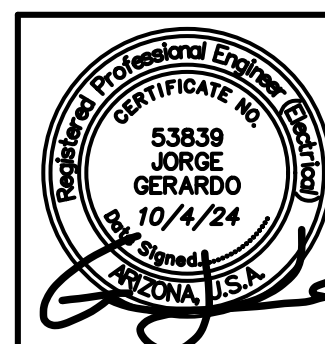
FS24-0823

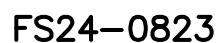
DARCOR
ELECTRICAL CONSULTING ENGINEERS
22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
PH: (602) 795-2699
WWW.DARCORINC.COM

PROJECT TITLE
**NORTH COPPER CANYON
PARCEL 7.1**

SHEET TITLE
STREET LIGHTING LAYOUT - II

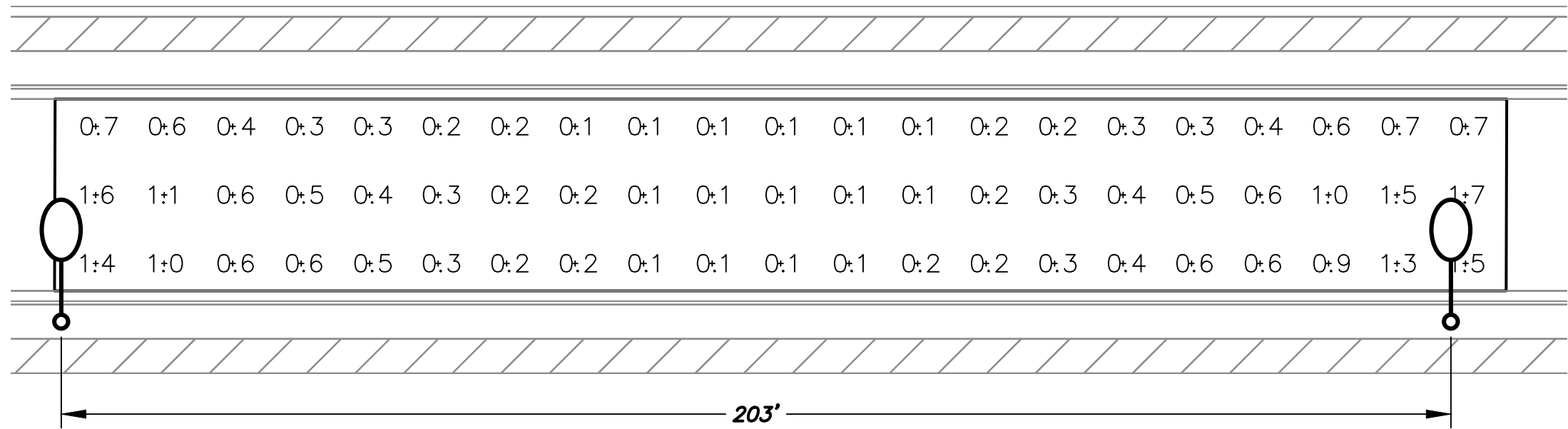
DATE OCT 2024	DESIGNED: JLG DRAWN: MVV CHECKED: JLG	DWG No. SL3 PROJ No. 24026	SHEET 3 OF 5
------------------	---	---	-------------------------------------



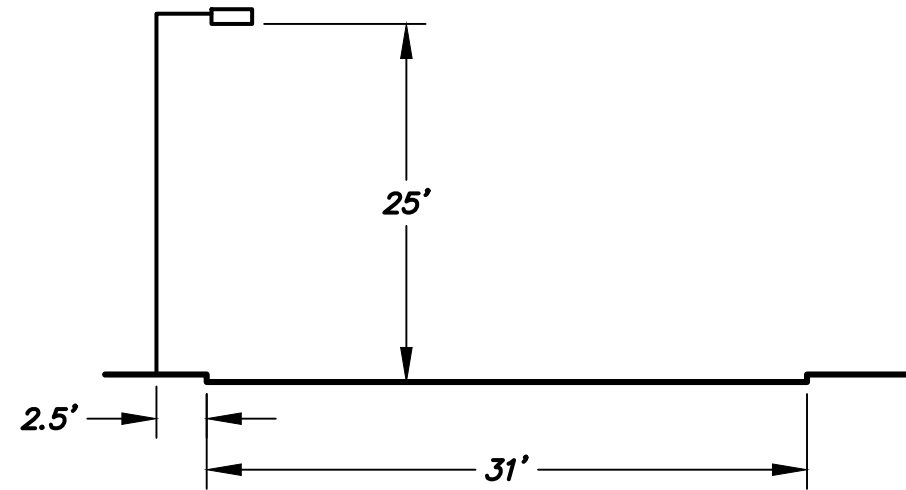


Z:\2024\24026-Court (N Copper Canyon P. A & 7.1)\Drawings\Parcel 7.1\24026-Parcel 7.1-P1.dwg, 10/4/2024 3:06:00 PM, AutoCAD PDF (General Documentation).pc3

ROADWAY LOCAL	
63 points at z=0, sp 10ft by 10ft	
HORIZONTAL FOOTCANDLES	
Average	0.47
Maximum	1.70
Minimum	0.10
Avg: Min	4.70
Max: Min	17.00
Coef Var	0.89
UnifGrad	2.43



WORST CASE SPACING FOR 31' WIDE ROADWAY
(LOCAL) (36W) (25' H)

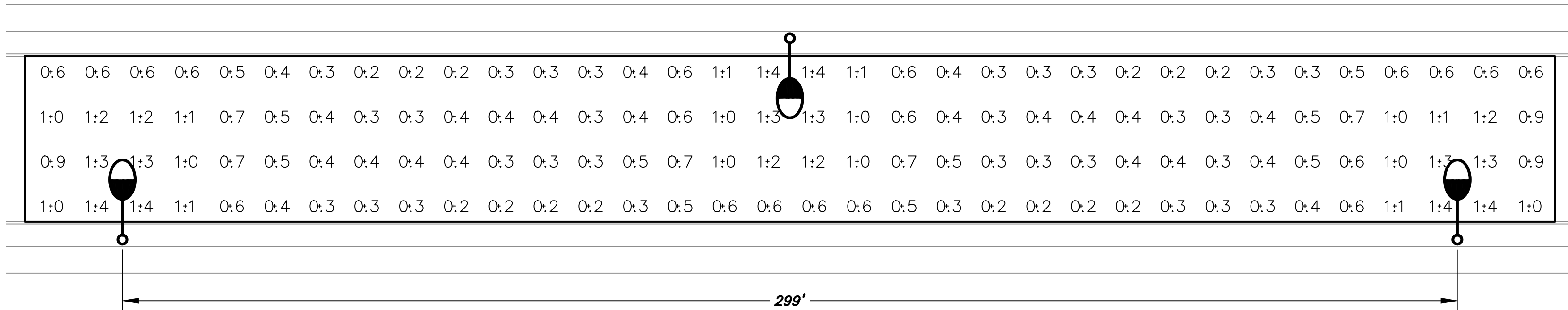


LUMINAIRE INPUT DATA
GE Lighting Solutions
lamp(s): LED
candela file 'ERLC005B530ADKBZGLRV1013'
1 lamp(s) per luminaire, 4,850 initial lumens per lamp
Light Loss Factor = 0.9, watts per luminaire = 36
Outreach (from mounting axis to photometric center)= 30 in
mounting height= 25 ft

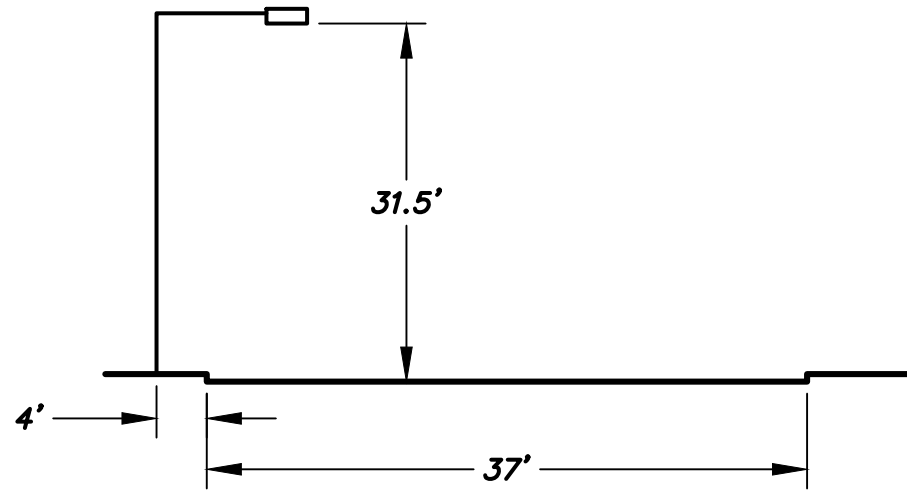
CONTRACTOR TO COORDINATE WITH APS AND UTILIZE THEIR CURRENT SPECIFICATION AT THE TIME OF BIDDING AND CONSTRUCTION.

APS APPROVED LED STREET LIGHTS								
AS OF 6-28-23								
APN	LIGHT CODE	LAMP	WATTS	LUMENS	CCT	COLOR	G.E. MODEL NUMBER	IES CURVE NUMBER
141041	RL41	LED	41	4,800	3000K	DK BRONZE	ERLC005A530ADKBZGLRV1013	ERLC_05B530-120-277V.IES
126805	RL52	LED	88	8,500	4000K	DK BRONZE	ERL1008C540ADKBZGLRV1279	ERL1_08C540

ROADWAY COLLECTOR	
136 points at z=0, sp 10ft by 10ft	
HORIZONTAL FOOTCANDLES	
Average	0.60
Maximum	1.4
Minimum	0.20
Avg: Min	3.00
Max: Min	7.00
Coef Var	0.61
UnifGrad	2.00



WORST CASE SPACING FOR 37' WIDE ROADWAY
(COLLECTOR) (88W) (31.5' H)



LUMINAIRE INPUT DATA
GE Lighting Solutions
lamp(s): LED
candela file 'ERL1_08C540.IES'
1 lamp(s) per luminaire, 8,500 initial lumens per lamp
Light Loss Factor = 0.9, watts per luminaire = 88
Outreach (from mounting axis to photometric center)= 48 in
mounting height= 31.5 ft

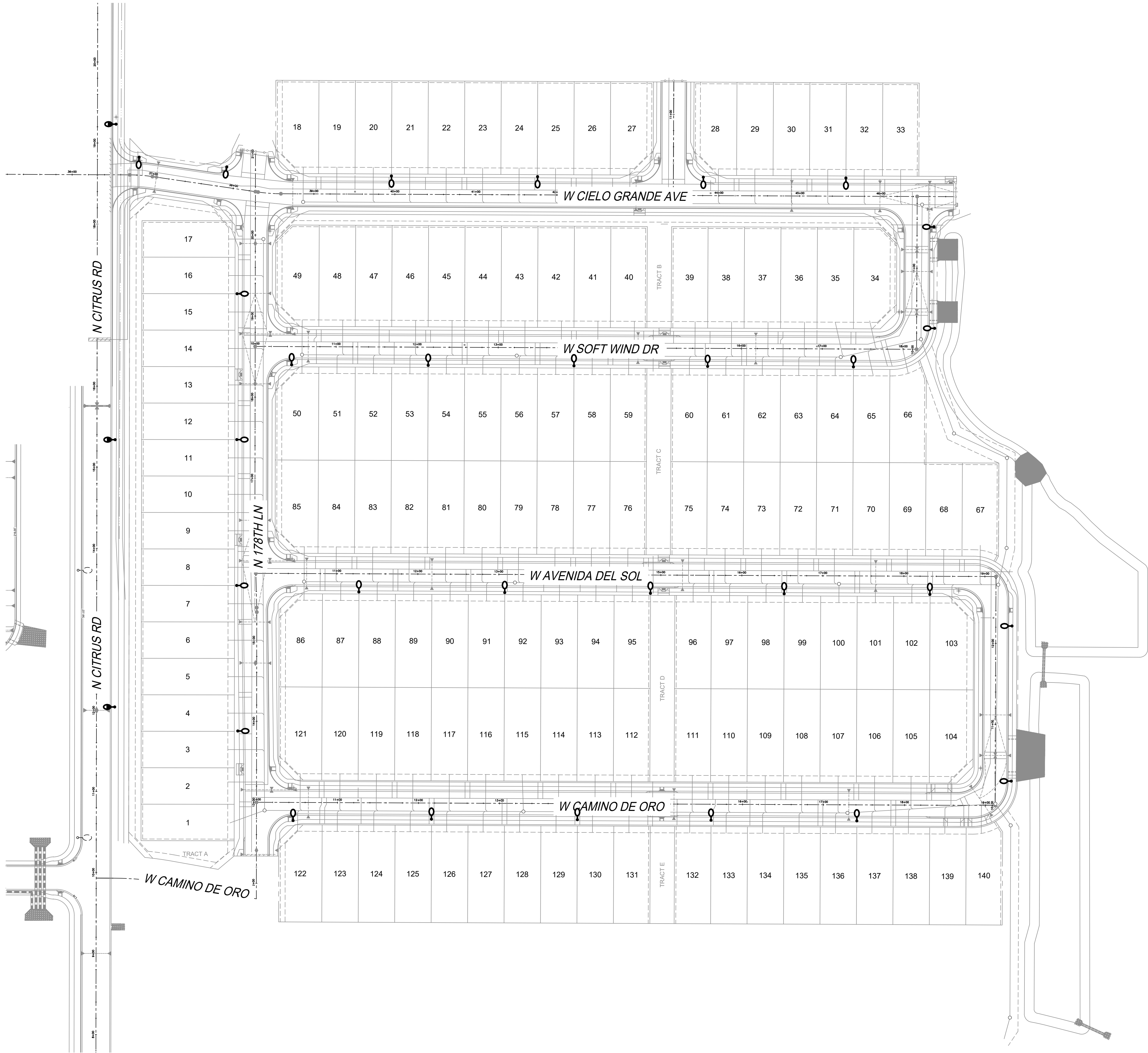
FS24-0823

ALL PHOTOMETRIC CALCULATIONS ON THESE PLANS REPRESENT ILLUMINANCE VALUES

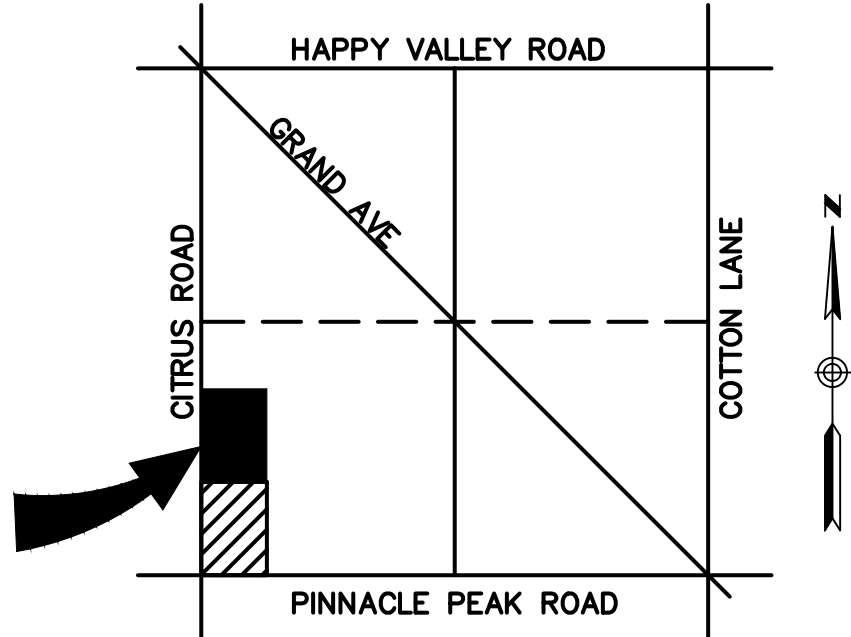


DARCOR ELECTRICAL CONSULTING ENGINEERS		22901 N. 17TH AVE. SUITE 140 PHOENIX, AZ 85027 Ph: (602) 795-2699 WWW.DARCORINC.COM	
PROJECT TITLE NORTH COPPER CANYON PARCEL 7.1			
SHEET TITLE ROADWAY PHOTOMETRIC CALCULATIONS			
DATE OCT 2024	DESIGNED: JLG DRAWN: MVV CHECKED: JLG	DWG No. P1 PROJ No. 24026	SHEET 5 OF 5

Z:\2024\24026-Court (N Copper Canyon P. A & 7.1)\Drawings\Parcel 7.1\24026-NCC Parcel 7.1 SLID.dwg, 10/4/2024 3:08:05 PM, AutoCAD PDF (General Documentation).pc3

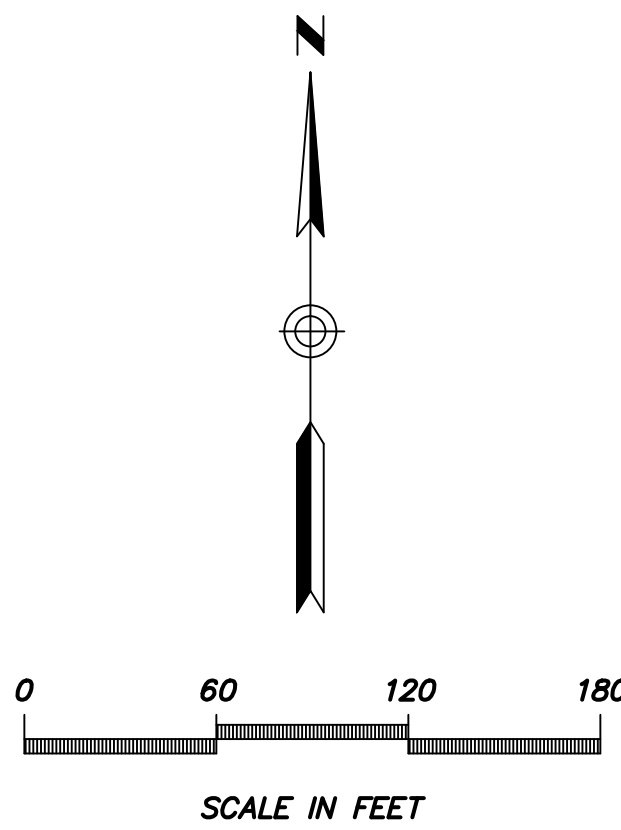


PROJECT
LOCATION



VICINITY MAP
NTS

LEGEND & QUANTITIES LIST		
QUANTITY	SYMBOL	DESCRIPTION
29		41W LED (4,800 LUMENS) STREET LIGHT (LOCAL)
3		88W LED (8,500 LUMENS) STREET LIGHT (COLLECTOR)
2		EXISTING STREET LIGHT



FS24-0823

DARCOR
ELECTRICAL CONSULTING ENGINEERS

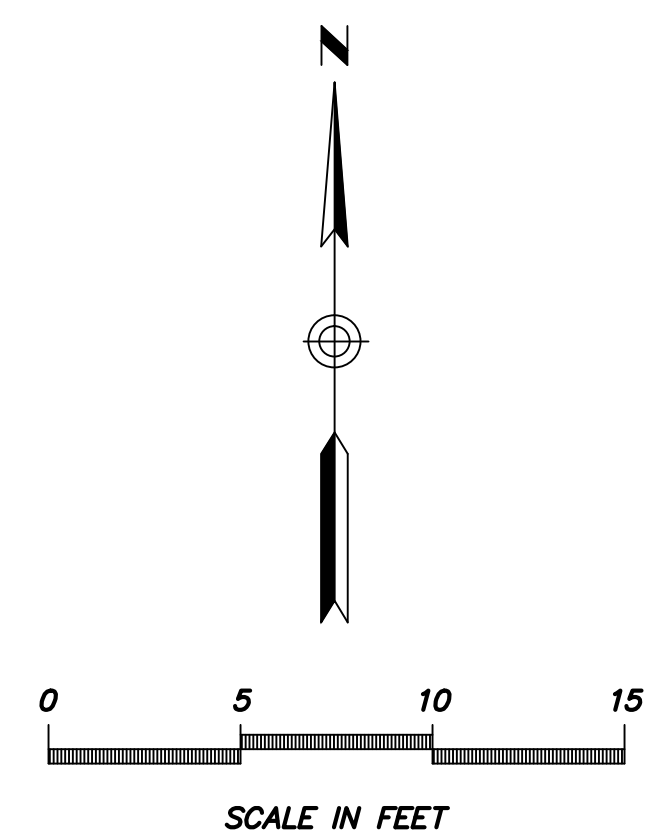
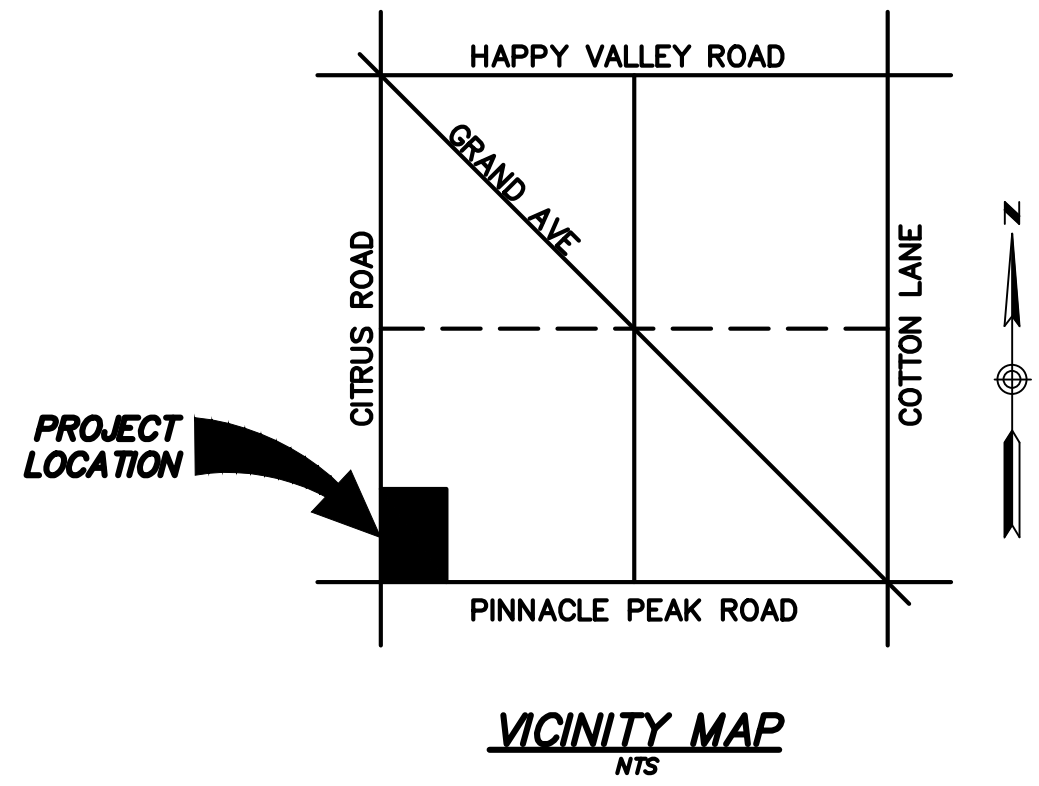
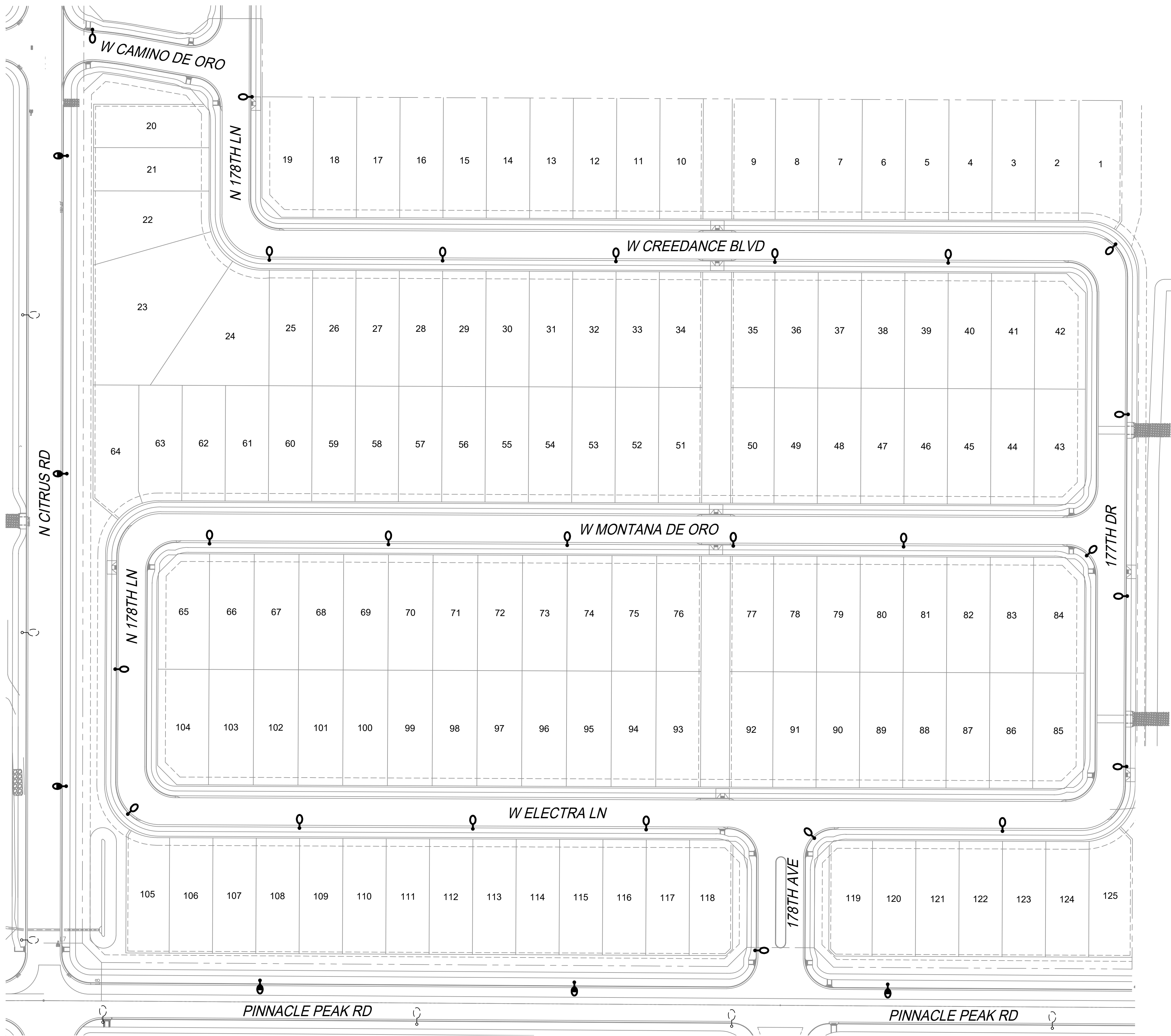
22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
PH: (602) 795-2899
WWW.DARCORINC.COM

PROJECT TITLE
**NORTH COPPER CANYON
PARCEL 7.1**

SHEET TITLE
**PRELIMINARY STREET LIGHTING
LAYOUT**

DATE OCT 2024	DESIGNED: JLG	DWG No. SLID	SHEET 1
SCALE AS SHOWN	DRAWN: MVV CHECKED: JLG	PROJ No. 24026	OF 1

Saved: Wednesday, September 18, 2024 7:36:40 AM File Z:\2024\24026-Court (N Copper Canyon P. A. & 71)\Drawings\Parcel A\24026-NCC Parcel A SLID Drafter: Jiwley



LEGEND & QUANTITIES LIST		
QUANTITY	SYMBOL	DESCRIPTION
25		41W LED (4,800 LUMENS) LOCAL STREET LIGHT
6		88W LED (8,500 LUMENS) COLLECTOR STREET LIGHT
		EXISTING STREET LIGHT

DARCOR
ELECTRICAL CONSULTING ENGINEERS

22901 N. 17TH AVE.
SUITE 140
PHOENIX, AZ 85027
Ph: (602) 795-2699
WWW.DARCORINC.COM

PROJECT TITLE
**NORTH COPPER CANYON
PARCEL A**

SHEET TITLE
STREET LIGHTING LAYOUT

DATE JULY 2024	DESIGNED: JLG	DWG No. SLID	SHEET 1
SCALE AS SHOWN	DRAWN: TW	PROJ No. 24026	OF 1
	CHECKED: JLG		



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: Public Works
Staff Recommendations:

Contact Person: Kristin Tytler, Department Director
District: District 3

Consent: Yes	Regular: No	Public Hearing: No	Report/Discussion: No
--------------	-------------	--------------------	-----------------------

Agenda Wording:

Consideration and action declaring to enlarge an existing lighting improvement district known as City of Surprise, Arizona, SU-AutoshowEast3216 pursuant to A.R.S. § 48-616 for the purpose of purchasing facilities and energy for lighting the public streets; Resolution #2025-10.

Motion:

I move to approve Resolution No. 2025-10.

Background:

SU-AutoshowEast3216 was formed in September 3, 2024 (Resolution 2024-92). Since the time of formation, new parcels have been formed in and around the original SLID boundary. We request enlarging the existing SLID to include the new parcels and extend existing boundaries to roadway centerlines. The city has verified that the Petition for the proposed street light improvement district enlargement contains the signatures of all of the real property owners in the enlargement area of the district, exclusive of mortgagees and other lien holders. 9 existing street lights are proposed within this enlargement which is a collector and will be billed to the SLID named SU_AutoshowEast3216. The arterial roads will be billed to the City's SLID account.

Objective Analysis:

A SLID is a neighborhood partnership and very common practice in which property owners in a defined area agree to pay the costs to operate and maintain their immediate area's streetlights through a property tax. All new developments in the City of Surprise require a SLID. This action will enlarge an existing SLID boundary to include the remainder of the parcels not within the SLID and extend existing boundaries to roadway centerlines. The District is paid for by the levy and collection of ad valorem of taxes based on the number and classification of properties within the District. The enlargement of the SLID will only affect the parcels joining into the District, as the valuation of the property may be increased.

Policy Compliant:

Surprise Municipal Code requires that street lighting that serves a defined area be paid for through revenues obtained from the specific area being served by such street lighting. In these instances, a Street Light Improvement District (SLID) is formed. The city strives to assure that residents are subject to

only one SLID and that the boundaries of each SLID accurately reflect the service area. This item is consistent with these objectives.

Financial Impact:

Once the SLID enlargement is illuminated, the City will begin levying the SLID to cover the additional SLID expenses. At the current time, the SLID is not incurring any expense because the SLID lights have not been illuminated, therefore there is no current financial impact.

Budget Impact:

Since the SLID enlargement is not illuminated, there is no revenue or expense budgeted in FY2025 nor are there budgets planned for FY2026 for the SLID. If the enlargement to the SLID is illuminated in FY2025 or FY2026, expenses will be charged to the SLID and recouped with a future levy.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

1. 01 Resolution 2025-10 SU-AutoshowEast3216 SLID Enlargement_BAC
 2. 02 Petition
 3. 03 Streetlight plan
 4. 04 Exhibit SLIDS sands kia
-

RESOLUTION # 2025-10

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, DECLARING ITS INTENT TO ENLARGE THE CITY OF SURPRISE, ARIZONA, SU-AUTOSHOWEAST3216 LIGHTING IMPROVEMENT DISTRICT AND ORDERING SUCH ENLARGEMENT.

WHEREAS, on September 3, 2024, the Mayor and City Council of the City of Surprise adopted Resolution No. 2024-92, ordering the formation of the CITY OF SURPRISE, ARIZONA, SU-AutoshowEast3216 LIGHTING IMPROVEMENT DISTRICT (the “District”) for the purpose of purchasing energy for the lighting of the public streets and parks within the District;

WHEREAS, Ariz. Rev. Stat. § 48-616(M) permits the City to add new territory to an existing district, thereby enlarging the boundaries of an existing street lighting improvement district (“SLID”) when proper notice has been given to the owners of property that will be added to the SLID in accordance with Ariz. Rev. Stat. Title 48, Chapter 4, Article 2;

WHEREAS, Ariz. Rev. Stat. § 48-617(A) gives the City immediate jurisdiction to adopt the resolution ordering the creation or enlargement of a SLID without the necessity of publication and posting of the resolution of intention when all owners of the real property being added to the SLID have petitioned the City to form or enlarge the SLID;

WHEREAS, the owners, exclusive of mortgagees and other lienholders, of parcels of property which adjoin the District (hereinafter referred to as “Petitioners”) acting pursuant to the provisions of Ariz. Rev. Stat. §§ 48-616(M) and 48-617(A), have petitioned the City to enlarge the District to include said property legally described in Exhibit A to this resolution, with such boundaries as shown in the map in Exhibit B to this resolution; and

WHEREAS, the City has verified and finds that Petitioners are the owners, exclusive of mortgagees and other lienholders, of all of the real property being added to the boundary of the District.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Surprise, Arizona, as follows.

Section 1. *District Enlargement.* The CITY OF SURPRISE, ARIZONA, SU-AutoshowEast3216 LIGHTING IMPROVEMENT DISTRICT shall be enlarged by the addition of the property described in Exhibit A and shown in Exhibit B, which are incorporated by reference hereto into this Resolution. The annual tax levied upon the District will remain in full force and effect, and, commencing in fiscal year 2025 will apply to the District as enlarged by this Resolution.

Resolution No. 2025-10
RFLS # 9847
Rev 04/24

Section 2. *Recording and Filing of this Resolution.* A certified copy of this Resolution shall be recorded in the office of the Maricopa County Recorder. Certified copies of this Resolution shall also be filed with the Arizona Department of Revenue and the Maricopa County Assessor's office pursuant to Ariz. Rev. Stat. § 42-17257.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Robert Wingo, City Attorney

EXHIBIT A
Legal Description

EXHIBIT 'A'
LEGAL DESCRIPTION

BEGINNING AT THE SOUTHEAST CORNER OF LOT 7, AS DESCRIBED ON THE FINAL PLAT FOR PRASADA-PHASE 1A, LOTS 2 AND 3, A COMMERCIAL SUBDIVISION, ACCORDING TO BOOK 954 OF MAPS, PAGE 49, RECORDED IN THE OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA AS DOCUMENT NO. 2007-1156075;

THENCE S05°56'28"W, A DISTANCE OF 98.48 FEET TO A POINT ON THE CENTERLINE OF CACTUS ROAD, SAID POINT ALSO BEING A POINT ON THE SOUTH LINE OF SECTION 13;

THENCE N89°44'35"W, A DISTANCE OF 940.60 FEET ALONG SAID CENTERLINE OF CACTUS ROAD AND SAID SOUTHERN LINE OF SECTION 13;

THENCE N00°15'25"E, A DISTANCE OF 600.00 FEET ALONG THE CENTERLINE OF AUTOSHOW AVENUE TO A POINT OF CURVE TO THE NORTHEAST HAVING A RADIUS OF 1,400.00 FEET AND A CENTRAL ANGLE OF 03°08'52";

THENCE NORTHERLY ALONG THE ARC A DISTANCE OF 76.91 FEET;

THENCE EAST ALONG THE NORTH PROPERTY LINE OF SAID LOT 7 A DISTANCE OF 1006.32 FEET TO THE NORTHEAST CORNER OF SAID LOT 7;

THENCE S05°56'28"W, ALONG THE EAST LINE OF SAID LOT 7 A DISTANCE OF 586.27 FEET TO THE POINT OF BEGINNING.

CONTAINING 661,685 SQUARE FEET OR 15.1902 ACRES, MORE OR LESS.



N:\0042158.00\OUTGOING VECTOR\CITY OF SURPRISE\2024-12-16 SLID 2ND SUBMITTAL\0042158.00V-SLID BOUNDARY EXHIBIT.DWG

Westwood

Phone (480) 747-6558 6909 East Greenway Parkway, Suite 250
Fax (480) 376-8025 Scottsdale, AZ 85254

westwoodps.com

Westwood Professional Services, Inc.

SANDS KIA OF SURPRISE
SURPRISE, ARIZONA

SHEET NUMBER:

1 OF 2

DATE: 2024-12-18
PROJ: 0042158.00

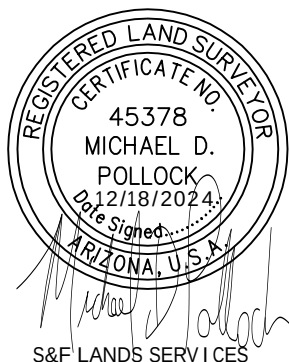
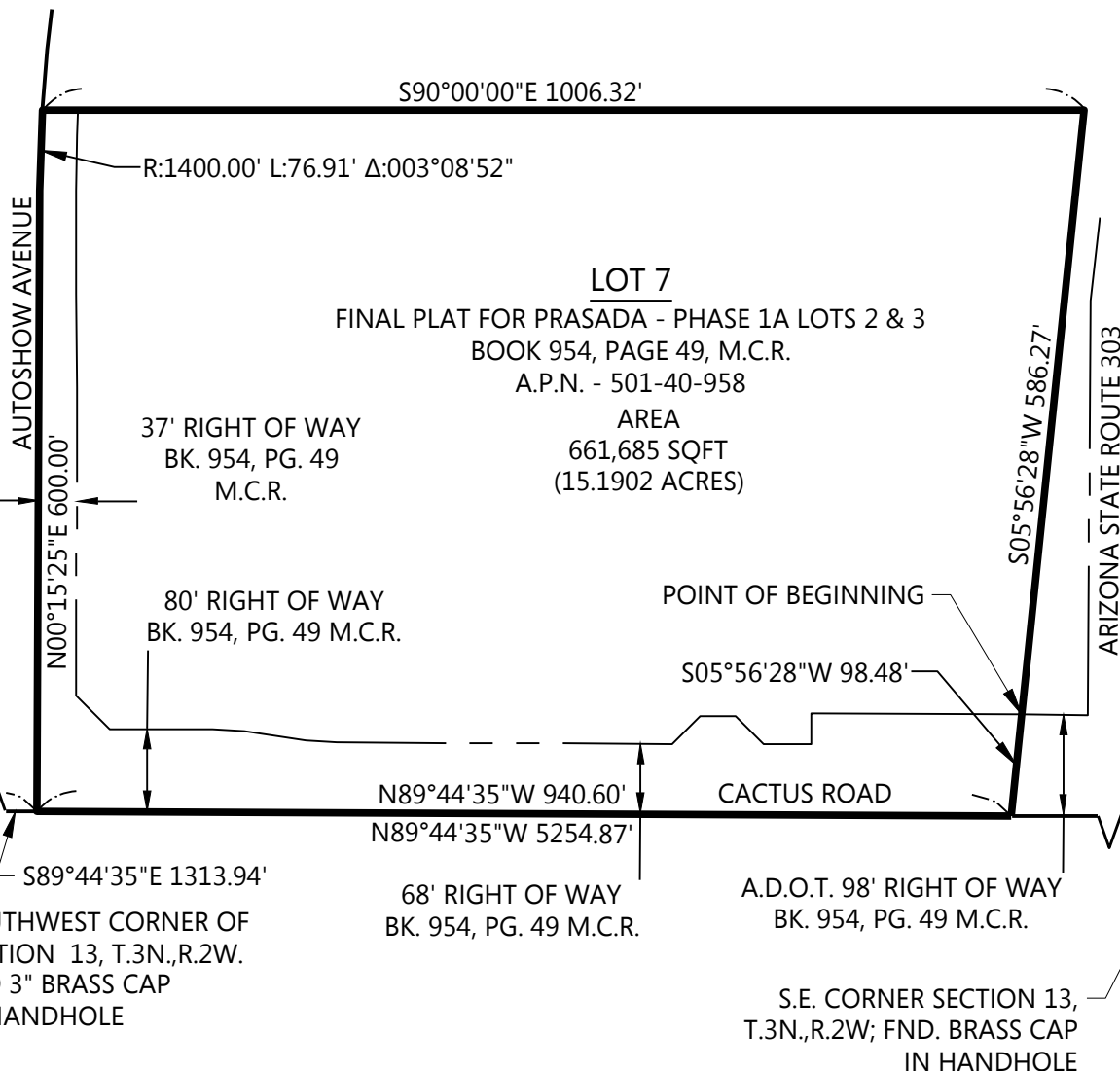
EXHIBIT B

Map

EXHIBIT 'B' SLID BOUNDARY MAP



N.T.S.



LEGEND

- SLID BOUNDARY LINE
- CENTER LINE
- RIGHT OF WAY LINE

Westwood

Phone (480) 747-6558 6909 East Greenway Parkway, Suite 250
Fax (480) 376-8025 Scottsdale, AZ 85254

westwoodps.com

Westwood Professional Services, Inc.

SANDS KIA OF SURPRISE
BOUNDARY MAP
SURPRISE, ARIZONA

SHEET NUMBER:

2 OF 2

DATE: 2024-12-18
PROJ: 0042158.00

STREET LIGHT IMPROVEMENT DISTRICT PETITION ENLARGEMENT

TO THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE:

We, the undersigned, are all or a majority of the real property owners, exclusive of mortgagees and other lienholders, adjoining the district named below. We petition the City Council of the City of Surprise, Arizona, to enlarge the District to include said property legally described in Exhibit A with such boundaries as shown in the map in Exhibit B attached hereto. This petition includes a charge for maintaining the lighting facilities.

It is hereby requested that, in compliance with the Arizona Revised Statutes, the City Council adopt a Resolution of Intention to enlarge the existing District, and that unless protests are received pursuant to A.R.S. §48-579 sufficient to bar further proceedings, the City Council proceed with the improvements petitioned for herein.

Public convenience, necessity and welfare will be promoted by the establishment of the District and the real property within the District will be benefited by the District. Additional street lighting facilities may be installed and included in the District, at no investment cost to the District, as directed by the City and as approved by Arizona Public Service and the City Engineer.

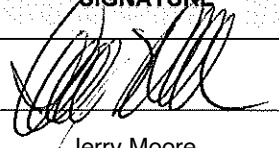
WHEREFORE, we respectfully ask that this Petition be properly filed and that the Mayor and Council of the City adopt the Resolution and take such other action as is proper, necessary and appropriate to enlarge the District and to fulfill the purposes for which the District is organized, as the Mayor and Council believe is proper and necessary.

The name of the existing street light improvements district to be enlarged:

SU-AutoshowEast3216

(Leave Blank - to be assigned by City staff)

PETITIONERS: Please print and sign your name

PRINT BUSINESS/ PETITIONER'S NAME	ADDRESS OF PROPERTY OWNED WITHIN DISTRICT	ASSESSOR PARCEL #	SIGNATURE
Sands Surprise Real Estate - Imports LLC	12317 N A. R. Shaw Ave	501-40-958	
Sands Surprise Real Estate - Imports LLC	16820 W Cactus	501-40-958	Jerry Moore ← Print name



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

AVAILABILITY

This rate schedule is applicable to those portions of cities, towns and unincorporated communities in which the Company does a general retail electric business and where the Company has installed a multiple or series street lighting system of adequate capacity for the service to be rendered after December 1, 2021.

DESCRIPTION

E-68 is a rate that is applicable for lighting public streets, alleys, thoroughfares, public parks and playgrounds from dusk to dawn by use of Company's facilities.

TIME PERIOD

Dusk: The time between sunset and full night when photocontrol senses the lack of sufficient sunlight and turns on the lights.

Dawn: The time between full night and sunrise when a photocontrol senses sufficient sunlight to turn off lights.

CHARGES

The monthly bill will consist of the fixture and energy charges, plus adjustments:

I. FIXTURES (Includes Mounting Arm, if applicable)

Fixture Equipment Class	Fixture Cost Range (per unit)	Investment by Company Monthly Rate	Investment by Others Monthly Rate
A	\$ 1 - \$ 430	\$ 6.54	\$ 2.00
B	\$ 431 - \$ 520	\$ 7.97	\$ 2.43
C	\$ 521 - \$ 640	\$ 9.56	\$ 2.97
D	\$ 641 - \$ 820	\$ 11.43	\$ 3.80
E	\$ 821 - \$ 910	\$ 14.46	\$ 4.21
F	\$ 911 - \$ 1,010	\$ 16.10	\$ 4.67
G	\$ 1,011 - \$ 1,110	\$ 17.60	\$ 5.14
H	\$ 1,111 - \$ 1,250	\$ 19.95	\$ 5.77
I	\$ 1,251 - \$ 1,520	\$ 22.20	\$ 7.00
J	\$ 1,521 - \$ 1,670	\$ 27.06	\$ 7.70
K	\$ 1,671 - \$ 1,850	\$ 30.08	\$ 8.52

Note: Equipment cost greater than \$1,850 shall be Customer owned.



II. ENERGY (Includes Generation, T&D, RCS & SBC)

Monthly energy charges for new lighting fixtures will be determined by the Company using the following method:

$$\text{kWh} = \text{Fixture Wattage} \times 344 \text{ Usage Hours}$$

$$\text{Generation} = \text{kWh per month} \times \$0.07575$$

$$\text{T\&D, RCS, System Benefits} = \text{kWh per month} \times \$0.03068$$

NOTES:

1. Investment by Company. These rates are applicable where the Company provides the initial investment to purchase and install all facilities necessary for street lighting service. The Company will own, operate, and maintain the street lighting system.
2. Investment by Others. These rates are applicable in those instances where the requesting entity or individual purchases and installs the street lighting facilities at their own expense and in accordance with Company specifications. These rates will also apply in the instance where the Customer provides a non-refundable advance to the Company to cover the Company's cost of purchasing and installing the street lighting system. The Company retains ownership of the street lighting system and provides operation and maintenance for all facilities.
3. Listed kWh reflects the assigned monthly energy usage for each type of fixture and are used to determine any applicable transmission, system benefit, distribution, energy, and adjustment charges.
4. kWh is determined by the company based on the rated wattage of the equipment and an established average hourly usage per month.
5. The monthly rate for all new poles includes up to 300 feet of overhead secondary wire, or up to 300 feet of underground secondary wire if the Customer provides earthwork and conduit (excluding the underground to overhead transition).



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

III. POLES

			CHARGES		
			Height	Investment by Company	Investment by Others
A. Anchor Base Mounted (Flush)	Round Steel	1 Simplex Adapter	12 ft.	\$ 14.69	\$ 2.03
			22 ft.	\$ 16.53	\$ 2.28
			25 ft.	\$ 17.89	\$ 2.47
			30 ft.	\$ 20.55	\$ 2.83
			32 ft.	\$ 21.59	\$ 2.86
		2 Simplex Adapters	12 ft.	\$ 15.66	\$ 2.16
			22 ft.	\$ 18.00	\$ 2.48
			25 ft.	\$ 18.77	\$ 2.59
			30 ft.	\$ 21.82	\$ 3.01
			32 ft.	\$ 23.27	\$ 3.21
	Square Steel	5"	13 ft.	\$ 16.84	\$ 2.31
			15 ft.	\$ 15.04	\$ 2.07
			23 ft.	\$ 17.85	\$ 2.46
			25 ft.	\$ 19.62	\$ 2.70
			28 ft.	\$ 21.78	\$ 3.00
			32 ft.	\$ 21.66	\$ 2.99
Concrete		12 ft.	\$ 50.19	\$ 6.91	
Fiberglass		12 ft.	\$ 42.50	\$ 5.85	
Decorative Transit	4"	16 ft.	\$ 41.44	\$ 5.72	
Decorative Transit	6"	30 ft.	\$ 80.01	\$ 11.02	
Hinged Poles	Square	15 ft.	\$ 15.93	\$ 1.30	
	Round	19 ft.	\$ 14.40	\$ 1.18	
B. Anchor Base Mounted (Pedestal)	Round Steel	1 Simplex Adapter	12 ft.	\$ 14.13	\$ 1.93
			22 ft.	\$ 15.98	\$ 2.20
			25 ft.	\$ 17.32	\$ 2.39
			30 ft.	\$ 20.00	\$ 2.77
			32 ft.	\$ 21.02	\$ 2.89
		2 Simplex Adapters	12 ft.	\$ 15.09	\$ 2.07
			22 ft.	\$ 16.86	\$ 2.31
			25 ft.	\$ 18.20	\$ 2.49
			30 ft.	\$ 21.26	\$ 2.92
			32 ft.	\$ 22.70	\$ 3.12
	3 Bolt Arm	32 ft.	\$ 26.09	\$ 3.58	
	Square Steel	5"	13 ft.	\$ 16.29	\$ 2.25
			15 ft.	\$ 16.66	\$ 2.28
			23 ft.	\$ 17.29	\$ 2.39
			25 ft.	\$ 19.07	\$ 2.64
			28 ft.	\$ 21.19	\$ 2.92
32 ft.			\$ 22.00	\$ 3.01	



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

III. POLES (cont.)

			CHARGES		
			Investment by Company	Investment by Others	
			Height		
C. Direct Bury	Round Steel		19 ft.	\$ 22.23	\$ 3.07
			30 ft.	\$ 17.36	\$ 3.21
			38 ft.	\$ 21.18	\$ 3.29
		Self	40 ft.	\$ 26.09	\$ 4.13
		Stepped	25 ft.	\$ 60.01	\$ 4.90
			32 ft.	\$ 63.20	\$ 5.16
			49 ft.	\$ 78.45	\$ 10.81
	Square Steel	4"	34 ft.	\$ 19.15	\$ 3.32
		5"	20 ft.	\$ 18.19	\$ 3.01
			30 ft.	\$ 18.96	\$ 3.12
			38 ft.	\$ 20.57	\$ 3.57
		8"	28 ft.	\$ 34.33	\$ 2.79
			32 ft.	\$ 35.89	\$ 2.94
Decorative Transit		41 ft 6"	\$ 24.71	\$ 3.63	
	Decorative Transit	47 ft.	\$ 30.79	\$ 4.53	
	Steel Distribution Pole (for lighting only)	35 ft.	\$ 28.42	\$ 3.74	
D. Post Top	Decorative Transit Anchor Base	16 ft.	\$ 42.33	\$ 5.81	
	Gray Steel/Fiberglass	23 ft.	\$ 14.68	\$ 2.41	
	Black Steel	23 ft.	\$ 16.18	\$ 2.67	
E. Existing distribution pole suitable for streetlight use			\$ 1.78	--	
F. Wood	Wood Poles	30 ft.	\$ 10.80		
		35 ft.	\$ 10.80		
		40 ft.	\$ 15.00		

IV. ANCHOR BASE

		CHARGES		
		Height	Investment by Company	Investment by Others
A. Flush		4 ft.	\$ 11.96	\$ 1.65
		6 ft.	\$ 14.27	\$ 2.47
B. Pedestal		8 ft.	\$ 16.35	\$ 2.85
	For 32' Round Steel Pole only	4 ft. 6"	\$ 11.34	\$ 1.96



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

V. CHARGES FOR OPTIONAL OR ADDITIONAL COMPANY OWNED EQUIPMENT

Underground Circuit Charges	
a. Per foot of cable, installed under paving	\$ 0.19051
b. Per foot of cable, not installed under paving	\$ 0.06724

TRIP CHARGE

A \$150.00 trip charge per light will be charged when a Customer requests a disconnect or reconnect of service in order to accommodate the maintenance activities of the Customer or its designee(s) on their street lighting equipment.

ADJUSTMENTS

The bill will include the following adjustments:

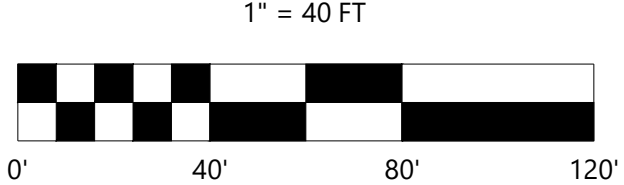
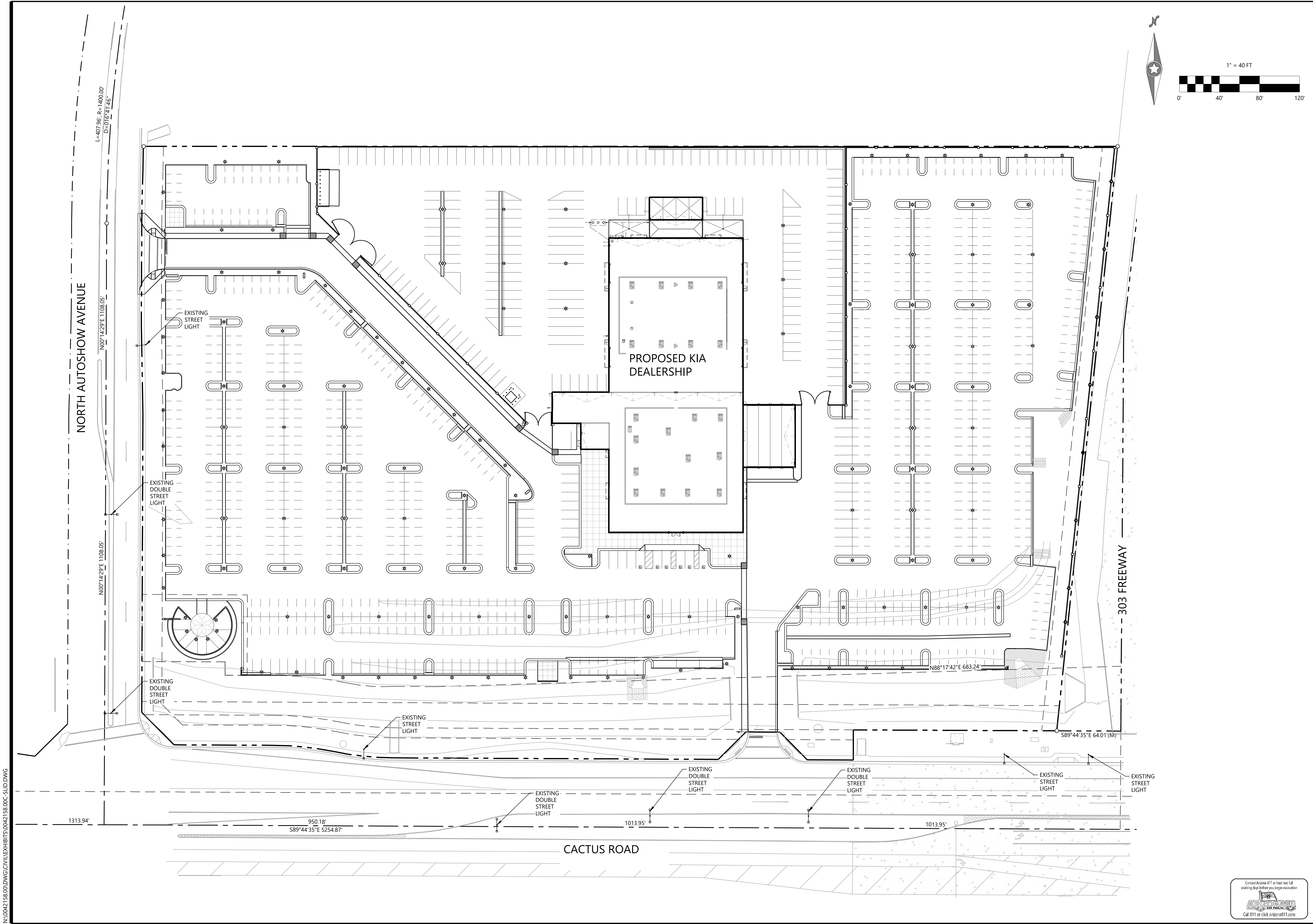
1. The Renewable Energy Standard charge, Adjustment Schedule REAC-1.
2. The Power Supply Adjustment charges, Adjustment Schedule PSA-1.
3. The Transmission Cost Adjustment charge, Adjustment Schedule TCA-1.
4. The Demand Side Management Adjustment charge, Adjustment Schedule DSMAC-1.
5. Direct Access Customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge, Adjustment Schedule RCDAC-1.
6. The Tax Expense Adjustor Mechanism charge, Adjustment Schedule TEAM.
7. The Court Resolution Surcharge, Adjustment Schedule CRS-1.
8. The System Reliability Benefit Adjustment Mechanism charge, Adjustment Schedule SRB-1.
9. Any applicable taxes and governmental fees that are assessed on APS's revenues, prices, sales volume, or generation volume.



SERVICE DETAILS

1. Street lighting facilities installed under this rate schedule are of the type currently being furnished by Company as standard at the time service is initially requested. Standard facilities are those listed in the Company's Transmission and Distribution Construction Standards book.
2. The Customer's bill will not be reduced due to photocontrol or cable repair or replacement outages.
3. Non-standard facilities (non-standard being defined as any facility not listed in the Company's Transmission and Distribution Construction Standards book) do not qualify for this rate schedule. At the Company's discretion, such facilities may be served under another of the Company's rate schedules.
4. The Company will extend its standard street lighting system up to a distance of 300 feet for each additional lighting installation without cost at the request of the Customer. When the extension is underground, the customer will provide earthwork as specified in the Company's Service Schedule 3, Conditions Governing Extensions of Electric Distribution Lines and Services; or, at the applicant's request, the Company will provide such earthwork and the applicant will be required to pay a non-refundable contribution in aid of construction equal to the cost of such earthwork. Any additional extension required (over and above the first 300 feet) will be provided by Company for a contribution in aid of construction equal to the cost of the additional extension.
 - a. Extensions to isolated areas requiring a substantial extension of the electric distribution system, as opposed to an extension of the street lighting system, will require a special study to determine the terms and conditions under which the Company will undertake such an extension.
5. APS provides electric service under the Company's Service Schedules. These schedules provide details about how the Company serves its Customers, and they have provisions and charges that may affect the Customer's bill. In addition, service may be subject to special terms and conditions as provided for in a Customer contract, maintenance, or service agreement.

N:\0042158.00\DWG\CIVIL\EXHIBITS\0042158.00C-SLID.DWG



SHEET NUMBER:

1 OF 1

DATE: 2024-03-28
PROJ: 0042158.00
FS23-0671

STREET LIGHT SITE PLAN
SANDS KIA - SURPRISE
12317 N. AUTO SHOW AVE.
SURPRISE, ARIZONA

Q.S.#

Westwood
6009 East Greenway Parkway, Suite 250
Surprise, AZ 85074
Phone: (480) 747-6558
Fax: (480) 367-8025
westwoodps.com
Westwood Professional Services, Inc.

DESIGNED:	CHECKED:
DRAWN:	FIELD CREW:
FIELD WORK DATE:	SCALE: 1" = 40'
HORIZONTAL:	VERTICAL:

INITIAL ISSUE:	2023-08-11
REV:	...
REV:	...
REV:	...
REV:	...



 SLID Boundary



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: February 18, 2025 Contact Person: Jennifer Cornelius
Submitting Department: Human Svcs and Comm District: Citywide
Vitality
Staff Recommendations:

Consent: Yes	Regular: No	Public Hearing: No	Report/Discussion: No
--------------	-------------	--------------------	-----------------------

Agenda Wording:

Consideration and action pertaining to approval of Amendment No. 1 to the Independent Contractor Agreement between the City of Surprise and Arizona Community Action Association for the Utility Assistance Program, an amendment to the Fiscal Year Contract Awarding Authority List, and approval of a Fiscal Year budget amendment moving budget in the amount of \$15,000 to provide APS utility bill assistance; Resolution 2025-24.

Motion:

I move to approve Resolution 2025-24.

Background:

The City entered into Independent Contractor Agreement No. 07012024-25 with Arizona Community Action Association DBA Wildfire (Wildfire) effective July 1, 2024. The City agreed to conduct application intake and eligibility determinations for utility bill assistance and deposits. The City also agreed to make guarantees and payments to utility companies for eligible applicants. Those payments are then reimbursed to the City by Wildfire. The original agreement provided a total of \$26,670 in utility assistance funds. This included \$19,670 for APS utility assistance, \$5,000 for Southwest Gas utility assistance, and \$2,000 for utility repair/replacement deposits. Amendment No. 1 to the Independent Contractor Agreement provides an additional \$15,000 in funding for APS utility assistance. This increase in funding will provide a total of \$34,670 for APS utility assistance. All other terms of the agreement remain in effect.

Objective Analysis:

This item allows the Human Service & Community Vitality Department to accept and administer the additional funding in support of the Utility Assistance Program.

Policy Compliant:

This item is consistent with City and Council Policy.

Financial Impact:

This amendment will allow a one-time additional \$15,000 in APS utility assistance to support the Utility

Assistance Program. All expenses are on a reimbursement basis. There is no match requirement for this funding.

Budget Impact:

This item amends the Fiscal Year 2025 budget by moving budget authority in the amount of \$15,000 from General Contingency to project G51742 FY25 Wildfire HEAF in the Grants Fund.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

1. Resolution 2025-24 Wildfire Amendment No. 1 (1)
 2. FY25 Wildfire Contract Amendment No.1
-

RESOLUTION # 2025-24

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA APPROVING AMENDMENT NO. 1 OF THE INDEPENDENT CONTRACTOR AGREEMENT BETWEEN THE CITY OF SURPRISE AND THE ARIZONA COMMUNITY ACTION ASSOCIATION, INC. DBA WILDFIRE; AUTHORIZING THE CITY TO ACCEPT GRANT FUNDING FOR THE UTILITY ASSISTANCE PROGRAM; AMENDING THE FISCAL YEAR 2025 BUDGET BY MOVING BUDGET AUTHORITY OF \$15,000 FROM GENERAL CONTINGENCY TO PROJECT G51742 IN THE GRANTS FUND; AND AMENDING THE FISCAL YEAR 2025 CONTRACT AWARDING AUTHORITY LIST BY ADDING NUMBER 25237, FY25 WILDFIRE GRANT, G51742, IN THE AMOUNT OF \$41,670, FOR UTILITY ASSISTANCE.

WHEREAS, the City entered into an Independent Contractor Agreement No. 07012024-25 ("Agreement") with The Arizona Community Action Association, Inc. DBA Wildfire ("Contractor"), effective July 1, 2024, which is incorporated by reference, in order to support an Utility Assistance Program;

WHEREAS, the Agreement allotted up to \$26,670 (\$19,670 for APS Crisis Bill Assistance, \$5,000 for Southwest Gas Energy Share Bill Assistance, and \$2,000 for Utility Repair Replacement Deposits);

WHEREAS, the parties desire to enter into this Amendment No. 1 to the Agreement (07012024-25) in order to increase the Operating Budget for the APS Crisis Bill Assistance Program in FY2025 by an additional fifteen thousand dollars (\$15,000), up to \$34,670;

WHEREAS, all other terms and conditions of the Agreement shall remain in full force and effect, except as expressly amended by Amendment No. 1;

WHEREAS, the FY2025 budget, including the FY2025 Contract Awarding Authority List, was adopted by Council Resolution #2024-94 on June 4, 2024;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, the City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2024, through June 30, 2025.

Section 2. That the statements and schedules attached as *Exhibit B* and incorporated by reference are adopted, amending the Fiscal Year 2025 Contract Awarding Authority List of the City of Surprise, Arizona for the fiscal year July 1, 2024, through June 30, 2025.

Section 3. The Amendment No. 1 to the Independent Contractor Agreement between the City of Surprise and The Arizona Community Action Association, Inc. DBA Wildfire, attached as *Exhibit C*, is approved.

Section 4. The City Manager, or his designee, is hereby authorized to execute and submit all documents and other necessary or desirable instruments in connection with said agreement.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Robert Wingo, City Attorney

**RESOLUTION 2025-24
EXHIBIT A**

1. Appropriation - The allocations below represent the moving of budget authority in the amount of \$15,000 from General Contingency to Project G51742 in the Grants Fund to cover projected expenditures associated with the Utility Assistance Program. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Grants	Human Svcs and Comm Vitality	#G51742 FY25 Wildfire HEAF	E	26,700	15,000	41,700
Grants	Human Svcs and Comm Vitality	#G51742 FY25 Wildfire HEAF	R	26,700	15,000	41,700
Contingency	General Operations	Contingency	E	83,711,400	(15,000)	83,696,400
Contingency	General Operations	Other	R	78,616,700	(15,000)	78,601,700
Expense Total				83,738,100	-	83,738,100
Revenue Total				78,643,400	-	78,643,400

**RESOLUTION 2025-24
EXHIBIT B**

1. Contract Awarding Authority List – Council to approve adding an item on the Fiscal Year 2025 Contract Awarding Authority List for the FY25 Wildfire Independent Contractor Agreement in the amount of \$41,670 for grant salaries.

Reference #	Project Number	Description	Current Amount	Increase/ (Decrease)	Amended Amount
25237	G51742	FY25 Wildfire HEAF	\$0	\$41,670	\$41,670

**RESOLUTION 2025-24
EXHIBIT C**

Amendment No. 1 to the Independent Contractor Agreement
(Contract No. 07012024-25)

**Amendment No. 1 to the 2024-2025
Independent Contractor Agreement
Contract No. 07012024-25**

The Independent Contract Agreement dated 07/01/2024 between Arizona Community Action Association (dba Wildfire) and **City of Surprise Resource Center** (hereinafter "Contractor") is hereby amended as follows:

Amendment to:

Section I. Services and Programs – 1.2 Fund Sources:

- **APS Crisis Bill Assistance:** The Direct Service amount will **increase** from **\$16,391.67** to **\$28,891.67** and the Program Delivery amount will **increase** from **\$3,278.33** to **\$5,778.33**. The Total Allocation amount will **increase** from **\$19,670.00** to **\$34,670.00**.

Whole Agreement:

Unless otherwise noted herein, all other provisions of the original Agreement will remain in place for the duration of the original Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment No. 1, effective as of the effective date.

City of Surprise Resource Center:

Wildfire:

Signature: _____

Signature: _____

Name: Bob Wingenroth`

Name: Kelly McGowan

Title: City Manager

Title: Executive Director

Date: _____

Date: _____

Address:

16000 N. Civic Center Plaza

Address:

340 E Palm Lane, Suite 315

Phoenix, AZ 85004

Surprise, AZ 85374

Email: kmcgowan@wildfireaz.org

Email: jennifer.Cornelius@surpriseaz.gov



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: February 18, 2025

Contact Person: Andrea Davis, DIRECTOR -
FINANCE, Erick Martin, Assistant Director
District: Citywide

Submitting Department: Finance
Staff Recommendations:

Consent: No	Regular: Yes	Public Hearing: No	Report/Discussion: No
-------------	--------------	--------------------	-----------------------

Agenda Wording:

Presentation and discussion pertaining to the fiscal year 2024 annual audit and Annual Comprehensive Financial Report and associated reports.

Motion:

None; discussion only.

Background:

The City is subject to an annual audit performed by external auditors. Each year the auditors issue an opinion on the City of Surprise Annual Comprehensive Financial Report (ACFR), Single Audit Report, Annual Expenditure Limitation Report (AELR), and Highway User Revenue Fund (HURF) Report, and provide letters related to the outcome of the audit such as the Management Letter and the Communication with Governance. The city received an unmodified opinion, which is the 'clean' opinion and the goal of all cities.

Objective Analysis:

A "clean" or unmodified opinion is the goal of all cities.

Policy Compliant:

The reports have met the requirements of external regulators and are compliant with City policy.

Financial Impact:

There is no financial impact as these reports are for informational purposes only.

Budget Impact:

There is no budget impact as these reports are for informational purposes only.

FTE Impact:

This item does not have an impact on current staff levels.

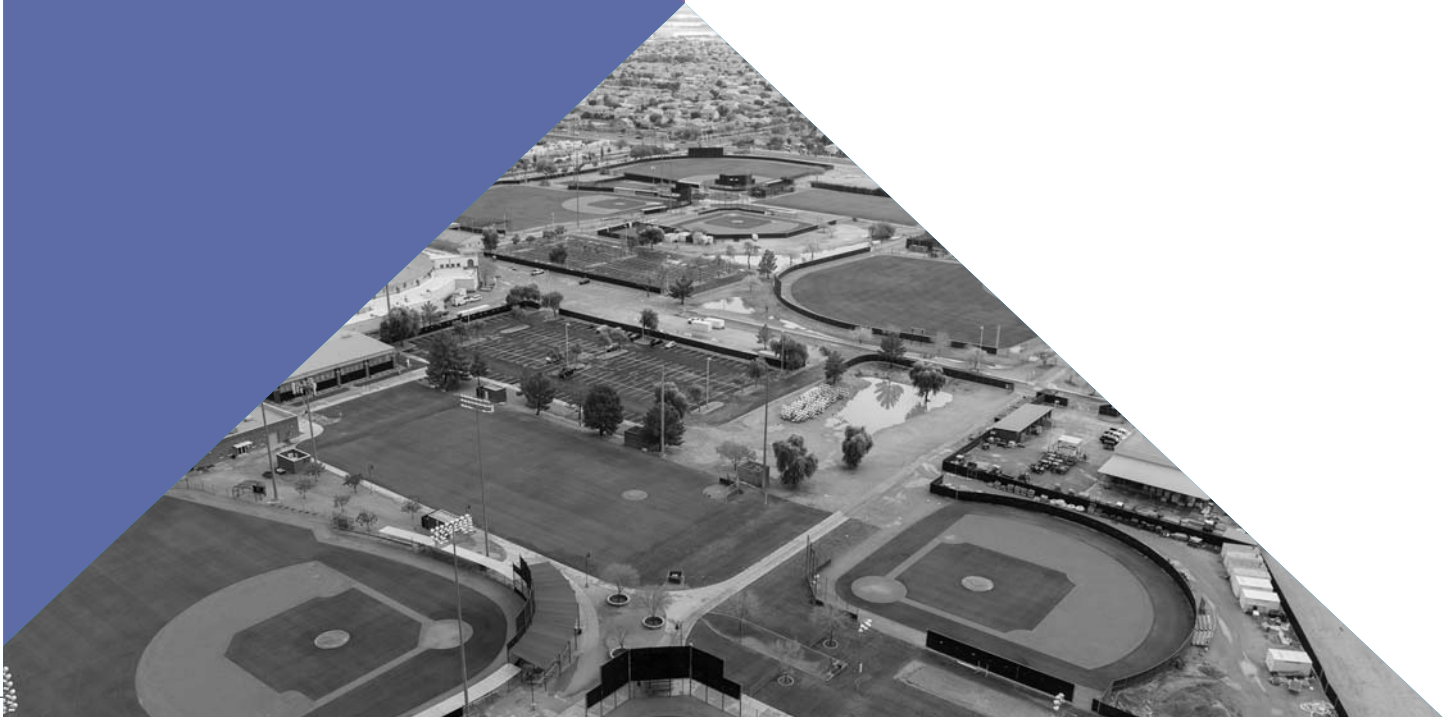
ATTACHMENTS:

1. FY 2024 ACFR small PDF
 2. FY 2024 COS Single Audit
 3. City of Surprise Communication to Governance FY24
 4. City of Surprise HURF Accountant's Report 24
 5. City of Surprise Impact Fee AUP Report 24
 6. General_Rep_Single_Audit_FY24
 7. City of Surprise ELR 24
 8. City Council Presentation (Added on 2/14/25)
-



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024





SURPRISE

ARIZONA

CITY OF SURPRISE, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended
June 30, 2024

Prepared by:
Finance Department



S U R P R I S E

A R I Z O N A

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	iv
Organization Chart	x
Mayor and City Council Members	xi
Appointed Officials	xv
Certificate of Achievement for Excellence in Financial Reporting	xvi
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	19
Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	32
Statement of Fiduciary Net Position	34
Statement of Changes in Fiduciary Net Position	35
Notes to Financial Statements	
Note 1 - Summary of Significant Accounting Policies	36
Note 2 - Cash and Investments	49
Note 3 - Receivables	54
Note 4 - Capital Assets	56
Note 5 - Developer Agreements	57
Note 6- Significant Commitments	59
Note 7 - Long-term Debt and Other Payables	60
Note 8 - Pensions and Other Postemployment Benefits	69
Note 9 - Risk Management	88
Note 10 - Contingent Liabilities	90
Note 11 - Interfund Borrowing and Transfers	90
Note 12 - Fund Balance Classifications	92
Note 13 - Deficit Fund Balances	93
Note 14 - Budget Basis of Accounting	93
Note 15 - Joint Venture	93
Note 16 – Change Within Financial Reporting Entity	94
Note 17 - Subsequent Events	94

	<u>Page</u>
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension/OPEB Liability/(Asset) – Cost-Sharing Plans	95
Schedule of Changes in the City's Net Pension/OPEB Liability/(Asset) and Related Ratios – Agent Plans	97
Schedule of City Pension/OPEB Contributions	105
Notes to Pension/OPEB Schedules	111
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	
General Fund	113
General Government Development Fee Fund	115
Highway User Revenue Fund	116
Transportation Improvement Fund	117
Grants Fund	118
Note to Required Supplementary Information	119
Other Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	
General Capital Projects Fund	120
Debt Service Fund	121
Nonmajor Governmental Fund Descriptions	122
Combining Balance Sheet – Nonmajor Special Revenue Funds	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	128
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual	
Ground Ambulance Service Fund	132
LTAF II/ALF Fund	133
Municipal Court Enhancement Fund	134
Municipal Court FARE Fund	135
Municipal Court JCEF Fund	136
Municipal Court MFTG Fund	137
Neighborhood Revitalization Fund	138
Net Premium Seating Fund	139
Proposition 400 Fund	140
SB1398 Fines Fund	141
SPD DEA Fund	142
SPD RICO Fund	143
SPD Towing Fund	144
Sports and Tourism Fund	145
Smart & Safe Police Fund	146
Smart & Safe Fire-Medical Fund	147
Tourism Fund	148
163rd Ave Development Fee Fund	149
Fire Development Fee Fund	150

	Page
Parks & Recreation Development Fee Fund	151
Police Development Fee Fund	152
Street Lighting Districts Fund	153
Marley Park Community Facility District Fund	154
Internal Service Fund Descriptions	155
Combining Statement of Net Position – Internal Service Funds	156
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	157
Combining Statement of Cash Flows – Internal Service Funds	158
STATISTICAL SECTION	
Financial Trends	
Net Position by Component	160
Changes in Net Position	162
Fund Balances of Governmental Funds	166
Changes in Fund Balances of Governmental Funds	168
Governmental Activities Tax Revenues by Source	170
Revenue Capacity	
Major Sources of Municipal Sales Tax	171
Assessed and Estimated Actual Value of Taxable Property	173
Property Tax Rates – Direct and Overlapping Governments	174
Principal Property Taxpayers	176
Primary Property Tax Levies and Collections	177
Debt Capacity	
Ratios of Outstanding Debt by Type	178
Ratios of General Bonded Debt Outstanding	180
Direct and Overlapping Governmental Activities Debt	181
Legal Debt Margin Information Unrestricted and Restricted	182
Demographic and Economic Information	
Demographic and Economic Statistics	184
Principal Employers	185
Operating Information	
Full-time Equivalent City Government Employees by Function	186
Operating Indicators by Function	187
Capital Asset Statistics by Function	189



S U R P R I S E

A R I Z O N A



INTRODUCTORY SECTION



S U R P R I S E

A R I Z O N A



INTRODUCTORY SECTION

The Introductory Section is the first of three essential components of the City's Annual Comprehensive Financial Report (ACFR). The second essential component is the Financial Section, and the third is the Statistical Section. The Introductory Section provides general information on the City's structure and personnel as well as information useful in assessing the City's economic condition, with the letter of transmittal as the key element to formally introduce the ACFR to the intended readers.



S U R P R I S E

A R I Z O N A

December 12, 2024

Members of the City Council and City Manager:

In accordance with the requirements of Arizona Revised Statutes (A.R.S.) § 41-1279.07, I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Surprise, Arizona (the City), for the fiscal year ended June 30, 2024. These financial statements are prepared and presented in conformity with generally accepted accounting principles in the United States (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operations of the various funds of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information presented in this report based on internal controls established for this purpose. To provide a reasonable basis for making these representations, the City has established a framework of internal control that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Heinfeld, Meech and Co., P.C., a firm of licensed certified public accountants, has audited the City of Surprise's financial statements pursuant to A.R.S § 9-481. The audit is intended to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

An unmodified audit opinion denotes that the financial statements are presented fairly and in conformity with GAAP. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Heinfeld, Meech and Co., P.C. was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Uniform Grant Guidance.

The single audit report is issued separately from this ACFR. Copies are available online and upon request from the City's Finance Department.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile

The City of Surprise, located just 45 minutes west of downtown Phoenix along U.S. Route 60/State Highway 93, was founded on May 17, 1938 by Flora Mae Statler who purchased and subdivided the original town site. The former small farming village now encompasses 108 square miles, including urban and commercial developments, ranches, industrial sites, and business parks. Surprise has grown from 500 residents to a city of over 160,000 people, evolving from a small town government to a regional governmental entity.

The City operates under the Council/Manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the Mayor and six Council Members. The Council is responsible for, among other things, passing ordinances, appointing committees, adopting the budget, and appointing the City Manager, the City Clerk, City Attorney, and the Presiding Judge. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for selecting department directors.

The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three elected alternately every two years. The Mayor is elected at large every four years, while the other Council members are elected by district.

The City provides a full range of services, including police and fire protection, ground ambulance services, roadway maintenance and construction, recreational and cultural activities, as well as general administrative services. Sanitation, water, stormwater, and sewer services are provided to many of the residents through the City's enterprise funds. The City provides street lighting for existing and new areas through legally formed street lighting districts. The City accounts for a community facilities district designed to provide funding for the construction and acquisition of certain public infrastructure improvements. These last two activities essentially function as departments within the City and have been included as an integral part of the City's financial statements. Additional information on the two legally separate entities can be found in Note 1 section A. (1.A) in the Notes to the Financial Statements.

The annual budget is adopted by resolution and serves as the foundation for the City of Surprise's financial planning and control. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The budget preparation and adoption process is described in greater detail in the Notes to the Financial Statements. The budget is prepared by fund and by department and may be amended during the fiscal year in accordance with our budget amendment policy which can be found in the City's budget book.

Economic Condition and Outlook

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

Local Economy

The fiscal year 2024 budget provides a continued commitment to maintaining the residents' quality of life in a growing city. The City continues to navigate the economic climate of inflation, rising interest rates, growth, ever-changing supply chain markets, and workforce shortages. The City remains focused on balancing financial stability while maintaining its current level of service.

The City's economic position continues to be strong due to financially sound policy decisions led by our City Council. The City continues to see robust commercial development along with a significant growth of single family home permits issued. This has resulted in continued strong revenues, which has provided the City the opportunity to provide dedicated funding to maintain our high level of service and provide operational funding to enhance the services that we provide to our residents. Additionally, the City saw an increase in its state shared revenue, mainly due to the growth that the State of Arizona continues to see. This revenue provides funding to help offset the cost to support new residents. Residential and commercial growth adds demand to our service levels in areas such as public safety, transportation, parks and recreation, and community development. The City continues to strengthen its financial position to maintain its valuable assets moving into the future

Throughout the year, the City experienced residential population growth and significant commercial permit activity. The city continues to exceed the statewide average in population growth and the trend is expected to continue based on the availability of land within the City's planning area. This results in a greater number of consumers and a larger proportion of state shared revenues. These have combined to result in an 8.6% increase in sales tax collections while state shared sales tax revenues increased by 24% over the previous year. The population and commercial square footage growth has been a factor in the improved economic performance for the city.

Further information on the history of City revenues and expenses can be found in the MD&A, pages 4 through 16, and the Statistical Section that begins on page 159, of this financial report.

Long-Term Financial Planning

The City continues to plan for investment in maintaining facilities, infrastructure, and equipment that allow for the continued delivery of high quality services to the residents of Surprise.

During fiscal year 2024, the City continued to contribute additional funding to Public Safety Pension Reserve dedicated for the Public Safety Personnel Retirement System (PSPRS) unfunded liability.

Major Initiatives

On November 7, 2023, the voters of the City of Surprise approved two General Obligation Bond questions in the areas of public safety and transportation. The amounts raised from issuing bonds will be used to fund significant public safety and transportation improvements, such as the building of a new fire station, a new police substation and expansion of roads, reducing public safety response times and traffic across the City.

In fiscal year 2023, the City began design on a new multigenerational community resource center on city owned land in the original town site, funded mainly by grant funding from the American Rescue Plan Act. The center is expected to be around 30,000 square feet and would provide services such as recreation and congregate meals to seniors, resources such as utility and rental assistance to eligible residents, and an updated and more modernized library. Construction is to begin in fiscal year 2025.

In fiscal year 2024, the City began construction on the expansion of the City's primary wastewater treatment facility, financed through a loan from the Water Infrastructure Financing Authority.

In fiscal year 2024, the Water Resource Management department completed the federally mandated Lead & Copper Water Service Line Inventory. This initiative required the validation and documentation of nearly 25,000 water service line connections to verify the pipeline material. The department reported zero unknown lines and no lead service lines within the City's water service area. Additionally, the department has been fulfilling the goals of four grant funded projects that have allowed an increase in water conservation offerings and participated in numerous regional water resource and conservation initiatives that put the City in a strategic position for future acquisitions.

On May 15, 2018, the voters of the City of Surprise approved the acquisition of a local water company that operates in the City's northern planning area and future water service area. The acquisition will provide the City with the company's existing water infrastructure and grow the City's allocation of Colorado River water by more than 38%. The process for the acquisition of the water company has begun and is expected to be finalized within the next few years.

The City has been focused on the implementation of the Fiscal Year 2025 – 2029 Utility Rate Study. This has included the delivery of large scale water and wastewater projects that will provide the necessary capacity and redundancy for the growth of our city.

Fiscal year 2024 was the first complete fiscal year of operations for the Surprise Public Library System which welcomed more than 325,000 patrons through its doors. In fiscal year 2024, nearly 30,000 library cards were created and the Library of Things expanded which provides resources and access to the Surprise community including a seed library, record player and vinyl kits, video games, book club kits, developmental toys.

The Arts and Culture Division completed updated the 1 1/3 Percent for Art policies and procedures to be more efficient and effective. A Strategic Plan was developed and implemented with support from the Arts and Cultural Advisory Commission. This document serves as the guiding light for Arts and Culture operations within the cities and ensures that projects are sustainable, efficient and align with the mission of the division. The division programming attendance grew 180% and added 2 new public art pieces to the City's collection.

In fiscal year 2024, the City, in conjunction with Arizona Department of Transportation and the Maricopa Association of Governments, completed many short-term improvements to the area of US 60 & SR 303 to help mitigate traffic congestion in the area. This transportation corridor feeds the area of North Surprise, the fastest growing area of the City, that is bounded by those two state operated transportation facilities. These improvements have provided additional capacity through additional lanes, turn lanes, ramp modifications, and traffic signal improvements.

Also, the City dedicated funding for the City's first transportation master plan. This planning effort will provide the City with a short and long range plan that will help to shape the future of the City's transportation network, as well as provide the residents of the City with a voice in developing the City's transportation network.

Rescue Oasis is fully designed and under construction at Perryville and Cactus roads. The complex will include roadway improvement, a new pool with 3 bodies of water, a park with a splash pad and Fire Station 309. The complex is scheduled to be completed in 2025.

Relevant Financial Policies

The City of Surprise has adopted a comprehensive set of financial policies which are reviewed annually and updated as necessary. During fiscal year 2024, the City created or revised several policies and desk procedures. The following list includes the policies and procedures that were reviewed during the year: the Accounts Payable Guidelines, Comprehensive Financial Management Policies, Procurement Card Standard Operating Procedure, City Leases, Subscription Based IT Arrangements, City Mailroom Policy, Surplus Policy, and Cash Services.

Budgetary Controls

The adopted level of budget control is appropriated by department within each fund. The Capital Improvement Plan (CIP) is appropriated by project.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Surprise for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023, which represented the 20th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy 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 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

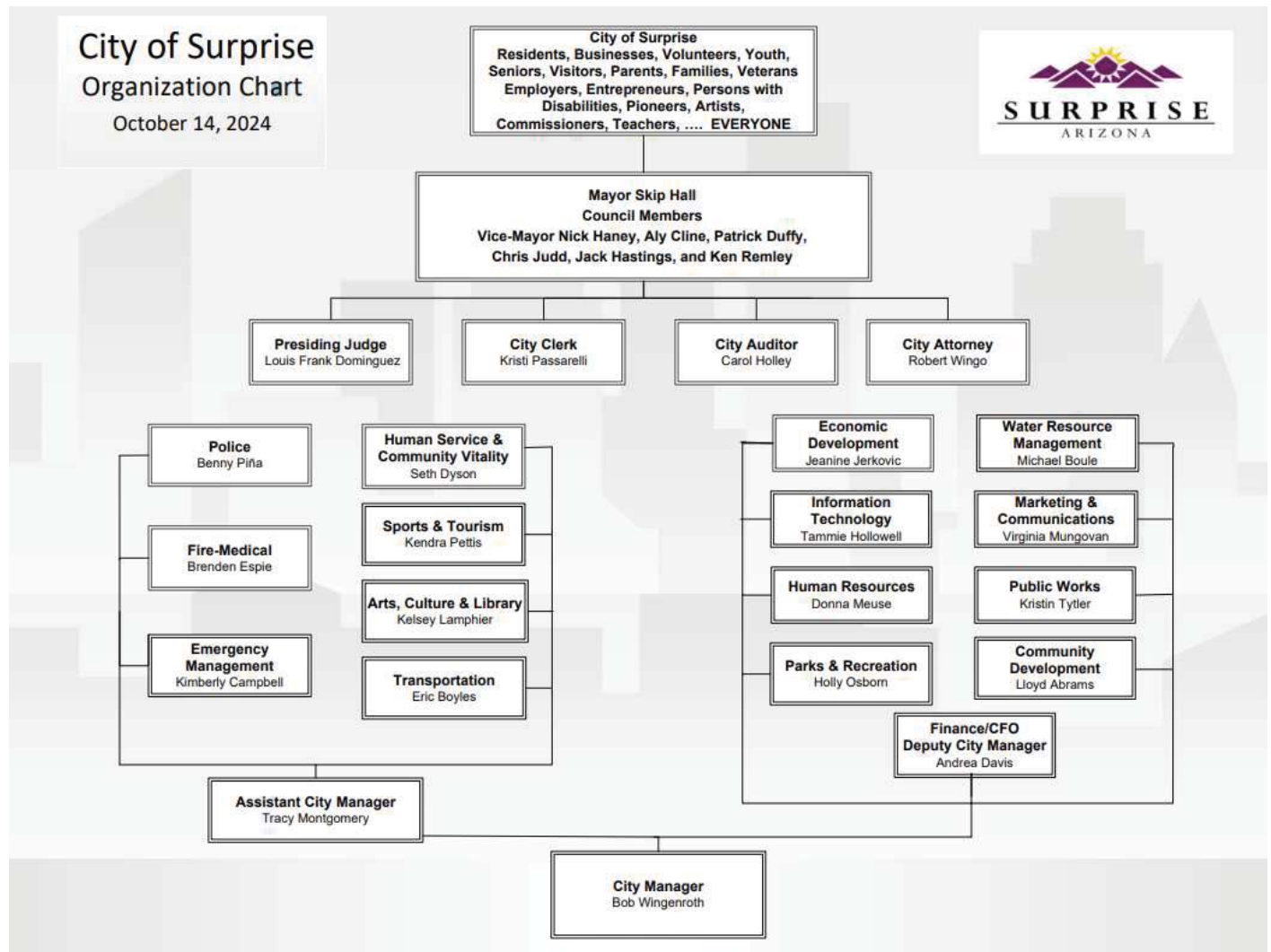
Acknowledgments

I want to thank and recognize the staff of the Finance Department for their efforts in preparing this report. I would also like to thank all City departments for their assistance throughout the past year and express my appreciation for the guidance and support from the City Manager's Office and Mayor and City Council in planning and conducting the financial operations of the City in a fiscally responsible manner.

Respectfully submitted,



Andrea Davis
Chief Financial Officer/Deputy City Manager





SURPRISE

ARIZONA

MAYOR SKIP HALL — Mayor@surpriseaz.gov

Skip Hall was elected to serve as Mayor in August 2020. His four-year term began on January 1, 2021, and ends on December 31, 2024.

Mayor Hall was first elected to the City Council with a special election for District 6 (Palo Verde) in April 2008 and re-elected to office in 2009 to a full term. Redistricting placed him in the newly configured District 5, and on August 27, 2013, he was elected to the District 5 seat. He was re-elected to that seat in the August 2018 Primary Election. He also served as Vice Mayor in 2011 and 2014. Mayor Hall was selected to serve as Mayor by the City Council in November 2018 to fill a vacancy.

Prior to serving on City Council, Mayor Hall served three years on the City of Surprise Planning and Zoning Commission. He also spent several decades working in various capacities in the hospitality and real estate industries.

For three years, Mayor Hall served as the Vice President for a new homebuilder in California, and prior to that, he served 10 years as the Senior Vice President of a hospitality company based in Japan. Most of his professional career was spent opening and operating several restaurants and hotels along the west coast.

Mayor Hall has been part of the City Council's united effort that helped bring Surprise back to fiscal health during the recession, generating a budget surplus placing the City's fiscal house in order and improving our City's bond ratings. Mayor Hall also played a proactive supporting role in initiating a Surprise youth initiative and the annual Surprise Literacy Challenge with former Councilman John Williams. Mayor Hall oversees a growing economy that has added many new businesses and thousands of jobs to Surprise, as well as a new capital investment and employers like Amazon, IRIS USA, OUAZ and many more. He brings a renewed focus and attention to Surprise downtown area and a creative economy with new restaurant and entertainment options to the Prasada area.

During his time on Council, Mayor Hall has served on numerous City Council Sub-Committees, including as current chair of Public Safety Retirement Commission. He has also served on WESTMARC's Water and Energy Committee and the Valley Metro RPTA Board. Mayor Hall's regional service currently includes a position on the Maricopa Association of Governments (MAG) Regional Council, MAG Transportation Policy Committee, and Luke West Valley Council. Mayor Hall is active with the City's AZ TechCelerator to promote business growth, and he is the chair of the Mayor's Veterans Roundtable.

Mayor Hall's goals for the City include maintaining strong public safety for residents amidst continued growth; continuing to expand upon the City's long-term, sustainable water master plan; working with federal, state and county partners to increase funding opportunities and maintain focus on transportation infrastructure needs and expanding east-west connections specific to north Surprise. Mayor Hall continues to seek opportunities to bring healthy and active outdoor spaces to our community that will help meet the demands of our recreational and sports programs and increase youth involvement within the community.

Mayor Hall continues to look for ways to serve the residents of Surprise with an emphasis on public safety, financial health, water resources, streets, solid waste, recycling, youth, veterans and keeping the friendly, small-town feel of Surprise as the City grows.

Mayor Hall is a Vietnam War Veteran and was awarded the Bronze Star for his outstanding service 1969-1970. He grew up in Idaho and received a business degree from Seattle University.

VICE MAYOR NICK HANEY — Nick.Haney@surpriseaz.gov



Nick Haney was elected to serve the residents of District One in August of 2022 and began a four-year term in January 2023. His family moved to Surprise over 20 years ago and put down roots in the community. Nick was raised in Surprise and attended school in the Dysart Unified School District. His call to service started at a young age as he became involved in the Surprise Youth Council and was elected to serve as chair.

Nick obtained his bachelor's degree from Arizona State University where he quickly became a student leader on campus. In addition to his volunteer involvement on campus, Nick achieved the highest academic success, graduating Summa Cum Laude. After college, he chose to carry on the family tradition of public service as a first responder.

Nick is proud to come from a family of public servants. Two of his grandparents served in the United States Air Force. In addition, his other grandfather, who lives in Surprise, served in the United States Navy as a Corpsman and is a veteran of the Vietnam War. Nick's father is a United States Army Veteran, and his mother is a member of law enforcement. Nick has continued this tradition of service as a firefighter paramedic with one of the busiest fire departments in the Valley. When he is not at the fire station, he volunteers at various charitable events throughout the year, giving back to those in need.

Nick recently married the love of his life, Nicole, who is a nurse at Phoenix Children's Hospital in the Pediatric Intensive Care Unit. The Haney's bought their first home in Surprise and are excited to start their new family in the city they both love.

Nick is excited to serve the City and community that has given him so much. He is committed to making Surprise an even better and safer city for his family and yours.

ALY CLINE — Aly.Cline@surpriseaz.gov



Alyson "Aly" Cline was first elected to City Council in 2020, with a term beginning in January 2021 and a term expiration of December 31, 2024. Aly and her husband Gary have lived in Surprise since 2002 and have been married for 33 years and have two stepsons, Eric and Nathan Cline.

In the last 12 years, Aly has volunteered more than 20,000 hours within the City of Surprise. Before retiring in 2008, she worked for 35 years in the financial services industry, managing staff and developing training programs for management and staff. Aly has a Certificate in Business Management from UCLA.

Aly currently chairs the City's Boards and Commissions selection Committee, Community Outreach, Partnership and Grants Committee, and serves on the Education Committee. In addition, she serves on the Maricopa Association of Government (MAG) Human Services and Community Initiatives board and MAG Domestic Violence board. She also serves on the Broadband USA Committee relating to the need for Broadband access in rural areas of Arizona and the impacts on businesses, families, students, and local schools.

Aly is active in West Valley Women, an organization that supports women in business and participates in Women 4 Women, a non-profit organization that provides hygiene products to help women in crisis. She also supports the West Valley Veterans Success Center in the Surprise Resource Center.

Aly continues to serve as President of Friends of the Surprise Libraries, Inc., a non-profit organization that supports local teachers through a grant program focused on literacy, reading and special education programs.

Representing the interests of all of the communities within District 2 is of the utmost importance to Aly, which means reaching out to local Home Owner Associations, meeting residents, and listening to their needs and concerns.

PATRICK DUFFY — Patrick.Duffy@surpriseaz.gov

Patrick Duffy was first appointed to City Council in September 2017 to represent the residents of District 3 (D3) through December 31, 2018. When the D3 seat went to ballot, he was elected to serve the remainder of the four-year term (two years), which expired December 31, 2020. Duffy was re-elected for another four-year term in the August 2020 primary, and also served a one-year term as Vice Mayor in January 2021. His term will expire on December 31, 2024.

Patrick is a Financial Advisor for SCF Securities, Inc, and for nine years prior to his appointment to City Council, he worked part-time as a City of Surprise Recreation Leader. He has lived in Surprise for 11 years, four of them in D3.

Patrick is currently chairs the Performance Evaluation Leaders Subcommittee and the Tourism Fund Subcommittee, and serves on the Community Outreach, Partnership, and Grants Subcommittee. He is also a board member WESTMARC and Greater Phoenix Economic Council. Patrick was a member of the Surprise Municipal Property Corporation Board, and through his city service, has been part of numerous Community and Recreation Services events, including Spring Training support, Relay for Life events and Cal Ripken All-Star games. He holds a Bachelor of Arts in Political Science from Arizona State University.

KEN REMLEY — Ken.Remley@surpriseaz.gov

Ken Remley believes in strong leadership by example, building consensus among his peers in decision-making, developing partnership relationships, and maintaining fiscal responsibility and transparency.

Drawing upon his 30+ years of experience in public accounting and as a Chief Financial Officer of a publicly held company, Ken's vision is to attract quality employers and good paying jobs to Surprise, while maintaining cost-effective city services and fostering community pride.

Ken was elected to a four-year term as District 4 Councilman in 2016, served as Vice Mayor for the year 2018, and was re-elected for another four-year term in the August 2020 primary, with a term expiration of December 31, 2024.

In addition to his city council duties, Ken is currently employed as a Licensed Mortgage Loan Originator and income tax preparer.

Ken has always been actively involved in the community. He previously served as Treasurer of Litchfield Manor Homeowners Association for 13 years, participating in its Budget, Landscaping, Architectural and Social Committees. Ken currently serves on the Salvation Army Advisory Board.

Ken is a Vietnam Veteran, having served in the United States Navy from 1963-1967.

Ken's educational accomplishments include a Bachelor's degree in Business Education - Accounting from California State University Fullerton, followed by graduate studies at University of Phoenix. He also holds lifetime teaching credentials in Community Colleges.

On a personal basis, Ken has lived in Surprise since 2004. He has four children, nine grandchildren, and 10 great-grandchildren.

JACK HASTINGS — Jack.Hastings@surpriseaz.gov



Jack Hastings was elected in 2020 and re-elected in 2022 to represent the residents of Surprise District 5.

Jack is a third-generation Surprise resident. He is married to his wife Olivia, who he met in Surprise. He works as an Academic Intervention Specialist at West Point Elementary in the Dysart Unified School District. Jack has a Bachelor's Degree from Arizona State University and earned his Master's Degree in Educational Leadership.

Jack has helped pass balanced budgets on the Surprise City Council. He currently chairs the Education Subcommittee and serves on the Sports and Tourism Fund Subcommittee, the Community Outreach, Partnerships and Grants Subcommittee, and the Joint Planning Advisory Council. He also is an ambassador to the Greater Phoenix Economic Council (GPEC) to help promote our city and bring jobs and businesses to Surprise.

Jack is a strong supporter of public safety and an outspoken advocate for our first responders. His faith and relationship with God is central to his life. He loves seeing the work that God is doing in the community. Jack loves Surprise and is dedicated to giving back to the city he grew up in. He serves as your voice on the Surprise City Council.

CHRIS JUDD – Chris.Judd@surpriseaz.gov



Chris Judd was elected as the District 6 (D6) Councilmember in the August 2018 Primary Election to serve a four-year term beginning January 1, 2019.

Chris is a native Arizonan and graduate of Arizona State University. He has been part of the Surprise business community since the mid-'90's, and he and his family of five have been coming home to Surprise for over a decade.

As an independent businessman, former owner, and manager of local small businesses, Chris was very active with the Rotary Club of Surprise and the Surprise Regional Chamber of Commerce. He served as the Rotary Club President from 2015-2016 and currently serves on the Board of Directors for the Rotary Club of Surprise Community Foundation.

Chris currently chairs the Community Outreach, Partnership and Grants Committee, Rules Committee and White Tanks Conservancy and serves on the Audit Committee and served on the MAG Economic Development Committee.

Chris began working in Surprise in 1996, right out of college and spent 14 years as General Manager of a local small manufacturing plant. There he learned about the many challenges that businesses- especially small businesses-face, and how difficult it can be to juggle all of the factors required to make a business successful, profitable, and a good place to work. He applied that knowledge and experience to a small business of his own, a Surprise-based trucking company that served local and long-haul clients.

Chris is an independent Insurance broker licensed in Property and Casualty Insurance. He holds a professional designation as a Life Underwriter Training Council Fellowship from the College for Financial Planning and a Bachelor of Science degree from Arizona State University.

Chris and his wife Jenna have been married for over 20 years and are most proud of the work they've done, and are doing, raising their three wonderful daughters. The family loves the great outdoors, and they spend as much time as they can together, camping and hiking in and around the beautiful backcountry of Arizona's deserts, mountains, and forests.



CITY OF SURPRISE
Appointed Officials

City Manager	Bob Wingenroth
City Clerk	Kristi Passarelli
City Attorney	Robert Wingo
Presiding Judge	Louis Frank Dominguez



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Surprise

Arizona

For its Annual Comprehensive

Financial Report

For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION – INDEPENDENT AUDITOR’S REPORT



S U R P R I S E

A R I Z O N A



FINANCIAL SECTION – INDEPENDENT AUDITOR’S REPORT

The Financial Section is divided into seven subsections. The first subsection is the Independent Auditor’s Report, which is the official written communication of the audit results provided by the independent auditors expressing their opinion on the City’s financial statements as to whether the financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

Financial Subsections

- Independent Auditor’s Report
- Management’s Discussion and Analysis
- Government Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information



SURPRISE

ARIZONA

Independent Auditor's Report

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

Report on Audit of Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Surprise, Arizona, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of City of Surprise, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Surprise, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Surprise, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 12, 2024



SURPRISE

ARIZONA



FINANCIAL SECTION - MANAGEMENT'S DISCUSSION AND ANALYSIS



SURPRISE

ARIZONA



FINANCIAL SECTION – MANAGEMENT’S DISCUSSION AND ANALYSIS

The Financial Section is divided into seven subsections. The second subsection is Management’s Discussion and Analysis. This component is to furnish an objective and easily readable analysis of the City’s financial activities.



SURPRISE

ARIZONA

The City of Surprise (City) is pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2024. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes and provides an objective and easy-to-read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing a summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its impacts on our debt and operation. Amounts presented may reflect some minor differences due to rounding. This analysis is meant to be read in conjunction with the letter of transmittal.

Financial Highlights

- *Governmental Activities net position.* The City's net position increased 15.7% or \$136.2 million from \$868.8 million to \$1.0 billion. This increase is attributable to an increase in revenue due to continued economic and population growth.
- *Business-Type Activities net position.* The City's net position increased by 11.5% or \$54.0 million from \$468.3 million to \$522.3 million. Continued growth in the City accounts for the increase, with \$51.4 million of the increase resulting from developer capital contributions.
- *Governmental Activities expenses* of \$259.5 million exceeded program revenues of \$141.8 million. The difference of \$117.7 million of expense represents the total burden each separate function places on the City; that is the total cost after deducting revenues charged or grants and contributions received specifically for these programs. This amount is covered by general governmental revenues net of transfers.
- *Business-Type Activities expenses* were \$65.5 million, while program revenues totaled \$115.8 million, a difference of \$50.3 million. The current year excess will be added to net position.
- *Component units.* The City includes two separate legal entities in its report: Marley Park Community Facilities District (CFD), and various Street Lighting Improvement Districts (SLID). Although legally separate, these "component units" are presented along with the City's financial statements (blended presentation). Blending component units is appropriate when they share a governing body with the primary government or when there is an exclusive benefit to the primary government. Each of the above mentioned component units meets these requirements. A more detailed description of these component units is available in Note 1.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 17-18 and 19-20) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 21. These fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The fiduciary statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 17. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities provide information about the City as a whole and about its activities in a way that helps answer this question. These statements use 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.

These two statements report the City's net position and/or changes in them. The City's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You may also consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

The statement of net position and the statement of activities are divided into two kinds of activities:

- *Governmental activities* — Most of the City's basic services are reported here, including police, fire-medical, ground ambulance services, public works, parks and recreation, human service and community vitality, community development, economic development departments, and general administration.
- *Business-Type activities* — The City charges a fee to customers to help it cover all or most of the costs of certain services it provides. The City's water, sewer, sanitation, and stormwater systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 21 where the fund financial statements begin. These provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental Funds* — Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. A description of the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is included in the reconciliations following the fund financial statements.
- *Proprietary Funds* — When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but

provide more detail and additional information, such as cash flows, for proprietary funds. The City uses an internal service fund (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, specifically the City's Employee Healthcare Fund, the Risk Management Fund, and the Workers' Compensation Fund.

- *Fiduciary Funds* — The City is the fiduciary for the Flexible Spending Account. All of the City's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position on pages 34-35.

These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position as of June 30, 2024 and June 30, 2023.

City of Surprise's Net Position (in Millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 462.8	\$ 387.1	\$ 151.9	\$ 128.4	\$ 614.7	\$ 515.5
Capital assets, net	792.5	722.9	418.9	383.3	1,211.4	1,106.2
Total assets	1,255.3	1,110.0	570.8	511.7	1,826.1	1,621.7
DEFERRED OUTFLOWS OF RESOURCES	43.6	40.5	1.8	2.2	45.4	42.7
LIABILITIES						
Current liabilities	52.4	27.1	11.6	6.9	64.0	34.0
Long-term liabilities	217.9	230.8	38.0	38.1	255.9	268.9
Total liabilities	270.3	257.9	49.6	45.0	319.9	302.9
DEFERRED INFLOWS OF RESOURCES	23.6	23.8	0.7	0.6	24.3	24.4
NET POSITION						
Net investment in capital assets	693.0	635.1	390.2	359.3	1,083.2	994.4
Restricted	41.1	40.4	29.5	19.5	70.6	59.9
Unrestricted	270.9	193.3	102.6	89.5	373.5	282.8
Total net position	\$ 1,005.0	\$ 868.8	\$ 522.3	\$ 468.3	\$ 1,527.3	\$ 1,337.1

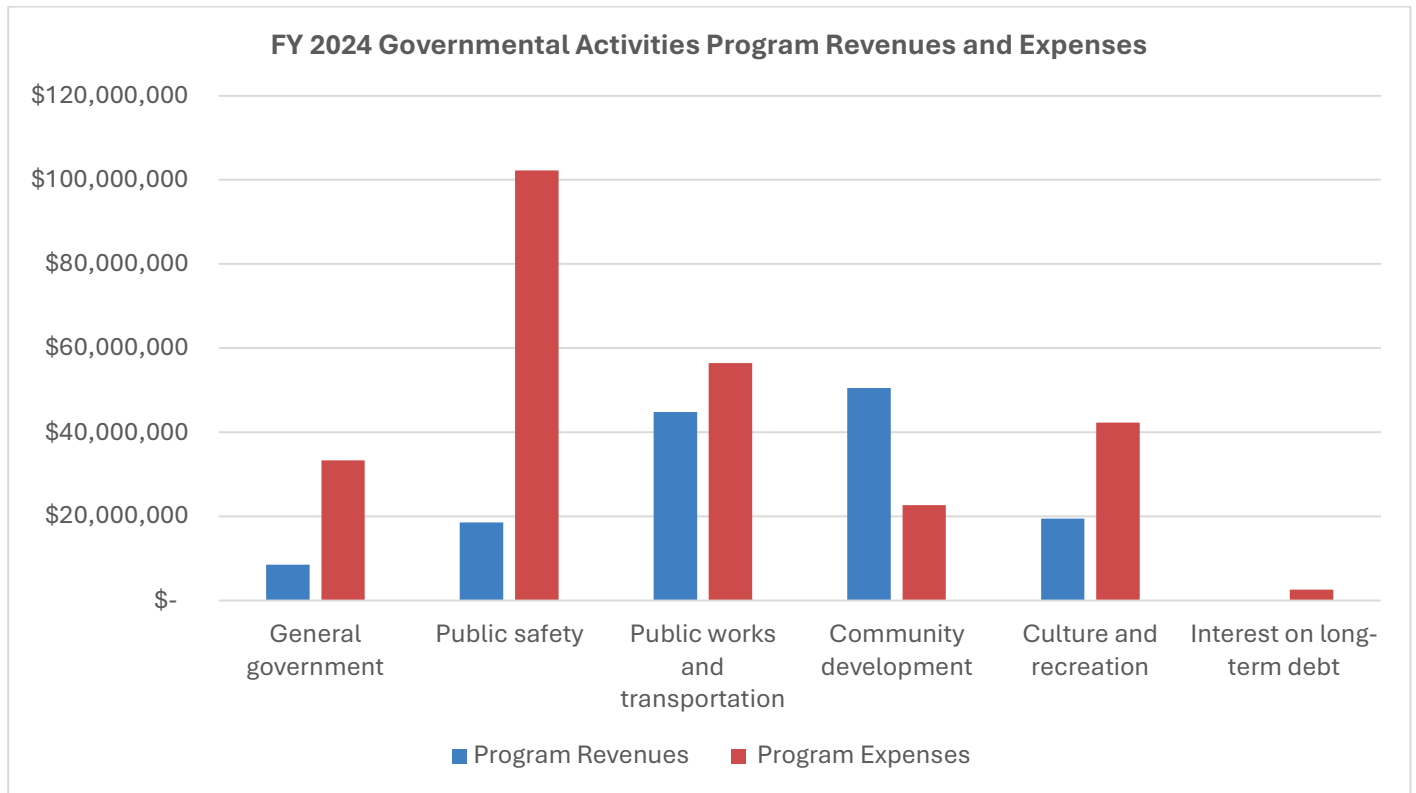
Net position is a good indicator of a City's overall financial standing. For fiscal year 2024, the City had total combined net position of \$1.5 billion. This was an increase of \$190.2 million, or 14.2% over the prior year's net

position of \$1.3 billion. The increase can be attributed to continued economic strength, population growth, and capital grants and contributions.

Not all of the \$1.5 billion is available for the City to use without restraint. The largest portion of the City's total net position, \$1.0 billion, or 70.9%, represents the City's net investment in capital assets. Of the remaining net position, \$70.6 million is restricted for various purposes with the remaining \$373.5 million unrestricted as to its use.

City of Surprise's Changes in Net Position (in Millions)

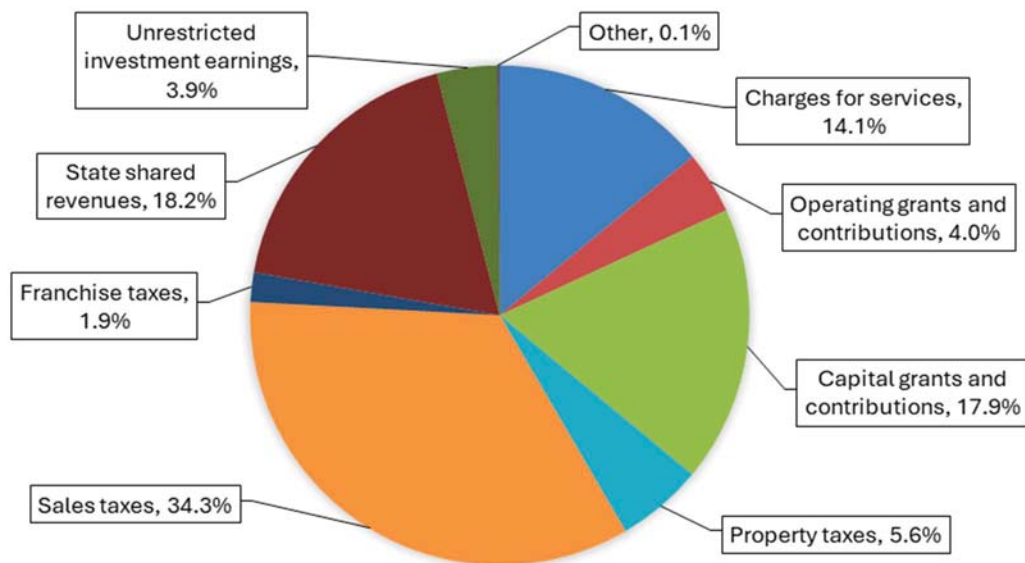
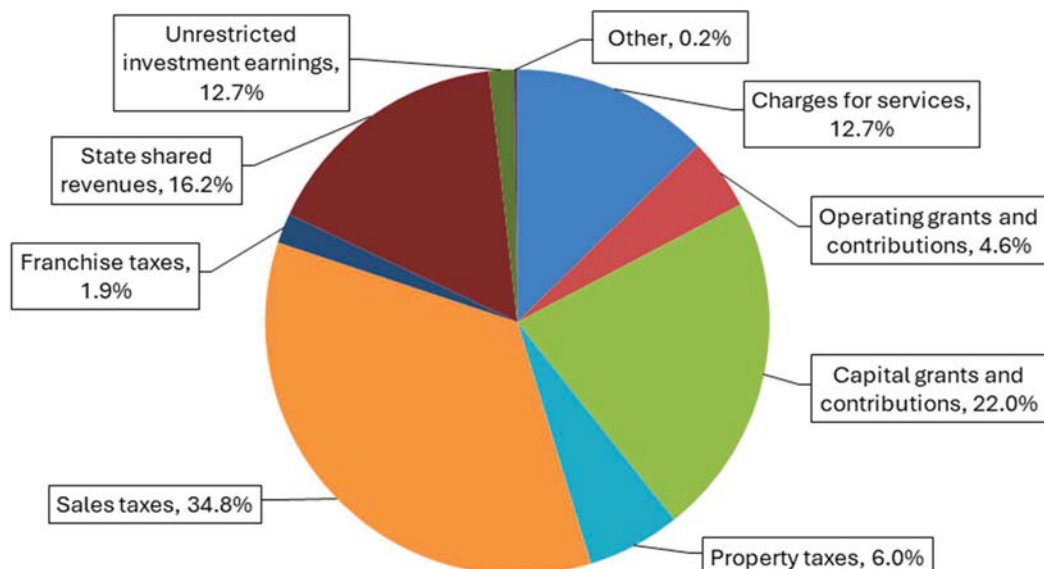
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues:						
Charges for services	\$ 55.4	\$ 45.4	\$ 64.0	\$ 59.1	\$ 119.4	\$ 104.5
Operating grants and contributions	15.9	16.2	-	-	15.9	16.2
Capital grants and contributions	70.5	78.6	51.4	41.8	121.9	120.4
General revenues:						
Property taxes	22.1	21.3	-	-	22.1	21.3
Sales taxes	135.0	124.3	-	-	135.0	124.3
Franchise taxes	7.5	6.7	-	-	7.5	6.7
State shared revenues	71.7	57.8	-	-	71.7	57.8
Unrestricted investment earnings	15.4	5.8	5.1	2.0	20.5	7.8
Other	0.6	0.8	0.6	0.2	1.2	1.0
Total revenues	394.1	356.9	121.1	103.1	515.2	460.0
EXPENSES						
Program activities:						
Governmental activities:						
General government	33.3	28.3	-	-	33.3	28.3
Public safety	102.2	81.6	-	-	102.2	81.6
Public works and transportation	56.4	55.1	-	-	56.4	55.1
Community development	22.7	19.8	-	-	22.7	19.8
Culture and recreation	42.3	40.1	-	-	42.3	40.1
Interest on long-term debt	2.6	2.8	-	-	2.6	2.8
Business-type activities:						
Water	-	-	23.6	18.0	23.6	18.0
Sewer	-	-	26.4	25.2	26.4	25.2
Sanitation	-	-	13.6	12.0	13.6	12.0
Stormwater	-	-	1.9	1.5	1.9	1.5
Total expenses	259.5	227.7	65.5	56.7	325.0	284.4
Excess before transfers	134.6	129.2	55.6	46.4	190.2	175.6
Transfers in (out)	1.6	1.6	(1.6)	(1.6)	-	-
Increase/(Decrease) in net position	136.2	130.8	54.0	44.8	190.2	175.6
Net position - beginning	868.8	738.0	468.3	423.5	1,337.1	1,161.5
Net position - ending	<u>\$ 1,005.0</u>	<u>\$ 868.8</u>	<u>\$ 522.3</u>	<u>\$ 468.3</u>	<u>\$ 1,527.3</u>	<u>\$ 1,337.1</u>



For fiscal year 2024, governmental activities program expenses exceeded program specific revenues by \$117.7 million. The remaining expenses were supported by general governmental revenues.

- Charges for services, operating grants and contributions, and capital grants and contributions account for 36% of total governmental revenues.
- Community oriented programs such as public safety (police, fire, ambulance services, and courts) and culture and recreation (parks, recreation, youth, and senior services) are subsidized by general governmental revenues. The City does not intend to charge for the total cost of these services directly.
- Culture and recreation often charges a fee for services it provides, but usually that fee does not cover the entire cost of the service.
- Community Development revenues come primarily from construction-related activities.
- SLIDS are Street Light Improvement Districts that charge a fee/tax to pay for the maintenance of light poles and the electricity used by neighborhood streetlights. Revenues and expenses for SLIDS are included in the public works and transportation program.

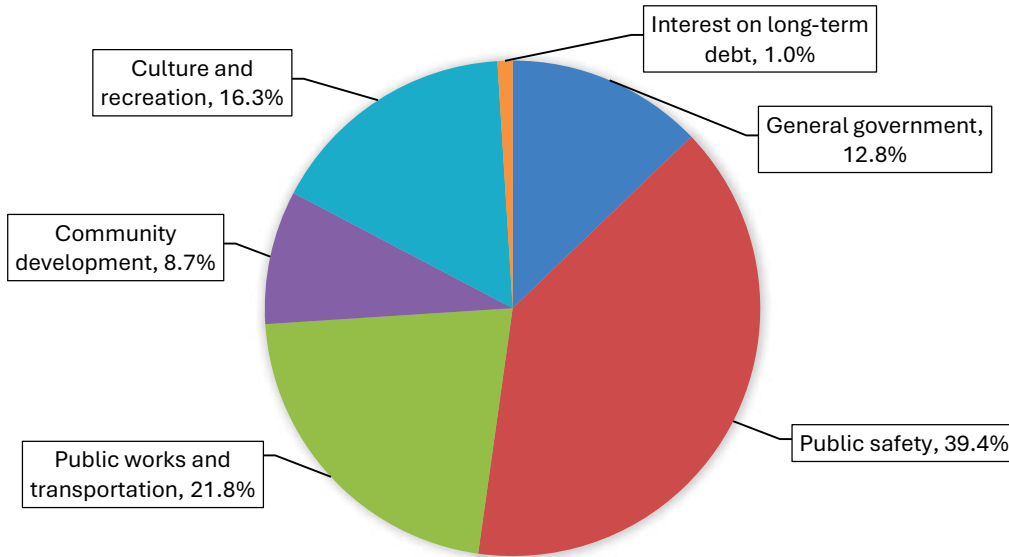
Governmental Activities revenues for the fiscal year ended June 30, 2024 totaled \$394.1 million and have been identified by major revenue source in percentage format. The prior year percentages have also been provided for comparison.

FY 2024 Governmental Activities Revenues**FY 2023 Governmental Activities Revenues**

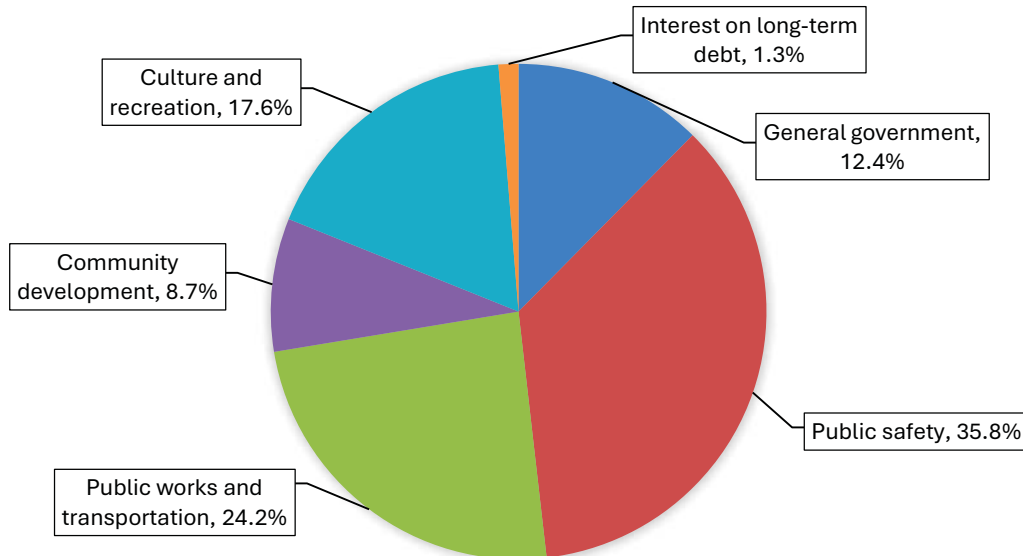
The City's largest revenue source is sales tax revenue at \$135.0 million, followed by state shared revenues totaling \$71.7 million. Total governmental activities revenues increased \$37.2 million from the prior year as a result of the following changes in revenue: Charges for services increased \$10 million due to the increase of \$4.6 million in permit revenues and \$2.9 million in development services revenue. Also, local sales taxes increased \$10.7 million due to local economic and population growth. State shared revenues also increased \$13.9 million from continued state economic and population growth. Capital grants and contributions decreased \$8.1 million from the prior year. This decrease is primarily due to less developer donated infrastructure compared to the prior year.

Governmental Activities expenses for the fiscal year ended June 30, 2024 totaled \$259.5 million and are identified by function in percentage format. The prior year percentages have also been provided for comparison.

FY 2024 Governmental Activities Expenses



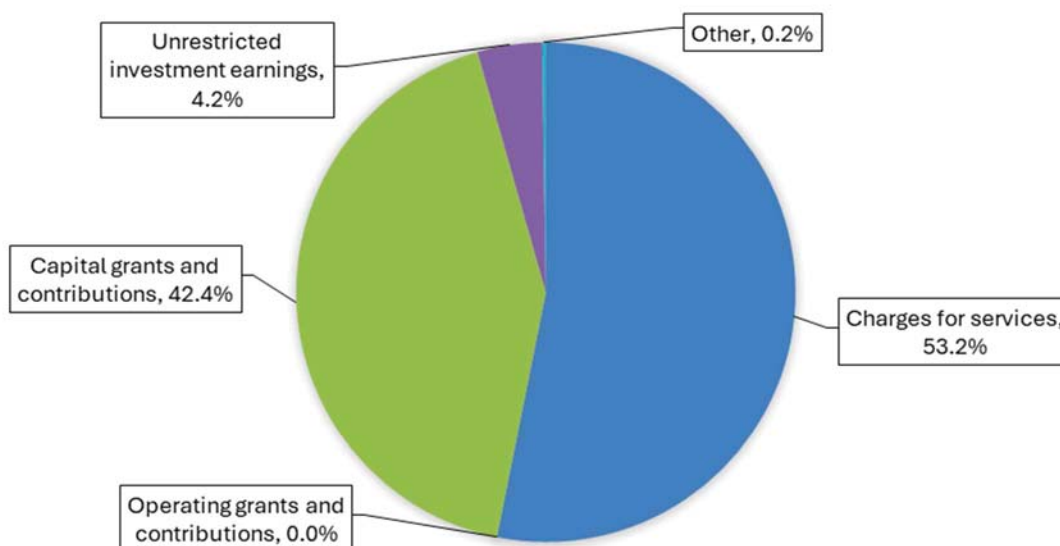
FY 2023 Governmental Activities Expenses



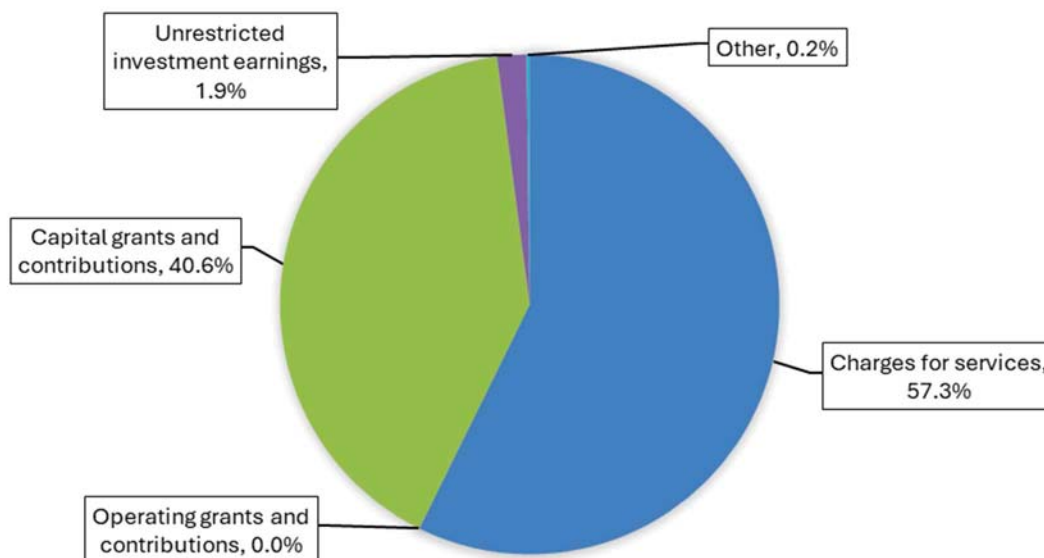
Current year expenses increased by \$31.8 million or 14% as result of increases in personnel, supplies, and services. The single largest expense for the City is the cost of personnel. Public safety has the largest workforce paid from governmental funds. As a result, public safety comprises the largest portion of program expenditures at 39.4% or \$102.2 million.

Business-Type Activities revenues for the fiscal year ended June 30, 2024 totaling \$121.1 million are identified by major revenue source in percentage format. The prior year percentages have also been provided for comparison.

FY 2024 Business-Type Activities Revenues

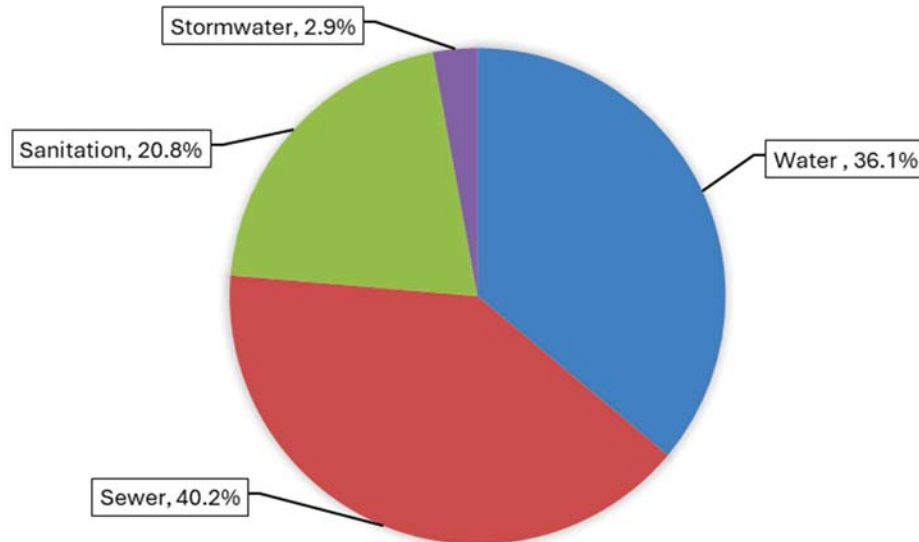


FY 2023 Business-Type Activities Revenues

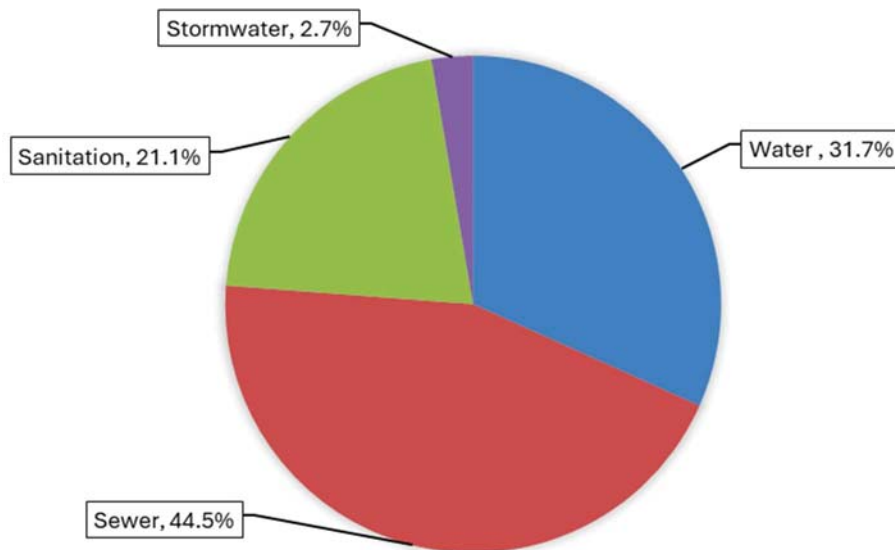


Business-Type Activities expenses for the fiscal year ended June 30, 2024 totaled \$65.5 million and are identified by function in percentage format. The prior year percentages have also been provided for comparison.

FY 2024 Business-Type Activities Expenses



FY 2023 Business-Type Activities Expenses



Business-Type Activities expenses increased by \$8.8 million or 15.5% from the prior year. The increase is primary due to \$6.8 million in expenses for a sewer plant capacity enhancement.

Financial Analysis of the City's Funds

Total Governmental Funds fund balance increased \$56.8 million from \$309.8 million to \$366.6 million. The increase is attributed to continued economic strength, population growth, and grants. Of the total ending fund balance, \$5.8 million has been classified as nonspendable and is not available to meet future funding needs because it is not in spendable form or is legally or contractually required to be maintained intact. An additional \$37.3 million has been classified as restricted and consists of amounts restricted by external parties or as a result of the law. Of the remaining fund balance, \$89.2 million has been committed to recognize a specific council determined purpose which may not be used for another purpose without council's direction, but the purpose can be changed by council. There is \$186.2 million of fund balance which has been assigned to a specific purpose by the Chief Financial Officer; these amounts may be used for other purposes than the currently assigned positions if the Chief Financial Officer deems it necessary. Finally, there is an unassigned fund balance of \$48.1 million which can be used for any purpose.

- The General Fund balance increased \$10.7 million. This change was the result of increases in property taxes due to additional properties being built in the City and a general increase in taxable property values, and sales taxes, state shared revenues, and intergovernmental revenues due to growth within the State. The increase can also be attributed to the increase in investment value and investment interest received. Administrative development revenue and building inspections related to permitting increased approximately \$6.2 million compared to prior year, due to more residential building permits being issued in fiscal year 2024.
- The General Capital Projects Fund balance increased \$39.2 million. This increase was due to a transfer of one-time revenue and savings from the General Fund and an increase of construction sales tax of \$4.1 million compared to the prior year.
- The General Government Development Fee Fund contains \$2.7 million in advances from other funds and debt service obligations. Cash on hand in this fund will be used to repay existing advances from other funds.
- The Transportation Improvement Fund balance increased \$7.7 million from \$26.0 million to \$33.7 million. This increase is due to an increase in construction sales tax revenue. This revenue is derived from sales tax on construction within the City. Interest revenue increased by \$967.8 thousand from the previous year.
- The Grants Fund is reported as a major fund for fiscal year 2024. It was previously reported as NonMajor in fiscal year 2023.
- The Nonmajor Governmental Funds fund balance decreased \$1.7 million. The decrease was due to \$5.5 million in expenditures in the Fire Development Fee Fund for a new fire station to address continued growth in the City.

Proprietary Fund financial statements provide similar information contained in the government-wide financial statements but in more detail. Their results are discussed previously in the review of business-type activities.

General Fund Budgetary Highlights

- The original General Fund budget for expenditures was \$190.4 million. Budget adjustments throughout the year resulted in total budgeted expenditures of \$196.6 million. The \$6.2 million budget increase is mainly related to public safety costs due to additional overtime, increase in supplies and services, vehicle purchases and a grant received for additional School Resource Officers

- Actual General Fund expenditures totaling \$171.9 million was \$24.6 million less than the final budget due to budgeting for public safety personnel costs that were not expended due to position vacancies. Also, included in the budget were amounts for contingencies and unforeseen expenses that did not need to be expended.

Capital Asset and Debt Administration
Capital Assets at Year-End Net of Depreciation (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and improvements	\$ 264.0	\$ 235.6	\$ 17.4	\$ 13.3	\$ 281.4	\$ 248.9
Parks	8.6	8.6	-	-	8.6	8.6
Water rights	-	-	31.7	28.3	31.7	28.3
Construction in progress	45.6	7.8	14.7	10.8	60.3	18.6
Buildings and improvements	134.8	143.2	333.6	308.4	468.4	451.6
Improvements other than buildings	34.3	32.6	8.9	8.8	43.2	41.4
Equipment and vehicles	23.7	22.1	12.6	13.6	36.3	35.7
Intangibles	2.5	3.6	-	-	2.5	3.6
Infrastructure	270.1	261.2	-	-	270.1	261.2
Subscriptions assets	3.5	2.5	-	0.1	3.5	2.6
Lease assets	5.7	5.7	-	-	5.7	5.7
Total capital assets, net	<u>\$ 792.8</u>	<u>\$ 722.9</u>	<u>\$ 418.9</u>	<u>\$ 383.3</u>	<u>\$ 1,211.7</u>	<u>\$ 1,106.2</u>

The capital assets of the Governmental Activities increased by \$69.6 million from the prior fiscal year, net of depreciation (\$104.5 million increase before depreciation).

- Changes to the Governmental Activities capital assets for fiscal year 2024 were the result of:
 - New IT subscriptions asset of \$2.4 million
 - Current year depreciation expense of \$38.3 million
 - Capital contributions made to the City by developers
 - \$28.4 million – right-of ways
 - \$26.1 million – streets infrastructure
- Governmental Activities construction in progress includes:
 - \$12.5 million – Community Pool
 - \$6.5 million – Fire Station Improvements
 - \$6.3 million – Cactus Road (Cotton to Reems)
 - \$3.1 million – Multigenerational Community Center
 - \$2.1 million – Park – Perryville & Cactus

The capital assets of the Business-Type Activities funds increased by \$35.6 million from the prior fiscal year, net of depreciation (\$53.1 million increase before depreciation).

- Changes to the Business-Type Activities capital assets for fiscal year 2024 were the result of:
 - Current year depreciation expense of \$17.7 million.
 - Capital contributions made to the City by developers. The assets donated consisted primarily of water, sewer, and stormwater improvements.
 - \$2.7 million – Water lines
 - \$8.7 million – Sewer lines
 - \$4.2 million – Stormwater drains
- Business-Type Activities construction in progress includes:
 - \$8.6 million – Plant Capacity Increase / Enhancement
 - \$1.7 million – SPA1 Recharge Expansion

For more detailed information on Capital Assets, see Note 4 of this report.

Outstanding Debt at Year-End (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligations	\$ 38.4	\$ 42.6	\$ -	\$ -	\$ 38.4	\$ 42.6
Pledged revenue obligations	9.0	12.3	-	0.8	9.0	13.1
Senior lien utility system revenue refunding obligations	-	-	21.8	23.2	21.8	23.2
Community facilities district bonds	30.5	31.0	-	-	30.5	31.0
Community facilities district notes	1.8	2.0	-	-	1.8	2.0
WIFA loan	-	-	3.2	-	3.2	-
Subscriptions liability	3.5	2.6	-	0.1	3.5	2.7
Leases payable	7.3	6.7	-	-	7.3	6.7
Total debt outstanding	<u>\$ 90.5</u>	<u>\$ 97.2</u>	<u>\$ 25.0</u>	<u>\$ 24.1</u>	<u>\$ 115.5</u>	<u>\$ 121.3</u>

- Long-term debt, including amounts due within one year, decreased \$5.7 million this year from \$121.3 million to \$115.6 million due to normal debt service payments.
- The City also received \$3.2 million for a loan from the Water Infrastructure Finance Authority of Arizona in fiscal year 2024 to help fund the expansion of the City's main wastewater treatment facility.

For more detailed information on long-term debt, see Note 7 of this report.

Economic Factors, Rates, and Next Year's Budget

The fiscal year 2024 budget provided a continued commitment to maintaining the residents' quality of life in a growing city. The City continues to navigate the economic climate of inflation, rising interest rates, growth, ever-changing supply chain markets, and workforce shortages. The City remains focused on balancing financial stability while maintaining its current level of service.

The City's economic position continues to be strong due to financially sound policy decisions led by our City Council. The City continues to see robust commercial development along with a significant growth of single family home permits issued. This has resulted in continued strong revenues, which has provided the City the

opportunity to provide dedicated funding to maintain our high level of service and provide operational funding to enhance the services that we provide to our residents. Additionally, the City saw an increase in its state shared revenue, mainly due to the growth that the State of Arizona continues to see. This revenue provides funding to help offset the cost to support new residents. Residential and commercial growth adds demand to our service levels in areas such as public safety, transportation, parks and recreation, and community development. The City continues to strengthen its financial position to maintain its valuable assets moving into the future.

Throughout the year, the city experienced residential population growth and significant commercial permit activity. The city continues to exceed the statewide average in population growth and the trend is expected to continue based on the availability of land within the city's planning area. This results in a greater number of consumers and a larger proportion of state shared revenues. These have combined to result in an 8.6% increase in sales tax collections while state shared sales tax revenues increased by 24% over the previous year. The population and commercial square footage growth has been a factor in the improved economic performance for the City.

The fiscal year 2025 budget is focused on City Council's commitment to maintain quality public services and ensure community priorities are met. This was done by devoting resources toward outcomes that make Surprise a sustainable, vibrant place for residents, businesses and visitors – today and into the future.

The fiscal year 2025 budget includes adjustments to revenues, property tax rates, and utility fees. Tax reform was adopted to address the \$14.3 million in revenue loss due to new State tax policies. The tax reform includes a 25% reduction to the City's primary property tax rate, lowering it from \$0.7591 to \$0.5693 per \$100 assessed limited property value; and an increase to the rate of certain local transaction privilege tax categories, also referred to as sales tax, from 2.2% to 2.8%. These adjustments are expected to replace the lost revenue to the General Fund, so that the City will be able to maintain its current level of service to residents in fiscal year 2025 by addressing increased operational needs, such as staffing and inflation, and capital needs, such as roads and buildings. A utility rate study was conducted to determine the utility rate recommendations included in this budget. The rate study considered growth from households, increased operational needs, such as staffing and inflation, as well as capital needs. To maintain service levels for fiscal year 2025, the final budget includes an increase of 61 full-time positions over the fiscal year 2024 adopted budget. Total budgeted expenditures for the City's fiscal year 2025 is \$952.1 million, a \$181.0 million increase over the fiscal year 2024 adopted budgeted of \$771.1 million.

Financial Contact

The financial report is designed to provide a general overview of the City of Surprise's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information, should be addressed to the City's Chief Financial Officer at: 16000 North Civic Center Plaza, Surprise, Arizona 85374.



SURPRISE

ARIZONA



**FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**



S U R P R I S E

A R I Z O N A



FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Financial Section is divided into seven subsections. The third subsection is comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. The first component of the Basic Financial Statements is comprised of the government-wide financial statements. These financial statements incorporate all of the City's governmental and business-type activities. The business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are two basic government-wide financial statements: the statement of net position and the statement of activities.

CITY OF SURPRISE, ARIZONA

Statement of Net Position

June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 406,946,332	\$ 118,506,610	\$ 525,452,942
Restricted cash and investments	4,305,596	11,281,490	15,587,086
Receivables (net of allowances):			
Accounts	3,426,013	7,700,770	11,126,783
Taxes and franchise fees	19,433,166	-	19,433,166
Grants	2,703,214	-	2,703,214
Intergovernmental	2,252,656	-	2,252,656
Leases	359,856	-	359,856
Other	3,392,517	62,639	3,455,156
Prepaid items and other assets	3,217,763	175,392	3,393,155
Inventory	2,629,218	5,954,571	8,583,789
Internal balances	(7,823,786)	7,823,786	-
Total current assets	440,842,545	151,505,258	592,347,803
NonCurrent assets:			
Equity interest in joint venture	809,886	-	809,886
Net other postemployment benefits (OPEB) asset	2,346,609	396,989	2,743,598
Leases receivable	18,753,497	-	18,753,497
Capital assets, non-depreciable	318,149,430	63,846,146	381,995,576
Capital assets, depreciable/amortizable	984,754,183	556,904,549	1,541,658,732
Accumulated depreciation/amortization	(510,359,269)	(201,854,202)	(712,213,471)
Total noncurrent assets	814,454,336	419,293,482	1,233,747,818
Total assets	1,255,296,881	570,798,740	1,826,095,621
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension related	43,117,264	1,760,796	44,878,060
Deferred outflows of resources - OPEB related	489,773	59,655	549,428
Total deferred outflows of resources	43,607,037	1,820,451	45,427,488
Total assets and deferred outflows of resources	1,298,903,918	572,619,191	1,871,523,109
LIABILITIES			
Current liabilities:			
Accounts payable	17,067,739	7,374,143	24,441,882
Accrued payroll and related taxes	2,675,336	270,487	2,945,823
Deposits	1,139,705	554,772	1,694,477
Unearned revenues	6,513,726	487,367	7,001,093
Contracts payable	13,729,042	-	13,729,042
Other liabilities	2,170,887	-	2,170,887
Matured bond and loan interest payable	1,583,182	1,000,290	2,583,472
Matured bonds and loans payable	7,486,188	1,903,812	9,390,000
Total current liabilities	\$ 52,365,805	\$ 11,590,871	\$ 63,956,676

See accompanying Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NonCurrent liabilities:			
Due within one year:			
Compensated absences payable	\$ 4,287,322	\$ 512,221	\$ 4,799,543
Bonds, loans, and payables	7,904,624	2,484,873	10,389,497
Claims payable	3,321,232	-	3,321,232
Due in more than one year:			
Compensated absences payable	6,705,811	801,166	7,506,977
Bonds, loans, and payables	82,639,978	22,551,680	105,191,658
Claims payable	481,480	-	481,480
Net pension liability	112,542,978	11,653,864	124,196,842
Net OPEB liability	42,924	9,518	52,442
Total noncurrent liabilities	217,926,349	38,013,322	255,939,671
Total liabilities	270,292,154	49,604,193	319,896,347
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension related	3,936,210	466,132	4,402,342
Deferred inflows of resources - OPEB related	1,487,539	197,728	1,685,267
Deferred inflows of resources - lease related	18,180,454	-	18,180,454
Total deferred inflows of resources	23,604,203	663,860	24,268,063
Total liabilities and deferred inflows of resources	293,896,357	50,268,053	344,164,410
NET POSITION			
Net investment in capital assets	693,013,470	390,227,565	1,083,241,035
Restricted for:			
Capital projects	-	29,123,172	29,123,172
Court	751,552	-	751,552
Debt service	1,166,613	11,717	1,178,330
Economic development	2,986	-	2,986
Fire-Medical	9,235,931	-	9,235,931
Human service and community vitality	1,128,151	-	1,128,151
Parks and recreation	10,282,436	-	10,282,436
Police	9,153,461	-	9,153,461
Public works	910,070	-	910,070
Transportation	6,089,318	-	6,089,318
OPEB	2,346,609	396,989	2,743,598
Unrestricted	270,926,964	102,591,695	373,518,659
Total net position	\$ 1,005,007,561	\$ 522,351,138	\$ 1,527,358,699

CITY OF SURPRISE, ARIZONA

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs Primary government:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 33,279,341	\$ 7,334,363	\$ 170,285	\$ 1,015,208
Public safety	102,223,843	10,731,966	2,161,408	5,637,709
Public works and transportation	56,438,765	6,748,752	11,592,619	26,472,980
Community development	22,653,720	22,077,995	10,000	28,390,761
Culture and recreation	42,312,853	8,489,303	1,992,062	8,998,436
Interest on long-term debt	2,559,564	-	-	-
Total governmental activities	259,468,086	55,382,379	15,926,374	70,515,094
Business-type activities:				
Water	23,647,322	24,345,273	-	19,196,338
Sewer	26,371,523	22,605,212	-	27,972,682
Sanitation	13,608,286	14,196,955	-	-
Stormwater	1,897,536	2,809,444	-	4,228,505
Total business-type activities	65,524,667	63,956,884	-	51,397,525
Total primary government	\$ 324,992,753	\$ 119,339,263	\$ 15,926,374	\$ 121,912,619

General revenues:

Property taxes

Sales taxes

Franchise taxes

Unrestricted State shared revenues

Unrestricted investment earnings

Other

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See accompanying Notes to Financial Statements

Net (Expense)/Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (24,759,485)	\$ -	\$ (24,759,485)
(83,692,760)	-	(83,692,760)
(11,624,414)	-	(11,624,414)
27,825,036	-	27,825,036
(22,833,052)	-	(22,833,052)
(2,559,564)	-	(2,559,564)
(117,644,239)	-	(117,644,239)
-	19,894,289	19,894,289
-	24,206,371	24,206,371
-	588,669	588,669
-	5,140,413	5,140,413
-	49,829,742	49,829,742
(117,644,239)	49,829,742	(67,814,497)
22,107,325	-	22,107,325
134,984,846	-	134,984,846
7,500,528	-	7,500,528
71,703,348	-	71,703,348
15,420,973	5,053,685	20,474,658
545,304	723,963	1,269,267
1,617,665	(1,617,665)	-
253,879,989	4,159,983	258,039,972
136,235,750	53,989,725	190,225,475
868,771,811	468,361,413	1,337,133,224
\$ 1,005,007,561	\$ 522,351,138	\$ 1,527,358,699



SURPRISE

ARIZONA



**FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



SURPRISE

ARIZONA



FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS FUND FINANCIAL STATEMENTS

The Financial Section is divided into seven subsections. The fourth subsection is also comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. The second component is comprised of the fund financial statements. These financial statements are presented on the basis of funds, in contrast to the government-wide financial statements.

CITY OF SURPRISE, ARIZONA

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	General Capital Projects Fund	General Government Development Fee Fund
ASSETS			
Cash and investments	\$ 142,572,448	\$ 152,215,629	\$ -
Restricted cash and investments	-	-	-
Receivables (net of allowances):			
Accounts	420,977	-	-
Taxes and franchise fees	19,246,714	-	-
Grants	-	-	-
Intergovernmental	1,119,052	-	-
Leases	16,510,070	-	-
Other	1,088,290	-	-
Prepaid items and other assets	662,418	961,240	-
Inventory	1,855,940	263,253	-
Total assets	<u>\$ 183,475,909</u>	<u>\$ 153,440,122</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 2,864,527	\$ 6,006,797	\$ -
Accrued payroll and related taxes	2,565,950	-	-
Deposits	800,096	-	-
Unearned revenue	807,917	-	-
Contracts payable	12,883,707	-	-
Other liabilities	1,029,408	-	-
Matured bond interest payable	-	-	-
Matured bonds and notes payable	-	-	-
Advances from other funds	-	-	2,659,483
Total liabilities	<u>20,951,605</u>	<u>6,006,797</u>	<u>2,659,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - unavailable revenue	384,873	-	-
Deferred inflows - leases	15,739,994	-	-
Total deferred inflow of resources	<u>16,124,867</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>37,076,472</u>	<u>6,006,797</u>	<u>2,659,483</u>
FUND BALANCES/(DEFICITS)			
NonSpendable	2,518,358	1,224,493	-
Restricted	156,631	-	-
Committed	51,571,900	-	-
Assigned	40,013,117	146,208,832	-
Unassigned	52,139,431	-	(2,659,483)
Total fund balances/(deficits)	<u>146,399,437</u>	<u>147,433,325</u>	<u>(2,659,483)</u>
Total liabilities, deferred inflows, and fund balances/(deficits)	<u>\$ 183,475,909</u>	<u>\$ 153,440,122</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements

Highway User Revenue Fund	Transportation Improvement Fund	Grants Fund	Debt Service Fund	Total NonMajor Funds	Total Governmental Funds
\$ 5,471,251	\$ 36,787,995	\$ 4,362,934	\$ 5,978,619	\$ 36,216,569	\$ 383,605,445
-	-	-	3,192,242	1,113,354	4,305,596
-	-	-	-	3,005,036	3,426,013
-	-	-	127,796	58,656	19,433,166
-	-	2,612,045	-	91,169	2,703,214
1,133,604	-	-	-	-	2,252,656
-	-	-	-	2,603,283	19,113,353
-	-	-	-	1,074,408	2,162,698
-	2,580	8,841	-	1,582,414	3,217,493
454,119	-	-	-	55,906	2,629,218
<u>\$ 7,058,974</u>	<u>\$ 36,790,575</u>	<u>\$ 6,983,820</u>	<u>\$ 9,298,657</u>	<u>\$ 45,800,795</u>	<u>\$ 442,848,852</u>
\$ 508,350	\$ 2,242,243	\$ 1,532,382	\$ -	\$ 3,358,826	\$ 16,513,125
8,434	-	-	-	90,124	2,664,508
-	52,215	-	-	287,394	1,139,705
-	-	5,466,620	-	239,189	6,513,726
-	803,750	-	-	41,585	13,729,042
-	-	-	671,595	426,833	2,127,836
-	-	-	979,127	604,055	1,583,182
-	-	-	6,771,188	715,000	7,486,188
-	-	-	-	-	2,659,483
<u>516,784</u>	<u>3,098,208</u>	<u>6,999,002</u>	<u>8,421,910</u>	<u>5,763,006</u>	<u>54,416,795</u>
-	-	1,330,276	52,086	1,842,796	3,610,031
-	-	-	-	2,440,460	18,180,454
-	-	1,330,276	52,086	4,283,256	21,790,485
<u>516,784</u>	<u>3,098,208</u>	<u>8,329,278</u>	<u>8,473,996</u>	<u>10,046,262</u>	<u>76,207,280</u>
454,119	2,580	8,841	-	1,638,320	5,846,711
6,088,071	-	-	824,661	30,266,303	37,335,666
-	33,689,787	-	-	3,917,132	89,178,819
-	-	-	-	-	186,221,949
-	-	(1,354,299)	-	(67,222)	48,058,427
<u>6,542,190</u>	<u>33,692,367</u>	<u>(1,345,458)</u>	<u>824,661</u>	<u>35,754,533</u>	<u>366,641,572</u>
<u>\$ 7,058,974</u>	<u>\$ 36,790,575</u>	<u>\$ 6,983,820</u>	<u>\$ 9,298,657</u>	<u>\$ 45,800,795</u>	<u>\$ 442,848,852</u>



SURPRISE

ARIZONA

CITY OF SURPRISE, ARIZONA

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2024

Fund balances - total governmental funds		\$ 366,641,572
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 funds.		
Governmental capital assets	1,302,903,613	
Less accumulated depreciation	<u>(510,359,269)</u>	
		792,544,344
Some revenues are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
		3,610,031
Internal Service Funds used by management to charge the costs of employee healthcare, risk management, and workers' compensation to individual funds are included in the statement of net position.		
Net position (adjusted for interfund activity)	15,038,519	
Net pension liability	(502,241)	
Net pension deferred outflows	75,885	
Net pension deferred inflows	(20,089)	
Compensated absences payable	(65,377)	
Net OPEB asset	17,108	
Net OPEB deferred outflows	2,572	
Net OPEB deferred inflows	(8,521)	
Net OPEB liability	<u>(410)</u>	
		14,537,446
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	43,041,379	
Deferred inflows of resources related to pensions	<u>(3,916,121)</u>	
		39,125,258
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(76,160,000)	
Leases payable/subscriptions payable	(10,860,681)	
Interest payable	(43,051)	
Issuance premium (to be amortized as interest expense)	(3,523,921)	
Net pension liability	(112,040,737)	
Compensated absences payable	(10,927,756)	
Net OPEB asset	2,329,501	
Net OPEB liability	<u>(42,514)</u>	
		(211,269,159)
The equity interest in the joint venture, Regional Wireless Cooperative, is not a financial resource and, therefore, is not reported in the funds.		
		809,886
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	487,201	
Deferred inflows of resources related to OPEB	<u>(1,479,018)</u>	
		(991,817)
Net position of governmental activities		\$ 1,005,007,561

See accompanying Notes to Financial Statements

CITY OF SURPRISE, ARIZONA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2024

	General Fund	General Capital Projects Fund	General Government Development Fee Fund
REVENUES			
Taxes	\$ 98,480,485	\$ 27,862,140	\$ -
Licenses and permits	7,318,946	579,982	-
Intergovernmental revenue	73,770,912	-	-
Charges for services	31,731,798	-	-
Grants revenue	-	-	-
Fines	979,413	-	-
Rents	633,505	-	-
Development fees	-	-	1,015,207
Interest revenue	4,433,780	6,688,637	41,454
Donations	69,635	-	-
Indirect charges	6,710,286	-	-
Other revenue	870,581	-	-
Total revenues	224,999,341	35,130,759	1,056,661
EXPENDITURES			
Current:			
General government	27,619,462	198,460	-
Public safety	83,217,096	37,130	-
Public works and transportation	15,692,774	660,582	-
Community development	19,891,273	54,841	-
Culture and recreation	19,087,460	4,588,323	-
Debt service:			
Administrative charges	-	-	-
Principal retirement	1,571,417	-	-
Interest	47,318	-	-
Capital outlay	4,817,373	32,972,671	-
Total expenditures	171,944,173	38,512,007	-
Excess/(deficiency) of revenues over expenditures	53,055,168	(3,381,248)	1,056,661
OTHER FINANCING SOURCES/(USES)			
Proceeds from sale of capital assets	160,005	-	-
Transfers in	2,909,951	43,891,106	-
Transfers out	(49,154,150)	(870,500)	(366,668)
Lease/SBITA arrangements	3,174,137	-	-
Total other financing sources/(uses)	(42,910,057)	43,020,606	(366,668)
Net change in fund balances	10,145,111	39,639,358	689,993
Fund balances - June 30, 2023, as previously reported	135,662,932	108,155,276	(3,349,476)
Change within financial reporting entity	-	-	-
Fund balances - June 30, 2023, as adjusted	135,662,932	108,155,276	(3,349,476)
Increase/(decrease) in inventories	591,394	(361,309)	-
Fund balances - June 30, 2024	\$ 146,399,437	\$ 147,433,325	\$ (2,659,483)

Highway User Revenue Fund	Transportation Improvement Fund	Grants Fund	Debt Service Fund	Total NonMajor Funds	Total Governmental Funds
\$ -	\$ 18,996,913	\$ -	\$ 5,955,202	\$ 5,710,137	\$ 157,004,877
-	-	-	-	-	7,898,928
11,119,022	-	-	-	1,362,068	86,252,002
18,750	-	-	-	11,077,930	42,828,478
-	-	6,118,524	-	1,279,415	7,397,939
-	-	-	-	244,177	1,223,590
-	-	-	-	502,733	1,136,238
-	-	-	-	8,932,294	9,947,501
383,897	1,458,949	547	140,558	1,632,499	14,780,321
-	-	-	-	-	69,635
-	-	-	-	-	6,710,286
166	-	-	-	74,229	944,976
11,521,835	20,455,862	6,119,071	6,095,760	30,815,482	336,194,771
27,000	-	14,056	-	775,253	28,634,231
-	-	791,391	-	8,041,781	92,087,398
10,305,725	3,423,177	-	-	364,546	30,446,804
-	-	-	-	2,298,889	22,245,003
-	-	3,282,465	-	10,278,887	37,237,135
-	-	-	675,560	72,910	748,470
-	2,855	-	6,771,189	810,168	9,155,629
-	42	-	1,958,254	1,229,335	3,234,949
10,996	8,913,875	3,277,228	-	10,851,111	60,843,254
10,343,721	12,339,949	7,365,140	9,405,003	34,722,880	284,632,873
1,178,114	8,115,913	(1,246,069)	(3,309,243)	(3,907,398)	51,561,898
-	-	-	-	-	160,005
-	-	-	3,430,331	3,794,181	54,025,569
-	(397,400)	-	-	(1,619,186)	(52,407,904)
-	-	-	-	-	3,174,137
-	(397,400)	-	3,430,331	2,174,995	4,951,807
1,178,114	7,718,513	(1,246,069)	121,088	(1,732,403)	56,513,705
5,342,922	25,973,854	-	703,573	37,340,573	309,829,654
-	-	(99,389)	-	99,389	-
5,342,922	25,973,854	(99,389)	703,573	37,439,962	309,829,654
21,154	-	-	-	46,974	298,213
\$ 6,542,190	\$ 33,692,367	\$ (1,345,458)	\$ 824,661	\$ 35,754,533	\$ 366,641,572

CITY OF SURPRISE, ARIZONA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ 56,513,705

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

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation/amortization expense.

Expenditures for capitalized assets	54,346,218	
Less current year depreciation/amortization	<u>(38,326,891)</u>	16,019,327

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Capital contributions	54,490,082	
Disposals of assets	<u>(901,266)</u>	53,588,816

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,620,765

Inventories are recorded using the purchases method in the governmental funds and an adjustment is made to record inventory using the consumption method for the statement of activities.

Change in inventory		298,213
---------------------	--	---------

Governmental funds report City pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.

Pension contributions	19,569,398	
Pension expense	<u>(20,529,555)</u>	(960,157)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. There is the same effect with premiums, discounts and similar items when debt is first issued. These items are current finance resources or uses to governmental funds, whereas, the amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term liabilities and debt related items.

Amortization of issuance premium	689,072	
Principal paid	9,155,629	
Issuance of debt	(3,174,137)	
Interest payable	<u>(13,687)</u>	
		\$ 6,656,877

See accompanying Notes to Financial Statements

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

Increase in compensated absences	\$	(564,866)
----------------------------------	----	-----------

Internal service funds are used by management to charge the costs of employee healthcare, risk management, and workers' compensation. The net revenue of certain activities of the internal services funds is reported in the statement of activities.

Change in net position for the internal service funds (adjusted for interfund activity)		1,769,646
---	--	-----------

Change in equity interest in joint venture		(91,992)
--	--	----------

Governmental funds report City OPEB contributions as expenditures when made. However, in the statement of activities, OPEB expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to OPEB, and the investment experience.

OPEB contributions	226,551	
OPEB expense	<u>158,865</u>	
		385,416

Change in net position of governmental activities	<u>\$</u>	<u>136,235,750</u>
--	-----------	--------------------

CITY OF SURPRISE, ARIZONA

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-Type Activities		
	Water Fund	Sewer Fund	Sanitation Fund
ASSETS			
Current assets:			
Cash and investments	\$ 58,724,451	\$ 42,797,208	\$ 11,065,966
Restricted cash and investments	3,166,358	7,834,526	-
Receivables (net of allowances):			
Accounts	2,461,212	2,367,565	1,645,287
Other	62,639	-	-
Other assets	59,288	72,657	35,777
Inventory	4,703,920	989,903	260,748
Total current assets	69,177,868	54,061,859	13,007,778
NonCurrent assets:			
Advances to other funds	-	2,659,483	-
Net OPEB asset	121,027	145,631	109,856
Capital assets, non-depreciable	46,804,030	16,332,656	253,734
Capital assets, depreciable	154,601,739	370,295,875	13,885,386
Accumulated depreciation	(53,402,082)	(138,634,486)	(8,355,002)
Total noncurrent assets	148,124,714	250,799,159	5,893,974
Total assets	217,302,582	304,861,018	18,901,752
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	536,800	645,928	487,254
Deferred outflows related to OPEB	18,187	21,883	16,508
Total deferred outflows of resources	554,987	667,811	503,762
Total assets and deferred outflows of resources	\$ 217,857,569	\$ 305,528,829	\$ 19,405,514
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,447,835	\$ 5,352,789	\$ 497,995
Accrued payroll and related taxes	88,950	89,890	77,924
Deposits	207,801	256,727	90,006
Unearned revenue	-	363,536	84,537
Claims payable	-	-	-
Compensated absences payable, due in less than one year	215,003	179,907	116,157
Matured bond interest payable	-	1,000,290	-
Matured bonds and loans payable	-	1,903,812	-
Bonds, loans, and payables, due in less than one year	-	2,484,873	-
Total current liabilities	1,959,589	11,631,824	866,619
NonCurrent liabilities:			
Compensated absences payable, due in more than one year	336,287	281,393	181,682
Bonds, loans, and payables, due in more than one year	-	22,551,680	-
Claims payable	-	-	-
Net pension liability	3,552,823	4,275,091	3,224,898
Net OPEB liability	2,902	3,491	2,634
Total noncurrent liabilities	3,892,012	27,111,655	3,409,214
Total liabilities	5,851,601	38,743,479	4,275,833
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	142,106	170,995	128,990
Deferred inflows related to OPEB	60,280	72,534	54,716
Total deferred inflows of resources	202,386	243,529	183,706
Total liabilities and deferred inflows of resources	6,053,987	38,987,008	4,459,539
NET POSITION			
Net investment in capital assets	148,003,687	219,325,117	5,784,118
Restricted for:			
Capital projects	24,956,563	4,166,609	-
Debt service	-	11,717	-
Unrestricted	38,843,332	43,038,378	9,161,857
Total net position	\$ 211,803,582	\$ 266,541,821	\$ 14,945,975
Difference between business-type adjustments to assets and liabilities			
Net position of business-type activities			

		Governmental Activities	
Stormwater Fund	Total Enterprise Funds	Internal Service Funds	
\$ 5,918,985	\$ 118,506,610	\$ 23,340,887	
280,606	11,281,490	-	
1,226,706	7,700,770	-	
-	62,639	1,229,819	
7,670	175,392	270	
-	5,954,571	-	
7,433,967	143,681,472	24,570,976	
-	2,659,483	-	
20,475	396,989	17,108	
455,726	63,846,146	-	
18,121,549	556,904,549	-	
(1,462,632)	(201,854,202)	-	
17,135,118	421,952,965	17,108	
24,569,085	565,634,437	24,588,084	
90,814	1,760,796	75,885	
3,077	59,655	2,572	
93,891	1,820,451	78,457	
\$ 24,662,976	\$ 567,454,888	\$ 24,666,541	
\$ 75,524	\$ 7,374,143	\$ 554,614	
13,723	270,487	10,828	
238	554,772	-	
39,294	487,367	-	
-	-	3,321,232	
1,154	512,221	25,497	
-	1,000,290	-	
-	1,903,812	-	
-	2,484,873	-	
129,933	14,587,965	3,912,171	
1,804	801,166	39,880	
-	22,551,680	-	
-	-	481,480	
601,052	11,653,864	502,241	
491	9,518	410	
603,347	35,016,228	1,024,011	
733,280	49,604,193	4,936,182	
24,041	466,132	20,089	
10,198	197,728	8,521	
34,239	663,860	28,610	
767,519	50,268,053	4,964,792	
17,114,643	390,227,565	-	
-	29,123,172	-	
-	11,717	-	
6,780,814	97,824,381	19,701,749	
\$ 23,895,457	\$ 517,186,835	\$ 19,701,749	
	5,164,303		
	\$ 522,351,138		

See accompanying Notes to Financial Statements

CITY OF SURPRISE, ARIZONA

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2024

	Business-Type Activities		
	Water Fund	Sewer Fund	Sanitation Fund
OPERATING REVENUES			
Charges for services	\$ 24,345,273	\$ 22,605,212	\$ 14,196,955
Other revenue	472,376	232,368	19,219
Total operating revenues	24,817,649	22,837,580	14,216,174
OPERATING EXPENSES			
Costs of sales and services	16,025,836	12,780,946	10,006,396
Personnel services	-	-	-
Contractual services, materials, and supplies	-	-	-
Insurance claims, premiums, and administrative expenses	-	-	-
Indirect costs	2,493,858	1,784,375	2,194,339
Depreciation/amortization	4,880,458	10,814,264	1,445,766
Total operating expenses	23,400,152	25,379,585	13,646,501
Operating income/(loss)	1,417,497	(2,542,005)	569,673
NONOPERATING REVENUES/(EXPENSES)			
Interest revenue	2,456,273	1,832,690	463,997
Developer reimbursement	(436,673)	(327,400)	-
Amortization on bond premium	-	309,604	-
Interest and fiscal charges	(607)	(1,526,530)	-
Total nonoperating revenues/(expenses)	2,018,993	288,364	463,997
Income/(loss) before contributions and transfers	3,436,490	(2,253,641)	1,033,670
Transfers in	1,341,376	-	-
Transfers out	(664,255)	(2,236,723)	(47,426)
Capital contributions	19,196,338	27,972,682	-
Change in net position	23,309,949	23,482,318	986,244
Total net position - beginning	188,493,633	243,059,503	13,959,731
Total net position - ending	\$ 211,803,582	\$ 266,541,821	\$ 14,945,975

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

Changes in net position of business-type activities

See accompanying Notes to Financial Statements

		Governmental Activities	
Stormwater Fund	Total Enterprise Funds	Internal Service Funds	
\$ 2,809,444	\$ 63,956,884	\$ 24,971,098	
-	723,963	1,381,220	
2,809,444	64,680,847	26,352,318	
1,122,735	39,935,913	-	
-	-	565,942	
-	-	349,801	
-	-	23,667,944	
237,714	6,710,286	-	
535,912	17,676,400	-	
1,896,361	64,322,599	24,583,687	
913,083	358,248	1,768,631	
300,725	5,053,685	780,553	
-	(764,073)	-	
-	309,604	-	
-	(1,527,137)	-	
300,725	3,072,079	780,553	
1,213,808	3,430,327	2,549,184	
-	1,341,376	-	
(10,637)	(2,959,041)	-	
4,228,505	51,397,525	-	
5,431,676	53,210,187	2,549,184	
18,463,781	463,976,648	17,152,565	
\$ 23,895,457	\$ 517,186,835	\$ 19,701,749	
	779,538		
	\$ 53,989,725		

CITY OF SURPRISE, ARIZONA

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2024

	Business-Type Activities		
	Water Fund	Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 24,564,265	\$ 23,779,741	\$ 14,339,933
Cash receipts from interfund services provided	-	-	-
Payments to employees	(5,051,186)	(5,184,286)	(4,543,520)
Payments to suppliers	(12,570,003)	(8,660,059)	(7,721,984)
Payments for insurance claims and expenses	-	-	-
Other operating cash receipts	472,376	232,368	19,219
Net cash provided/(used) by operating activities	7,415,452	10,167,764	2,093,648
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from other funds	-	1,056,660	-
Cash paid to other funds	(664,255)	(2,236,723)	(47,426)
Net cash provided/(used) by noncapital financing activities	(664,255)	(1,180,063)	(47,426)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds received from development fees	6,540,610	1,609,080	-
Proceeds from debt	-	3,214,135	-
Principal and interest paid on bonds, loans and payables	(44,144)	(2,947,355)	-
Sale/acquisition of capital assets	(944,314)	(3,892,315)	(166,412)
Developer reimbursements	(436,673)	(914,350)	-
Net cash provided/(used) by capital and related financing activities	5,115,479	(2,930,805)	(166,412)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from interest income/(loss)	2,456,273	1,832,690	463,997
Net cash provided/(used) by investing activities	2,456,273	1,832,690	463,997
Net increase/(decrease) in cash and cash equivalents	14,322,949	7,889,586	2,343,807
Balances - beginning of year	47,567,860	42,742,148	8,722,159
Balances - end of the year	\$ 61,890,809	\$ 50,631,734	\$ 11,065,966
Reconciliation of operating income/(loss) to net cash provided/			
(used) by operating activities:			
Operating income/(loss)	\$ 1,417,497	\$ (2,542,005)	\$ 569,673
Adjustments to reconcile operating income/(loss) to net cash provided/			
(used) by operating activities:			
Depreciation/Amortization expense	4,880,458	10,814,264	1,445,766
Changes in assets and liabilities:			
Accounts receivable	54,184	1,189,448	137,642
Other receivables	123,658	3,789	-
Other assets	3,362,392	(72,575)	(35,613)
Inventory	(2,426,050)	(278,235)	51,566
Accounts payable	(254,544)	985,971	(176,763)
Accrued payroll and related taxes	11,898	(13,567)	7,615
Deposits	41,150	(8,972)	5,045
Unearned revenue	-	(9,736)	291
Compensated absences	96,431	(31,031)	(9,950)
Net pension liability	125,821	151,402	114,209
Claims payable	-	-	-
Net OPEB asset/liability	(17,443)	(20,989)	(15,833)
Net cash provided/(used) by operating activities	\$ 7,415,452	\$ 10,167,764	\$ 2,093,648
NonCash investing, capital, and financing activities			
Capital asset contributions from developers	\$ 12,655,728	\$ 26,363,602	\$ -
Capital asset contributions to/from other			
funds/governmental activities	1,341,376	-	-
Total noncash investing, capital, and financing activities	\$ 13,997,104	\$ 26,363,602	\$ -
Reconciliation to Statement of Net Position			
Cash and investments	\$ 58,724,451	\$ 42,797,208	\$ 11,065,966
Restricted cash and investments	3,166,358	7,834,526	-
Total cash and investments	\$ 61,890,809	\$ 50,631,734	\$ 11,065,966

		Governmental Activities	
Stormwater Fund	Total Enterprise Funds	Internal Service Funds	
\$ 2,751,576	\$ 65,435,515	\$ -	
-	-	24,624,052	
(710,385)	(15,489,377)	(543,094)	
(700,557)	(29,652,603)	31,462	
-	-	(22,868,369)	
-	723,963	1,504,446	
<u>1,340,634</u>	<u>21,017,498</u>	<u>2,748,497</u>	
-	1,056,660	-	
(10,637)	(2,959,041)	-	
<u>(10,637)</u>	<u>(1,902,381)</u>	<u>-</u>	
-	8,149,690	-	
-	3,214,135	-	
-	(2,991,499)	-	
(318,269)	(5,321,310)	-	
-	(1,351,023)	-	
<u>(318,269)</u>	<u>1,699,993</u>	<u>-</u>	
300,725	5,053,685	780,553	
<u>300,725</u>	<u>5,053,685</u>	<u>780,553</u>	
1,312,453	25,868,795	3,529,050	
4,887,138	103,919,305	19,811,837	
<u>\$ 6,199,591</u>	<u>\$ 129,788,100</u>	<u>\$ 23,340,887</u>	
\$ 913,083	\$ 358,248	\$ 1,768,631	
535,912	17,676,400	-	
(56,447)	1,324,827	-	
-	127,447	(223,820)	
(7,670)	3,246,534	1,972	
-	(2,652,719)	-	
(62,373)	492,291	378,730	
2,210	8,156	3,043	
(85)	37,138	-	
(1,336)	(10,781)	-	
(993)	54,457	5,046	
21,286	412,718	17,786	
-	-	799,575	
(2,953)	(57,218)	(2,466)	
<u>\$ 1,340,634</u>	<u>\$ 21,017,498</u>	<u>\$ 2,748,497</u>	
\$ 4,228,505	43,247,835	\$ -	
-	1,341,376	-	
<u>\$ 4,228,505</u>	<u>\$ 44,589,211</u>	<u>\$ -</u>	
\$ 5,918,985	\$ 118,506,610	\$ 23,340,887	
280,606	11,281,490	-	
<u>\$ 6,199,591</u>	<u>\$ 129,788,100</u>	<u>\$ 23,340,887</u>	

See accompanying Notes to Financial Statements

CITY OF SURPRISE, ARIZONA

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2024

	Custodial Fund
ASSETS	
Cash and investments	\$ 249,274
Total assets	<u>249,274</u>
LIABILITIES	
Accounts payable	<u>60,000</u>
Total liabilities	<u>60,000</u>
NET POSITION	
Restricted for:	
Individuals	<u>189,274</u>
Total net position	<u>\$ 189,274</u>

See accompanying Notes to Financial Statements

CITY OF SURPRISE, ARIZONA

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Year Ended June 30, 2024

	Custodial Fund
ADDITIONS	
Contributions:	
Employee contributions	<u>\$ 725,730</u>
Total contributions	<u>725,730</u>
Total additions	<u>725,730</u>
DEDUCTIONS	
Claim settlement	<u>555,487</u>
Total deductions	<u>555,487</u>
 Net increase/(decrease) in net position	 <u>170,243</u>
 Net position - beginning	 <u>19,031</u>
Net position - end of the year	<u><u>\$ 189,274</u></u>

See accompanying Notes to Financial Statements



SURPRISE

ARIZONA



FINANCIAL SECTION – NOTES TO THE FINANCIAL STATEMENTS



S U R P R I S E

A R I Z O N A



FINANCIAL SECTION – NOTES TO THE FINANCIAL STATEMENTS

The Financial Section is divided into seven subsections. The fifth subsection is also comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments. In addition to the government-wide and fund financial statements, the third component of the Basic Financial Statements, the notes to the basic financial statements, are an integral part of the financial statements and include a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying financial statements.



SURPRISE

ARIZONA

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Surprise, Arizona (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Implementation of New Accounting Principles

For the year ended June 30, 2024, the City implemented the following GASB Statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. This pronouncement did not impact the preparation of these financial statements.

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

A. REPORTING ENTITY

The City is located approximately 20 miles northwest of downtown Phoenix and was incorporated in 1960 under the provision of the Arizona Constitution. During 2003, the voters approved the Home Rule, an alternative expenditure limitation for budget years through June 30, 2007. City of Surprise voters approved an Alternative Expenditure Limitation (Permanent Base Adjustment) on November 7, 2006. The City is governed by an elected mayor, and a six-member council, and offers the following services: public safety (police, fire-medical, and court), highways and streets, sanitation, water, sewer, stormwater, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

Component Units

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. A primary government is considered financially accountable for another organization when it can impose its will or have a financial benefit or burden relationship. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The following entities are blended component units of the City:

Various *Street Lighting Improvement Districts* (SLIDs) are maintained by the City for developing areas, and the City's council is the board for the SLIDs. The SLID property tax assessment rates are approved by the City's council. The SLIDs are reported in a special revenue fund.

Marley Park Community Facilities District (CFD) is maintained by the City for a developing area. The CFD's board is the same as the City's council. CFD property tax rates are approved by the City's council. The CFD is reported in a special revenue fund.

For the fiscal year ended June 30, 2024, the City had no discretely presented component units. Separately issued financial statements are not prepared for any of the component units.

Related Organizations

A related organization is one for which the primary government is not financially accountable even though the primary government appoints a voting majority of the organization's governing board.

Excluded Organizations

Although there are schools located within the geographic boundaries of the City, school districts are separate from the municipalities in which they are located, with their own elected officials and taxing powers. Consequently, this report does not include the activities of the area school districts.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

Government-Wide Financial Statements

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with the service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the receipts of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenue, are presented as general revenues. The comparison of program revenues and expenses identifies the

extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position is reported as restricted when constraints placed on net position is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Using a fund accounting system, amounts are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activity. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. NonMajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end and on behalf of the government are also recognized as revenue. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. General capital asset acquisitions are reported as expenditures. Issuances of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources. Major governmental funds include the following:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **General Capital Projects Fund**, a capital projects fund, accounts for revenues and expenditures relating to the acquisition of capital items.
- The **General Government Development Fee Fund***, a special revenue fund, accounts for revenues and expenditures associated with general government development impact fees assessed to fund infrastructure and other expenditures for growth-related general government projects.
- The **Highway User Revenue Fund***, a special revenue fund, accounts for State shared highway user revenues consisting of state taxes collected on gasoline, vehicle registration, vehicle license tax, and a number of other additional transportation related fees and expenditures that are legally restricted to expenditures for transportation and the construction, repairs, and maintenance of public works and streets.

- The **Transportation Improvement Fund***, a special revenue fund, accounts for revenues and expenditures that are legally restricted to expenditures for existing roadway corridor improvements and the related costs of the construction of new roadways.
- The **Grants Fund**, a special revenue fund, accounts for revenues and expenditures from the various grants received by the City.
- The **Debt Service Fund**, a debt service fund, accounts for revenues and expenditures that are legally restricted for the payment of principal, interest, and associated costs of long-term debt of the City.

Proprietary and Fiduciary Funds

All proprietary and custodial funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues/additions are recorded when earned and expenses/deductions are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating 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.

Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Major proprietary funds include the following:

- The **Water Fund** accounts for the provision of the water treatment and distribution to residential and commercial customers of the City.
- The **Sewer Fund** accounts for sanitary sewer services provided to the residential and commercial customers of the City.
- The **Sanitation Fund*** accounts for trash collection services provided to the residential and some commercial customers of the City.
- The **Stormwater Fund*** accounts for stormwater management services provided to the residential and commercial customers of the City.

* These funds have not met the criterion which mandates they be reported separately as major funds. However, the City has chosen to present these funds as major funds.

In addition, the City reports the following fund types:

- **Internal service funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The funds account for transactions of the City's internal insurance activities which includes general insurance, health insurance programs, and workers' compensation.
- **Custodial fund** (not included in government-wide statements) accounts for employee contributions to their flexible spending accounts.

C. DEPOSITS AND INVESTMENTS

Cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less, including amounts on deposit with the Local Government Investment Pool.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

D. RESTRICTED ASSETS

Restricted cash and investments reported in the statements are comprised of restricted deposits for development and construction agreements, for outstanding debt amounts and other contractual requirements.

E. RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Fund balance resulting from advances to other funds is shown as nonspendable and committed amounts.

All accounts receivable are shown net of allowance for un-collectibles when applicable.

F. INVENTORIES AND PREPAID ITEMS

Inventories consist of expendable supplies held for consumption. For the governmental funds, inventories are reported using the purchases method: expenditures are incurred as inventory is purchased and an adjustment is made at year end directly to inventory and fund balance. For the proprietary funds and government wide statements inventories are reported using the consumption method: inventory is recorded when it is purchased and expensed as it is used. Inventory is valued using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are reported using the consumption method in both government-wide and fund financial statements and are therefore recorded as prepaid items.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, intangibles (e.g. software, rights such as water rights, and right-to-use lease assets), and infrastructure assets (e.g., streets, traffic signals and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy defines capital assets as assets with an initial individual cost greater than \$10,000 and an estimated useful life of two or more years. Land, right-of-ways, and easements regardless of cost are capitalized. Donated (contributed) capital assets, works of art, historical treasures, and any capital assets the City may receive as part of a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Significant outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation and amortization of capital assets is computed and recorded according to the straight-line method. Estimated useful lives of the various classes of depreciated and amortized capital assets are as follows:

Assets	Useful life (Years)
Buildings and improvements	20-50
Buildings and system	20-50
Improvements other than buildings	5-50
Equipment and vehicles	2-15
Intangibles	5-30
Infrastructure	5-50
Right-to-use subscription assets	2-5
Right-to-use lease assets:	
Land and land improvements	5-50
Buildings and improvements	5-50
Equipment and vehicles	2-15

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

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

H. DEFERRED OUTFLOWS OF RESOURCES

The City recognizes the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions, other post employment benefits (OPEB), and bond refunding.

I. COMPENSATED ABSENCES

Vested or accumulated Paid Time Off (PTO) leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated PTO leave that is not expected to be liquidated with expendable available financial resources is reported in the government-wide statements. No expenditure is reported for these amounts in the governmental fund statements. Vested or accumulated PTO leave in proprietary funds and the government-wide statements is recorded as an expense and liability of those funds as the benefits accrue to employees. The internal service funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the governmental activities schedule. For the governmental activities, the General Fund, Highway User Revenue Fund, Transportation Improvement Fund, Ground Ambulance Service Fund, the Employee Healthcare Fund, Workers' Compensation Fund, and the Risk Management Fund have been used in prior years to liquidate the compensated absences liability.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and the 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 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. 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. For the governmental activities, the General Fund, Highway User Revenue Fund, Transportation Improvement Fund, Grants Fund, the nonmajor funds - SPD Towing Fund, Ground Ambulance Service Fund, Neighborhood Revitalization Fund, Municipal Court FARE Fund, Municipal Court JCEF Fund, and the Municipal Court MFTG Fund; the Employee Healthcare Fund, Workers' Compensation Fund, and the Risk Management Fund have been used in prior years to liquidate the Pension and OPEB liabilities.

L. DEFERRED INFLOWS OF RESOURCES

The City recognizes the acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions, other postemployment benefits (OPEB), and lease accounting, and in connection with receivables for revenues that are not considered to be measurable and available to liquidate liabilities of the current period.

M. FUND BALANCE

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which those funds can be spent. The classifications of fund balance are NonSpendable, Restricted, Committed, Assigned, and Unassigned.

NonSpendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact.

Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantors, laws and regulations of other governments, or enabling legislation.

Committed fund balances are self-imposed limitations by the highest level of decision making authority, namely Mayor and City Council, prior to the end of the reporting period. Mayor and City Council approval is required to commit resources or to rescind the commitment through a City Council resolution. Only City Council can remove or change the constraints placed on committed fund balance through formal council resolution.

Assigned fund balances are limitations imposed internally by management based on the intended use of the funds. The City Council has designated the authority to assign amounts to be used for specific purposes to the Chief Financial Officer (CFO). Approval of the CFO is necessary to establish, modify or rescind an assignment of fund balance.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.

N. MINIMUM FUND BALANCE

The minimum fund balances are not intended to be spent. The purpose of the minimum fund balance is to ensure the City has adequate resources to meet its needs. If the necessity arises to draw down a fund balance below the minimum requirements that have been set, a plan to replenish the minimum fund balance will be presented to the City Council for approval.

Minimum fund balance requirements will be evaluated annually for long-term adequacy and use requirements.

The City has formally adopted a minimum fund balance policy for the following governmental funds:

The General Fund will maintain a reserve equal to three months of budgeted personnel, supplies, and services for the General Fund, Ground Ambulance Fund, and Highway User Revenue Fund. This amount will be allocated across a three-part reserve as follows:

1. Ten percent (10%) will be dedicated to an Emergency Reserve for unexpected, large-scale expenses resulting from events where immediate, remedial action must be taken to protect the health and safety of residents, all unassigned fund balance has been exhausted, and no amount previously appropriated by the City Council is otherwise available. Any use of the Emergency Reserve must be approved by the City Manager or designee. When this occurs, the City Manager shall provide a summary report to the City Council as soon as practical on the usage of these funds and have City Council approve any necessary budget amendments. At that time, the City Manager will also present a plan to restore the Emergency Reserve within the next fiscal year following the fiscal year in which the event occurred. For the year ended June 30, 2024, this balance totaled \$5.2 million.
2. Sixty percent (60%) will be dedicated to an Operating Reserve for unexpected events such as failure of the state to remit revenues to the City, loss of state shared revenues, or other impairment of a significant funding source for the remainder of the fiscal year.

The Operating Reserve may also be used for unexpected mandates or other events that cause the City to incur unplanned expenses. The Operating Reserve allows for the continuance of critical City services due to these unanticipated events and is done so after all unassigned fund balance has been exhausted and no amount previously appropriated by the City Council is otherwise available. Any use of the Operating Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan that projects to restore the Operating Reserve within two fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2024, the operating reserve totaled \$30.9 million.

3. Thirty percent (30%) will be dedicated to a Stabilization Reserve to provide funding to offset reductions in revenues resulting from fluctuations in the economic cycle that cannot be otherwise absorbed by the operating budget. The reserve funds will provide time for the City to restructure its operations in a deliberate manner to ensure continuance of critical City activities and is used after all unassigned fund balance has been exhausted and no amount previously appropriated by the City Council is otherwise available. Any use of the Budget Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Budget Stabilization Reserve within the three fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2024, the stabilization reserve totaled \$15.5 million.

General Capital Projects Fund — \$1.0 million

Transportation Improvement Fund — \$500,000

Tourism Fund — \$5,000

Sports & Tourism Fund — will have a minimum fund balance of \$600,000. Any excess fund balance remaining as of June 30 shall be remitted to the General Fund.

Street Light Improvement Districts Fund — SLIDs have a maximum levy limit of \$1.20 per \$100 of assessed valuation in accordance with A.R.S. 48-616. To the extent that the levy limit has not been exceeded, taxes will be levied at a rate that will approach an individual ending fund balance reserve of 5% of its budgeted annual expenses.

These minimum fund balance policies do not affect the presentation of fund balance on the face of the financial statements. The City is in compliance with its established minimum fund balance policies.

O. NET POSITION

The government-wide, proprietary, and fiduciary fund financial statements present ending resources as net position. Net position is categorized to help signify their availability.

Net Investment in Capital Assets includes all capital assets of the City both depreciable and non-depreciable net of accumulated depreciation and outstanding debt balances attributable to the acquisition, construction or improvement of these assets. Net position in this category represents infrastructure of the City and is not available to meet the City's needs.

Restricted Net Position consists of amounts that have external restrictions imposed upon them by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Net position in this category represents amounts that are not available to meet the City's needs as they have been promised for other purposes.

Unrestricted Net Position represents amounts that have not been restricted for any project or other purpose. These amounts are available to meet any needs of the City. While unrestricted net position is technically available to be spent by the City, it is important to remember that the City has established financial policies that would prevent this. There are certain self-imposed criteria, such as maintaining a minimum operating fund balance that would further reduce the amount the City is willing to spend.

P. MINIMUM NET POSITION

Minimum net position is not intended to be spent. The purpose of the minimum net position balance is to ensure the City has adequate resources to meet its operational needs in the event of unusual and unforeseen circumstances.

The Water Fund will have a four-part reserve as follows:

1. The City will maintain an Operating Reserve equal to the average of budgeted personnel, supplies, and services expenses over a three-month period for that year's Council Adopted Budget for the Water Fund. For the year ended June 30, 2024, this balance totaled \$3.8 million.
2. The City will maintain an Asset Reserve equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year. For the year ended June 30, 2024, this balance totaled \$3.2 million.
3. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total charges for services revenue. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2024, this balance totaled \$1.1 million.
4. The City will maintain a Resource Portfolio Reserve equal to fifteen percent (15%) of the total cost of delivery and capital charges for Municipal and Industrial water plus the Phoenix Active Management Area (AMA) Underground Storage charges multiplied by the total amount of the City's Central Arizona Project (CAP) allocation. For the year ended June 30, 2024, this balance totaled \$754,200.

The Sewer Fund will have a three-part reserve as follows:

1. The City will maintain an Operating Reserve equal to the average of budgeted personnel, supplies, and services expenses over a three-month period for that year's Council Adopted Budget for the Wastewater Fund. For the year ended June 30, 2024, this balance totaled \$4.3 million.
2. The City will maintain an Asset Reserve equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year. For the year ended June 30, 2024, this balance totaled \$7.1 million.
3. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total revenues collected through charges for services. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2024, this balance totaled \$1.1 million.

The Sanitation Fund will have a four-part reserve as follows:

1. The City will maintain an Operating Reserve equal to the average of budgeted personnel, supplies, and services expenses over a three-month period for that year's Council Adopted Budget for the Sanitation Fund. For the year ended June 30, 2024, this balance totaled \$2.7 million.
2. The City will maintain an Asset Reserve equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year. For the year ended June 30, 2024, this balance totaled \$228,100.
3. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total revenues collected through charges for services. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2024, this balance totaled \$708,400.
4. As the Sanitation Fund has excess revenues, the City will maintain a phased Contingency Reserve equal to one-half percent (0.5%) beginning in FY2022 and increases to one percent (1%) for each subsequent year through FY2024. For the year ended June 30, 2024, this balance was \$108,400.

The Stormwater Fund will have a three-part reserve as follows:

1. The City will maintain an amount equal to the average budgeted personnel, supplies, and services expenses over a two-month period for that year's Council Adopted Budget for the Stormwater Fund. For the year ended June 30, 2024, this balance totaled \$225,300.
2. The City will maintain an amount equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year for repair and replacement. For the year ended June 30, 2024, this balance totaled \$280,606.
3. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total revenues collected through charges for services. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2024, this balance totaled \$149,900.

The Risk Management Fund will maintain an amount that, together with purchased insurance policies, will adequately indemnify the City. The appropriate funding level will be set at three times the maximum annual loss of \$250,000, equal to \$750,000, which will be approved by the City Council.

The Employee Healthcare Trust Fund ("Trust Fund") will maintain an amount at a level which, together with purchased insurance policies (individual and aggregate stop loss), will adequately indemnify the City. The City has established an Adverse Times Reserve. The purpose of this reserve is to address cash flow needs caused by periods in which claim payments exceed projections. The target amount of this reserve is at least twenty-five

percent (25%) of expected annual claims. If, at any time prior to the end of the fiscal year, the Trust Fund's target reserve is met and fully funded for the entire fiscal year based on the original budget projections approved by the City Council, the Finance Director shall document such funding and, after consulting with the City Manager, may conduct an evaluation of the claims incurred by the Trust Fund year to date, and if fiscally and financially prudent based on the claims incurred, transfer from the City's various operating funds only that portion of the employer premium necessary to cover actual claims incurred, such that the Trust Fund revenues are equal to the Trust Fund expenses, and the Trust Fund account experiences a zero change in net position. At all times the City will continue to transfer and deposit into the Trust Fund 100% of the monthly employee premiums collected. For the year ended June 30, 2024, the balance was \$3.7 million.

The Workers' Compensation Fund will maintain an amount which, together with the purchased excess insurance policy, will adequately indemnify the City. The City has established an Adverse Times Reserve of \$3,000,000. The purpose of this reserve is to maintain the regulatory required reserve. For the year ended June 30, 2024, the balance was \$3.7 million.

The City is in compliance with its established minimum net position policies.

Q. PROPERTY TAX

An annual primary tax levy is limited to an increase of two percent over the previous year's maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed the previous year (Section 42-17051, Arizona Revised Statutes). The two percent increase is based on the City's "maximum allowable levy" for the prior year.

Property taxes are recognized as revenues in the year they are levied and collected, or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end, or collected in advance of the year-end for which they are levied, are reported as unavailable revenues.

The County levies real property taxes on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October, and becomes delinquent after the first business day in November. The second installment is due on the first day of March of the next year, and becomes delinquent after the first business day of May. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter.

R. GRANT REVENUES

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

S. INTEREST REVENUE

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

T. INTERFUND TRANSACTIONS

Interfund services provided or used are presented as revenues, expenditures or expenses. All other interfund transactions are reported as transfers.

U. ESTIMATES

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

V. LEASES / SBITAs

Leases - As lessee, the City recognizes lease liabilities with an initial, individual value of \$50,000 or more. The City does not have an incremental borrowing rate or any current debt instruments representing leasing arrangements as a basis for calculating such a rate. Therefore, the City uses discounted lease rates of comparable governmental entities in similar leasing arrangements to measure lease liabilities unless it can readily determine the interest rate implicit in the lease.

As lessor, the City recognizes receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses discounted lease rates of comparable governmental entities in similar leasing arrangements to measure lease receivables.

Subscription-based information technology arrangements - The City recognizes subscription liabilities with an initial, individual value of \$50,000 or more. The City does not have an incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The City's estimated incremental borrowing rate is calculated as described above.

The remainder of this page was intentionally left blank

NOTE 2 – CASH AND INVESTMENTS

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

Government-Wide Financial Statements

Total cash and investments	\$ 525,452,942
Total restricted cash and investments	15,587,086
Subtotal	541,040,028
Government-wide total cash and investments	541,040,028
Plus: Fiduciary Fund cash and cash equivalents	249,274
Total	<u>\$ 541,289,302</u>

Fund Financial Statements*Governmental Funds*

Cash and investments	\$ 383,605,445
Restricted cash and cash equivalents	4,305,596

Enterprise Funds

Cash and investments	118,506,610
Restricted cash and cash equivalents	11,281,490

Internal Service Funds

Cash and investments	23,340,887
----------------------	------------

Custodial Fund

Cash and cash equivalents	249,274
Total	<u>\$ 541,289,302</u>

Deposits

Total cash and investments for the City as of June 30, 2024, are as follows:

City's deposits	\$ 236,039,349
Cash on hand	3,800
City's investments	304,076,458
Cash held by trustee	1,169,695
Total	<u>\$ 541,289,302</u>

A reconciliation of the bank balance of the City's deposit balance as of June 30, 2024, follows:

Cash in bank	\$ 237,671,195
<i>Reconciling items:</i>	
Outstanding checks	(2,300,093)
Deposits in transit	668,303
Other	(56)
	<u>\$ 236,039,349</u>
Less:	
Custodial Fund	249,274
Total City deposits	<u>\$ 235,790,075</u>

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At year end, \$750,000 of the City's deposits were covered by federal depository insurance. Of the remaining bank balance not covered by federal depository insurance, \$235,751,500 was covered by the pledging financial institution's trust department or agent, but not in the City's name and \$1,169,695 was not held by the City.

Investments

Arizona Revised Statutes authorize the City to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City's investments.

The City's formal investment policy limits investment choices to the following:

1. Certificates of deposit in eligible depositories that must be insured or fully collateralized;
2. Interest bearing savings accounts in banks and savings and loan institutions doing business in the State of Arizona whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under Arizona Revised Statutes 35-323 (A);
3. Securities of or any other interests in any open-end management type investment company whose underlying investments are invested in securities allowed by state law, registered under the investment company act of 1940, as amended.
4. The pooled investment funds established by the State Treasurer pursuant to Arizona Revised Statute 35-326;
5. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities;
6. Bonds or other evidence of indebtedness of the State of Arizona or any of its counties, incorporated cities, towns, school districts, or special taxing districts, including registered warrants, substitute checks, and electronic funds transfers that bear interest pursuant to section Arizona Revised Statutes 11-635;

7. Bonds, notes, evidences of indebtedness of any county, municipal district, municipal utility, or special taxing district within the State of Arizona that are payable from revenues, earnings, or a special tax specifically pledged for the payment of the principal and interest on the obligations that are rated “A” or the equivalent by a nationally recognized statistical rating organization; and
8. Bonds, notes, or evidences of indebtedness issued by any county improvement district or municipal improvement district in the State of Arizona to finance local improvements authorized by law that are rated “A” or the equivalent by a nationally recognized statistical rating organization.
9. Commercial paper of prime quality.
10. Bonds, debentures, notes or other evidences of indebtedness.

The City’s investments consisted of the following as of June 30, 2024:

Investment Type	Total Fair Value	Maturities			
		Less than 1 year	1-2 years	2-3 years	3-5 years
U. S. government securities	\$ 182,291,945	\$ 88,675,137	\$ 27,441,851	\$ 22,383,174	\$ 43,791,783
Corporate bonds	9,546,213	-	-	6,505,530	3,040,683
Money market mutual funds	3,975,151	3,975,151	-	-	-
Local government investment pool	108,263,149	108,263,149	-	-	-
	<u>\$ 304,076,458</u>	<u>\$ 200,913,437</u>	<u>\$ 27,441,851</u>	<u>\$ 28,888,704</u>	<u>\$ 46,832,466</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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2024, the City’s investments were rated as follows:

Investment Type	Amount	Minimum	AA-/AA+	A/A+	Not Rated
		Legal Rating			
U. S. government securities	\$ 182,291,945	N/A	\$ 101,823,762	\$ 80,468,183	\$ -
Corporate bonds	9,546,213	A	5,718,352	3,827,861	-
Money market mutual funds	3,975,151	N/A	-	-	3,975,151
Local government investment pool	108,263,149	N/A	-	-	108,263,149
	<u>\$ 304,076,458</u>		<u>\$ 107,542,114</u>	<u>\$ 84,296,044</u>	<u>\$ 112,238,300</u>

Custodial Credit Risk – Investments. All of the City’s security investments are held in the City’s name. The City’s investment in the State Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the City’s portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk - The City's formal investment policy places a limit on certain investment choices as follows:

1. Certificates of deposits have a 50% sector limit.
2. Bonds or other evidences of indebtedness of the State of Arizona or any of its counties, incorporated cities, towns, school districts, or special taxing districts, including registered warrants, substitute checks, and electronic funds transfers that bear interest pursuant to section Arizona Revised Statute 11-635 have a 25% sector limit and a 5% issuer limit.
3. Bonds, notes, evidences of indebtedness of any county, municipal district, municipal utility, or special taxing district within the State of Arizona that are payable from revenues, earnings, or a special tax specifically pledged for the payment of the principal and interest on the obligations that are rated "A" or the equivalent by a nationally recognized statistical rating organization have a 25% sector limit and a 5% issuer limit.
4. Bonds, notes, or evidences of indebtedness issued by any county improvement district or municipal improvement district in the State of Arizona to finance local improvements authorized by law that are rated "A/A2" or the equivalent by a nationally recognized statistical rating organization have a 25% sector limit and a 5% issuer limit. All other eligible investment choices do not have a concentration limit placed on them by the City's investment policy.
5. Commercial paper of prime quality that is rated within the top two ratings by a nationally recognized rating agency, must be issued by corporations organized and doing business in the United States and are subject to a 10% sector limit and a 2% issuer limit.
6. Bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and carry at a minimum an "A/A2" or better rating, at the time of purchase, from at least two nationally recognized rating agencies and are subject to a 10% sector limit and a 2% issuer limit.

Investment in State Investment Pool - The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

Fair Value Measurements - The City uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

- Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, or inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Investments are measured as follows:

Disclosure of Fair Value Inputs			
	Total	Level 1	Level 2
Investments by Fair Value Level:			
U. S. government securities	\$ 182,291,945	\$ 182,291,945	\$ -
Corporate Bonds	9,546,213	-	9,546,213
Total investments by fair value level	\$ 191,838,158	\$ 182,291,945	\$ 9,546,213
External Investment Pool Measured at Fair Value:			
LGIP	108,263,149		
Total investments measured at fair value	\$ 300,101,307		
Investments Measured at Amortized Cost			
Money market mutual funds	3,975,151		
Total investments	\$ 304,076,458		

Interest Rate Risk. The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 – RECEIVABLES

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible accounts as follows at June 30, 2024:

ACFR Fund Name	Receivables	Allowance	Net
Governmental funds:			
General Fund	\$ 12,307,005	\$ 11,886,028	\$ 420,977
NonMajor Funds	8,832,723	5,827,687	3,005,036
Total governmental funds	<u>\$ 21,139,728</u>	<u>\$ 17,713,715</u>	<u>\$ 3,426,013</u>
Proprietary funds:			
Water Fund	\$ 2,772,915	\$ 311,703	\$ 2,461,212
Sewer Fund	3,197,347	829,782	2,367,565
Sanitation Fund	2,296,563	651,276	1,645,287
Stormwater Fund	1,861,153	634,447	1,226,706
Total proprietary funds	<u>\$ 10,127,978</u>	<u>\$ 2,427,208</u>	<u>\$ 7,700,770</u>

The intergovernmental receivable of \$2,252,656 as reported in the statement of net position is made up of \$745,889 in State shared sales tax, \$283,074 in State shared in-lieu auto tax, \$90,089 in Wildland Fire billings, and \$1,133,604 in highway user tax.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received, but not yet earned.

The amounts reported in the governmental funds for the year ended June 30, 2024, are as follows:

ACFR Fund Name	Unearned	Unavailable
General Fund	\$ 807,917	\$ 384,873
Grants Fund	5,466,620	1,330,276
Debt Service Fund	-	52,086
NonMajor Governmental Funds	239,189	1,842,796
Total	<u>\$ 6,513,726</u>	<u>\$ 3,610,031</u>

Proprietary funds also report unearned revenue in connection with resources that have been received, but not yet earned.

The amounts reported in the proprietary funds for the year ended June 30, 2024, are as follows:

ACFR Fund Name	Unearned
Sewer Fund	\$ 363,536
Sanitation Fund	84,537
Stormwater Fund	39,294
Total	<u>\$ 487,367</u>

Lease receivables — The City leases land, buildings and building improvements to third parties under the provisions of various lease agreements. One of the buildings is a sublease to the third party. During the fiscal year ended June 30, 2024, the City recognized total lease-related revenues of \$731,270.

Housing rehabilitation loan program — The City has entered into several Housing Rehabilitation agreements utilizing Community Development Block Grant funds. These deferred loans are due upon the sale, transfer or foreclosure of the property. Due to the contingent nature of the repayment of these loans, there is an allowance recorded at 100% of the outstanding balance. The balance of the rehabilitation loans at June 30, 2024, is \$484,846.

The remainder of this page was intentionally left blank

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024, was as follows:

	Primary Government				Balance June 30, 2024
	Balance July 1, 2023	Increases	Decreases	Transfers	
Governmental activities:					
Not being depreciated:					
Land and land improvements	\$ 235,600,689	\$ 28,390,761	\$ (9,440)	\$ -	\$ 263,982,010
Parks	8,607,783	-	-	-	8,607,783
Construction in progress	7,813,811	43,502,845	-	(5,757,019)	45,559,637
Total not being depreciated	252,022,283	71,893,606	(9,440)	(5,757,019)	318,149,430
Other capital assets:					
Buildings and improvements	253,820,232	20,751	(528,053)	470,639	253,783,569
Improvements other than buildings	48,672,334	2,141,794	-	2,069,491	52,883,619
Equipment and vehicles	67,674,434	5,506,691	(3,405,340)	2,411,268	72,187,053
Intangibles	11,815,859	-	-	224,975	12,040,834
Infrastructure	553,935,493	26,099,321	-	589,520	580,624,334
Right-to-use subscription assets	3,587,189	2,436,973	(389,974)	-	5,634,188
Right-to-use lease assets:					
Land and land improvements	11,380	-	-	-	11,380
Buildings and improvements	6,860,916	-	-	(8,874)	6,852,042
Equipment and vehicles	-	737,164	-	-	737,164
Total other capital assets	946,377,837	36,942,694	(4,323,367)	5,757,019	984,754,183
Total assets before depreciation/ amortization	1,198,400,120	108,836,300	(4,332,807)	-	1,302,903,613
Accumulated depreciation/amortization:					
Building and improvements	(110,665,473)	(8,435,274)	71,338	-	(119,029,409)
Improvements other than buildings	(16,053,981)	(2,571,855)	-	-	(18,625,836)
Equipment and vehicles	(45,556,270)	(5,949,744)	2,970,229	-	(48,535,785)
Intangibles	(8,250,613)	(1,245,375)	-	-	(9,495,988)
Infrastructure	(292,751,639)	(17,816,791)	-	-	(310,568,430)
Right-to-use subscription assets	(1,026,250)	(1,528,488)	389,974	-	(2,164,764)
Right-to-use lease assets:					
Land and land improvements	(5,690)	(2,845)	-	-	(8,535)
Buildings and improvements	(1,154,003)	(739,661)	-	-	(1,893,664)
Equipment and vehicles	-	(36,858)	-	-	(36,858)
Total accumulated depreciation/ amortization	(475,463,919)	(38,326,891)	3,431,541	-	(510,359,269)
Net capital assets governmental activities	\$ 722,936,201	\$ 70,509,409	\$ (901,266)	\$ -	\$ 792,544,344

Depreciation/amortization was charged by function as follows:

General government	\$ 3,463,150
Public safety	5,060,435
Public works and transportation	22,389,321
Community development	45,066
Culture and recreation	7,368,919
Total governmental activities	
depreciation/amortization expense	<u>\$ 38,326,891</u>

	Primary Government				Balance June 30, 2024
	Balance July 1, 2023	Increases	Decreases	Transfers	
Business-type activities:					
Not being depreciated:					
Land	\$ 13,340,576	\$ 4,082,764	\$ (9,566)	\$ -	\$ 17,413,774
Water rights	28,335,494	3,403,041	-	-	31,738,535
Construction in progress	10,803,113	9,893,876	(222,723)	(5,780,429)	14,693,837
Total not being depreciated	52,479,183	17,379,681	(232,289)	(5,780,429)	63,846,146
Other capital assets:					
Buildings and system	474,673,917	34,458,433	-	4,971,864	514,104,214
Improvements other than buildings	10,797,703	-	-	502,296	11,299,999
Vehicles and equipment	28,977,903	1,665,072	-	306,269	30,949,244
Intangibles	551,092	-	-	-	551,092
Right-to-use subscription assets	165,069	-	(165,069)	-	-
Total other capital assets	515,165,684	36,123,505	(165,069)	5,780,429	556,904,549
Total assets before depreciation/ amortization	567,644,867	53,503,186	(397,358)	-	620,750,695
Accumulated depreciation/amortization:					
Buildings and system	(166,237,493)	(14,273,539)	-	-	(180,511,032)
Improvements other than buildings	(1,986,198)	(446,467)	-	-	(2,432,665)
Vehicles and equipment	(15,501,632)	(2,870,934)	-	-	(18,372,566)
Intangibles	(535,013)	(2,926)	-	-	(537,939)
Right-to-use subscription assets	(82,535)	(82,534)	165,069	-	-
Total accumulated depreciation/ amortization	(184,342,871)	(17,676,400)	165,069	-	(201,854,202)
Net capital assets business-type activities	\$ 383,301,996	\$ 35,826,786	\$ (232,289)	\$ -	\$ 418,896,493

Depreciation/amortization was charged by function as follows:

Water	\$ 4,880,458
Sewer	10,814,264
Sanitation	1,445,766
Stormwater	535,912
Total business-type depreciation/amortization expense	<u>\$ 17,676,400</u>

NOTE 5 - DEVELOPER AGREEMENTS

The City of Surprise has entered into agreements with developers for infrastructure related to commercial and residential development. The developers construct the infrastructure and convey the assets to the City. Based on the terms of the agreements, over a designated period of time, the City pays the developers for the infrastructure with collections of impact fees and other specified revenues, up to the maximum amount per agreement. Commitments to reimburse developers under these agreements are not currently recognized until the requirements of the agreements are met. If the term of the agreement expires before the maximum amount has been repaid, the City has no further obligation to continue making payments under the agreement.

Development agreements related to water system infrastructure will be reimbursed using water system impact fees. Total water system infrastructure value conveyed is \$25,629,990. Depending on the terms of the specific agreement, this value is eligible for reimbursement during the next nine years. Once an agreement expires, water

system fees are no longer eligible for developer reimbursement. As of June 30, 2024, \$19,939,795 had expired or been reimbursed, leaving a potential remaining balance of \$5,690,195

Development agreement reimbursements related to wastewater system infrastructure will be calculated based on specified sales tax revenues. The total net value reimbursable for wastewater system infrastructure is \$15,606,338. Depending on the terms of the specific agreements, this value is eligible for reimbursement over the next twenty-six years. Once the agreements expire, the remaining unpaid balance of these infrastructure costs is no longer subject to repayment. As of June 30, 2024, \$451,520 had expired or been reimbursed, leaving a potential remaining balance of \$15,154,818.

Infrastructure installed in connection with development agreements related to transportation will be reimbursed using a portion of sales tax collections as prescribed in the agreements. The total net reimbursable value for this infrastructure is \$72,899,358 at June 30, 2024. Depending on the terms of the specific agreements, this value is eligible for reimbursement over the next twenty-six years. Once the agreements expire, no further developer reimbursement of the unpaid balance is required. As of June 30, 2024, \$3,954,189 had expired or been reimbursed, leaving a potential remaining balance of \$68,945,169.

Development agreements related to park infrastructure will be reimbursed using park impact fees. Total park infrastructure value conveyed is \$4,777,882. Depending on the terms of the specific agreement, this value is eligible for reimbursement through November 2030. Once an agreement expires, park impact fees are no longer eligible for developer reimbursement. As of June 30, 2024, the City has reimbursed \$1,325,593 leaving a potential balance remaining of \$3,452,289.

In addition, the City has entered into a number of developer agreements for infrastructure that has not yet been conveyed to the City. The total cost to be incurred under these agreements is currently indeterminable.

Tax Abatements—The City of Surprise participates in two tax abatement programs, foreign trade zones and a sales tax incentive program.

Foreign Trade Zones. The City of Surprise provides property tax abatements in any area of the City deemed to be foreign trade zone in accordance with Section 44-6501, Arizona Revised Statutes. The State of Arizona, any county, city or town within the state or a public or private corporation or any combination thereof can apply to the foreign trade zones board, United States Department of Commerce, for the right to establish, operate and maintain a foreign trade zone and subzones. For tax purposes, property in foreign trade zones is classified as class six property in accordance with Section 42-12006, Arizona Revised Statutes. The change in tax classification is administered by the County who levies and collects property taxes on the City's behalf. The property would otherwise be class one property. Class six foreign trade zones have a property tax assessment ratio of 5 percent compared to class one properties which have an assessment ratio of 17 percent. For fiscal year 2024, \$29,815 of property taxes were abated by this program.

Sales Tax Incentive Program. The City of Surprise administers a sales tax (transaction privilege tax) incentive program in accordance with Arizona Revised Statutes 42-6010. The City has entered into agreements with specific businesses to return a portion of the sales tax generated by the business and paid to the Arizona State Department of Revenue. The City will return up to 50% of the sales tax generated by the business. The amount of taxes paid and returned is determined by the City's review of the monthly reports received from the Arizona State Department of Revenue. The exact amount of taxes abated during fiscal year 2024 cannot be disclosed in accordance with Arizona Revised Statutes 42-2002.

The City has entered into a development agreement to reimburse developers for the construction of public infrastructure that will benefit the community. These reimbursements are paid over time from collections within a defined area. For the fiscal year ended June 30, 2024, the City reimbursed \$10,851,650.

Contracts Payable

General Government Activities

A balance of \$13,729,042 is owed based on improvements and deposits paid toward improvements made by developers per development agreements for various infrastructure items the City will own, and amounts owed to contractors for the retainage of on-going projects.

NOTE 6 – SIGNIFICANT COMMITMENTS

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

Project	Spent-to-Date	Remaining Commitment	Funding Source
136th Ave Junction Structure	\$ 16,015	\$ 483,621	Sewer Utility Capital
163rd Ave Roadway Improvements	1,348,543	10,732,378	General Capital Projects Fund
Cactus Rd (Cotton-Reems)	7,042,411	26,270,269	In Lieu Developer Revenue
Cactus Road (Litchfield-RR Track)	736,406	7,840,444	General Capital Projects Fund
Cactus/Perryville Intersection	1,498,241	5,482,826	General Capital Projects Fund
Circle City Water Acquisition	1,341,669	144,980	Water Utility Capital
Community Pool	13,292,222	24,376,894	Program Fees Revenue
Desert Oasis Facility Security	553,348	48,132	Water Utility Capital
Elm Street - From Civic Center Dr to Bullard Ave	1,028,639	5,471,360	General Capital Projects Fund
Fire Station #5 Remodel	15,641	26,709	General Capital Projects Fund
Happy Valley Rd (163rd-Rncho Mercado)	194,768	2,526,085	General Capital Projects Fund
Multigenerational Community Center	3,596,444	828,920	Human Svcs & Comm Vitality CIP
Park - Perryville & Cactus	2,143,026	6,126,367	Parks Developer Fees
Plant Capacity Increase / Enhancement	8,802,594	26,572,607	Sewer Utility Capital
Rancho Mercado Well No. 2	187,524	2,831,431	Water Res Developer Fee 2020
Solar Biosolids Dryer Phase II	276,106	1,123,638	Sewer Utility Capital
SPA1 Recharge Expansion	1,470,016	392,852	Sewer Utility Capital
Stadium Needs	374,057	83,434	General Capital Projects Fund
Traffic Signal - Bell Rd & Bell Pointe Blvd	797,491	442,853	In Lieu Developer Revenue
Traffic signal - Sun Valley Pkwy & 219th	16,203	23,681	In Lieu Developer Revenue
Traffic signal - Sun Valley Pkwy & 227th	16,203	23,681	In Lieu Developer Revenue
Waddell Road Fiber Optic Connection	8,929	80,542	General Capital Projects Fund
Total	<u>\$ 44,756,496</u>	<u>\$ 121,933,704</u>	

NOTE 7 - LONG-TERM DEBT & OTHER PAYABLES**Pledged Revenue Obligations***Series 2015 Pledged Revenue Obligations*

In 2015, the City of Surprise issued Pledged Revenue Obligations and Pledged Revenue Refunding Obligations secured by a pledge on excise tax revenues and state shared revenues, for the construction of stadium improvements.

The issuance requires excise tax and state shared revenues to be maintained at a minimum of 3.0 times the combined debt service requirement payable. The debt service coverage ratio at June 30, 2024, (revenues to debt service payable) is 159.1.

The Pledged Revenue Obligations, Series 2015, were issued in the amount of \$17,385,000, and have an outstanding principal balance at June 30, 2024, of \$8,320,000. Proceeds of these obligations are designated for the construction of stadium improvements. The obligations are payable solely from pledged revenues and are payable through 2030. Principal and interest payments and pledged revenues for the current year were \$1,585,000 and \$252,029,109, respectively. Next year's principal and interest payments of \$1,584,550 constitute approximately 0.6% of the current year pledged revenue.

Series 2018 Senior Lien Utility System Revenue Refunding Obligations

In August 2018, the City of Surprise issued Senior Lien Utility System Revenue Refunding Obligations, Series 2018, secured by a pledge of revenues of the system, which are revenues (including any unrestricted fund balances of the System) remaining after deducting operation expenses. A portion of the proceeds of the obligations, together with other legally available funds of the City, were placed in a trust fund which fully defeased the City of Surprise Municipal Property Corporation Wastewater Development Impact Fee and Subordinate Lien Wastewater Revenue Bonds, Series 2007, on October 1, 2018.

The Senior Lien Utility System Revenue Refunding Obligations, Series 2018, were issued in the amount of \$25,255,000, and have an outstanding principal balance at June 30, 2024, of \$19,045,000. The refunding obligations have interest rates that range between 4%-5%, are payable solely from pledged revenue, and mature in 2036. Principal and interest payable and pledged revenues for the current year were \$2,149,250 and \$20,608,896, respectively. Current year pledged revenue equals approximately 960 percent of next year's principal and interest payments, which total \$2,147,250.

The issuance requires pledged revenues to be at least 175 percent of the Parity Lien Test Debt Service. Parity Lien Test Debt Service is the highest aggregate Principal Requirement and Interest Requirement of all Series 2018 Senior Lien Utility System obligations and additional Utility System obligations then outstanding, to fall due and payable in the current or any future Bond Year. At June 30, 2024, the Parity Lien Test Debt Service is \$2,151,000 and pledged revenues are \$20,608,896. The current year ratio is 958 percent of the Parity Lien Test Debt Service.

The issuance also requires the City to establish and maintain rates, fees, and charges for all services supplied by the System, to provide Pledged Revenues fully sufficient to produce pledged revenue in each fiscal year equal to at least 125 percent of the Principal Requirement and Interest Requirement on all Series 2018 Senior Lien Utility System Obligations and Additional Utility Obligations then outstanding for the corresponding Bond Year. At June 30, 2024, pledged revenue equals 960 percent of that Principal Requirement and Interest Requirement.

Water Infrastructure Finance Authority of Arizona Loan

On May 23, 2023, the City executed a loan agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) in which WIFA would reimburse costs incurred by the City for funding wastewater capital improvement projects for an amount not to exceed \$34,980,000. The loan is secured by system net revenues and provides for semiannual payments of principal and interest, payable from system revenues, for a term of 20 years, at a combined interest and fee rate percentage of 2.805%, with maturity at July 1, 2043. The loan carries a forgivable amount of \$1,000,000 upon qualification. During the year ended June 30, 2024, the City incurred \$6,968,128 in expenses, for a total of \$7,053,128 of project-to-date expenses, of which \$3,214,135 has been funded to date by WIFA. The total outstanding loan balance at June 30, 2024 was \$3,214,135.

General Obligations

The City of Surprise has two issues of General Obligation Bonds, secured by secondary property taxes, which are currently outstanding. The Bonds are issued pursuant to the Arizona Constitution and laws of the State of Arizona, including particularly Title 35, Chapter 3, Article 3, Arizona Revised Statutes, and a vote of the qualified electors of the City at an election held on November 7, 2017 (the "Election"), and a resolution authorizing issuance of the Bonds adopted by the Mayor and Council of the City on April 3, 2018 (the "Bond Resolution"). The Bonds were issued for the purpose of paying for certain facilities improvements including a Fire Station, an Evidence and Readiness Center, a Public Works Operations Facility, and road projects including improvements to Greenway, Litchfield, and Waddell Roads, and the costs of issuance of the Bonds.

Series 2018 of the General Obligation Bonds were issued in May 2018 in the amount of \$37,730,000. These bonds have coupon rates ranging from 3%-5% with final maturity occurring in 2038, and a principal balance at June 30, 2024, of \$27,155,000.

The Series 2020 General Obligation Bonds were issued in September 2020 in the amount of \$17,460,000, and represent the second and last installment of general obligation bonds approved at the Election. The Bonds carry interest rates ranging from 2% to 4%, have a final maturity in 2028, and have a remaining principal balance at June 30, 2024, of \$8,640,000.

Community Facilities District Bonds and Notes

Community Facilities District (CFD) Bonds and Notes are special purpose government entity debt which the City Council and District Board may issue under Arizona law to (among other things) acquire and improve public infrastructure.

In October 2016, Marley Park Community Facilities District defeased certain general obligation bonds related to the Series 2006, 2007 and 2008 Bonds through a new issuance of Marley Park Series 2016 general obligation bonds. The new bonds were issued in the original amount of \$11,365,000 of which \$4,800,000 was new issuance and \$6,565,000 was in refunding obligations for the purpose of accomplishing the aforementioned defeasance.

In October 2017, Marley Park Community Facilities District directly borrowed \$3,000,000 through new general obligation notes. These new note funds were used for the cost of issuance as well as the acquisition of infrastructure. These notes have an interest rate of 2.690% with final maturity occurring in 2032. The notes contain a gross up provision in the event they become taxable due to actions or omissions of the District. In such a case the taxable rate would be 4.14% and would be effective as of the date of a final determination of the Internal Revenue Service or a court of competent jurisdiction, or an opinion of a nationally recognized bond counsel selected by the lender.

In October 2019, Marley Park Community Facilities District issued \$8,470,000 in new general obligation bonds. The proceeds were used for the cost of issuance as well as the acquisition of capital assets. The bonds carry interest rates from 3% to 4% with final maturity occurring in 2044.

In September 2022 Marley Park Community Facilities District issued \$13,065,000 in new general obligation bonds. The proceeds were used for the cost of issuance as well as the acquisition of capital assets. The bonds carry interest rates from 4.125% to 5.0% with final maturity occurring in 2047.

At June 30, 2024, there remained \$41,955,000 in authorized but unissued debt authority. Such debt could be issued in future years, when and if qualifying infrastructure costs are incurred and presented for acceptance by the District.

Long-term debt as of June 30, 2024, is comprised of the following:

Classified in Governmental Activities on the Government-wide Financial Statements:

City of Surprise General and Revenue Obligations	Long-Term Debt Outstanding
2015, Pledged Revenue Obligation (issued June 23, 2015) due in annual installments of \$1,025,000 to \$1,505,000 through July 1, 2030; interest at 3 percent to 5 percent. Original issue amount \$17,385,000.	\$ 8,320,000
2015, Pledged Revenue Revenue Obligations, Issuance Premium	697,302
2018, General Obligation Bonds, (issued May 9, 2018) due in annual installments of \$1,205,000 to \$2,400,000 through July 1, 2038; interest at 3 percent to 5 percent. Original issue amount of \$37,730,000.	27,155,000
2018, General Obligation Bonds, Issuance Premium	1,580,250
2020, General Obligation Bonds, (issued September 30, 2020) due in annual installments of \$260,000 to \$3,010,000 through July 1, 2028; interest at 2 percent to 4 percent. Original issue amount of \$17,460,000.	8,640,000
2020, General Obligation Bonds, Issuance Premium	1,024,394
Total General and Revenue Obligations	<u>\$ 47,416,946</u>

The remainder of this page was intentionally left blank

Community Facilities District General Obligation Bonds and Notes	Long-Term Debt Outstanding
2016 Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds, due in annual installments of \$385,000 to \$665,000 through July 15, 2041; interest from 2 to 4%. Original issue amount \$11,365,000 of which \$4,800,000 was new issuance and \$6,565,000 was refunding obligations.	\$ 9,130,000
2016 Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds, Issuance Premium	163,754
2017 Marley Park Community Facilities District General Obligation Notes, directly placed borrowing, due in annual installments of \$185,000 to \$245,000 through July 15, 2032; interest at 2.690%. Original issue amount \$3,000,000.	1,805,000
2019 Marley Park Community Facilities District General Obligation Bonds, due in annual installments of \$50,000 to \$1,260,000 through July 15, 2044; interest from 3% to 4%. Original issue amount \$8,470,000.	8,085,000
2019 Marley Park Community Facilities District General Obligation Bonds, Issuance Premium	32,874
2022 Marley Park Community Facilities General Obligation Bonds, due in annual installments of \$40,000 to \$2,025,000 through May 15, 2047; interest from 4.125% to 5%. Original issue of \$13,065,000.	13,025,000
2022 Marley Park Community Facilities District General Obligation Bonds, Issuance Premium	25,347
Total Community Facilities Districts General Obligation Bonds and Notes Outstanding	32,266,975
Total Bonds and Notes Payable Recorded in Governmental Activities	<u>\$ 79,683,921</u>

Classified in Business-type Activities on the Government-wide Financial Statements:

Revenue Obligations	Long-Term Debt Outstanding
2018, Senior Lien Utility System Revenue Refunding Obligations (issued August 7, 2018) due in installments of \$985,000 to \$2,045,000 through July 1, 2036; interest from 4% to 5%. Original issue amount \$25,255,000.	\$ 19,045,000
2018, Senior Lien Utility System Revenue Refunding Obligations, Issuance Premium	2,777,418
Total Bonds Payable Recorded in Business-type Activities	21,822,418
Total Long-Term Bonds Payable	<u>\$ 101,506,339</u>

The following is a summary of long-term liabilities for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due within 1 Year
Governmental activities					
Bonds, loans, and payables:					
City of Surprise, Series 2015					
Pledged revenue obligations					
\$28,701,375 (\$36,665,000 issued)	\$ 11,271,189	\$ -	\$ (2,951,189)	\$ 8,320,000	\$ 1,250,000
City of Surprise, Series 2018					
General obligations \$37,730,000	28,550,000	-	(1,395,000)	27,155,000	1,465,000
City of Surprise, Series 2020					
General obligations \$17,460,000	11,065,000	-	(2,425,000)	8,640,000	2,580,000
For issuance premium 2015	993,721	-	(296,419)	697,302	-
For issuance premium 2018	1,693,125	-	(112,875)	1,580,250	-
For issuance premium 2020	1,280,493	-	(256,099)	1,024,394	-
Community Facilities District					
Series 2016 Bonds \$11,365,000					
issued	9,545,000	-	(415,000)	9,130,000	425,000
Series 2017 Direct Placement Note					
\$3,000,000 issued	2,005,000	-	(200,000)	1,805,000	205,000
Series 2019 Bonds					
\$8,470,000 issued	8,145,000	-	(60,000)	8,085,000	65,000
Series 2022 Bonds, \$13,065,000					
issued	13,065,000	-	(40,000)	13,025,000	130,000
For issuance premium 2016	184,687	-	(20,933)	163,754	-
For issuance premium 2019	34,518	-	(1,644)	32,874	-
For issuance premium 2022	26,449	-	(1,102)	25,347	-
Subscriptions liability	2,608,188	2,436,973	(1,517,341)	3,527,820	1,280,836
Leases payable	6,747,796	737,164	(152,099)	7,332,861	503,788
Total bonds, loans, and payables	97,215,166	3,174,137	(9,844,701)	90,544,602	7,904,624
Compensated absences payable	10,423,221	7,946,639	(7,376,727)	10,993,133	4,287,322
Claims payable	3,003,137	19,296,423	(18,496,848)	3,802,712	3,321,232
Total governmental activities					
long-term liabilities	<u>\$ 110,641,524</u>	<u>\$ 30,417,199</u>	<u>\$ (35,718,276)</u>	<u>\$ 105,340,447</u>	<u>\$ 15,513,178</u>

The remainder of this page was intentionally left blank

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due within 1 Year
Business-type activities					
Bonds, loans, and payables:					
City of Surprise, Series 2015 Pledged revenue obligations \$5,278,625 (\$36,665,000 issued)	\$ 763,813	\$ -	\$ (763,813)	\$ -	\$ -
Senior Lien Utility System Revenue Refunding Obligations, Series 2018	20,185,000	-	(1,140,000)	19,045,000	1,195,000
For issuance premium 2015	78,152	-	(78,152)	-	-
For issuance premium 2018	3,008,870	-	(231,452)	2,777,418	-
Loan Payable to WIFA, Revolving to \$33,980,000	-	3,214,135	-	3,214,135	1,289,873
Subscriptions liability	83,106	-	(83,106)	-	-
Total bonds, loans, and payables	24,118,941	3,214,135	(2,296,523)	25,036,553	2,484,873
Compensated absences payable	1,258,930	899,237	(844,780)	1,313,387	512,221
long-term liabilities	<u>\$ 25,377,871</u>	<u>\$ 4,113,372</u>	<u>\$ (3,141,303)</u>	<u>\$ 26,349,940</u>	<u>\$ 2,997,094</u>

The City's outstanding bonds had the following ratings:

Description	Fitch Rating	Standard & Poor's Rating
City of Surprise, Arizona, Pledged Revenue and Revenue Refunding Obligations SERIES 2015	AAA	AA+
City of Surprise, Arizona, General Obligation Bonds SERIES 2018	Not rated	AA
City of Surprise, Arizona, General Obligation Bonds SERIES 2018	Not rated	AA
City of Surprise, Arizona, Senior Lien Utility System Revenue Refunding Obligations SERIES 2018	Not rated	AA+
Marley Park Community Facilities District General Obligation Bonds SERIES 2019*	Not rated	AA
Marley Park Community Facilities District General Obligation Bonds SERIES 2017	Not rated	Not rated
Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds SERIES 2016*	Not rated	AA
Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds SERIES 2022*	Not rated	AA

* Insured by Building America Mutual

The following is a summary of debt service requirements for the year ended June 30, 2024. Deferred amounts are not included:

Governmental Activities						
Year Ended June 30	Refunding/Stadium Imp 2015		GO Bonds 2018		GO Bonds 2020	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,250,000	\$ 334,550	\$ 1,465,000	\$ 1,012,294	\$ 2,580,000	\$ 345,600
2026	1,310,000	272,050	1,540,000	939,044	2,790,000	242,400
2027	1,375,000	206,550	1,620,000	862,044	3,010,000	130,800
2028	1,420,000	165,300	1,700,000	781,044	260,000	10,400
2029	1,460,000	122,700	1,785,000	696,044	-	-
2030-2034	1,505,000	75,250	9,905,000	2,490,970	-	-
2035-2039	-	-	9,140,000	781,125	-	-
2040-2044	-	-	-	-	-	-
2045-2047	-	-	-	-	-	-
Total	<u>\$ 8,320,000</u>	<u>\$ 1,176,400</u>	<u>\$ 27,155,000</u>	<u>\$ 7,562,565</u>	<u>\$ 8,640,000</u>	<u>\$ 729,200</u>

Governmental Activities						
Year Ended June 30	Marley Park CFD 2016		Marley Park CFD 2017 Direct Placement		Marley Park CFD 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 425,000	\$ 304,538	\$ 205,000	\$ 48,555	\$ 65,000	\$ 252,100
2026	435,000	296,037	210,000	43,040	65,000	250,150
2027	445,000	286,250	215,000	37,391	70,000	248,200
2028	460,000	275,681	225,000	31,608	60,000	246,100
2029	470,000	257,281	230,000	25,555	75,000	244,300
2030-2034	2,630,000	987,006	720,000	39,005	955,000	1,169,650
2035-2039	2,955,000	487,656	-	-	2,155,000	893,700
2040-2044	1,310,000	61,720	-	-	4,640,000	486,750
2045-2047	-	-	-	-	-	-
Total	<u>\$ 9,130,000</u>	<u>\$ 2,956,169</u>	<u>\$ 1,805,000</u>	<u>\$ 225,154</u>	<u>\$ 8,085,000</u>	<u>\$ 3,790,950</u>

Year Ended	Governmental Activities		Total					
	Marley Park CFD 2022							
	June 30	Principal	Interest	Principal	Interest			
2025	\$	130,000	\$	581,287	\$	6,120,000	\$	2,878,924
2026		240,000		574,788		6,590,000		2,617,509
2027		245,000		562,787		6,980,000		2,334,022
2028		265,000		550,537		4,390,000		2,060,670
2029		275,000		537,287		4,295,000		1,883,167
2030-2034		1,590,000		2,466,438		17,305,000		7,228,319
2035-2039		2,005,000		2,060,856		16,255,000		4,223,337
2040-2044		2,455,000		1,600,956		8,405,000		2,149,424
2045-2047		5,820,000		516,688		5,820,000		516,688
Total	\$	13,025,000	\$	9,451,624	\$	76,160,000	\$	25,892,060

Year Ended	Business-Type Activities					
	Sr. Lien Utility System		WIFA 2023 Loan*		Total	
	June 30					
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,195,000	\$ 952,250	\$ 1,289,873	\$ 935,049	\$ 2,484,873	\$ 1,887,299
2026	1,255,000	892,500	1,326,053	898,360	2,581,053	1,790,860
2027	1,320,000	829,750	1,363,249	860,643	2,683,249	1,690,393
2028	1,385,000	763,750	1,401,488	821,867	2,786,488	1,585,617
2029	1,455,000	694,500	1,440,800	782,004	2,895,800	1,476,504
2030-2034	8,440,000	2,306,000	7,833,370	3,271,823	16,273,370	5,577,823
2035-2039	3,995,000	302,000	8,995,387	2,093,509	12,990,387	2,395,509
2040-2044	-	-	10,329,780	740,402	10,329,780	740,402
Total	<u>\$ 19,045,000</u>	<u>\$ 6,740,750</u>	<u>\$ 33,980,000</u>	<u>\$ 10,403,657</u>	<u>\$ 53,025,000</u>	<u>\$ 17,144,407</u>

* reflects the full loan authorization amount; the debt payment schedule will be revised after the final draw has been made.

The remainder of this page was intentionally left blank

Legal Debt Limit

The Arizona Constitution provides that the general obligation bonded indebtedness for a city may not exceed twenty percent of the net assessed full cash value of the taxable property of the city for projects for purposes of water, wastewater, artificial light, open space preserves, parks and recreational facilities, public safety, law enforcement, fire and emergency services facilities, streets, and transportation facilities. Outstanding general obligation bonded indebtedness for all other purposes may not exceed six percent of the City's net assessed full cash value of the taxable property of the city. The following summarizes the City of Surprise, Arizona's legal general obligation bonded debt borrowing capacity at June 30, 2024:

20% Limitation		6% Limitation	
20% Constitutional Limit	\$ 519,589,818	6% Constitutional Limit	\$ 155,876,945
Less General Obligation 20%		Less General Obligation 6%	
Bonds Outstanding	(35,795,000)	Bonds Outstanding	-
Reduction for Excess Premium	<u>(2,604,644)</u>	Reduction for Excess Premium	<u>-</u>
Available 20% Limitation		Available 6% Limitation	
Borrowing Capacity	<u><u>\$ 481,190,174</u></u>	Borrowing Capacity	<u><u>\$ 155,876,945</u></u>

Leases

The City has obtained the right to use land and buildings, such as a church, a social hall, a residential facility and nearby university facilities, under the provisions of various lease agreements. The City subleases the church building to a third party.

The total amount of lease assets and related accumulated amortization, as of June 30, 2024, are as follows:

	Governmental Activities
Total intangible right-to-use lease assets	\$ 7,600,586
Less: accumulated amortization	<u>(1,939,057)</u>
Carrying value	<u><u>\$ 5,661,529</u></u>

The following schedule details minimum lease payments to maturity for the City's leases payable at June 30, 2024:

Year ending June 30	Governmental Activities	
	Principal	Interest
2025	\$ 503,788	\$ 69,730
2026	1,221,489	88,234
2027	1,240,529	70,442
2028	1,260,168	52,318
2029	1,253,599	33,888
2030-2034	1,496,839	59,419
2035-2037	356,449	6,121
Total	<u><u>\$ 7,332,861</u></u>	<u><u>\$ 380,152</u></u>

Subscription-Based Information Technology Arrangements (SBITAs)

The City has acquired intangible right-to-use software, under the provisions of various subscription-based information technology arrangements. The total amount of subscription assets and related accumulated amortization, as of June 30, 2024, are as follows:

	Governmental Activities
Total intangible right-to-use subscription assets	\$ 5,634,188
Less: accumulated amortization	(2,164,764)
Carrying value	<u>\$ 3,469,424</u>

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

Year ending June 30	Governmental Activities	
	Principal	Interest
2025	\$ 1,280,836	\$ 80,074
2026	1,260,782	54,856
2027	485,793	29,684
2028	500,409	15,068
Total	<u>\$ 3,527,820</u>	<u>\$ 179,682</u>

NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City contributes to the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS) for police officers and firefighters, and the Elected Officials Retirement Plan (EORP) for elected officials and judges. The plans are component units of the State of Arizona. At June 30, 2024, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net OPEB asset	\$ 2,346,609	\$ 396,989	\$ 2,743,598
Net pension liabilities	112,542,978	11,653,864	124,196,842
Net OPEB liabilities	42,924	9,518	52,442
Deferred outflows of resources related to pensions	43,117,264	1,760,796	44,878,060
Deferred outflows of resources related to OPEB	489,773	59,655	549,428
Deferred inflows of resources related to pensions	3,936,210	466,132	4,402,342
Deferred inflows of resources related to OPEB	1,487,539	197,728	1,685,267
Pension expense	20,529,555	1,796,626	22,326,181
OPEB expense	(158,865)	(30,200)	(189,065)
Pension contributions	19,569,398	1,366,142	20,935,540
OPEB contributions	226,551	29,479	256,030

The City reported accrued payroll and employee benefits of \$427,308 for outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2024. Also, the City reported \$20,370,690 of pension and OPEB expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System

Plan description — City employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its 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:

ASRS	Retirement Initial Membership Date	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 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 earning. 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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with

long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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 percent (12.14 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.99 percent (9.94 percent for retirement and 0.05 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2024, were \$7,216,809, \$66,231, and \$89,497, respectively.

During fiscal year 2024, the City paid for ASRS pension and OPEB contributions as follows: 73% from the General Fund, 22% from enterprise funds, and 5% from other funds.

Liability/(Asset) — At June 30, 2024, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB (asset)/liability
Pension	\$ 64,212,828
Health insurance premium benefit	(2,187,407)
Long-term disability	52,442

The net asset and net liabilities were measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

The City's proportion of the net asset or net liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The City's proportions measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

ASRS	Proportion June 30, 2023	Increase/(decrease) from June 30, 2022
Pension	0.40%	0.00%
Health insurance premium benefit	0.41%	0.00%
Long-term disability	0.40%	0.00%

Expense — The City has deferred outflows and inflows of resources related to the net pension liability and net OPEB liability/(asset). Certain changes in the liability/(asset) are recognized over time rather than the year of occurrence. For the year ended June 30, 2024, the City recognized the following pension and OPEB expense:

ASRS	Pension/OPEB expense
Pension	\$ 9,490,891
Health insurance premium benefit	(212,482)
Long-term disability	52,946

Deferred outflows/inflows of resources — At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

ASRS - Pension	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 1,450,957	\$ -
Changes in assumptions or other inputs	-	-
Difference between projected and actual investment earnings	-	2,271,906
Changes in proportion and differences between City contributions and proportionate share of contributions	1,034,221	296,482
City contributions subsequent to the measurement date	7,216,809	-
Total	<u>\$ 9,701,987</u>	<u>\$ 2,568,388</u>

ASRS - Health insurance premium benefit	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 92,307	\$ 815,738
Changes in assumptions or other inputs	-	43,529
Difference between projected and actual investment earnings	-	96,076
Changes in proportion and differences between City contributions and proportionate share of contributions	6,613	20,783
City contributions subsequent to the measurement date	66,231	-
Total	<u>\$ 165,151</u>	<u>\$ 976,126</u>

ASRS - Long-term disability	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 47,349	\$ 29,517
Changes in assumptions or other inputs	13,839	76,336
Difference between projected and actual investment earnings	-	4,197
Changes in proportion and differences between City contributions and proportionate share of contributions	12,858	3,305
City contributions subsequent to the measurement date	89,497	-
Total	<u>\$ 163,543</u>	<u>\$ 113,355</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

ASRS	Pension	Health insurance premium benefit	Long-term disability
Year ending June 30			
2025	\$ 542,172	\$ (370,094)	\$ (4,044)
2026	(2,791,508)	(406,386)	(12,701)
2027	2,448,443	(56,124)	2,967
2028	(282,317)	(51,484)	(13,312)
2029	-	6,882	(12,180)
Thereafter	-	-	(39)

Actuarial assumptions — The significant actuarial assumptions used to measure the total pension/OPEB liability/(asset) are as follows:

ASRS	
Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.00%
Projected salary increases	2.9–8.4% for pensions/not applicable for OPEB
Inflation	2.30%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes, which were applied to the June 30, 2020 actuarial valuation.

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

ASRS - Asset Class	Target Allocation	Long-term expected geometric real rate of return
Public equity	44%	3.50%
Fixed income - credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	100%	

Discount rate — At June 30, 2023, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%, which was a decrease of 0.5% from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the City's proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate — The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension/OPEB (asset) 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.

ASRS	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the:			
Net pension liability	\$ 96,181,385	\$ 64,212,828	\$ 37,556,706
Net health insurance premium benefit liability/(asset)	(1,528,902)	(2,187,407)	(2,746,990)
Net long-term disability liability	76,688	52,442	28,591

Plan fiduciary net position — Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Public Safety Personnel Retirement System

Plan descriptions — City police employees and City firefighters who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those 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 the City's financial statements. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plans. The report is available on the PSPRS website at www.psprs.com.

Benefits provided — The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit based on initial membership date as follows:

PSPRS	Initial membership date:		
	Before January 1, 2012 (Tier 1)	On or after January 1, 2012 and before July 1, 2017 (Tier 2)	On or after July 1, 2017 (Tier 3)
Retirement and disability			
Years of service and age required to receive benefit	20 years of service, any age, or 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 or more years of service, age 55, or 15 years of credited service, age 52.5*
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive 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% or 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, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor benefit:			
Retired members	80% to 100% of retired member's pension benefit		
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

*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.

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

Employees covered by benefit terms — At June 30, 2024, the following employees were covered by the agent plans' benefit terms:

PSPRS	Police		Fire	
	Pension	Health	Pension	Health
Inactive employees or beneficiaries				
currently receiving benefits	73	73	18	18
Inactive employees entitled to but not yet receiving benefits	26	7	17	15
Active employees	87	87	100	100
Total	186	167	135	133

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

PSPRS	Police		Fire	
	Tier 1 & 2	Tier 3	Tier 1 & 2	Tier 3
Active members - pension	7.65%	9.44%	7.65%	9.44%
Active members - health benefit	0.00%	0.12%	0.00%	0.12%
City Pension	35.22%	30.53%	28.37%	21.70%
Health insurance premium benefit	0.32%	0.12%	0.33%	0.12%

In addition, statute required the City to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill.

PSPRS	Police	Fire
Alternative contribution rate - pension and health	21.09%	12.26%

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

PSPRS	Police	Fire
Pension	\$ 7,035,412	\$ 6,514,995
Health Insurance premium benefit	47,897	52,405

During fiscal year 2024, the City paid for PSPRS pension and OPEB contributions primarily from the General Fund.

Liability/(asset) — At June 30, 2024, the City reported the following net pension/OPEB liabilities/(assets):

PSPRS	Net pension liability	Net OPEB liability/(asset)
Police	\$ 37,370,803	\$ (406,324)
Fire	21,729,620	(149,867)

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

Actuarial assumptions — The significant actuarial assumptions used to measure the total pension/OPEB liability/(asset) are as follows:

PSPRS	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.0 - 6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

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

The long-term expected rate of return on PSPRS 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 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:

PSPRS - 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 Mellon	2%	0.69%
Total	100%	

Discount rate — At June 30, 2023, the discount rate used to measure the PSPRS total pension/OPEB liability/(asset) was 7.2%, which did not change from the prior year. 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 the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability/(asset).

The remainder of this page was intentionally left blank

Changes in the net pension/OPEB liability/(asset) – The following tables present changes in the City’s net pension/OPEB liability (asset) for the PSPRS – Police and PSPRS – Fire plans as follows:

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability/(asset) (a) – (b)
PSPRS - Police - Pension			
Balances at June 30, 2023	\$ 96,473,442	\$ 63,445,426	\$ 33,028,016
Changes for the year:			
Service cost	2,334,509	-	2,334,509
Interest on the total pension liability	6,977,214	-	6,977,214
Difference between expected and actual experience of the total pension liability	6,778,671	-	6,778,671
Contributions—employer	-	5,524,671	(5,524,671)
Contributions—employee	-	1,130,368	(1,130,368)
Net investment income	-	5,183,262	(5,183,262)
Benefit payments, including refunds of employee contributions	(3,804,415)	(3,804,415)	-
Administrative expense	-	(39,197)	39,197
Tiers 1 & 2 adjustment	-	(54,195)	54,195
Other changes	-	2,698	(2,698)
Net changes	12,285,979	7,943,192	4,342,787
Balances at June 30, 2024	\$ 108,759,421	\$ 71,388,618	\$ 37,370,803
PSPRS - Police - Health insurance premium benefit			
Balances at June 30, 2023	\$ 1,212,584	\$ 1,520,412	\$ (307,828)
Changes for the year:			
Service cost	38,587	-	38,587
Interest on the total OPEB liability	88,223	-	88,223
Difference between expected and actual experience of the total OPEB liability	(102,573)	-	(102,573)
Contributions—employer	-	10,229	(10,229)
Net investment income	-	113,415	(113,415)
Benefit payments, including refunds of employee contributions	(51,717)	(51,717)	-
OPEB plan administrative expense	-	(911)	911
Net changes	(27,480)	71,016	(98,496)
Balances at June 30, 2024	\$ 1,185,104	\$ 1,591,428	\$ (406,324)

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability/(asset) (a) – (b)
PSPRS - Fire - Pension			
Balances at June 30, 2023	\$ 93,962,761	\$ 72,973,474	\$ 20,989,287
Changes for the year:			
Service cost	3,219,873	-	3,219,873
Interest on the total pension liability	6,946,492	-	6,946,492
Difference between expected and actual experience of the total pension liability	2,321,913	-	2,321,913
Contributions—employer	-	4,806,903	(4,806,903)
Contributions—employee	-	1,093,961	(1,093,961)
Net investment income	-	5,931,533	(5,931,533)
Benefit payments, including refunds of employee contributions	(1,407,149)	(1,407,149)	-
Administrative expense	-	(29,506)	29,506
Tiers 1 & 2 adjustment	-	(51,020)	51,020
Other changes	-	(3,926)	3,926
Net changes	11,081,129	10,340,796	740,333
Balances at June 30, 2024	\$ 105,043,890	\$ 83,314,270	\$ 21,729,620

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability/(asset) (a) – (b)
PSPRS - Fire - Health insurance premium benefit			
Balances at June 30, 2023	\$ 1,217,860	\$ 1,304,287	\$ (86,427)
Changes for the year:			
Service cost	44,720	-	44,720
Interest on the total OPEB liability	90,368	-	90,368
Difference between expected and actual experience of the total OPEB liability	(66,110)	-	(66,110)
Contributions—employer	-	34,231	(34,231)
Net investment income	-	98,704	(98,704)
Benefit payments, including refunds of employee contributions	(14,928)	(14,928)	-
OPEB plan administrative expense	-	(517)	517
Net changes	54,050	117,490	(63,440)
Balances at June 30, 2024	\$ 1,271,910	\$ 1,421,777	\$ (149,867)

Sensitivity of the City's net pension/OPEB liability/(asset) to changes in the discount rate — The following table presents the City's net pension/OPEB liabilities (assets) calculated using the discount rate of 7.2%, as well as what the City's net pension/OPEB liability (asset) 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:

PSPRS	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
Police			
Net pension liability	\$ 53,905,142	\$ 37,370,803	\$ 24,044,363
Net OPEB liability/(asset)	(261,781)	(406,324)	(527,425)
Fire			
Net pension liability	\$ 38,446,295	\$ 21,729,620	\$ 8,194,910
Net OPEB liability/(asset)	7,244	(149,867)	(282,157)

Plan fiduciary net position — Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports. These reports are available on the PSPRS website at www.psprs.com.

Expense — For the year ended June 30, 2024, the City recognized the following pension and OPEB expense:

PSPRS	Pension expense	OPEB expense
Police	\$ 6,900,807	\$ (41,383)
Fire	6,258,128	11,851

Deferred outflows/inflows of resources — At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS - Police - Pension	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 8,699,150	\$ 147,498
Changes in assumptions or other inputs	1,359,864	-
Net difference between projected and actual earnings on pension plan investments	399,980	-
City contributions subsequent to the measurement date	7,035,412	-
Total	<u>\$ 17,494,406</u>	<u>\$ 147,498</u>
PSPRS - Police - Health insurance premium benefit	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 38,725	\$ 326,257
Changes in assumptions or other inputs	26,267	5,156
Net difference between projected and actual earnings on OPEB plan investments	17,268	-
City contributions subsequent to the measurement date	47,897	-
Total	<u>\$ 130,157</u>	<u>\$ 331,413</u>

PSPRS - Fire - Pension	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 8,822,739	\$ 1,291,046
Changes in assumptions or other inputs	1,495,556	-
Net difference between projected and actual earnings on pension plan investments	676,347	-
City contributions subsequent to the measurement date	6,514,995	-
Total	<u>\$ 17,509,637</u>	<u>\$ 1,291,046</u>

PSPRS - Fire - Health insurance premium benefit	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 6,756	\$ 227,254
Changes in assumptions or other inputs	14,828	37,119
Net difference between projected and actual earnings on OPEB plan investments	16,588	-
City contributions subsequent to the measurement date	52,405	-
Total	<u>\$ 90,577</u>	<u>\$ 264,373</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability (asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

PSPRS	Police		Fire	
	Pension	Health	Pension	Health
Year ending June 30				
2025	\$ 2,538,500	\$ (81,726)	\$ 1,581,917	\$ (46,193)
2026	1,997,099	(88,282)	856,907	(58,442)
2027	4,161,512	(33,020)	2,962,338	(16,329)
2028	1,614,385	(40,210)	1,169,961	(31,803)
2029	-	(5,915)	1,320,509	(30,979)
Thereafter	-	-	1,811,964	(42,455)

PSPDCRP plan—City police and fire employees who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2024, active PSPDCRP members were required by statute to contribute at least 9% of the members' annual covered payroll, and the City was required by statute to contribute 9% of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the City's contributions each year as set forth in statute. The pension plan retains nonvested City contributions when forfeited because of employment terminations. For the year ended June 30, 2024, the City recognized pension expense of \$331,551.

Elected Officials Retirement Plan

Plan description — Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension and OPEB plans were closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com. The EORP OPEB is immaterial to the financial statements of the City; therefore, it is not included in the financial statements or presented here in the notes to the financial statements.

Benefits provided — The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor benefit		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Contributions — State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2024, statute required active EORP members to contribute 7% or 13% of the members' annual covered payroll and the City to contribute at the actuarially determined rate of 76.51% of all active EORP members' annual covered payroll. Also, statute required the City to contribute 64.37% to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 70.51% to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City's required contributions to ASRS and EODCRS for these elected officials and judges. The City's contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2024, were \$168,324 and \$100, respectively.

During fiscal year 2024, the City paid for EORP pension contributions as follows: 100% from the General Fund.

Liability — At June 30, 2024, the City reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the City's proportionate share of the State's appropriation for EORP. The amount the City recognized as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

EORP	
City's proportionate share of the net pension liability	\$ 883,591
State's proportionate share of the net pension liability associated with the City	987,898
Total	<u>\$ 1,871,489</u>

The City's proportion of the net pension liability was based on the City's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2023. The City's proportion measured as of June 30, 2023, and the change from its proportions measured as of June 30, 2022, were:

EORP	Proportion June 30, 2023	Increase/(decrease) from June 30, 2022
Pension	0.14%	(0.12%)

Expense — For the year ended June 30, 2024, the City recognized pension expense for EORP of \$(200,331) and revenue of \$156,233 for the City's proportionate share of the State's appropriation to EORP and the designated court fees.

Deferred outflows/inflows of resources — At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>EORP - Pension</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 3,706	\$ -
Changes in proportion and differences between City contributions and proportionate share of contributions	-	395,410
City contributions subsequent to the measurement date	168,324	-
Total	<u>\$ 172,030</u>	<u>\$ 395,410</u>

The amounts reported as deferred outflows of resources related to EORP pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized as expenses as follows:

<u>Year ending June 30</u>	<u>Pension</u>
2025	\$ (396,117)
2026	(4,841)
2027	10,044
2028	(790)
2029	-

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

<u>EORP</u>	
Actuarial Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Price Inflation	2.50%
Cost of Living Adjustment	1.85%
Mortality rate	PUBG-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 EORP 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:

EORP - 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-Mellon	2%	0.69%
Total	100%	

Discount rates — At June 30, 2023, the discount rate used to measure the EORP total pension liability was 7.2%, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the EORP net pension liability to changes in the discount rate — The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.2%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2%) or 1 percentage point higher (8.2%) than the current rate:

EORP	1% decrease (6.2%)	Current discount rate (7.2%)	1% increase (8.2%)
City's proportionate share of the net pension liability	\$ 1,020,782	\$ 883,591	\$ 765,964

Plan fiduciary net position — Detailed information about the plan's fiduciary net position is available in the separately issued EORP financial report.

EODCRS plan — Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by State statute. The EODCDP is not further disclosed because of its relative insignificance to the City's financial statements.

For the year ended June 30, 2024, active EODCRS members were required by statute to contribute 8% of the members' annual covered payroll, and the City was required by statute to contribute 6% of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the City's contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2024, the City recognized pension expense of \$7,185.

Deferred Compensation Plans

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. A governing board (committee) makes decisions about investment options available within each Plan. In fiscal year 2024, the City contributed to the 457 plan on behalf of eligible employees in an amount equal to a percentage of base annual salary. The City contributed \$1,015,580 for the year ended June 30, 2024. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency.

The City's fiduciary responsibility for the plan is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that Section 457 plan assets be held in trust for employees; therefore, employee assets held in Section 457 plan assets are held in trust for employees. Employee assets held in Section 457 plans are not the property of the City and are not subject to claims of the City's general creditors. Therefore, the Deferred Compensation Custodial Fund is not included in the City's Financial Statements.

Defined Contribution Other Postemployment Plans

The City also offers a Post-Employment Health Plan (PEHP). The PEHP is a defined contribution plan designed to allow the City and employees to set aside money during the course of employment with the City, for the payment of qualified medical expenses incurred post-employment. The Post-Employment Health Plan consists of two sub-accounts that can accept contributions. One account accepts fixed contributions from the City and the other accepts earned and unused personal time off (vacation and sick leave). After voluntary termination of employment with the City, employees are provided with the option to be paid for all, or a portion of, earned and unused personal time off, or move earned and unused personal time off into their PEHP account.

The City is contributing \$45 per pay period to the plan for members of the Surprise Police Employees Association and the Northwest Valley Fire Fighters Association Local 4361. Employees are not required to contribute in order to receive the City's contribution.

Further, eligible employees that are Tier 1 members of the Public Safety Personnel Retirement System (PSPRS), who enter the Deferred Retirement Option Plan (DROP) are eligible for an additional benefit. Upon the employee's acceptance by the local board and PSPRS to the DROP program, the City will contribute eight percent of total PSPRS eligible earnings, per pay period, to the employee's PEHP. If for any reason an employee terminates participation in DROP, this additional benefit shall cease.

The City contributed \$905,908 for the year ended June 30, 2024.

The City's fiduciary responsibility for the plan is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that post-employment health plan assets be held in trust for employees; therefore, employee assets held in post-employment plan assets are held in trust for employees. Employee assets held in post-employment health plans are not the property of the City and are not subject to claims of the City's general creditors. Therefore, the Deferred Compensation Custodial Fund is not included in the City's Financial Statements.

NOTE 9 – RISK MANAGEMENT**Risk Management Fund**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Thus, the City participates in the Arizona Municipal Risk Retention Pool (AMRRP), which provides a comprehensive municipal coverage program covering property, general liability, public officials' liability, automobile liability and physical damage, bonds and crime. The basic coverage program is standard for all participants and deemed to be appropriate by the governing board of the AMRRP. Individual limits are determined by the Council and staff members.

The limit for basic coverage is \$2 million per occurrence and \$13 million under an umbrella policy for a total of \$15 million on a claim made basis. The AMRRP is structured such that member premiums are based on actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligation. The Pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations. The City can be assessed up to the amount of the current year's contribution. The City's obligation is to file claims timely. The AMRRP is responsible for investigating claims, settling claims and billing the City for any deductible portion. The City's loss has not exceeded its coverage in any of the last three years, and the deductible portion has not been material to the City's financial position.

As of June 30, 2024, unpaid claims were as follows:

	Risk Management Fund	
	2024	2023
Beginning unpaid claims	\$ 236,677	\$ 319,826
Claims incurred and changes in estimates	683,846	806,479
Payments made	(790,996)	(889,628)
Ending unpaid claims	<u>\$ 129,527</u>	<u>\$ 236,677</u>

Employee Healthcare Fund

The City has established the Employee Healthcare Fund to account for the costs of claims incurred by the City through a self-insurance program. The City is self-insured for individual health claims up to \$250,000. Commercial stop loss insurance is in place for claims in excess of the individual limit as well as aggregate insurance for claims in excess of 125% of the City's total actuarially projected claims.

The claims liability includes an estimated amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors. Claims that have been incurred but not reported make up \$1,591,500 of the total claims payable reported. The remaining \$1,212,437 is made up of outstanding claims at year end. The City's loss has not exceeded its coverage over the last year.

As of June 30, 2024, unpaid claims were as follows:

	Employee Healthcare Fund	
	2024	2023
Beginning unpaid claims	\$ 1,779,297	\$ 1,751,813
Claims incurred and changes in estimates	17,824,121	15,736,560
Payments made	(16,799,481)	(15,709,076)
Ending unpaid claims	<u>\$ 2,803,937</u>	<u>\$ 1,779,297</u>

Workers' Compensation Fund

Following in-depth analysis including an actuarial study to determine feasibility, the Mayor and City Council approved establishing a Workers' Compensation Fund on January 3, 2017, to administer a self-insured workers' compensation program. The City sought and gained authority to self-insure/self-administer workplace injury claims through the Industrial Commission of Arizona (ICA), effective July 1, 2017. The program assumed responsibility for all new workplace injury/exposures deemed compensable, while leaving liability of prior claims with the previous insurance carrier. Beginning on April 1, 2023, the City transitioned the workers' compensation program from the self-administered and self-insured model to a fully insured model with the Arizona Risk Retention Pool providing continuity of care, greatly reducing the City's long-term liability. The City will continue to provide funding to the Workers' Compensation fund for the management of processing self-insured claims in accordance with the rules and regulations set forth by the ICA.

The self-insured program assumes first-dollar losses up to the established self-insured retention (SIR) levels of three categories of employees. The first category, General Employee Population, carries a self-insured retention level of \$500,000 per occurrence. Public Safety Population assumes a self-insured retention of \$1,000,000 per occurrence. The third category, presumptive loss, assumes a self-insured retention of \$2,000,000 per occurrence. Should a claim exceed the respective SIR, the excess carrier assumes liability up to statutory limits. All claims below the SIR are managed in-house and resolved via funds established for claims settlement. Expenses within the program are reported regularly to the Health Benefits Trust Fund Board, as prescribed by Arizona Revised Statute.

The Workers' Compensation Fund currently has an established reserve of \$3,000,000, which exceeds the required amount designated by the ICA. The funds held in this reserve account are maintained by the City following approval from both City Council and the ICA for exemption from posting security for outstanding workers' compensation claims, per Arizona Administrative Code R20-5-5025.

The claims liability includes an estimated amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors. Claims that have been incurred but not reported make up \$772,400 of the total claims payable reported. The remaining \$96,848 is made up of outstanding claims at year end. The City's loss on the self-insured program has not exceeded its coverage over the last year. Settled claims on the fully insured model have not exceeded commercial insurance coverage for the fiscal year.

As of June 30, 2024, unpaid claims were as follows:

	Workers' Compensation Fund	
	2024	2023
Beginning unpaid claims	\$ 987,163	\$ 855,527
Claims incurred and changes in estimates	788,456	894,612
Payments made	(906,371)	(762,976)
Ending unpaid claims	<u>\$ 869,248</u>	<u>\$ 987,163</u>

NOTE 10 – CONTINGENT LIABILITIES

The City is a defendant in various lawsuits that are incidental to the ordinary course of its operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the City's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 11 – INTERFUND BORROWING AND TRANSFERS

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

Advances to/from other funds:

Advances to	Advances from
	Sewer Fund
General Government Development Fee Fund	\$ 2,659,483

As of June 30, 2024, the City had one long-term loan outstanding. The loan relates to expenditures for projects to be funded by impact fees. This loan will be repaid as impact fees are collected in future years.

The remainder of this page was intentionally left blank

Interfund Transfers:

	Transfers Out	Transfers In
Governmental Funds		
General Fund	\$ 49,154,150	\$ 2,909,951
General Capital Projects Fund	870,500	43,891,106
General Government Development Fee Fund	366,668	-
Debt Service Fund	-	3,430,331
Transportation Improvement Fund	397,400	-
NonMajor Governmental Funds	1,619,186	3,794,181
Total Governmental	<u>52,407,904</u>	<u>54,025,569</u>
Enterprise Funds		
Water Fund	664,255	1,341,376
Sewer Fund	2,236,723	-
Sanitation Fund	47,426	-
Stormwater Fund	10,637	-
Total Enterprise Funds	<u>2,959,041</u>	<u>1,341,376</u>
Total	<u>\$ 55,366,945</u>	<u>\$ 55,366,945</u>

Transfers between funds were used to (1) record payments in lieu of franchise fees from the enterprise funds to the General Fund (2) record payments in lieu of property taxes from the enterprise funds to the General Fund and Debt Service Fund (3) support as needed replacement of vehicles and maintenance and construction or purchase of city assets (4) move amounts for debt service payments (5) fund municipal arts projects, and (6) transfer water rights (capital assets) generated by the Sewer Fund to the Water Fund to be used for water services.

The remainder of this page was intentionally left blank

NOTE 12 – FUND BALANCE CLASSIFICATION

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

	General Fund	General Capital Projects Fund	General Govt Development Fee Fund	Highway User Revenue Fund	Transportation Improvement Fund	Grants Fund	Debt Service Fund	NonMajor Governmental Funds	Total
Fund balance									
NonSpendable:									
Inventory	\$ 1,855,940	\$ 263,253	\$ -	\$ 454,119	\$ -	\$ -	\$ -	\$ 55,906	\$ 2,629,218
Prepays	662,418	961,240	-	-	2,580	8,841	-	1,582,414	3,217,493
Total NonSpendable	2,518,358	1,224,493	-	454,119	2,580	8,841	-	1,638,320	5,846,711
Restricted:									
Court	-	-	-	-	-	-	-	751,552	751,552
Debt Service	-	-	-	-	-	-	824,661	285,184	1,109,845
Economic development	2,986	-	-	-	-	-	-	-	2,986
Fire-Medical	-	-	-	-	-	-	-	9,217,726	9,217,726
HSCV	23,224	-	-	-	-	-	-	-	23,224
Library	12,457	-	-	-	-	-	-	-	12,457
Parks and recreation	7,802	-	-	-	-	-	-	10,274,634	10,282,436
Police	110,162	-	-	-	-	-	-	8,846,398	8,956,560
Public works	-	-	-	-	-	-	-	889,562	889,562
Transportation	-	-	-	6,088,071	-	-	-	1,247	6,089,318
Total Restricted	156,631	-	-	6,088,071	-	-	824,661	30,266,303	37,335,666
Committed:									
Emergency reserve	5,157,200	-	-	-	-	-	-	-	5,157,200
Operating reserve	30,943,100	-	-	-	-	-	-	-	30,943,100
Stabilization reserve	15,471,600	-	-	-	-	-	-	-	15,471,600
Public safety	-	-	-	-	-	-	-	2,578,122	2,578,122
Transportation	-	-	-	-	33,689,787	-	-	-	33,689,787
Tourism	-	-	-	-	-	-	-	1,339,010	1,339,010
Total Committed	51,571,900	-	-	-	33,689,787	-	-	3,917,132	89,178,819
Assigned:									
Construction projects	-	129,026,273	-	-	-	-	-	-	129,026,273
Facilities	-	4,561,051	-	-	-	-	-	-	4,561,051
Vehicle replacement	-	5,067,277	-	-	-	-	-	-	5,067,277
IT Asset replacement	-	4,253,260	-	-	-	-	-	-	4,253,260
Parks and recreation	-	2,649,156	-	-	-	-	-	-	2,649,156
PSPRS funding	38,297,959	-	-	-	-	-	-	-	38,297,959
Public safety	10,630	-	-	-	-	-	-	-	10,630
Wildland vehicle replacement	214,663	-	-	-	-	-	-	-	214,663
Other	1,489,865	651,815	-	-	-	-	-	-	2,141,680
Total Assigned	40,013,117	146,208,832	-	-	-	-	-	-	186,221,949
Unassigned:									
Unassigned or negative fund balance	52,139,431	-	(2,659,483)	-	-	(1,354,299)	-	(67,222)	48,058,427
Total	\$146,399,437	\$147,433,325	\$ (2,659,483)	\$ 6,542,190	\$ 33,692,367	\$ (1,345,458)	\$ 824,661	\$35,754,533	\$366,641,572

NOTE 13 – DEFICIT FUND BALANCES

As of June 30, 2024, the following individual governmental funds reported deficits in fund balances:

Fund	Deficit
Major Fund:	
General Government Development Fee Fund	\$ 2,659,483
Grants Fund	1,345,458
NonMajor Governmental Funds:	
Neighborhood Revitalization Fund	67,222

Deficits arose due to project and grant expenditures incurred in current and prior years exceeding impact fee and available grant revenues. The deficit fund balances are expected to be funded with future development impact fees and grant revenue reimbursements.

NOTE 14 – BUDGET BASIS OF ACCOUNTING

The City records expenditures for prepaid items as an expenditure in the period goods or services are received; however, on the budgetary basis of accounting the expenditure is recorded in the period of the actual cash outlay.

NOTE 15 – JOINT VENTURE

The City currently participates with twenty-two cities, towns and fire districts in the Regional Wireless Cooperative (RWC) agreement for the administration, operation, management, construction, and maintenance of a regional public safety communications network. The RWC is an Arizona joint venture, multi-jurisdictional organization throughout the Phoenix Metropolitan Region. The City of Phoenix is both the Network Managing Member and the Administrative Managing Member. As the Network Managing Member, the City of Phoenix operates and maintains the network. As the Administrative Managing Member, the City of Phoenix is responsible for accounting, budgeting, procurement and contracting for the RWC.

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2023, which is the latest audited information available, was \$809,886.

Separate financial statements may be obtained from the RWC Director's Office, 200 W. Washington Street, 14th Floor, Phoenix, Arizona 85003.

NOTE 16 – CHANGE WITHIN FINANCIAL REPORTING ENTITY

A change within the financial reporting entity was made to report the Grants Fund as a major fund for the year ended June 30, 2024. The Grants Fund was previously reported as nonmajor for the year ended June 30, 2023. The change resulted in the following adjustment to the presentation of fund balances at June 30, 2023:

	June 30, 2023, as previously reported	Change within the financial reporting entity	June 30, 2023, as adjusted
Governmental Funds			
Major Funds:			
General Fund	\$ 135,662,932	\$ -	\$ 135,662,932
General Capital Projects Fund	108,155,276	-	108,155,276
General Government Development Fee Fund	(3,349,476)	-	(3,349,476)
Highway User Revenue Fund	5,342,922	-	5,342,922
Transportation Improvement Fund	25,973,854	-	25,973,854
Grants Fund	-	(99,389)	(99,389)
Debt Service Fund	703,573	-	703,573
NonMajor Governmental Funds	37,340,573	99,389	37,439,962
Total Governmental Funds	<u>\$ 309,829,654</u>	<u>\$ -</u>	<u>\$ 309,829,654</u>

NOTE 17 – SUBSEQUENT EVENTS

On September 4, 2024, the City issued \$27,065,000 in General Obligation Bonds, Series 2024, the proceeds from which will be used to finance public safety and transportation projects. The bonds were issued as the first installment of \$100,000,000 in bonds authorized by voters in November 2023. The bonds are payable in annual principal installments and semiannual interest installments, and carry coupon interest rates from 4% to 5%, with final maturity in 2044. The bonds received a rating of AA from Standard and Poor's, and a rating of AAA from Fitch.



S U R P R I S E

A R I Z O N A



FINANCIAL SECTION - REQUIRED SUPPLEMENTARY INFORMATION



SURPRISE

ARIZONA



FINANCIAL SECTION – REQUIRED SUPPLEMENTARY INFORMATION

The sixth subsection is comprised of the Required Supplementary Information (RSI) section which presents certain information concerning the City's progress in funding its pension obligations and its other post employment benefits (OPEB) obligations. This section also includes budgetary comparison schedules for the General Fund and for each major special revenue fund.

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension/OPEB Liability/(Asset)

Cost-Sharing Plans

Arizona State Retirement System - Pension	Reporting fiscal year (measurement date)		
	2024	2023	2022
	(2023)	(2022)	(2021)
City's proportion of the net pension liability	0.40%	0.40%	0.38%
City's proportionate share of the net pension liability	\$ 64,212,828	\$ 65,244,813	\$ 49,671,464
City's covered payroll	\$ 51,589,538	\$ 45,673,733	\$ 42,528,059
City's proportionate share of the net pension liability as a percentage of its covered payroll	124.47%	142.85%	116.80%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%

Arizona State Retirement System - Health insurance premium benefit	Reporting fiscal year (measurement date)		
	2024	2023	2022
	(2023)	(2022)	(2021)
City's proportion of the net OPEB (asset)	0.41%	0.41%	0.38%
City's proportionate share of the net OPEB (asset)	\$ (2,187,407)	\$ (2,278,716)	\$ (1,880,770)
City's covered payroll	\$ 51,589,538	\$ 45,673,733	\$ 42,528,059
City's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.24%)	(4.99%)	(4.42%)
Plan fiduciary net position as a percentage of the total OPEB liability	134.37%	137.79%	130.24%

Information not available for fiscal year 2015 through 2017.

Arizona State Retirement System - Long-term disability	Reporting fiscal year (measurement date)		
	2024	2023	2022
	(2023)	(2022)	(2021)
City's proportion of the net OPEB liability	0.40%	0.40%	0.38%
City's proportionate share of the net OPEB liability	\$ 52,442	\$ 37,211	\$ 78,871
City's covered payroll	\$ 51,589,538	\$ 45,673,733	\$ 42,528,059
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.10%	0.08%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability	93.70%	95.40%	90.38%

Information not available for fiscal year 2015 through 2017.

Elected Officials Retirement Plan - Pension	Reporting fiscal year (measurement date)		
	2024	2023	2022
	(2023)	(2022)	(2021)
City's proportion of the net pension liability	0.14%	0.26%	0.26%
City's proportionate share of the net pension liability	\$ 883,591	\$ 1,749,832	\$ 1,596,460
State's proportionate share of the net pension liability associated with the City	\$ 987,898	\$ 170,379	\$ 160,464
Total	\$ 1,871,489	\$ 1,920,211	\$ 1,756,924
City's covered payroll	\$ 250,647	\$ 233,509	\$ 205,522
City's proportionate share of the net pension liability as a percentage of its covered payroll	352.52%	749.36%	776.78%
Plan fiduciary net position as a percentage of the total pension liability	38.63%	32.01%	36.27%

2021	2020	2019	2018	2017	2016	2015
(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)
0.38%	0.38%	0.37%	0.36%	0.35%	0.32%	0.29%
\$ 65,171,972	\$ 55,824,084	\$ 51,433,226	\$ 56,257,015	\$ 56,796,968	\$ 50,841,272	\$ 42,980,167
\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842	\$ 32,932,534	\$ 30,121,665	\$ 26,536,195
153.57%	143.24%	136.86%	159.64%	172.46%	168.79%	161.97%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

2021	2020	2019	2018
(2020)	(2019)	(2018)	(2017)
0.38%	0.39%	0.38%	0.37%
\$ (270,717)	\$ (108,422)	\$ (135,084)	\$ (199,174)
\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842
(0.64%)	(0.28%)	(0.36%)	(0.57%)
104.33%	101.62%	102.20%	103.57%

2021	2020	2019	2018
(2020)	(2019)	(2018)	(2017)
0.38%	0.39%	0.37%	0.36%
\$ 287,923	\$ 253,425	\$ 193,112	\$ 131,344
\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842
0.68%	0.65%	0.51%	0.37%
68.01%	72.85%	77.83%	84.44%

2021	2020	2019	2018	2017	2016	2015
(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)
0.26%	0.23%	0.29%	0.17%	0.19%	0.16%	0.22%
\$ 1,745,940	\$ 1,511,837	\$ 1,849,518	\$ 2,034,660	\$ 1,829,709	\$ 1,276,030	\$ 1,505,462
\$ 165,938	\$ 142,097	\$ (90,103)	\$ 213,700	\$ 100,812	\$ 107,037	\$ 136,820
\$ 1,911,878	\$ 1,653,934	\$ 1,759,415	\$ 2,248,360	\$ 1,930,521	\$ 1,383,067	\$ 1,642,282
\$ 206,644	\$ 176,123	\$ 150,767	\$ 154,566	\$ 155,470	\$ 155,918	\$ 154,983
844.90%	858.40%	1226.74%	1316.37%	1176.89%	818.40%	971.37%
29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%

Required Supplementary Information

Schedule of Changes in the City's Net Pension/OPEB Liability/(Asset) and Related Ratios

Agent Plans

	Reporting fiscal year (measurement date)		
	2024 (2023)	2023 (2022)	2022 (2021)
PSPRS - Police - Pension			
Total pension liability			
Service cost	\$ 2,334,509	\$ 2,296,280	\$ 2,331,614
Interest on the total pension liability	6,977,214	6,546,272	6,036,548
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	6,778,671	1,311,952	2,228,010
Changes of assumptions or other inputs	-	856,726	-
Benefit payments	(3,804,415)	(3,832,929)	(3,323,784)
Net change in total pension liability	12,285,979	7,178,301	7,272,388
Total pension liability-beginning	96,473,442	89,295,141	82,022,723
Total pension liability-ending (a)	<u>\$ 108,759,421</u>	<u>\$ 96,473,442</u>	<u>\$ 89,295,111</u>
Plan fiduciary net position			
Contributions-employer	\$ 5,524,671	\$ 4,734,626	\$ 4,486,148
Contributions-employee	1,130,368	1,225,997	1,228,642
Net investment income	5,183,262	(2,669,674)	14,037,729
Benefit payments, including refunds of employee contributions	(3,804,415)	(3,832,929)	(3,323,784)
Pension plan administrative expense	(39,197)	(48,124)	(65,272)
Tiers 1 & 2 adjustment	(54,195)	-	-
Other changes	2,698	23,088	-
Net change in plan fiduciary net position	7,943,192	(567,016)	16,363,463
Plan fiduciary net position-beginning	63,445,426	64,012,442	47,648,979
Adjustment to beginning of year	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ 71,388,618</u>	<u>\$ 63,445,426</u>	<u>\$ 64,012,442</u>
City's net pension (asset) liability-ending (a) - (b)	<u>\$ 37,370,803</u>	<u>\$ 33,028,016</u>	<u>\$ 25,282,699</u>
Plan fiduciary net position as a percentage of the total pension liability	65.64%	65.76%	71.69%
Covered payroll	\$ 16,214,339	\$ 13,046,658	\$ 13,066,287
City's net pension (asset)/liability as a percentage of covered payroll	230.48%	253.15%	193.50%

See accompanying notes to this schedule

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 2,500,116	\$ 2,625,724	\$ 2,432,053	\$ 2,580,430	\$ 2,064,206	\$ 1,663,042	\$ 1,565,018
5,548,786	4,977,350	4,564,294	4,152,228	3,530,011	2,833,422	2,300,961
-	-	-	431,035	4,507,117	-	241,790
1,718,866	1,469,073	(615,366)	884,245	144,478	5,574,308	1,218,340
-	2,103,228	-	950,588	2,249,172	-	2,469,394
(2,511,403)	(2,089,561)	(2,328,125)	(2,887,339)	(1,829,352)	(965,851)	(1,157,301)
7,256,365	9,085,814	4,052,856	6,111,187	10,665,632	9,104,921	6,638,202
74,766,358	65,680,544	61,627,688	55,516,501	44,850,869	35,745,948	29,107,746
<u>\$ 82,022,723</u>	<u>\$ 74,766,358</u>	<u>\$ 65,680,544</u>	<u>\$ 61,627,688</u>	<u>\$ 55,516,501</u>	<u>\$ 44,850,869</u>	<u>\$ 35,745,948</u>
\$ 3,698,985	\$ 4,065,062	\$ 3,608,348	\$ 2,601,364	\$ 2,303,420	\$ 1,729,946	\$ 1,359,213
972,696	1,015,880	1,121,032	1,376,163	1,496,064	1,196,870	977,373
607,678	2,315,207	2,508,024	3,589,391	168,147	951,951	2,875,527
(2,511,403)	(2,089,561)	(2,328,125)	(2,887,339)	(1,829,352)	(965,851)	(1,157,301)
(49,546)	(41,215)	(38,871)	(32,160)	(24,595)	(23,613)	-
-	-	-	-	-	-	-
-	-	20,867	36,754	138,888	210,447	(462,996)
2,718,410	5,265,373	4,891,275	4,684,173	2,252,572	3,099,750	3,591,816
44,930,566	39,693,746	34,802,471	30,118,298	27,865,726	24,765,976	21,174,160
3	(28,553)	-	-	-	-	-
<u>\$ 47,648,979</u>	<u>\$ 44,930,566</u>	<u>\$ 39,693,746</u>	<u>\$ 34,802,471</u>	<u>\$ 30,118,298</u>	<u>\$ 27,865,726</u>	<u>\$ 24,765,976</u>
<u>\$ 34,373,744</u>	<u>\$ 29,835,792</u>	<u>\$ 25,986,798</u>	<u>\$ 26,825,217</u>	<u>\$ 25,398,203</u>	<u>\$ 16,985,143</u>	<u>\$ 10,979,972</u>
58.09%	60.09%	60.43%	56.47%	54.25%	62.13%	69.28%
\$ 12,989,361	\$ 13,066,419	\$ 12,326,006	\$ 11,769,882	\$ 11,159,388	\$ 10,682,880	\$ 8,730,979
264.63%	228.34%	210.83%	227.91%	227.59%	158.99%	125.76%

Required Supplementary Information

Schedule of Changes in the City's Net Pension/OPEB Liability/(Asset) and Related Ratios

Agent Plans

	Reporting fiscal year (measurement date)		
	2024 (2023)	2023 (2022)	2022 (2021)
PSPRS - Police - OPEB			
Total OPEB liability			
Service cost	\$ 38,587	\$ 40,190	\$ 43,797
Interest on the total OPEB liability	88,223	78,438	82,702
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total OPEB liability	(102,573)	54,218	(146,929)
Changes of assumptions or other inputs	-	24,055	-
Benefit payments	(51,717)	(37,228)	(31,522)
Net change in total OPEB liability	(27,480)	159,673	(51,952)
Total OPEB liability-beginning	1,212,584	1,052,911	1,104,863
Total OPEB liability-ending (a)	<u>\$ 1,185,104</u>	<u>\$ 1,212,584</u>	<u>\$ 1,052,911</u>
Plan fiduciary net position			
Contributions-employer	\$ 10,229	\$ 22,060	\$ 33,459
Net investment income	113,415	(62,282)	342,648
Benefit payments, including refunds of employee contributions	(51,717)	(37,228)	(31,522)
OPEB plan administrative expense	(911)	(1,109)	(1,409)
Other changes	-	-	-
Net change in plan fiduciary net position	71,016	(78,559)	343,176
Plan fiduciary net position-beginning	1,520,412	1,598,971	1,255,795
Adjustment to beginning of the year	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ 1,591,428</u>	<u>\$ 1,520,412</u>	<u>\$ 1,598,971</u>
City's net OPEB (asset) liability-ending (a) - (b)	<u>\$ (406,324)</u>	<u>\$ (307,828)</u>	<u>\$ (546,060)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	134.29%	125.39%	151.86%
Covered payroll	\$ 16,214,339	\$ 13,046,658	\$ 13,066,287
City's net OPEB (asset) liability as a percentage of covered payroll	(2.51%)	(2.36%)	(4.18%)

Information not available for fiscal years 2015 through 2017.

See accompanying notes to this schedule

2021	2020	2019	2018
(2020)	(2019)	(2018)	(2017)
\$ 47,355	\$ 33,493	\$ 34,574	\$ 37,056
83,812	88,366	87,925	94,154
-	-	-	6,912
(97,685)	(194,295)	(105,683)	(68,029)
-	24,230	-	(107,363)
(27,706)	(26,693)	(27,446)	(29,932)
5,776	(74,899)	(10,630)	(67,202)
1,099,087	1,173,986	1,184,616	1,251,818
\$ 1,104,863	\$ 1,099,087	\$ 1,173,986	\$ 1,184,616
\$ 34,570	\$ 42,535	\$ 26,730	\$ 55,927
15,453	61,524	73,735	110,362
(27,706)	(26,693)	(27,446)	(29,932)
(1,257)	(1,062)	(1,122)	(976)
-	-	1	-
21,060	76,304	71,898	135,381
1,234,735	1,129,879	1,057,981	922,600
-	28,552	-	-
\$ 1,255,795	\$ 1,234,735	\$ 1,129,879	\$ 1,057,981
\$ (150,932)	\$ (135,648)	\$ 44,107	\$ 126,635
113.66%	112.34%	96.24%	89.31%
\$ 12,989,361	\$ 13,066,419	\$ 12,326,006	\$ 11,769,882
(1.16%)	(1.04%)	0.36%	1.08%

Required Supplementary Information

Schedule of Changes in the City's Net Pension/OPEB Liability/(Asset) and Related Ratios

Agent Plans

	Reporting fiscal year (measurement date)		
	2024 (2023)	2023 (2022)	2022 (2021)
PSPRS - Fire - Pension			
Total pension liability			
Service cost	\$ 3,219,873	\$ 2,827,598	\$ 2,605,918
Interest on the total pension liability	6,946,492	6,083,653	5,389,067
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	2,321,913	4,696,366	2,288,365
Changes of assumptions or other inputs	-	382,523	-
Benefit payments	(1,407,149)	(1,074,975)	(905,343)
Net change in total pension liability	11,081,129	12,915,165	9,378,007
Total pension liability-beginning	93,962,761	81,047,596	71,669,589
Total pension liability-ending (a)	<u>\$ 105,043,890</u>	<u>\$ 93,962,761</u>	<u>\$ 81,047,596</u>
Plan fiduciary net position			
Contributions-employer	\$ 4,806,903	\$ 4,049,340	\$ 4,411,913
Contributions-employee	1,093,961	1,070,430	1,194,804
Net investment income	5,931,533	(3,008,243)	15,348,395
Benefit payments, including refunds of employee contributions	(1,407,149)	(1,074,975)	(905,343)
Pension plan administrative expense	(29,506)	(54,211)	(71,250)
Tiers 1 & 2 adjustment	(51,020)	-	-
Other changes	(3,926)	-	62,571
Net change in plan fiduciary net position	10,340,796	982,341	20,041,090
Plan fiduciary net position-beginning	72,973,474	71,991,133	51,950,043
Adjustment to beginning of year	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ 83,314,270</u>	<u>\$ 72,973,474</u>	<u>\$ 71,991,133</u>
City's net pension (asset)/liability-ending (a) - (b)	<u>\$ 21,729,620</u>	<u>\$ 20,989,287</u>	<u>\$ 9,056,463</u>
Plan fiduciary net position as a percentage of the total pension liability	79.31%	77.66%	88.83%
Covered payroll	\$ 16,649,124	\$ 17,278,086	\$ 13,277,038
City's net pension (asset)/liability as a percentage of covered payroll	130.52%	121.48%	68.21%

See accompanying notes to this schedule

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 2,585,747	\$ 2,703,787	\$ 2,629,254	\$ 2,540,844	\$ 1,944,045	\$ 1,709,096	\$ 1,635,304
4,775,536	4,299,178	3,959,756	3,537,634	2,858,919	2,480,922	2,170,938
-	-	-	324,839	4,813,386	-	25,204
2,107,451	223,172	(2,685,396)	721,498	(428,646)	991,201	122,957
-	1,224,623	-	36,178	2,042,866	-	1,068,570
(1,263,395)	(759,444)	(652,543)	(1,074,336)	(485,385)	(481,494)	(1,740,565)
8,205,339	7,691,316	3,251,071	6,086,657	10,745,185	4,699,725	3,282,408
63,464,250	55,772,934	52,521,863	46,435,206	35,690,021	30,990,296	27,707,888
<u>\$ 71,669,589</u>	<u>\$ 63,464,250</u>	<u>\$ 55,772,934</u>	<u>\$ 52,521,863</u>	<u>\$ 46,435,206</u>	<u>\$ 35,690,021</u>	<u>\$ 30,990,296</u>
\$ 2,592,924	\$ 3,232,317	\$ 3,149,148	\$ 1,828,952	\$ 1,773,960	\$ 1,394,750	\$ 1,298,311
1,086,498	955,090	1,036,287	1,340,153	1,188,041	1,085,819	916,860
662,772	2,477,023	2,659,343	3,742,608	170,022	956,696	2,973,644
(1,263,395)	(759,444)	(652,543)	(1,074,336)	(485,385)	(481,494)	(1,740,565)
(54,041)	(44,033)	(41,175)	(33,516)	(24,864)	(23,732)	-
-	-	-	-	-	-	-
-	-	147,401	141,131	30,036	23,521	(491,977)
3,024,758	5,860,953	6,298,461	5,944,992	2,651,810	2,955,560	2,956,273
48,925,283	43,082,800	36,784,339	30,839,347	28,187,537	25,231,977	22,275,704
2	(18,470)	-	-	-	-	-
<u>\$ 51,950,043</u>	<u>\$ 48,925,283</u>	<u>\$ 43,082,800</u>	<u>\$ 36,784,339</u>	<u>\$ 30,839,347</u>	<u>\$ 28,187,537</u>	<u>\$ 25,231,977</u>
<u>\$ 19,719,546</u>	<u>\$ 14,538,967</u>	<u>\$ 12,690,134</u>	<u>\$ 15,737,524</u>	<u>\$ 15,595,859</u>	<u>\$ 7,502,484</u>	<u>\$ 5,758,319</u>
72.49%	77.09%	77.25%	70.04%	66.41%	78.98%	81.42%
\$ 11,738,436	\$ 11,767,811	\$ 11,534,304	\$ 11,296,060	\$ 10,648,460	\$ 9,802,389	\$ 8,942,409
167.99%	123.55%	110.02%	139.32%	146.46%	76.54%	64.39%

Required Supplementary Information

Schedule of Changes in the City's Net Pension/OPEB Liability/(Asset) and Related Ratios

Agent Plans

	Reporting fiscal year (measurement date)		
	2024 (2023)	2023 (2022)	2022 (2021)
PSPRS - Fire - OPEB			
Total OPEB liability			
Service cost	\$ 44,720	\$ 42,976	\$ 42,778
Interest on the total OPEB liability	90,368	82,978	79,625
Changes of benefit terms	-	10,060	-
Differences between expected and actual experience of the total OPEB liability	(66,110)	(467)	(57,371)
Changes of assumptions or other inputs	-	-	-
Benefit payments, including refunds of employee contributions	(14,928)	(22,804)	(15,780)
Net change in total OPEB liability	54,050	112,743	49,252
Total OPEB liability-beginning	1,217,860	1,105,117	1,055,865
Total OPEB liability-ending (a)	<u>\$ 1,271,910</u>	<u>\$ 1,217,860</u>	<u>\$ 1,105,117</u>
Plan fiduciary net position			
Contributions-employer	\$ 34,231	\$ 41,621	\$ 37,731
Contributions-employee	-	-	-
Net investment income	98,704	(52,577)	283,657
Benefit payments	(14,928)	(22,804)	(15,780)
OPEB plan administrative expense	(517)	(936)	(1,166)
Other changes	-	-	-
Net change in plan fiduciary net position	117,490	(34,696)	304,442
Plan fiduciary net position-beginning	1,304,287	1,338,983	1,034,541
Adjust to beginning of year	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ 1,421,777</u>	<u>\$ 1,304,287</u>	<u>\$ 1,338,983</u>
City's net OPEB (asset)/liability-ending (a) - (b)	<u>\$ (149,867)</u>	<u>\$ (86,427)</u>	<u>\$ (233,866)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	111.78%	107.10%	121.16%
Covered payroll	\$ 16,649,124	\$ 17,278,086	\$ 13,277,038
City's net OPEB (asset)/liability as a percentage of covered payroll	(0.90%)	(0.50%)	(1.76%)

Information not available for fiscal years 2015 through 2017.

See accompanying notes to this schedule

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
\$ 42,441	\$ 28,223	\$ 28,223	\$ 28,898
72,508	78,968	72,743	78,136
-	-	-	8
11,259	(206,517)	(17,297)	(28,004)
-	12,836	-	(124,948)
(15,486)	(14,571)	(12,727)	(12,382)
110,722	(101,061)	70,942	(58,292)
945,143	1,046,204	975,262	1,033,554
\$ 1,055,865	\$ 945,143	\$ 1,046,204	\$ 975,262
\$ 35,723	\$ 34,300	\$ 29,385	\$ 40,649
-	-	-	-
12,652	50,072	58,948	86,787
(15,486)	(14,571)	(12,727)	(12,382)
(1,029)	(864)	(897)	(769)
-	-	1	-
31,860	68,937	74,710	114,285
1,002,681	915,274	840,564	726,279
-	18,470	-	-
\$ 1,034,541	\$ 1,002,681	\$ 915,274	\$ 840,564
\$ 21,324	\$ (57,538)	\$ 130,930	\$ 134,698
97.98%	106.09%	87.49%	86.19%
\$ 11,738,436	\$ 11,767,811	\$ 11,534,304	\$ 11,296,060
0.18%	(0.49%)	1.14%	1.19%

Required Supplementary Information

Schedule of City Pension/OPEB Contributions

Arizona State Retirement System - Pension

	Reporting fiscal year		
	2024	2023	2022
Statutorily required contribution	\$ 7,216,809	\$ 6,091,867	\$ 5,478,357
City's contributions in relation to the statutorily required contribution	7,216,809	6,091,867	5,478,357
City's contribution deficiency/(excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 60,062,519	\$ 51,589,538	\$ 45,673,733
City's contributions as a percentage of covered payroll	12.02%	11.81%	11.99%

Arizona State Retirement System - Health insurance premium benefit

	Reporting fiscal year		
	2024	2023	2022
Statutorily required contribution	\$ 66,231	\$ 110,400	\$ 97,559
City's contributions in relation to the statutorily required contribution	66,231	110,400	97,559
City's contribution deficiency/(excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 60,062,519	\$ 51,589,538	\$ 45,673,733
City's contributions as a percentage of covered payroll	0.11%	0.21%	0.21%

Information not available for fiscal years 2015 through 2016.

Arizona State Retirement System - Long-term disability

	Reporting fiscal year		
	2024	2023	2022
Statutorily required contribution	\$ 89,497	\$ 72,905	\$ 86,437
City's contributions in relation to the statutorily required contribution	89,497	72,905	86,437
City's contribution deficiency/(excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 60,062,519	\$ 51,589,538	\$ 45,673,733
City's contributions as a percentage of covered payroll	0.15%	0.14%	0.19%

Information not available for fiscal years 2015 through 2016.

See accompanying notes to this schedule

2021	2020	2019	2018	2017	2016	2015
\$ 4,940,338	\$ 4,678,053	\$ 4,349,366	\$ 4,084,163	\$ 3,773,263	\$ 3,569,994	\$ 3,259,073
4,940,338	4,678,053	4,349,366	4,084,163	3,773,263	3,569,994	3,259,073
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 42,528,059	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842	\$ 32,932,534	\$ 30,121,665
11.62%	11.02%	11.16%	10.87%	10.71%	10.84%	10.82%

2021	2020	2019	2018	2017
\$ 172,796	\$ 191,599	\$ 178,575	\$ 164,581	\$ 196,952
172,796	191,599	178,575	164,581	196,952
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 42,528,059	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842
0.41%	0.45%	0.46%	0.44%	0.56%

2021	2020	2019	2018	2017
\$ 76,187	\$ 69,064	\$ 62,149	\$ 61,374	\$ 49,278
76,187	69,064	62,149	61,374	49,278
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 42,528,059	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842
0.18%	0.16%	0.16%	0.16%	0.14%

Required Supplementary Information

Schedule of City Pension/OPEB Contributions

Elected Official Retirement Plan - Pension

	Reporting fiscal year		
	2024	2023	2022
Statutorily required contribution	\$ 168,324	\$ 145,311	\$ 120,671
City's contributions in relation to the statutorily required contribution	168,324	145,311	120,671
City's contribution deficiency/(excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 294,811	\$ 250,647	\$ 233,509
City's contributions as a percentage of covered payroll	57.10%	57.97%	51.68%

The City was not required to and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2024 through 2017.

PSPRS - Police - Pension

	Reporting fiscal year		
	2024	2023	2022
Actuarially determined contribution	\$ 6,230,911	\$ 5,515,963	\$ 4,043,750
City's contributions in relation to the actuarially determined contribution	7,035,412	5,911,475	4,670,817
City's contribution deficiency/(excess)	\$ (804,501)	\$ (395,512)	\$ (627,067)
City's covered payroll	\$ 18,961,470	\$ 16,214,339	\$ 13,046,658
City's contributions as a percentage of covered payroll	37.10%	36.46%	35.80%

PSPRS - Police - OPEB

	Reporting fiscal year		
	2024	2023	2022
Actuarially determined contribution	\$ 47,897	\$ 41,698	\$ 25,907
City's contributions in relation to the actuarially determined contribution	47,897	41,698	41,394
City's contribution deficiency/(excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 18,961,470	\$ 16,214,339	\$ 13,046,658
City's contributions as a percentage of covered payroll	0.25%	0.26%	0.32%

Information not available for fiscal years 2015 through 2016.

See accompanying notes to this schedule

2021	2020	2019	2018	2017	2016	2015
\$ 115,754	\$ 117,327	\$ 101,371	\$ 66,206	\$ 34,133	\$ 36,535	\$ 35,199
115,754	117,327	101,371	66,206	34,133	36,535	35,199
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 205,522	\$ 206,644	\$ 176,123	\$ 150,767	\$ 154,566	\$ 155,470	\$ 155,918
56.32%	56.78%	57.56%	43.91%	22.08%	23.50%	22.58%

2021	2020	2019	2018	2017	2016	2015
\$ 4,094,704	\$ 3,850,896	\$ 3,977,387	\$ 5,056,552	\$ 2,598,440	\$ 2,301,028	\$ 1,753,988
4,094,704	3,850,896	3,977,387	5,056,552	2,598,440	2,301,028	1,753,988
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 13,066,287	\$ 12,989,361	\$ 13,066,419	\$ 12,326,006	\$ 11,769,882	\$ 11,159,388	\$ 10,682,880
31.34%	29.65%	30.44%	41.02%	22.08%	20.62%	16.42%

2021	2020	2019	2018	2017
\$ 40,791	\$ 37,796	\$ 44,365	\$ 79,382	\$ 58,849
40,791	37,796	44,365	79,382	58,849
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 13,066,287	\$ 12,989,361	\$ 13,066,419	\$ 12,326,006	\$ 11,769,882
0.31%	0.29%	0.34%	0.64%	0.50%

Required Supplementary Information

Schedule of City Pension/OPEB Contributions

PSPRS - Fire - Pension

	Reporting fiscal year		
	2024	2023	2022
Actuarially determined contribution	\$ 4,298,173	\$ 4,565,888	\$ 3,181,809
City's contributions in relation to the actuarially determined contribution	6,514,995	5,543,071	4,637,873
City's contribution deficiency/(excess)	\$ (2,216,822)	\$ (977,183)	\$ (1,456,064)
City's covered payroll	\$ 18,669,354	\$ 16,649,124	\$ 17,278,086
City's contributions as a percentage of covered payroll	34.90%	33.29%	26.84%

PSPRS - Fire - OPEB

	Reporting fiscal year		
	2024	2023	2022
Actuarially determined contribution	\$ 52,405	\$ 47,581	\$ 37,981
City's contributions in relation to the actuarially determined contribution	52,405	47,581	46,383
City's contribution deficiency/(excess)	\$ -	\$ -	\$ (8,402)
City's covered payroll	\$ 18,669,354	\$ 16,649,124	\$ 17,278,086
City's contributions as a percentage of covered payroll	0.28%	0.29%	0.27%

Information not available for fiscal years 2015 through 2016

See accompanying notes to this schedule

2021	2020	2019	2018	2017	2016	2015
\$ 3,569,521	\$ 3,060,602	\$ 2,977,137	\$ 4,499,428	\$ 1,832,987	\$ 1,716,087	\$ 1,417,546
3,569,521	3,060,602	2,977,137	4,499,428	1,832,987	1,716,087	1,417,546
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 13,277,038	\$ 11,738,436	\$ 11,767,811	\$ 11,534,304	\$ 11,296,060	\$ 10,648,460	\$ 9,802,389
26.88%	26.07%	25.30%	39.01%	16.23%	16.12%	14.46%

2021	2020	2019	2018	2017
\$ 40,124	\$ 36,517	\$ 35,366	\$ 77,072	\$ 40,740
40,124	36,517	35,366	77,072	40,740
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 13,277,038	\$ 11,738,436	\$ 11,767,811	\$ 11,534,304	\$ 11,296,060
0.30%	0.31%	0.30%	0.67%	0.36%

NOTE 1 – ACTUARIALLY DETERMINED CONTRIBUTIONS RATES

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

Actuarial assumptions:

Investment rate of return

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%.

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% 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 an experience study of the period July 1, 2006 - June 30, 2011.

Mortality

In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

NOTE 2 – FACTORS THAT AFFECT TRENDS**Arizona State Retirement System (ASRS)**

The actuarial assumptions related to funding used in the June 30, 2022, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The major changes in assumptions involved the investment return, the inflation rate, general wage inflation, and future permanent benefit increases. The ASRS Board adopted the recommended changes from the experience study, which were first applied to the June 30, 2021, actuarial valuation.

Public Safety Personnel Retirement System (PSPRS)

The actuarial assumptions used in the June 30, 2023, valuation for PSPRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes, which were applied beginning with the June 30, 2022, actuarial valuation. The total liabilities as of June 30, 2023, reflected changes in actuarial assumptions based on the results of the actuarial experience study, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 3.25-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

Arizona courts have ruled those provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the 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.

Elected Official Retirement Plan (EORP)

The fiscal year 2019 (measurement date 2018) pension liability for EORP reflects the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

General Fund

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 97,923,500	\$ 97,923,500	\$ 98,480,485	\$ 556,985
Licenses and permits	6,966,900	6,966,900	7,318,946	352,046
Intergovernmental revenue	75,115,600	76,562,600	73,770,912	(2,791,688)
Charges for services	22,493,400	22,744,200	31,731,798	8,987,598
Fines	911,800	911,800	979,413	67,613
Rents	758,200	763,200	633,505	(129,695)
Interest revenue	516,500	516,500	4,433,780	3,917,280
Donations	240,300	240,300	69,635	(170,665)
Indirect charges	6,710,400	6,710,400	6,710,286	(114)
Other revenue	355,800	355,800	870,581	514,781
Total revenues	211,992,400	213,695,200	224,999,341	11,304,141
EXPENDITURES				
Current:				
General government:				
City council	784,600	784,600	738,154	46,446
City manager	2,405,700	2,405,700	2,080,726	324,974
City attorney	3,262,700	3,262,700	2,929,807	332,893
City clerk	1,100,000	1,100,000	1,078,676	21,324
Finance	7,372,900	7,379,800	6,162,919	1,216,881
Human resources	3,203,400	3,202,800	2,969,794	233,006
Information technology	6,841,700	7,293,900	6,521,573	772,327
Marketing and communications	1,657,600	1,657,600	1,525,359	132,241
City auditor	484,600	484,600	471,645	12,955
General operations	8,016,200	8,202,200	3,140,809	5,061,391
Total general government	35,129,400	35,773,900	27,619,462	8,154,438
Public safety:				
Police	45,370,000	48,417,300	43,380,315	5,036,985
Fire-Medical	38,682,700	39,884,300	37,113,644	2,770,656
Court	3,347,000	3,347,000	2,723,137	623,863
Total public safety	87,399,700	91,648,600	83,217,096	8,431,504
Public works and transportation:				
Public works	11,390,100	11,472,700	9,836,894	1,635,806
Transportation	6,438,300	6,298,800	5,855,880	442,920
Total public works and transportation	17,828,400	17,771,500	15,692,774	2,078,726
Community development:				
Economic development	16,229,100	16,061,900	12,944,981	3,116,919
Community development	8,239,000	8,236,300	6,946,292	1,290,008
Total community development	24,468,100	24,298,200	19,891,273	4,406,927
Culture and recreation:				
Human service and community vitality	3,056,100	3,182,500	2,564,028	618,472
Arts, culture, and library	4,181,700	4,068,900	3,572,259	496,641
Parks and recreation	13,207,500	13,425,700	12,945,204	480,496
Sports and tourism	-	6,000	5,969	31
Total culture and recreation	20,445,300	20,683,100	19,087,460	1,595,640
Total current	\$ 185,270,900	\$ 190,175,300	\$ 165,508,065	\$ 24,667,235

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Debt service:				
Principal retirement	\$ 1,571,500	\$ 1,571,500	\$ 1,571,417	\$ 83
Interest	47,400	47,400	47,318	82
Total debt service	1,618,900	1,618,900	1,618,735	165
Capital outlay	3,508,000	4,775,900	4,817,373	(41,473)
Total expenditures	190,397,800	196,570,100	171,944,173	24,625,927
Excess/(deficiency) of revenues over expenditures	21,594,600	17,125,100	53,055,168	35,930,068
OTHER FINANCING SOURCES/(USES)				
Proceeds from sale of capital assets	-	-	160,005	160,005
Transfers in	2,866,200	2,866,200	2,909,951	43,751
Transfers out	(44,123,100)	(44,123,100)	(49,154,150)	(5,031,050)
Lease/SBITA arrangements	-	-	3,174,137	3,174,137
Total other financing sources/(uses)	(41,256,900)	(41,256,900)	(42,910,057)	(1,653,157)
Net change in fund balances	\$ (19,662,300)	\$ (24,131,800)	\$ 10,145,111	\$ 34,276,911

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

General Government Development Fee Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 729,400	\$ 729,400	\$ 1,015,207	\$ 285,807
Interest revenue	5,300	5,300	41,454	36,154
Total revenues	734,700	734,700	1,056,661	321,961
EXPENDITURES				
Current:				
General government	1,484,900	1,484,900	-	1,484,900
Total current	1,484,900	1,484,900	-	1,484,900
Total expenditures	1,484,900	1,484,900	-	1,484,900
Excess/(deficiency) of revenues over expenditures	(750,200)	(750,200)	1,056,661	1,806,861
OTHER FINANCING SOURCES/(USES)				
Transfers out	(366,900)	(366,900)	(366,668)	232
Total other financing sources/(uses)	(366,900)	(366,900)	(366,668)	232
Net change in fund balances	\$ (1,117,100)	\$ (1,117,100)	\$ 689,993	\$ 1,807,093

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Highway User Revenue Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 12,213,500	\$ 12,213,500	\$ 11,119,022	\$ (1,094,478)
Charges for services	8,300	8,300	18,750	10,450
Interest revenue	-	-	383,897	383,897
Other revenue	1,500	1,500	166	(1,334)
Total revenues	12,223,300	12,223,300	11,521,835	(701,465)
EXPENDITURES				
Current:				
General government	27,000	27,000	27,000	-
Public works and transportation	13,568,900	13,568,900	10,305,725	3,263,175
Total current	13,595,900	13,595,900	10,332,725	3,263,175
Capital outlay	-	11,000	10,996	4
Total expenditures	13,595,900	13,606,900	10,343,721	3,263,179
Excess/(deficiency) of revenues over expenditures	(1,372,600)	(1,383,600)	1,178,114	2,561,714
Net change in fund balances	\$ (1,372,600)	\$ (1,383,600)	\$ 1,178,114	\$ 2,561,714

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Transportation Improvement Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 15,705,500	\$ 15,705,500	\$ 18,996,913	\$ 3,291,413
Interest revenue	68,000	68,000	1,458,949	1,390,949
Other revenue	230,400	230,400	-	(230,400)
Total revenues	16,003,900	16,003,900	20,455,862	4,451,962
EXPENDITURES				
Current:				
Public works and transportation	4,391,400	4,391,400	3,423,177	968,223
Total current	4,391,400	4,391,400	3,423,177	968,223
Debt service:				
Principal retirement	2,900	2,900	2,855	45
Interest	100	100	42	58
Total debt service	3,000	3,000	2,897	103
Capital outlay	38,015,700	38,015,700	8,913,875	29,101,825
Total expenditures	42,410,100	42,410,100	12,339,949	30,070,151
Excess/(deficiency) of revenues over expenditures	(26,406,200)	(26,406,200)	8,115,913	34,522,113
OTHER FINANCING SOURCES/(USES)				
Transfers out	(397,400)	(397,400)	(397,400)	-
Total other financing sources/(uses)	(397,400)	(397,400)	(397,400)	-
Net change in fund balances	\$ (26,803,600)	\$ (26,803,600)	\$ 7,718,513	\$ 34,522,113

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Grants Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants revenue	\$ 25,700,400	\$ 31,373,400	\$ 6,118,524	\$ (25,254,876)
Interest revenue	-	600	547	(53)
Total revenues	25,700,400	31,374,000	6,119,071	(25,254,929)
EXPENDITURES				
Current:				
General government:				
General government:	-	189,100	10,247	178,853
City attorney	-	4,200	3,809	391
Public safety:				
Police	406,600	1,424,100	635,715	788,385
Fire-Medical	40,900	522,400	155,676	366,724
Culture and recreation:				
Human service and community vitality	1,104,000	4,846,800	3,276,126	1,570,674
Parks and recreation	600	235,900	6,339	229,561
Sports and tourism	120,000	-	-	-
Total current	1,672,100	7,222,500	4,087,912	3,134,588
Capital outlay	28,030,600	28,367,300	3,277,228	25,090,072
Total expenditures	29,702,700	35,589,800	7,365,140	28,224,660
Excess/(deficiency) of revenues over expenditures	(4,002,300)	(4,215,800)	(1,246,069)	2,969,731
Net change in fund balances	\$ (4,002,300)	\$ (4,215,800)	\$ (1,246,069)	\$ 2,969,731

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds with the following exceptions: (1) Capital Projects, the Grants, and Neighborhood Revitalization Funds adopt project-length budgets which normally extend beyond the fiscal year, (2) Compensated absences are expended when paid, (3) Capital outlays within the enterprise funds are expended on a budget basis, (4) Bad debt expense represents revenue the City won't receive, rather than an actual cash outlay, and (5) Prepaid items, leases, and inventory are expended when paid not when the goods or services are received or used.

Prior to the third Monday in July, the City Manager submits to the City Council, and Council adopts a tentative budget for the fiscal year commencing on July 1. The tentative budget includes a schedule of the estimated expenditures and revenues. The proposed budget sets the maximum limit. The tentative budget is then published once a week for two consecutive weeks in a local newspaper. Finally, the City holds a public hearing on the budget and convenes a special meeting to adopt the final proposed budget on or before the 14th day before the tax levy is adopted.

The annual budget is adopted by resolution and serves as the foundation for the City of Surprise's financial planning and control. It has been programmed to allow as much flexibility as possible while still establishing useful guidelines. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The City budget is adopted by department within each fund and by project in the capital funds. In addition, the full-time equivalent (FTE) position count is adopted by department within each fund. Changes to the adopted budget must be made in accordance with the City's Budget Amendment Policy. This policy specifies the approval levels required for various types of budget amendments. During the fiscal year, amendment requests are submitted to the Finance Department for preparation and processing. Changes can be made pursuant to the policy only if funds are unencumbered and available.



FINANCIAL SECTION - OTHER SUPPLEMENTARY INFORMATION



S U R P R I S E

A R I Z O N A

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

General Capital Projects Fund

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 23,034,700	\$ 23,034,700	\$ 27,862,140	\$ 4,827,440
Licenses and permits	-	-	579,982	579,982
Interest revenue	339,600	339,600	6,688,637	6,349,037
Other revenue	862,500	862,500	-	(862,500)
Total revenues	24,236,800	24,236,800	35,130,759	10,893,959
EXPENDITURES				
Current:				
General government:				
City manager	-	-	-	-
Information technology	114,900	546,800	70,366	476,434
Marketing and communications	281,500	226,100	102,013	124,087
General operations	117,000	101,300	26,081	75,219
Total general government	513,400	874,200	198,460	675,740
Public safety:				
Police	603,900	253,600	36,830	216,770
Fire-Medical	-	-	300	(300)
Total public safety	603,900	253,600	37,130	216,470
Public works and transportation:				
Public works	-	-	(39,418)	39,418
Transportation	700,000	700,000	700,000	-
Total public works and transportation	700,000	700,000	660,582	39,418
Community development:				
Economic development	138,900	128,300	54,841	73,459
Total community development	138,900	128,300	54,841	73,459
Culture and recreation:				
Human service and community vitality	28,000	21,400	7,128	14,272
Parks and recreation	2,916,000	2,342,800	1,686,566	656,234
Sports and tourism	4,126,700	3,508,700	2,894,629	614,071
Total culture and recreation	7,070,700	5,872,900	4,588,323	1,284,577
Total current	9,026,900	7,829,000	5,539,336	2,289,664
Capital outlay	118,623,900	132,073,100	32,972,671	99,100,429
Total expenditures	127,650,800	139,902,100	38,512,007	101,390,093
Excess/(deficiency) of revenues over expenditures	(103,414,000)	(115,665,300)	(3,381,248)	112,284,052
OTHER FINANCING SOURCES/(USES)				
Transfers in	38,424,100	38,424,100	43,891,106	5,467,006
Transfers out	(870,500)	(870,500)	(870,500)	-
Total other financing sources/(uses)	37,553,600	37,553,600	43,020,606	5,467,006
Net change in fund balances	\$ (65,860,400)	\$ (78,111,700)	\$ 39,639,358	\$ 117,751,058



S U R P R I S E

A R I Z O N A

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Debt Service Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,026,000	\$ 6,026,000	\$ 5,955,202	\$ (70,798)
Interest revenue	1,000	1,000	140,558	139,558
Total revenues	6,027,000	6,027,000	6,095,760	68,760
EXPENDITURES				
Debt service:				
Administrative charges	8,000	8,000	675,560	(667,560)
Principal retirement	7,961,500	7,961,500	6,771,189	1,190,311
Interest	1,961,100	1,961,100	1,958,254	2,846
Total debt service	9,930,600	9,930,600	9,405,003	525,597
Total expenditures	9,930,600	9,930,600	9,405,003	525,597
Excess/(deficiency) of revenues over expenditures	(3,903,600)	(3,903,600)	(3,309,243)	594,357
OTHER FINANCING SOURCES/(USES)				
Transfers in	3,436,300	3,436,300	3,430,331	(5,969)
Total other financing sources/(uses)	3,436,300	3,436,300	3,430,331	(5,969)
Net change in fund balances	\$ (467,300)	\$ (467,300)	\$ 121,088	\$ 588,388

Special Revenue Funds - These funds account for specific non-capital revenues that are restricted in their allowable use.

Ground Ambulance Service Fund — This fund accounts for ground ambulance services provided to patients in need of emergency medical services within the City.

LTAF II/ALF Fund — This fund has been established to account for revenues and expenditures received by the City from the State of Arizona. These funds are a portion of lottery money collected and can be used to fund transit operations, facilities, and equipment purchases.

Municipal Court Enhancement Fund — Established in FY2003, this fund tracks revenue associated with fines dedicated to Municipal Court technology improvements. City policy restricts the use of these funds.

Municipal Court FARE Fund — This fund is used to discretely track funds received by the City that are restricted to use on projects which enhance the fine collections process. FARE - Fare/fees and restitution enforcement.

Municipal Court JCEF Fund — This fund is used to discretely track funds received by the City that are restricted to use on technology improvements in the Municipal Court. JCEF - Judicial court enhancement fund.

Municipal Court MFTG Fund — This fund is used to discretely track funds received by the City that are restricted to use on projects which aid in the processing of criminal cases. MFTG - Municipal Fill The Gap.

Neighborhood Revitalization Fund — This fund is used to track all revenues and expenditures associated with the City's neighborhood revitalization program. This program is funded through a combination of federal, state and local funds. City policy, grant agreements, and contractual obligations restrict the use of these funds.

Net Premium Seating Fund — This fund was established to account for the revenues and expenditures for a ticket surcharge on the sale of spring training tickets for premium seats.

Proposition 400 Fund — This fund is used to track all revenues and expenditures for the county-wide half-cent sales tax to be used for regional transportation improvements.

SB1398 Fines Fund — This fund was established to account for funds the City receives from the State of Arizona for penalties charged on certain violations. These revenues are limited to the purchase of officer safety equipment.

SPD DEA Fund — This fund is used to discretely track funds received from the participation on DEA task forces in the Greater Phoenix area. The use of these funds is limited to approval by the disbursing program manager and is generally related to purchase and maintenance of department equipment not included in the general budget. SPD - Surprise Police Department. DEA - Drug Enforcement Activity.

SPD RICO Fund — This fund is used to discretely track funds received from participation in the Maricopa County Attorney's Office Anti-Racketeering Influenced and Corrupt Organizations (RICO) task force.

SPD Towing Fund — This fund is used to track activity in the Police Department for vehicle impounds. The use of these funds is limited to administrative management of the vehicle impound program.

Sports & Tourism Fund — This fund is used to track all revenues and expenditures from a \$1 per ticket surcharge on the sale of spring training tickets. These revenues are limited to operational improvements to stadium facilities.

Smart & Safe Police Fund — This fund is used to track Police revenues and expenditures related to Prop 207.

Smart & Safe Fire-Medical Fund — This fund is used to track Fire revenues and expenditures related to Prop 207.

Tourism Fund — This fund is used to track all revenues and expenditures associated with the City's 2.52% bed tax. The funds are used to support tourism within the City. City policy and state statute restrict the use of these funds.

163rd Avenue Roadway Development Impact Fee Fund — This fund was established to account for development impact fees which are assessed to the service area identified as the 163rd Avenue Roadway.

Fire Development Fee Fund — This fund was established to account for the inflow of Fire and EMS development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction, financing and furnishing of new capital or one- time items directly related to the increased demand on Fire and EMS services caused by growth.

Parks and Recreation Development Fee Fund — This fund was established to account for the inflow of parks and recreation development fees levied on new residential construction. This fee can only be used for the purchase, construction, financing and furnishing of new items directly related to the increased demand on parks and recreation services caused by growth.

Police Development Fee Fund — This fund was established to account for the inflow of police development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction financing and furnishing of new capital or one-time items directly related to the increased demand of police services caused by growth.

Street Lighting District Fund — 168 Street Light Improvement Districts (SLIDs) have been established by ordinance to provide a centralized location for the collection of taxes from properties located in the district. These proceeds are legally restricted to the payment of expenses to operate the street lights within the district.

Marley Park Community Facility District Fund — This fund was established to provide a location to process operating expenditures and for the collection of the related portion of the property taxes from properties located in the district. These proceeds are legally restricted to the payment of operations expenses and debt service within the district.

CITY OF SURPRISE, ARIZONA

Combining Balance Sheet

NonMajor Special Revenue Funds

June 30, 2024

	Ground Ambulance Service Fund	LTAF II/ALF Fund	Municipal Court Enhancement Fund	Municipal Court FARE Fund	Municipal Court JCEF Fund
ASSETS					
Cash and investments	\$ 1,467,161	\$ 1,247	\$ 530,711	\$ 24,059	\$ 129,511
Restricted cash and investments	-	-	-	-	-
Receivables (net of allowances):					
Accounts	3,005,036	-	-	-	-
Taxes and franchise fees	-	-	-	-	-
Grants	-	-	-	-	-
Leases	-	-	-	-	-
Other	-	-	-	-	-
Prepaid items and other assets	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 4,472,197</u>	<u>\$ 1,247</u>	<u>\$ 530,711</u>	<u>\$ 24,059</u>	<u>\$ 129,511</u>
LIABILITIES					
Accounts payable	\$ 30,339	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related taxes	36,465	-	-	-	-
Deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Contracts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Matured bond interest payable	-	-	-	-	-
Matured bonds payable	-	-	-	-	-
Total liabilities	<u>66,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - unavailable revenue	1,827,271	-	-	-	-
Deferred Inflows - leases	-	-	-	-	-
Total deferred inflows of resources	<u>1,827,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>1,894,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES/(DEFICITS)					
NonSpendable	-	-	-	-	-
Restricted	-	1,247	530,711	24,059	129,511
Committed	2,578,122	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances/(deficits)	<u>2,578,122</u>	<u>1,247</u>	<u>530,711</u>	<u>24,059</u>	<u>129,511</u>
Total liabilities and fund balances/(deficits)	<u>\$ 4,472,197</u>	<u>\$ 1,247</u>	<u>\$ 530,711</u>	<u>\$ 24,059</u>	<u>\$ 129,511</u>

Municipal Court MFTG Fund	Neighborhood Revitalization Fund	Net Premium Seating Fund	Proposition 400 Fund	SB1398 Fines Fund	SPD DEA Fund	SPD RICO Fund	SPD Towing Fund
\$ 67,271	\$ 164,633	\$ 207,065	\$ -	\$ 82,026	\$ 18,093	\$ -	\$ 7,218
-	-	-	-	-	-	1,113,354	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	91,169	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	236,869	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 67,271</u>	<u>\$ 255,802</u>	<u>\$ 207,065</u>	<u>\$ -</u>	<u>\$ 82,026</u>	<u>\$ 18,093</u>	<u>\$ 1,350,223</u>	<u>\$ 7,218</u>
\$ -	\$ 83,835	\$ 6,000	\$ -	\$ 11,722	\$ -	\$ 10,697	\$ -
-	-	-	-	-	-	-	633
-	-	-	-	-	-	286,932	-
-	239,189	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	323,024	6,000	-	11,722	-	297,629	633
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	323,024	6,000	-	11,722	-	297,629	633
-	-	-	-	-	-	-	-
67,271	-	-	-	70,304	18,093	1,052,594	6,585
-	-	201,065	-	-	-	-	-
-	(67,222)	-	-	-	-	-	-
<u>67,271</u>	<u>(67,222)</u>	<u>201,065</u>	<u>-</u>	<u>70,304</u>	<u>18,093</u>	<u>1,052,594</u>	<u>6,585</u>
<u>\$ 67,271</u>	<u>\$ 255,802</u>	<u>\$ 207,065</u>	<u>\$ -</u>	<u>\$ 82,026</u>	<u>\$ 18,093</u>	<u>\$ 1,350,223</u>	<u>\$ 7,218</u>

(continued)

CITY OF SURPRISE, ARIZONA

Combining Balance Sheet (continued)

NonMajor Special Revenue Funds

June 30, 2024

	Sports & Tourism Fund	Smart & Safe Police Fund	Smart & Safe Fire-Medical Fund	Tourism Fund	163rd Ave Development Fee Fund
ASSETS					
Cash and investments	\$ 609,905	\$ 32,766	\$ 585,392	\$ 1,160,621	\$ -
Restricted cash and investments	-	-	-	-	-
Receivables (net of allowances):					
Accounts	-	-	-	-	-
Taxes and franchise fees	-	-	-	-	-
Grants	-	-	-	-	-
Leases	2,603,283	-	-	-	-
Other	837,539	-	-	-	-
Prepaid items and other assets	15,718	-	-	-	-
Inventory	55,906	-	-	-	-
Total assets	<u>\$ 4,122,351</u>	<u>\$ 32,766</u>	<u>\$ 585,392</u>	<u>\$ 1,160,621</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ 230,231	\$ -	\$ -	\$ 22,676	\$ -
Accrued payroll and related taxes	53,026	-	-	-	-
Deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Contracts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Matured bond interest payable	-	-	-	-	-
Matured bonds payable	-	-	-	-	-
Total liabilities	<u>283,257</u>	<u>-</u>	<u>-</u>	<u>22,676</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - unavailable revenue	-	-	-	-	-
Deferred Inflows - leases	2,440,460	-	-	-	-
Total deferred inflows of resources	<u>2,440,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,723,717</u>	<u>-</u>	<u>-</u>	<u>22,676</u>	<u>-</u>
FUND BALANCES/(DEFICITS)					
NonSpendable	71,624	-	-	-	-
Restricted	1,327,010	32,766	585,392	-	-
Committed	-	-	-	1,137,945	-
Unassigned	-	-	-	-	-
Total fund balances/(deficits)	<u>1,398,634</u>	<u>32,766</u>	<u>585,392</u>	<u>1,137,945</u>	<u>-</u>
Total liabilities and fund balances/(deficits)	<u>\$ 4,122,351</u>	<u>\$ 32,766</u>	<u>\$ 585,392</u>	<u>\$ 1,160,621</u>	<u>\$ -</u>

Fire Development Fee Fund	Parks and Recreation Development Fee Fund	Police Development Fee Fund	Street Lighting Districts Fund	Marley Park CFD Fund	Total NonMajor Special Revenue Funds
\$ 10,572,558	\$ 9,419,084	\$ 7,714,529	\$ 1,438,658	\$ 1,984,061	\$ 36,216,569
-	-	-	-	-	1,113,354
-	-	-	-	-	3,005,036
-	-	-	36,512	22,144	58,656
-	-	-	-	-	91,169
-	-	-	-	-	2,603,283
-	-	-	-	-	1,074,408
1,566,696	-	-	-	-	1,582,414
-	-	-	-	-	55,906
<u>\$ 12,139,254</u>	<u>\$ 9,419,084</u>	<u>\$ 7,714,529</u>	<u>\$ 1,475,170</u>	<u>\$ 2,006,205</u>	<u>\$ 45,800,795</u>
\$ 1,940,224	\$ 409,588	\$ 48,473	\$ 187,808	\$ 377,233	\$ 3,358,826
-	-	-	-	-	90,124
-	-	-	462	-	287,394
-	-	-	-	-	239,189
-	41,585	-	-	-	41,585
-	-	-	387,073	39,760	426,833
-	-	-	-	604,055	604,055
-	-	-	-	715,000	715,000
<u>1,940,224</u>	<u>451,173</u>	<u>48,473</u>	<u>575,343</u>	<u>1,736,048</u>	<u>5,763,006</u>
-	-	-	10,265	5,260	1,842,796
-	-	-	-	-	2,440,460
-	-	-	10,265	5,260	4,283,256
<u>1,940,224</u>	<u>451,173</u>	<u>48,473</u>	<u>585,608</u>	<u>1,741,308</u>	<u>10,046,262</u>
1,566,696	-	-	-	-	1,638,320
8,632,334	8,967,911	7,666,056	889,562	264,897	30,266,303
-	-	-	-	-	3,917,132
-	-	-	-	-	(67,222)
<u>10,199,030</u>	<u>8,967,911</u>	<u>7,666,056</u>	<u>889,562</u>	<u>264,897</u>	<u>35,754,533</u>
<u>\$ 12,139,254</u>	<u>\$ 9,419,084</u>	<u>\$ 7,714,529</u>	<u>\$ 1,475,170</u>	<u>\$ 2,006,205</u>	<u>\$ 45,800,795</u>

CITY OF SURPRISE, ARIZONA

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

NonMajor Special Revenue Funds

For the Year Ended June 30, 2024

	<i>Formerly NonMajor</i> Grants Fund	Ground Ambulance Service Fund	LTAF II/ALF Fund	Municipal Court Enhancement Fund	Municipal Court FARE Fund
REVENUES					
Taxes		\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue		-	364,134	-	-
Charges for services		6,627,174	-	-	-
Grants revenue		-	-	-	-
Fines		-	-	104,882	-
Rents		-	-	-	-
Development fees		-	-	-	-
Interest revenue		73,363	29	21,392	1,080
Other revenue		31,972	-	-	-
Total revenues		6,732,509	364,163	126,274	1,080
EXPENDITURES					
Current:					
General government		-	-	-	-
Public safety		5,958,333	-	-	-
Public works and transportation		-	364,134	-	-
Community development		-	-	-	-
Culture and recreation		-	-	-	-
Debt service:					
Administrative charges		-	-	-	-
Principal retirement		-	-	-	-
Interest		-	-	-	-
Capital outlay		575,864	-	-	-
Total expenditures		6,534,197	364,134	-	-
Excess/(deficiency) of revenues over expenditures		198,312	29	126,274	1,080
OTHER FINANCING SOURCES/(USES)					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
Total other financing sources/(uses)		-	-	-	-
Net change in fund balance		198,312	29	126,274	1,080
Fund balances - June 30, 2023, as previously reported	(99,389)	2,379,810	1,218	404,437	22,979
Change within financial reporting entity	99,389	-	-	-	-
Fund balances - June 30, 2023, as adjusted	-	2,379,810	1,218	404,437	22,979
Increase/(decrease) in inventories		-	-	-	-
Fund balances - June 30, 2024		\$ 2,578,122	\$ 1,247	\$ 530,711	\$ 24,059

Municipal Court JCEF Fund	Municipal Court MFTG Fund	Neighborhood Revitalization Fund	Net Premium Seating Fund	Proposition 400 Fund	SB1398 Fines Fund	SPD DEA Fund	SPD RICO Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	7,680	-	-	-	-	-	-
-	-	-	28,206	-	-	-	-
-	-	1,279,415	-	-	-	-	-
14,713	-	-	-	-	25,395	-	99,187
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,447	2,798	-	9,662	12	3,094	813	39,032
-	-	-	-	-	-	-	-
20,160	10,478	1,279,415	37,868	12	28,489	813	138,219
-	-	-	-	-	-	-	-
-	-	-	-	-	11,722	-	159,508
-	-	-	-	412	-	-	-
-	-	-	-	-	-	-	-
-	-	1,553,984	216,592	-	-	-	-
-	-	-	-	-	-	-	-
-	-	95,168	-	-	-	-	-
-	-	21,225	-	-	-	-	-
-	-	-	-	-	-	-	225,775
-	-	1,670,377	216,592	412	11,722	-	385,283
20,160	10,478	(390,962)	(178,724)	(400)	16,767	813	(247,064)
-	-	389,274	123,840	-	-	-	-
-	-	-	-	-	-	-	-
-	-	389,274	123,840	-	-	-	-
20,160	10,478	(1,688)	(54,884)	(400)	16,767	813	(247,064)
109,351	56,793	(65,534)	255,949	400	53,537	17,280	1,299,658
-	-	-	-	-	-	-	-
109,351	56,793	(65,534)	255,949	400	53,537	17,280	1,299,658
-	-	-	-	-	-	-	-
\$ 129,511	\$ 67,271	\$ (67,222)	\$ 201,065	\$ -	\$ 70,304	\$ 18,093	\$ 1,052,594

(continued)

CITY OF SURPRISE, ARIZONA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)

NonMajor Special Revenue Funds

For the Year Ended June 30, 2024

	SPD Towing Fund	Sports & Tourism Fund	Smart & Safe Police Fund	Smart & Safe Fire-Medical Fund	Tourism Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,274,466
Intergovernmental revenue	-	-	418,017	426,323	145,914
Charges for services	32,000	4,300,906	-	-	83,183
Grants revenue	-	-	-	-	-
Fines	-	-	-	-	-
Rents	-	502,733	-	-	-
Development fees	-	-	-	-	-
Interest revenue	573	46,458	-	-	74,375
Other revenue	-	39,840	-	-	-
Total revenues	32,573	4,889,937	418,017	426,323	1,577,938
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	41,727	-	1,207,500	647,000	-
Public works and transportation	-	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	-	7,634,261	-	-	675,448
Debt service:					
Administrative charges	-	-	-	-	-
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	41,727	7,634,261	1,207,500	647,000	675,448
Excess/(deficiency) of revenues over expenditures	(9,154)	(2,744,324)	(789,483)	(220,677)	902,490
OTHER FINANCING SOURCES/(USES)					
Transfers in	-	3,281,067	-	-	-
Transfers out	-	(24,386)	-	-	(955,849)
Total other financing sources/(uses)	-	3,256,681	-	-	(955,849)
Net change in fund balance	(9,154)	512,357	(789,483)	(220,677)	(53,359)
Fund balances - June 30, 2023, as previously reported	15,739	839,303	822,249	806,069	1,191,304
Change within financial reporting entity	-	-	-	-	-
Fund balances - June 30, 2023, as adjusted	15,739	839,303	822,249	806,069	1,191,304
Increase/(decrease) in inventories	-	46,974	-	-	-
Fund balances - June 30, 2024	\$ 6,585	\$ 1,398,634	\$ 32,766	\$ 585,392	\$ 1,137,945

163rd Ave Development Fee Fund	Fire Development Fee Fund	Parks & Recreation Development Fee Fund	Police Development Fee Fund	Street Lighting Districts Fund	Marley Park CFD Fund	Total NonMajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,628,768	\$ 1,806,903	\$ 5,710,137
-	-	-	-	-	-	1,362,068
-	-	-	-	6,461	-	11,077,930
-	-	-	-	-	-	1,279,415
-	-	-	-	-	-	244,177
-	-	-	-	-	-	502,733
-	3,669,097	3,473,886	1,789,311	-	-	8,932,294
70	567,016	416,361	319,090	51,834	-	1,632,499
-	-	-	-	2,417	-	74,229
70	4,236,113	3,890,247	2,108,401	2,689,480	1,806,903	30,815,482
-	-	242,098	4,381	528,774	-	775,253
-	14,880	-	1,111	-	-	8,041,781
-	-	-	-	-	-	364,546
-	-	-	-	2,298,889	-	2,298,889
-	-	-	-	-	198,602	10,278,887
-	-	-	-	-	72,910	72,910
-	-	-	-	-	715,000	810,168
-	-	-	-	-	1,208,110	1,229,335
70	7,402,213	2,332,116	315,073	-	-	10,851,111
70	7,417,093	2,574,214	320,565	2,827,663	2,194,622	34,722,880
-	(3,180,980)	1,316,033	1,787,836	(138,183)	(387,719)	(3,907,398)
-	-	-	-	-	-	3,794,181
-	(66,812)	(436,926)	(135,213)	-	-	(1,619,186)
-	(66,812)	(436,926)	(135,213)	-	-	2,174,995
-	(3,247,792)	879,107	1,652,623	(138,183)	(387,719)	(1,732,403)
-	13,446,822	8,088,804	6,013,433	1,027,745	652,616	37,340,573
-	-	-	-	-	-	99,389
-	13,446,822	8,088,804	6,013,433	1,027,745	652,616	37,439,962
-	-	-	-	-	-	46,974
\$ -	\$ 10,199,030	\$ 8,967,911	\$ 7,666,056	\$ 889,562	\$ 264,897	\$ 35,754,533

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Ground Ambulance Service Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 5,935,500	\$ 5,935,500	\$ 6,627,174	\$ 691,674
Interest revenue	3,100	3,100	73,363	70,263
Other revenue	42,400	42,400	31,972	(10,428)
Total revenues	5,981,000	5,981,000	6,732,509	751,509
EXPENDITURES				
Current:				
Public safety:				
Fire-Medical	6,783,700	6,383,900	5,958,333	425,567
Total current	6,783,700	6,383,900	5,958,333	425,567
Capital outlay	1,346,000	1,322,500	575,864	746,636
Total expenditures	8,129,700	7,706,400	6,534,197	1,172,203
Excess/(deficiency) of revenues over expenditures	(2,148,700)	(1,725,400)	198,312	1,923,712
Net change in fund balances	\$ (2,148,700)	\$ (1,725,400)	\$ 198,312	\$ 1,923,712

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

LTAF II/ALF Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 364,134	\$ (35,866)
Interest revenue	-	-	29	29
Total revenues	400,000	400,000	364,163	(35,837)
EXPENDITURES				
Current:				
Public works and transportation	400,000	400,000	364,134	35,866
Total current	400,000	400,000	364,134	35,866
Total expenditures	400,000	400,000	364,134	35,866
Excess/(deficiency) of revenues over expenditures	-	-	29	29
Net change in fund balances	\$ -	\$ -	\$ 29	\$ 29

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Municipal Court Enhancement Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 74,400	\$ 74,400	\$ 104,882	\$ 30,482
Interest revenue	-	-	21,392	21,392
Total revenues	74,400	74,400	126,274	51,874
EXPENDITURES				
Current:				
Public safety:				
Court	40,000	40,000	-	40,000
Total current	40,000	40,000	-	40,000
Capital outlay	185,000	185,000	-	185,000
Total expenditures	225,000	225,000	-	225,000
Excess/(deficiency) of revenues over expenditures	(150,600)	(150,600)	126,274	276,874
Net change in fund balances	\$ (150,600)	\$ (150,600)	\$ 126,274	\$ 276,874

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Municipal Court FARE Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Interest revenue	-	-	1,080	1,080
Total revenues	2,000	2,000	1,080	(920)
EXPENDITURES				
Current:				
Public safety:				
Court	-	-	-	-
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess/(deficiency) of revenues over expenditures	2,000	2,000	1,080	(920)
Net change in fund balances	\$ 2,000	\$ 2,000	\$ 1,080	\$ (920)

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Municipal Court JCEF Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 16,000	\$ 16,000	\$ 14,713	\$ (1,287)
Interest revenue	-	-	5,447	5,447
Total revenues	16,000	16,000	20,160	4,160
EXPENDITURES				
Current:				
Public safety:				
Court	-	-	-	-
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess/(deficiency) of revenues over expenditures	16,000	16,000	20,160	4,160
Net change in fund balances	\$ 16,000	\$ 16,000	\$ 20,160	\$ 4,160

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Municipal Court MFTG Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 9,400	\$ 9,400	\$ 7,680	\$ (1,720)
Interest revenue	-	-	2,798	2,798
Total revenues	9,400	9,400	10,478	1,078
EXPENDITURES				
Current:				
Public safety:				
Court	-	-	-	-
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess/(deficiency) of revenues over expenditures	9,400	9,400	10,478	1,078
Net change in fund balances	\$ 9,400	\$ 9,400	\$ 10,478	\$ 1,078

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Neighborhood Revitalization Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants revenue	\$ 2,751,100	\$ 2,574,000	\$ 1,279,415	\$ (1,294,585)
Total revenues	2,751,100	2,574,000	1,279,415	(1,294,585)
EXPENDITURES				
Current:				
Culture and recreation:				
Human service and community vitality	2,634,600	2,457,500	1,553,984	903,516
Total current	2,634,600	2,457,500	1,553,984	903,516
Debt service:				
Principal retirement	95,200	95,200	95,168	32
Interest	21,300	21,300	21,225	75
Total debt service	116,500	116,500	116,393	107
Capital outlay	-	-	-	-
Total expenditures	2,751,100	2,574,000	1,670,377	903,623
Excess/(deficiency) of revenues over expenditures	-	-	(390,962)	(390,962)
OTHER FINANCING SOURCES/(USES)				
Transfers in	-	-	389,274	389,274
Total other financing sources/(uses)	-	-	389,274	389,274
Net change in fund balances	\$ -	\$ -	\$ (1,688)	\$ (1,688)

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Net Premium Seating Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 24,800	\$ 24,800	\$ 28,206	\$ 3,406
Interest revenue	1,000	1,000	9,662	8,662
Total revenues	25,800	25,800	37,868	12,068
EXPENDITURES				
Current:				
Culture and recreation:				
Sports and tourism	302,200	302,200	216,592	85,608
Total current	302,200	302,200	216,592	85,608
Total expenditures	302,200	302,200	216,592	85,608
Excess/(deficiency) of revenues over expenditures	(276,400)	(276,400)	(178,724)	97,676
OTHER FINANCING SOURCES/(USES)				
Transfers in	124,700	124,700	123,840	(860)
Total other financing sources/(uses)	124,700	124,700	123,840	(860)
Net change in fund balances	\$ (151,700)	\$ (151,700)	\$ (54,884)	\$ 96,816

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Proposition 400 Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ 12	\$ 12
Total revenues	-	-	12	12
EXPENDITURES				
Current:				
Public works and transportation	-	500	412	88
Total current	-	500	412	88
Total expenditures	-	500	412	88
Excess/(deficiency) of revenues over expenditures	-	(500)	(400)	100
Net change in fund balances	\$ -	\$ (500)	\$ (400)	\$ 100

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

SB1398 Fines Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 18,000	\$ 18,000	\$ 25,395	\$ 7,395
Interest revenue	200	200	3,094	2,894
Total revenues	18,200	18,200	28,489	10,289
EXPENDITURES				
Current:				
Public safety:				
Police	30,500	30,500	11,722	18,778
Total current	30,500	30,500	11,722	18,778
Total expenditures	30,500	30,500	11,722	18,778
Excess/(deficiency) of revenues over expenditures	(12,300)	(12,300)	16,767	29,067
Net change in fund balances	\$ (12,300)	\$ (12,300)	\$ 16,767	\$ 29,067

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

SPD DEA Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ 813	\$ 813
Total revenues	-	-	813	813
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess/(deficiency) of revenues over expenditures	-	-	813	813
Net change in fund balances	\$ -	\$ -	\$ 813	\$ 813

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

SPD RICO Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 268,000	\$ 268,000	\$ 99,187	\$ (168,813)
Interest revenue	-	-	39,032	39,032
Total revenues	268,000	268,000	138,219	(129,781)
EXPENDITURES				
Current:				
Public safety:				
Police	510,800	510,800	159,508	351,292
Total current	510,800	510,800	159,508	351,292
Capital outlay	-	-	225,775	(225,775)
Total expenditures	510,800	510,800	385,283	125,517
Excess/(deficiency) of revenues over expenditures	(242,800)	(242,800)	(247,064)	(4,264)
Net change in fund balances	\$ (242,800)	\$ (242,800)	\$ (247,064)	\$ (4,264)

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

SPD Towing Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 25,800	\$ 25,800	\$ 32,000	\$ 6,200
Interest revenue	200	200	573	373
Total revenues	26,000	26,000	32,573	6,573
EXPENDITURES				
Current:				
Public safety:				
Police	71,100	71,100	41,727	29,373
Total current	71,100	71,100	41,727	29,373
Total expenditures	71,100	71,100	41,727	29,373
Excess/(deficiency) of revenues over expenditures	(45,100)	(45,100)	(9,154)	35,946
Net change in fund balances	\$ (45,100)	\$ (45,100)	\$ (9,154)	\$ 35,946

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Sports & Tourism Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 2,924,900	\$ 3,085,200	\$ 4,300,906	\$ 1,215,706
Rents	355,500	355,500	502,733	147,233
Interest revenue	-	-	46,458	46,458
Other revenue	61,100	61,100	39,840	(21,260)
Total revenues	3,341,500	3,501,800	4,889,937	1,388,137
EXPENDITURES				
Current:				
Culture and recreation:				
Sports and tourism	7,414,800	8,124,600	7,634,261	490,339
Total current	7,414,800	8,124,600	7,634,261	490,339
Total expenditures	7,414,800	8,124,600	7,634,261	490,339
Excess/(deficiency) of revenues over expenditures	(4,073,300)	(4,622,800)	(2,744,324)	1,878,476
OTHER FINANCING SOURCES/(USES)				
Transfers in	4,073,300	4,073,300	3,281,067	(792,233)
Transfers out	-	-	(24,386)	(24,386)
Total other financing sources/(uses)	4,073,300	4,073,300	3,256,681	(816,619)
Net change in fund balances	\$ -	\$ (549,500)	\$ 512,357	\$ 1,061,857

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Smart & Safe Police Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 418,017	\$ 18,017
Total revenues	400,000	400,000	418,017	18,017
EXPENDITURES				
Current:				
Public safety:				
Police	1,207,500	1,207,500	1,207,500	-
Total current	1,207,500	1,207,500	1,207,500	-
Total expenditures	1,207,500	1,207,500	1,207,500	-
Excess/(deficiency) of revenues over expenditures	(807,500)	(807,500)	(789,483)	18,017
Net change in fund balances	\$ (807,500)	\$ (807,500)	\$ (789,483)	\$ 18,017

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Smart & Safe Fire-Medical Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 426,323	\$ 26,323
Total revenues	400,000	400,000	426,323	26,323
EXPENDITURES				
Current:				
Public safety				
Fire-Medical	647,000	647,000	647,000	-
Total current	647,000	647,000	647,000	-
Capital outlay	550,000	550,000	-	550,000
Total expenditures	1,197,000	1,197,000	647,000	550,000
Excess/(deficiency) of revenues over expenditures	(797,000)	(797,000)	(220,677)	576,323
Net change in fund balances	\$ (797,000)	\$ (797,000)	\$ (220,677)	\$ 576,323

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Tourism Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,238,500	\$ 1,238,500	\$ 1,274,466	\$ 35,966
Intergovernmental revenue	230,000	230,000	145,914	(84,086)
Charges for services	500,000	500,000	83,183	(416,817)
Interest revenue	-	-	74,375	74,375
Total revenues	1,968,500	1,968,500	1,577,938	(390,562)
EXPENDITURES				
Current:				
Culture and recreation:				
Sports and tourism	956,900	1,086,900	675,448	411,452
Total current	956,900	1,086,900	675,448	411,452
Total expenditures	956,900	1,086,900	675,448	411,452
Excess/(deficiency) of revenues over expenditures	1,011,600	881,600	902,490	20,890
OTHER FINANCING SOURCES/(USES)				
Transfers out	(928,900)	(928,900)	(955,849)	(26,949)
Total other financing sources/(uses)	(928,900)	(928,900)	(955,849)	(26,949)
Net change in fund balances	\$ 82,700	\$ (47,300)	\$ (53,359)	\$ (6,059)

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

163rd Ave Development Fee Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ 100	\$ 100	\$ 70	\$ (30)
Total revenues	100	100	70	(30)
EXPENDITURES				
Current:				
Public works and transportation	-	94,900	-	94,900
Total current	-	94,900	-	94,900
Capital outlay	100,600	5,700	70	5,630
Total expenditures	100,600	100,600	70	100,530
Excess/(deficiency) of revenues over expenditures	(100,500)	(100,500)	-	100,500
Net change in fund balances	\$ (100,500)	\$ (100,500)	\$ -	\$ 100,500

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Fire Development Fee Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 2,639,600	\$ 2,639,600	\$ 3,669,097	\$ 1,029,497
Interest revenue	107,700	107,700	567,016	459,316
Total revenues	2,747,300	2,747,300	4,236,113	1,488,813
EXPENDITURES				
Current				
Public safety:				
Fire-Medical	32,500	332,700	14,880	317,820
Total current	32,500	332,700	14,880	317,820
Capital Outlay	15,341,000	15,040,800	7,402,213	7,638,587
Total expenditures	15,373,500	15,373,500	7,417,093	7,956,407
Excess/(deficiency) of revenues over expenditures	(12,626,200)	(12,626,200)	(3,180,980)	9,445,220
OTHER FINANCING SOURCES/(USES)				
Transfers out	(67,000)	(67,000)	(66,812)	188
Total other financing sources/(uses)	(67,000)	(67,000)	(66,812)	188
Net change in fund balances	\$ (12,693,200)	\$ (12,693,200)	\$ (3,247,792)	\$ 9,445,408

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Parks & Recreation Development Fee Fund

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Development fees	\$ 2,963,100	\$ 2,963,100	\$ 3,473,886	\$ 510,786
Interest revenue	81,300	81,300	416,361	335,061
Total revenues	3,044,400	3,044,400	3,890,247	845,847
EXPENDITURES				
Current:				
General government	3,116,700	3,150,500	242,098	2,908,402
Total current	3,116,700	3,150,500	242,098	2,908,402
Capital outlay	8,174,900	8,141,100	2,332,116	5,808,984
Total expenditures	11,291,600	11,291,600	2,574,214	8,717,386
Excess/(deficiency) of revenues over expenditures	(8,247,200)	(8,247,200)	1,316,033	9,563,233
OTHER FINANCING SOURCES/(USES)				
Transfers out	(437,100)	(437,100)	(436,926)	174
Total other financing sources/(uses)	(437,100)	(437,100)	(436,926)	174
Net change in fund balances	\$ (8,684,300)	\$ (8,684,300)	\$ 879,107	\$ 9,563,407

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Police Development Fee Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 1,448,300	\$ 1,448,300	\$ 1,789,311	\$ 341,011
Interest revenue	65,000	65,000	319,090	254,090
Total revenues	1,513,300	1,513,300	2,108,401	595,101
EXPENDITURES				
Current:				
General government	9,900	7,700	4,381	3,319
Public safety:				
Police	5,048,100	5,055,300	1,111	5,054,189
Total current	5,058,000	5,063,000	5,492	5,057,508
Capital outlay	2,280,900	2,275,900	315,073	1,960,827
Total expenditures	7,338,900	7,338,900	320,565	7,018,335
Excess/(deficiency) of revenues over expenditures	(5,825,600)	(5,825,600)	1,787,836	7,613,436
OTHER FINANCING SOURCES/(USES)				
Transfers out	(135,400)	(135,400)	(135,213)	187
Total other financing sources/(uses)	(135,400)	(135,400)	(135,213)	187
Net change in fund balances	\$ (5,961,000)	\$ (5,961,000)	\$ 1,652,623	\$ 7,613,623

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Street Lighting Districts Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,660,100	\$ 2,660,100	\$ 2,628,768	\$ (31,332)
Charges for services	11,900	11,900	6,461	(5,439)
Interest revenue	-	-	51,834	51,834
Other revenue	-	-	2,417	2,417
Total revenues	2,672,000	2,672,000	2,689,480	17,480
EXPENDITURES				
Current:				
General government	303,300	352,200	528,774	(176,574)
Community development	3,379,900	3,393,600	2,298,889	1,094,711
Total current	3,683,200	3,745,800	2,827,663	918,137
Total expenditures	3,683,200	3,745,800	2,827,663	918,137
Excess/(deficiency) of revenues over expenditures	(1,011,200)	(1,073,800)	(138,183)	935,617
Net change in fund balances	\$ (1,011,200)	\$ (1,073,800)	\$ (138,183)	\$ 935,617

CITY OF SURPRISE, ARIZONA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Marley Park Community Facilities District Fund

For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 1,815,300	\$ 1,815,300	\$ 1,806,903	\$ (8,397)
Total revenues	1,815,300	1,815,300	1,806,903	(8,397)
EXPENDITURES				
Current:				
General government	268,000	268,000	-	268,000
Culture and recreation:				
Parks and recreation	199,600	199,600	198,602	998
Total current	467,600	467,600	198,602	268,998
Debt service:				
Administrative charges	4,000	4,000	72,910	(68,910)
Principal retirement	715,000	715,000	715,000	-
Interest	1,208,200	1,208,200	1,208,110	90
Total debt service	1,927,200	1,927,200	1,996,020	(68,820)
Total expenditures	2,394,800	2,394,800	2,194,622	200,178
Excess/(deficiency) of revenues over expenditures	(579,500)	(579,500)	(387,719)	191,781
Net change in fund balances	\$ (579,500)	\$ (579,500)	\$ (387,719)	\$ 191,781

Internal Service Funds – These funds are used to track those transactions relating to the City’s internal insurance activities.

Risk Management Fund — This fund was created to provide general insurance coverage as well as risk management, loss control, and safety programs city-wide.

Employee Healthcare Trust Fund — This fund was created to provide health insurance claims, plan administration, stop loss premiums, and fund reserves.

Workers’ Compensation Fund — This fund was created to account for expenses incurred for workers’ compensation claims, administration, coverage, and fund reserves.

CITY OF SURPRISE, ARIZONA

Combining Statement of Net Position

Internal Service Funds

June 30, 2024

	Risk Management Fund	Employee Healthcare Trust Fund	Workers' Compensation Fund	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 9,098,890	\$ 9,621,877	\$ 4,620,120	\$ 23,340,887
Receivables (net of allowances):				
Other	883,987	345,832	-	1,229,819
Other assets	-	270	-	270
Total current assets	9,982,877	9,967,979	4,620,120	24,570,976
NonCurrent assets:				
Net OPEB asset	10,189	3,698	3,221	17,108
Total noncurrent assets	10,189	3,698	3,221	17,108
Total assets	9,993,066	9,971,677	4,623,341	24,588,084
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	45,194	16,404	14,287	75,885
Deferred outflows related to OPEB	1,532	555	485	2,572
Total deferred outflows of resources	46,726	16,959	14,772	78,457
Total assets and deferred outflows of resources	\$ 10,039,792	\$ 9,988,636	\$ 4,638,113	\$ 24,666,541
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,003	\$ 545,261	\$ 8,350	\$ 554,614
Accrued payroll and related taxes	7,388	3,440	-	10,828
Claims payable, current portion	129,527	2,803,937	387,768	3,321,232
Compensated absences payable, due in less than one year	6,196	3,424	15,877	25,497
Total current liabilities	144,114	3,356,062	411,995	3,912,171
NonCurrent liabilities:				
Compensated absences payable, due in more than one year	9,691	5,356	24,833	39,880
Claims payable, noncurrent portion	-	-	481,480	481,480
Net pension liability	299,111	108,571	94,559	502,241
Net OPEB liability	244	89	77	410
Total noncurrent liabilities	309,046	114,016	600,949	1,024,011
Total liabilities	453,160	3,470,078	1,012,944	4,936,182
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	11,964	4,343	3,782	20,089
Deferred inflows related to OPEB	5,075	1,842	1,604	8,521
Total deferred inflows of resources	17,039	6,185	5,386	28,610
Total liabilities and deferred inflows of resources	470,199	3,476,263	1,018,330	4,964,792
NET POSITION				
Unrestricted	9,569,593	6,512,373	3,619,783	19,701,749
Total net position	\$ 9,569,593	\$ 6,512,373	\$ 3,619,783	\$ 19,701,749

CITY OF SURPRISE, ARIZONA

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

Internal Service Funds

For the Year Ended June 30, 2024

	Risk Management Fund	Employee Healthcare Trust Fund	Workers' Compensation Fund	Total Internal Service funds
OPERATING REVENUES				
Charges for services	\$ 3,768,000	\$ 19,660,397	\$ 1,542,701	\$ 24,971,098
Other revenue	1,380,570	-	650	1,381,220
Total operating revenues	5,148,570	19,660,397	1,543,351	26,352,318
OPERATING EXPENSES				
Personnel services	148,875	129,510	287,557	565,942
Contractual services, materials, and supplies	94,962	185,744	69,095	349,801
Insurance claims, premiums, and administrative expenses	2,687,927	19,552,326	1,427,691	23,667,944
Total operating expenses	2,931,764	19,867,580	1,784,343	24,583,687
Operating income/(loss)	2,216,806	(207,183)	(240,992)	1,768,631
NONOPERATING REVENUES/(EXPENSES)				
Interest revenue	373,122	205,196	202,235	780,553
Total nonoperating revenues/(expenses)	373,122	205,196	202,235	780,553
Change in net position	2,589,928	(1,987)	(38,757)	2,549,184
Total net position - beginning	6,979,665	6,514,360	3,658,540	17,152,565
Total net position - ending	\$ 9,569,593	\$ 6,512,373	\$ 3,619,783	\$ 19,701,749

CITY OF SURPRISE, ARIZONA

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2024

	Risk Management Fund	Employee Healthcare Trust Fund	Workers' Compensation Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from interfund services provided	\$ 3,768,000	\$ 19,313,351	\$ 1,542,701	\$ 24,624,052
Payments to employees	(116,903)	(137,496)	(288,695)	(543,094)
Payments to suppliers	(96,526)	199,754	(71,766)	31,462
Payments for insurance claims and expenses	(2,795,077)	(18,527,686)	(1,545,606)	(22,868,369)
Other receipts	1,007,027	496,769	650	1,504,446
Net cash provided/(used) by operating activities	1,766,521	1,344,692	(362,716)	2,748,497
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from interest income/(loss)	373,122	205,196	202,235	780,553
Net cash provided/(used) by investing activities	373,122	205,196	202,235	780,553
Net increase/(decrease) in cash and cash equivalents	2,139,643	1,549,888	(160,481)	3,529,050
Balances - beginning of year	\$ 6,959,247	\$ 8,071,989	\$ 4,780,601	\$ 19,811,837
Balances - end of the year	\$ 9,098,890	\$ 9,621,877	\$ 4,620,120	\$ 23,340,887
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:				
Operating income/(loss)	\$ 2,216,806	\$ (207,183)	\$ (240,992)	\$ 1,768,631
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:				
Changes in assets and liabilities:				
Other receivables	(373,543)	149,723	-	(223,820)
Other assets	1,822	150	-	1,972
Accounts payable	(3,812)	385,348	(2,806)	378,730
Accrued payroll and related taxes	7,386	1,393	(5,736)	3,043
Compensated absences	15,887	(12,692)	1,851	5,046
Net pension liability	10,593	3,845	3,348	17,786
Claims payable	(107,150)	1,024,640	(117,915)	799,575
Net OPEB asset/liability	(1,468)	(532)	(466)	(2,466)
Net cash provided/(used) by operating activities	\$ 1,766,521	\$ 1,344,692	\$ (362,716)	\$ 2,748,497



STATISTICAL SECTION



S U R P R I S E

A R I Z O N A



STATISTICAL SECTION

This section provides detailed information, for purposes of providing a context for comprehending the information presented in the financial statements, not disclosures and required supplementary information, and gaining a better understanding of the financial shape of the City of Surprise, Arizona.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue sources, transaction privilege (sales) tax and property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules of demographic and economic indicators help the reader understand the environment that the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

CITY OF SURPRISE, ARIZONA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 409,274,827	\$ 405,111,110	\$ 392,458,485	\$ 393,984,378
Restricted	27,948,361	22,743,525	24,613,341	67,683,440
Unrestricted	(18,482,747)	(16,896,594)	(27,479,276)	(57,592,973)
Total governmental activities net position	<u>\$ 418,740,441</u>	<u>\$ 410,958,041</u>	<u>\$ 389,592,550</u>	<u>\$ 404,074,845</u>
Business-type activities				
Net investment in capital assets	\$ 264,678,599	\$ 270,081,565	\$ 279,249,380	\$ 277,989,957
Restricted	5,381,403	13,039,887	12,326,207	14,365,125
Unrestricted	44,564,505	29,979,759	22,570,204	31,396,601
Total business-type activities net position	<u>\$ 314,624,507</u>	<u>\$ 313,101,211</u>	<u>\$ 314,145,791</u>	<u>\$ 323,751,683</u>
Primary government				
Net investment in capital assets	\$ 673,953,426	\$ 675,192,675	\$ 671,707,865	\$ 671,974,335
Restricted	33,329,764	35,783,412	36,939,548	82,048,565
Unrestricted	26,081,758	13,083,165	(4,909,072)	(26,196,372)
Total primary government net position	<u>\$ 733,364,948</u>	<u>\$ 724,059,252</u>	<u>\$ 703,738,341</u>	<u>\$ 727,826,528</u>

Source: City financial records

2019	2020	2021	2022	2023	2024
\$ 399,420,150	\$ 435,144,710	\$ 502,976,390	\$ 557,077,466	\$ 635,129,381	\$ 693,013,470
29,462,370	21,821,951	39,557,045	39,307,858	40,382,529.00	41,067,127
1,815,847	28,238,342	75,855,018	141,847,579	193,259,901.00	270,926,964
<u>\$ 430,698,367</u>	<u>\$ 485,205,003</u>	<u>\$ 618,388,453</u>	<u>\$ 738,232,903</u>	<u>\$ 868,771,811</u>	<u>\$ 1,005,007,561</u>
\$ 274,750,943	\$ 282,360,332	\$ 320,299,739	\$ 331,988,392	\$ 359,266,161	\$ 390,227,565
12,932,109	13,735,679	9,425,177	12,408,370	19,561,463	29,531,878
43,938,146	52,259,316	67,556,649	78,863,705	89,533,789	102,591,695
<u>\$ 331,621,198</u>	<u>\$ 348,355,327</u>	<u>\$ 397,281,565</u>	<u>\$ 423,260,467</u>	<u>\$ 468,361,413</u>	<u>\$ 522,351,138</u>
\$ 674,171,093	\$ 717,505,042	\$ 823,276,129	\$ 889,065,858	\$ 994,395,542	\$ 1,083,241,035
42,394,479	35,557,630	48,982,222	51,716,228	59,943,992	70,599,005
45,753,993	80,497,658	143,411,667	220,711,284	282,793,690	373,518,659
<u>\$ 762,319,565</u>	<u>\$ 833,560,330</u>	<u>\$ 1,015,670,018</u>	<u>\$ 1,161,493,370</u>	<u>\$ 1,337,133,224</u>	<u>\$ 1,527,358,699</u>

CITY OF SURPRISE, ARIZONA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018
Expenses				
Governmental Activities:				
General government	\$ 21,038,892	\$ 18,906,430	\$ 27,733,034	\$ 24,693,086
Public safety	44,415,505	47,273,449	64,148,194	51,157,392
Public works and transportation	35,141,030	38,670,796	41,540,981	37,661,923
Community development	5,205,925	10,235,430	12,326,274	12,345,202
Culture and recreation	21,863,417	25,690,406	22,555,794	26,471,045
Interest on long-term debt	1,635,320	1,472,910	1,381,807	1,927,016
Total governmental activities expenses	129,300,089	142,249,421	169,686,084	154,255,664
Business-type Activities:				
Ground ambulance services	-	-	-	3,141,623
Water	10,619,858	11,823,538	15,013,661	10,926,918
Sewer	20,360,031	20,399,067	19,519,303	20,039,173
Sanitation	7,883,309	7,972,061	9,034,441	8,557,348
Stormwater	-	-	187,744	775,651
Total business-type activities	38,863,198	40,194,666	43,755,149	43,440,713
Total primary government expenses	\$ 168,163,287	\$ 182,444,087	\$ 213,441,233	\$ 197,696,377
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$ 5,301,697	\$ 5,041,335	\$ 5,863,856	\$ 7,171,091
Public safety	2,963,326	3,778,584	3,600,402	2,801,908
Public works and transportation	507,198	853,321	1,445,873	2,252,924
Community development	2,005,421	2,552,293	3,770,393	7,384,028
Culture and recreation	5,313,203	5,894,021	5,586,303	5,507,476
Operating grants and contributions	9,908,788	11,178,339	12,097,958	12,530,903
Capital grants and contributions	11,561,202	11,558,409	14,356,832	25,485,790
Total governmental activities program revenues	37,560,835	40,856,302	46,721,617	63,134,120
Business-type activities:				
Charges for services:				
Ground ambulance services	-	-	-	2,974,704
Water	10,814,903	12,195,621	14,048,726	14,227,502
Sewer	17,950,085	16,151,096	17,190,499	17,345,559
Sanitation	6,952,296	7,099,896	7,525,140	7,485,027
Stormwater	-	-	1,282,788	1,834,202
Operating grants and contributions	-	-	-	-
Capital grants and contributions	129,722	3,107,265	5,788,132	9,682,391
Total business-type activities program revenues	35,847,006	38,553,878	45,835,285	53,549,385
Total primary government program revenues	\$ 73,407,841	\$ 79,410,180	\$ 92,556,902	\$ 116,683,505

2019	2020	2021	2022	2023	2024
\$ 18,847,192	\$ 30,683,840	\$ 27,692,032	\$ 23,540,312	\$ 28,301,955	\$ 33,279,341
60,235,535	60,035,327	66,442,651	70,506,625	81,547,703	102,223,843
41,578,280	46,270,405	39,687,896	44,050,913	55,094,815	56,438,765
12,382,036	12,764,778	11,564,452	16,842,667	19,817,626	22,653,720
24,970,626	20,925,306	29,248,928	32,115,378	40,095,959	42,312,853
2,473,876	2,635,766	2,695,568	2,471,982	2,804,532	2,559,564
160,487,545	173,315,422	177,331,527	189,527,877	227,662,590	259,468,086
3,375,334	4,407,898	4,696,823	5,577,280	-	-
11,690,946	18,376,477	19,000,628	16,337,896	17,982,628	23,647,322
19,340,045	19,418,478	24,744,000	26,366,082	25,233,442	26,371,523
8,657,107	9,077,490	7,669,633	10,463,274	11,969,060	13,608,286
1,363,889	1,209,576	1,167,538	1,269,792	1,532,003	1,897,536
44,427,321	52,489,919	57,278,622	60,014,324	56,717,133	65,524,667
\$ 204,914,866	\$ 225,805,341	\$ 234,610,149	\$ 249,542,201	\$ 284,379,723	\$ 324,992,753
\$ 6,744,068	\$ 6,729,339	\$ 8,125,797	\$ 7,074,743	\$ 6,986,841	\$ 7,334,363
1,948,725	1,581,814	1,754,361	2,715,939	8,895,858	10,731,966
4,100,847	3,570,832	5,283,508	6,154,286	5,758,180	6,748,752
9,901,258	12,206,567	16,185,099	20,408,874	16,694,651	22,077,995
5,590,198	3,311,464	3,480,856	4,887,693	7,108,660	8,489,303
11,555,218	21,503,712	22,709,789	25,235,620	16,226,512	15,926,374
22,468,016	42,184,054	92,168,449	68,578,941	78,590,365	70,515,094
62,308,330	91,087,782	149,707,859	135,056,096	140,261,067	141,823,847
3,284,354	3,946,881	4,541,588	5,929,650	-	-
16,125,842	18,226,759	20,727,214	21,541,940	20,634,451	24,345,273
17,612,146	19,142,098	20,301,588	21,257,199	22,089,082	22,605,212
7,859,915	10,380,560	12,271,547	13,054,015	13,621,619	14,196,955
1,987,661	1,934,275	2,554,905	2,579,333	2,732,797	2,809,444
-	60,647	14,820	-	-	-
5,509,692	15,030,201	46,935,506	22,872,999	41,854,478	51,397,525
52,379,610	68,721,421	107,347,168	87,235,136	100,932,427	115,354,409
\$ 114,687,940	\$ 159,809,203	\$ 257,055,027	\$ 222,291,232	\$ 241,193,494	\$ 257,178,256

CITY OF SURPRISE, ARIZONA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2016	2017	2018
Net revenue/expense:				
Governmental activities	\$ (91,739,254)	\$ (101,393,119)	\$ (122,964,467)	\$ (91,121,544)
Business-type activities	(3,016,192)	(1,640,788)	2,080,136	10,108,672
Total primary government net expense	<u>\$ (94,755,446)</u>	<u>\$ (103,033,907)</u>	<u>\$ (120,884,331)</u>	<u>\$ (81,012,872)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 9,713,903	\$ 9,962,925	\$ 10,441,730	\$ 10,813,317
Sales taxes	42,111,177	46,807,817	49,416,383	54,419,572
Franchise taxes	5,249,320	5,062,719	5,674,974	5,643,876
Unrestricted State shared revenue	29,879,804	30,560,635	31,755,661	35,032,519
Unrestricted investment earnings	400,260	607,602	26,274	324,501
Other	1,146,649	407,445	3,129,094	(753,721)
Transfers	1,132,145	201,576	1,154,860	1,355,582
Total governmental activities	<u>89,633,258</u>	<u>93,610,719</u>	<u>101,598,976</u>	<u>106,835,646</u>
Business-type activities:				
Unrestricted investment earnings	253,407	319,068	119,304	141,108
Other	-	-	-	-
Transfers	(1,132,145)	(201,576)	(1,154,860)	(1,355,582)
Total business-type activities	<u>(878,738)</u>	<u>117,492</u>	<u>(1,035,556)</u>	<u>(1,214,474)</u>
Total primary government	<u>\$ 88,754,520</u>	<u>\$ 93,728,211</u>	<u>\$ 100,563,420</u>	<u>\$ 105,621,172</u>
Change in Net Position				
Governmental activities	\$ (2,105,996)	\$ (7,782,400)	\$ (21,365,491)	\$ 15,714,102
Business-type activities	(3,894,930)	(1,523,296)	1,044,580	8,894,198
Prior period adjustments	-	-	-	(520,113)
Total primary government	<u>\$ (6,000,926)</u>	<u>\$ (9,305,696)</u>	<u>\$ (20,320,911)</u>	<u>\$ 24,088,187</u>

Source: City financial records

Note 1: GASB Statement No. 68 was implemented in fiscal year 2015. Prior years' financial statements were not restated.

Note 2: GASB Statement No. 75 was implemented in fiscal year 2018. Prior year's financial statements were not restated.

Note 3: Ground Ambulance Service Fund converted from a Business-Type fund to a Special Revenue Governmental fund in fiscal year 2023.

2019	2020	2021	2022	2023	2024
\$ (98,179,215)	\$ (82,227,640)	\$ (27,623,668)	\$ (54,471,781)	\$ (87,401,523)	\$ (117,644,239)
7,952,289	16,231,502	50,068,546	27,220,812	44,215,294	49,829,742
<u>\$ (90,226,926)</u>	<u>\$ (65,996,138)</u>	<u>\$ 22,444,878</u>	<u>\$ (27,250,969)</u>	<u>\$ (43,186,229)</u>	<u>\$ (67,814,497)</u>
\$ 16,143,232	\$ 17,015,618	\$ 17,675,230	\$ 19,263,163	\$ 21,294,443	\$ 22,107,325
61,596,634	70,904,612	90,643,310	103,406,232	124,293,240	134,984,846
5,609,625	5,514,602	5,654,379	6,424,278	6,676,257	7,500,528
35,899,596	38,379,519	44,122,121	45,691,294	57,757,239	71,703,348
3,494,962	3,403,862	228,665	(2,591,655)	5,759,229	15,420,973
517,587	418,161	1,040,102	1,420,878	838,040	545,304
1,541,101	1,097,902	1,443,311	702,041	1,563,726	1,617,665
<u>124,802,737</u>	<u>136,734,276</u>	<u>160,807,118</u>	<u>174,316,231</u>	<u>218,182,174</u>	<u>253,879,989</u>
1,458,327	1,556,564	115,514	(821,961)	1,959,742	5,053,685
-	43,965	185,489	282,092	247,893	723,963
(1,541,101)	(1,097,902)	(1,443,311)	(702,041)	(1,563,726)	(1,617,665)
<u>(82,774)</u>	<u>502,627</u>	<u>(1,142,308)</u>	<u>(1,241,910)</u>	<u>643,909</u>	<u>4,159,983</u>
<u>\$ 124,719,963</u>	<u>\$ 137,236,903</u>	<u>\$ 159,664,810</u>	<u>\$ 173,074,321</u>	<u>\$ 218,826,083</u>	<u>\$ 258,039,972</u>
\$ 26,623,522	\$ 54,506,636	\$ 133,183,450	\$ 119,844,450	\$ 130,780,651	\$ 136,235,750
7,869,515	16,734,129	48,926,238	25,978,902	44,859,203	53,989,725
-	-	-	-	-	-
<u>\$ 34,493,037</u>	<u>\$ 71,240,765</u>	<u>\$ 182,109,688</u>	<u>\$ 145,823,352</u>	<u>\$ 175,639,854</u>	<u>\$ 190,225,475</u>

CITY OF SURPRISE, ARIZONA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2016	2017	2018
General fund				
NonSpendable	\$ 1,313,505	\$ 1,287,510	\$ 1,262,361	\$ 1,602,598
Restricted	-	-	501,278	480,554
Committed	-	-	-	-
Assigned	578,518	542,821	338,555	338,167
Unassigned	34,324,717	37,385,696	38,436,548	41,763,040
Total general fund	<u>\$ 36,216,740</u>	<u>\$ 39,216,027</u>	<u>\$ 40,538,742</u>	<u>\$ 44,184,359</u>
All other governmental funds				
NonSpendable	\$ 195,374	\$ 368,126	\$ 618,466	\$ 638,371
Restricted	46,848,361	23,064,256	24,112,063	67,202,886
Committed	42,241,616	40,246,190	40,005,619	3,483,301
Assigned	1,209,403	469,830	1,109,942	2,912,343
Unassigned	(49,288,936)	(47,671,784)	(46,064,773)	(8,258,667)
Total all other governmental funds	<u>\$ 41,205,818</u>	<u>\$ 16,476,618</u>	<u>\$ 19,781,317</u>	<u>\$ 65,978,234</u>

Source: City financial records.

2019	2020	2021	2022	2023	2024
\$ 2,197,168	\$ 2,563,831	\$ 3,565,902	\$ 1,606,366	\$ 1,469,470	\$ 2,518,358
454,024	491,526	525,607	419,863	303,801	156,631
-	-	-	25,185,400	43,210,100	51,571,900
393,622	490,732	16,732,161	27,234,620	29,737,690	40,013,117
42,252,127	73,973,321	91,303,747	66,180,747	60,941,871	52,139,431
<u>\$ 45,296,941</u>	<u>\$ 77,519,410</u>	<u>\$ 112,127,417</u>	<u>\$ 120,626,996</u>	<u>\$ 135,662,932</u>	<u>\$ 146,399,437</u>
\$ 664,672	\$ 415,537	\$ 405,327	\$ 582,565	\$ 3,618,463	\$ 3,328,353
61,562,397	29,864,806	39,031,439	38,819,236	37,715,188	37,179,035
6,446,528	9,115,539	14,406,518	19,835,271	29,800,917	37,606,919
19,690,585	17,786,146	38,853,060	81,506,299	106,547,453	146,208,832
(5,888,966)	(4,903,347)	(4,669,172)	(3,781,399)	(3,515,299)	(4,081,004)
<u>\$ 82,475,216</u>	<u>\$ 52,278,681</u>	<u>\$ 88,027,172</u>	<u>\$ 136,961,972</u>	<u>\$ 174,166,722</u>	<u>\$ 220,242,135</u>

CITY OF SURPRISE, ARIZONA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2016	2017	2018
Revenues				
Taxes	\$ 52,178,522	\$ 56,908,903	\$ 59,749,360	\$ 65,257,328
Licenses and permits	4,975,398	5,121,719	5,811,255	5,817,956
Intergovernmental revenue	37,947,604	39,209,688	40,430,400	44,773,004
Charges for services	9,241,853	11,363,453	13,127,359	15,186,099
Grants revenue	1,659,609	3,060,620	1,856,830	2,691,930
Fines	1,768,671	1,214,978	1,052,366	2,281,998
Rents	549,400	630,514	621,033	601,628
Development fees	2,224,125	3,297,082	4,413,714	5,306,365
Interest revenue	400,260	607,602	24,449	310,038
Donations	245,671	228,316	160,706	183,307
Indirect charges	4,682,772	4,884,443	4,768,960	5,249,200
Other revenue	1,155,192	392,199	2,908,665	522,745
Total revenues	117,029,077	126,919,517	134,925,097	148,181,598
Expenditures				
Current:				
General government	20,291,986	16,306,183	16,675,593	16,965,220
Public safety	41,862,877	44,433,546	47,036,287	51,471,894
Public works and transportation	17,314,612	20,492,467	20,116,384	19,858,787
Community development	5,074,395	10,080,446	12,225,155	11,890,816
Culture and recreation	19,301,123	18,416,339	17,998,257	19,540,944
Debt Service:				
Principal	2,786,800	2,361,425	2,613,738	2,776,050
Interest	1,245,447	1,749,568	1,587,151	1,578,092
Other charges	389,873	19,762	724,982	472,877
Capital outlay	8,604,468	36,511,052	17,501,271	18,067,055
Total expenditures	116,871,581	150,370,788	136,478,818	142,621,735
Excess of revenues over/(under) expenses	157,496	(23,451,271)	(1,553,721)	5,559,863
Other financing sources/(uses)				
Proceeds from sale of assets	226,080	336,821	368,156	136,426
Transfers in/(out)	1,132,145	1,150,009	354,860	974,136
Proceeds from bonds	19,320,205	-	11,696,218	43,211,107
Insurance recoveries	-	-	-	-
Payments to refunded bond escrow agent	-	-	(6,500,617)	-
Leases	-	-	-	-
Total other financing sources /(uses)	20,678,430	1,486,830	5,918,617	44,321,669
Net change in fund balances	\$ 20,835,926	\$ (21,964,441)	\$ 4,364,896	\$ 49,881,532
Debt service as a percentage of noncapital expenditures	4.1%	3.6%	4.1%	3.9%

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

2019	2020	2021	2022	2023	2024
\$ 77,739,476	\$ 87,768,923	\$ 108,394,703	\$ 122,672,859	\$ 145,599,915	\$ 157,004,877
5,991,243	5,944,921	6,168,794	6,954,398	7,217,312	7,898,928
45,774,226	48,421,077	55,052,905	58,674,186	71,745,446	86,252,002
19,189,262	18,680,847	24,318,166	30,676,826	35,086,455	42,828,478
1,581,233	11,165,982	11,476,297	13,620,067	3,733,991	7,397,939
1,788,745	1,340,263	1,441,835	1,504,375	1,159,299	1,223,590
724,073	620,862	621,198	1,117,625	1,109,330	1,136,238
6,482,159	5,321,641	6,892,441	9,835,523	6,867,622	9,947,501
3,299,929	3,169,797	207,335	(2,267,135)	5,592,714	14,780,321
125,872	103,910	52,791	87,490	94,899	69,635
5,481,600	5,591,100	6,348,174	6,254,474	6,455,301	6,710,286
726,564	670,836	855,497	1,250,978	1,211,618	944,976
168,904,382	188,800,159	221,830,136	250,381,666	285,873,902	336,194,771
17,358,137	18,294,432	28,780,110	22,825,368	25,076,415	29,538,496
51,993,630	53,778,182	56,880,732	70,479,294	78,398,666	96,819,051
20,580,186	20,721,301	20,287,785	21,719,917	32,529,112	33,842,357
12,141,786	12,024,962	6,745,974	16,795,933	19,645,774	22,472,677
19,613,758	19,275,188	18,980,135	26,406,812	31,612,059	34,475,026
5,352,900	6,003,700	6,429,038	6,781,238	8,046,984	9,155,629
3,271,455	3,015,280	3,227,799	3,126,841	3,465,736	3,234,949
4,851	453,307	222,909	3,004	510,933	748,470
22,824,600	62,975,337	31,142,540	26,917,801	50,508,267	54,346,218
153,141,303	196,541,689	172,697,022	195,056,208	249,793,946	284,632,873
15,763,079	(7,741,530)	49,133,114	55,325,458	36,079,956	51,561,898
276,091	205,824	159,875	235,226	213,945	160,005
1,607,973	951,667	1,174,545	266,662	1,563,726	1,617,665
-	8,511,093	19,625,309	-	13,092,551	-
-	7,249	-	-	-	-
-	-	-	-	-	-
-	-	-	1,225,337	56,124	3,174,137
1,884,064	9,675,833	20,959,729	1,727,225	14,926,346	4,951,807
\$ 17,647,143	\$ 1,934,303	\$ 70,092,843	\$ 57,052,683	\$ 51,006,302	\$ 56,513,705
6.6%	7.1%	7.0%	5.9%	6.0%	5.7%



SURPRISE

ARIZONA

CITY OF SURPRISE, ARIZONA

Schedule 5

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise & Business Licenses	Total
2015	\$ 9,713,903	\$ 42,111,177	\$ 5,249,320	\$ 57,074,400
2016	9,962,925	46,807,817	5,062,719	61,833,461
2017	10,441,730	49,416,383	5,674,974	65,533,087
2018	10,813,317	54,419,572	5,643,876	70,876,765
2019	16,143,232	61,596,634	5,609,625	83,349,491
2020	17,015,618	70,904,612	5,514,602	93,434,832
2021	17,675,230	90,643,310	5,654,379	113,972,919
2022	19,263,163	103,406,232	6,424,278	129,093,673
2023	21,294,443	124,293,240	6,676,257	152,263,940
2024	22,107,325	134,984,846	7,500,528	164,592,699

Source: City financial records.

CITY OF SURPRISE, ARIZONA

Major Sources of Municipal Sales Tax

Last Ten Fiscal Years

	2015	2016	2017	2018
Description of Payers Business				
Construction	\$ 5,318,361	\$ 8,429,076	\$ 7,444,202	\$ 9,424,657
Retail trade	17,897,576	18,608,256	20,578,048	24,170,542
Communications and utilities	5,379,741	5,609,855	5,682,238	5,010,541
Restaurant and bar	5,600,500	5,933,745	6,543,214	7,673,195
Real estate, rental and leasing	4,077,066	4,246,757	4,790,722	4,858,025
Other	4,188,861	4,109,905	4,377,959	3,282,612
Total	<u>\$ 42,462,105</u>	<u>\$ 46,937,594</u>	<u>\$ 49,416,383</u>	<u>\$ 54,419,572</u>

Source: City of Surprise "Sales, Use, and Bed Tax Report" as of June 30, 2024.

When NAICS reporting began, many businesses checked the "Other" category due to uncertainty. This problem is being remedied and therefore, the "Other" category will decrease as more businesses will be classified under their proper category.

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

2019	2020	2021	2022	2023	2024
\$ 13,938,324	\$ 17,529,115	\$ 24,116,467	\$ 26,833,113	\$ 39,935,328	\$ 46,859,053
25,309,922	30,133,931	39,817,504	45,163,884	48,855,932	50,886,947
4,873,454	4,804,402	5,218,205	5,465,416	6,156,707	7,021,536
8,226,189	8,368,795	9,966,480	12,102,740	13,436,032	15,083,085
5,495,101	6,013,853	6,798,088	7,662,985	9,238,151	9,355,857
3,753,644	4,054,516	4,726,567	6,178,095	6,671,090	5,778,368
<u>\$ 61,596,634</u>	<u>\$ 70,904,612</u>	<u>\$ 90,643,311</u>	<u>\$ 103,406,233</u>	<u>\$ 124,293,240</u>	<u>\$ 134,984,846</u>



S U R P R I S E

A R I Z O N A

CITY OF SURPRISE, ARIZONA

Schedule 7

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year		Real Property		Exemptions	Total			Ratio of Total
		Assessed Value	Assessed Value					Assessed Value to
		Residential	Commercial	Real Property	Net Assessed	Direct	Estimated Actual	Total Estimated
		Property	Property		Valuation	Tax Rate	Taxable Full Cash	Actual Value
		Value					Value	
2015	P	\$ 635,011,041	\$ 351,426,277	\$ (128,356,166)	\$ 858,081,152	0.7591	\$ 8,378,359,740	10.24%
2015	S	674,517,543	367,445,212	(137,241,712)	904,721,043	-	8,871,516,138	10.20%
2016	P	659,032,840	359,978,533	(129,767,780)	889,243,593	0.7591	8,723,777,883	10.19%
2016	S	775,338,584	403,053,294	(146,482,133)	1,031,909,745	-	10,151,951,511	10.16%
2017	P	703,447,546	353,382,997	(127,933,738)	928,896,805	0.7591	9,188,106,400	10.11%
2017	S	832,582,676	418,393,201	(151,461,223)	1,099,514,654	-	10,888,981,453	10.10%
2018	P	742,214,719	372,303,716	(136,482,015)	978,036,420	0.7591	9,704,804,426	10.08%
2018	S	883,909,865	470,218,102	(164,602,354)	1,189,525,613	-	11,739,266,942	10.13%
2019	P	786,977,862	394,591,418	(132,661,610)	1,048,907,670	0.7591	10,275,630,683	10.21%
2019	S	979,109,102	501,184,044	(163,680,703)	1,316,612,443	0.4200	12,872,480,509	10.23%
2020	P	844,245,064	406,984,939	(141,141,959)	1,110,088,044	0.7591	10,927,509,235	10.16%
2020	S	1,064,787,961	529,620,552	(185,022,186)	1,409,386,327	0.3880	13,911,798,083	10.13%
2021	P	911,365,696	443,779,946	(149,135,143)	1,206,010,499	0.7591	11,823,893,218	10.20%
2021	S	1,192,185,322	601,386,798	(197,101,947)	1,596,470,173	0.3880	15,624,599,329	10.22%
2022	P	990,350,177	482,829,467	(158,793,354)	1,314,386,290	0.7591	12,850,915,016	10.23%
2022	S	1,326,558,965	687,137,725	(224,417,986)	1,789,278,704	0.3880	17,496,518,302	10.23%
2023	P	1,091,571,186	510,365,131	(168,208,242)	1,433,728,075	0.7591	14,077,385,223	10.18%
2023	S	1,503,503,120	724,998,192	(237,855,457)	1,990,645,855	0.3880	19,563,322,605	10.18%
2024	P	1,181,547,666	543,672,090	(172,408,029)	1,552,811,727	0.7591	15,236,224,808	10.19%
2024	S	1,984,491,524	881,286,405	(267,828,844)	2,597,949,085	0.3880	25,428,497,783	10.22%

Source: Maricopa County Assessor's Office State Abstract

Direct Tax Rate is From the Maricopa County Finance Department's "Tax Levy Book for the City of Surprise" for the applicable tax year.

CITY OF SURPRISE, ARIZONA

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	City of Surprise			Overlapping Rates				
	City of Surprise			Maricopa County				
	Operating (Primary) Tax Rate	Debt Service (Secondary) Tax Rate	Total City Tax Rate	Operating Tax Rate	County Library	Flood Control	Fire District Assistance	Total County Tax Rate
2015	0.7591	-	0.7591	1.3609	0.0556	0.1592	0.0116	1.5873
2016	0.7591	-	0.7591	1.4009	0.0556	0.1792	0.0112	1.6469
2017	0.7591	-	0.7591	1.4009	0.0556	0.1792	0.0102	1.6459
2018	0.7591	0.4200	1.1791	1.4009	0.0556	0.1792	0.0107	1.6464
2019	0.7591	0.3880	1.1471	1.4009	0.0556	0.1792	0.0095	1.6452
2020	0.7591	0.3880	1.1471	1.4009	0.0556	0.1792	0.009	1.6447
2021	0.7591	0.3880	1.1471	1.3459	0.0556	0.1792	0.0086	1.5893
2022	0.7591	0.3880	1.1471	1.3459	0.0556	0.1792	0.0086	1.5893
2023	0.7591	0.3880	1.1471	1.2473	0.0505	0.1592	0.0082	1.4652
2024	0.7591	0.3880	1.1471	1.2044	0.0488	0.1536	0.0081	1.4149

Source: Maricopa County Finance Department's "Maricopa County 2024 Tax Levy" report.

Note: Prior to fiscal year 2018, the Maricopa County Flood Control District tax rate was included in the other column.

Overlapping Rates				
Dysart School District				
Operating Tax Rate	Debt Service Tax Rate	Total School District Tax Rate	Other	Total Direct & Overlapping Rates
4.2672	2.4096	6.6768	2.511	11.535
4.2197	2.9085	7.1282	2.495	12.030
4.1562	2.8032	6.9594	2.500	11.865
4.1089	2.7859	6.8948	2.433	12.153
3.9117	2.6680	6.5797	2.422	11.794
3.8251	2.6201	6.4452	2.341	11.578
3.8026	2.3794	6.1820	2.247	11.165
3.8026	2.3794	6.1820	2.247	11.165
3.5443	2.3467	5.8910	2.092	10.595
3.4138	2.1511	5.5649	1.731	9.858

CITY OF SURPRISE, ARIZONA

Schedule 9

Principal Property Taxpayers

June 30, 2024 and nine years prior

Taxpayer	2024			2015		
	Net Limited Assessed Valuation	Rank	Percentage of Total	Primary Assessed Valuation	Rank	Percentage of Total
Route 14 Investment Partners LLC	\$ 11,661,378	1	0.75%			
Toll Prasada LLC	7,443,062	2	0.48%			
Arizona Public Service Company	4,453,068	3	0.29%			
Smiths Food & Drug Centers Inc	4,108,789	4	0.26%			
TI Investors of Arizona Apartments LLC	3,939,653	5	0.25%			
NPC TruGold LLC	3,710,511	6	0.24%			
Breit MF Stadium Village LLC	3,660,209	7	0.24%			
DG Industrial Portfolio I Property Owner LP	3,574,624	8	0.23%			
Wal-Mart Stores Inc	3,564,947	9	0.23%			
Nirvc-AZ LLC	3,539,824	10	0.23%			
Arizona Public Service Company				\$ 22,854,894	1	2.57%
Southwest Gas Corporation (T&D)				5,601,719	2	0.63%
EPCOR (Agua Fria Water Division)				3,404,514	3	0.38%
Skyway LLC				3,252,944	4	0.37%
CCD Real Estate Holdings LLC				3,101,403	5	0.35%
MCI Communication Services Inc				2,646,674	6	0.30%
Wal-Mart Stores Inc				2,603,540	7	0.29%
Surprise Pointe LLC				2,454,631	8	0.28%
Sanifill of Arizona Inc				2,417,572	9	0.27%
G&I VII Stadium Village LLC				2,359,403	10	0.27%
Total	<u>\$ 49,656,065</u>		<u>3.20%</u>	<u>\$ 50,697,294</u>		<u>5.70%</u>
Total City Valuation	\$ 1,552,811,727			\$ 889,243,593		

Source: Maricopa County Assessor's Office.

CITY OF SURPRISE, ARIZONA

Schedule 10

Primary Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Collected within the Fiscal Year			Tax Collections in Subsequent Years	Total Collections to Date	
	Total Tax Levy	Current Tax Collections	Percentage of Levy		Tax Collections	Percentage of Levy
2015	\$ 6,509,332	\$ 6,425,856	98.7%	\$ 62,538	\$ 6,488,394	99.7%
2016	6,754,752	6,661,068	98.6%	39,228	6,700,296	99.2%
2017	7,037,842	6,947,745	98.7%	53,978	7,001,723	99.5%
2018	7,424,272	7,321,178	98.6%	64,216	7,385,394	99.5%
2019	12,369,233	12,219,247	98.8%	(29,275)	12,189,972	98.6%
2020	12,735,513	12,539,853	98.5%	155,323	12,695,176	99.7%
2021	13,835,935	13,663,445	98.8%	125,847	13,789,292	99.7%
2022	15,079,386	14,897,120	98.8%	143,630	15,040,750	99.7%
2023	16,448,765	16,165,481	98.3%	160,637	16,326,118	99.3%
2024	17,816,718	17,508,227	98.3%	-	17,508,227	98.3%

Source: Maricopa County Assessor's Office.

CITY OF SURPRISE, ARIZONA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Special (CFD) Assessment Bonds and Notes	Pledged Revenue Obligations	Leases and Subscriptions*
2015	\$ -	\$ 7,115,000	\$ 30,832,800	\$ -
2016	-	6,885,000	31,770,034	-
2017	-	12,105,285	29,249,876	-
2018	40,211,105	14,619,352	24,166,587	-
2019	37,322,019	14,143,419	23,963,088	-
2020	34,285,598	21,966,935	21,192,968	-
2021	50,304,950	21,249,359	18,347,512	-
2022	46,567,591	20,591,782	15,373,818	6,026,793
2023	42,588,618	33,005,654	12,264,910	9,355,984
2024	38,399,644	32,266,975	9,017,302	10,860,681

Soure: City financial records

*Note: The provisions of Governmental Accounting Standards Board (GASB) Statement Nos. 87 and 96 were adopted in Fiscal Year 2022 and 2023, respectively

Business-Type Activities							
Property Corp. Bonds	Utility Revenue Obligations	Pledged Revenue Obligations	Loans Payable	Leases and Subscriptions*	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 39,365,000	\$ -	\$ 5,832,000	\$ -	\$ -	\$ 83,144,800	3.1%	\$ 658
37,585,000	-	5,903,844	-	-	82,143,878	3.0%	640
35,720,000	-	5,249,430	-	-	82,324,591	2.8%	620
33,770,000	-	4,103,413	-	-	116,870,457	3.9%	872
-	28,164,675	3,877,076	-	-	107,470,277	3.4%	778
-	26,993,224	3,157,623	-	-	107,596,348	3.2%	760
-	25,776,772	2,418,508	-	-	118,097,101	3.2%	798
-	24,510,321	1,647,630	-	-	114,717,935	2.9%	769
-	23,193,870	841,965	-	83,106	121,334,107	2.8%	786
-	21,822,418	-	3,214,135	-	115,581,155	2.2%	721

CITY OF SURPRISE, ARIZONA

Schedule 12

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2015	\$ -	\$ -	\$ -	0.000%	\$ -
2016	-	-	-	0.000%	-
2017	-	-	-	0.000%	-
2018	37,730,000	5,857	37,724,143	3.171%	281
2019	35,215,000	483,319	34,731,681	2.638%	251
2020	32,350,000	544,112	31,805,888	2.257%	225
2021	46,625,000	158,771	46,466,229	0.393%	314
2022	43,225,000	104,285	43,120,715	0.276%	289
2023	39,615,000	703,573	38,911,427	0.249%	261
2024	35,795,000	(1,345,458)	37,140,458	0.146%	232

Source: City financial records.

CITY OF SURPRISE, ARIZONA

Schedule 13

Direct and Overlapping Governmental Activities Debt

As of June 30, 2024

Overlapping Jurisdiction		Proportion Applicable to the City	
		Approximate Percent	Net Debt Amount
Maricopa County	None	2.82%	None
Maricopa County Community College District	\$ 57,615,000	2.82%	\$ 1,624,743
Maricopa County Special Health Care District	544,135,000	2.82%	15,344,607
Western Maricopa Education Center	98,510,000	8.00%	7,880,800
Dysart Unified School District No. 89	54,410,000	76.34%	41,536,594
Peoria Unified School District No. 11	133,955,000	0.36%	482,238
Nadaburg Unified School District No. 81	2,068,000	39.19%	810,449
Wickenburg Unified School District No. 9	3,600,000	1.78%	64,080
Subtotal, overlapping debt	<u>\$ 894,293,000</u>		<u>\$ 67,743,511</u>
City of Surprise	\$ 54,975,681	100.00%	\$ 54,975,681
Marley Park Community Facilities District	32,045,000	100.00%	32,045,000
Subtotal, direct debt	<u>\$ 87,020,681</u>		<u>\$ 87,020,681</u>
Total Direct and Overlapping General Obligation Bonded Debt			<u><u>\$ 154,764,192</u></u>

Source: The various jurisdictions.

Proportion applicable to City of Surprise, Arizona is computed on the ratio of net limited property valuation for fiscal year 2022/2023.

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

CITY OF SURPRISE, ARIZONA

Legal Debt Margin Information Unrestricted and Restricted

Last Ten Fiscal Years

	2015	2016	2017	2018
Unrestricted				
Debt limit 6%	\$ 54,283,263	\$ 61,914,585	\$ 65,970,879	\$ 71,371,537
Unrestricted legal debt margin	<u>\$ 54,283,263</u>	<u>\$ 61,914,585</u>	<u>\$ 65,970,879</u>	<u>\$ 71,371,537</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%
	2015	2016	2017	2018
Restricted				
Debt limit 20%	\$ 180,944,209	\$ 206,381,949	\$ 219,902,931	\$ 237,905,123
Total net debt applicable to limit	-	-	-	39,987,500
Restricted legal debt margin	<u>\$ 180,944,209</u>	<u>\$ 206,381,949</u>	<u>\$ 219,902,931</u>	<u>\$ 197,917,623</u>
Total net debt applicable to the 20% limit as a percentage of the 20% debt limit	0.00%	0.00%	0.00%	16.81%

Source: City financial records

2019	2020	2021	2022	2023	2024
\$ 78,996,747	\$ 84,563,180	\$ 95,788,210	\$ 107,356,722	\$ 119,438,751	\$ 155,876,945
\$ 78,996,747	\$ 84,563,180	\$ 95,788,210	\$ 107,356,722	\$ 119,438,751	\$ 155,876,945
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2019	2020	2021	2022	2023	2024
\$ 263,322,489	\$ 281,877,265	\$ 319,294,035	\$ 357,855,740	\$ 398,129,171	\$ 519,589,818
37,322,019	34,285,598	50,304,950	46,567,591	38,399,644	38,399,644
\$ 226,000,470	\$ 247,591,667	\$ 268,989,085	\$ 311,288,149	\$ 359,729,527	\$ 481,190,174
14.17%	12.16%	15.76%	13.01%	9.65%	7.39%

CITY OF SURPRISE, ARIZONA

Schedule 15

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Median Household Income	Median Age	Unemployment Rate
2015	126,275	\$ 2,684,147,318	\$ 58,455	37.0	9.8%
2016	128,422	2,779,842,369	59,094	38.7	9.4%
2017	132,677	2,911,895,653	59,916	39.0	4.5%
2018	134,085	2,997,757,500	61,035	39.9	4.6%
2019	138,161	3,184,636,354	62,927	41.3	3.7%
2020	141,664	3,381,255,033	65,160	41.2	5.4%
2021	147,966	3,743,919,200	69,076	41.4	6.8%
2022	149,191	3,890,551,528	71,192	41.9	6.9%
2023	154,198	4,327,880,349	76,623	41.7	4.3%
2024	160,273	5,151,984,391	87,756	41.5	3.8%

Sources: Office of Economic Opportunity.
Maricopa Association of Governments.
US Department of Labor, Bureau of Labor Statistics.
US Census Bureau.

CITY OF SURPRISE, ARIZONA

Schedule 16

Principal Employers

June 30, 2024 and Nine Years Prior

Employer	2024 ¹			2015 ²		
	Employees	Rank	% of Total	Employees	Rank	% of Total
Dysart School District (Surprise Schools Only)	1,760	1	6.45%	1,790	1	12.97%
City of Surprise	1,170	2	4.29%	980	3	7.10%
Walmart	890	3	3.26%	750	2	5.44%
Sun Health Foundation Inc.	570	4	2.09%			0.00%
Fry's Food Stores	550	5	2.02%	520	4	3.77%
Costco Wholesale	370	6	1.36%			
Home Depot	300	7	1.10%			
McDonalds	270	8	0.99%	220	5	1.59%
Safeway	240	9	0.88%	160	10	1.16%
Maricopa County	230	10	0.84%	220	6	1.59%
Kohl's Department Store				210	7	1.52%
Sands Motor Company				190	8	1.38%
Sam's Club				170	9	1.23%
						0.00%
Total	6,350		23.27%	5,210		37.76%
Total City Employment	27,290			13,798		

Sources: ¹ Maricopa Association of Governments, as of June 30, 2024.

² City previous ACFR.



S U R P R I S E

A R I Z O N A

CITY OF SURPRISE, ARIZONA

Schedule 17

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function										
General government	136	134	140	142	146	150	150	156	167	178
Public safety:										
Police:										
Officers	130	139	158	159	159	155	154	161	165	175
Civilians	54	49	43	42	45	55	55	65	70	70
Fire:										
Firefighters and officers	113	113	128	127	126	132	138	144	160	128
Ambulance	-	-	-	19	26	32	32	36	39	44
Civilians	7	8	8	7	7	7	9	10	11	50
Public works and transportation:										
All others	83	84	84	80	84	90	92	96	110	109
Community development	43	40	41	41	42	43	43	49	52	54
Economic development	-	8	8	8	7	9	9	9	10	9
Parks and recreation	122	118	117	116	120	105	84	90	99	101
Sports and tourism	-	-	-	-	-	18	39	41	40	41
Human service and communtiy vitality	-	9	15	16	18	24	25	26	26	29
Arts, culture, & library	-	-	-	-	-	-	-	-	-	33
Water	24	29	33	36	35	42	43	44	47	47
Sewer	37	39	50	45	45	47	49	48	46	53
Sanitation	32	33	35	37	37	41	41	44	53	49
Stormwater	-	-	-	6	5	6	6	7	8	8
Total	781	803	860	881	902	956	969	1,026	1,103	1,178

Source: Fiscal year 2024 Adopted Budget

CITY OF SURPRISE, ARIZONA

Operating Indicators by Function

Last Ten Fiscal Years

Function	2015	2016	2017	2018
Public safety:				
Police:				
Calls- incidents responded to	38,191	39,511	40,909	41,806
Citations issued	7,524	5,971	6,358	5,136
Officers per 1,000 residents	1.1	1.0	1.0	1.0
Fire-Medical:				
Number of responses	15,750	16,896	16,546	17,435
Inspections	1,885	2,745	2,407	1,810
Public works and transportation:				
Sq. ft. of buildings to maintain	830,271	855,774	855,774	855,774
Vehicles/equipment maintained per month	405	334	375	397
Number of street lights repaired	43	44	38	79
Street miles maintained	627	627	627	627
Community development:				
Building safety inspections performed	15,624	20,320	22,407	31,063
Annual new residential starts	417	486	600	1,288
Parks and recreation:				
Organized recreation program participants	178,186	160,535	163,580	162,012
Special events/open facility participants	321,214	307,475	306,714	343,868
Sports and Tourism				
Special events/open facility participants	N/A	N/A	N/A	N/A
Water:				
Water service connections	14,971	15,362	15,499	16,331
Water main breaks	N/A	N/A	N/A	4
Average daily consumption (thousands of gallons)	N/A	N/A	N/A	7,322
Sewer:				
Sewage treated (million gallons per day)	8.4	8.4	8.4	8.4
Sewer service connections	44,923	47,273	48,196	50,303
Sanitation:				
Refuse collected (tons/annually)	33,351	32,787	33,671	34,979
Number of routes	32	56	56	57
Total services	32,683	35,366	36,421	36,657
Stormwater:				
Customers	-	-	49,429	50,594

Sources: Various government departments

N/A - This information is not available.

2019	2020	2021	2022	2023	2024
40,541	42,306	41,430	45,634	44,805	43,403
8,602	6,350	6,098	7,550	7,476	9,348
1.0	1.0	1.0	1.0	0.5	1.0
10,865	18,195	19,493	21,677	22,286	22,832
1,595	2,391	1,781	2,614	2,024	1,230
855,774	973,187	1,016,276	1,016,276	1,066,317	1,067,060
415	425	353	415	479	530
52	71	68	180	45	38
629	630	665	688	700	682
34,598	45,750	51,542	60,013	62,769	63,184
1,303	2,076	2,856	2,873	2,039	3,267
141,189	85,362	70,873	135,632	160,783	170,133
120,114	78,548	22,935	105,284	67,800	105,828
253,823	240,065	143,728	270,962	405,902	458,753
16,729	17,886	19,705	21,283	22,167	23,833
2	6	15	11	4	4
7,416	7,402	7,776	7,787	7,815	8,986
9	9	9.1	9.2	9.5	10.2
48,451	53,164	55,796	58,568	60,300	63,071
36,757	48,905	56,781	58,354	59,516	56,328
59	55	58	59	74	76
35,510	39,676	41,212	42,964	45,206	47,600
47,235	51,199	54,177	56,781	58,413	61,030

CITY OF SURPRISE, ARIZONA

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2015	2016	2017	2018
Function				
Public safety:				
Police:				
Stations	2	2	2	2
Patrol units	68	72	90	73
Fire:				
Fire stations	7	7	7	7
Fire engines and ladder trucks	12	12	12	13
Ambulances	-	1	3	4
Public works and transportation:				
Street miles	627	627	627	627
Street lighting improvement districts	107	107	123	132
Traffic Signals	50	50	50	50
Bridges	19	19	19	19
Community development:				
Inspection vehicles	10	10	11	11
Parks and recreation:				
Parks acreage	393	393	393	393
Parks	12	12	12	12
Swimming pools	2	2	2	2
Softball fields	11	11	11	11
Baseball fields	21	21	21	21
Libraries	2	2	2	2
Water:				
Well production maximum daily capacity (millions of gallons)	32	32	33	33
Sewer:				
Sewer treatment plants	2	2	2	2
Maximum daily treatment capacity	18	18	18	18
Sanitation:				
Collection trucks	26	27	27	27

Sources: Various government departments.

2019	2020	2021	2022	2023	2024
2	2	2	2	2	2
87	87	87	74	83	77
7	7	7	8	8	8
13	13	13	15	14	14
5	5	5	5	6	6
629	630	665	688	700	682
146	155	156	159	161	168
52	58	61	61	65	67
19	21	21	21	21	21
11	11	13	14	15	17
393	393	393	393	406	406
12	12	12	12	13	13
2	2	2	2	2	2
11	11	11	11	11	11
21	21	21	21	21	21
2	3	3	3	3	3
33	34	30	30	30	30
2	2	3	3	3	4
18	18	20	20	20	21
27	27	28	28	35	35



SURPRISE

ARIZONA



S U R P R I S E

A R I Z O N A



The City of Surprise Finance Department strives to be a professional, proactive leader, identifying issues and offering innovative solutions while providing high quality customer service.



SURPRISEAZ.GOV/ACFR

FINANCE DEPARTMENT

16000 N. Civic Center Plaza
Surprise, AZ 85374-7470
623.222.1800 • 623.222.1801 Fax
623.222.1002 TTY

City of Surprise, Arizona
Single Audit Report
Year Ended June 30, 2024

**City of Surprise, Arizona
Single Audit Report
For the Year Ended June 30, 2024**

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Surprise, Arizona, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Surprise, Arizona's basic financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Surprise, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Surprise, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Surprise, Arizona's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 12, 2024

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Surprise, Arizona's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Surprise, Arizona's major federal programs for the year ended June 30, 2024. City of Surprise, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Surprise, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Surprise, Arizona and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Surprise, Arizona's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Surprise, Arizona's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Surprise, Arizona's compliance based on our audit.

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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Surprise, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Surprise, Arizona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Surprise, Arizona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Surprise, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Surprise, Arizona as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Surprise, Arizona's basic financial statements. We issued our report thereon dated December 12, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 12, 2024

City of Surprise, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal/Pass-Through/Agency	AL Number	Federal Award Number	Expenditures and Transfers	Amount Provided to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
CDBG-Entitlement/Special Purpose Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-04-0514	\$ 671,051	\$ 434,262
Community Development Block Grants/Entitlement Grants - Program Income	14.218	B-23-MC-04-0514	77,729	49,305
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	B-20-MW-04-0514	57,439	57,439
Total CDBG-Entitlement/Special Purpose Grants Cluster			<u>806,219</u>	<u>541,006</u>
COVID-19 Neighborhood Stabilization Program (Recovery Act Funded)	14.256	B-11-MN-04-0506	550,000	550,000
Passed through the Maricopa County/Maricopa HOME Constorium:				
HOME Investment Partnerships Program	14.239	C-22-21-092-X-03	314,158	302,100
Total U.S. Department of Housing and Urban Development			<u>\$ 1,670,377</u>	<u>\$ 1,393,106</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	N/A	1,224	-
Passed through Arizona Department of Public Safety:				
Crime Victim Assistance	16.575	VOCA-2021-SPD-00158	34,445	-
Crime Victim Assistance	16.575	VOCA-2024-SPD-00158	70,649	-
Total Crime Victim Assistance			<u>105,094</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 106,318</u>	<u>\$ -</u>
<u>U.S. Department of Transportation</u>				
Passed through Arizona Governor's Office of Highway and Safety:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	2023-AI-011	1,945	-
State and Community Highway Safety	20.600	2023-OP-013	15,522	-
State and Community Highway Safety	20.600	2023-PS-010	12,570	-
State and Community Highway Safety	20.600	2023-PTS-063	14,912	-
State and Community Highway Safety	20.600	2023-PTS-064	5,384	-
State and Community Highway Safety	20.600	2024-AI-021	24,582	-
State and Community Highway Safety	20.600	2024-AL-038	25,323	-
State and Community Highway Safety	20.600	2024-MC-003	19,924	-
State and Community Highway Safety	20.600	2024-PS-011	5,767	-
State and Community Highway Safety	20.600	2024-PTS-065	27,828	-
National Priority Safety Programs	20.616	2023-405b-008	15,154	-
National Priority Safety Programs	20.616	2023-405d-044	4,935	-
National Priority Safety Programs	20.616	2024-405b-009	11,758	-
National Priority Safety Programs	20.616	2024-405b-502	6,000	-
National Priority Safety Programs	20.616	2024-405d-040	53,820	-
Total Highway Safety Cluster			<u>245,424</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 245,424</u>	<u>\$ -</u>
<u>U.S. Department of Treasury</u>				
Direct Program:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-7753	58,667	-
Passed through Maricopa County Human Services:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	C-22-23-077-X-00	2,039,131	1,996,994
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	C-22-24-024-X-00	91,118	91,118
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	C-22-22-084-X-00	3,044,381	-
Passed through Water Infrastructure Finance Authority of Arizona:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WC1-050-2023	10,244	-
Total Coronavirus SLFRF Program			<u>5,243,541</u>	<u>2,088,112</u>
Passed through Maricopa County Human Services:				
COVID-19 Emergency Rental Assistance Program	21.023	C-22-22-110-X-02	147,891	-
Total U.S. Department of the Treasury			<u>\$ 5,391,432</u>	<u>\$ 2,088,112</u>

City of Surprise, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

U.S. Environmental Protection Agency

Passed through Water Infrastructure Finance Authority of Arizona:

Clean Water State Revolving Fund	66.458	910210-23	3,214,134	-
Total U.S. Environmental Protection Agency			\$ 3,214,134	\$ -

U.S. Department of Health and Human Services

Passed through Area Agency on Aging, Region One:

Aging Cluster:				
Special Programs for the Aging, Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	2024-36-SUR	6,410	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2024-36-SUR	64,085	-
Nutrition Services Incentive Program	93.053	2024-36-SUR	448	-
Total Aging Cluster			70,943	-

Passed through National Council on Aging:

Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	N/A	10,000	-
--	--------	-----	--------	---

Passed through Maricopa County Human Services:

Low-Income Home Energy Assistance	93.568	C-22-22-110-X-02	268,370	-
Community Services Block Grant	93.569	C-22-24-039-X-00	125,000	125,000

Passed through Area Agency on Aging, Region One

Social Services Block Grant	93.667	2024-36-SUR	2,488	-
Total U.S. Department of Health and Human Services			\$ 476,801	\$ 125,000

U.S. Department of Homeland Security

Passed through Arizona Department of Homeland Security:

Homeland Security Grant Program	97.067	200822-02	45,000	-
Homeland Security Grant Program	97.067	220216-01	18,205	-
Homeland Security Grant Program	97.067	220824-01	40,000	-
Homeland Security Grant Program	97.067	220825-01	9,705	-
Homeland Security Grant Program	97.067	230822-02	25,395	-
Total Homeland Security Grant Program			138,305	-

Total U.S. Department of Homeland Security

			\$ 138,305	\$ -
--	--	--	-------------------	-------------

Total Expenditures of Federal Awards

			\$ 11,242,791	\$ 3,606,218
--	--	--	----------------------	---------------------

City of Surprise, Arizona
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Surprise, Arizona under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Indirect Cost Rate

The auditee did not use the de minimis indirect cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

Housing Rehabilitation Loan Program

The City has entered into several Housing Rehabilitation Agreements utilizing CDBG funds (Assistance Listing Number 14.218). These deferred loans are due upon the sale, transfer or foreclosure of the property. Loan repayments to the City in excess of \$25,000 per fiscal year are considered program income and are subject to the CDBG guidelines in perpetuity. Due to the contingent nature of the repayment of these loans, there is an allowance recorded at 100% of the outstanding balance.

Program Name	Assistance Listing Number	Outstanding Balance as of June 30, 2024
Community Development Block Grants/Entitlement Grants	14.218	\$484,846

**City of Surprise, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Numbers

66.458

21.027

Name of Federal Programs or Clusters

Clean Water State Revolving Fund

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No

December 12, 2024

To the Honorable Mayor and Members of the City Council
City of Surprise, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and remaining fund information of City of Surprise, Arizona (City) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

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

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

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension are based on historical trends and industry standards.

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

Difficulties Encountered in Performing the Audit

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

Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Independent Accountants

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

Discussions with Management

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

Compliance with Ethics Requirements Regarding Independence

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

Responsibility for Fraud

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

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

Additional Reports Issued

In addition to the auditor’s report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Report
- Management Letter
- Examination report on the Annual Expenditure Limitation Report
- HURF Report
- Impact Fees Report

Other Important Communications Related to the Audit

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

Restriction on Use

This information is intended solely for the use of the members of the City Council and management of City of Surprise, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

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

Independent Accountant's Report

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

We have examined the City of Surprise, Arizona's (City) compliance as to whether highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City, were used solely for authorized transportation purposes during the fiscal year ended June 30, 2024. Management is responsible for the City's compliance with those specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Surprise, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2024.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 12, 2024

City of Surprise, Arizona
Report on Applying Agreed-Upon Procedures
Biennial Certification of Land Use Assumptions,
Infrastructure Improvement Plan
and Development Impact Fees
For the Period July 1, 2022 through June 30, 2024

**City of Surprise, Arizona
Table of Contents**

<u>Contents</u>	<u>Page</u>
Independent Accountant’s Report on Applying Agreed-Upon Procedures	1
Summary of Findings	3
Appendix A – Progress of Infrastructure Improvement Plan Projects	4

Independent Accountant's Report on Applying Agreed-Up Procedures

Honorable Mayor and Members of the City Council

We have performed this agreed-upon procedures engagement to assist management of the City of Surprise, Arizona (City), with the requirement set forth in Arizona Revised Statutes (A.R.S.) 9-463.05.G.2 "to provide for a biennial certified audit of the municipality's land use assumptions, infrastructure improvements plan and development fees". As such, we have performed the procedures identified below, solely to assist users in evaluating the City's compliance with the progress reporting requirements of the infrastructure improvement plan for the period from July 1, 2022 through June 30, 2024, as specified in A.R.S. 9-463.05.G.2. City of Surprise, Arizona's management is responsible for its compliance with those requirements.

City of Surprise, Arizona's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the City complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We have applied the following procedures:

The progress of the infrastructure improvements plan.

- a. Compared growth projections for 2023 and 2024 related to population, number of housing units, and nonresidential square footage, as reported in the Infrastructure Improvement Plan (IIP) to actual results. A list of all variances are reported in the Summary of Findings.
- b. Obtained City-prepared report (see Appendix A) documenting the progress of each project identified in the Infrastructure Improvement Plan (IIP) and performed the following procedures:
 - i. Agreed expenditures as of June 30, 2024 to the underlying accounting records.
 - ii. Agreed amounts reported as estimated cost to complete to underlying accounting records.

The collection and expenditures of development impact fees for each project in the plan.

- c. Selected a sample of 40 building permits issued and determined fees were charged in accordance with authorized fee schedules and that each permit holder was charged the same rate as another equivalent permit holder. Any inequities in the imposition of development fees are reported in the Summary of Findings.
- d. Selected a sample of 25 expenditures and determined that the expenditures were associated with an approved project in the City's IIP.

Evaluating any inequities in implementing the plan or imposing the development impact fee.

- e. Determined each developer/unit was charged the same rate as another equivalent developer/unit by recalculating impact fees at the transaction level for the sample mentioned in step c. above.
- f. Determined that there were no instances in which the City waived development impact fees, except as allowed for under A.R.S. 9-499.10.B and A.R.S. 9-500.18.

The accompanying Summary of Findings describes the findings we noted.

We were engaged by City of Surprise, Arizona's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of City of Surprise, Arizona and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of City of Surprise, Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 7, 2025

City of Surprise, Arizona
Summary of Findings

Finding No. 1

Variances were noted for growth projections related to population, housing units and nonresidential square footage as reported in the Land Use Assumptions and Infrastructure Improvements Plan when compared to actual results. All variances are reported below.

2023				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population ¹	170,892	160,273	(10,619)	-6%
Residential Housing Units	71,165	67,379	(3,786)	-5%
Nonresidential Square Footage				
Retail	6,719,249	5,820,990	(898,259)	-13%
Office	1,794,426	1,682,114	(112,312)	-6%
Public	6,608,923	6,005,012	(603,911)	-9%
Industrial	4,393,196	5,426,484	1,033,288	24%
Total Nonresidential Square Footage	<u>19,515,794</u>	<u>18,934,600</u>	<u>(581,194)</u>	<u>-3%</u>
¹ Projected population is based on the Municipal Planning Area boundary and the actual population is based on the City limits.				

2024				
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance %</u>
Population ¹	178,636	162,911	(15,725)	-9%
Residential Housing Units	74,279	70,610	(3,669)	-5%
Nonresidential Square Footage				
Retail	7,067,502	5,912,774	(1,154,728)	-16%
Office	1,901,429	1,685,240	(216,189)	-11%
Public	6,909,559	6,005,012	(904,547)	-13%
Industrial	4,503,705	5,856,100	1,352,395	30%
Total Nonresidential Square Footage	<u>20,382,195</u>	<u>19,459,126</u>	<u>(923,069)</u>	<u>-5%</u>
¹ Projected population is based on the Municipal Planning Area boundary and the actual population is based on the City limits.				

Appendix A
Progress of Infrastructure Improvement Plan Projects

Project Number	IIP page, figure	Project Description	Fund Description	DIF Fund	Estimated Cost (a)	Expenditures as of 6/30/24 (b)	Estimated Cost to Complete	IIP Fiscal Year	Status
P31030	Page 26, Figure P9 & Page 33, Figure F8	Evidence & Readiness Center (shared project - Police/Fire)			\$ 4,173,073			2020-2022	Active
P31030	Page 26, Figure P9 & Page 33, Figure F8	Evidence & Readiness Center (shared project - Police/Fire)	General Capital Projects Fund	No		\$ 677,441		2020-2022	Active
P31030	Page 26, Figure P9 & Page 33, Figure F8	Evidence & Readiness Center (shared project - Police/Fire)	Public Safety Election 2017 Fund (Bond)	No		\$ 11,095,282		2020-2022	Active
P31030	Page 26, Figure P9 & Page 33, Figure F8	Evidence & Readiness Center (shared project - Police/Fire)	Police DIF Fund	Yes		\$ 696,670		2020-2022	Active
P31030	Page 26, Figure P9 & Page 33, Figure F8	Evidence & Readiness Center (shared project - Police/Fire)	Fire DIF Fund	Yes		\$ 431,561	\$ 211,100	2020-2022	Active
P31060	Page 26, Figure P9	Public Safety Vehicles			\$ 1,700,000			2019-2028	Closed
P31060	Page 26, Figure P9	Public Safety Vehicles	Police DIF Fund	Yes		\$ 323,809	\$ 1,376,191	2019-2028	Closed
P31070	Page 26, Figure P9	Police Substation			\$ 9,573,800			2021-2022	Active
P31070	Page 26, Figure P9	Police Substation	Police DIF Fund	Yes		\$ 319,265	\$ 9,254,535	2021-2022	Active
P34070	Page 26, Figure P9 & Page 33, Figure F8	Police Substation Land & Fire Station Land (shared project - Police/Fire)			\$ 1,125,000	-		2019	Closed
P34070	Page 26, Figure P9 & Page 33, Figure F8	Police Substation Land & Fire Station Land (shared project - Police/Fire)	Public Safety Election 2017 Fund (Bond)	No		\$ 3,314,911		2019	Closed
P34080	Page 33, Figure F8	District Fire Station 304			\$ 8,598,400	-		2019-2021	Closed
P34080	Page 33, Figure F8	District Fire Station 304	Public Safety Election 2017 Fund (Bond)	No		\$ 8,404,194	\$ 194,206	2019-2021	Closed
P34090	Page 33, Figure F8	Fire Station 308 (includes engine)			\$ 7,873,600			2019-2022	Active
P34090	Page 33, Figure F8	Fire Station 308 (includes engine)	Fire DIF Fund	Yes		\$ 1,270,664		2019-2022	Active
P34090	Page 33, Figure F8	Fire Station 308 (includes engine)	Public Safety Election 2017 Fund (Bond)	No		\$ 6,771,891	\$ 2,700	2019-2022	Active
P34100	Page 33, Figure F8	Ambulance # 4			\$ 375,300	-		2020	Closed
P34100	Page 33, Figure F8	Ambulance # 4	Ground Ambulance Service Fund	No		\$ 395,327		2020	Closed
P34130	Page 33, Figure F8	Ambulance # 6			\$ 375,300	-		2022	Closed
P34130	Page 33, Figure F8	Ambulance # 6	Ground Ambulance Capital Fund	No		\$ 302,686		2022	Closed
P34150	Page 33, Figure F8	New Fire Station 309			\$ 7,098,600			2024-2028	Active
P34150	Page 33, Figure F8	New Fire Station 309	General Capital Projects Fund	No		\$ 887		2024-2028	Active
P34150	Page 33, Figure F8	New Fire Station 309	Fire DIF Fund	Yes		\$ 6,315,623	\$ 17,048,200	2024-2028	Active
P34160	Page 33, Figure F8	Water Tender			\$ 300,000	-		2020	Active
P34160	Page 33, Figure F8	Water Tender	Fire DIF Fund	Yes		\$ 614,356	\$ 102,800	2020	Active
P34170	Page 33, Figure F8	Ambulance #7-M308			\$ 375,500	-		2019	Active
P34170	Page 33, Figure F8	Ambulance #7-M308	Fire DIF Fund	Yes		\$ 397,410	\$ 457,800	2019	Active
P34180	Page 33, Figure F8	Ambulance #8-M304			\$ 375,500	-	\$ 500,000	2019	Active
P54140	Page 20, Figure PR10	Tennis & Racquet Complex - Lighting for 8 tennis courts			\$ 300,000	-		2019	Closed
P54140	Page 20, Figure PR10	Tennis & Racquet Complex - Lighting for 8 tennis courts	General Capital Projects Fund	No		\$ 356,907		2019	Closed
P54160	Page 20, Figure PR10	Surprise Community Park - Lighting, Parking, Restrooms			\$ 2,110,000	-		2022-2023	Active
P54160	Page 20, Figure PR10	Surprise Community Park - Lighting, Parking, Restrooms	General Capital Projects Fund	No		\$ 3,562,838		2022-2023	Active
P54160	Page 20, Figure PR10	Surprise Community Park - Lighting, Parking, Restrooms	Parks DIF Fund	Yes		\$ 2,000,000	\$ 1,581,300	2022-2023	Active
P54190	Page 20, Figure PR10	Community Pool			\$ 6,500,000	-		2022-2023	Active
P54190	Page 20, Figure PR10	Community Pool		No		\$ 12,102,467	\$ 35,000,000	2022-2023	Active
P54220	Page 20, Figure PR10	Sierra Montana Park Improvements - Restrooms & Lighting			\$ 770,000	-	\$ 770,000	2023	Hold
P54230	Page 20, Figure PR10	Recreation Facility - Community # 1			\$ 10,000,000	-	\$ 10,000,000	2019-2029	Hold
P54240	Page 20, Figure PR10	Prasada Community Park - Perryville & Cactus (Community Park 2B)			\$ 9,000,000	-		2023	Active
P54240	Page 20, Figure PR10	Prasada Community Park - Perryville & Cactus (Community Park 2B)	General Fund	No		\$ 109,081		2023	Active
P54240	Page 20, Figure PR10	Prasada Community Park - Perryville & Cactus (Community Park 2B)	Parks DIF Fund	Yes		\$ 1,911,496	\$ 6,979,423	2023	Active
P71020	Page 44, Figure W17	SPA 2 Rancho Mercado WSF			\$ 8,700,000			2019-2028	Active
P71020	Page 44, Figure W17	SPA 2 Rancho Mercado WSF	Water Utility Capital Fund	No		\$ 437,248		2019-2028	Active
P71020	Page 44, Figure W17	SPA 2 Rancho Mercado WSF	Water System SPA 2 DIF Fund	Yes		\$ 1,356,471	\$ 6,906,280	2019-2028	Active
P71230	Page 44, Figure W17	Arsenic Treatment - Rancho Gabriela			\$ 1,030,000			2019-2028	Closed
P71230	Page 44, Figure W17	Arsenic Treatment - Rancho Gabriela	Water Utility Capital Fund	No		\$ 1,125,263		2019-2028	Closed
P71240	Page 52, Figure WR9	Water Acquisitions			\$ 2,738,600			2020-2023	Active
P71240	Page 52, Figure WR9	Water Acquisitions	Water Utility Capital Fund	No		\$ 5,752,044		2020-2023	Active
P71240	Page 52, Figure WR9	Water Acquisitions	Water Resource DIF Fund	Yes		\$ 569,700	\$ 4,211,310	2020-2023	Active
P71250	Page 61, Figure WW13	Digester Modifications			\$ 5,500,000			2019-2020	Closed
P71250	Page 61, Figure WW13	Digester Modifications	Sewer Utility Capital Fund	No		\$ 34,388	\$ 5,465,613	2019-2020	Closed
P71260	Page 52, Figure WR9	Circle City Water Acquisition			\$ 16,034,300			2019	Active
P71260	Page 52, Figure WR9	Circle City Water Acquisition	Water Utility Capital Fund	No		\$ 1,354,621	\$ 14,679,679	2019	Active
P71320	Page 44, Figure W17	Operations Expansion			\$ 1,132,863			2020-2023	Active
P71320	Page 44, Figure W17	Operations Expansion	Water Utility Capital Fund	No		\$ 1,490,849		2020-2023	Active
P71320	Page 44, Figure W17	Operations Expansion	Sewer Utility Capital Fund	No		\$ 2,637,374		2020-2023	Active
P71320	Page 44, Figure W17	Operations Expansion	Water System SPA 1 DIF Fund	Yes		\$ 1,150,000	\$ 208,300	2020-2023	Active
P71330	Page 61, Figure WW13	SPA 2 Additional Land			\$ 3,288,500			2022	Active
P71330	Page 61, Figure WW13	SPA 2 Additional Land	Sewer SPA 2 DIF Fund	Yes		-	\$ 3,288,500	2022	Active
P71390	Page 44, Figure W17	SPA 2 Rancho Mercado Well			\$ 3,000,000			2019-2028	Active
P71390	Page 44, Figure W17	SPA 2 Rancho Mercado Well	Water System SPA 2 DIF Fund	Yes		\$ 30,901	\$ 2,841,949	2019-2028	Active
P71390	Page 44, Figure W17	SPA 2 Rancho Mercado Well	Water Resource DIF Fund	Yes		\$ 127,149		2019-2028	Active

Appendix A
Progress of Infrastructure Improvement Plan Projects

P71400	Page 61, Figure WW13	SPA 2 Connecting Influent Pipeline			\$ 250,000			2023	Closed
P71400	Page 61, Figure WW13	SPA 2 Connecting Influent Pipeline	Sewer Utility Capital Fund	No		\$ 430,328		2023	Closed
P71400	Page 61, Figure WW13	SPA 2 Connecting Influent Pipeline	Sewer SPA 2 DIF Fund	Yes		\$ 334,998		2023	Closed
P71410	Page 44, Figure W17	Arsenic Treatment - Desert Oasis WSF			\$ 1,400,000			2019-2028	Closed
P71560	Page 44, Figure W17	Operations Expansion			\$ 114,350	-	\$ 114,350	2020-2023	Hold
P71580	Page 44, Figure W17	SPA 1 Drinking Water Well			\$ 3,000,000	-	\$ 3,000,000	2020-2023	Hold
P71610	Page 44, Figure W17	Operations Expansion			\$ 956,287	-	\$ 956,287	2020-2023	Active
P71640	Page 44, Figure W17	Water Transmission Line - Ashton Ranch/Roseview			\$ 2,750,000	-	\$ 2,750,000	2019-2028	Hold
T34110	Page 33, Figure F8	Utility Truck			\$ 600,000	-	\$ 600,000	2021	Hold
T34120	Page 33, Figure F8	Type 3 Fire Engine			\$ 560,000	-	\$ 560,000	2020	Hold
T54040	Page 20, Figure PR10	Rancho Mercado Neighborhood Park- New 13 acre park			\$ 2,200,000	-	\$ 2,200,000	2020-2021	Hold
T54050	Page 20, Figure PR10	White Tanks Community Park - New 25 acre park			\$ 9,000,000	-	\$ 9,000,000	2023	Hold
T54210	Page 20, Figure PR10	Two West Community Park - New 25 acre park			\$ 9,000,000	-	\$ 9,000,000	2026-2027	Hold
T54360	Page 20, Figure PR10	Tribly Wash Community Park - New 25 acre park			\$ 9,000,000	-	\$ 9,000,000	2028-2029	Hold
	Page 26, Figure P9	Public Safety Equipment			\$ 2,800,000	-	\$ 2,800,000	2019-2028	Hold
	Page 44, Figure W17	Surprise Downtown Waterline Loop			\$ 1,150,000	-	\$ 1,150,000	2019-2028	Hold

- a) The source of the information is the City of Surprise 2022 Infrastructure Improvements Plan.
b) The source of the information is the City's financial records through June 30, 2024.

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

This representation letter is provided in connection with your audit of the financial statements of City of Surprise, Arizona, which comprise the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the disclosures (collectively the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Information Provided

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

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

Government-specific

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

26. With respect to your compliance examination of highway user revenue fund monies and other dedicated state transportation revenues, we represent the following:
- we are responsible for compliance with A.R.S. Title 28, Chapter 18, Article 2; and for establishing and maintaining effective internal controls to ensure compliance.
 - we have disclosed to you all known noncompliance with the aforementioned statutes and related requirements.
 - we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with the aforementioned statutes and related requirements.
27. We have identified and disclosed to you all instances of identified fraud and suspected fraud that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
28. We have identified and disclosed to you all instances of identified noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
29. We have identified and disclosed to you all instances of identified abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
31. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
32. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
33. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
34. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
35. The financial statements include all fiduciary activities required by U.S. GAAP.
36. The financial statements properly classify all funds and activities in accordance with U.S. GAAP.

37. All funds that meet the quantitative criteria for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.
38. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
39. Investments are properly valued.
40. With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
41. If applicable, provisions for uncollectible receivables have been properly identified and recorded.
42. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.
43. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
44. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.
45. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
46. Special and extraordinary items, if any, are appropriately classified and reported.
47. Deposits and investment securities are properly classified as to risk and are properly disclosed.
48. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
49. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

50. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
51. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
52. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
53. With respect to the supplementary information presented, such as the combining and individual fund financial statements and schedules, financial data schedules (FDS) or HUD reporting, and the schedule of expenditures of federal awards.
- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
54. We acknowledge our responsibility for the other information included in the financial statements, such as the transmittal letter and statistical data. We believe the other information, including its form and content, is fairly presented and is materially consistent with the basic financial statements.
55. With respect to federal award programs:
- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

- b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, if any.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

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

Andrea Davis

Andrea Davis, Chief Financial Officer/Deputy
City Manager
City of Surprise, Arizona

12/10/2024

Date

Erick Martin

Erick Martin, Accounting Manager
City of Surprise, Arizona

12/12/2024

Date

City of Surprise, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2024

City of Surprise, Arizona
Annual Expenditure Limitation Report
Year ended June 30, 2024

TABLE OF CONTENTS	Page
Independent accountants' report	1
Annual Expenditure Limitation Report—Part I	2
Annual Expenditure Limitation Report—Part II	3
Annual Expenditure Limitation Report—Reconciliation	4
Notes to Annual Expenditure Limitation Report	5

Independent Accountant's Report

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
of the City of Surprise, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Surprise, Arizona for the year ended June 30, 2024, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System, in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System as described in Note 1.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
February 4, 2025

City of Surprise, Arizona
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	\$ <u>1,478,748,668</u>
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>282,513,530</u>
3. Amount under the expenditure limitation	\$ <u><u>1,196,235,138</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief financial officer: Andrea Davis

Name and title: Andrea Davis - Chief Financial Officer / Deputy City Manager

Telephone number: 623-222-1853 Date: 2/5/2025

See accompanying notes to report.

City of Surprise, Arizona
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2024

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 276,436,451	\$ 59,012,509	\$ 23,631,169	\$ 555,487	\$ 359,635,616
B. Less exclusions claimed:					
Debt proceeds (see Note 4)	-	3,214,134	-	-	3,214,134
Debt service requirements (see Note 2)	8,729,443	3,429,819	-	-	12,159,262
Dividends, interest, and gains on the sale or redemption of investment securities (see Note 3)	14,780,321	5,053,685	780,553	-	20,614,559
Custodian	-	-	-	555,487	555,487
Grants and aid from the federal government (see Note 4)	8,028,657	-	-	-	8,028,657
Amounts received from the State of Arizona (see Note 5)	2,813,719	-	-	-	2,813,719
Quasi-external interfund transactions (see Note 6)	-	-	18,825,403	-	18,825,403
Highway user revenues in excess of those received in fiscal year 1979-80 (see Note 7)	10,281,290	-	-	-	10,281,290
Refunds, reimbursements, and other recoveries (see Note 8)	199,220	425,750	4,606	-	629,576
Total exclusions claimed	44,832,650	12,123,388	19,610,562	555,487	77,122,086
C. Amounts subject to the expenditure limitation	\$ 231,603,802	\$ 46,889,121	\$ 4,020,608	\$ -	\$ 282,513,530

See accompanying notes to report.

City of Surprise, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2024

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 284,632,873	\$ 66,613,809	\$ 24,583,687	\$ 555,487	\$ 376,385,856
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation and amortization	-	17,676,400	-	-	17,676,400
Bad debt expense (Note 9)	-	1,713,259	-	-	1,713,259
Pension and other postemployment benefits (OPEB) expense (see Note 10)	-	1,766,426	77,372	-	1,843,798
Claims incurred but not reported (IBNR) (see Note 11)	-	-	2,363,900	-	2,363,900
Expenditures of separate legal entities established under Arizona Revised Statutes (see Note 12)	5,022,285	-	-	-	5,022,285
Required fees paid to the Industrial Commission of Arizona (see Note 14)	-	-	392,113	-	392,113
Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception (see Note 15)	3,174,137	-	-	-	3,174,137
Total subtractions	<u>8,196,422</u>	<u>21,156,085</u>	<u>2,833,385</u>	<u>-</u>	<u>32,185,892</u>
C. Additions:					
Principal payments on long-term debt (see Note 2)	-	1,903,813	-	-	1,903,813
Capital asset acquisitions (see Note 13)	-	10,255,351	-	-	10,255,351
Amounts paid in the current year but reported as expenses in previous years:					
Claims previously recognized as IBNR (see Note 11)	-	-	1,823,203	-	1,823,203
Pension and OPEB contributions paid in the current year (see Note 10)	-	1,395,621	57,664	-	1,453,285
Total additions	<u>-</u>	<u>13,554,785</u>	<u>1,880,867</u>	<u>-</u>	<u>15,435,652</u>
D. Amounts reported on Part II, line A	<u>\$ 276,436,451</u>	<u>\$ 59,012,509</u>	<u>\$ 23,631,169</u>	<u>\$ 555,487</u>	<u>\$ 359,635,616</u>

See accompanying notes to report.

City of Surprise, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

Note 1 - Summary of significant accounting policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; the statement of cash flows for the proprietary funds and the statement of changes in fiduciary net position for the Fiduciary Funds.

Note 2

The exclusion claimed for debt service requirements on bonded indebtedness of \$8,729,443 in the governmental funds consists of principal and interest payments of \$6,771,189 and \$1,958,254, respectively. The exclusion claimed for debt service requirements on bonded indebtedness of \$3,429,819 in the enterprise funds consists of principal and interest payments of \$1,903,813 and \$1,524,037, respectively, and \$1,969 in miscellaneous administrative expenses.

Note 3

The exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental, enterprise and internal service funds includes investment earnings expended of \$14,780,321, \$5,053,685, and \$780,553, respectively, which are recorded as Interest Revenue in the fund financial statements.

Note 4

The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government in the governmental and enterprise funds.

Federal Agency	
U.S. Department of Housing and Urban Development	\$ 1,670,377
U.S. Department of Justice	106,318
U.S. Department of Transportation	245,424
U.S. Department of the Treasury	5,391,432
U.S. Department of Health and Human Services	476,801
U.S. Department of Homeland Security	138,305
Total	\$ <u>8,028,657</u>

An additional \$3,214,134 from the U.S. Environmental Protection Agency were excluded as debt proceeds as these funds were issued under a loan agreement.

Note 5

The exclusion claimed for amounts received from the State of Arizona in the governmental funds consist of intergovernmental revenues received in the following funds:

Governmental Fund	
Local Transportation Assistance II / Arizona	\$ 364,134
Smart & Safe - Police	1,207,500
Smart & Safe - Fire-Medical	647,000
Grant	144,433
Tourism	450,652
	\$ <u>2,813,719</u>

City of Surprise, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

Note 6

There are certain transactions that are recorded between the City's funds as if the transaction was with an entity external to the City. The Employee Healthcare Fund charged other funds \$14,487,966 in order to meet the costs of providing health insurance claims coverage, plan administration, stop loss premiums and reserves. The Risk Management Fund charged other funds \$3,768,000 to provide risk management, loss control and safety programs citywide. The Worker's Compensation Fund charged other funds \$1,451,753 in order to meet the costs of providing worker's compensation claims coverage, plan administration, stop loss premiums and reserves. Excludable revenues expended in the current fiscal year for the Risk Management Fund totaled \$2,885,685, resulting in a current year carryforward balance of \$983,653. Excludable revenues expended in the current fiscal year for the Worker's Compensation Fund totaled \$1,769,776, which is more than current year revenues by \$318,023 resulting in a current year carryforward balance of \$206,504.

Note 7

Highway user revenues for the current fiscal year were \$11,119,022 which is \$11,056,591 more than the highway user revenues received by the City in fiscal year 1980. Excludable revenues expended in the current fiscal year totaled \$10,281,290, which is less than current excludable revenues by \$775,301, increasing the carryforward balance to \$4,595,172.

Note 8

The exclusions claimed for refunds, reimbursements, and other recoveries includes recovery of prior year expenses of \$151,579, \$294,843, and \$4,606 in the governmental, enterprise and internal service funds, respectively; miscellaneous refunds and reimbursements of \$47,641 and \$130,907 in the governmental and enterprise funds, respectively.

Note 9

The subtraction of \$1,713,259 of bad debt expense in the enterprise funds, are reported as an offset to revenue under Charges for Services.

Note 10

The \$1,766,426 and \$77,372 subtraction amounts for pension and other post employment benefit (OPEB) expense in the enterprise funds and internal service funds, respectively, consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise funds and internal service funds. The \$1,395,621 and \$57,664 addition amounts for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise funds and internal service funds.

	Enterprise funds	Internal service funds
Subtractions - Pension/OPEB Expense		
Pension expense	\$ 1,796,626	\$ 74,881
OPEB expense	(30,200)	2,491
Total	<u>\$ 1,766,426</u>	<u>\$ 77,372</u>
Additions - Pension/OPEB Contributions		
Pension contributions	\$ 1,366,142	\$ 56,446
OPEB contributions	29,479	1,218
Total	<u>\$ 1,395,621</u>	<u>\$ 57,664</u>

City of Surprise, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

Note 11

The subtraction of \$2,363,900 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The addition of \$1,823,203 for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the internal service funds.

Note 12

The subtraction in the governmental funds of \$5,022,285 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the City's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the governmental funds category in the fund financial statements:

Street Lighting Districts Fund		
General government	\$	528,774
Community development		2,298,889
Subtotal	\$	<u>2,827,663</u>
Marley Park Community Facility District Fund		
Culture and recreation	\$	198,602
Administrative charges		72,910
Principal payments on debt		715,000
Interest payments on debt and other charges		1,208,110
Subtotal	\$	<u>2,194,622</u>
Total separate legal entities	\$	<u><u>5,022,285</u></u>

Note 13

The addition of \$10,255,351 for the acquisition of capital assets in the enterprise funds is comprised of total capital asset increases of \$53,503,186 less \$43,247,835 in capital contributions.

Note 14

The subtraction for required fees State law required the City to pay that are excluded from the city expenditure limitation consists of payments to the Industrial Commission of Arizona pursuant to A.R.S. §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund, which were recorded as a \$392,113 expenditure.

Note 15

The subtraction of \$3,174,137 is the result of subscription-based IT arrangements at their inception.

City of Surprise

Discussion of Audit Results FY 2024

Year Ended June 30, 2024

Presented by Brittney Williams, CPA, CGFM
Engagement Partner
February 18, 2025

Key Personnel

Brittney Williams— Engagement Partner

- Designated Audit Quality Partner for the Governmental Sector for the Firm
- Current member of the AICPA Enhanced Oversight Review Team
- Former member of the AICPA Governmental Audit Quality Center Executive Committee
- Former member of the AICPA Professional Practice Technical Issues Committee
- 20 years experience dedicated to the audit profession, has managed over 280 audits
- Actively involved in standard setting for audit and reporting
- Regular presenter for the AICPA, ASCPA, GFOAz, AGA and other organizations
- AICPA Certified Peer Review Team Capitan

Makaela Clapp— Audit Manager

- Team Member on over 75 State and Local Governmental Clients
- Holds the AICPA's Advanced Single Audit Certificate

Standards to Guide the Audit

- AICPA Statements on Auditing Standards (SAS)
 - General Audit Standards
 - Working paper documentation
 - Risk assessments
- OMB Uniform Guidance 2 CFR 200 (UG)
 - Federal Compliance Audit
- Governmental Accounting Standards Board (GASB)
 - Financial Reporting
- Government Auditing Standards (GAS)
 - Auditing Standards particular to governmental entities
 - Independence standards and requirements

Audit related reports issued

- Audit communication to those charged with governance – sent 12.12.24
- Annual Comprehensive Financial Report – Auditor Opinion – Issued 12.12.24
- HURF Report– Issued 12.12.24
- Single Audit Reporting Package – submitted 1.7.25
- Bi-Annual Impact Fees AUP Report – Issued 1.7.25
- Annual Expenditure Limitation Report– Issued 2.5.25
- *City Court Minimum Accounting Standards Report (MAS) – Issued September 2024 – next due in FY 2026*

Independent Auditor's Report



Tucson • Scottsdale • Flagstaff
HeinfeldMeech.com

Independent Auditor's Report

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

Report on Audit of Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Surprise, Arizona, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Single Audit Report

- Includes many different elements
 - Report on internal control for audit under *Government Auditing Standards*
 - Report on internal control and compliance for federal awards as required by the Uniform Guidance
 - Schedule of Expenditures of Federal Awards (SEFA)
 - Major federal programs tested and any findings noted
 - Prior year finding follow up

■ Single Audit Report Results

City of Surprise, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Numbers

66.458
21.027

Name of Federal Programs or Clusters

Clean Water State Revolving Fund
Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No

Resources for elected officials



<https://www.gfoa.org/materials/topic/accounting-and-financial-reporting>



[AICPA Government Financial Literacy](#)

Best practice pamphlets

E-books

Articles

On demand podcast discussions

Informative resources for those charged with governance



SERVICES

EVENTS

OUR FIRM

CAREERS

RESOURCES

CONTACT US

INDIVIDUAL PROFILES

INDUSTRY INVOLVEMENT

COMMUNITY INVOLVEMENT

HONORS & AWARDS

PEER REVIEW LETTER

AUDIT REPORT CARD

CONSULTING REPORT CARD

Heinfeld, Meech & Co., P.C. is a Certified Public Accounting firm that specializes in governmental and nonprofit accounting, auditing and consulting.

Founded in 1986, we have offices in Tucson, Scottsdale and Flagstaff, Arizona. Our success has been based on our focus on providing superior service and becoming a trusted advisor to our chosen niche. This is made possible with a team who is knowledgeable, enthusiastic and dedicated to client service. The national and local awards received for our excellent firm culture demonstrate our commitment to building the best team of professionals possible.

We strive to be an effective resource to our clients on a year-round basis. This dedication includes regularly publishing articles on topics related to governmental and nonprofit accounting. We also regularly offer trainings and conferences on current and upcoming issues faced by these industries.

Recognized as experts in the field, we are frequently asked by many national and local industry organizations to share our expertise at their sponsored conferences and workshops. These include recent events sponsored by the American Institute of Certified Public Accountants (AICPA), Association of School Business Officials (ASBO), Arizona Society of CPAs, Government Finance Officers Association (GFOA), Association of Government Accountants (AGA), Native American Grant School Association (NAGSA), and many state societies.



Questions?

Brittney Williams, CPA, CGFM
Engagement Partner
Brittney.Williams@hm.cpa
520-275-3135



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: Finance
Staff Recommendations:

Contact Person: Erick Martin, Assistant Director
District: Internal

Consent: No	Regular: Yes	Public Hearing: No	Report/Discussion: No
-------------	--------------	--------------------	-----------------------

Agenda Wording:

Consideration and action by City Council determining, in accordance with A.R.S. § 9-481(H), that the City of Surprise has complied with A.R.S. § 41-1494, an Arizona law which prohibits a state agency, including cities, from requiring, or expending public funds on, certain training, orientation or therapy; Resolution #2025-03.

Motion:

I move to approve Resolution #2025-03.

Background:

In 2021 the Arizona Legislature enacted HB 2906 which requires the governing body of a city to demonstrate annual compliance with A.R.S. § 41-1494 which prohibits a city, town, county, or political subdivision from requiring employees to engage in training, orientation or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex. Similarly, a city may not expend public money on same.

Objective Analysis:

The Human Resources Director of the City of Surprise has verified that the City of Surprise has not required any employee to engage in training, orientation or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex as defined by A.R.S. § 41-1494.

Policy Compliant:

The City is compliant with A.R.S. § 41-1494.

Financial Impact:

There is no financial impact as no public monies have been expended for this purpose.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

1. 1.27.2025 Memo re ARS 41-1494
 2. 24.12.04 Res 2025-03 Compliance w ARS 41-1494
-

Memorandum

From: Joesette Frausto, Interim Director of Human Resources

Date: January 27, 2025

Re: Acknowledgement of Compliance with ARS 41-1494

The City of Surprise offers a variety of training programs in support of city policy and in compliance with state and federal law. As the Human Resources Director for the City of Surprise, I am familiar with mandated city-wide training. In compliance with ARS 41-1494, the City does not require employees to engage in any trainings, orientations, or therapies that present any form of blame or judgment on the basis of race, ethnicity, or sex. In addition to city-wide training presented by the Human Resources Department, I have confirmed that department specific trainings developed and delivered by the Police Department and the Fire Medical Department do not include training that violates the prohibition as defined by ARS 41-1494.



Joesette Frausto

RESOLUTION # 2025-03

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA DETERMINING COMPLIANCE WITH A.R.S. § 41-1494 REGARDING TRAINING, ORIENTATION, THERAPY, BLAME, AND JUDGMENT, IN ACCORDANCE WITH A.R.S. § 9-481 (H).

WHEREAS, the Arizona Legislature enacted HB 2906 in 2021 and said legislation became effective on or about September 29, 2021;

WHEREAS, pursuant to HB 2906, newly enacted A.R.S. § 41-1494 prohibits a city, town, county, or political subdivision from certain actions regarding training, orientation, therapy, blame, and judgment; and

WHEREAS, HB 2906 also adopted subsection H of A.R.S. § 9-481 requiring the governing body of a city to demonstrate compliance with A.R.S. § 41-1494; and

WHEREAS, the Human Resources Director of the City of Surprise has verified that the City of Surprise has not required any employee to engage in training, orientation or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex as defined by A.R.S. § 41-1494; and

WHEREAS, because no training, orientation or therapy prohibited by A.R.S. § 41- 1494 has been required, no public monies have been expended for this purpose.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. The City Council hereby finds that the City of Surprise has complied with the provisions of HB 2906 (2021) as applicable to the City.

Section 2. The City Council further finds that the City of Surprise does not require and does not intend to require employees to engage in any training, orientation, or therapy that presents any form of blame or judgment on the basis of race, ethnicity, or sex as proscribed in A.R S. § 41-1494.

Section 3. The City Council further finds that the City of Surprise does not use and does not intend to use public monies for training, orientation, or therapy that presents any form of blame or judgment on the basis of race, ethnicity, or sex as proscribed in A.R.S. § 41-1494.

[S/GNATURES TO FOLLOW ON NEXT PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Robert Wingo, City Attorney



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: February 18, 2025

Contact Person: Andrea Davis, DIRECTOR -
FINANCE

Submitting Department: Finance

District: Citywide

Staff Recommendations:

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of an amendment to Chapters 26 and 58 of the Surprise Municipal Code relating generally to business and solid waste licenses; Ordinance No. 2025-03.

Motion:

I move to approve Ordinance #2025-03.

Background:

The attached ordinance and accompanying amendments propose to improve clarity and consistency, provide more concise interpretations, and correct inconsistencies with other sections, regarding Chapters 26 and 58 of the Code; removes fingerprinting requirements for secondhand stores and on-site managers of massage establishments; increases the fair market value for secondhand sales as it relates to reporting requirements to the City; shifting site manager requirements onto the business entities; and removing city-issued solid waste vehicle licenses and accompanying fees.

Objective Analysis:

This action will improve clarity, provide more concise interpretations, and correct inconsistencies of the Surprise Municipal Code Chapters 26 and 58.

Policy Compliant:

This item is compliant with City and Council policies.

Financial Impact:

This item will remove city-issued solid waste vehicle licenses and accompanying fees of approximately \$120,000. The reduction in revenue will be partially offset by associated expenditures to include staff time.

Budget Impact:

There is no budget impact to the current fiscal year's budget. Removal of the associated fees will be incorporated in future year budgets.

FTE Impact:

None.

ATTACHMENTS:

1. 25.02.07 Ord 2025-03 Business Licensing Changes_v2.HJW.ML
 2. 25.02.07 EX A Sec 26 Art II Amendments Business Regulations_v1.HJW
 3. 25.02.07 EX B Sec 58 Art III Amendments Solid Waste_v2.HJW.ML
-

ORDINANCE # 2025-03

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING CHAPTER 26, ARTICLE II BUSINESS LICENSES, AND CHAPTER 58, ARTICLE III SOLID WASTE, SECTIONS 136-148 PERTAINING TO SOLID WASTE LICENSE; INCLUDING SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND REPEALING CONFLICTING ORDINANCES.

WHEREAS, Surprise Municipal Code (the “Code”) Section 1-5 authorizes the Surprise City Council to amend the Code;

WHEREAS, Ordinance #2025-03 and the accompanying text amendments propose to improve clarity and consistency, provide more concise interpretations, and correct inconsistencies with other sections, regarding Chapters 26 and 58 of the Code; removes fingerprinting requirements for secondhand stores and on-site managers of massage establishments; increases the fair market value for secondhand sales as it relates to reporting requirements to the City; shifting site manage requirements onto the business entities; and removing city-issued solid waste vehicle licenses and accompanying fees; and

WHEREAS, the proposed amendments to the two Code Sections affect the City’s business licensing operations, so these amendments are brought under this one Ordinance for efficiency and expediency.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. Chapter 26, Article II of the Surprise Municipal Code is hereby amended as described on attached **Exhibit A**, and incorporated by this reference.

Section 2. Chapter 58, Article III of the Surprise Municipal Code is hereby amended as described on attached **Exhibit B**, and incorporated by this reference.

Section 3. All ordinances, resolutions or codes in conflict with the provisions of this Ordinance or Code adopted by this Ordinance are repealed.

Section 4. If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of these amendments to the municipal code adopted herein is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision will not be read to affect the validity of the remaining portions thereof.

Section 5. This ordinance will become effective at the time and manner prescribed by law.

PASSED AND ADOPTED this _____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, Interim City Attorney

EXHIBIT A

Amendments to Surprise Municipal Code, Ch. 26, Art. II (Secs. 26-23, -28, -95 through -108, -175 through -178, -230, -231)

Sec. 26-23. Fingerprinting.

Persons applying for a license for any of the businesses listed in subsections (1) through (7) of this section shall submit a full set of fingerprints to the ~~chief of police~~CITY or designee for the purpose of obtaining a state and federal criminal records check. The ~~CITY~~chief of police or designee shall, pursuant to A.R.S. § 41-1750, forward those fingerprints to the department of public safety for the purpose of seeking criminal history record information on such person. The state and federal criminal records checks shall be made pursuant to the provisions in A.R.S. § 41-1750 and Public Law (PL) 92-544. The Arizona Department of Public Safety is authorized to exchange this fingerprint data with the Federal Bureau of Investigation. Such information shall be used only for the purpose of evaluating the fitness of the person applying for the license or identification card. The city manager may require the person submitting the fingerprints to pay a fee in an amount necessary to pay the costs incurred by the city in obtaining the person's fingerprints and criminal history information:

- (1) Auctions/auction houses.
- (2) Pawnshops/~~secondhand stores~~.
- (3) Tattoo and/or body piercing artists.
- (4) Applicants for tattoo and/or body piercing establishments.
- (5) Applicants for ~~on-site manager~~ or massage establishment license.
- (6) Applicants for sexually oriented business license.
- (7) Applicants for sexually oriented business manager or provider license or permit.

Sec. 26-28. Approvals required.

If the business is to be located within the city limits, approval by the appropriate departmentS is required prior to the issuance of a business license.

Sec. 26-95. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Massage establishments means any place of business or establishment wherein any massage techniques, as defined in this section, are administered, practiced or used.

Massage techniques means the therapeutic manipulation of the human body through the skillful application of varied movements of the hands and fingers of the therapist upon the muscles and other soft tissues of the external parts of the body.

- (1) Manual massage includes effleurage, petrissage, tapotement, friction, vibration, rolling, oil rubs, salt glows, alcohol rubs, also rotation, circumduction, flexion and extension of the extremities.
- (2) Hydrotherapy includes tub, shower or cabinet baths, hot and cold packs.

- (3) Adjunctive therapies include electrical devices such as heat lamps and vibrators, colon irrigation and methodical pressure.

All above techniques are to be applied to the external parts of the body only, with the exception of colon irrigation massage. The following techniques and procedures are beyond the scope of this article: diagnosis, prescription of medicines or drugs, administering of injections, performing minor surgery, administering cranial, costal or spinal adjustments as taught in medical, osteopathic or chiropractic college.

Massage therapist means a person who has studied the underlying principles of anatomy and physiology and who practices and administers any or all massage techniques described in this article for a fee of any kind.

Mobile massage therapist means a massage therapist providing services at a location other than a licensed massage establishment.

Persons financially interested means, for a corporation, any person who is the beneficial owner of at least 50 percent of the shares of such corporation; for a limited liability company, all members; for a noncorporate business, any person who shares in, directly or indirectly, at least 50 percent of any financial gain attributable to such business as an owner, proprietor or otherwise.

Site manager means a person who directs the daily operations of the massage establishment, whether or not the site manager has any ownership or interest in the massage establishment.

Sec. 26-96. Duties of administrator; appeals.

- (a) It shall be the duty and responsibility of the city manager, or designee (hereinafter called administrator) to administer the provisions of this article; and, pursuant to this duty, the administrator shall issue, renew, deny or revoke ~~site manager and~~ massage establishment licenses as required by this article.
- (b) Any parties aggrieved by any decision of the administrator pursuant to the duties and authority vested in him by the provisions of this article, may, within ten days after being sent by registered or certified mail notice of such decision, give written notice to the administrator of intention to appeal to the city manager, or designee. Appeals will be heard by the city manager, or designee, no less than ten working days from date of filing the notice of appeal.

Sec. 26-97. Application for license; fee.

- (a) EVERY PERSON SEEKING A BUSINESS LICENSE MUST FILL OUT AN APPLICATION AND FURNISH THE INFORMATION REQUESTED BY THE CITY. THE CITY RESERVES THE RIGHT TO REQUEST ANY INFORMATION DEEMED NECESSARY TO ENSURE PUBLIC SAFETY AND THE COLLECTABILITY OF LICENSE FEES. REFUSAL TO PROVIDE ANY REQUESTED INFORMATION IS GROUNDS FOR DENIAL OF LICENSE. CERTAIN BUSINESSES MAY BE SUBJECT TO PAYING AN APPLICATION FEE AS ESTABLISHED BY THE CITY COUNCIL FROM TIME TO TIME BY RESOLUTION.

~~Any person desiring to obtain a site manager or massage establishment license shall complete an application. The application shall be referred to the police department for appropriate investigation. A person desiring licenses authorizing him to perform the activities of site manager and, in addition, to conduct or operate a massage establishment, shall submit applications for each regulated activity.~~

- ~~(b) The application shall be accompanied by the annual license fee established by resolution for site managers and/or massage establishments.~~

Sec. 26-98. Contents of license application.

- ~~(a) An applicant for site manager or massage establishment license shall submit the following:~~
- ~~(1) The full legal name and current residence address of the applicant;~~

- (2) ~~Any other names by which the applicant has been known during the previous five years;~~
 - (3) ~~The two residence addresses immediately prior to the present address of the applicant, and the dates of residence at each address;~~
 - (4) ~~Written proof that the applicant is at least 18 years of age;~~
 - (5) ~~The address at which the applicant desires to do business;~~
 - (6) ~~The applicant's height, weight and hair and eye color;~~
 - (7) ~~One portrait photograph, at least two inches in size, taken within the previous six months;~~
 - (8) ~~The business, occupation or employment history of the applicant during the previous five years;~~
 - (9) ~~The business license history of the applicant; whether the applicant, if previously operating in this or another city or state under license, has had such license revoked, the reason therefor, and the business activity or occupation subsequent to such revocation;~~
 - (10) ~~All felony and misdemeanor convictions, excluding those for minor traffic offenses, and the grounds of such convictions;~~
 - (11) ~~The applicant's complete fingerprints, recorded by the police department or other entity as approved by the chief of police in his sole discretion (the applicant shall pay the police department's established fee for such prints);~~
 - (12) ~~The applicant's education, training and experience in the administration, practice or use of massage techniques, including diplomas or credentials from schools or institutions of learning;~~
 - (13) ~~Applicant's phone number and fax number;~~
 - (14) ~~Type of business ownership, i.e. sole proprietorship, corporation, partnership, etc.;~~
 - (15) ~~Start date of proposed business in the city;~~
 - (16) ~~Type of business;~~
 - (17) ~~Federal tax identification number;~~
 - (18) ~~Location where business records are or will be kept;~~
 - (19) ~~Former business owner if applicable.~~
- (b) ~~Any person who has obtained a valid massage therapist license in the state, that is unrevoked, which requires as a prerequisite to obtaining said license information as stated in this article, need only file an application providing information contained in subsections (a)(1) through (12) of this section, excluding subsection (a)(11) of this section, together with the required fee.~~

Sec. 26-99. License application investigation.

Any applicant for a license pursuant to this article shall file the application containing the information required by this article. The police department ~~shall have a reasonable time in which to~~MAY investigate the application and background of the applicant. Based on such investigation, the police department ~~shall~~MAY recommend to the administrator the approval or denial of the license. In addition, the premises proposed as the site of a massage establishment shall comply with applicable building, fire and zoning codes.

Sec. 26-100. Procedure for submission of fingerprints.

Each applicant for a ~~site manager or~~ massage establishment license issued by the city, as required by section 26-97, or in the case of a massage establishment owned or operated by a firm, partnership, joint venture, association, corporation, estate, trust, receiver, syndicate, broker or similar entity, each person financially interested in the entity shall provide to the ~~chief of police~~CITY fingerprint identification, ~~administered by the police~~

department, and appropriate fees. ~~The chief of police shall,~~ Pursuant to A.R.S. § 41-1750 and Public Law 92-544, forward those fingerprints accompanied by appropriate fees to the state department of public safety and the Federal Bureau of Investigation for the purpose of seeking criminal history information on such applicant. Such information shall be used only for the purpose of evaluating the fitness of the person applying for the ~~site manager~~ or massage establishment license for the city.

(Code 2007, § 5.08.060)

Sec. 26-101. Special requirements for massage establishment licenses.

- (a) A massage establishment may require an inspection of the site before the license is issued to ensure that the establishment complies with each and all of the following requirements:
 - (1) A readable sign, conforming to the city's sign ordinances, shall be posted at the main entrance identifying the establishment.
 - (2) Lighting and ventilation shall be provided in each room or enclosure where services are performed on patrons, in accordance with the city building code.
 - (3) Adequate separate bathing, dressing, locker and toilet facilities shall be provided for female and male patrons.
 - (4) Compliance with all applicable provisions of the city fire code.
 - (5) An updated log must be maintained on the premises, which contains a work schedule for all licensed ~~on-site managers and~~ massage therapists.
 - (6) An updated log of all persons performing and receiving a massage including names, times of service; dates of service; and type of services must be maintained at the premises.
 - ~~(7) Two copies of an accurate floor plan of the establishment will be submitted with the massage establishment license application. Two copies of updated floor plan showing any changes to the premises must be submitted within five business days to the administrator.~~
- (b) No massage establishment license shall be issued if the applicant has been convicted within the last five years of any felony or other offense involving moral turpitude, if the applicant has been convicted of using, selling or being in possession of dangerous or narcotic drugs, or if the application was deliberately falsified.
- (c) No applicant which is not an individual person shall be licensed under this article if any of the following persons would be disqualified from being licensed under subsection (b) of this section:
 - (1) The president, or if permanently located out of state, the managing officer or agent for the in-state operations of an applicant which is a corporation;
 - (2) Each general partner of an applicant which is a partnership;
 - (3) The managing officer or agent for the in-state operations of the applicant;
 - (4) Any person financially interested in the applicant;
 - (5) Each managing member of a limited liability company, or if there are no designated managing members, all members;
 - (6) Each trustee of an applicant which is a trust.

Sec. 26-102. Special requirements of site manager licenses.

- ~~(a) No site manager license shall be issued if the applicant has been convicted within the last five years of any felony or other offense involving moral turpitude, if the applicant has been convicted of using, selling or being in possession of any dangerous or narcotic drugs, or if the application was deliberately falsified.~~

- (b) ~~Although massage establishments and massage therapists are not required to employ a site manager, no person shall perform the services of site manager without first securing and having in effect a valid license to do so issued by the administrator, except that a massage therapist with a current valid massage therapist license as required by the state need not also possess a site manager license in order to perform the duties of a site manager.~~

Sec. 26-103. Display of licenses and inspection of facilities.

- (a) Every person to whom a license is issued, pursuant to this article, shall display such license in a conspicuous place upon the business premises. ~~If the license is a site manager license, a recent passport portrait photograph of the licensee shall be attached to the license.~~
- (b) Any massage establishment; its equipment; records and methods of operation; and the log which contains a work schedule for all licensed ~~site managers and~~ massage therapists; shall be open during working or business hours to inspection by representatives of the administrator and/or the police department.
- (c) Mobile massage therapists providing services at locations other than a licensed massage establishment must carry with them an updated log of all persons receiving massage, including names, times of service, dates of service and type of services provided.

Sec. 26-104. License renewal.

- (a) Annually, on or before January 1 of each year, every licensed establishment shall pay to the administrator the annual business license fee established by council resolution.
- (b) ~~Annually, on or before January 1 of each year, every licensed site manager shall pay to the administrator the annual fee as set forth by council resolution.~~
- (c) ~~The holder of an expired site manager license may, within three months from the date of expiration thereof, have the license renewed upon payment of the required renewal fee and any penalties if applicable and upon presentation of satisfactory evidence that said site manager is in compliance with the requirements of this Code.~~

Sec. 26-105. Sale, transfer or expansion of massage establishment; change of location or employment.

- (a) Upon the sale or transfer of any interest in a massage establishment or change of location of a massage establishment, the license therefor shall be null and void. A new application shall be made by any person desiring to own or to operate all or any portion of the establishment. Each such transferee shall comply with the licensing requirements of this article.
- (b) Any such sale or transfer of any interest in an existing massage establishment, any application for enlargement or expansion of the building or other place of business of a massage establishment or change of location of a massage establishment may require an inspection and compliance with this article, ~~including the provision of two copies of an accurate floor plan of the establishment.~~

Sec. 26-106. Specified unlawful activities; penalty.

- (a) With respect to any person subject to the provisions of this article, it shall be unlawful:
- (1) ~~For any person to act as site manager, without first obtaining and maintaining in effect a site manager license as required by this article;~~
- (12) To conduct or operate a massage establishment without first obtaining and maintaining in effect a massage establishment license as required by this article;

- (23) To employ, as a massage therapist, any person who does not hold a current valid massage therapist license as required by the state;
 - (34) To operate under any name, or conduct business under any designation, not specified in such license;
 - (45) To conduct or operate a massage establishment on the same premises whereon is also conducted the business of a photography studio, model studio, art studio, telephone answering service, motion picture theater, bookstore or newsstand;
 - (56) To allow any person employed by an establishment licensed under this article to practice or administer any massage techniques for or on the premises of said licensed establishment, whether for fee or gratuity:
 - a. In a manner or under circumstances intended to arouse, appeal or to gratify sexual desires;
 - b. To any other person, whose genitals are not covered by opaque material;
 - c. While dressed in such a way as the genitals, buttocks or female breast is not covered by opaque material; or
 - d. Which involve, in any way, the touching of the genitals of the individual receiving treatment;
 - (67) To fail to maintain or make available the logs, as required in this article or by a court of law or other legal process, shall result in immediate revocation of the business license, in addition to any other penalties or remedies available.
- (b) Wherever in this article an act is prohibited or declared unlawful, and wherever in this article the doing of any act is required or the failure to do any act is declared unlawful, the violation of any such provisions of this article is a class 1 misdemeanor. Officers of any corporation or partners of any firm licensed pursuant to this article which is found to have violated any provision of this article, shall be individually subject to fine and/or imprisonment. Revocation of license shall not constitute a defense against prosecution.

Sec. 26-107. Revocation or denial of license; grounds; hearing.

- (a) The license of ~~site manager or~~ of a massage establishment may be revoked, or denied renewal upon any one or more of the following grounds:
 - (1) That the licensee is guilty of fraud in conducting the business of massage therapist, ~~site manager or~~ massage establishment, or of fraud or deceit in obtaining a license to conduct such business;
 - (2) That the licensee has been convicted in a court of competent jurisdiction of a felony or of any offense which is in violation of A.R.S. title 13, ch. 14 (A.R.S. § 13-1401 et seq.) or A.R.S. title 13, ch. 35.1 (A.R.S. § 13-3551 et seq.), or of any crime of moral turpitude;
 - (3) That the licensee has been convicted of a violation involving intoxicating liquors, narcotics or dangerous drugs or has been found to use the same in performance of duties as a massage therapist ~~or site manager~~;
 - (4) That the licensee is guilty of untrue, fraudulent, misleading or deceptive advertising;
 - (5) That the licensee is guilty of gross or willful negligence in the business of massage therapist, ~~site manager or~~ massage establishment;
 - (6) That the licensee is engaged in the business of massage therapist, ~~site manager or~~ massage establishment under a false or assumed name, or is impersonating another practitioner or establishment of a like or different name; or
 - (7) That the licensee has violated any of the provisions of this article.
- (b) To revoke a license, the administrator shall deliver or mail by certified mail to the business address as shown by the license application of the massage establishment, ~~or to the last reported licensed business address in~~

~~the case of site manager,~~ a written notice that said license is revoked. The reason for such revocation shall be set forth in the notice. A revoked license shall be surrendered to the administrator on demand.

- (c) The administrator shall grant on demand to any licensee whose license has been revoked, a full hearing on the merits of such revocation. Appeal of the administrator's action to the city manager, or designee, pursuant to subsection 26-96(b), shall not be made prior to such a hearing. Demand for hearing shall be made within ten days of receipt of the administrator's notice of revocation, and failure to demand a hearing within such time will constitute a full waiver.

Sec. 26-108. Application after denial, revocation, or nonrenewal of license.

No person may apply for any ~~site manager~~ or massage establishment license within one year from the denial of any such license to such applicant, or from the revocation or nonrenewal of any such license, unless the cause of such denial, revocation or nonrenewal has been, to the satisfaction of the administrator, removed within such time.

Sec. 26-175. New license application; fee.

- (a) Any person desiring to obtain a tattoo and/or body piercing artist and tattoo and/or body piercing establishment license shall complete an application. The application ~~shall~~MAY be referred to the police department for appropriate investigation. A person desiring licenses authorizing him to perform the activities of a tattoo and/or body piercing artist and, in addition, to conduct or operate a tattoo and/or body piercing establishment, shall submit applications for each regulated activity.
- (b) The application shall be accompanied by the annual license fee established by resolution from time to time for tattoo and/or body piercing artist and tattoo and/or body piercing establishments.

Sec. 26-176. Contents of new license application.

An applicant for a tattoo and/or body piercing artist and tattoo and/or body piercing establishment license shall submit the following:

- (1) The full legal name and current residence address of the applicant;
- (2) Any other names by which the applicant has been known during the previous five years;
- (3) The two residence addresses immediately prior to the present address of the applicant, and the dates of residence at each address;
- (4) Written statements of at least two adult persons that the applicant is of good moral character;
- (5) Written proof that the applicant is at least 18 years of age;
- (6) The address at which the applicant desires to do business;
- (7) The applicant's height, weight and hair and eye color;
- (8) Two portrait photographs, at least two inches in size, taken within the previous six months;
- (9) The business, occupation or employment history of the applicant during the previous five years;
- (10) The business license history of the applicant; whether the applicant, if previously operating in this or another city or state under license, has had such license revoked, the reason therefor, and the business activity or occupation subsequent to such revocation;
- (11) All felony and misdemeanor convictions, excluding those for minor traffic offenses, and the grounds for such convictions;

- (12) The applicant's complete fingerprints, ~~recorded by the police department (the applicant shall pay the police department's established fee for such prints);~~
- (13) The applicant's education, training and experience in the administration, practice or use of tattooing and/or body piercing techniques, including diplomas or credentials from schools or institutions of learning;
- (14) Proof of training in blood-borne pathogens and cross contamination.

Sec. 26-177. License application investigation.

The ~~police department~~CITY shall have a reasonable time in which to investigate the application and background of the applicant. Based on such investigation, the police department ~~MAY~~shall recommend to the administrator the approval or denial of the license. In addition, the premises proposed as the site of the tattoo and/or body piercing establishment shall comply with all applicable building, fire and zoning codes.

Sec. 26-178. Procedure for submission of fingerprints.

Each applicant for a tattoo and/or body piercing artist or tattoo and/or body piercing establishment license issued by the city, as required by section 26-175, shall provide to the ~~chief of police~~CITY fingerprint identification, ~~administered by the police department~~, and appropriate fees. The ~~chief of police~~CITY shall, pursuant to A.R.S. § 41-1750 and Public Law 92-544, forward those fingerprints accompanied by appropriate fees to the state department of public safety and Federal Bureau of Investigation for the purpose of seeking criminal history information on such applicant. Such information shall be used only for the purpose of evaluating the fitness of the person applying for the tattoo and/or body piercing artist or tattoo and/or body piercing establishment license for the city. The city shall comply with any relevant state and federal rules and regulations that may relate to the dissemination of such criminal history information.

Sec. 26-230. Secondhand sales; special requirements—Auction houses and secondhand dealers.

- (a) Every person, engaged in the business of either a secondhand dealer or auction house shall make out at the time of the transaction a true, complete and legible report of each good or article with a fair market value in excess of ~~\$500~~~~25~~.00 received on deposit or consignment, trade or exchange, or by purchase. THE REPORT SHALL BE MADE ELECTRONICALLY USING THE CITY'S LEADS ONLINE REPORTING SYSTEM AND SHALL BE DELIVERED TO THE CITY WITHIN 24 HOURS AFTER RECEIPT OF THE PROPERTY CONCERNED. DELIVERY OF THE REPORT TO THE CITY IS ACCOMPLISHED WHEN THE REPORT IS ELECTRONICALLY DELIVERED TO THE CITY OR THE CITY'S DESIGNEE. THE REPORTING PARTY SHALL RETAIN ON THE PREMISES OF THE BUSINESS FOR SIX MONTHS FROM THE DATE OF THE TRANSACTION AN ELECTRONIC AND/OR HARD COPY OF THE REPORTThe report shall be made upon forms or using software furnished by the city and shall be delivered to the city within 24 hours after receipt of the property concerned. Delivery of the report to the city is accomplished when the report is delivered in person, or when the report is deposited in the United States Mail addressed to the police department of the city or when the report is sent electronically to the police department of the city. The reporting party shall retain on the premises of the business for six months from the date of the transaction his copy of the report. Each report shall contain for each item received:
 - (1) An accurate description of the property—including brand name and serial number, if any. The word "scrap" shall not constitute a description under the subsection.
 - (2) The amount paid for the property, or amount allowed in trade.
 - (3) The date and time when the property was received.

- (4) A statement in 10 point bold type, signed by the person from whom the property was received, which reads as follows:

All information in this complete and accurate. I am the owner of the goods described in this report that I pledged, sold, or consigned or I am authorized to enter into this pawn, sale or consignment transaction on behalf of the owner of the goods described in this report. I understand that I will be guilty of a Class 1 misdemeanor if the information in this report is not complete and accurate or I am not the owner of the goods pledged, sold or consigned or I am not authorized to enter into the pawn, sale or consignment transaction on behalf of the owner of such goods.
 - (5) The printed name, address and age of such person. Before accepting the property, the reporting party shall require the person who is delivering the property to identify himself with a motor vehicle operator's license, motor vehicle non-operating identification license, armed forces identification card or other photo identification, including the serial or identification number of such document sufficient to verify the information required by the subsection.
 - (6) A description of such person, consisting of height, weight, race, complexion, hair color and any distinguishing marks.
- (b) An auction house or secondhand dealer shall retain any property obtained in a reportable transaction at its place of business, or other storage location approved by the city for a period of ten calendar days after making out and delivering to the city the report required under subsection (a) above. Any article held in custody pursuant to this subsection shall not be altered or transformed in any way but shall be held in the same condition in which it was delivered to the reporting party.
 - (c) Subsections (a) and (b) of this section shall not apply to transactions falling within any one or more of the following categories.
 - (1) Purchases by a secondhand dealer or auction house from a business with a fixed business location of either business inventory or business equipment, provided that the licensee acquires at, or has previously acquired by, the time of the transaction, all of the following:
 - (i) The name and address of the business.
 - (ii) The state and local transaction privilege tax license number of the business, if applicable.
 - (iii) A copy of the invoice or other document showing the business' bona fide purchase of or right to possess the article sold, or a representative of the business with apparent authority to act in behalf of the business for purposes of this subsection has completed and signed the report required in subsection (a) of this section 26-230 in all its particulars, notwithstanding the amount of the transaction.
 - (2) Purchases of household items by a secondhand dealer or auction house from a place of residence, provided that all of the following apply:
 - (i) The purchase is made by the licensee by check or other negotiable instrument made payable to the seller, or the purchase is made in cash and the licensee has obtained a receipt for that cash payment from the seller bearing the seller's name and address, verified to be accurate by the licensee from the identification of the type listed in subsection (a)(5) of this section.
 - (ii) The seller has produced for the licensee's inspection documentary evidence that would establish to the satisfaction of a reasonable person that the seller is either the lawful occupant of the premises or has the legal right to sell the items being offered for sale. The licensee shall record from the documentary evidence produced a description of the document, including the name or nature of the document, and, to the extent available, its date, the individual's name and address thereon, and any account number appearing thereon.
 - (iii) Notwithstanding the ~~\$500~~25.00 rule of subsection (a), the licensee records the serial numbers and descriptions of all items bearing serial numbers.

- (3) Purchases by a pawnshop, secondhand dealer or auction house, of any of the following:
 - (i) Used clothing and footwear;
 - (ii) USED BBaby items bought for less than \$150.00 which are strollers, high chairs, booster seats, swings, walkers, entertainers, beds, cribs, pack and plays, bed rails, child safety gates, potty chairs or changing tables.
- (4) Purchases by a dealer in precious items of precious items that are a partial trade for new or used merchandise of like kind. Precious item includes secondhand gold, silver, platinum or jewelry, flatware or hollowware containing gold, silver or platinum; secondhand precious or semiprecious stones whether mounted or unmounted; and secondhand pearls. Precious item does not include coins, unmounted gemstones accompanied by a certificate from an independent, internationally recognized gem grading laboratory.
- (e) Each auction house and secondhand dealer shall maintain a copy of this Code section and any related city policies on the premises at all times and shall make it available upon request to any employee or customer of that action house or secondhand dealer and to local law enforcement. ~~A free copy of this Code section and related policies will be provided when the business obtains its initial license; after that time, a free copy may be obtained from the investigations section at the police department.~~
- (f) The business premises of any auction house or secondhand dealer, along with their business records and stock of goods and articles shall be open to reasonable inspection by any law enforcement officer of this state when the business premises are lawfully occupied and during regular business hours.
- (g) Any person violating any of the provisions of this section, shall be strictly liable. No culpable mental state is required.

Sec. 26-231. Pawnbrokers; special requirements.

- (a) Every person, except non-profit organization, engaged in the business of pawnbroker shall make out at the time of the transaction a true, complete and legible report of each good or article with a fair market value in excess of \$25.00 received on deposit or consignment, in pawn, pledge, trade or exchange or by purchase. The report shall be made electronically using the CITY'S LEADS ONLINE E.A.D.S. Online pawn reporting system and shall be delivered to the city within 24 hours after receipt of the property concerned. Delivery of the report to the city is accomplished when the report is electronically delivered to the city or the city's designee. The reporting party shall retain on the premises of the business for six months from the date of the transaction an electronic and/or hard copy of the report. Each report shall contain for each item received:
 - (1) An accurate description of the property—including brand name and serial number, if any. The word "scrap" shall not constitute a description under the subsection.
 - (2) The amount paid for the property, or amount allowed in trade.
 - (3) The date and time when the property was received.
 - (4) A statement in 10 point bold type, signed by the person from whom the property was received, which reads as follows:

All information in this report is complete and accurate. I am the owner of the goods described in this report that I pledged, sold, or consigned or I am authorized to enter into this pawn, sale or consignment transaction on behalf of the owner of the goods described in this report. I understand that I will be guilty of a Class 1 misdemeanor if the information in this report is not complete and accurate or I am not the owner of the goods pledged, sold or consigned or I am not authorized to enter into the pawn, sale or consignment transaction on behalf of the owner of such goods.
 - (5) The name, address and age of such person. Before accepting the property, the reporting party shall require the person who is delivering the property to identify himself with a valid motor vehicle operator's license, valid motor vehicle non-operating identification license, valid armed forces

identification card or other valid photo identification, including the serial or identification number of such valid document sufficient to verify the information required by the subsection and include a description of such ID in the report.

- (6) A description of such person, consisting of height, weight, race, complexion and hair color.
- (b) A pawnbroker shall retain any property obtained by purchase in its original form for ten calendar days after the original transaction date at the pawnbroker's place of business or other storage location approved by the city. This subsection shall not apply to redemption of pawned or pledged articles.
- (c) Every person engaged in the business of pawnbroker shall conspicuously place a sign within the business premises in a place where it is likely to be read by patrons, which shall read as follows:

NOTICE

Except for some exclusions, all transactions involving property with a fair market value over \$25.00 are reported to local law enforcement.

This sign should be composed of block, capital letters printed in black on white paper at a minimum weight of 110 pound index. The lettering shall consume a space at least six inches by nine inches. The letters comprising the word "Notice" shall be at least one-half of a vertical inch. The city shall prepare the signs required by this subsection and make them available at no charge to all pawnbrokers.

- (d) The business premises of any auction house, secondhand dealer or pawnbroker, along with their business records and stock of goods and articles shall be open to reasonable inspection by any law enforcement officer of this state when the business premises are lawfully occupied and during regular business hours.
- (e) Any person violating any of the provisions of this section, shall be strictly liable. No culpable mental state is required.

EXHIBIT B

Amendments to Surprise Municipal Code, Ch. 58, Art. III (Secs. 58-114 and 58-136 through 58-148)

Sec. 58-114. Definitions.

For the purposes of this article, the following words, terms and phrases shall have the meanings defined by this section, except where the context clearly indicates a different meaning:

Automated contained solid waste collection system means a contained solid waste collection system that utilizes city-specified solid waste containers and a solid waste collection vehicle equipped with a lifting device.

Automotive parts means any part or combination of parts of any kind of motor vehicle, including but not limited to tires, batteries, seats, engines, fuel tanks, doors, auto glass and upholstery.

Authorized solid waste collector means the city or any contractor operating within the city under a valid solid waste service permit or license.

Brush means tree limbs and shrubbery clippings exceeding three feet in length.

Bulk waste means wooden and cardboard boxes, crates (except as used to contain clippings, cactus or matter which, according to the provisions of this article, will be collected by the city), appliances, furniture, machinery, automobile parts and all other nonvegetative matter, which by reason of size or shape are not readily containable. Bulk waste also includes tree trunks, branches or limbs, regardless of length, which are ten or more inches in diameter.

Construction and demolition waste means all debris, rubble, soil and excess materials from any construction, demolition, repair or remodeling operations, whether on private, public, residential or commercial premises, whether to the primary structure or any other structure, and whether produced by the work or at the direction of the property owner, contractor, subcontractor, agent, or any other party.

Commercial solid waste means any solid waste produced by the operation of or as a by-product of any business, without regard to whether the business is licensed in the city, or whether the business activity is conducted in a public business, private residence, within the city, or any other location.

Commercial solid waste generator means any person in charge of, owning, leasing, renting or occupying any business, industrial or commercial building other than a private residence, including, but not limited to a store, office, factory, hotel, tourist court, motel, motor court, motor hotel, trailer court, apartment hotel or residential building ordinarily leased for a period of less than three months.

Containable solid waste means all putrescible and nonputrescible solid wastes, including but not limited to, wrapped garbage, wrapped small dead animals, wrapped or boxed ashes, wastepaper, excelsior, rags, bottles, crockery, bedding, clothing, carpets, leather, tin cans, metal scraps, small mechanical parts, shavings, floor sweepings, grass and weed clippings, twigs, tree limbs not exceeding four feet in length, and other similar waste and debris.

Contained solid waste means all solid waste placed in containers for disposal.

Contaminated materials means any materials which, when prepared for one of the acceptable forms of collection described in this article, contain materials which are not acceptable under that particular form of collection.

Filth means manure, excrement, or similar substance.

Fly-tight means the lid of the container must fit flush around all contact points and prevent entry of flies or rodents.

Garbage is putrescible and vegetable wastes resulting from the handling, preparation, cooking and consumption of food.

Hazardous material means any chemical, compound, mixture, substance or article which is designated by the U.S. Environmental Protection Agency or appropriate agency of the state to be hazardous, as that term is defined by or pursuant to federal or state law. Hazardous material includes but is not limited to medical wastes, herbicides, pesticides, explosives, and radioactive, toxic, flammable or corrosive materials.

Household hazardous waste means any waste that would otherwise be a hazardous waste pursuant to Arizona Revised Statutes, Title 49, and 40 Code of Federal Regulations, Part 261 but is excluded as a hazardous waste because it is generated by the normal day-to-day activities of households.

Imminent health or safety hazard means condition of real property, solid waste or recycling container that places a person's life, health, safety or property in high risk of peril when such condition is immediate, impending on the point of happening and menacing.

Incipient hazard means condition of real property that can become an imminent or health hazard if further deterioration occurs that can cause unreasonable risk of death or severe personal injury.

Litter means all garbage, waste and debris not properly prepared for collection under this Code.

Medical waste means materials defined as medical waste by Arizona Revised Statutes.

Metal goods means appliances acceptable for collection under the city's metal goods collection program, if any. "Metal goods" shall include refrigerators, freezers, ovens, stoves, air conditioners, washers, dryers and water heaters, and shall specifically exclude smaller household appliances and electronic equipment.

Open area means any park, street, gutter, sidewalk, sewer, boulevard, alley, greenbelt, square, vacant lot, space, ground or other area where solid waste material may accumulate.

Prohibited substance means any liquid, solid, or gas with an ignition temperature or flashpoint of less than 200 degrees Fahrenheit, including but not limited to, gasoline, benzene, naphtha, or other flammable or explosive substance; any material having a pH lower than five and one-half or higher than nine or having any other corrosive property that could be injurious or hazardous to city collection employees or which could cause damage to equipment; any noxious or malodorous substance offensive to the senses and depriving other properties or a considerable number of persons of the comfortable enjoyment of life or property; or any hypodermic needle or syringe.

Putrescible materials means solid waste which is capable of being decomposed by microorganisms with sufficient rapidity as to cause nuisances from odors or gases and capable of providing food for or attracting birds, insects, snakes, rodents or animals capable of transferring a diseased bacterium or virus from one organism to another.

Recycling container means a container owned by the city for use as part of the city's recycling program, if any.

Recyclable materials means solid waste that has been set aside or separated from other solid waste for the purpose of being collected and recycled, and which is, at the city manager's discretion, acceptable recyclable material. "Acceptable recyclable material" may include the following materials if clean and dry: paper, cardboard, chipboard, plastic containers made from polyethylene terephthalate ("PETE") or high density polyethylene ("HDPE"), steel food cans, aluminum cans, disposable aluminum bakeware and aluminum foil and other materials determined by the city manager as being marketable.

Residence means any structure or premises used as a domicile, dwelling, or habitation including single family dwellings, multi-family units, duplexes patio homes, mobile home parks, trailer courts, rooming houses, boardinghouses, assisted living facilities, apartments, condominiums, town homes, or any complex of the foregoing.

Residential solid waste means household garbage and rubbish produced by city residents on or in their residential premises within the city, specifically excluding:

- (1) Construction and demolition waste, whether on or off the residential premises, and whether to the primary residential structure or any other structures.
- (2) Commercial or industrial solid waste, whether produced at the residence or at any other location.
- (3) Hazardous materials.
- (4) Body waste.
- (5) Manure.
- (6) Large animals exceeding 75 pounds.

Residential solid waste generator means any person in charge of, owning, leasing, renting or occupying any building or buildings used solely for a family or private residential domicile, including but not limited to single family dwellings, multi-family units, duplexes patio homes, mobile home parks, trailer courts, rooming houses, boardinghouses, assisted living facilities, apartments, condominiums, town homes, or any complex of the foregoing.

Solid waste means all wastes (except body wastes), including garbage, rubbish, ashes, street cleanings, dead animals, abandoned, wrecked or junked vehicles or parts thereof, brush, and containable rubbish, filth, construction and demolition waste, brush, bulk waste, metal goods and prohibited substances when these terms are not specifically noted in this article.

Solid waste container means a container owned by the city and made available for use as part of the city's automated solid waste and recycling collection program.

SOLID WASTE HAULER MEANS ANY PERSON OR ENTITY THAT IS LICENSED BY AN APPLICABLE GOVERNMENTAL AUTHORITY TO COLLECT AND TRANSPORT, OR CAUSE TO BE COLLECTED AND TRANSPORTED, ANY SOLID WASTE OR RECYCLABLE MATERIALS IN THE CITY'S LEGAL GEOGRAPHICAL BOUNDARIES.

Solid waste inspector means any police officer, code enforcement officer, or other city employee with written authorization from the city manager to inspect public and private properties, to issue citations and to enforce the provisions of this article.

Sec. 58-136. Solid waste license required for use of public roads and alleys by solid waste collection vehicles.

It is a violation of this Code for any person or entity to collect and transport, or cause to be collected and transported, any solid waste on or along any public street or alley in the city without ~~such person or entity obtaining and maintaining a solid waste license from the city for the period during which such solid waste is to be collected and hauled on or along any such public street or alley~~ **COMPLYING WITH ALL APPLICABLE FEDERAL, STATE, AND LOCAL LAWS, RULES, AND REGULATIONS**, unless excepted from the provisions by law. For the purposes of this section, solid waste shall also include recyclable materials, clothing, shoes, newspaper, cardboard, aluminum, and other recyclable or reusable materials.

Sec. 58-137. FAILURE TO COMPLY; INDEMNIFICATION~~License exceptions.~~

IT IS MATERIAL THAT ANY SOLID WASTE HAULER TO COMPLY WITH ALL APPLICABLE SECTIONS OF THE CODE AND REQUIREMENTS IMPOSED BY ANY APPLICABLE GOVERNING BODY THAT ISSUES LICENSES FOR THE COLLECTION AND TRANSPORTATION, OR THE CAUSING OF SUCH COLLECTION AND TRANSPORTATION, OF SOLID WASTE AND/OR RECYCLABLES WITHIN THE CITY'S LEGAL GEOGRAPHICAL BOUNDARIES. ANY SOLID WASTE HAULER THAT FAILS TO COMPLY WITH THIS SECTION SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY AND ITS COUNCIL MEMBERS, OFFICIALS, BOARDS, COMMISSIONS, AGENTS, REPRESENTATIVES, AND EMPLOYEES, FOR, FROM, AND AGAINST ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, CLAIMS PROCESSING, INVESTIGATION, COURT COSTS AND THE COSTS OF APPELLATE PROCEEDINGS) TO WHICH THE CITY AND/OR ITS COUNCIL

MEMBERS, OFFICIALS, BOARDS, COMMISSIONS, AGENTS, REPRESENTATIVES, AND EMPLOYEES MAY BECOME SUBJECT, UNDER ANY THEORY OF LIABILITY WHATSOEVER, INCLUDING NEGLIGENCE, INsofar AS SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (OR ACTIONS WITH RESPECT THEREOF) RELATE TO, ARISE OUT OF, OR ARE CAUSED BY, OR IN CONNECTION WITH THE FAILURE TO COMPLY WITH THIS ARTICLE OR ANY OTHER PORTION OF THE SURPRISE MUNICIPAL CODE RELATED TO THE COLLECTION AND TRANSPORTATION, OR THE CAUSING OF SUCH COLLECTION AND TRANSPORTATION, OF SOLID WASTE AND/OR RECYCLABLES WITHIN THE CITY'S LEGAL GEOGRAPHICAL BOUNDARIES.

~~The provisions of this article shall not be applicable to any person or entity collecting and transporting solid waste on or along a public street or alley in the city when:~~

- ~~(1) Persons who collect, transport or dispose of medical waste, infectious waste, hazardous waste, toxic waste or any other similar category of solid waste for which the person has obtained a required state, county or federal permit to engage in such activities.~~
- ~~(2) This exemption shall not extend to collection, transportation or disposition of materials not enumerated herein.~~
- ~~(3) Such person is an owner or occupant of property from which solid waste is taken to a designated recycling point within the city to the extent such trash is eligible for deposit at such recycling point;~~
- ~~(4) Such person is an owner or occupant of property wherein such person has or has caused to be generated small amount of nonhazardous building materials from time to time and transports such materials in his or her own vehicle to a proper point of disposal;~~
- ~~(5) Persons who engage in the activities described in this article only secondarily or incidentally to other services or activities (e.g. lawn services, tree trimming services, contracting, etc.).~~

~~Sec. 58-138. License application.~~

~~Applicants for a solid waste license, or for annual renewal thereof, shall file a city application form to include the following:~~

- ~~(1) The name(s), local address, permanent home and business address and local telephone number of the individual(s) applying for the license and the organization or persons on whose behalf the application is completed;~~
- ~~(2) The name(s), business address and telephone number of all owners, partners, general managers and principal officers;~~
- ~~(3) Evidence that the applicant possesses the adequate equipment and necessary qualifications to collect, transport and dispose of the solid waste in a manner satisfactory to the city manager and in conformity with all applicable federal, state, county and city laws, rules and regulations;~~
- ~~(4) Other information as the city manager may require verifying the applicant's qualifications and information submitted in the application. Such information may include an audited financial statement and other indicators of financial stability of the applicant;~~
- ~~(5) A nonrefundable license application fee or other required fee;~~
- ~~(6) Required performance bonds and insurance verification.~~

~~Sec. 58-139. Issuance of license.~~

~~The city manager shall issue a solid waste license to each applicant upon satisfactory submittal of a license application, performance bond, insurance and payment of fees. Application for renewal shall be submitted to the city at least 30 days prior to the expiration of the current license. Licenses are nontransferable.~~

Sec. 58-140. Vehicle requirements.

All vehicles used for solid waste collection and transportation within the city must have all required vehicle licenses or certificates in place at the time of initial license application and each license renewal. Vehicles may be inspected by the public works department or the police department at any time on a random basis during the term of the license. All vehicles must meet the following requirements throughout the term of the license AT ALL TIMES WHILE COLLECTING AND/OR TRANSPORTING, OR CAUSING TO BE COLLECTED AND TRANSPORTED, SOLID WASTE AND/OR RECYCLABLE MATERIALS:

- (1) Vehicles must be in good condition and repair and comply with current Arizona Department of Transportation standards. The bodies shall be of readily cleanable construction and watertight. A current garbage hauler license issued by the Maricopa County Health ENVIRONMENTAL SERVICES Department must be maintained for all vehicles.
- (2) Vehicles shall be maintained and operated in a clean and neat manner so as to prevent solid waste from spilling, leaking and blowing from the container onto the roadway;
- (3) All open top roll-off containers must be covered or tarped when in transit to prevent solid waste or contents from spilling or blowing from the container onto the roadway;
- (4) Vehicles shall be equipped with an approved backup protection device;
- (5) Vehicles shall be maintained and operated in such a manner so as the noise levels do not exceed 75 decibels at a distance of 25 feet during stationary operation;
- (6) The outside of each vehicle must be clearly AND LEGIBLY identified with the name and phone number of the licensee SOLID WASTE HAULER operating the vehicle. All letters shall be no less than three inches in height and shall be displayed on both sides and rear of the vehicle. Each vehicle shall additionally display one city-provided decal, affixed permanently and clearly visible on the driver's side window. Only vehicles with a city decal may be used in the performance of the license.

Sec. 58-141. Container requirements.

- (a) Licensee SOLID WASTE HAULER shall have joint responsibility with the solid waste customer to keep and maintain sufficient standard commercial containers as to accommodate the disposal needs of the establishment.
- (b) Licensee SOLID WASTE HAULER shall at all times maintain their containers, roll-offs bodies and solid waste compactors in sanitary conditions and good repair as may be determined by the city manager. All license SOLID WASTE HAULER-owned containers, roll-off bodies and solid waste compactors shall be painted and have the licensee SOLID WASTE HAULER's name and telephone number legibly identified thereon.
- (c) SOLID WASTE HAULER Licensee shall service only residential units, containers, roll-off bodies or solid waste compactors consistent with the license issued under this article BY THE STATE, MARICOPA COUNTY, OR ANY OTHER APPLICABLE GOVERNING BODY, AND THIS ARTICLE. The residential containers, commercial containers, roll-off bodies and solid waste compactors shall be located so as not to interfere with vehicular or pedestrian traffic and shall be in conformance with all license and SURPRISE MUNICIPAL City Code requirements.

Sec. 58-142. Seizure and impoundment of containers.

- (a) In addition to any other penalties set forth in this article, any solid waste container which is placed or maintained at a commercial, industrial, or multi-family establishment in violation of any city LOCAL or state law, REGULATION, OR ORDINANCE may be seized and impounded by the city, at the owner's expense. Prior to the seizure and impoundment of any solid waste container, the city shall conspicuously post upon said container a notice of violation which sets forth the specific violation and

the date in which the container will be seized if the violation has not been corrected. The notice of violations shall be posted at least ten **(10)** days prior to the seizure of the container.

- (b) The owner of any SOLID WASTE container which is impounded pursuant to the provisions of this section shall have THIRTY (30) CALENDAR days to pay the city cost of seizure and storage and to retrieve the container. If the owner of a container has failed to pay the applicable cost or failed to retrieve the container within 30 days of its seizure, the city is authorized to dispose of the container upon such condition and terms as determined by city.

Sec. 58-143. Annual reports.

- (a) ~~All licensees under this division shall provide the~~THE CITY ~~public works department~~ MAY REASONABLY REQUEST, AND THE SOLID WASTE HAULER SHALL PROVIDE WITHIN FIVE (5) BUSINESS DAYS THEREAFTER,with the following information, in A writTENing REPORT, ~~each calendar year, or portion thereof, that the license is in effect;~~AT ANY TIME DURING WHICH THE SOLID WASTE HAULER IS LICENSED TO COLLECT AND TRANSPORT, OR CAUSE TO BE COLLECTED AND TRANSPORTED, SOLID WASTE AND/OR RECYCLABLE MATERIALS WITHIN THE CITY:
 - (1) The number of customers being serviced within the city limits itemized as follows:
 - a. Single-family residential account.
 - b. Multi-family accounts.
 - c. Commercial/industrial accounts.
 - (2) The total number of containers being serviced.
 - (3) The total number of tons collected itemized as follows:
 - a. Single-family residential account.
 - b. Multi-family accounts.
 - c. Commercial/industrial accounts.
 - (4) The total number of tons recycled, itemized by type of materials and sites at which deposited itemized as follows:
 - a. Single-family residential account.
 - b. Multi-family accounts.
 - c. Commercial/industrial accounts.
 - (5) The total number of trips and tonnages of transfer trailers or packer trucks that passed through the city in route for solid waste collected outside the city.
- (b) ~~The reports shall be submitted not later than January 31 of that reporting year.~~ All reports submitted pursuant to this section shall remain confidential to the extent allowed under federal and state law.
- (c) Upon the written request of the city manager shall provide all other information as may become necessary to conform or assist in conforming to all applicable federal, state, county, or city laws, articles resolutions, rules and regulations concerning solid waste, recycling, source reduction or similar activities.
- (d) NOTHING IN THIS ARTICLE SHALL BE INTERPRETED TO REQUIRE THE CITY TO REQUEST ANY SUCH WRITTEN REPORTS. THE CITY SHALL HAVE NO SUCH OBLIGATION TO REQUEST OR OBTAIN ANY SUCH REPORTING UNDER THIS SECTION.

Sec. 58-144. Prohibited practices.

- (a) ~~It shall be a violation of this Code and a violation of a license for any licensee to engage in any of the following practices~~ALL LICENSED SOLID WASTE HAULERS SHALL NOT ENGAGE IN ANY OF THE FOLLOWING PRACTICES WHILE COLLECTING AND TRANSPORTING, OR CAUSING TO BE COLLECTED AND TRANSPORTED, SOLID WASTE OR RECYCLABLE MATERIALS WITHIN THE CITY:
- (1) ~~Failure to comply with any provision of this article or of a license between the city and licensee;~~
 - (2) ~~Provision of solid waste collection services to residential and commercial waste generators in the city without a license provided under the provisions of this article, and unless such license is in full force and effect.~~
 - (23) ~~Failure to comply with any of the provisions of Title 49, Arizona Revised Statutes or Arizona Administrative Code, Title 18, Article 8 or any applicable county regulation;~~
 - (4) ~~To contract, combine or conspire with one or more other licensees under this article or persons for the purpose of restraining competition or limiting competition for the provision of solid waste collection services to commercial generators.~~
 - (35) ~~To engage in predatory pricing practices in violation of the Arizona Uniform Antitrust Act.; OR~~
 - (46) ~~To provide solid waste collection services to any single family dwelling units or accounts without a written agreement executed by the city.~~
- (b) Any person OR ENTITY violating any part of section shall be guilty of a class one misdemeanor.

Sec. 58-145. Cause for denial, modification, or revocation.

- (a) ~~Licenses may be denied, modified, or revoked by the city after notice and hearing for any of the following causes:~~
- (1) ~~Fraud, misrepresentation, or false statement contained in the application.~~
 - (2) ~~Any material violation of this article including payment of fees, or failure to meet any other licensing requirements after notice and opportunity to cure within the reasonable time specified by the city.~~
 - (3) ~~Conducting a business in violation of any federal, state, county or local law, including Title 49 Arizona Revised Statutes.~~
 - (4) ~~The licensee is convicted of untrue, fraudulent, misleading or deceptive advertising.~~
 - (5) ~~The licensee is a corporation and is no longer qualified to transact business in the state.~~
 - (6) ~~Willful, grossly negligent, or repeated violations of this article, the license, or any other applicable law or regulation relating to the provision of solid waste collection services.~~
- (b) ~~A license shall not be revoked, if the licensee's violation of the license is the result of force majeure.~~

Sec. 58-146. Denial of license—Appeal.

- (a) ~~Any decision by the city manager to deny an application shall be in writing and set forth the findings and reasons for the decision. The decision shall be mailed to the applicant.~~
- (b) ~~Any aggrieved person may appeal a decision by the city manager to deny a license application.~~
- (c) ~~The appeal shall be filed with the city clerk no later than 15 days after receipt of the city manager's decision, and shall consist of a written statement fully describing the grounds for appeal.~~
- (d) ~~The city clerk shall schedule a hearing within 30 days of receipt of the appeal, and notice shall be mailed to the appellant.~~

- ~~(e) Council shall preside over a hearing on the appeal.~~
- ~~(f) Following a hearing on the appeal, the council shall render a written decision on the appeal, setting forth the findings and reasons for the decision.~~
- ~~(g) Any aggrieved person may appeal the council's decision to superior court.~~

Sec. 58-147. Notice of license violations—Opportunities for cure; termination; appeal.

- ~~(a) If the city manager determines that a licensee is in violation of this Code or the license, the city manager may:

 - ~~(1) Find that the licensee is in violation of the terms of the license and order corrective action; or~~
 - ~~(2) In the case of a material violation, terminate the license, following a hearing.~~~~
- ~~(b) Notice of the violations shall be served by certified mail to the licensee and shall set forth the nature of the violation. The licensee shall:

 - ~~(1) Cure any such violation within the time specified by the city or, take reasonable steps to cure said violation and diligently continue such efforts until said violation is cured. Licensee shall report to the city, in writing, at ten-day intervals as to its efforts, indicating the steps taken to cure said violation and reporting the licensee's progress until such violation is cured.~~
 - ~~(2) Within 20 days of receipt of such notice, respond to the city in writing, if the licensee contests the city's determination that a violation has occurred. The response should include such information or documentation as necessary to support the licensee's positions.~~~~
- ~~(c) If the licensee in its response contests the city's determination that a violation has occurred within 15 days of the notice, the city manager shall schedule a hearing. Following a hearing, if the city manager determines that the licensee has committed a violation, the determination shall be in writing, including findings of facts and reasons for its decision. The decision of the city manager shall become final unless a licensee requests a hearing before the city council within 15 days of its receipt of the city manager's decision. If a public hearing before council is requested by licensee, it shall be de novo and it shall convene within 30 days of the request. All witnesses shall be sworn and shall be subject to cross-examination; however, formal rules of evidence shall not apply. Council's decision, which shall include findings of fact, shall be made not later than 30 calendar days after the conclusion of the hearing. In that decision, council may:

 - ~~(1) Find that licensee is not in violation of the license;~~
 - ~~(2) Find that licensee is in violation but that such violation was with just cause and waive any penalty that may otherwise be imposed;~~
 - ~~(3) Find that licensee is in violation of the terms of the license and requires corrective action;~~
 - ~~(4) Declare the licensee in violation and revoke the license.~~~~
- ~~(d) In addition to all other rights and powers retained by the council under this article or otherwise, council shall have the right to revoke the license and all rights and privileges of the licensee for any of the reasons set forth in this article.~~

Sec. 58-148. Interim solid waste license.

~~An applicant for a solid waste license whose application has been denied, or a solid waste contractor whose solid waste license has been revoked, may obtain an interim solid waste license to conduct operations pending its appeal to the council or to court. An application for an interim solid waste license may be submitted and issued in the same manner as for an interim business license.~~



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: Legal
Staff Recommendations:

Contact Person:
District: Internal

Consent: No	Regular: No	Public Hearing: No	Report/Discussion: No
-------------	-------------	--------------------	-----------------------

Agenda Wording:

Consideration and action to recess into executive session for discussion and consultation with the City's attorneys to consider its position and receive legal advice pertaining to current litigation pursuant to A.R.S. §§ 38-431.03 and 04.

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: February 18, 2025
Submitting Department: Legal
Staff Recommendations:

Contact Person:
District: Internal

Consent: No	Regular: No	Public Hearing: No	Report/Discussion: No
-------------	-------------	--------------------	-----------------------

Agenda Wording:

Consideration and action to recess into Executive Session for discussion pertaining to security plans and procedures for Council Chambers and meeting rooms at City Hall pursuant to A.R.S. § 38-431.03(A)(9).

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:
