

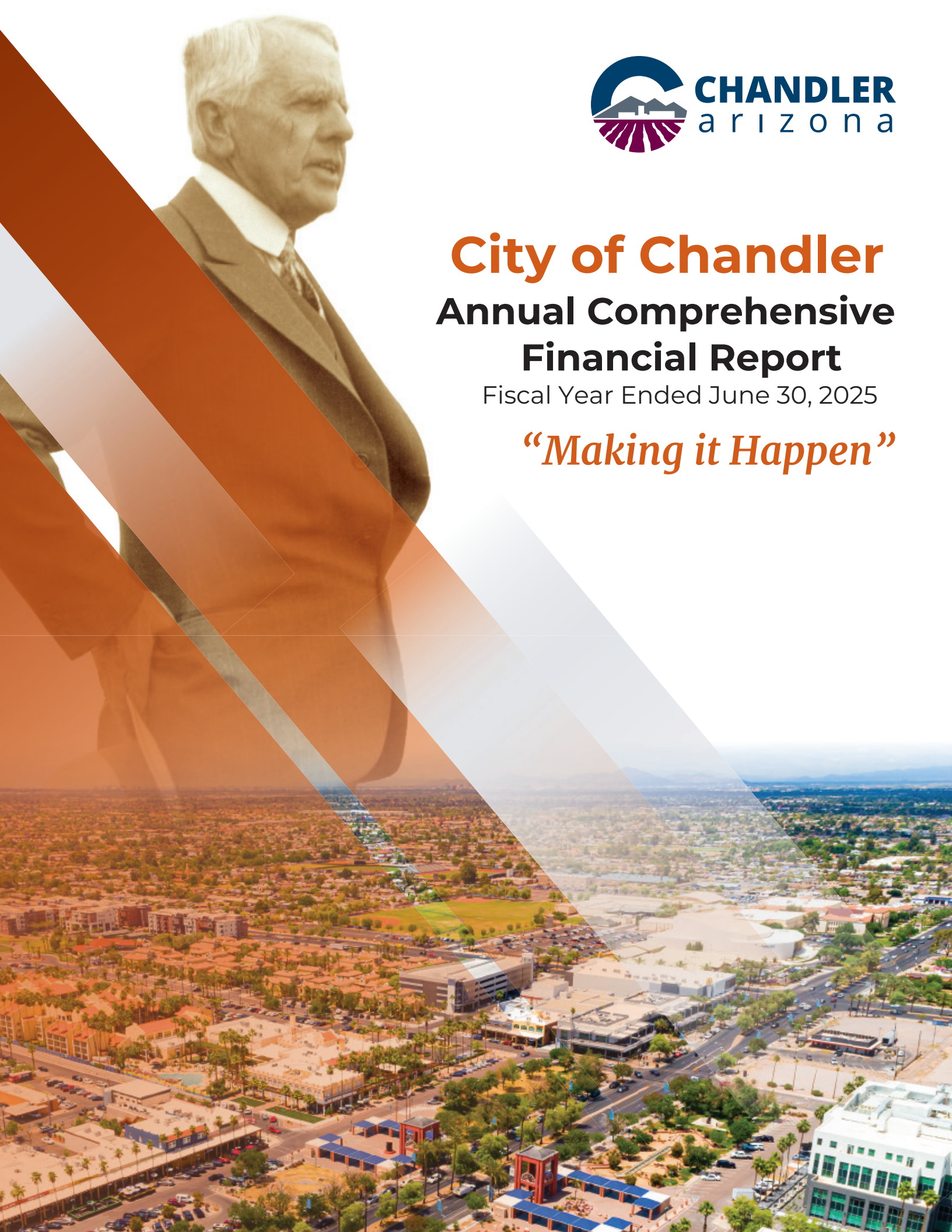


City of Chandler

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025

“Making it Happen”



CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

Prepared by
Management Services Department
Dawn Lang, Deputy City Manager | CFO
Kristi Smith, Financial Services Director
Julie Goucher, Accounting Senior Manager



CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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Introductory Section

- Letter of Transmittal
- Elected and Appointed Officials
- Organizational Chart
- Certificate of Achievement for Excellence in Financial Reporting



Decades of award-winning financial management, and purchasing practices are indications of our stability and strength.



November 25, 2025

Honorable Mayor, Members of the City Council, City Manager, and residents of the City of Chandler:

The Annual Comprehensive Financial Report of the City of Chandler, Arizona (the city), for the year ended June 30, 2025, is hereby submitted in accordance with City Charter and State statutes. Both the City Charter and State statutes require that the city issue annually a report on its financial position and activity, and that this report be audited by an independent certified public accountant. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the city's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the city.

Generally accepted accounting principles (GAAP) in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Chandler's MD&A can be found immediately following the report of the independent auditors.

The city is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Uniform Guidance. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued report.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The city, incorporated on February 17, 1920, is located in the southeastern portion of Maricopa County, and encompasses approximately 66 square miles. The city has operated under a council-manager form of government since May 25, 1964, and is governed by the City Council, consisting of a mayor and a six member council. Councilmembers are elected at-large on a staggered basis; the mayor and council members are elected for four-year terms and are limited to two consecutive terms in office. The City Council is vested with policy and legislative authority, and is responsible for passing ordinances, adopting the annual budget, appointing committees, commissions, and board members, and appointing the positions of City Manager, City Attorney, City Clerk, and City Magistrate. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the city.

Chandler is the fifth largest city in Arizona and is one of several major cities comprising the greater Phoenix metropolitan area, which is the economic, political, and population center of the State of Arizona. The city's population has experienced remarkable growth over the past 25 years, increasing more than 65 percent, from an estimated 176,581 in 2000 to 291,442 in 2025, based on intercensal population estimates. The city's manufacturing sector has been a major driver of economic growth during this time and includes high-tech industrial companies such as Intel Corporation, Northrop Grumman, Microchip Technology, and NXP Semiconductors. These four companies combine to employ approximately 17,000 people in the city. Total manufacturing employment is over 30,000 with many companies in the supply chain also operating in Chandler. Another industry that has experienced strong growth is financial services with companies such as Wells Fargo, Bank of America, GM Financial Services and Toyota Financial Services establishing corporate offices in Chandler. Information technology is another growth industry with Insight Enterprises Inc., a Fortune 500 company, headquartered in Chandler.

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

The city boasts a strong labor market serving the high technology field's demand for skilled workers. Chandler's median age is 37.4 years, and the median household income is \$113,802. In addition, 78 percent of the adult population has a college degree or some college education. Nearly 27 percent of jobs in Chandler are in high technology fields while the national average is about 10 percent, according to data from the Maricopa Association of Governments and Bureau of Labor Statistics. The city's unemployment rate averaged 3.5 percent during fiscal year 2024-25 compared with 3.5 percent for Maricopa County and 3.9 percent for the State of Arizona.

The city's transaction privilege sales tax revenues, which comprise over 51 percent of its general fund, decreased by 2.3 percent for fiscal year 2024-25 from the prior year actuals. The city continues to strengthen its financial position and has benefited from ongoing and one-time revenues created by increased retail spending and new development, including the \$20+ billion Intel expansion that kicked off in February 2022. With increased modest operating revenue growth, managing costs of services during a time of inflation and higher cost of personnel in the market is critical. As the city ages, maintaining existing infrastructure is also a focus to ensure quality amenities for residents and businesses. Consistently applying sound financial practices, achieving notable economic development successes, and having a structured plan over the last ten years that has paid down its Public Safety Personnel Retirement System (PSPRS) unfunded liability have helped the city continue its strong financial position. This has contributed to Chandler's AAA General Obligation Bond and Excise Tax Revenue Obligation bond credit ratings from all three ratings agencies.

The city enters into tax abatement agreements as part of economic development programs. Long-term impacts from tax abatements are minimal and considered immaterial. Additional tax abatement details are included in Note 18.

The City of Chandler's continued goal is to provide the highest quality services to the community in the most cost-effective manner. These services include Public Safety: Police and Fire; Community Services: Parks and Recreation and Libraries; Cultural Development: Center for the Arts, Vision Gallery, and Museum; Public Works: Streets and Traffic; Utilities: Water, Wastewater, Reclaimed Water and Solid Waste; Neighborhood Resources; Development Services; Airport; Tax and Licensing and numerous internal services. The Council's strategy to achieve these results is through goals to improve Chandler in a coordinated manner and to make fiscally responsible decisions that will continue to strengthen the city. The Chandler Industrial Development Authority, the Chandler Cultural Foundation, the Chandler Museum Foundation, and the Chandler Housing and Community Services Corporation are four legally separate entities, all of which are reported separately within the city's financial statements. Additional detail on these entities can be found in Note 1.

In March 2023, the City Council re-established and/or altered six Focus Areas, identified below, to provide guidance and direction as to what accomplishments the city should focus on and in what areas. The alterations included an additional focus area added to delineate Community Safety from Quality of Life, and Mobility was re-named Connectivity to focus on transportation and technology networks. Additional, Innovation and Technology was changed to Sustainability and Technology to allow for better alignment of the advancements being made toward sustainability. Good Governance continues to be a philosophy to support the overall goals of the city, while other outlined focus areas concentrate efforts to make progress towards the City Council's vision.

- **Community Safety**

Chandler is recognized among the safest cities in the nation. Our fire and police departments are accredited and elite in their field. We ensure our community's safety with continued investment in people, systems and technology. Innovative partnerships extend our ability to address emerging community safety needs.

- **Connectivity**

The ability to connect people, places and commerce through local, regional and virtual networks - is essential. Chandler is served by three major highways, two railroad corridors, a well-planned street and transit network, expending bike and shred-use paths and a municipal airport that efficiently connects people and commerce. Chandler's advanced communication systems enhance our ability to connect through technology and transportation networks.

- **Economic Vitality**

Economic vitality includes the use of creative policies and marketing efforts that ensure Chandler remains a world-class community for residents, visitors and businesses. Our approach preserves the viability of employment corridors and positions properties for adaptive reuse, infill and redevelopment. Chandler offers a business-focused environment for global industry leaders, exciting startups and entrepreneurs through every stage of development. Our business climate, talented workforce and lifestyle make Chandler a destination of choice for key industries.

- **Neighborhoods**

To sustain an exceptional quality of life for Chandler residents, preservation and enhancement of neighborhoods is paramount. These approaches ensure that all neighborhoods remain safe and vibrant. Engaging residents, developers and community stakeholders provides opportunities to achieve this goal, while maintaining each neighborhood's distinct character.

- **Quality of Life**

Chandler's commitment to high standards has spanned generations of city leadership and resulted in the safe and beautiful community residents and businesses enjoy today. Our innovative practices maximize cost savings for taxpayers while enhancing the quality of city services. Our unparalleled quality of life includes a focus on arts, culture, learning and recreation. High-quality developments, parks and amenities shape the character of our neighborhoods and commercial centers.

- **Sustainability and Technology**

Chandler's high-tech industries, businesses and talented workforce drive the local economy. We recognize the importance of infrastructure, water and streamlined city services that support key industries engaged in the development of current and future technologies. The pursuit of sustainable and technological infrastructure and services advance our ability to meet the unique needs of the community and equip our empowered, talented workforce to serve.

2024-2025 Accomplishments

Under the guidance and leadership of the Mayor and Council, along with the expertise and dedication of city management and staff, a number of accomplishments were achieved this last fiscal year. Listed below are just a few of those accomplishments:

- Maintained AAA General Obligation (GO) bond and Excise Tax Revenue Obligation credit ratings with stable outlooks from all three rating agencies, making Chandler one of a select few municipalities in the U.S. with this distinction;
- Completed financial analysis and education regarding bond authorization need and timing throughout the 31 member Resident Bond Exploratory Committee process to eventually bring a recommendation to City Council that does not increase the city property tax rate supporting payment of bonded debt and positions the city to continue its Capital Improvement Program (CIP);
- Completed financial analysis to pay off the Public Safety Personnel Retirement System (PSPRS) Unfunded Liability in July 2023, to reduce the ongoing contribution rates expense of approximately \$8 - \$10 million annually, to help offset the impact of the state reduction of \$11 million in ongoing Residential Rental Transaction Privilege Tax (TPT) revenue in January 2025;
- Successfully negotiated a solar contract that identifies nearly 9 megawatts of power generation across 23 city facilities, generating ongoing electrical savings;
- Developed an Opioids Response Strategic Plan to mitigate the impact of opioids in the community;

- Implemented the Join Team Chandler marketing campaign with the Human Resources Department to promote career opportunities to prospective applicants through targeted communications and a recruitment website. Three videos received nominations in the commercial category at the 2024 Rocky Mountain Emmy Awards;
- Conducted the Primary Election in July 2024 and the General Election in November 2024 and served as a ballot drop-off location for all registered voters;
- Improved customer service by implementing an online reservation service for the public to make appointments with court clerks;
- Law worked with the Development Services Department to recover past due annual license fees in the amount of \$636 thousand to preserve the parties' long standing business relationship and telecommunication services to Chandler residents;
- Honored as the winner of the 2024 ICMA Local Government Excellence Award in Community Equity and Inclusion for the city's Diversity, Equity & Inclusion Strategic Plan, recognizing innovation in balancing social, economic, environmental, and cultural needs in communities of 50 thousand or more;
- Partnered with IDIA, Chandler Unified School District (CUSD), and AZCEND to launch the HIVE at San Marcos, a technology resource center providing digital training and support to community hubs, senior centers, affordable housing, and shelters;
- Reintroduced the Chandler Non-Profit Coalition (CNPC) with For Our City – Chandler, serving as a central hub for local non-profits to connect, collaborate, and strengthen collective impact;
- Economic Development assisted business location and expansion projects included D.R. Horton, The Mahoney Group, 3D Barrier Bags, Turbo Resources, and VIAVI Solutions;
- Economic Development helped reactivate vacant retail spaces by supporting the recruitment and opening of new businesses including Round1 Bowling & Arcade, Seafood City Supermarket, Carolina's Mexican Food, and Mox Boarding House;
- Collaborated with CUSD and Chandler-Gilbert Community College (CGCC) to launch the City of Chandler Scholarship, which provided financial assistance to 25 CGCC students pursuing 79 targeted STEM Advanced Manufacturing programs;
- Continued the operation of Chandler Flex. Over 100,000 rides have been provided to more than 3,700 unique riders since the program's inception in July 2022. Added 4.5 square miles to the service area in July 2024;
- Secured \$8.6 million in federal grants for use on five transportation projects (Lindsay Road, Roadway Safety Action Plan, Riggs Road/Paseo Trail Crossing Study, Street Sweeper, and Chandler Flex);
- Completed two sessions of internship partnership with Chandler-Gilbert Community College for a total of 6 since the program began. The Spring 2024 program had 16 new interns, nine returning, for a total of 25 interns in 19 departments/divisions. The Fall 2024 program had 14 new interns, 10 returning, for a total of 24 interns in 20 departments/divisions;
- Implemented a new integrated benefits and wellness platform for employee and retirees which allowed access to their benefits information 24/7 from any computer or mobile phone;
- Completed the Chandler Center for the Arts (CCA) Needs Assessment in partnership with the Chandler Cultural Foundation and the Chandler Unified School District;
- Celebrated the CCAs 35th Anniversary and served over 166,000 people continuing its commitment to engaging and inclusive programming with over 50 nonprofit and cultural institutions utilizing CCA for their activities;
- Hosted 85 free activities at the Vision Gallery, wrapped seven utility boxes, and brought additional public art projects to the community including City Hall Banners, a Wall Street mural, and art at the Tumbleweed Recreation Center;

- Contracted with an outside consultant to produce a 5-year strategic plan for the newly reorganized Museum Division;
- Completed the Mesquite Groves Aquatic Center renovation that included water slides, decking, diving boards, and turf; completed the public input process and developed a new master plan for the Mesquite Groves Park site; and completed the Brooks Crossing Park renovation;
- Completed the Parks' Urban Forestry Inventory, partially funded by the Arizona Department of Forestry and Fire Management with a \$40 thousand Community Challenge Grant;
- Received a \$50 thousand grant from the Gila River Indian Community for the Chandler Nature Center to renovate the community garden;
- Updated the Downtown Region Area Plan, South Arizona Avenue Area Plan;
- Issued over 3,300 building permits for over \$1.1 billion in construction valuation in calendar year 2024 and conducted 11,397 building inspections;
- Implemented Chandler's fiber infrastructure project, Council approved five new telecommunications licenses to accelerate the delivery of fast broadband to residents and businesses, and four Fiber to the Home (FTTH) service providers were included;
- Government Experience (GovEx) ranked the City of Chandler as #2 nationally, the GovEx Award encompasses the full experience of government across multiple channels (web, mobile, etc.) and digital services. Jurisdictions receiving an Overall Experience Award demonstrate a focus on optimizing the constituent and customer experience across disparate channels;
- 2024 Digital Cities Award ranked the City of Chandler #2 nationally. The Digital Cities award recognizes cities utilizing technology to enhance digital services and transparency, strengthen cybersecurity, digital privacy rights, digital equity, and finding innovative ways to support solutions for social challenges facing cities today;
- Implemented cybersecurity and threat detection solutions as well as multi-factor authentication (MFA) for privileged access users that are responsible for maintaining and administering system access to customers. MFA prevents unauthorized access;
- Achieved the second highest program in the state of Arizona to have the most enrolled participants with the City of Chandler Family Self Sufficiency program totaling 120 families. A total of 15 Chandler families graduated from the program in both Public Housing and Housing Choice Voucher (HCV) in the fiscal year;
- Celebrated the 14th year of For Our City Day with a kickoff event in Pamela Park and over 200 volunteers performed several alley cleanup projects;
- Continued to promote a Book Rich Environment in the Public Housing Authority (PHA) with the Public Housing Youth Program that served approximately 500 youth and provided over 1,000 books;
- Implemented the Chandler Public Housing Authority's first phase of the plan to develop existing public housing units with the approval of the Villas on McQueen, a new 157-unit affordable housing project;
- Administered \$1.4 million of Community Development Block Grant (CDBG) funds effectively and provided public services, neighborhood revitalization, and housing activities for households with low and moderate income;
- Allocated \$2.1 million of General Funds to support 46 nonprofit organizations that provided human services to residents;
- The Fire Department responded to over 29,000 emergency incidents;

- Redesigned the operational deployment of personnel utilizing additional rovers, early-hire firefighters, and a peaktime unit which resulted in increased availability of vacation time for firefighters while decreasing overtime spending by \$850 thousand from FY 2023-24;
- Established a new critical response unit, CR2840, that is focused on addressing opioid-related incidents, education, prevention and establishing connections to care. This program was developed utilizing One Arizona Agreement funds;
- Completed 163 miles of asphalt repaving, surface seal, and slurry treatments. Along with completion of ADA upgrades to 450 sidewalk/driveway locations and 791 corner ramps;
- Treated and delivered 21.4 billion gallons (BG) of potable drinking water & treated 9.7BG of wastewater, 8.4BG were reused by customers for irrigation and cooling;
- Provided 839 residential water audits and high-water use checks, 87 landscape consultations and 168 smart controller conversions for a total water savings of over 57.4M gallons;
- Implemented the new Water Efficiency Technology Rebate Program, completed nine evaluations, responded to 21 inquiries and assisted four customers to gain approvals; estimated that 100K gallons saved per year;
- Awarded \$1.1M in Environmental Protection Agency (EPA) and Water Infrastructure Finance Authority (WIFA) grant funding for Automatic Meter Infrastructure (AMI) program;
- Developed and submitted service line inventory and notified approximately 89K residents to meet Lead and Copper Rule Revision requirements;
- Responded to 19 inquiries regarding the Large Landscape Grass Removal Rebate Program, assisted 11 customers to gain approvals, resulting in over 230,000 sq ft of grass removed, estimating 11 million gallons of water saved per year;
- While Part I crime increased negligibly in 2024 to 15.8 per 1,000 population, crime remains at historic lows, making 2024 the second safest year in Chandler's 30-year history of tracking crime statistics;
- The Forensic Services Section received the prestigious Foresight Maximus Award for the 7th consecutive year in recognition of superior laboratory performance;
- The Real Time Operations Center (ROC) became fully operational, leveraging technology to serve as a force multiplier to solve and reduce crime as well as enhance public and officer safety. The ROC received the Team of the Year award from the National Real Time Crime Center Association to acknowledge regionalization efforts focused on technology and information sharing across jurisdictional boundaries;
- Volunteers in Policing satisfied \$413 thousand in warrants, staffed the Senior Lock Box program by completing 132 new installations and 404 courtesy checks, and added 8 new therapy dogs to the Paws for Police program.

FINANCIAL INFORMATION

Internal Control Structure

Management of the city is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the city are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the city is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and various other city staff, as needed.

Single Audit

As a part of the city's single audit, described earlier, tests were made of the city's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs.

Budgetary Controls

The city maintains budgetary controls as an integral part of its overall system of internal controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, capital projects funds, enterprise funds, internal service funds, and fiduciary funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted (FY 2024-25, \$1.63 billion). The city additionally exercises management control and oversight of the budget at the department level within each fund and maintains an encumbrance accounting system as another method of maintaining budgetary control. Encumbered amounts do not lapse at fiscal year-end and appropriation equal to the amount of year-end encumbrances are added to the current year budget in each cost center. Expenditures against those encumbrances are charged to the current year appropriation.

As demonstrated by the statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

City Charter and State statute require an annual audit by a firm of independent certified public accountants and the firm of Heinfeld, Meech & Co., P.C. has been selected by the city to uphold this requirement. In addition to meeting the requirements set forth in City Charter and State statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 and the related U.S. Office of Management and Budget's Uniform Guidance. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accountability Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Financial Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chandler, Arizona, for its Annual Comprehensive Financial Report for the year ended June 30, 2024, marking the forty-third consecutive year the city has received the GFOA Certificate of Achievement. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a municipal government financial report.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

Additionally, the city was also awarded the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2024 from the GFOA, marking the thirty-seventh consecutive year of receiving this award. The award reflects the commitment of staff to meeting the highest principles of governmental budgeting.

In order to be awarded a Distinguished Budget Presentation Award, the city had to satisfy nationally recognized guidelines for effective budget presentation. The guidelines are designed to assess how well an entity's budget serves as a policy document, financial plan, operational guide, and communications device. The city's budget presentation receives an outstanding rating in many of the areas rated.

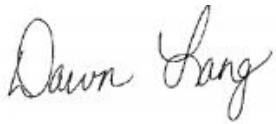
The Certificate of Achievement and Distinguished Budget Presentation Awards are valid for a period of one year only.

We believe our current Certificate of Achievement report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgments

I wish to express my sincere thanks to the entire staff of the Accounting Division; without whose assistance this report could not have been prepared. Special acknowledgment is made for the work of Kristi Smith, Management Services Director; Julie Goucher, Accounting Senior Manager; Tracy Schmidt, Accounting Supervisor; Lina Alam, Accounting Supervisor; Debbie Motta, Senior Accountant; Joanne Chang, Senior Accountant; and Sara Story, Senior Accountant. Finally, I wish to thank the Mayor and Council, City Manager, Assistant City Manager, Deputy City Manager, Directors, and city staff for their continued support in promoting sound financial policies and internal controls.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dawn Lang". The ink is dark and the signature is fluid.

Dawn Lang
Deputy City Manager | CFO

CITY OF CHANDLER, ARIZONA
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2025

Kevin Hartke, Mayor

Christine Ellis, Vice Mayor

Angel Encinas, Councilmember

OD Harris, Councilmember

Jennifer Hawkins, Councilmember

Matt Orlando, Councilmember

Jane Poston, Councilmember

Executive Staff

Joshua H. Wright, City Manager

Tadd Wille, Assistant City Manager

Dawn Lang, Deputy City Manager I CFO

Andy Bass, Deputy City Manager

Department Heads and Directors

Kelly Schwab, City Attorney

Dana DeLong, City Clerk

Alicia M. Skupin, Presiding City Magistrate

Matt Burdick, Communications and Public Affairs Director

John Sefton, Community Services Director

Kim Moyers, Cultural Development Director

Kevin Snyder, Development Services Director

Micah Miranda, Economic Development Director

Tom Dwiggin, Fire Chief

Rae Lynn Nielsen, Human Resources Director

Sandip Dholakia, Chief Information Officer

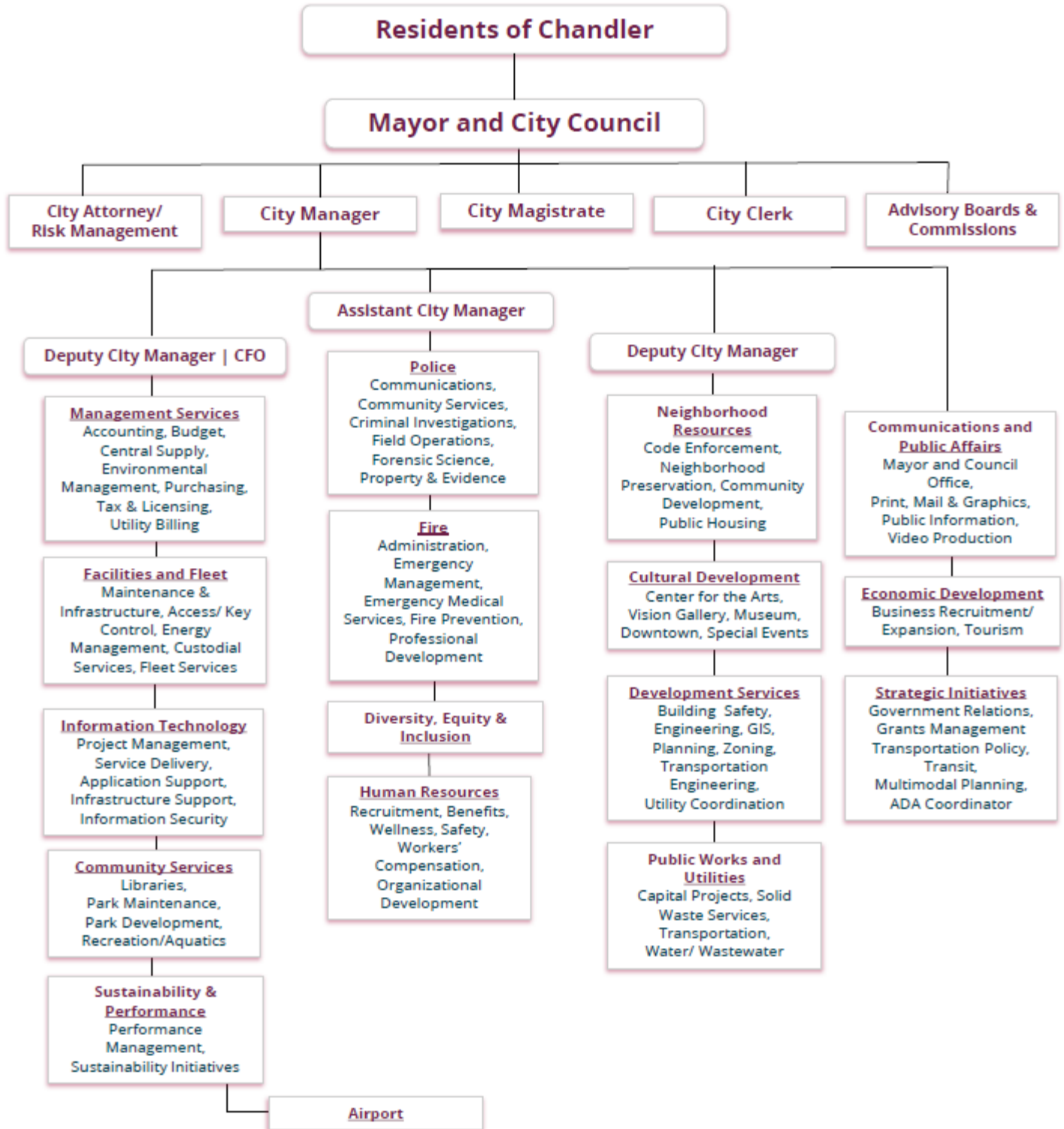
Dawn Lang, Deputy City Manager I CFO as Management Services Director

Leah Powell, Neighborhood Resources Director

Bryan Chapman, Chief of Police

John Knudson, Public Works & Utilities Director

City of Chandler Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chandler
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



2

Financial Section

- Independent Auditor's Report
- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information
- Other Financial Statements



A clear vision, strong reserves, prudent spending and sound financial management have enabled Chandler to deliver a balanced budget and maintain AAA bond ratings from all three rating agencies.

Independent Auditor's Report

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

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona (the "City"), as of and for the year ended June 30, 2025, 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 discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2025, 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 Chandler, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Other Financial Statements, as listed in the table of contents, 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 Other Financial Statements, are 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 November 25, 2025, on our consideration of City of Chandler, 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 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 Chandler, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
November 25, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

As management of the City of Chandler (city), we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal beginning on page one and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The financial statements, which follow the Management's Discussion and Analysis, provide these significant, key financial highlights for fiscal year 2025 as follows:

- The assets and deferred outflows of resources of the city exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.9 billion (net position). This represents an increase of \$112.8 million from the prior year. Factors that have contributed to the increase in net position are decreases in pension liabilities and increases in capital assets, primarily capital projects placed in service. Of this amount, \$514.6 million (unrestricted net position) may be used to meet the city's obligations to residents and creditors. However, \$55.5 million is invested in a joint venture with the Town of Gilbert for the San Tan Vista Water Treatment Plant, which decreased \$4.6 million from the prior year, and is not available for obligations.
- At June 30, 2025, the city's governmental funds reported combined ending fund balances of \$543.1 million; a decrease of \$8.7 million in comparison with the prior year primarily due to a decrease in other financing sources resulting from bond issuance and associated premiums received in the prior fiscal year as well as a reduction of the additional pension contributions that were made above and beyond the actuarially determined contribution.
- Approximately 61.3 percent of the total combined fund balance amount, \$332.8 million, is available for spending at the city's discretion (assigned or unassigned).
- At June 30, 2025, total fund balance for the general fund was \$361.4 million which represents an increase of \$42.4 million from the prior year, primarily due to one-time pension payments made in the prior fiscal year.
- General revenues from governmental activities accounted for \$429.5 million, or 79.3 percent of all revenues from governmental activities as opposed to 80.5 percent in the prior year. Program specific revenues in the form of charges for services and grants and contributions accounted for \$112.0 million or 20.7 percent of total governmental activity revenues, as opposed to 19.5 percent in the prior year. The city had \$179.7 million of program revenues (\$183.9 million in the prior year) and \$23.1 million in general revenues and transfers (\$15.0 million in the prior year) related to business-type activities.
- At June 30, 2025, the city's proprietary funds reported combined total net position of \$837.0 million as compared to \$819.2 million in the prior year; an increase for the current year of \$17.8 million. The increase in net position is primarily driven by revenue from grants and entitlements as well as miscellaneous revenue including settlement payments and housing portability rents. This results in a total unrestricted net position of \$206.8 million, of which \$125.7 million of the unrestricted net position is in the water fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the city's finances in a manner similar to a private-sector business.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

The **Statement of Net Position** presents information on all of the city's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Net position is categorized as capital assets less related debt, restricted by an outside third party and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The **Statement of Activities** presents information showing how the city's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the city's activities are presented in the following categories:

- **Governmental activities** - Most of the city's basic services are included here, such as general government, public safety, transportation and development and community services. Sales taxes, state shared revenues and charges for services finance most of these activities.
- **Business-type activities** - The services provided by the city included here are water, wastewater, reclaimed water, solid waste, airport services and housing services. The services are financed through user fees and charges.
- **Component units** - The discretely presented component units are the Chandler Industrial Development Authority, the Chandler Cultural Foundation, the Chandler Museum Foundation, and the Chandler Housing and Community Services Corporation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the city's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The city maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and general obligation bonds debt service fund, which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the financial section of this report.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

The city adopts an annual appropriated budget for the general, special revenue, general obligation debt service, capital projects and proprietary funds. Budgetary comparison statements have been provided in the required supplementary information for the general fund and in the other financial statements for the general obligation bonds debt service fund and non-major governmental funds to demonstrate compliance with the budget.

Proprietary funds. The city maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water, wastewater, reclaimed water, solid waste, airport and housing services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. The city uses an internal service fund to account for its self-insurance funds. Because self-insurance funds are funded predominantly by governmental functions rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the water and wastewater funds, which are considered to be major funds of the city. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major enterprise funds are provided in the form of combining statements in the financial section of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's budget process. The city adopts an annual budget for all governmental and enterprise funds. A budgetary comparison schedule has been provided for the General Fund as required supplementary information. The required supplementary information also includes schedules of net pension liabilities, pension contributions and other post employment benefit (OPEB) liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the city, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.93 billion as of June 30, 2025. This reflects continued strong operations in governmental activities, increased revenues from services provided and grants awarded, and careful monitoring of expenses in governmental activities.

A significant portion of the city's net position (62.9 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, machinery and equipment, water rights and construction in progress), less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net position (10.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (26.7 percent) includes \$55.5 million which is invested in a joint venture with the Town of Gilbert for the San Tan Vista Water Treatment Plant that may not be used to meet the city's obligations to residents and creditors.

CITY OF CHANDLER, ARIZONA

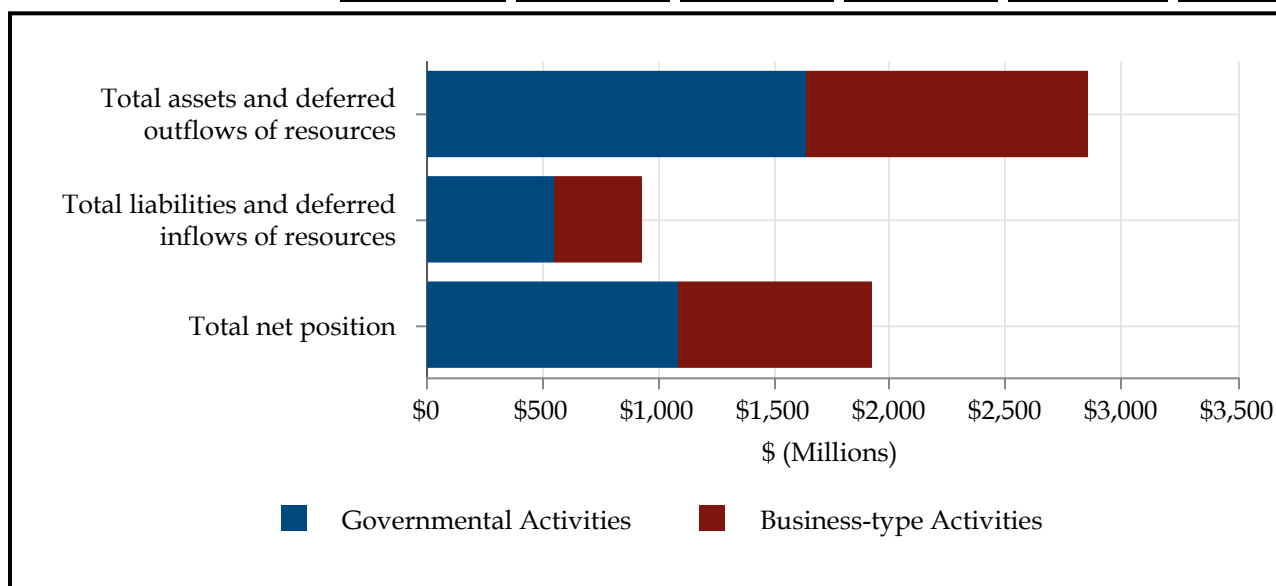
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

At the end of the current fiscal year, the city is able to report positive balances in all three categories of net position: net investment in capital assets, restricted and unrestricted. The same situation held true for the prior fiscal year.

The following table presents a condensed statement of the city's net position for the fiscal years ended June 30, 2025 and 2024.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2025	2024	2025	2024	2025	2024
Current assets	\$ 691,782,180	\$ 698,413,961	\$ 231,514,368	\$ 292,975,380	\$ 923,296,548	\$ 991,389,341
Capital assets, net	819,970,008	763,039,535	911,410,621	836,174,421	1,731,380,629	1,599,213,956
Long-term assets	15,687,470	15,088,409	66,254,755	64,163,639	81,942,225	79,252,048
Total assets	1,527,439,658	1,476,541,905	1,209,179,744	1,193,313,440	2,736,619,402	2,669,855,345
Total deferred outflows of resources	115,127,055	170,056,278	10,409,021	10,114,194	125,536,076	180,170,472
Total assets and deferred outflows of resources	1,642,566,713	1,646,598,183	1,219,588,765	1,203,427,634	2,862,155,478	2,850,025,817
Current liabilities	104,775,375	101,765,657	65,281,641	45,875,498	170,057,016	147,641,155
Long-term liabilities	413,523,349	526,235,366	310,913,974	331,653,355	724,437,323	857,888,721
Total liabilities	518,298,724	628,001,023	376,195,615	377,528,853	894,494,339	1,005,529,876
Total deferred inflows of resources	34,894,451	24,198,429	6,343,855	6,690,360	41,238,306	30,888,789
Total liabilities and deferred inflows of resources	553,193,175	652,199,452	382,539,470	384,219,213	935,732,645	1,036,418,665
Net position:						
Net investment in capital assets	\$ 614,855,681	572,110,660	597,070,834	526,875,770	1,211,926,515	1,098,986,430
Restricted	166,710,948	251,642,729	33,158,230	28,190,997	199,869,178	279,833,726
Unrestricted	307,806,909	170,645,342	206,820,231	264,141,654	514,627,140	434,786,996
Total net position	\$1,089,373,538	\$ 994,398,731	\$ 837,049,295	\$ 819,208,421	\$1,926,422,833	\$1,813,607,152



CITY OF CHANDLER, ARIZONA

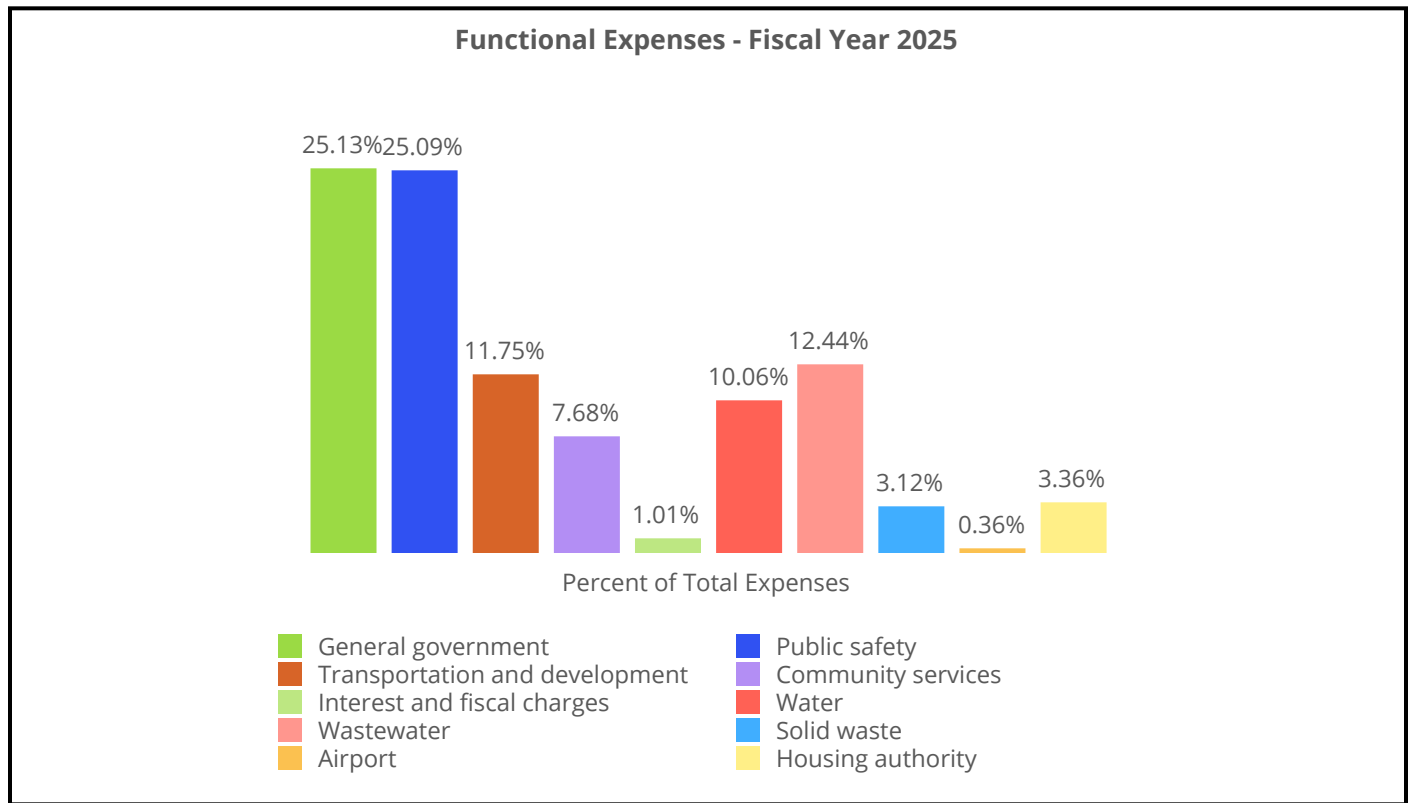
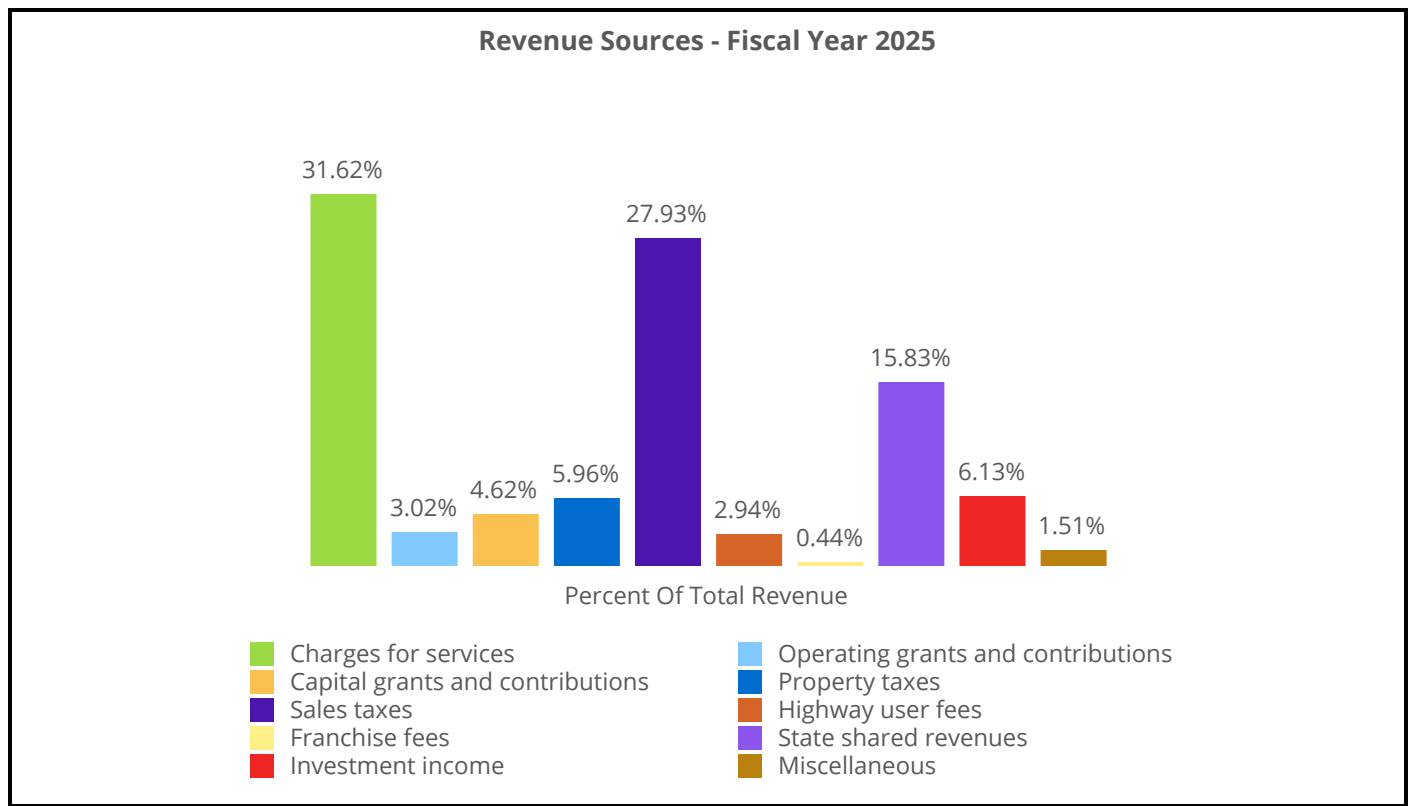
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

Changes in net position. The city's total revenues for the fiscal year ended June 30, 2025 were \$743.3 million. The total cost of all programs and services was \$630.5 million, which results in an increase in net position of \$112.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and 2024.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 90,162,665	\$ 76,561,603	\$ 144,765,920	\$ 143,099,880	\$ 234,928,585	\$ 219,661,483
Operating grants and contributions	4,600,440	13,304,466	17,882,587	12,460,952	22,483,027	25,765,418
Capital grants and contributions	17,284,480	16,299,587	17,074,215	28,318,640	34,358,695	44,618,227
General revenues						
Property taxes	44,321,587	42,508,632	—	—	44,321,587	42,508,632
Sales taxes	207,605,337	208,766,241	21,236	23,363	207,626,573	208,789,604
Highway user taxes	21,880,284	21,430,580	—	—	21,880,284	21,430,580
Franchise Fees	3,245,696	3,691,281	—	—	3,245,696	3,691,281
State shared revenues	117,646,741	133,384,945	—	—	117,646,741	133,384,945
Investment income	32,989,892	25,508,647	12,606,364	10,854,527	45,596,256	36,363,174
Miscellaneous	1,809,952	2,109,152	9,433,541	3,033,563	11,243,493	5,142,715
Gain on sale of capital assets	—	—	4,050	4,401	4,050	4,401
Total revenues	541,547,074	543,565,134	201,787,913	197,795,326	743,334,987	741,360,460
Expenses:						
General government	158,427,128	258,864,611	—	—	158,427,128	258,864,611
Public safety	158,185,614	85,894,534	—	—	158,185,614	85,894,534
Transportation and development	74,087,692	59,823,718	—	—	74,087,692	59,823,718
Community services	48,423,518	43,606,131	—	—	48,423,518	43,606,131
Interest and fiscal charges	6,382,171	5,935,673	—	—	6,382,171	5,935,673
Water	—	—	63,443,736	69,667,817	63,443,736	69,667,817
Wastewater	—	—	78,455,540	70,135,806	78,455,540	70,135,806
Solid waste	—	—	19,642,278	19,412,684	19,642,278	19,412,684
Airport	—	—	2,285,462	2,873,143	2,285,462	2,873,143
Chandler housing authority	—	—	21,186,167	14,220,801	21,186,167	14,220,801
Total expenses	445,506,123	454,124,667	185,013,183	176,310,251	630,519,306	630,434,918
Excess (deficiency) before transfers	96,040,951	89,440,467	16,774,730	21,485,075	112,815,681	110,925,542
Transfers in (out)	(1,066,144)	(1,069,860)	1,066,144	1,069,860	—	—
Change in net position	94,974,807	88,370,607	17,840,874	22,554,935	112,815,681	110,925,542
Beginning net position	994,398,731	906,028,124	819,208,421	796,653,486	1,813,607,152	1,702,681,610
Ending net position	\$1,089,373,538	\$ 994,398,731	\$ 837,049,295	\$ 819,208,421	\$1,926,422,833	\$1,813,607,152

CITY OF CHANDLER, ARIZONA
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2025



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

As evidenced in the previous graph, the largest financing source for the city is charges for services at 31.62 percent, associated with the user fees (i.e., water, wastewater) and general government charges for services such as permits and recreation/facility uses. Sales taxes and state shared revenues (i.e., sales tax, urban revenue sharing) also comprise a significant portion of the city's revenues at 27.93 percent and 15.83 percent, respectively, of the total revenues with capital grants and contributions for an additional 4.62 percent of the city's total revenues.

The city as a whole uses the largest amount of resources for general government functions (i.e. cultural development, information technology, neighborhood resources, law, etc.) and public safety functions at 25.13 percent and 25.09 percent respectively. The next largest users of resources are wastewater at 12.44 percent, transportation and development at 11.75 percent, and water at 10.06 percent of the city's total expenses.

Governmental activities. The increase in governmental net position totaled \$95.0 million for the year ended June 30, 2025 compared with an increase of \$88.4 million in the prior year. Contributing factors include a decrease in governmental activities expenditures primarily due to a one-time \$73 million pension payment made in the prior fiscal year (vs. a one-time payment of \$7 million in fiscal year 2025). Transportation and Development expenditures increased primarily due to increases in professional services. Overall, governmental activity expenditures had a decrease of \$8.6 million over the prior year.

Revenue from charges for services increased for general government due primarily to increases in self insurance premiums. Transportation and development charges for services increased primarily due to permit revenues relating to the Intel expansion. The increase in transportation and development capital grants was primarily due to grants for fiber upgrades and transportation projects. Public Safety operating grants decreased primarily due to American Rescue and Recovery Act funds received in the prior year. State shared revenues decreased from the prior year as a result of the adoption of a flat income tax rate in fiscal year 2025. The overall change in governmental activity revenues was a decrease of \$2.0 million from the prior year.

Business-type activities. The increase in business-type net position totaled \$17.8 million for the year ended June 30, 2025 compared with an increase of \$22.6 million in the prior year. The net increase was due to a variety of factors including increases in interest revenue, housing assistance payments and housing grant funds received and distributed. The wastewater fund received less in developer contributions associated with reclaimed water projects and the water fund miscellaneous revenue increased primarily due to a PFAS (per- and polyfluoroalkyl substances) lawsuit settlement.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the city's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the city's financing requirements. Fund balances are reported on a hierarchy of five classifications based on spending constraints in order to provide better consistency and clarification. These classifications include nonspendable, restricted, committed, assigned and unassigned. The spendable balances are the restricted, committed, assigned and unassigned fund balances. Additional information on fund balances and their classifications can be found in Note 9 of the financial statements.

The financial performance of the city as a whole is reflected in its governmental funds. As the city completed the year, its governmental funds reported a combined fund balance of \$543.1 million, a decrease of \$8.7 million in comparison with the prior year increase of \$66.6 million. Approximately \$332.8 million (61.3 percent) of this amount is combined assigned and unassigned balances, all which may be spent at the city's discretion. The total compared to the prior years' assigned and unassigned balances of \$299.1 million represents an increase of \$33.7 million.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$210.3 million (38.7 percent of the total fund balance). The nonspendable balance consists of inventories. The restricted balance is constrained for specific purposes imposed by external parties or enabling legislation. The total compared to the prior years' nonspendable and restricted balances of \$252.7 million represents a decrease of \$42.4 million.

The general fund is the chief operating fund of the city. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$348.7 million, while total fund balance reached \$361.4 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 1.15 coverage of total annual general fund expenditures. The amount of fund balance is well above the city's contingency reserve financial policy, allowing the funding of other reserves (e.g., economic development, capital projects and compensated absences). The city's general fund balance increased by \$42.4 million during the current fiscal year. While revenues remained relatively stable over the prior year, expenditures were reduced due to a one-time pension payment of \$73 million in the prior fiscal year (vs. a \$7 million payment in fiscal year 2025). In addition, capital outlay and subscription based information technology arrangement (SBITA) expenditures were reduced over the prior year.

The general obligation bonds debt service fund accounts for the accumulation of resources for and payments of general obligation bonded debt. The fund balance restricted for general obligation debt service payments increased by \$0.2 million during the current fiscal year. The increase is due to debt service payments made during the fiscal year based on the defined debt service payment schedules having increased over prior fiscal years and being offset by interfund transfers of \$10.5 million due to system development fees debt repayment.

Proprietary funds. The city's proprietary funds, which include enterprise and internal service funds, provide the same type of information found in the government-wide financial statements, but in more detail. Net position for the enterprise funds and the internal service funds at the end of the fiscal year amounted to \$837.0 million and \$48.8 million, respectively, compared to \$819.2 million and \$44.3 million in the prior fiscal year. As stated above, various factors contributed to the increase, some of which include increases in capital projects in process and placed in service, miscellaneous income from PFAS (per- and polyfluoroalkyl substances) lawsuit settlement, and Chandler Housing Authority grant income and expense.

The enterprise funds net position is 24.7 percent unrestricted compared to 32.2 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$125.7 million, and those for the wastewater fund amounted to \$51.2 million, compared to \$150.8 million and \$87.3 million in the prior fiscal year. The balances will support planned utility infrastructure and the related debt service.

BUDGETARY HIGHLIGHTS

For the 2024-25 budget year, the city continued to engage in fiscally responsible budgeting practices, adhered to financial policies, and used conservative budgeting while resetting anticipated revenues based on a growing economic trend. With a continued conservative mindset, the City Council adopted a balanced budget for fiscal year 2024-25 that allowed for needed improved service levels in many areas adding spending for a variety of operating and capital needs. Overall planned capital expenditures increased as additional projects were added to address our aging infrastructure, and one-time revenues were applied to select capital projects. The city's major sources of General Fund revenues include Local Sales Tax (Transaction Privilege Tax-TPT), State Shared TPT Revenue Urban Revenue Sharing (State Shared Income Tax).

The city projects current General Fund revenues and determines what portion can be sustained as ongoing revenues to support ongoing operating expenditures. Ongoing current revenues are not expected to exceed 81% of total estimated revenues for fiscal year 2024-25, with 19% treated as one-time revenues. Each revenue is reviewed for trends, development spikes, new economic additions, and economic events with temporary impacts to determine ongoing levels each year that are available to support ongoing expenditures.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

The fiscal year 2024-25 adopted budget contains a Budget Stabilization Reserve of \$10 million which provides an opportunity to balance the budget for no more than three consecutive years, until permanent ongoing reductions can be implemented, should State legislation, unexpected decreases in property values, or other economic fluctuations cause operating revenues to decrease more than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2025, the city had invested \$1.2 billion in capital assets net of related debt, including buildings, system improvements, vehicles, machinery and equipment, SBITA's, water rights and infrastructure assets. Total depreciation/amortization expense for the year was \$102.3 million.

During fiscal year 2024-25, the city achieved significant progress in advancing numerous capital improvement projects, completing several key initiatives and concluding several noteworthy capital improvement projects. Among the accomplishments are the completion of the Pecos SWTP Water Quality Lab and Admin Building HVAC renovation and filter improvements (\$11.5 million), Sewer Pipeline Assessment and Rehabilitation (\$23.2 million), and Wall Street Improvements to Frye Rd (\$3.1 million).

Numerous capital projects were also in process during the year. Some of the larger projects and their estimated total project costs include the Water Conveyance and Interconnect Facility (\$79.7 million), Water Treatment Plant/Production Facility Improvements (\$63.8 million), Water Reclamation Facility Improvements (\$41.6 million), Tumbleweed Park Pickleball and Softball Complex (\$28.9 million), Tumbleweed Park Multi-Generation Facility Expansion (\$18.2 million), and Information Technology System Enhancements (\$21.2 million).

The following table presents capital asset balances net of accumulated depreciation and amortization for the fiscal years, ended June 30, 2025 and 2024:

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2025	2024	2025	2024	2025	2024
Land	\$ 102,250,357	\$ 101,748,183	\$ 58,361,283	\$ 57,328,151	\$ 160,611,640	\$ 159,076,334
Land improvements	—	—	389,674	454,766	389,674	454,766
Infrastructure	298,783,965	319,459,158	—	—	298,783,965	319,459,158
System improvements	—	—	632,016,704	538,467,152	632,016,704	538,467,152
Buildings and improvements	186,498,589	193,287,979	6,185,196	6,275,727	192,683,785	199,563,706
Subscription based IT arrangements	3,053,632	5,064,643	—	—	3,053,632	5,064,643
Vehicles, machinery and equipment	26,241,004	26,934,819	5,011,304	3,925,327	31,252,308	30,860,146
Water rights	—	—	40,931,537	41,360,140	40,931,537	41,360,140
Construction in progress	203,142,461	116,544,753	168,514,923	188,363,158	371,657,384	304,907,911
Total	\$ 819,970,008	\$ 763,039,535	\$ 911,410,621	\$ 836,174,421	\$1,731,380,629	\$1,599,213,956

Additional information on the city's capital assets can be found in Note 4 of the financial statements.

Long-term debt. At the end of the current fiscal year, the city had total bonded debt outstanding of \$496.8 million in long-term debt outstanding with \$63.0 million due within one year. The following table presents a summary of the city's outstanding long-term obligations for the fiscal years ended June 30, 2025 and 2024.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 215,907,223	\$ 249,009,159	\$ 39,937,777	\$ 49,480,841	\$ 255,845,000	\$ 298,490,000
Excise tax revenue obligations	—	—	240,995,000	250,405,000	240,995,000	250,405,000
Issuance premiums	19,013,255	22,348,687	17,285,366	19,965,864	36,298,621	42,314,551
Total bonds & obligations payable	\$ 234,920,478	\$ 271,357,846	\$ 298,218,143	\$ 319,851,705	\$ 533,138,621	\$ 591,209,551
Claims payable	23,025,295	23,813,895	—	—	23,025,295	23,813,895
Arbitrage liability	219,247	189,980	—	—	219,247	189,980
Subscription based IT arrangements	2,754,337	4,579,664	—	—	2,754,337	4,579,664
Landfill closure/post closure	—	—	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	21,110,526	15,362,525	2,397,481	1,555,830	23,508,007	16,918,355
Notes payable	—	—	5,000,000	—	5,000,000	—
Net pension liability	125,434,295	199,488,891	20,675,371	19,344,718	146,109,666	218,833,609
Post-employment benefits	72,122,804	68,499,616	9,032,477	8,553,638	81,155,281	77,053,254
Total long-term liabilities	\$ 479,586,982	\$ 583,292,417	\$ 339,663,472	\$ 353,645,891	\$ 819,250,454	\$ 936,938,308

The city's total long-term liabilities decreased by \$117.7 million during the current fiscal year. The city reported a decrease in pension liability of \$72.7 million, primarily due to lump sum payments made to the Public Safety Personnel Retirement System (PSPRS) in fiscal year 2022-23 (\$50 million), 2023-24 (\$73 million), and 2024-25 (\$7 million), an increase in post-employment benefits of \$4.1 million and a net decrease of \$52.1 million in bonds due to the impact of regularly scheduled payments being made as planned.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, artificial lighting, open space, parks, public safety and emergency services, streets, transportation and recreational facilities. The current debt limitation for the city is \$1.4 billion. The city has \$263.8 million of outstanding general obligation debt for these purposes.

State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the city is \$418.1 million. The city has \$8.0 million of outstanding general obligation debt for this purpose.

As of year-end, the city's current bond ratings on general obligation bonds and Excise tax revenue obligation bonds (ETROs) were Aaa from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings.

Additional information on the city's long-term debt can be found in Note 5 of the financial statements.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2025-26) required the combined efforts of residents, the city Council, Executive Leadership team, and staff members throughout the organization. As the financial impacts anticipated during the fiscal year 2024-25 budget year were stronger than anticipated, additional thought and measured change was incorporated into the fiscal year 2025-26 budget.

The budget contains a variety of increases to revenues and expenditures where needed, which helps to mitigate inflationary pressures being felt across all departments and allows for a continued focus on providing high service levels and quality infrastructure in a cost-effective way. This year again included diligent monitoring of legislative bills that could impact our ongoing revenues, and we included the full impact of the legislative removal of our ability to tax residential rental transactions which began in January 2025. Also, a focused review of expenditure impacts that could potentially cause higher costs if not contained was accomplished. This included the Public Safety Personnel Retirement System (PSPRS) rates and any remaining unfunded liability, retirement vacancies which have been more difficult to fill in some cases, additional staff or contract needs, workers' compensation self-insurance claims, fleet and equipment sustainability, aging infrastructure, and addressing various capital needs under a higher construction cost environment. Even though general economic conditions are anticipated to continue at their current levels, the city is still conservative in its approach and continues to look for efficiencies to manage expenditure growth.

The budget decreased from \$1.6291 billion in fiscal year 2024-25 to \$1.6289 billion (a very small decrease of .01 percent) in fiscal year 2025-26. While there is a small reduction of appropriation, the total department operating budget is increasing from \$527 million to \$563 million (6.8%). The total new capital appropriation is increasing from \$239 million to \$278 million. There is also an additional \$568 million in capital carryforward (decreasing from \$637 million in the prior year) for projects started but not yet complete as the city continues a healthy capital improvement program to ensure existing infrastructure is well maintained and the needs of residents can be met. With an increase of 0.4 percent in Limited Property Values (including 1.3 percent of that from new growth and a decrease of 0.9 percent in appreciation), the City Council chose to reduce the primary property tax rate from \$0.2126 to \$0.2118 and keep the secondary property tax rate at \$0.87 per \$100 of assessed valuation. This planned rate reduction will help minimize the impact of higher values on property owner's tax payment.

The fiscal year 2025-26 Budget includes the sale of bonds (\$314.7 million), as part of a robust Capital Improvement Program to enhance aging infrastructure and provide quality amenities for residents. Additionally, the City Council maintained the General Fund operating contingency at 15 percent of General Fund ongoing operating revenues to provide a contingency for emergencies or to support new opportunities such as unanticipated grants or development agreements. Chandler continues maintaining and adhering to strong financial policies, has updated the Pension Funding Policy to ensure an ongoing focus on managing pension costs, and continues to plan for additional funding to ensure the maintenance of the "paid-off" status of the pension liability. Chandler remains in a solid financial position to continue its tradition of strong fiscal management as reflected by its AAA GO and ETRO bond ratings with all three rating agencies which were last reaffirmed in November of 2024.

CONTACTING THE CITY'S FINANCE OFFICE

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the city's finances and to demonstrate the city's accountability for the money it receives. If you have questions about this report or need additional information, contact the Management Services Department, City of Chandler, P.O. Box 4008, MS 609, Chandler, AZ 85244-4008 or by calling (480) 782-2250.



BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Position
June 30, 2025

	Component Units						
	Governmental Activities	Business-Type Activities	Total Primary Government	Chandler Industrial Development Authority	Chandler Cultural Foundation	Chandler Museum Foundation	Chandler Housing & Community Services Corp.
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 647,732,951	\$ 198,042,746	\$ 845,775,697	\$ —	\$ —	\$ —	\$ —
Cash and investments	—	—	—	1,521,143	7,289,288	72,557	351,080
Accounts receivable	2,930,009	19,035,029	21,965,038	—	29,203	1,751	—
Privilege license tax receivable	18,700,572	—	18,700,572	—	—	—	—
Property taxes receivable	489,681	—	489,681	—	—	—	—
Due from other governments	10,799,881	8,979,557	19,779,438	—	—	—	—
Inventories	1,028,477	68,953	1,097,430	—	—	10,678	—
Prepaid items	—	799,122	799,122	—	68,705	—	—
Accrued interest receivable	3,845,434	1,155,143	5,000,577	—	71,123	—	—
Opioid settlement receivable	629,553	—	629,553	—	—	—	—
Notes receivable	328,476	—	328,476	—	—	—	—
Other receivables	5,297,146	3,433,818	8,730,964	—	—	—	—
Total current assets	691,782,180	231,514,368	923,296,548	1,521,143	7,458,319	84,986	351,080
Long-term assets:							
Cash and investments - restricted	—	—	—	—	1,434,255	291,123	—
Leases receivable	6,222,908	3,768,438	9,991,346	—	—	—	—
Due from other governments	322,438	—	322,438	—	—	—	—
Opioid settlement receivable	4,607,330	—	4,607,330	—	—	—	—
Other receivables	—	1,817,158	1,817,158	—	—	—	—
Notes receivable	—	5,154,750	5,154,750	—	—	—	—
Investment in joint venture	—	55,514,409	55,514,409	—	—	—	—
OPEB asset	4,534,794	—	4,534,794	—	—	—	—
Capital assets:							
Non-depreciable	305,392,818	226,876,206	532,269,024	—	—	—	—
Depreciable/amortizable, net	514,577,190	684,534,415	1,199,111,605	—	—	—	—
Total capital assets	819,970,008	911,410,621	1,731,380,629	—	—	—	—
Total long-term assets	835,657,478	977,665,376	1,813,322,854	—	1,434,255	291,123	—
Total assets	1,527,439,658	1,209,179,744	2,736,619,402	1,521,143	8,892,574	376,109	351,080
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of OPEB and pension plan items	112,366,385	6,490,203	118,856,588	—	—	—	—
Deferred amounts on refundings	2,760,670	3,918,818	6,679,488	—	—	—	—
Total deferred outflows of resources	115,127,055	10,409,021	125,536,076	—	—	—	—

LIABILITIES

Current liabilities:

Accounts payable	19,374,562	25,546,696	44,921,258	3,000	121,526	1,547	65,110
Accrued payroll	9,642,304	1,044,552	10,686,856	—	—	—	—
Due to other governments	18,034	—	18,034	—	—	—	—
Trust liabilities and deposits	4,117,156	4,262,320	8,379,476	—	—	—	—
Accrued interest	4,326,287	4,741,410	9,067,697	—	—	—	—
Unearned revenue	1,233,399	—	1,233,399	—	950,859	995	—
Customer advances	—	937,165	937,165	—	—	—	—
Subscription based IT arrangement liability	2,390,301	—	2,390,301	—	—	—	—
Compensated absences payable	7,031,432	969,577	8,001,009	—	—	—	—
Bonds payable	41,310,455	27,685,475	68,995,930	—	—	—	—
Landfill closure and postclosure liability	—	94,446	94,446	—	—	—	—
Claims and judgements payable	15,331,445	—	15,331,445	—	—	—	—
Total current liabilities	104,775,375	65,281,641	170,057,016	3,000	1,072,385	2,542	65,110

Long-term liabilities:

Arbitrage liability	219,247	—	219,247	—	—	—	—
Subscription based IT arrangement liability	364,036	—	364,036	—	—	—	—
Compensated absences payable	14,079,094	1,427,904	15,506,998	—	—	—	—
Notes payable	—	5,000,000	5,000,000	—	—	—	—
Bonds payable	193,610,023	270,532,668	464,142,691	—	—	—	—
Net pension liability	125,434,295	20,675,371	146,109,666	—	—	—	—
OPEB liability	72,122,804	9,032,477	81,155,281	—	—	—	—
Landfill closure and postclosure liability	—	4,245,554	4,245,554	—	—	—	—
Claims and judgements payable	7,693,850	—	7,693,850	—	—	—	—
Total long-term liabilities	413,523,349	310,913,974	724,437,323	—	—	—	—
Total liabilities	518,298,724	376,195,615	894,494,339	3,000	1,072,385	2,542	65,110

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	29,394,069	2,725,998	32,120,067	—	—	—	—
Leases and Public-Private Partnerships (PPPs)	5,500,382	3,617,857	9,118,239	—	—	—	—
Total deferred inflows of resources	34,894,451	6,343,855	41,238,306	—	—	—	—

NET POSITION

Net investment in capital assets	614,855,681	597,070,834	1,211,926,515	—	—	—	—
Restricted for:							
Transportation and development	104,117,122	—	104,117,122	—	—	—	—
Capital improvements	23,014,987	—	23,014,987	—	—	—	—
Community services	25,776,355	—	25,776,355	—	—	—	—
Community development	347,108	—	347,108	—	—	—	—
Debt service	1,858,177	33,158,230	35,016,407	—	—	—	—
OPEB benefits	4,534,794	—	4,534,794	—	—	—	—
Legal restrictions	7,062,405	—	7,062,405	—	1,434,255	291,123	285,970
Total restricted	166,710,948	33,158,230	199,869,178	—	1,434,255	291,123	285,970
Unrestricted	307,806,909	206,820,231	514,627,140	1,518,143	6,385,934	82,444	—
Total net position	\$1,089,373,538	\$ 837,049,295	\$1,926,422,833	\$ 1,518,143	\$ 7,820,189	\$ 373,567	\$ 285,970

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2025

Function/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 158,427,128	\$ 47,456,873	\$ 2,438,981	\$ 2,875,166	\$ 52,771,020
Public safety	158,185,614	5,905,414	731,311	—	6,636,725
Transportation and development	74,087,692	19,901,334	1,031,447	14,409,314	35,342,095
Community services	48,423,518	16,899,044	398,701	—	17,297,745
Interest on long-term debt	6,382,171	—	—	—	—
Total governmental activities	445,506,123	90,162,665	4,600,440	17,284,480	112,047,585
Business-type activities:					
Water	63,443,736	59,970,840	—	2,780,957	62,751,797
Wastewater	78,455,540	61,594,681	—	14,293,258	75,887,939
Solid waste	19,642,278	19,942,908	—	—	19,942,908
Airport	2,285,462	1,214,124	—	—	1,214,124
Chandler housing authority	21,186,167	2,043,367	17,882,587	—	19,925,954
Total business-type activities	185,013,183	144,765,920	17,882,587	17,074,215	179,722,722
Total primary government	\$ 630,519,306	\$234,928,585	\$ 22,483,027	\$ 34,358,695	\$291,770,307
Component units					
Chandler Industrial Development Authority	\$ 16,708	\$ 145,457	\$ —	\$ —	\$ 145,457
Chandler Cultural Foundation	3,237,512	2,943,510	565,541	—	3,509,051
Chandler Museum Foundation	32,076	26,810	3,571	—	30,381
Chandler Housing & Community Services Corporation	65,110	351,080	—	—	351,080
Total component units	\$ 3,351,406	\$ 3,466,857	\$ 569,112	\$ —	\$ 4,035,969

General revenues and transfers:

General revenues:

Property taxes, levied for general purposes

Sales taxes

Highway user taxes

Franchise fees

State shared revenues (unrestricted)

Investment income

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Chandler Industrial Development Authority	Chandler Cultural Foundation	Chandler Museum Foundation	Chandler Housing & Community Services Corp.
\$ (105,656,108)	\$ —	\$ (105,656,108)	\$ —	\$ —	\$ —	\$ —
(151,548,889)	—	(151,548,889)	—	—	—	—
(38,745,597)	—	(38,745,597)	—	—	—	—
(31,125,773)	—	(31,125,773)	—	—	—	—
(6,382,171)	—	(6,382,171)	—	—	—	—
(333,458,538)	—	(333,458,538)	—	—	—	—
—	(691,939)	(691,939)	—	—	—	—
—	(2,567,601)	(2,567,601)	—	—	—	—
—	300,630	300,630	—	—	—	—
—	(1,071,338)	(1,071,338)	—	—	—	—
—	(1,260,213)	(1,260,213)	—	—	—	—
—	(5,290,461)	(5,290,461)	—	—	—	—
(333,458,538)	(5,290,461)	(338,748,999)	—	—	—	—
—	—	—	128,749	—	—	—
—	—	—	—	271,539	—	—
—	—	—	—	—	(1,695)	—
—	—	—	—	—	—	285,970
—	—	—	128,749	271,539	(1,695)	285,970
44,321,587	—	44,321,587	—	—	—	—
207,605,337	21,236	207,626,573	—	—	—	—
21,880,284	—	21,880,284	—	—	—	—
3,245,696	—	3,245,696	—	—	—	—
117,646,741	—	117,646,741	—	—	—	—
32,989,892	12,606,364	45,596,256	68,521	390,696	10,512	—
1,809,952	9,433,541	11,243,493	—	—	—	—
—	4,050	4,050	—	(3,401)	—	—
(1,066,144)	1,066,144	—	—	—	—	—
428,433,345	23,131,335	451,564,680	68,521	387,295	10,512	—
94,974,807	17,840,874	112,815,681	197,270	658,834	8,817	285,970
994,398,731	819,208,421	1,813,607,152	1,320,873	7,161,355	364,750	—
\$ 1,089,373,538	\$ 837,049,295	\$ 1,926,422,833	\$ 1,518,143	\$ 7,820,189	\$ 373,567	\$ 285,970

City of Chandler
Balance Sheet -
Governmental Funds
June 30, 2025

	Major Funds			
	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total
ASSETS				
Equity in pooled cash and investments	\$ 330,791,535	\$ 44,004,516	\$ 200,894,876	\$ 575,690,927
Accounts receivable	2,930,009	—	—	2,930,009
Privilege license tax receivable	18,700,572	—	—	18,700,572
Property taxes receivable	103,822	385,859	—	489,681
Advances to other funds	5,140,833	—	—	5,140,833
Due from other funds	11,149,478	—	—	11,149,478
Due from other governments	2,737,963	—	8,384,356	11,122,319
Inventories	1,028,477	—	—	1,028,477
Accrued interest receivable	2,087,286	86,362	1,004,876	3,178,524
Opioid settlement receivable	5,236,883	—	—	5,236,883
Notes receivable	—	—	328,476	328,476
Leases and PPP receivable	6,222,908	—	—	6,222,908
Other receivables	4,931,639	—	365,495	5,297,134
Total assets	\$ 391,061,405	\$ 44,476,737	\$ 210,978,079	\$ 646,516,221
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,223,131	\$ —	\$ 13,642,064	\$ 18,865,195
Accrued payroll	9,112,399	—	409,036	9,521,435
Trust liabilities and deposits	3,822,723	—	294,433	4,117,156
Accrued interest	—	4,326,287	—	4,326,287
Due to other funds	—	—	11,149,478	11,149,478
Due to other governments	18,034	—	—	18,034
Advances from other funds	—	—	5,140,833	5,140,833
Unearned revenue	766,271	—	467,128	1,233,399
Arbitrage liability	—	219,247	—	219,247
Bonds payable	—	37,975,023	—	37,975,023
Total liabilities	18,942,558	42,520,557	31,102,972	92,566,087
Deferred inflows of resources				
Unavailable revenues - property taxes	25,217	98,003	—	123,220
Leases and Public - Private Partnerships (PPPs)	5,500,382	—	—	5,500,382
Unavailable revenues - settlements	5,236,883	—	—	5,236,883
Unavailable revenues - grants	—	—	5,024	5,024
Total deferred inflows of resources	10,762,482	98,003	5,024	10,865,509
Fund balances:				
Nonspendable	1,028,477	—	—	1,028,477
Restricted	11,592,841	1,858,177	195,788,947	209,239,965
Assigned	256,561,068	—	—	256,561,068
Unassigned	92,173,979	—	(15,918,864)	76,255,115
Total fund balances	361,356,365	1,858,177	179,870,083	543,084,625
Total liabilities, deferred inflows and fund balances	\$ 391,061,405	\$ 44,476,737	\$ 210,978,079	\$ 646,516,221

See accompanying Notes to the Financial Statements.

City of Chandler

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position June 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 543,084,625
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Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

Capital assets used in governmental activities are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable	\$305,392,818	
Depreciable/Amortizable buildings, vehicles, machinery and equipment and infrastructure, net	<u>514,577,190</u>	
Total capital assets		819,970,008

OPEB assets are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	4,534,794
---	-----------

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	5,365,127
---	-----------

Deferred amounts on refundings are not financial resources and, therefore, are not reported in the funds.	2,760,670
---	-----------

Deferred outflows related to pensions and OPEB are not financial resources and, therefore, are not reported in the funds.	112,366,385
---	-------------

Deferred inflows related to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.	(29,394,069)
---	--------------

The internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-wide Statement of Net Position.	48,799,192
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Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds amounts of \$23,279,518 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(196,945,455)	
Net pension liability	(125,434,295)	
OPEB liability	(72,122,804)	
Subscription based IT arrangement liability	(2,754,337)	
Compensated absences	<u>(20,856,303)</u>	
Total long-term liabilities		(418,113,194)

Net Position of Governmental Activities	<u>\$1,089,373,538</u>
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See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the year ended June 30, 2025

	Major Funds			
	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total
REVENUES:				
Property taxes	\$ 8,760,591	\$ 35,818,046	\$ —	\$ 44,578,637
Sales taxes	207,605,337	—	—	207,605,337
Highway user taxes	—	—	21,880,284	21,880,284
Franchise fees	3,245,696	—	—	3,245,696
State shared	117,646,741	—	—	117,646,741
Grants and entitlements	1,035,672	—	20,561,556	21,597,228
System development fees	—	—	3,216,916	3,216,916
Licenses and permits	13,820,770	—	—	13,820,770
Charges for services	26,084,156	—	4,193,287	30,277,443
Fines and forfeitures	4,180,603	—	702,455	4,883,058
Rentals	137,707	—	—	137,707
Interest revenue	17,741,005	829,979	10,461,895	29,032,879
Miscellaneous	468,904	—	481,461	950,365
Total revenues	400,727,182	36,648,025	61,497,854	498,873,061
EXPENDITURES:				
Current:				
General government	84,786,259	330,011	14,396,338	99,512,608
Public safety	153,635,194	—	1,719,351	155,354,545
Transportation and development	22,297,631	—	22,502,550	44,800,181
Community services	34,631,975	—	4,667,217	39,299,192
Capital outlay	4,368,323	—	102,230,974	106,599,297
Debt service:				
Principal	2,333,443	37,975,023	—	40,308,466
Interest and fiscal charges	103,147	8,652,575	1,965	8,757,687
Total expenditures	302,155,972	46,957,609	145,518,395	494,631,976
Excess (deficiency) of revenues over (under) expenditures	98,571,210	(10,309,584)	(84,020,541)	4,241,085
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	48,545	—	524,871	573,416
SBITA agreements	508,116	—	—	508,116
Transfers in	—	10,521,439	43,004,000	53,525,439
Transfers out	(56,721,776)	—	(10,807,323)	(67,529,099)
Total other financing sources (uses)	(56,165,115)	10,521,439	32,721,548	(12,922,128)
NET CHANGE IN FUND BALANCE	42,406,095	211,855	(51,298,993)	(8,681,043)
FUND BALANCES:				
Beginning of year	318,950,270	1,646,322	231,169,076	551,765,668
End of year	\$ 361,356,365	\$ 1,858,177	\$ 179,870,083	\$ 543,084,625

See accompanying Notes to the Financial Statements.

City of Chandler

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities For the year ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ (8,681,043)
Governmental activities in the Statement of Activities were reported differently because:	
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Net Position and Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	110,532,616
Expenditures related to the implementation of subscription based IT arrangements are recorded as an intangible right to use asset on the government wide statements and amortized over the life of the contract.	17,715
Depreciation expense on capital assets is reported in the Government-wide Statement of Net Position and Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(52,766,480)
Subscription Based IT arrangements amortization expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(2,536,851)
Some items reported in the governmental funds are sources and uses of current financial resources and therefore are not reported as revenues or expenses in the Statement of Activities. These items include:	
Principal payments on debt	40,308,466
Pension related items	8,725,745
Other post employment benefits related items	<u>(2,494,159)</u>
	46,540,052
Accrued interest payable, bond premium allocation and allocation of deferred outflows from bond refundings related to long-term debt is recognized as an expense in the Statement of Activities, however is not recognized in the governmental funds because it is not payable from current financial resources.	2,375,516
Gain or loss on sale of capital assets in the statement of activities do not provide current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.	(142,991)
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(5,631,211)
Certain revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period. However, other revenues that are unavailable in the governmental funds because they do not provide current financial resources due to unavailability are recognized in the Statement of Activities.	(510,747)
Capital assets contributed by developers to the city are not recorded in the governmental funds as they do not provide current financial resources but are recognized in the Statement of Activities as program revenues.	1,318,340
The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The change in financial position of the internal service fund is reported with governmental activities.	<u>4,459,891</u>
Change in Net Position of Governmental Activities	<u>\$ 94,974,807</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Net Position -
Proprietary Funds
June 30, 2025

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 91,284,238	\$ 68,444,320	\$ 38,314,188	\$ 198,042,746	\$ 72,042,024
Accounts receivable	8,786,085	7,537,124	2,711,820	19,035,029	—
Due from other governments	—	3,823,234	5,156,323	8,979,557	—
Inventories	53,764	—	15,189	68,953	—
Prepaid invoices	360,506	277,627	\$ 160,989	799,122	—
Accrued interest receivable	528,920	392,205	234,018	1,155,143	666,910
Other receivables	2,299,010	1,069,788	65,020	3,433,818	12
Total current assets	103,312,523	81,544,298	46,657,547	231,514,368	72,708,946
Long-term assets:					
Notes receivable	—	—	5,154,750	5,154,750	—
Leases receivable	—	—	3,768,438	3,768,438	—
Investment in joint venture	55,514,409	—	—	55,514,409	—
Other receivables	1,817,158	—	—	1,817,158	—
Capital assets:					
Non-depreciable	76,856,689	117,295,051	32,724,466	226,876,206	—
Depreciable/amortizable, net	204,977,051	456,728,125	22,829,239	684,534,415	—
Total capital assets	281,833,740	574,023,176	55,553,705	911,410,621	—
Total long-term assets	339,165,307	574,023,176	64,476,893	977,665,376	—
Total assets	442,477,830	655,567,474	111,134,440	1,209,179,744	72,708,946
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	3,064,716	2,055,249	1,370,238	6,490,203	—
Deferred amounts on refundings	1,880,982	2,037,836	—	3,918,818	—
Total deferred outflow of resources	4,945,698	4,093,085	1,370,238	10,409,021	—

LIABILITIES

Current liabilities:

Accounts payable	9,103,527	9,594,870	6,848,299	25,546,696	509,367
Accrued payroll	499,119	425,349	120,084	1,044,552	120,869
Trust liabilities and deposits	2,606,135	378,488	1,277,697	4,262,320	—
Accrued interest	2,304,672	2,436,738	—	4,741,410	—
Customer advances	294,528	378,772	263,865	937,165	—
Compensated absences payable	433,769	336,045	199,763	969,577	111,020
Bonds payable	12,295,267	15,390,208	—	27,685,475	—
Landfill closure and postclosure liability	—	—	94,446	94,446	—
Claims and judgements payable	—	—	—	—	15,331,445
Total current liabilities	27,537,017	28,940,470	8,804,154	65,281,641	16,072,701

Long-term liabilities:

Compensated absences payable	744,596	471,161	212,147	1,427,904	143,203
Notes payable	—	—	5,000,000	5,000,000	—
Bonds payable	122,536,114	147,996,554	—	270,532,668	—
Net pension liability	10,372,156	5,875,618	4,427,597	20,675,371	—
OPEB liability	4,112,715	3,236,702	1,683,060	9,032,477	—
Landfill closure and postclosure liability	—	—	4,245,554	4,245,554	—
Claims and judgements payable	—	—	—	—	7,693,850
Total long-term liabilities	137,765,581	157,580,035	15,568,358	310,913,974	7,837,053
Total liabilities	165,302,598	186,520,505	24,372,512	376,195,615	23,909,754

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	1,343,163	577,163	805,672	2,725,998	—
Deferred inflows of leases and PPP	—	—	3,617,857	3,617,857	—
Total deferred inflow of resources	1,343,163	577,163	4,423,529	6,343,855	—

NET POSITION

Net investment in capital assets	139,831,616	403,484,125	53,755,093	597,070,834	—
Restricted for:					
Debt service	15,295,524	17,862,706	—	33,158,230	—
Unrestricted	125,650,627	51,216,060	29,953,544	206,820,231	48,799,192
Total net position	\$ 280,777,767	\$ 472,562,891	\$ 83,708,637	\$ 837,049,295	\$ 48,799,192

See accompanying Notes to the Financial Statements.



City of Chandler
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the year ended June 30, 2025

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
OPERATING REVENUES:					
Service fees	\$ 59,970,840	\$ 61,594,681	\$21,222,377	\$142,787,898	\$ 788,585
Grants and entitlements	—	—	17,882,587	17,882,587	—
Rentals	—	—	1,978,022	1,978,022	—
Sales taxes	—	—	21,236	21,236	—
Self insurance premiums	—	—	—	—	36,261,233
Miscellaneous	4,948,045	5,646	1,799,352	6,753,043	859,587
Total operating revenues	64,918,885	61,600,327	42,903,574	169,422,786	37,909,405
OPERATING EXPENSES:					
General and administrative	3,548,439	3,814,443	1,403,006	8,765,888	—
Personnel services	13,266,628	10,657,971	5,657,278	29,581,877	2,765,200
Contractual services	15,077,796	5,755,596	15,603,271	36,436,663	10,147,482
Commodities	5,280,421	24,339,665	7,074,538	36,694,624	5,365,671
Claims expense	—	—	—	—	32,243,656
Housing assistance payments	—	—	11,275,880	11,275,880	—
Depreciation/amortization expense	16,481,069	28,430,950	2,067,934	46,979,953	—
Total operating expenses	53,654,353	72,998,625	43,081,907	169,734,885	50,522,009
OPERATING INCOME (LOSS)	11,264,532	(11,398,298)	(178,333)	(312,099)	(12,612,604)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	5,768,928	4,668,025	2,169,411	12,606,364	3,957,021
Interest and fiscal charges	(5,162,715)	(5,450,080)	—	(10,612,795)	—
Accretion of bond premiums	1,423,667	1,256,831	—	2,680,498	—
Gain (loss) on disposal of capital assets	(8,350)	(6,835)	(27,950)	(43,135)	—
Equity interest in joint venture	(4,618,318)	—	—	(4,618,318)	—
Total Nonoperating revenues (expenses)	(2,596,788)	467,941	2,141,461	12,614	3,957,021
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	8,667,744	(10,930,357)	1,963,128	(299,485)	(8,655,583)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	2,780,957	14,293,258	177,958	17,252,173	—
Transfers in	1,388,800	1,354,699	2,361,086	5,104,585	13,145,082
Transfers out	(2,365,882)	(1,698,161)	(152,356)	(4,216,399)	(29,608)
Total capital contributions and transfers	1,803,875	13,949,796	2,386,688	18,140,359	13,115,474
CHANGE IN NET POSITION	10,471,619	3,019,439	4,349,816	17,840,874	4,459,891
NET POSITION:					
Beginning of year	270,306,148	469,543,452	79,358,821	819,208,421	44,339,301
End of year	<u>\$280,777,767</u>	<u>\$472,562,891</u>	<u>\$83,708,637</u>	<u>\$837,049,295</u>	<u>\$ 48,799,192</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Cash Flows -
Proprietary Funds
For the year ended June 30, 2025

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 60,731,600	\$ 59,719,411	\$ 19,923,766	\$ 140,374,777	\$ 848,779
Cash received from internal services provided	—	—	—	—	37,049,818
Cash received from grantors	—	—	12,743,647	12,743,647	—
Cash payments to suppliers	(18,970,413)	(31,606,960)	(24,786,754)	(75,364,127)	(48,236,198)
Cash payments to employees for services	(12,766,555)	(10,239,173)	(5,463,090)	(28,468,818)	(2,606,087)
Net cash provided (used) by operating activities	28,994,632	17,873,278	2,417,569	49,285,479	(12,943,688)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	1,388,800	1,354,699	2,361,086	5,104,585	13,145,082
Transfers out	(2,365,882)	(1,698,161)	(152,356)	(4,216,399)	(29,608)
Net cash provided (used) by noncapital financing activities	(977,082)	(343,462)	2,208,730	888,186	13,115,474
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(54,939,996)	(51,857,776)	(4,240,168)	(111,037,940)	—
Principal paid on bond maturities	(8,229,417)	(9,587,521)	—	(17,816,938)	—
Interest paid on bonds	(5,456,522)	(5,716,134)	—	(11,172,656)	—
Cash received from capital contributions	2,366,246	3,664,579	—	6,030,825	—
Net cash provided (used) by capital and related financing activities	(66,259,689)	(63,496,852)	(4,240,168)	(133,996,709)	—
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	5,847,393	4,826,497	2,129,953	12,803,843	3,781,953
Net cash provided (used) by investing activities	5,847,393	4,826,497	2,129,953	12,803,843	3,781,953
Net increase (decrease) in cash and cash equivalents	(32,394,746)	(41,140,539)	2,516,084	(71,019,201)	3,953,739
CASH AND CASH EQUIVALENTS:					
Beginning of year	123,678,984	109,584,859	35,798,104	269,061,947	68,088,285
End of year	<u>\$ 91,284,238</u>	<u>\$ 68,444,320</u>	<u>\$ 38,314,188</u>	<u>\$ 198,042,746</u>	<u>\$ 72,042,024</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET**CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	\$ 11,264,532	\$ (11,398,298)	\$ (178,333)	\$ (312,099)	\$ (12,612,604)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	16,481,069	28,430,950	2,067,934	46,979,953	—
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	(4,235,052)	307,111	(5,051,043)	(8,978,984)	598
(Increase) decrease in due from other governments	—	(1,968,663)	(5,138,940)	(7,107,603)	—
(Increase) decrease in inventories	(1,062)	—	(2,216)	(3,278)	—
(Increase) decrease in prepaid items	(172,089)	(136,346)	(66,802)	(375,237)	—
Increase (decrease) in long-term notes payable	5,109,394	2,439,090	5,638,959	13,187,443	309,211
Increase (decrease) in payables	—	—	5,000,000	5,000,000	—
Increase (decrease) in accrued payroll and compensated absences	412,238	369,654	157,546	939,438	159,113
Increase (decrease) in deposits	78,331	(294,716)	88,620	(127,765)	—
Increase (decrease) in claims payable	—	—	—	—	(788,600)
Increase (decrease) in unearned revenue	—	—	—	—	(11,406)
Increase (decrease) in customer advances	(30,564)	75,352	6,789	51,577	—
Increase (decrease) in net pension and OPEB items	(136,885)	(116,573)	(51,760)	(305,218)	—
Increase (decrease) in OPEB liability	224,720	165,717	88,402	478,839	—
Increase (decrease) in deferred inflow leases	—	—	(141,587)	(141,587)	—
Total adjustments	17,730,100	29,271,576	2,595,902	49,597,578	(331,084)
Net cash provided (used) by operating activities	\$ 28,994,632	\$ 17,873,278	\$ 2,417,569	\$ 49,285,479	\$ (12,943,688)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 414,711	\$ 10,628,679	\$ —	\$ 11,043,390	\$ —
Contributions of capital assets from city government	—	—	177,958	177,958	—
Gain (loss) on disposal of capital assets	(8,350)	(6,835)	(27,950)	(43,135)	—
Accretion of bond premiums	1,423,667	1,256,831	—	2,680,498	—

See accompanying Notes to the Financial Statements.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2025

The City of Chandler (city) was incorporated on February 17, 1920. On May 25, 1964, voters ratified a city charter providing for a Council-Manager form of government. The government of the city is operated by authority of its charter, as limited by the state legislature. A seven-member council, including a separately elected mayor, governs the city.

The following notes to the financial statements are an integral part of the city's financial statements.

NOTE 1 - Summary of Significant Accounting Policies

The accounting policies and procedures of the city conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

As required by GAAP, these financial statements present the city and its component units, i.e., entities for which the city is considered to be financially accountable and/or exercise significant influence over operations. Blended component units, although legally separate entities, are a substantial part of the city's operations, and therefore data from these units are combined with data of the city. The city's discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements, to emphasize that they are legally separate from the city. The component units discussed below are included in the city's reporting entity because of the significance of their operational and/or financial relationships with the city. Each component unit has a June 30 year-end.

1. Blended Component Unit

The City of Chandler Municipal Property Corporation (Corporation) is a nonprofit corporation which exists solely for the purpose of constructing or otherwise acquiring or equipping buildings, structures, or improvements on land owned by the city for the benefit, common good, and general welfare of the city and its residents. The Chandler City Council appoints the five members of the Board, who are responsible for approving the Corporation's bond sales. Additionally, all bond sales must be submitted to and approved by the City Council. All financial activities are reported within the enterprise funds of the city. Unaudited financial statements for the corporation are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

2. Discretely Presented Component Units

The component unit columns in the basic financial statements include the financial data of the Chandler Industrial Development Authority (Authority), the Chandler Cultural Foundation (Cultural Foundation), the Chandler Museum Foundation (Museum Foundation), and the Chandler Housing and Community Services Corporation (CHCSC).

The Authority is responsible for the issuance of tax-exempt bonds for qualified projects approved by the authority and the City Council. The authority has a seven-member board of directors appointed by the City Council. The city is able to impose its will on the authority inasmuch as the City Council must vote to ratify the actions of the authority with regard to the issuance of bonds.

The accounting records of the Authority are maintained by the city and are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, continued

The Cultural Foundation oversees the operations of the Chandler Center for the Arts for the selection and scheduling of performances, other facility use, and general policy setting activities. The city is able to significantly influence its operations. Specifically, the Cultural Foundation's budget is annually reviewed and approved by the City Council and the Cultural Foundation's nine-member Board is appointed by the City Council. Financial statements for the Foundation are available from the Chandler Cultural Foundation, 250 N Arizona Ave, Chandler, AZ 85225.

The Museum Foundation oversees the operations of the Chandler Museum for the selection and scheduling of performances, other facility use, and general policy setting activities. The city is able to significantly influence its operations. Specifically, the Museum Foundation's budget is annually reviewed and approved by the City Council and the Museum Foundation's nine-member Board is appointed by the City Council. Financial statements for the Museum Foundation are available from the Chandler Museum Foundation, 300 S Chandler Village Dr., Chandler, AZ 85226.

The CHCSC was created to promote the availability and expansion of affordable housing in the city by the provision of support to the City of Chandler Neighborhood Resources Department Housing and Redevelopment Division. The Board of Directors currently consists of city directors and executive staff but is not appointed by City Council, nor does City Council approve the annual budget. The accounting records of the CHCSC are maintained by the city and are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (e.g., the Statement of Net Position and the Statement of Activities) present financial information about the city as a whole. The reported information includes all of the nonfiduciary activities of the city and its component units. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the city. Governmental activities are normally supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided, and other charges. Elimination of these charges would distort the direct costs and program revenues reported.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 interfund activity has been eliminated from the government-wide financial statements; the exception is any interfund activity between governmental and business-type activities, such as transfers. Interfund services provided and used are not eliminated.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Grants and similar awards received before the eligibility requirements are met are recorded as unearned revenue. Cash receipts received in advance of being billed have also been reported as unearned revenue on the governmental fund financial statements. Special assessments and delinquent property taxes have been recorded as deferred inflows of resources. Grant and similar awards received more than 60 days after the end of the current fiscal period have been recorded as deferred inflows of resources.

The city reports the following major governmental funds:

General Fund - This fund accounts for all financial resources of the city, except those required to be accounted for in other funds.

General Obligation Bonds Debt Service Fund - This fund accumulates monies for the payment of principal and interest requirements of the city's tax supported general obligation bonds. Revenues for repayment are generated from secondary property taxes.

The city reports the following major proprietary funds:

Water Fund - This fund is used to account for the provision of water services to the residents of the city and certain county residents within the city's municipal boundaries. All activities necessary to provide such service are accounted for in this fund.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, continued

Wastewater Fund - This fund is used to account for the provision of wastewater services to the residents of the city and certain county residents within the city's municipal boundaries. All activities necessary to provide such service are accounted for in this fund.

Additionally, the city reports the following fund type:

Internal Service Fund - Internal Service Funds are established to account for financing of goods and services provided by one department or agency to other departments or agencies of the city on a cost reimbursement basis. The Internal Service Fund consists of Self Insurance Funds that administer the city's self-insured property, liability, health, dental, short-term disability and workers' compensation insurance programs.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's internal service fund are interfund transfers from the general fund for property and liability insurance and charges to user departments for premiums related to health, dental, workers' compensation and short-term disability self-insurance. The principal operating revenues of the city's enterprise funds are user fees and charges to customers for water, wastewater, solid waste, airport services and public housing grants. Operating expenses for these funds include the cost of sales and services, administrative expenses, depreciation, claims and premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first where allowable and then unrestricted resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

D. Budgeting and Budgetary Control

The City Council formally adopts an annual operating budget for the general, special revenue, debt service, capital projects, enterprise and internal service funds.

The level of control at which expenditures may not exceed budget is by department. Upon written request by the City Manager, the City Council has the authority to transfer part or all of any unencumbered appropriation balance from one department to another per City Charter requirement. The City Manager and department heads have the authority to transfer appropriations between divisions and expenditure categories within departments. Appropriations totaling \$16,539,312 were transferred from the contingency reserves within the general, special revenue, capital project and internal service funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements carryforward appropriations. Encumbrance accounting, under which purchase orders, contracts and other commitments for the future expenditure of funds are recorded in order to reserve that portion of the related fund balance, is employed in the governmental and proprietary fund types. Encumbrances outstanding at year-end are reported as part of restricted fund balance for governmental and proprietary funds (excluding the general fund) unless a negative fund balance is reported. If negative, encumbrances are reported as part of unassigned fund balance. Carryforwards for capital improvement projects are reported as part of assigned fund balance at year-end and encumbrances in the general fund are reported

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, continued

as part of unassigned fund balance. Significant encumbrances for the general fund are \$12,485,588, for water enterprise fund are \$44,072,625, for wastewater enterprise fund are \$48,744,358, and for non-major governmental funds are \$97,522,714.

The budgets are adopted on a basis differing from generally accepted accounting principles in that for budgetary purposes: (1) current year encumbrances are treated as expenditures; (2) bond proceeds for proprietary funds are considered revenue; (3) capital outlays for enterprise funds are treated as expenditures; (4) debt service principal payments are treated as expenditures for enterprise funds; (5) accrued compensated absences are not recognized as expenditures; (6) depreciation and amortization are not recognized as expenditures; (7) estimated landfill closure and post closure costs are not recognized as expenditures until incurred; (8) sales tax collected by merchants but not yet required to be remitted at the end of the fiscal year is not recorded as revenue; and (9) investments are recorded at cost.

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Through a Home Rule option, any city can adopt its own alternative expenditure limitation if a majority of the qualified electors vote in favor of the issue at a regular election. On August 2, 2022, the City of Chandler voters approved to continue under Home Rule for the next four years.

E. Pooled Cash and Investments

City Charter, Ordinance, and Trust Agreements authorize the city to invest in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short-term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, repurchase agreements and the Local Government Investment Pool. The City of Chandler Municipal Property Corporation is additionally authorized to invest in banker's acceptances, U.S. Corporate obligations rated Aa3 and AA or better, full faith and credit general obligations or special revenue bonds of any state or political subdivision rated AAA and Aaa, Refcorp interest strips and money market funds.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Cash resources of the city are combined to form a pool of cash and investments. Excluded from this pool are the cash and investments of the Chandler Health Care Benefits Trust, Workers' Compensation and Employer Liability Trust, Chandler Industrial Development Authority, Chandler Museum Foundation, Chandler Cultural Foundation, and the Chandler Housing and Community Services Corporation. Interest earned on the pooled cash and investments is distributed each month on the basis of average monthly equity in the pool.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All accounts receivables are shown net of an allowance for uncollectible accounts.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, continued

Receivables not anticipated to be collected within a one year period are classified as long-term assets. Significant long-term receivables at year-end included \$5,154,750 in notes receivable, \$4,607,330 in opioid settlements, \$1,817,158 in PFAS settlements, and \$9,991,346 in anticipated lease revenue.

Amounts due from other governments include receivables from other governmental entities including, but not limited to federal, state, or county entities. At year-end the receivables included \$5,791,945 due from the federal government for grants, \$8,942,181 due from the State of Arizona for shared revenues and grants, \$5,045,312 due from Maricopa County for grants, and \$322,438 due from the City of Mesa for shared costs.

G. Inventories

Inventories are stated at average cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenses/expenditures when consumed in the government-wide financial statements and governmental and proprietary fund financial statements, respectively.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items under the purchases method.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the city as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The city defines general government infrastructure capital assets included in capital improvement projects completed at year's end in excess of \$100,000.

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. Major outlays for capital assets and improvements are capitalized as projects are completed.

Estimated useful lives for capital assets were determined based on the city's historical experience and various industry standards. Capital assets of the city are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building improvements	20
Infrastructure	12-50
Machinery and equipment	5-15
Subscription based IT arrangements	varies based on length of contract
System improvements	25
Vehicles	4-7
Water rights	100

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, continued

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The city has two items that qualify for reporting in this category: the deferred charge on refunding reported in the government-wide statement of net position and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its re-acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, settlements, and public private partnerships. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statement the city reports deferred amounts related to OPEB and pension plan items, leases and public private partnerships.

K. Compensated Absences

Vacation leave vests with the employee as it is earned dependent on accumulated time and the individual's vacation benefits associated with their rank within the city. All employees may carryforward only the amount of vacation benefits equal to the maximum allowable earned credits for the preceding calendar year. Upon termination or retirement, an employee will be compensated for accumulated vacation leave dependent on accumulated time and the individual's vacation benefits associated with their rank within the city. Payment will be based on the individual's rate of pay at termination or retirement. Upon death, the same benefits shall be paid to the employee's beneficiary. Liabilities are recognized on the government-wide and proprietary fund financial statements for leave that has not been used, as well as leave that has been used but not yet paid in cash or settled through non-cash means.

Sick leave benefits provided for ordinary sick pay are not vested with the employee. Upon retirement, an employee will be compensated for 50 percent of accumulated sick leave. Payment will be based on the monthly compensation paid to the employee at the time of retirement and paid into a Retirement Health Savings Plan. Upon death, the same benefits shall be paid to the employee's beneficiary. Liabilities are recognized on the government-wide and proprietary fund financial statements for leave that has not been used, as well as leave that has been used but not yet paid in cash or settled through non-cash means.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Position. Bond related items, such as premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the current period.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, continued

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

M. Fund Balance

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned and unassigned. Nonspendable, restricted and committed classifications represent “reserved” fund balances whereas assigned and unassigned classifications represent “unreserved” fund balances (see Note 9 for additional details).

N. Capital Contributions

Capital contributions, as shown in the enterprise funds, represent federal and state grants received, subdividers’ costs of installing water mains, water service connections installed at the customers’ expense and transfers of equipment from governmental funds. Capital contributions are shown as an inflow of resources in both the government-wide and fund financial statements (see Note 8).

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

P. Post-Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the city allows for continuance of certain health care and life insurance benefits for retired employees. Substantially all of the city’s employees may become eligible for those benefits if they are eligible to receive a retirement pension when leaving employment with the city. The cost of retiree health care and life insurance premiums is borne both by the retiree and the specific retirement plan under which they participated. There is no direct cost paid by the city.

Q. Statements of Cash Flows

The city considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. In the statements of cash flows, cash receipts and payments are classified according to whether they stem from operating, noncapital financing, capital and related financing or investing activities.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 1 - Summary of Significant Accounting Policies, concluded

R. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds.

S. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

T. Leases

As lessor, the city recognizes lease receivables with an initial, individual value of \$100,000 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 its own estimated incremental borrowing rate as the discount rate to measure lease receivables.

U. Subscription Based IT Arrangements (SBITA)

As the user of hosted software programs, the city recognizes those agreements that are calculated to have initial estimated total current value of \$100,000 or more for the life of the contract. If there is no stated rate in the subscription 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 its own estimated incremental borrowing rate as the discount rate to measure SBITA liabilities.

V. Public-Private, Public-Public (PPPs) and Availability Payment Arrangements (APAs)

The city may at times enter into agreements or arrangements with partners from other public agencies, or private companies to accomplish goals of city leadership and provide services to the residents of Chandler. The city recognizes any agreement that has been entered into and qualifies under the Governmental Accounting Standards Board Statement 94 to provide users of the financial statements with details on the agreements.

W. Implementation of New Accounting Standards

During the year ended June 30, 2025, the city implemented the provisions of Governmental Accounting Standards Board Statement 101, Compensated Absences. This Statement updates the recognition and measurement guidance for compensated absences. Liabilities are recognized for leave that has not been used, as well as leave that has been used but not yet paid in cash or settled through noncash means. The city's analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 2 - Cash and Investments

The city maintains a cash and investment pool that is available for use by all funds, except for the Chandler Industrial Development Authority, the Chandler Cultural Foundation, the Chandler Museum Foundation, the Chandler Housing and Community Development Services Corporation, and the Chandler Health Care Benefits Trust. Each fund's portion of this pool is displayed on the financial statements as Equity in Pooled Cash and Investments. Pooled cash and investments are stated at fair value with accrued interest shown separately. Restricted cash and investments are amounts held separately by trustees and amounts segregated due to their source and future intent. In addition, the Industrial Development Authority, the Chandler Cultural Foundation, the Chandler Museum Foundation, and the CHCSC separately hold investments and are not included in the subsequent disclosures.

Deposits

At year-end, cash on hand was \$45,007, the carrying amount of the city deposits was \$41,059,110, and the bank balance was \$44,988,416. Of the bank balance, \$250,000 was covered by federal depository insurance and \$44,738,416 was covered by collateral held in the pledging bank's trust department in the city's name. In addition, at June 30, 2025, the city had \$119,330,561 of restricted cash held by paying agent consisting of \$72,047,697 in July 1, 2025 debt service payments, and \$47,282,864 in bond proceeds not yet drawn from the 2023 Excise Tax Revenue Obligation and General Obligation Bond issuances. The cash held by paying agent is in money market funds invested primarily in short-term U.S. Treasury securities.

Fair Value Measurements. The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

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

At June 30, 2025, the city had the following investments and maturities:

Investment Type	Category	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %	S&P/Moody Credit Rating
			Less than 1 Year	1-5 Years		
U.S. Treasuries	Level 1	\$363,960,181	\$ 40,241,331	\$323,718,850	53.12 %	
U.S. Agencies:						
Fannie Mae	Level 2	504,498	504,498	—	0.07	AA+/Aa1
Federal Farm Credit Banks	Level 2	1,714,071	—	1,714,071	0.25	AA+/Aa1
Federal Home Loan Bank	Level 2	8,023,294	—	8,023,294	1.17	AA+/Aa1
Freddie Mac	Level 2	1,734,381	—	1,734,381	0.25	AA+/Aa1
Corporate Bonds:						
Adobe Inc	Level 2	3,344,203	—	3,344,203	0.49	A+/A1
Advanced Micro Devices Inc	Level 2	176,282	—	176,282	0.03	A/A2
Amazon.com Inc	Level 2	97,384	97,384	—	0.01	AA/A1
AstraZeneca PLC	Level 2	2,684,084	—	2,684,084	0.39	A+/A1
Bank of America Corp	Level 2	8,400,472	—	8,400,472	1.23	A+/Aa2

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 2 - Cash and Investments, continued

Investment Type	Category	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %	S&P/Moody Credit Rating
			Less than 1 Year	1-5 Years		
Bank of New York Mellon Corp	Level 2	11,814,407	3,843,533	7,970,874	1.72	A/Aa3
BlackRock Inc	Level 2	5,636,261	—	5,636,261	0.82	AA-/Aa3
Caterpillar Inc	Level 2	4,745,153	2,388,911	2,356,242	0.69	A/A2
Charles Schwab Corp	Level 2	223,706	223,706	—	0.03	A-/A2
Chevron Corp	Level 2	11,038,723	—	11,038,723	1.61	AA-/Aa2
Cisco Systems Inc	Level 2	4,429,546	—	4,429,546	0.65	AA-/A1
Citibank Na	Level 2	1,777,716	—	1,777,716	0.26	A+/Aa3
Citigroup Inc	Level 2	317,229	—	317,229	0.05	BBB+/A3
Eli Lilly & Co	Level 2	3,045,054	—	3,045,054	0.44	A+/Aa3
Equitable Financial Life Global Funding	Level 2	5,061,085	—	5,061,085	0.74	A+/A1
Goldman Sachs Bank Usa	Level 2	7,135,170	—	7,135,170	1.04	A+/A1
Home Depot Inc	Level 2	3,282,795	—	3,282,795	0.48	A/A2
Johnson & Johnson	Level 2	91,510	—	91,510	0.01	AAA/Aaa
JPMorgan Chase & Co	Level 2	11,748,098	—	11,748,098	1.71	AA-/Aa2
Kenvue Inc	Level 2	2,047,904	—	2,047,904	0.30	A/A1
Mastercard Inc	Level 2	5,708,596	—	5,708,596	0.83	A+/Aa3
Microsoft Corp	Level 2	3,109,411	263,846	2,845,565	0.45	AAA/Aaa
Morgan Stanley Bank	Level 2	7,551,628	—	7,551,628	1.10	A+/Aa3
National Rural Utilities Cooperative Finance Corp	Level 2	2,269,948	—	2,269,948	0.33	A-/A2
New York Life Global Funding	Level 2	5,562,953	—	5,562,953	0.81	AA+/Aa1
Novartis AG	Level 2	6,602,670	6,602,670	—	0.96	AA-/Aa3
PACCAR Inc	Level 2	4,425,012	—	4,425,012	0.65	A+/A1
PepsiCo Inc	Level 2	473,810	154,937	318,873	0.07	A+/A1
Salesforce Inc	Level 2	2,137,305	—	2,137,305	0.31	A+/A1
State Street Corp	Level 2	7,614,568	—	7,614,568	1.11	A/Aa3
Target Corp	Level 2	2,130,834	—	2,130,834	0.31	A/A2
Toyota Motor Corp	Level 2	7,256,924	—	7,256,924	1.06	A+/A1
Truist Financial Corp	Level 2	2,312,257	—	2,312,257	0.34	A-Baa1
US Bank Na	Level 2	5,005,120	—	5,005,120	0.73	A+/A2
Walmart Inc	Level 2	5,593,176	79,910	5,513,266	0.82	AA/Aa2
Wells Fargo Bank Na	Level 2	6,086,473	—	6,086,473	0.89	A+/Aa2
Municipal Bonds:						
Scottsdale-REF	Level 2	1,645,000	1,645,000	—	0.24	AAA/Aaa
Asset Backed:						
Amxca 2024-1 A	Level 2	5,099,838	—	5,099,838	0.74	AAA/NA
Amxca 2024-3 A	Level 2	2,023,493	—	2,023,493	0.30	AAA/NA
Baat 2023-1A A3	Level 2	983,472	—	983,472	0.14	NR/Aaa
Baat 2023-2A A3	Level 2	2,337,374	—	2,337,374	0.34	NR/Aaa

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 2 - Cash and Investments, continued

Investment Type	Category	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %	S&P/Moody Credit Rating
			Less than 1 Year	1-5 Years		
Baat 251 A3	Level 2	1,506,880	—	1,506,880	0.22	NA/Aaa
Bacct 2023-A2 A2	Level 2	1,187,334	—	1,187,334	0.17	NR/Aaa
Bacct 2025-A1 A	Level 2	1,610,594	—	1,610,594	0.24	AAA/NR
Bmwot 2022-A A3	Level 2	123,264	—	123,264	0.02	AAA/Aaa
Bmwot 2025-A A3	Level 2	2,622,263	—	2,622,263	0.38	AAA/Aaa
Carmx 2022-2 A3	Level 2	246,755	—	246,755	0.04	AAA/Aaa
Carmx 2025-2 A3	Level 2	3,935,711	—	3,935,711	0.57	AAA/NA
Cccit 2023-A1 A1	Level 2	722,159	—	722,159	0.11	AAA/Aaa
Chait 2024-A1 A	Level 2	3,067,024	—	3,067,024	0.45	AAA/NR
Chaot 245 A3	Level 2	1,248,656	—	1,248,656	0.18	AAA/NA
Fitat 2023-1 A3	Level 2	1,959,034	—	1,959,034	0.29	AAA/Aaa
Fordo 2024-C A3	Level 2	1,997,216	—	1,997,216	0.29	AAA/NA
Fordo 2025-A A3	Level 2	5,015,083	—	5,015,083	0.73	AAA/Aaa
Gmcar 2024-1 A3	Level 2	316,555	—	316,555	0.05	NR/Aaa
Gmcar 2025-1 A3	Level 2	908,062	—	908,062	0.13	NA/Aaa
Gmcar 2025-2 A3	Level 2	603,152	—	603,152	0.09	AAA/Aaa
Harot 2023-3 A3	Level 2	1,686,359	—	1,686,359	0.25	AAA/NR
Harot 2024-3 A3	Level 2	1,935,477	—	1,935,477	0.28	NA/Aaa
Harot 2025-1 A3	Level 2	2,518,835	—	2,518,835	0.37	AAA/NR
Hart 2023-C A3	Level 2	899,652	—	899,652	0.13	AAA/NR
Hart 2024-A A3	Level 2	1,513,376	—	1,513,376	0.22	AAA/NA
Hart 2024-B A3	Level 2	5,009,542	—	5,009,542	0.73	AAA/NA
Hart 2025-A A3	Level 2	2,198,213	—	2,198,213	0.32	AAA/NR
Kcot 2023-2A A3	Level 2	781,375	—	781,375	0.11	NR/Aaa
Kcot 2025-1A A3	Level 2	1,372,727	—	1,372,727	0.20	NR/Aaa
Narot 2024-B A3	Level 2	3,006,268	—	3,006,268	0.44	NA/Aaa
Narot 2025-A A3	Level 2	5,049,644	—	5,049,644	0.74	NA/Aaa
Taot 2023-C A3	Level 2	587,577	—	587,577	0.09	AAA/NR
Taot 2023-D A3	Level 2	612,065	—	612,065	0.09	AAA/NR
Taot 2024-B A3	Level 2	2,026,534	—	2,026,534	0.30	AAA/Aaa
Taot 2025-B A3	Level 2	1,348,076	—	1,348,076	0.20	AAA/NR
Valet 2023-2 A3	Level 2	4,060,518	—	4,060,518	0.59	NA/Aaa
Federal Agency Commercial Mortgage-Backed Security:						
FHMS	Level 2	61,258,819	—	61,258,819	8.94	AA+/Aa1
Bank Note:						
Morgan Stanley Bank	Level 2	1,735,307	—	1,735,307	0.25	A+/Aa3
Wells Fargo Bank Na Bank	Level 2	4,551,947	—	4,551,947	0.66	A+/Aa2

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 2 - Cash and Investments, concluded

Investment Type	Category	Investment Maturities (in Years)			Concentration of Credit Risk %	S&P/Moody Credit Rating
		Fair Value	Less than 1 Year	1-5 Years		
Money Market - Certificates of Deposit	Level 2	3,041,688	—	3,041,688	0.44	A+/Aa2
Money Market Fund	Level 1	4,108,902	4,108,902	—	0.60	AAAm/NR
Cash and cash equivalents	Level 1	5,307	5,307	—	—	AAA/Aaa
Total		\$685,341,019	\$ 60,159,935	\$625,181,084	100.00 %	

Investment Valuation Techniques. U.S. treasuries, agencies, money market, and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities. Governmental bonds, corporate bonds, other fixed income instruments, and international bonds classified in Level 2 of the fair value hierarchy are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatility, prepayment speeds, loss severity, credit risks and default rates) or other market corroborated inputs.

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

Credit Risk. The city's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of AA+ or Aa1, commercial paper with a minimum short-term rating of A-1 or P-1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of BBB+ or Baa1, repurchase agreements and the Local Government Investment Pool. The city's investment in U.S. Agencies, Corporate Bonds, Municipal bonds, and Money Market Funds were rated no lower than AA+, BBB+, AAA and AAAM by Standard & Poor's, respectively, as of June 30, 2025.

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

Concentration of Credit Risk. The city's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the city's total investments. Securities issued by the United States of America or its agencies are exempt from this provision. More than 5 percent of the city's investments are in U.S. Agencies, U.S. Treasuries and Money Market Funds. See percentages in table on preceding pages.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 3 - Property Taxes

The city's property tax is levied and collected by the Maricopa County Treasurer. Property taxes are levied on or before the third Monday in August. The levy is based upon the January 1 limited property tax value of property as determined by the Maricopa County Assessor. Under Arizona Revised Statutes (A.R.S.), two assessed valuations are used. One is for primary taxes (used to fund operating expenditures) and the other is for secondary taxes (used to meet general obligation debt service requirements). Taxes are due in two equal installments on October 1 and March 1 following the levy date and are delinquent on the first day of November and May, respectively. Delinquent amounts bear interest at the rate of 16 percent.

The city 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.

Pursuant to A.R.S. a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

The State Constitution and State law specify a property tax levy limitation system. The system consists of two levies, a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary levy, which may only be used to retire bonded indebtedness. There is also a control on the assessed value of property for primary tax purposes. The base year for the tax system is fiscal year 1979-80. From this base year, two assessed values evolve. The primary assessed values are allowed to increase by no more than 5 percent a year. The dollar amount of the secondary property tax levy is "unlimited" and the actual limited property value of property is used in determining the tax rate.

The primary tax levy is limited to an increase of 2 percent over the previous year's maximum allowable primary levy, plus an increased dollar amount because of a net gain in property not taxed the previous year. Also, the primary property tax from all taxing jurisdictions for homeowners may not exceed 1 percent of the market value of their homes. If the combined primary property tax (for the city, County, School District, etc.) exceeds 1 percent of the market value of the homes, the school districts will reduce their rate until the homeowners' aggregate rate is equal to or less than the allowable 1 percent. The State will then subsidize the school districts for the reduced revenue. This 1 percent limitation applies to primary property taxes only and does not affect the secondary property tax levy.

In fiscal year 2024-25, current property tax collections were \$43,584,889 or 99 percent of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days is recognized as revenue and recorded as a receivable. Property taxes levied in August 2025 are not available for fiscal year 2024-25; accordingly, such taxes will not be recognized as revenue until fiscal year 2025-26.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 4 - Capital Assets

A summary of changes in capital assets for governmental activities is as follows:

Governmental Activities	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Capital assets, not being depreciated/ amortized:				
Land	\$ 101,748,183	\$ 502,174	\$ —	\$ 102,250,357
Construction in progress	116,544,753	102,746,884	(16,149,176)	203,142,461
Total capital assets not being depreciated/ amortized	218,292,936	103,249,058	(16,149,176)	305,392,818
Capital assets, being depreciated/ amortized:				
Infrastructure	835,315,641	5,870,736	—	841,186,377
Building and improvements	487,933,503	11,936,768	—	499,870,271
Subscription based IT arrangements	7,622,440	525,840	—	8,148,280
Vehicles, machinery and equipment	118,760,405	6,943,569	(2,199,841)	123,504,133
Total capital assets being depreciated/ amortized	1,449,631,989	25,276,913	(2,199,841)	1,472,709,061
Less accumulated depreciation/ amortization for:				
Infrastructure	(515,856,483)	(26,545,929)	—	(542,402,412)
Building and improvements	(294,645,524)	(18,726,158)	—	(313,371,682)
Subscription based IT arrangements	(2,557,797)	(2,536,851)	—	(5,094,648)
Vehicles, machinery and equipment	(91,825,586)	(7,494,393)	2,056,850	(97,263,129)
Total accumulated depreciation/ amortization	(904,885,390)	(55,303,331)	2,056,850	(958,131,871)
Total capital assets, being depreciated/ amortized, net	544,746,599	(30,026,418)	(142,991)	514,577,190
Governmental activities capital assets, net	<u>\$ 763,039,535</u>	<u>\$ 73,222,640</u>	<u>\$ (16,292,167)</u>	<u>\$ 819,970,008</u>

Construction in progress in the governmental activities capital assets is comprised of the following:

	Expended to June 30, 2025	Remaining Commitments
Streets	\$ 119,731,298	\$ 61,627,481
Parks and recreation	55,979,269	13,248,334
Buildings and related improvements	27,431,894	21,543,512
Total	<u>\$ 203,142,461</u>	<u>\$ 96,419,327</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 4 - Capital Assets, continued

A summary of changes in capital assets for business-type activities is as follows:

Business-Type Activities	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
Capital assets, not being depreciated/ amortized:				
Land	\$ 57,328,151	\$ 1,033,132	\$ —	\$ 58,361,283
Construction in progress	188,363,158	118,955,242	(138,803,477)	168,514,923
Total capital assets not being depreciated/ amortized	245,691,309	119,988,374	(138,803,477)	226,876,206
Capital assets, being depreciated/ amortized:				
System improvements	1,442,651,348	138,335,626	—	1,580,986,974
Building and improvements	27,167,341	578,074	—	27,745,415
Vehicles, machinery and equipment	24,397,609	2,167,056	(499,581)	26,065,084
Water rights	42,860,250	—	—	42,860,250
Land improvements	2,985,423	—	—	2,985,423
Total capital assets being depreciated/ amortized	1,540,061,971	141,080,756	(499,581)	1,680,643,146
Less accumulated depreciation/ amortization for:				
System improvements	(904,184,196)	(44,786,074)	—	(948,970,270)
Buildings and improvements	(20,891,614)	(668,605)	—	(21,560,219)
Vehicles, machinery and equipment	(20,472,282)	(1,031,579)	450,081	(21,053,780)
Water rights	(1,500,110)	(428,603)	—	(1,928,713)
Land improvements	(2,530,657)	(65,092)	—	(2,595,749)
Total accumulated depreciation	(949,578,859)	(46,979,953)	450,081	(996,108,731)
Total capital assets, being depreciated/ amortized, net	590,483,112	94,100,803	(49,500)	684,534,415
Business-type activities capital assets, net	\$ 836,174,421	\$ 214,089,177	\$ (138,852,977)	\$ 911,410,621

Construction in progress in the business-type activities capital assets is comprised of the following:

	Expended to June 30, 2025	Remaining Commitments
Sewer system improvements	\$ 92,644,695	\$ 45,057,844
Water system improvements	71,354,847	42,636,501
Solid waste system improvements	2,180,459	245,637
Airport improvements	2,334,922	2,776,351
Total	\$ 168,514,923	\$ 90,716,333

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 4 - Capital Assets, concluded

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 10,306,166
Public safety	7,552,723
Community services	8,743,045
Transportation and development	<u>28,701,397</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 55,303,331</u>
Business-type activities:	
Water	\$ 16,481,069
Wastewater	28,430,950
Solid waste	612,594
Airport	776,734
Chandler housing authority	<u>678,606</u>
Total depreciation expense - business-type activities	<u>\$ 46,979,953</u>

Projects are reported as construction in progress when initially identified. Throughout the life of the project, it may be determined that the project does not meet the requirements for capitalization. Once a project is determined to not meet the requirements for capitalization it is removed from construction in progress. As a result, deletions and transfers out from construction in progress may be more than what is reported as additions and transfers in to depreciable capital assets.

NOTE 5 - Long-Term Liabilities

A. General Obligation Bonds

The city issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. Bonds issued for business-type activities are reported in the enterprise funds as they are to be repaid from enterprise revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the city. These bonds are generally issued as 10 to 15 year serial bonds, except for refunding issues, with varying amounts of principal maturing each year. The city has pledged future ad valorem tax revenues and net enterprise revenues to repay a total of \$292,245,056 in outstanding principal and interest of general obligation bonds and are payable through July 1, 2035. Proceeds of the bonds were used for governmental and business-type activities.

Governmental Activities General Obligation Bonds

Annual principal and interest payments on the government activities bonds were less than 96 percent of total ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$250,093,656. Principal and interest paid for the current year and total ad valorem property taxes were \$42,717,393 and \$44,578,637 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2025 were as follows:

	Outstanding June 30, 2025
Governmental Activities General Obligation Bonds:	
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$10,370,000 to \$16,210,000 through 7/1/28; interest at 3 percent to 5 percent.	\$ 10,515,000
\$39,050,000 Refunding Bonds, Series 2016, due in annual installments of \$4,980,000 to \$15,465,000 through 7/1/27; interest at 3 percent to 5 percent.	25,500,000
\$58,740,000 Capital Improvement Bonds, Series 2017, due in annual installments of \$3,075,000 to \$4,160,000 through 7/1/32; interest at 2.3 percent to 4 percent.	29,715,000
\$30,400,000 Capital Improvement Bonds, Series 2019, due in annual installments of \$1,000,000 to \$2,325,000 through 7/1/35; interest at 2.3 percent to 4 percent.	22,475,000
\$48,205,000 Refunding Bonds, Series 2021, due in annual installments of \$117,390 to \$14,781,390 through 7/1/28; interest at 0.4 percent to 1.75 percent.	25,887,223
\$31,295,000 Capital Improvement Bonds, Series 2021, due in annual installments of \$250,000 to \$13,120,000 through 7/1/28; interest at 5 percent.	2,150,000
\$106,415,000 Capital Improvement Bonds, Series 2023, due in annual installments of \$6,750,000, to \$15,625,000 through 7/1/35; interest at 2.125 percent to 4 percent.	99,665,000
Total Governmental Activities General Obligation Bonds	<u>\$ 215,907,223</u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds were approximately 27 percent of net water and wastewater system revenues. The total principal and interest remaining to be paid on the business-type activities portion of the general obligation bonds is \$42,151,401. Principal and interest paid for the current year and total net water system, wastewater system revenues were \$10,944,680 and \$39,824,562 respectively.

	Outstanding June 30, 2025
Business-Type Activities General Obligation Bonds:	
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$6,895,000 to \$11,036,000 through 7/1/28; interest at 3 percent to 5 percent.	\$ 6,895,000
\$39,050,000 Refunding Bonds, Series 2016, due in annual installments of \$2,395,000 to \$8,650,000 through 7/1/27; interest at 3 percent to 5 percent.	13,550,000
\$48,205,000 Refunding Bonds, Series 2021, due in annual installments of \$68,064 to \$11,123,610 through 7/1/28; interest at 0.4 percent to 1.75 percent.	19,492,777
Total Business-Type Activities General Obligation Bonds	<u>\$ 39,937,777</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 5 - Long-Term Liabilities, continued

B. Excise Tax Revenue Obligations

Excise tax revenue obligations are issued to provide funds to acquire and construct certain improvements to the water and sewer systems of the city and to pay the costs incurred in connection with the issuance of the obligations. The city has collateralized the obligations by the pledge of all unrestricted excise taxes (transaction privilege tax, franchise fees, state-shared sales and income taxes and fees for licenses and permits) including all fines and forfeitures, which the city presently or in the future imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose.

The city agrees that, so long as any of the obligations remain outstanding and their principal and interest are unpaid, it will not further encumber the excise taxes unless the excise taxes received by the city in the immediately preceding fiscal year are at least three times the highest combined debt service for the current or any succeeding fiscal year for all outstanding parity obligations, including the additional parity obligations proposed, be secured by a pledge of the same excise taxes. The city does have the right to incur additional parity obligations payable from and secured by the excise taxes on parity with the obligations.

Annual principal and interest payments on the obligations are being repaid from net water and wastewater system revenues and were approximately 45% percent of net system revenues. The total principal and interest to be paid on the obligations is \$296,497,799. Principal and interest paid for the current year and net water and wastewater system revenues were \$18,051,759 and \$39,824,562 respectively. Total excise tax revenues during the fiscal year were \$346,499,147. Principal and interest payments were approximately 5 percent of total excise tax revenues.

	Outstanding June 30, 2025
Business-Type Activities Excise Tax Revenue Obligations:	
\$66,660,000 Water & Sewer Excise Tax Revenue Obligations, Series 2015, due in annual installments of \$2,635,000 to \$5,620,000 through 7/1/35; interest at 3 percent to 5 percent.	46,625,000
\$19,510,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2016, due in annual installments of \$1,180,000 to \$3,050,000 7/1/20 through 7/1/28; interest at 4 percent to 5 percent.	11,185,000
\$36,220,000 Water & Sewer Excise Tax Revenue Obligations, Series 2017, due in annual installments of \$775,000 to \$4,045,000 through 7/1/37; interest at 3 percent to 5 percent.	29,855,000
\$13,000,000 Water & Sewer Excise Tax Revenue Obligations, Series 2019, due in annual installments of \$1,270,000 to \$1,765,000 through 7/1/28; interest at 5 percent.	6,705,000
\$85,460,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2021, due in annual installments of \$1,040,000 to \$11,965,000 through 7/1/33; interest at 0.42 percent to 2.3 percent.	81,670,000
\$64,995,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2023, due in annual installments of \$455,000 to \$9,275,000 through 7/1/38; interest at 5 percent.	64,955,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u>\$ 240,995,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

	Balance			Balance	Due within
	June 30, 2024	Additions	Reductions	June 30, 2025	One Year
Governmental Activities:					
Compensated absences	\$ 15,362,525	\$ 5,748,001	\$ —	\$ 21,110,526	\$ 7,031,432
Bonds payable:					
General obligation bonds	249,009,159	—	(33,101,936)	215,907,223	37,975,023
Issuance premiums	22,348,687	—	(3,335,432)	19,013,255	3,335,432
Total bonds payable	271,357,846	—	(36,437,368)	234,920,478	41,310,455
Arbitrage Liability	189,980	29,267	—	219,247	—
Claims payable	23,813,895	32,454,858	(33,243,458)	23,025,295	15,331,445
Subscription based IT liability	4,579,664	508,116	(2,333,443)	2,754,337	2,390,301
Net pension liability	199,488,891	—	(74,054,596)	125,434,295	—
OPEB liability	68,499,616	3,623,188	—	72,122,804	—
Totals	<u>\$ 583,292,417</u>	<u>\$ 42,363,430</u>	<u>\$ (146,068,865)</u>	<u>\$ 479,586,982</u>	<u>\$ 66,063,633</u>

	Balance			Balance	Due Within
	June 30, 2024	Additions	Reductions	June 30, 2025	One Year
Business-Type Activities:					
Compensated absences	\$ 1,555,830	\$ 841,651	\$ —	\$ 2,397,481	\$ 969,577
Notes payable	—	5,000,000	—	5,000,000	—
Bonds & obligations payable:					
General obligation bonds	49,480,841	—	(9,543,064)	39,937,777	9,979,977
Excise tax revenue obligations	250,405,000	—	(9,410,000)	240,995,000	15,025,000
Issuance premiums	19,965,864	—	(2,680,498)	17,285,366	2,680,498
Total bonds & obligations payable	319,851,705	—	(21,633,562)	298,218,143	27,685,475
Net pension liability	19,344,718	1,330,653	—	20,675,371	—
OPEB liability	8,553,638	478,839	—	9,032,477	—
Landfill closure/post closure	4,340,000	—	—	4,340,000	94,446
Totals	<u>\$ 353,645,891</u>	<u>\$ 7,651,143</u>	<u>\$ (21,633,562)</u>	<u>\$ 339,663,472</u>	<u>\$ 28,749,498</u>

Compensated Absences

The city's policy relating to compensated absences is described in Note 1. The long-term portion of this debt is expected to be paid in future years from future resources.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 5 - Long-Term Liabilities, continued

Statutory Debt Limitation

In the absence of more restrictive bond authorization ballot limitations, the city is subject to state limitations on the amount of net bonded debt (exclusive of revenue bonds, excise tax revenue obligations, and improvement district bonds) it may have outstanding. The statutory debt limitation is 20 percent of the full cash property assessed valuation for purposes of water, wastewater, artificial light, acquisition and development of land for open space preserves, recreation facilities, public safety and emergency services, streets and transportation and 6 percent of the full cash property assessed valuation for all other purposes (e.g., library, museum, center for the arts). At June 30, 2025, the 6 percent debt limitation was \$418,149,492, providing a debt margin of \$410,133,238 and the 20 percent debt limitation was \$1,393,831,641, providing a debt margin of \$1,130,002,918.

Conduit Debt

To further economic development in the city, the Industrial Development Authority has issued bonds that meet the definition of a conduit debt obligation. Those bonds have provided private-sector entities with access to capital for the acquisition and construction of industrial and commercial facilities. The bonds are secured by the property they finance and are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. The Industrial Development Authority has not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments from the private-sector entities on the underlying mortgage or promissory notes and maintenance of the tax-exempt status of the conduit debt obligation. At June 30, 2025, the bonds have an aggregate outstanding principal amount payable of \$1,295,220,000, none of which was recognized as a liability by the Industrial Development Authority.

Bond Covenants

Pursuant to certain bond indenture agreements, the city is obligated to various limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The city is in compliance with all such significant limitations and restrictions in the opinion of the city's management.

Arbitrage

Arbitrage is the ability to obtain tax-exempt bond proceeds and invest the funds in higher yielding taxable securities, resulting in a profit. The city monitors compliance with federal arbitrage regulations. Arbitrage liability as of June 30, 2025 is \$219,247.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 5 - Long-Term Liabilities, concluded

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 2025:

GOVERNMENTAL ACTIVITIES			
Years Ended June 30	General Obligation Principal	General Obligation Interest	Total
2026	\$ 37,975,023	\$ 7,834,637	\$ 45,809,660
2027	34,363,420	6,432,348	40,795,768
2028	27,237,390	5,197,053	32,434,443
2029	29,381,390	4,110,547	33,491,937
2030	14,675,000	3,365,923	18,040,923
2031-2035	70,150,000	7,209,363	77,359,363
2036	2,125,000	26,563	2,151,563
Total	<u>\$ 215,907,223</u>	<u>\$ 34,176,434</u>	<u>\$ 250,083,657</u>

BUSINESS-TYPE ACTIVITIES					
Years Ended June 30	General Obligation Principal	General Obligation Interest	Excise Tax Principal	Excise Tax Interest	Total
2026	\$ 9,979,977	\$ 986,281	\$ 15,025,000	\$ 8,052,900	\$ 34,044,158
2027	10,096,580	986,281	16,910,000	7,491,434	35,484,295
2028	8,737,610	890,753	16,120,000	6,906,332	32,654,695
2029	11,123,610	584,115	21,620,000	6,193,132	39,520,857
2030	—	—	21,810,000	5,466,169	27,276,169
2031-2035	—	—	89,375,000	15,442,120	104,817,120
2036-2039	—	—	60,135,000	5,950,713	66,085,713
Total	<u>\$ 39,937,777</u>	<u>\$ 3,447,430</u>	<u>\$ 240,995,000</u>	<u>\$ 55,502,800</u>	<u>\$ 339,883,007</u>

NOTE 6 - Defeased Debt

In prior years, the city defeased certain general obligation bonds and certain excise tax obligations by placing the proceeds of new bonds and obligations in an irrevocable trust to provide for all future debt service payments on the old bonds or obligations. Bonds and obligations that were advance refunded (defeased) had a final redemption of 7/1/24.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 7 - Landfill Closure and Postclosure Costs

State and federal laws and regulations require the city to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. In addition to operating expenses related to landfill activities through its closure date (October 1, 2005), an expense provision and related liability has been recognized based on the future closure and postclosure care costs to be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. As of June 30, 2025, the city estimates total costs related to landfill closure and postclosure care is \$17,302,007 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$12,962,007 has been paid. The remaining balance of \$4,340,000 consists of a current liability of \$94,446 and \$4,245,554 recorded as a long-term liability on the city's financial statements.

The estimated total current cost of the landfill closure and postclosure, \$17,302,007 is based on the amount that would be paid if all equipment, facilities and services required to care, monitor and maintain the landfill were acquired as of June 30, 2025. However, the actual cost of closure and postclosure care may differ due to inflation, deflation, changes in technology or changes in landfill laws and regulations. The city is required by state and federal regulations to comply with local government financial test requirements that assure the city can meet the costs of landfill closure, postclosure care and, if necessary, corrective action when needed. The city complied with all local government financial test requirements for the year ended June 30, 2024. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, i.e., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

NOTE 8 - Capital Contributions

Capital contributions in the Water, Wastewater, and, Airport funds are the result of system development fees, developer contributions and government contributions. Total capital contributions amounted to the following:

	System Development Fees	Developer Contributions	Government Contributions	Total
Water	\$ 2,366,246	\$ 414,711	\$ —	\$ 2,780,957
Wastewater	3,664,579	10,628,679	—	14,293,258
Airport	—	—	177,958	177,958
Total	<u>\$ 6,030,825</u>	<u>\$ 11,043,390</u>	<u>\$ 177,958</u>	<u>\$ 17,252,173</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 9 - Fund Balance

In the fund financial statements, fund balances are reported in five classifications that comprise a hierarchy based on spending constraints placed on the purposes for which resources can be used for better consistency and clarification. The classifications of fund balance are explained below:

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

Restricted fund balance includes amounts constrained to specific purposes by their providers which are either imposed 1) by external parties (grantors, bondholders, and higher levels of government), 2) by law through constitutional provisions or 3) by enabling legislation legally enforceable by external parties.

Committed fund balance includes amounts with self-imposed limitations to be used only for a specific purpose pursuant to constraints by formal action of the highest level of decision making authority, namely Mayor and Council. Mayor and Council approval is required to commit resources and amounts cannot be used for any other purpose unless Mayor and Council take the same formal action to remove or change the commitment.

Assigned fund balance includes amounts intended to be used for a specific purpose. For the general fund, the assigned fund balance must be for a specific purpose and for all other governmental funds the assigned fund balance represents the residual balance of the fund. Fund balance assignments are approved through the Annual Budget Fund Policies section by Mayor and Council. Unlike committed fund balances, assigned fund balance amounts can be changed without formal action by the City Manager.

Unassigned fund balance includes amounts available for any purpose; these amounts are reported only in the general fund. In addition, other governmental funds that result in a negative fund balance are presented in this classification. Generally, the city would first apply restricted resources, then committed, assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 9 - Fund Balance, concluded

As of June 30, 2025 the constraints placed on fund balance for the major governmental funds and other non-major governmental funds are presented in the following table:

	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total
Nonspendable:				
Inventories	\$ 1,028,477	\$ —	\$ —	\$ 1,028,477
Total nonspendable	1,028,477	—	—	1,028,477
Restricted for:				
Court enhancement	447,599	—	—	447,599
Judicial enhancement	683,845	—	—	683,845
Weapons proceeds	108,720	—	—	108,720
Citing agency	97,941	—	4,358	102,299
Opioid Settlement Funds	2,002,283	—	—	2,002,283
Smart and Safe AZ	3,717,659	—	—	3,717,659
Transportation and development	—	—	125,751,938	125,751,938
Debt service reserve	—	1,858,177	—	1,858,177
Community development	—	—	347,108	347,108
Community services	—	—	46,670,556	46,670,556
OPEB asset	4,534,794	—	—	4,534,794
Other capital projects	—	—	23,014,987	23,014,987
Total restricted	11,592,841	1,858,177	195,788,947	209,239,965
Assigned to:				
Domestic violence prevention	390,650	—	—	390,650
Traffic safety reserve	1,144,180	—	—	1,144,180
PSPRS contribution	25,000,000	—	—	25,000,000
Capital improvement projects	212,156,459	—	—	212,156,459
Economic development projects	13,700,500	—	—	13,700,500
ARPA related projects	4,169,279	—	—	4,169,279
Total assigned	256,561,068	—	—	256,561,068
Unassigned	92,173,979	—	(15,918,864)	76,255,115
Total unassigned	92,173,979	—	(15,918,864)	76,255,115
Total fund balances	\$ 361,356,365	\$ 1,858,177	\$ 179,870,083	\$ 543,084,625

The city's General Fund Reserve Policy requires an amount equal to 15 percent of adopted General Fund operating revenues, excluding one-time transfers in, for fiscal year 2024-25. This amounts to \$55,999,600 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans

The city contributes to the pension plans described below. The city's share of the Arizona State Retirement System Health Benefit Supplement (HBS) Other Postemployment Benefit (OPEB) is recorded in the financial statements and included in the aggregate disclosure below; however, the plan is not presented further in the note disclosures or required supplementary information due to the relative insignificance to the financial statements. Additionally, the city contributes to the Elected Officials Retirement Plan and non-city Other Post Employment Benefit (OPEB) plans; however the plans are not described further because of the relative insignificance to the financial statements. The plans described in this note are component units of the State of Arizona.

At June 30, 2025, the city reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes.

	Pensions Plans		
	Governmental Activities	Business-type Activities	Total
Net pension liability	\$ 125,434,295	\$ 20,675,371	\$ 146,109,666
Pension deferred outflows of resources	98,822,224	4,752,438	103,574,662
Pension deferred inflows of resources	19,482,321	1,767,976	21,250,297
Pension expense	26,433,996	5,802,584	32,236,580

	OPEB Plans		
	Governmental Activities	Business-type Activities	Total
Net OPEB asset	\$ 4,534,794	\$ —	\$ 4,534,794
Net OPEB liability	72,122,804	9,032,477	81,155,281
OPEB deferred outflows of resources	13,544,161	1,737,765	15,281,926
OPEB deferred inflows of resources	9,911,748	958,022	10,869,770
OPEB expense	5,982,673	880,364	6,863,037

The city reported \$36,840,274 and \$2,346,974 of pension/OPEB expenditures in its governmental and enterprise funds, respectively, related to all pension/OPEB plans to which it contributed in the current fiscal year.

Arizona State Retirement System

A. Plan Description

The city employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. For governmental activities OPEB and pension liabilities are generally liquidated by the general fund. 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 the ASRS website at www.azasrs.gov.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

B. Benefits Provided

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

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

*With actuarially reduced benefits

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

C. 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 current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and the City of Chandler was required by statute to contribute at the actuarially determined rate of 12.27 percent (12.05 percent for retirement, 0.07 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 10.19 percent (10.14 percent for retirement and .05 percent for long term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the ASRS.

The required contribution rate for the fiscal year ended June 30, 2025, was actuarially determined to yield contribution amounts sufficient to finance costs earned by employees during the year and to amortize the Plan's unfunded actuarially accrued liability over the period specified in the statutes. The city's contributions for the year ended June 30, 2025, were \$13,038,746. The city's pension contributions are paid by the same funds as the employee's salary, with the largest component coming from the general fund.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

D. Pension Liability

At June 30, 2025, the city reported a liability of \$117,777,479 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024. The city's proportion of the net pension liability was based on a projection of the city's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024 the city's proportion was 0.74 percent, which was an increase of .06 from its proportion measured as of June 30, 2023.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense for ASRS of \$11,618,436 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,574,229	\$ —
Net difference between projected and actual earnings on pension plan investments	—	7,521,381
Changes in proportion and differences between contributions and proportionate share of contributions	6,107,666	—
Contributions subsequent to the measurement date	13,038,746	—
Total	<u>\$ 25,720,641</u>	<u>\$ 7,521,381</u>

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2025	\$ (50,931)
2026	8,495,616
2027	(1,903,909)
2028	(1,380,262)

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

F. Actuarial Assumptions

The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Discount rate	7%
Projected salary increases	2.9%-8.4%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-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, 2021, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

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

Asset Class	Target Allocation	Real Rate of Return
Equity	44%	4.48%
Fixed Income - Credit	23%	4.40%
Fixed Income - Interest Rate Sensitive	6%	(0.45)%
Private Equity	10%	6.11%
Real estate	17%	6.05%
Total	100%	

G. Discount Rate

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

NOTE 10 - Retirement and Pension Plans, continued

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	\$ 180,341,404	\$117,777,479	\$65,635,910

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Public Safety Personnel Retirement System

A. Plan Description

City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. For governmental activities OPEB and pension liabilities are generally liquidated by the general fund. A seven-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.

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

B. Benefits Provided

The PSPRS provides retirement, health insurance premium supplement, disability and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation and service credit in the table on the following page. See the publicly available PSPRS financial report for additional benefits information.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

	Retirement Initial Membership Date:		
	Before January 1, 2012	On or After January 1, 2012	On or After July 1, 2017
Years of service and age required to receive benefit	20 years, any age 15 years age 62	15 years and age 52.5	15 years and age 55
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years	Highest 60 months of last 15 years
Normal retirement	50% less 4.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater		
Survivor benefit:			
Retired members	80% of retired member's pension benefit		
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

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

C. Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	243	113
Inactive employees entitled to but not yet receiving benefits	90	39
Active employees	286	209
Total	619	361

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

D. 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 benefits. The combined active member and employer contribution rates are expected to finance the cost of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension		
Tier 1	7.65 %	7.65 %
Tier 2	7.65 %	7.65 %
Tier 3 DB	8.48 %	8.82 %
Tier 3 DC	9.00 %	9.00 %
Employer rates - pension		
Tier 1	36.35 %	32.38 %
Tier 2	36.35 %	32.38 %
Tier 3 DB	31.42 %	24.53 %
Tier 3 DC	33.35 %	26.05 %

In addition, the city was required by statute to contribute at the actuarially determined rate of 22.62 percent for police and 15.32 percent for fire for the PSPRS of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the contributions to the pension plan for the year ended were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension:		
Contributions made	\$ 17,459,828	\$ 8,688,676

E. Pension Liability

At June 30, 2025, the city reported \$16,998,760 in net pension liability for police and \$11,333,427 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2024 reflects changes of benefit terms and actuarial assumptions from a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

F. Actuarial Assumptions

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

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return Tier 1/2	7-Year smoothed market, subject to 20% corridor around market value Tier 1 & 2
Investment rate of return Tier 3	5-year smoothed market, 20% corridor around market for Tier 3
Price inflation	7.2 Tier 1 & 2
Wage inflation	7.0 Tier 3
Projected salary increases	3.25-12.00% varies based on age. Rates based pm 2022 experience study
Including inflation	2.5
Cost of living adjustment	Included 1.85%
Mortality rates	PubS-2010 Mortality Tables

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.20 percent for Tiers 1 and 2 and 7.0 percent for Tier 3 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Bonds	6%	2.44%
International Public Equity	16%	4.47%
Cash - Mellon	2%	0.89%
Diversifying Strategies	5%	3.15%
Global Private Equity	27%	7.05%
Private Credit	20%	6.24%
U.S. Public Equity	24%	3.62%
Total	100%	

G. Pension Discount Rates

The discount rate of 7.20 percent was used to measure the total pension liability for Tier 1 and 2 members and 7.00 percent for Tier 3 members. The projection of cash flows used to determine the PSPRS discount rates 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 rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Police			
Balances at June 30, 2024	\$ 378,809,648	\$ 305,268,786	\$ 73,540,862
Changes for the year:			
Service cost	6,493,314	—	6,493,314
Interest on the total pension liability	27,142,796	—	27,142,796
Differences between expected and actual experience in the measurement of the pension liability	14,690,679	—	14,690,679
Contributions - employer	—	64,765,257	(64,765,257)
Contributions - employee	—	3,119,591	(3,119,591)
Net investment income	—	37,120,427	(37,120,427)
Benefit payments, including refunds of employee contributions	(16,639,362)	(16,639,362)	—
Administrative expense	—	(136,384)	136,384
Other changes	—	—	—
Net changes	31,687,427	88,229,529	(56,542,102)
Balances at June 30, 2025	<u>\$ 410,497,075</u>	<u>\$ 393,498,315</u>	<u>\$ 16,998,760</u>
	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2024	\$ 227,259,596	\$ 192,351,812	\$ 34,907,784
Changes for the year:			
Service cost	4,949,074	—	4,949,074
Interest on the total pension liability	16,254,746	—	16,254,746
Changes of benefit terms	11,553,827	—	11,553,827
Contributions - employer	—	31,803,422	(31,803,422)
Contributions - employee	—	2,358,323	(2,358,323)
Net investment income	—	22,248,833	(22,248,833)
employee contributions	(12,896,626)	(12,896,626)	—
Administrative expense	—	(78,574)	78,574
Other changes	—	—	—
Net changes	19,861,021	43,435,378	(23,574,357)
Balances at June 30, 2025	<u>\$ 247,120,617</u>	<u>\$ 235,787,190</u>	<u>\$ 11,333,427</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, continued

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the city’s net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Tier 1-2/Tier 3 1% Decrease	Current Discount Rate	Tier 1-2/Tier 3 1% Increase
PSPRS - Police:			
Rate	6.20	7.20	8.20
Net pension liability	\$ 74,975,664	\$ 16,998,760	\$ 29,998,075
PSPRS - Fire:			
Rate	6.20	7.20	8.20
Net pension liability	\$ 45,675,581	\$ 11,333,427	\$ 16,749,117

I. Pension Plan Fiduciary Net Position

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

J. Pension Expense

For the year ended June 30, 2025, the city recognized the following as pension expense:

	Pension Expense
PSPRS - Police	\$ 13,735,324
PSPRS - Fire	6,274,439

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 10 - Retirement and Pension Plans, concluded

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 28,930,348	\$ —
Changes of assumptions or other inputs	2,720,229	—
Net difference between projected and actual earnings on pension plan investments	—	8,879,462
Contributions subsequent to the measurement date	17,459,828	—
Total	<u>\$ 49,110,405</u>	<u>\$ 8,879,462</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Fire		
Differences between expected and actual experience	\$ 18,414,529	\$ 42,920
Changes of assumptions or other inputs	1,640,413	—
Net difference between projected and actual earnings on pension plan investments	—	4,806,535
Contributions subsequent to the measurement date	8,688,676	—
Total	<u>\$ 28,743,618</u>	<u>\$ 4,849,455</u>

The amounts reported as deferred outflows of resources related to pension are resulting from contributions made subsequent to the measurement date but before the end of the city's fiscal year and will be recognized as a reduction of the net pension liability in the subsequent year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	PSPRS - Police	PSPRS - Fire
2026	\$ 4,955,743	\$ 514,541
2027	9,678,133	5,581,970
2028	3,246,215	1,497,001
2029	2,442,577	1,111,540
2030	2,488,447	2,638,897
Thereafter	—	3,861,538

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 11 - Post-Employment Benefits Other Than Pensions - Single Employer Plan

The cost of postemployment healthcare benefits, from an accrual accounting perspective, should be associated with the periods in which the future costs are earned rather than in the future years when they will be paid (similar to the cost of pension benefits). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the city to recognize the entire OPEB liability and a comprehensive measure of OPEB expense. The comprehensive measure of OPEB expense includes immediate recognition in OPEB expense of the effects of changes of benefit terms, as well as the incorporation of the amortization of deferred inflows of resources and deferred outflows of resources related to OPEB over a defined, closed period.

A. Plan Description

The city provides post-employment health care (OPEB) for retired employees through a single employer defined benefit health plan. The plan provides health benefits for eligible retirees, their spouses and dependents through the city's group health insurance plans, which covers active and retired members. The benefits, benefit levels, and contribution rates are determined annually by the city's Human Resources Department and approved by the City Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan and no assets are accumulated. The plan does not issue a separate financial report. Generally, resources from the general fund are used to pay for post-employment benefits.

The city also provides a Retirement Health Savings Plan (RHSP) for active employees that may be used upon separation from city employment. The city funds \$15, \$25, or \$40 per pay period for Fire, General, and Police Department employees, respectively, during the term of employment. The plan provides health expense reimbursements eligible under Internal Revenue Code Section 213, other than direct long-term care expenses. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report. Generally, resources from the general fund are used to pay for post-employment benefits.

B. Benefits Provided

The city provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the state retirement plans for public employees and be covered under the city's health plan during their active status.

Upon retirement, the city deposits a one-time payment of \$900-\$1,750 per year of city service in the retiree's RHSP account. The retiree must have a minimum of five years of city service to receive this contribution.

C. Contributions

The plan premium rates are determined annually by the city's Human Resources Department in collaboration with an outside consulting firm, reviewed, and recommended by a five member Health Care Benefits Trust Board, and approved by the City Council. The retiree's contribution is 100 percent of the actuarially determined blended premium rate. The city makes no contribution to the retirees' premiums other than allowing them to participate through the city's pooled benefits. By providing retirees with access to the city's healthcare plans based on the same rates it charges to active employees, the city is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. The city contributes 0 percent of these premiums for employees. By not contributing anything toward this plan in advance, the city employs a pay-as-you-go method through paying the higher rate for active employees each year. A separate financial report is not issued for the plan.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 11 - Post-Employment Benefits Other Than Pensions - Single Employer Plan, continued

D. Employees Covered by Benefit Terms

The following employees were covered as of the effective date of the OPEB valuation:

Inactive employees or beneficiaries	
currently receiving benefits	797
Active members	1,717
Total	<u>2,514</u>

E. Total OPEB Liability

The city’s total OPEB liability of \$81,155,281 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions and Other Inputs

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

Measurement date	June 30, 2024
Actuarial valuation date	June 30, 2023
Discount rate	3.93%
Inflation rate	2.3% - 2.5%
Projected salary increases	Vary depending on retirement plan and years of service from 2.9% - 8.4%
Health care cost trend rates	8% graded down to an ultimate rate of 4.5% over 14 years
Medical and prescription drug	Consistent with medical/drug trends.
Retiree contribution increase	100% share of benefit related costs

The discount rate is based on the index rate for a 20 year tax exempt general obligation municipal bond with an average rating of AA/Aa or higher.

Mortality rates were based on the 2017 State Retirees of Arizona Mortality Table for current retirees and the PubS-2010 Headcount Weighted for disabled retirees.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 11 - Post-Employment Benefits Other Than Pensions - Single Employer Plan, continued

G. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 77,053,254
Changes for the year:	
Service cost	4,216,624
Interest	2,886,733
Changes in assumptions or other inputs	1,400,743
Estimated benefit payments	(4,402,073)
Net changes	<u>4,102,027</u>
Total OPEB liability - end of year	<u>\$ 81,155,281</u>

Changes in assumptions reflect the following:

1. The discount rate increased from 3.65% to 3.93% based on the changes in the Bond Buyer 20 GO index municipal bond rate from June 29, 2023 to June 27, 2024.
2. The future trend rates, per capita health costs and retiree contribution rates were updated.

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability \$	91,190,339	\$ 81,155,281	\$ 72,835,216

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rates (8.00%)	1% Increase (9.00%)
Total OPEB liability \$	76,002,628	\$ 81,155,281	\$ 87,204,132

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 11 - Post-Employment Benefits Other Than Pensions - Single Employer Plan, concluded

J. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the city recognized OPEB expense of \$7,541,732. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 863,545	\$ 1,425,973
Changes of assumptions or other inputs	10,323,296	7,828,951
Contributions subsequent to measurement date	3,864,296	—
Total	<u>\$ 15,051,137</u>	<u>\$ 9,254,924</u>

The deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the previous table will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2026	\$	1,731,244
2027		1,466,085
2028		(1,074,868)
2029		(438,790)
2030		211,861
Thereafter		36,385

NOTE 12 - Commitments and Contingencies

The city is subject to a number of lawsuits, investigations, and other claims (some of which involve alleged damages in substantial amounts) that are incidental to the ordinary course of its operations, including those related to property damage and personal injury matters as well as alleged civil rights violations. All cases are being vigorously defended by the City of Chandler both as to liability as well as the amount of damages claimed. Although the City Attorney cannot reasonably estimate the actual results upon disposition of the outstanding cases, some could be significant to the city's operations, which is why the city not only self-insures with a \$1,750,000 liability retention, but carries an additional \$30,000,000 in liability insurance policies which are in excess of its self-insured retention. While the ultimate resolution of such lawsuits, investigations and claims cannot be determined at this time, in the opinion of city management (based on the advice of the City Attorney), the resolution of these matters will not have a material adverse effect on the city's financial position.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 13 - Risk Management

The city is exposed to various risks of loss related to litigation, claims and torts; theft of, damage to and destruction of assets; errors and omissions; employee health claims; and natural disasters (for which the city carries commercial insurance). The city established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. This fund is broken down into the following areas: workers' compensation insurance, property and liability insurance, health insurance, dental insurance and short-term disability insurance.

Premiums are paid into the Internal Service Fund by all other funds with personnel services for workers' compensation insurance and by the general fund for property and liability insurance. The premiums are available to pay claims, fund claim reserves and pay administrative costs of the program. As with any risk retention program, the city is contingently liable with respect to claims beyond those actuarially projected.

Interfund premiums are used to reduce the amount of claim expenditures reported in the Internal Service Fund. In the opinion of city management, based on the advice of the City Attorney, the outcome of such litigation and claims will not have a materially adverse effect on the city's financial position.

In fiscal year 2024-25, the Self-Insurance Fund provided coverage for up to a maximum of \$100,000 for each property damage claim and \$1,750,000 per occurrence for general liability claims. Coverage is also provided for claims up to \$3,000,000 in Public Safety and up to \$1,500,000 in all other classifications of workers' compensation. The city purchases commercial insurance for claims in excess of coverage provided by the Self-Insurance Fund and for all other risks of loss. During fiscal year 2024-25, there were no significant reductions in the amounts of excess coverage purchased, nor has the city experienced any settlements in excess of insurance coverage over the past three fiscal years.

The city also has commercial stop loss insurance that provides specific (by individual member) coverage for health insurance claims incurred in excess of \$350,000 within the plan year, and aggregate (plan wide) coverage for health insurance claims incurred above 125 percent of total plan wide claims for the plan year. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The claims liability of \$23,025,295 reported as claims payable in the Self-Insurance Fund at June 30, 2025, is based on the requirements of GASB Statement No. 10, which requires that liabilities be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. This includes known future payments made for insurance as well as estimated IBNR calculations.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 13 - Risk Management, concluded

Changes in the Funds' claims liability amount in fiscal years 2024 and 2025 were:

Year Ended June 30,	Risk of Loss	Beginning of Fiscal Year Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2024	Workers' compensation	\$ 11,115,144	\$ 2,009,949	\$ (1,406,687)	\$ 11,718,406
	Property and liability	2,974,450	2,782,647	(226,805)	5,530,292
	Health	5,507,571	26,512,800	(25,642,900)	6,377,471
	Dental	174,110	2,142,895	(2,129,279)	187,726
		<u>\$ 19,771,275</u>	<u>\$ 33,448,291</u>	<u>\$ (29,405,671)</u>	<u>\$ 23,813,895</u>

Year Ended June 30,	Risk of Loss	Beginning of Fiscal Year Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2025	Workers' compensation	\$ 11,718,406	\$ 2,054,542	\$ (2,422,186)	\$ 11,350,762
	Property and liability	5,530,292	508,391	(420,753)	5,617,930
	Health	6,377,471	27,670,509	(28,188,653)	5,859,327
	Dental	187,726	2,221,416	(2,211,866)	197,276
		<u>\$ 23,813,895</u>	<u>\$ 32,454,858</u>	<u>\$ (33,243,458)</u>	<u>\$ 23,025,295</u>

NOTE 14 - Interfund Transfers

Interfund transfers are made from the General Fund and Non-Major Governmental Funds to fund costs including property and liability insurance, technology replacement and vehicle and equipment replacement, \$19,861,915. The General Fund provides funding for various capital projects, \$34,784,659, as well as annual subsidies for the Airport and Public Housing Authority, \$2,361,086. Bond payments totaling \$10,521,439 to General Obligation Bonds Debt Service Fund from Non-Major Governmental Funds for bond repayments. \$1,388,800 from Wastewater Enterprise Fund to Water Enterprise Fund for expenses paid that reclaimed water programs benefit from and \$1,354,699 from Water Enterprise Fund to Wastewater Enterprise Fund for subsidies from the water fund as a result of a recent cost-of-service study.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 14 - Interfund Transfers, concluded

The interfund transfers in and out at June 30, 2025 are as follows:

Transfers out:	Transfers In:						Total
	General Obligation Bonds Debt Service Fund	Non-Major Govern- mental Funds	Water Enterprise Fund	Wastewater Enterprise Fund	Non-Major Enterprise Funds	Internal Service Fund	
General Fund	\$ —	\$ 41,920,690	\$ —	\$ —	\$ 2,361,086	\$ 12,440,000	\$ 56,721,776
Non-Major Governmental Funds	10,521,439	180,802	—	—	—	105,082	10,807,323
Water Enterprise Fund	—	411,183	—	1,354,699	—	600,000	2,365,882
Wastewater Enterprise Fund	—	309,361	1,388,800	—	—	—	1,698,161
Non-Major Enterprise Funds	—	152,356	—	—	—	—	152,356
Internal Service Fund	—	29,608	—	—	—	—	29,608
Total	<u>\$10,521,439</u>	<u>\$ 43,004,000</u>	<u>\$ 1,388,800</u>	<u>\$ 1,354,699</u>	<u>\$ 2,361,086</u>	<u>\$ 13,145,082</u>	<u>\$ 71,775,106</u>

In addition to the cash transfers, the city had capital contributions from the government-type activities into the business type activities in the amount of \$177,958 (see Note 8).

NOTE 15 - Interfund Receivables and Payables

A. Interfund Advances To/Advances From

Advances to other funds	Advances from other funds	Total
Governmental funds:		
General	Capital projects - public safety buildings and improvements	\$ 3,912,432
	Capital projects - public buildings	1,228,401
	Total governmental funds	<u>\$ 5,140,833</u>

Interfund advances were made from governmental funds to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$475,000 of the public safety buildings and improvements capital projects fund advances and \$100,000 of the public buildings capital projects fund advance will be repaid within one year.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 15 - Interfund Receivables and Payables, concluded

B. Interfund Due To/Due From

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Total</u>
General	Capital projects - grants	\$ 10,092,190
	Capital projects - public buildings	603,719
	Special revenue - community development	453,569
	Total general fund	<u>\$ 11,149,478</u>

Interfund balances at June 30, 2025 are short-term loans used to cover temporary cash deficits in various funds and are expected to be repaid within one year.

NOTE 16 - Joint Venture

The city and the Town of Gilbert entered into an Intergovernmental Agreement (Agreement) for the design, construction and operation of a Joint Water Treatment Plant. Under the Agreement, the real property, plant infrastructure and raw water pipelines will be jointly owned with each party entitled to 50 percent of the plant capacity and each party paying 50 percent of the construction costs. The Town of Gilbert acts as the Lead Agent, overseeing construction activities and operating the plant. The city's investment in the joint venture is reflected as a separate line item in the proprietary funds financial statements. Separate financial statements for the joint venture are not prepared.

Total investment in joint venture as of June 30, 2025, is:

City of Chandler's Share	\$ 55,514,409
Town of Gilbert's Share	61,673,557
	<u>\$117,187,966</u>

NOTE 17 - Deficit in Fund Balances

The general government capital projects fund had a deficit balance of \$3,050,422. The grants capital project fund had a deficit fund balance of \$7,353,010. The public buildings fund had a deficit balance of \$2,041,593. The public safety building and improvement capital project fund had a deficit balance of \$3,473,839. The deficit in these funds will be covered by future revenues.

NOTE 18 - Tax Abatements

The city has made commitments as part of our economic development programs to reimburse certain public improvement costs through transaction privilege taxes generated out of the respective development area. The total amount rebated in the fiscal year 2024-25 is \$349,773. Detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002, Disclosure of Confidential Information Prohibited, and City of Chandler Code, 62-510 Divulging of Information Prohibited. In addition, the city enters into property tax abatement agreements under Arizona Revised Statute 42-6201 through 42-6210, Government Property Lease Excise Tax (GPLET) to enhance the economic viability of the city. The recipients of the GPLET commit to conveying the property to the city upon the project completion and the city will lease it back to the recipient for an agreed upon amount. State law imposes an excise tax on buildings that are owned by the city, leased by a private party and occupied/used for commercial, residential

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2025

NOTE 18 - Tax Abatements, concluded

rental or industrial purposes. The city is allowed to abate the full tax for a period of eight years for both existing and new projects within redevelopment area that are part of a single central business district. After the abatement period the projects pay an excise tax in which the city receives a 7 percent distribution.

For the fiscal year ended June 30, 2025, the city abated property taxes totaling \$236,632 under this program, including the following tax abatement agreement that exceeds \$100,000:

Property Tax GPLET to a residential rental development for constructing a multi-family residential complex. The GPLET amounted to \$154,248 of property tax abated.

NOTE 19 - Leases

As lessor, the city has entered into lease agreements involving land for wireless towers, airport land and facilities. The city recognizes lease receivables with an initial, individual value of \$100,000 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 its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The city's estimated incremental borrowing rate is calculated at 2.41%. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$302,590.

NOTE 20 - Subscription Based IT Arrangements

The city has obtained the right to use various desktop and server software, cloud backup services, risk management software, budget and accounting reporting software, and other intangible right-to-use software under the provisions of various subscription-based information technology arrangements (SBITAs).

The total of the city's subscriptions assets are recorded at \$8,148,280 less accumulated amortization of \$5,094,648.

The future subscription payments under the SBITA agreements are as follows:

	Principal	Interest	Total
2026	\$ 2,390,301	\$ 62,039	\$ 2,452,340
2027	216,895	8,269	225,164
2028	73,501	3,339	76,840
2029	42,829	1,671	44,500
2030	30,810	690	31,500

In addition to the amount presented above, the city had outflows of resources for the fiscal year totaling \$62,369 that were not included in the measurement of the subscription liability.

NOTE 21 - Public Private Partnerships (PPP)

The city as transferor has entered into a public-private partnership agreement to operate a golf course. The city owns title to the premise and all improvements therein. The city uses its own estimated incremental borrowing rate as the discount rate to measure PPP receivables. The city's estimated incremental borrowing rate is calculated at 2.41%. The city received \$7,476 in variable payments not included in the measurement of the receivable that are determined based on the number of rounds of golf. The amount of asset and deferred inflow of resources recognized during the fiscal year for the PPP were \$101,356.

REQUIRED SUPPLEMENTARY INFORMATION



City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 8,783,722	\$ 8,783,722	\$ 8,760,591	\$ (23,131)
Sales taxes	199,208,200	199,208,200	207,605,337	8,397,137
Franchise fees	4,058,200	4,058,200	3,245,696	(812,504)
State shared	115,100,000	115,100,000	117,646,741	2,546,741
Grants and entitlements	1,041,636	1,041,636	1,035,672	(5,964)
Licenses and permits	6,978,300	6,978,300	13,820,770	6,842,470
Charges for services	25,079,749	25,079,749	26,084,156	1,004,407
Fines and forfeitures	3,657,800	3,657,800	4,180,603	522,803
Rentals	66,500	66,500	137,707	71,207
Interest revenue	3,777,000	3,777,000	17,740,997	13,963,997
Miscellaneous	316,300	316,300	468,904	152,604
Total Revenues	368,067,407	368,067,407	400,727,174	32,659,767
EXPENDITURES:				
City clerk	1,136,197	1,175,838	1,076,198	99,640
City magistrate	5,847,458	6,103,175	5,429,879	673,296
City manager	25,752,238	28,545,424	26,285,180	2,260,244
Communications and public affairs	3,505,329	4,021,760	3,662,705	359,055
Community services	34,749,309	37,608,887	35,353,549	2,255,338
Development services	12,973,690	15,140,323	13,499,947	1,640,376
Fire	48,680,766	52,451,377	49,832,361	2,619,016
Information technology	24,021,020	30,240,987	23,770,594	6,470,393
Law	5,171,570	5,363,798	5,183,408	180,390
Management services	104,347,018	61,105,181	20,658,676	40,446,505
Mayor and council	1,286,810	1,355,248	1,620,710	(265,462)
Neighborhood resources	10,887,996	10,776,379	9,356,030	1,420,349
Police	98,084,065	110,425,266	107,878,841	2,546,425
Public works	10,096,986	11,561,245	10,339,805	1,221,440
Total expenditures	386,540,452	375,874,888	313,947,883	61,927,005
REVENUES OVER (UNDER) EXPENDITURES	(18,473,045)	(7,807,481)	86,779,291	94,586,772
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	(400,000)	(400,000)	48,545	448,545
Transfers in	9,182,282	9,182,282	—	(9,182,282)
Transfers out	(175,071,585)	(172,776,074)	(56,721,776)	116,054,298
Total other financing sources (uses)	(166,289,303)	(163,993,792)	(56,673,231)	107,320,561
Net change in fund balance	(184,762,348)	(171,801,273)	30,106,060	201,907,333
Fund balance, July 1, 2024	318,950,270	318,950,270	318,950,270	—
Fund balance, June 30, 2025	\$ 134,187,922	\$ 147,148,997	\$ 349,056,330	\$ 201,907,333

See accompanying notes to this schedule.

City of Chandler
Schedule of the Proportionate Share of the Net Pension Liability -
Arizona State Retirement System
June 30, 2025

	2025	2024	2023	2022
City's proportion of the net pension liability (asset)	0.74 %	0.68 %	0.67 %	0.71 %
City's proportionate share of the net pension liability (asset)	\$117,777,479	\$110,384,963	\$110,127,657	\$ 93,397,278
City's covered payroll	\$ 97,850,881	\$ 89,064,154	\$ 79,760,571	\$ 79,544,042
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	120.36 %	123.94 %	138.07 %	117.42 %
Plan fiduciary net position as a percentage of the total pension liability	76.93 %	75.47 %	74.26 %	78.58 %

2021	2020	2019	2018	2017	2016
0.71 %	0.72 %	0.76 %	0.74 %	0.75 %	0.73 %
\$ 122,547,011	\$ 104,541,379	\$ 106,413,043	\$ 115,691,952	\$ 121,549,835	\$ 113,885,153
\$ 76,880,601	\$ 75,407,689	\$ 75,579,140	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465
159.40 %	138.63 %	140.80 %	160.05 %	172.75 %	169.40 %
69.33 %	73.24 %	73.40 %	69.92 %	67.06 %	68.35 %

City of Chandler
Schedule of Contributions -
All Pension Plans
June 30, 2025

	2025	2024	2023	2022
Arizona State Retirement System:				
Actuarially determined contribution	13,038,745	11,771,461	10,615,589	9,580,356
Contributions in relation to the actuarially determined contribution	13,038,745	11,771,461	10,615,589	9,580,356
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
 City's covered payroll	 \$ 108,205,353	 \$ 97,850,881	 \$ 89,064,154	 \$ 79,760,571
Contributions as a percentage of covered payroll	12.05 %	12.03 %	11.92 %	12.01 %
 Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 12,834,018	\$ 14,524,367	\$ 14,382,908	\$ 13,447,447
Contributions in relation to the actuarially determined contribution ¹	17,618,966	64,374,367	47,767,268	28,162,248
Contribution deficiency (excess)	<u>\$ (4,784,948)</u>	<u>\$ (49,850,000)</u>	<u>\$ (33,384,360)</u>	<u>\$ (14,714,801)</u>
 City's covered payroll	 \$ 35,306,790	 \$ 33,320,411	 \$ 30,536,960	 \$ 27,692,436
Contributions as a percentage of covered payroll	49.90 %	193.20 %	156.42 %	101.70 %
 Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 6,528,987	\$ 7,800,462	\$ 7,835,001	\$ 7,762,298
Contributions in relation to the actuarially determined contribution ¹	8,744,039	30,950,462	24,450,641	15,047,497
Contribution deficiency (excess)	<u>\$ (2,215,052)</u>	<u>\$ (23,150,000)</u>	<u>\$ (16,615,640)</u>	<u>\$ (7,285,199)</u>
 City's covered payroll	 \$ 20,163,641	 \$ 20,980,264	 \$ 19,900,942	 \$ 18,781,268
Contributions as a percentage of covered payroll	43.37 %	147.52 %	122.86 %	80.12 %

¹Additional contributions above the actuarially determined contributions were made beginning with fiscal year 2016-17 and continue.

2021	2020	2019	2018	2017	2016
9,267,255	8,844,068	8,470,741	8,268,029	7,793,041	7,634,805
9,267,255	8,844,068	8,470,741	8,268,029	7,793,041	7,634,805
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 79,544,042	\$ 77,240,769	\$ 75,766,914	\$ 75,853,477	\$ 72,284,183	\$ 70,362,938
11.65 %	11.45 %	11.18 %	10.90 %	10.78 %	10.85 %
\$ 12,984,242	\$ 12,080,035	\$ 12,267,559	\$ 10,950,501	\$ 8,470,411	\$ 8,561,143
22,757,769	28,869,722	15,555,559	14,300,501	10,145,411	8,561,143
<u>\$ (9,773,527)</u>	<u>\$ (16,789,687)</u>	<u>\$ (3,288,000)</u>	<u>\$ (3,350,000)</u>	<u>\$ (1,675,000)</u>	<u>\$ —</u>
\$ 26,738,554	\$ 28,589,014	\$ 27,009,157	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237
85.11 %	100.98 %	57.59 %	50.54 %	37.49 %	30.63 %
\$ 7,886,828	\$ 6,682,480	\$ 7,021,133	\$ 6,392,313	\$ 4,616,587	\$ 4,438,495
13,113,301	15,627,548	8,733,133	8,042,313	5,441,587	4,438,495
<u>\$ (5,226,473)</u>	<u>\$ (8,945,068)</u>	<u>\$ (1,712,000)</u>	<u>\$ (1,650,000)</u>	<u>\$ (825,000)</u>	<u>\$ —</u>
\$ 18,143,152	\$ 19,154,805	\$ 17,259,422	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362
72.28 %	81.59 %	50.60 %	44.19 %	31.50 %	26.30 %

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Police June 30, 2025

	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 6,493,314	\$ 6,077,100	\$ 5,687,800	\$ 5,440,836
Interest	27,142,796	24,895,921	23,623,567	22,385,115
Changes of benefit terms		—	—	—
Differences between expected and actual experience	14,690,679	15,926,154	4,884,171	3,894,134
Changes of assumptions		—	3,565,456	—
Benefit payments, including refunds	(16,639,362)	(15,578,228)	(16,390,013)	(13,613,884)
Net change in total pension liability	31,687,427	31,320,947	21,370,981	18,106,201
Total pension liability - beginning	378,809,648	347,488,701	326,117,720	308,011,519
Total pension liability - ending	\$ 410,497,075	\$ 378,809,648	\$ 347,488,701	\$ 326,117,720
Plan fiduciary net position				
Contributions - employer	\$ 64,765,257	\$ 47,624,383	\$ 28,044,847	\$ 22,596,733
Contributions - employee	3,119,591	2,989,074	2,844,468	2,424,870
Net investment income	37,120,427	22,150,142	(10,549,363)	53,483,321
Benefit payments, including refunds	(16,639,362)	(15,578,228)	(16,390,013)	(13,613,884)
Administrative expense	(136,384)	(106,671)	(190,200)	(250,715)
Other	—	1,986	5,998	2,439
Net change in plan fiduciary net position	88,229,529	57,080,686	3,765,737	64,642,764
Plan fiduciary net position - beginning	305,268,786	248,188,100	244,422,363	179,779,599
Plan fiduciary net position - ending	\$ 393,498,315	\$ 305,268,786	\$ 248,188,100	\$ 244,422,363
Net pension liability - ending	\$ 16,998,760	\$ 73,540,862	\$ 99,300,601	\$ 81,695,357
Plan fiduciary net position as a percentage of the total pension liability	95.86 %	80.59 %	71.42 %	74.95 %
Covered payroll	\$ 33,320,411	\$ 30,536,960	\$ 27,383,139	\$ 26,480,082
Net pension liability as a percentage of covered payroll	51.02 %	240.83 %	362.63 %	308.52 %

2021	2020	2019	2018	2017	2016
\$ 5,696,125	\$ 6,149,336	\$ 5,737,868	\$ 6,092,332	\$ 5,337,103	\$ 4,583,770
20,504,731	19,203,025	17,999,842	17,064,596	14,964,498	13,839,509
—	—	—	1,501,042	17,456,919	—
12,866,840	1,302,509	(671,252)	(6,211,672)	858,761	4,879,849
—	6,562,499	—	6,528,203	8,537,784	—
(12,493,545)	(10,261,998)	(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)
26,574,151	22,955,371	13,153,195	16,719,554	34,139,440	17,621,292
281,437,368	258,481,997	245,328,802	228,609,248	194,469,808	176,848,516
<u>\$ 308,011,519</u>	<u>\$ 281,437,368</u>	<u>\$ 258,481,997</u>	<u>\$ 245,328,802</u>	<u>\$ 228,609,248</u>	<u>\$ 194,469,808</u>
\$ 28,799,919	\$ 15,572,686	\$ 10,296,409	\$ 10,247,877	\$ 8,728,082	\$ 6,155,142
2,909,915	2,206,379	2,765,932	3,244,412	3,633,359	3,308,265
2,344,516	8,365,394	9,301,979	14,017,325	677,501	3,873,466
(12,493,545)	(10,261,998)	(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)
(191,143)	(146,042)	(142,274)	(124,430)	(97,889)	(94,891)
(2,317)	(102,911)	24,215	(167,280)	238,667	(70,777)
21,367,345	15,633,508	12,332,998	18,962,957	164,095	7,489,369
158,412,254	142,778,746	130,445,748	111,482,791	111,318,696	103,829,327
<u>\$ 179,779,599</u>	<u>\$ 158,412,254</u>	<u>\$ 142,778,746</u>	<u>\$ 130,445,748</u>	<u>\$ 111,482,791</u>	<u>\$ 111,318,696</u>
<u>\$ 128,231,920</u>	<u>\$ 123,025,114</u>	<u>\$ 115,703,251</u>	<u>\$ 114,883,054</u>	<u>\$ 117,126,457</u>	<u>\$ 83,151,112</u>
58.37 %	56.29 %	55.24 %	53.17 %	48.77 %	57.24 %
\$ 28,859,014	\$ 28,848,732	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641
444.34 %	426.45 %	408.92 %	424.58 %	419.11 %	317.52 %

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Fire June 30, 2025

	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 4,949,074	\$ 4,818,001	\$ 4,265,733	\$ 3,923,796
Interest	16,254,746	15,003,773	14,270,752	13,243,975
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	11,553,827	7,784,656	397,039	4,097,391
Changes of assumptions	—	—	1,375,658	—
Benefit payments, including refunds	(12,896,626)	(7,829,127)	(8,101,828)	(6,981,473)
Net change in total pension liability	19,861,021	19,777,303	12,207,354	14,283,689
Total pension liability - beginning	227,259,596	207,482,293	195,274,939	180,991,250
Total pension liability - ending	<u>\$ 247,120,617</u>	<u>\$ 227,259,596</u>	<u>\$ 207,482,293</u>	<u>\$ 195,274,939</u>
Plan fiduciary net position				
Contributions - employer	\$ 31,803,422	\$ 24,643,731	\$ 15,211,791	\$ 13,299,020
Contributions - employee	2,358,323	2,063,374	1,610,854	1,778,804
Net investment income	22,248,833	13,853,029	(6,745,327)	34,335,848
Benefit payments, including refunds	(12,896,626)	(7,829,127)	(8,101,828)	(6,981,473)
Administrative expense	(78,574)	(60,174)	(121,595)	(160,215)
Other	—	—	—	4,795
Net change in plan fiduciary net position	43,435,378	32,670,833	1,853,895	42,276,779
Plan fiduciary net position - beginning	192,351,812	159,680,979	157,827,084	115,550,305
Plan fiduciary net position - ending	<u>\$ 235,787,190</u>	<u>\$ 192,351,812</u>	<u>\$ 159,680,979</u>	<u>\$ 157,827,084</u>
Net pension liability - ending	<u>\$ 11,333,427</u>	<u>\$ 34,907,784</u>	<u>\$ 47,801,314</u>	<u>\$ 37,447,855</u>
Plan fiduciary net position as a percentage of the total pension liability	95.41 %	84.64 %	76.96 %	80.82 %
Covered payroll	\$ 21,920,009	\$ 20,259,508	\$ 18,946,241	\$ 18,187,540
Net pension liability as a percentage of covered payroll	51.70 %	172.30 %	252.30 %	205.90 %

2021	2020	2019	2018	2017	2016
\$ 4,025,473	\$ 4,353,346	\$ 4,014,526	\$ 3,863,571	\$ 3,174,665	\$ 2,915,603
12,453,112	11,689,082	10,794,299	9,983,423	8,707,808	8,264,915
—	—	—	753,382	10,272,193	—
1,086,650	(171,678)	1,014,752	941,823	96,063	(1,037,307)
—	3,122,509	—	2,845,297	4,937,927	—
(6,278,162)	(5,792,594)	(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)
11,287,073	13,200,665	9,460,159	13,338,179	21,541,386	6,528,892
169,704,177	156,503,512	147,043,353	133,705,174	112,163,788	105,634,896
<u>\$ 180,991,250</u>	<u>\$ 169,704,177</u>	<u>\$ 156,503,512</u>	<u>\$ 147,043,353</u>	<u>\$ 133,705,174</u>	<u>\$ 112,163,788</u>
\$ 15,654,338	\$ 8,004,060	\$ 5,956,704	\$ 5,514,825	\$ 4,672,177	\$ 3,222,291
1,432,043	1,462,348	1,633,743	2,312,753	2,140,037	1,837,291
1,488,011	5,389,738	6,174,093	9,228,731	440,223	2,568,880
(6,278,162)	(5,792,594)	(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)
(121,320)	(94,355)	(94,669)	(82,059)	(63,746)	(63,063)
5	(42,251)	1,035	50,502	38,948	(55,142)
12,174,915	8,926,946	7,307,488	11,975,435	1,580,369	3,895,938
103,375,390	94,448,444	87,140,956	75,165,521	73,585,152	69,689,214
<u>\$ 115,550,305</u>	<u>\$ 103,375,390</u>	<u>\$ 94,448,444</u>	<u>\$ 87,140,956</u>	<u>\$ 75,165,521</u>	<u>\$ 73,585,152</u>
<u>\$ 65,440,945</u>	<u>\$ 66,328,787</u>	<u>\$ 62,055,068</u>	<u>\$ 59,902,397</u>	<u>\$ 58,539,653</u>	<u>\$ 38,578,636</u>
63.84 %	60.92 %	60.35 %	59.26 %	56.22 %	65.61 %
\$ 19,154,805	\$ 19,025,780	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133
341.64 %	348.63 %	340.96 %	346.74 %	346.91 %	246.18 %

City of Chandler
Schedule of Changes in OPEB Liabilities and Related Ratios -
Single Employer Plan
June 30, 2025

	2025	2024	2023
Measurement date	6/30/2024	6/30/2023	6/30/2022
Total OPEB liability - beginning of year	\$ 77,053,254	\$ 73,012,042	\$ 81,921,795
Changes for the year			
Service cost	4,216,624	3,516,892	4,846,361
Interest	2,886,733	2,654,511	1,844,376
Changes of benefit terms	—	1,330,772	—
Differences between expected and actual experience	—	1,267,071	—
Changes in assumptions or other inputs	1,400,743	(1,615,465)	(12,824,888)
Benefit payments	(4,402,073)	(3,112,569)	(2,775,602)
Net changes	<u>4,102,027</u>	<u>4,041,212</u>	<u>(8,909,753)</u>
Total OPEB liability - end of year	<u>\$ 81,155,281</u>	<u>\$ 77,053,254</u>	<u>\$ 73,012,042</u>
Total covered employee payroll	174,947,856	157,665,425	\$ 142,472,650
Total OPEB liability as percentage of covered employee payroll	46.39 %	48.87 %	51.25 %

The city implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. Information for the prior years is not available.

Notes: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

2022	2021	2020	2019	2018
6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
\$ 63,003,983	\$ 53,112,727	\$ 51,751,856	\$ 52,838,811	\$ 66,519,700
3,414,033	2,940,955	2,585,397	3,020,484	3,962,284
1,440,322	1,921,296	2,059,914	1,939,376	1,967,447
—	—	—	—	—
(2,181,125)	—	(5,086,575)	(883,708)	(8,539,064)
18,748,388	7,368,121	4,021,143	(1,789,527)	(8,174,073)
(2,503,806)	(2,339,116)	(2,219,008)	(3,373,580)	(2,897,483)
18,917,812	9,891,256	1,360,871	(1,086,955)	(13,680,889)
81,921,795	63,003,983	\$ 53,112,727	\$ 51,751,856	\$ 52,838,811
\$ 130,254,557	\$ 116,931,839	\$ 113,713,741	\$ 108,862,317	\$ 106,207,139
62.89 %	53.88 %	46.71 %	47.54 %	49.75 %

CITY OF CHANDLER, ARIZONA
Notes to the Required Supplementary Information
June 30, 2025

NOTE 1 - Budgetary Basis of Accounting

The adopted budget of the city is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exception: reserved encumbrances at year end are recognized as expenditures. Consequently, the following adjustment is necessary to present the change in fund balance for the general fund on a budgetary basis in order to provide a meaningful comparison.

	<u>General Fund</u>
Statement of Revenues, Expenditures and Changes in Fund Balances- Net change in fund balance	\$ 42,406,095
Reserved encumbrances at June 30, 2025 recognized as budgetary expenditures in fiscal year ended June 30, 2025	<u>(12,300,035)</u>
Budgetary Comparison Schedule - Net change in fund balance	<u>\$ 30,106,060</u>

NOTE 2 - Pension Plan Schedules

Actuarial Assumptions for Valuations Performed

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends - Arizona State Retirement System (ASRS)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-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, 2021 actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

Factors that Affect Trends - Public Safety Personnel Retirement System (PSPRS)

The actuarial assumptions used in the June 30, 2024 valuation for PSPRS were based on the results of an actuarial experience study for the period ending June 30, 2022. The total pension liability used to calculate the net pension liability for PSPRS was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2024 reflects changes of benefit terms and actuarial assumptions for funding assumed future permanent benefit increases.

CITY OF CHANDLER, ARIZONA
Notes to the Required Supplementary Information
June 30, 2025

NOTE 3 - Other Post Retirement Employment Benefit (OPEB) Plan Schedules

The City of Chandler does not have assets invested or accumulated in a qualified OPEB trust and funds the plan on a pay-as-you-go basis.

Actuarial Assumptions for Valuations Performed

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends

The actuarial assumptions used in the June 30, 2024 valuation were made for the purposes of fulfilling plan accounting requirements. Factors such as retiree group program experience, changes in assumptions and changes in retiree group benefits program provisions or applicable law may differ from future actuarial measurements.



OTHER FINANCIAL STATEMENTS



City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Obligation Bonds Debt Service For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 35,940,068	\$ 35,940,068	\$ 35,818,046	\$ (122,022)
Interest revenue	160,000	160,000	829,979	669,979
Total revenues	<u>36,100,068</u>	<u>36,100,068</u>	<u>36,648,025</u>	<u>547,957</u>
EXPENDITURES:				
General government	300,000	300,000	—	(300,000)
Debt service				
Principal	37,975,023	37,975,023	37,975,023	—
Interest and fiscal charges	8,652,575	8,652,575	8,652,575	—
Total expenditures	<u>46,927,598</u>	<u>46,927,598</u>	<u>46,627,598</u>	<u>(300,000)</u>
Excess (deficiency) of revenues over expenditures	<u>(10,827,530)</u>	<u>(10,827,530)</u>	<u>(9,979,573)</u>	<u>847,957</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	10,500,000	10,500,000	10,521,439	21,439
Total other financing sources (uses)	<u>10,500,000</u>	<u>10,500,000</u>	<u>10,521,439</u>	<u>21,439</u>
Net change in fund balance	<u>(327,530)</u>	<u>(327,530)</u>	<u>541,866</u>	<u>869,396</u>
Fund balance, July 1, 2024	<u>1,646,322</u>	<u>1,646,322</u>	<u>1,646,322</u>	<u>—</u>
Fund balance, June 30, 2025	<u>\$ 1,318,792</u>	<u>\$ 1,318,792</u>	<u>\$ 2,188,188</u>	<u>\$ 869,396</u>

Statement of Revenues, Expenditures and Changes in Fund
Balances - General Obligation Bonds Debt Service Fund

\$ 211,855

Settlements and liabilities at June 30, 2025 not recognized as
budgetary expenditures in fiscal year ended June 30, 2025

330,011

Budgetary Comparison Schedule for the General Obligation
Bonds Debt Service Fund

\$ 541,866

City of Chandler

Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

Highway User

Used to account for the receipt and expenditure of the city's allocation of state highway user taxes. State law restricts the use of these monies to maintenance, construction and reconstruction of streets and repayment of transportation-related debt.

Local Transportation Assistance

Used to account for the receipt and expenditure of the city's allocation of state lottery monies. State law restricts the use of these monies to street and highway projects in the public right-of-way and to mass transportation purposes.

Grants

Used to account for the receipt and expenditure of miscellaneous federal, state and local grants awarded to the city for various specific operational purposes.

Community Development

Used to account for monies received from the U.S. Department of Housing and Urban Development and Maricopa County for affordable housing activities including housing rehabilitation and redevelopment activities.

Police Confiscated Property

Used to account for monies confiscated by the Police Department and monies received from the sale of confiscated property.

Parks and Recreation

Used to account for donations for park improvements and programs restricted pursuant to donor covenants.

Museum

Used to account for donations for museum improvements and programs restricted pursuant to donor covenants.

Library

Used to account for donations for library improvements and programs restricted pursuant to donor covenants.

City of Chandler

Non-Major Governmental Funds

NON-MAJOR CAPITAL PROJECTS FUNDS

General Government

Used to account for the acquisition, construction and improvements of general government projects.

Public Buildings

Used to account for the acquisition, construction, reconstruction, improvement and renovation of city buildings.

Grants

Used to account for the receipt and expenditure of miscellaneous federal, state and local grants awarded to the city for various specific capital purposes.

Streets

Used to account for the acquisition, construction and improvements of city streets projects.

Community Services

Used to account for the acquisition of land and equipment, development, construction and improvement of community parks and projects.

Public Safety Buildings and Improvements

Used to account for public safety, e.g., Police and Fire Departments, building construction, renovation, improvements and equipment purchases.

Vehicle and Capital Equipment Replacement

Used to account for the purchase and/or replacement of general equipment-type assets, e.g., vehicles, furniture and office equipment.

Technology Replacement

Used to account for the purchase and/or replacement of technology assets.

Municipal Arts

Used to account for amounts earmarked for the acquisition of art for public spaces.



City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2025

	Special Revenue					
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation
ASSETS						
Equity in pooled cash and investments	\$ 48,071,872	\$ 6,378,679	\$ 9,480,055	\$ —	\$ 519,390	\$ 382,277
Receivables (net of allowance for uncollectible):						
Notes	—	—	—	328,476	—	—
Accrued interest	299,173	39,862	—	—	2,204	2,410
Other	—	—	—	—	—	—
Due from other governments	2,147,442	322,438	414,912	521,602	98,000	—
Total assets	\$ 50,518,487	\$ 6,740,979	\$ 9,894,967	\$ 850,078	\$ 619,594	\$ 384,687
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 381,122	\$ 40,784	\$ 208,094	\$ 19,175	\$ 320,803	\$ 450
Accrued payroll	299,019	1,084	75,274	30,226	—	3,433
Trust liabilities and deposits	—	—	—	—	294,433	—
Due to other funds	—	—	—	453,569	—	—
Advances from other funds	—	—	—	—	—	—
Unearned revenue	—	—	467,128	—	—	—
Total liabilities	680,141	41,868	750,496	502,970	615,236	3,883
Deferred inflows of resources:						
Unavailable revenues - grants	—	—	5,024	—	—	—
Total deferred inflows of resources	—	—	5,024	—	—	—
Fund balances (deficits):						
Restricted	49,838,346	6,699,111	9,139,447	347,108	4,358	380,804
Unassigned	—	—	—	—	—	—
Total fund balances (deficits)	49,838,346	6,699,111	9,139,447	347,108	4,358	380,804
Total liabilities, deferred inflows and fund balances	\$ 50,518,487	\$ 6,740,979	\$ 9,894,967	\$ 850,078	\$ 619,594	\$ 384,687

(Continued)

City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2025

	Special Revenue		Capital Projects		
	Museum	Library	General Government	Public Buildings	Grants
ASSETS					
Equity in pooled cash and investments	\$ 42,212	\$ 290,527	\$ 1,592,266	\$ —	\$ —
Receivables (net of allowance for uncollectible):					
Notes	—	—	—	—	—
Accrued interest	261	1,853	—	379	—
Other	—	—	—	—	365,495
Due from other governments	—	—	110,847	—	4,769,115
Total assets	\$ 42,473	\$ 292,380	\$ 1,703,113	\$ 379	\$ 5,134,610
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ —	\$ 1,028	\$ 4,753,535	\$ 209,852	\$ 2,395,430
Accrued payroll	—	—	—	—	—
Trust liabilities and deposits	—	—	—	—	—
Due to other funds	—	—	—	603,719	10,092,190
Advances from other funds	—	—	—	1,228,401	—
Unearned revenue	—	—	—	—	—
Total liabilities	—	1,028	4,753,535	2,041,972	12,487,620
Deferred inflows of resources:					
Unavailable revenues - grants	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—
Fund balances (deficits):					
Restricted	42,473	291,352	—	—	—
Unassigned	—	—	(3,050,422)	(2,041,593)	(7,353,010)
Total fund balances (deficits)	42,473	291,352	(3,050,422)	(2,041,593)	(7,353,010)
Total liabilities, deferred inflows and fund balances	\$ 42,473	\$ 292,380	\$ 1,703,113	\$ 379	\$ 5,134,610

Capital Projects							Total Other Governmental Funds
Streets	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts		
\$ 60,734,032	\$ 48,678,612	\$ 434,924	\$ 11,110,491	\$ 12,433,118	\$ 746,421	\$ 200,894,876	
—	—	—	—	—	—	328,476	
313,270	188,819	3,669	70,251	78,124	4,601	1,004,876	
—	—	—	—	—	—	365,495	
—	—	—	—	—	—	8,384,356	
<u>\$ 61,047,302</u>	<u>\$ 48,867,431</u>	<u>\$ 438,593</u>	<u>\$ 11,180,742</u>	<u>\$ 12,511,242</u>	<u>\$ 751,022</u>	<u>\$ 210,978,079</u>	
\$ 972,268	\$ 3,662,526	\$ —	\$ 230,360	\$ 446,637	\$ —	\$ 13,642,064	
—	—	—	—	—	—	409,036	
—	—	—	—	—	—	294,433	
—	—	—	—	—	—	11,149,478	
—	—	3,912,432	—	—	—	5,140,833	
—	—	—	—	—	—	467,128	
<u>972,268</u>	<u>3,662,526</u>	<u>3,912,432</u>	<u>230,360</u>	<u>446,637</u>	<u>—</u>	<u>31,102,972</u>	
—	—	—	—	—	—	5,024	
—	—	—	—	—	—	5,024	
60,075,034	45,204,905	—	10,950,382	12,064,605	751,022	195,788,947	
—	—	(3,473,839)	—	—	—	(15,918,864)	
<u>60,075,034</u>	<u>45,204,905</u>	<u>(3,473,839)</u>	<u>10,950,382</u>	<u>12,064,605</u>	<u>751,022</u>	<u>179,870,083</u>	
<u>\$ 61,047,302</u>	<u>\$ 48,867,431</u>	<u>\$ 438,593</u>	<u>\$ 11,180,742</u>	<u>\$ 12,511,242</u>	<u>\$ 751,022</u>	<u>\$ 210,978,079</u>	

(Concluded)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2025

	Special Revenue					
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation
REVENUES:						
Highway user taxes	\$ 21,880,284	\$ —	\$ —	\$ —	\$ —	\$ —
Grants and entitlements	—	1,024,989	2,958,506	1,642,822	—	119,729
System development fees	—	—	—	—	—	—
Charges for services	—	198,440	—	—	—	—
Fines and forfeitures	—	—	—	—	702,455	—
Interest revenue	2,639,184	354,121	198	1	(1)	20,598
Miscellaneous	73,575	186,798	—	—	—	9,766
Total revenues	<u>24,593,043</u>	<u>1,764,348</u>	<u>2,958,704</u>	<u>1,642,823</u>	<u>702,454</u>	<u>150,093</u>
EXPENDITURES:						
Current:						
General government	—	—	1,080,195	1,780,088	—	6,616
Public safety	—	—	1,271,509	—	231,451	—
Transportation and development	9,157,533	1,202,365	808,541	—	—	—
Community services	—	—	246,242	—	—	95,470
Capital outlay	11,012,044	81,352	—	—	773,017	129
Debt service:						
Interest and fiscal charges	—	—	—	—	—	—
Total expenditures	<u>20,169,577</u>	<u>1,283,717</u>	<u>3,406,487</u>	<u>1,780,088</u>	<u>1,004,468</u>	<u>102,215</u>
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENDITURES	<u>4,423,466</u>	<u>480,631</u>	<u>(447,783)</u>	<u>(137,265)</u>	<u>(302,014)</u>	<u>47,878</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Transfers out	(281,672)	(4,212)	—	—	—	—
Total other financing sources (uses)	<u>(281,672)</u>	<u>(4,212)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET CHANGE IN FUND BALANCE	<u>4,141,794</u>	<u>476,419</u>	<u>(447,783)</u>	<u>(137,265)</u>	<u>(302,014)</u>	<u>47,878</u>
FUND BALANCES (DEFICITS):						
Beginning of year	<u>45,696,552</u>	<u>6,222,692</u>	<u>9,587,230</u>	<u>484,373</u>	<u>306,372</u>	<u>332,926</u>
End of year	<u>\$ 49,838,346</u>	<u>\$ 6,699,111</u>	<u>\$ 9,139,447</u>	<u>\$ 347,108</u>	<u>\$ 4,358</u>	<u>\$ 380,804</u>

Special Revenue		Capital Projects				
Museum	Library	General Government	Public Buildings	Grants	Streets	Community Services
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1,369	91,710	—	—	14,722,431	—	—
—	—	—	113,015	—	1,742,758	974,295
—	—	3,629,352	—	365,495	—	—
—	—	—	—	—	—	—
2,280	15,874	3	19,984	4	3,519,509	2,346,142
—	44,522	2,846	—	—	875	8,950
3,649	152,106	3,632,201	132,999	15,087,930	5,263,142	3,329,387
—	—	8,295,835	3,765	113,431	569,199	373,235
—	—	38,798	—	—	—	—
—	—	4,538,294	56,885	3,148,889	3,590,043	—
—	87,163	10,246	—	1	—	4,228,095
—	—	29,098,303	2,472,978	13,252,347	15,978,458	21,717,522
—	—	—	—	—	1,124	841
—	87,163	41,981,476	2,533,628	16,514,668	20,138,824	26,319,693
3,649	64,943	(38,349,275)	(2,400,629)	(1,426,738)	(14,875,682)	(22,990,306)
—	—	—	—	—	—	—
—	—	34,784,659	—	—	—	—
—	—	—	—	—	(10,000,000)	(521,439)
—	—	34,784,659	—	—	(10,000,000)	(521,439)
3,649	64,943	(3,564,616)	(2,400,629)	(1,426,738)	(24,875,682)	(23,511,745)
38,824	226,409	514,194	359,036	(5,926,272)	84,950,716	68,716,650
\$ 42,473	\$ 291,352	\$ (3,050,422)	\$ (2,041,593)	\$ (7,353,010)	\$ 60,075,034	\$ 45,204,905

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2025

	Capital Projects				
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
REVENUES:					
Highway user taxes	\$ —	\$ —	\$ —	\$ —	\$ 21,880,284
Grants and entitlements	—	—	—	—	20,561,556
System development fees	386,848	—	—	—	3,216,916
Charges for services	—	—	—	—	4,193,287
Fines and forfeitures	—	—	—	—	702,455
Interest revenue	50,804	722,084	722,571	48,539	10,461,895
Miscellaneous	—	154,129	—	—	481,461
Total revenues	<u>437,652</u>	<u>876,213</u>	<u>722,571</u>	<u>48,539</u>	<u>61,497,854</u>
EXPENDITURES:					
Current:					
General government	2,000	—	1,882,721	289,253	14,396,338
Public safety	177,593	—	—	—	1,719,351
Transportation and development	—	—	—	—	22,502,550
Community services	—	—	—	—	4,667,217
Capital outlay	103,475	6,507,962	1,233,387	—	102,230,974
Debt service:					
Interest and fiscal charges	—	—	—	—	1,965
Total expenditures	<u>283,068</u>	<u>6,507,962</u>	<u>3,116,108</u>	<u>289,253</u>	<u>145,518,395</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	<u>154,584</u>	<u>(5,631,749)</u>	<u>(2,393,537)</u>	<u>(240,714)</u>	<u>(84,020,541)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	—	524,871	—	—	524,871
Transfers in	—	3,586,737	4,632,604	—	43,004,000
Transfers out	—	—	—	—	(10,807,323)
Total other financing sources (uses)	<u>—</u>	<u>4,111,608</u>	<u>4,632,604</u>	<u>—</u>	<u>32,721,548</u>
NET CHANGE IN FUND BALANCE	<u>154,584</u>	<u>(1,520,141)</u>	<u>2,239,067</u>	<u>(240,714)</u>	<u>(51,298,993)</u>
FUND BALANCES (DEFICITS):					
Beginning of year	(3,628,423)	12,470,523	9,825,538	991,736	231,169,076
End of year	<u>\$ (3,473,839)</u>	<u>\$ 10,950,382</u>	<u>\$ 12,064,605</u>	<u>\$ 751,022</u>	<u>\$ 179,870,083</u>

(Concluded)

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Highway User Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Highway user taxes	\$ 17,000,000	\$ 17,000,000	\$ 21,880,284	\$ 4,880,284
Interest revenue	669,000	669,000	2,639,182	1,970,182
Miscellaneous	—	—	73,575	73,575
Total revenues	<u>17,669,000</u>	<u>17,669,000</u>	<u>24,593,041</u>	<u>6,924,041</u>
EXPENDITURES:				
General government	817,084	3,925,659	—	3,925,659
Transportation and development	22,166,045	10,486,424	9,733,707	752,717
Capital outlay	8,348,569	17,209,557	15,533,143	1,676,414
Total expenditures	<u>31,331,698</u>	<u>31,621,640</u>	<u>25,266,850</u>	<u>6,354,790</u>
Excess (deficiency) of revenues over expenditures	<u>(13,662,698)</u>	<u>(13,952,640)</u>	<u>(673,809)</u>	<u>13,278,831</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(303,754)	(303,754)	(281,672)	22,082
Total other financing sources (uses)	<u>(303,754)</u>	<u>(303,754)</u>	<u>(281,672)</u>	<u>22,082</u>
Net change in fund balance	(13,966,452)	(14,256,394)	(955,481)	13,300,913
Fund balance, July 1, 2024	<u>45,696,552</u>	<u>45,696,552</u>	<u>45,696,552</u>	<u>—</u>
Fund balance, June 30, 2025	<u>\$ 31,730,100</u>	<u>\$ 31,440,158</u>	<u>\$ 44,741,071</u>	<u>\$ 13,300,913</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Local Transportation Assistance Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 699,600	\$ 699,600	\$ 1,024,989	\$ 325,389
Charges for services	160,000	160,000	198,440	38,440
Interest revenue	94,000	94,000	354,120	260,120
Miscellaneous	—	—	186,798	186,798
Total revenues	<u>953,600</u>	<u>953,600</u>	<u>1,764,347</u>	<u>810,747</u>
EXPENDITURES:				
General government	3,097,300	3,097,300	—	3,097,300
Transportation and development	2,837,546	1,997,454	1,395,110	602,344
Capital outlay	185,000	1,025,092	81,352	943,740
Total expenditures	<u>6,119,846</u>	<u>6,119,846</u>	<u>1,476,462</u>	<u>4,643,384</u>
Excess (deficiency) of revenues over expenditures	<u>(5,166,246)</u>	<u>(5,166,246)</u>	<u>287,885</u>	<u>5,454,131</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,212)	(4,212)	(4,212)	—
Total other financing sources (uses)	<u>(4,212)</u>	<u>(4,212)</u>	<u>(4,212)</u>	<u>—</u>
Net change in fund balance	<u>(5,170,458)</u>	<u>(5,170,458)</u>	<u>283,673</u>	<u>5,454,131</u>
Fund balance, July 1, 2024	<u>6,222,692</u>	<u>6,222,692</u>	<u>6,222,692</u>	<u>—</u>
Fund balance, June 30, 2025	<u>\$ 1,052,234</u>	<u>\$ 1,052,234</u>	<u>\$ 6,506,365</u>	<u>\$ 5,454,131</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Grants Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 5,102,000	\$ 5,102,000	\$ 2,958,506	\$ (2,143,494)
Interest revenue	—	—	192	192
Total revenues	<u>5,102,000</u>	<u>5,102,000</u>	<u>2,958,698</u>	<u>(2,143,302)</u>
EXPENDITURES:				
General government	14,658,976	7,850,554	1,992,919	5,857,635
Public safety	—	3,029,998	1,321,376	1,708,622
Transportation and development	—	2,211,345	808,541	1,402,804
Community services	—	1,439,347	288,092	1,151,255
Capital outlay	—	118,950	104,350	14,600
Total expenditures	<u>14,658,976</u>	<u>14,650,194</u>	<u>4,515,278</u>	<u>10,134,916</u>
Excess (deficiency) of revenues over expenditures	<u>(9,556,976)</u>	<u>(9,548,194)</u>	<u>(1,556,580)</u>	<u>7,991,614</u>
Net change in fund balance	<u>(9,556,976)</u>	<u>(9,548,194)</u>	<u>(1,556,580)</u>	<u>7,991,614</u>
Fund balance, July 1, 2024	<u>9,587,230</u>	<u>9,587,230</u>	<u>9,587,230</u>	<u>—</u>
Fund balance, June 30, 2025	<u>\$ 30,254</u>	<u>\$ 39,036</u>	<u>\$ 8,030,650</u>	<u>\$ 7,991,614</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Development Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 7,360,000	\$ 7,360,000	\$ 1,642,822	\$ (5,717,178)
Total revenues	<u>7,360,000</u>	<u>7,360,000</u>	<u>1,642,822</u>	<u>(5,717,178)</u>
EXPENDITURES:				
General government	<u>8,665,094</u>	<u>8,371,026</u>	<u>2,196,458</u>	<u>6,174,568</u>
Total expenditures	<u>8,665,094</u>	<u>8,371,026</u>	<u>2,196,458</u>	<u>6,174,568</u>
Excess (deficiency) of revenues over expenditures	<u>(1,305,094)</u>	<u>(1,011,026)</u>	<u>(553,636)</u>	<u>457,390</u>
Net change in fund balance	<u>(1,305,094)</u>	<u>(1,011,026)</u>	<u>(553,636)</u>	<u>457,390</u>
Fund balance, July 1, 2024	<u>484,373</u>	<u>484,373</u>	<u>484,373</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u><u>\$ (820,721)</u></u>	<u><u>\$ (526,653)</u></u>	<u><u>\$ (69,263)</u></u>	<u><u>\$ 457,390</u></u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Police Confiscated Property Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Fines and forfeitures	\$ 750,000	\$ 750,000	\$ 702,455	\$ (47,545)
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>702,455</u>	<u>(47,545)</u>
EXPENDITURES:				
General government	51,000	—	—	—
Public safety	650,000	650,000	250,137	399,863
Capital outlay	100,000	424,515	774,216	(349,701)
Total expenditures	<u>801,000</u>	<u>1,074,515</u>	<u>1,024,353</u>	<u>50,162</u>
Net change in fund balance	(51,000)	(324,515)	(321,898)	2,617
Fund balance, July 1, 2024	<u>306,372</u>	<u>306,372</u>	<u>306,372</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ 255,372</u>	<u>\$ (18,143)</u>	<u>\$ (15,526)</u>	<u>\$ 2,617</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Parks and Recreation Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 130,300	\$ 130,300	\$ 119,729	\$ (10,571)
Interest revenue	5,000	5,000	20,597	15,597
Miscellaneous	1,000	1,000	9,766	8,766
Total revenues	<u>136,300</u>	<u>136,300</u>	<u>150,092</u>	<u>13,792</u>
EXPENDITURES:				
General government	25,664	25,500	6,616	18,884
Community services	110,910	112,254	95,470	16,784
Capital outlay	—	—	129	(129)
Total expenditures	<u>136,574</u>	<u>137,754</u>	<u>102,215</u>	<u>35,539</u>
Net change in fund balance	(274)	(1,454)	47,877	49,331
Fund balance, July 1, 2024	<u>332,926</u>	<u>332,926</u>	<u>332,926</u>	<u>—</u>
Fund balance, June 30, 2025	<u>\$ 332,652</u>	<u>\$ 331,472</u>	<u>\$ 380,803</u>	<u>\$ 49,331</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Museum Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 50	\$ 50	\$ 1,369	\$ 1,319
Interest revenue	1,000	1,000	2,280	1,280
Total revenues	<u>1,050</u>	<u>1,050</u>	<u>3,649</u>	<u>2,599</u>
EXPENDITURES:				
General government	38,553	38,553	—	38,553
Total expenditures	<u>38,553</u>	<u>38,553</u>	<u>—</u>	<u>38,553</u>
Net change in fund balance	(37,503)	(37,503)	3,649	41,152
Fund balance, July 1, 2024	<u>38,824</u>	<u>38,824</u>	<u>38,824</u>	<u>—</u>
Fund balance, June 30, 2025	<u>\$ 1,321</u>	<u>\$ 1,321</u>	<u>\$ 42,473</u>	<u>\$ 41,152</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Special Revenue For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 75,300	\$ 75,300	\$ 91,710	\$ 16,410
Interest revenue	2,000	2,000	15,874	13,874
Miscellaneous	—	—	44,522	44,522
Total revenues	<u>77,300</u>	<u>77,300</u>	<u>152,106</u>	<u>74,806</u>
EXPENDITURES:				
General government	50,000	50,000	—	50,000
Community services	214,519	80,000	87,163	(7,163)
Capital outlay	—	186,241	179,041	7,200
Total expenditures	<u>264,519</u>	<u>316,241</u>	<u>266,204</u>	<u>50,037</u>
Net change in fund balance	(187,219)	(238,941)	(114,098)	124,843
Fund balance, July 1, 2024	<u>226,409</u>	<u>226,409</u>	<u>226,409</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ 39,190</u>	<u>\$ (12,532)</u>	<u>\$ 112,311</u>	<u>\$ 124,843</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Government Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Miscellaneous	\$ —	\$ —	\$ 2,846	\$ 2,846
Total revenues	<u>—</u>	<u>—</u>	<u>2,846</u>	<u>2,846</u>
EXPENDITURES:				
General government	36,771,109	32,193,271	11,341,987	20,851,284
Public safety	4,551,624	596,327	119,959	476,368
Transportation and development	39,451,439	13,808,012	7,562,124	6,245,888
Community services	14,600,358	1,031,150	10,246	1,020,904
Capital outlay	43,606,370	98,579,291	56,472,859	42,106,432
Total expenditures	<u>138,980,900</u>	<u>146,208,051</u>	<u>75,507,175</u>	<u>70,700,876</u>
Excess (deficiency) of revenues over expenditures	<u>(138,980,900)</u>	<u>(146,208,051)</u>	<u>(75,504,329)</u>	<u>70,703,722</u>
OTHER FINANCING SOURCES (USES):				
Capital contributions				
Transfers in	138,980,900	138,980,900	34,784,659	(104,196,241)
Total other financing sources (uses)	<u>138,980,900</u>	<u>138,980,900</u>	<u>34,784,659</u>	<u>(104,196,241)</u>
Net change in fund balance	<u>—</u>	<u>(7,227,151)</u>	<u>(40,719,670)</u>	<u>(33,492,519)</u>
Fund balance, July 1, 2024	<u>514,194</u>	<u>514,194</u>	<u>514,194</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ 514,194</u>	<u>\$ (6,712,957)</u>	<u>\$ (40,205,476)</u>	<u>\$ (33,492,519)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Buildings Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 277,000	\$ 277,000	\$ 113,015	\$ (163,985)
Interest revenue	36,400	36,400	19,984	(16,416)
Total revenues	<u>313,400</u>	<u>313,400</u>	<u>132,999</u>	<u>(180,401)</u>
EXPENDITURES:				
General government	177,000	753,386	1,000	752,386
Capital outlay	4,522,000	5,140,968	3,027,076	2,113,892
Total expenditures	<u>4,699,000</u>	<u>5,894,354</u>	<u>3,028,076</u>	<u>2,866,278</u>
Excess (deficiency) of revenues over expenditures	<u>(4,385,600)</u>	<u>(5,580,954)</u>	<u>(2,895,077)</u>	<u>2,685,877</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	—	100,000
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>—</u>	<u>100,000</u>
Net change in fund balance	<u>(4,485,600)</u>	<u>(5,680,954)</u>	<u>(2,895,077)</u>	<u>2,785,877</u>
Fund balance, July 1, 2024	<u>359,036</u>	<u>359,036</u>	<u>359,036</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ (4,126,564)</u>	<u>\$ (5,321,918)</u>	<u>\$ (2,536,041)</u>	<u>\$ 2,785,877</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grants Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 24,107,694	\$ 24,107,694	\$ 14,722,431	\$ (9,385,263)
Charges for services	270,960	270,960	365,495	94,535
Total revenues	24,378,654	24,378,654	15,087,926	(9,290,728)
EXPENDITURES:				
General government	9,400,747	10,431,755	120,196	10,311,559
Transportation and development	55,827,371	9,232,033	3,938,147	5,293,886
Community services	1,543,934	—	1	(1)
Capital outlay	22,060,185	70,924,466	33,729,818	37,194,648
Total expenditures	88,832,237	90,588,254	37,788,162	52,800,092
Excess (deficiency) of revenues over expenditures	(64,453,583)	(66,209,600)	(22,700,236)	43,509,364
OTHER FINANCING SOURCES (USES):				
Transfers out	—	(120,000)	—	120,000
Total other financing sources (uses)	—	(120,000)	—	120,000
Net change in fund balance	(64,453,583)	(66,329,600)	(22,700,236)	43,629,364
Fund balance (deficit), July 1, 2024	(5,926,272)	(5,926,272)	(5,926,272)	—
Fund balance (deficit), June 30, 2025	<u>\$ (70,379,855)</u>	<u>\$ (72,255,872)</u>	<u>\$ (28,626,508)</u>	<u>\$ 43,629,364</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Streets Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 3,000,000	\$ 3,000,000	\$ 1,742,758	\$ (1,257,242)
Interest revenue	1,203,000	1,203,000	3,519,506	2,316,506
Miscellaneous	—	—	875	875
Total revenues	<u>4,203,000</u>	<u>4,203,000</u>	<u>5,263,139</u>	<u>1,060,139</u>
EXPENDITURES:				
General government	2,214,751	11,914,206	978,212	10,935,994
Transportation and development	76,419,879	13,560,533	4,265,318	9,295,215
Capital outlay	34,689,600	85,319,412	32,898,316	52,421,096
Total expenditures	<u>113,324,230</u>	<u>110,794,151</u>	<u>38,141,846</u>	<u>72,652,305</u>
Excess (deficiency) of revenues over expenditures	<u>(109,121,230)</u>	<u>(106,591,151)</u>	<u>(32,878,707)</u>	<u>73,712,444</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(10,000,000)	(10,000,000)	(10,000,000)	—
Total other financing sources (uses)	<u>(10,000,000)</u>	<u>(10,000,000)</u>	<u>(10,000,000)</u>	<u>—</u>
Net change in fund balance	<u>(119,121,230)</u>	<u>(116,591,151)</u>	<u>(42,878,707)</u>	<u>73,712,444</u>
Fund balance, July 1, 2024	<u>84,950,716</u>	<u>84,950,716</u>	<u>84,950,716</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ (34,170,514)</u>	<u>\$ (31,640,435)</u>	<u>\$ 42,072,009</u>	<u>\$ 73,712,444</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Services Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 449,000	\$ 449,000	\$ 974,295	\$ 525,295
Interest revenue	1,108,400	1,108,400	2,346,144	1,237,744
Miscellaneous	—	—	8,950	8,950
Total revenues	<u>1,557,400</u>	<u>1,557,400</u>	<u>3,329,389</u>	<u>1,771,989</u>
EXPENDITURES:				
General government	92,800	17,577,220	3,841	17,573,379
Community services	63,666,864	10,104,393	6,482,185	3,622,208
Capital outlay	4,620,000	42,252,370	29,465,585	12,786,785
Total expenditures	<u>68,379,664</u>	<u>69,933,983</u>	<u>35,951,611</u>	<u>33,982,372</u>
Excess (deficiency) of revenues over expenditures	<u>(66,822,264)</u>	<u>(68,376,583)</u>	<u>(32,622,222)</u>	<u>35,754,361</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(500,000)	(500,000)	(521,439)	(21,439)
Total other financing sources (uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(521,439)</u>	<u>(21,439)</u>
Net change in fund balance	<u>(67,322,264)</u>	<u>(68,876,583)</u>	<u>(33,143,661)</u>	<u>35,732,922</u>
Fund balance, July 1, 2024	<u>68,716,650</u>	<u>68,716,650</u>	<u>68,716,650</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ 1,394,386</u>	<u>\$ (159,933)</u>	<u>\$ 35,572,989</u>	<u>\$ 35,732,922</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Safety Buildings and Improvements Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 865,000	\$ 865,000	\$ 386,848	\$ (478,152)
Interest revenue	9,000	9,000	50,802	41,802
Total revenues	<u>874,000</u>	<u>874,000</u>	<u>437,650</u>	<u>(436,350)</u>
EXPENDITURES:				
General government	376,600	1,287,058	2,000	1,285,058
Public safety	7,139,084	5,488,420	4,813,537	674,883
Capital outlay	—	740,206	103,475	636,731
Total expenditures	<u>7,515,684</u>	<u>7,515,684</u>	<u>4,919,012</u>	<u>2,596,672</u>
Excess (deficiency) of revenues over expenditures	<u>(6,641,684)</u>	<u>(6,641,684)</u>	<u>(4,481,362)</u>	<u>2,160,322</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(550,000)	(550,000)	—	550,000
Total other financing sources (uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>—</u>	<u>550,000</u>
Net change in fund balance	<u>(7,191,684)</u>	<u>(7,191,684)</u>	<u>(4,481,362)</u>	<u>2,710,322</u>
Fund balance (deficit), July 1, 2024	<u>(3,628,423)</u>	<u>(3,628,423)</u>	<u>(3,628,423)</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ (10,820,107)</u>	<u>\$ (10,820,107)</u>	<u>\$ (8,109,785)</u>	<u>\$ 2,710,322</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Vehicle and Capital Equipment Replacement Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 252,000	\$ 252,000	\$ 722,086	\$ 470,086
Miscellaneous	—	—	154,129	154,129
Total revenues	<u>252,000</u>	<u>252,000</u>	<u>876,215</u>	<u>624,215</u>
EXPENDITURES:				
General government	7,120,247	808,868	51,541	757,327
Public safety	516,600	516,600	—	516,600
Capital outlay	5,239,380	8,829,377	7,415,351	1,414,026
Total expenditures	<u>12,876,227</u>	<u>10,154,845</u>	<u>7,466,892</u>	<u>2,687,953</u>
Excess (deficiency) of revenues over expenditures	<u>(12,624,227)</u>	<u>(9,902,845)</u>	<u>(6,590,677)</u>	<u>3,312,168</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	300,000	300,000	524,871	224,871
Transfers in	3,586,737	3,586,737	3,586,737	—
Total other financing sources (uses)	<u>3,886,737</u>	<u>3,886,737</u>	<u>4,111,608</u>	<u>224,871</u>
Net change in fund balance	<u>(8,737,490)</u>	<u>(6,016,108)</u>	<u>(2,479,069)</u>	<u>3,537,039</u>
Fund balance, July 1, 2024	<u>12,470,523</u>	<u>12,470,523</u>	<u>12,470,523</u>	<u>—</u>
Fund balance (deficit), June 30, 2025	<u>\$ 3,733,033</u>	<u>\$ 6,454,415</u>	<u>\$ 9,991,454</u>	<u>\$ 3,537,039</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Technology Replacement Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 221,000	\$ 221,000	\$ 722,571	\$ 501,571
Total revenues	<u>221,000</u>	<u>221,000</u>	<u>722,571</u>	<u>501,571</u>
EXPENDITURES:				
General government	4,475,700	2,150,687	2,195,781	(45,094)
Capital outlay	3,440,800	3,472,797	1,347,241	2,125,556
Total expenditures	<u>7,916,500</u>	<u>5,623,484</u>	<u>3,543,022</u>	<u>2,080,462</u>
Excess (deficiency) of revenues over expenditures	<u>(7,695,500)</u>	<u>(5,402,484)</u>	<u>(2,820,451)</u>	<u>2,582,033</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,621,290	4,621,290	4,632,604	11,314
Total other financing sources (uses)	<u>4,621,290</u>	<u>4,621,290</u>	<u>4,632,604</u>	<u>11,314</u>
Net change in fund balance	<u>(3,074,210)</u>	<u>(781,194)</u>	<u>1,812,153</u>	<u>2,593,347</u>
Fund balance, July 1, 2024	<u>9,825,538</u>	<u>9,825,538</u>	<u>9,825,538</u>	<u>—</u>
Fund balance, June 30, 2025	<u>\$ 6,751,328</u>	<u>\$ 9,044,344</u>	<u>\$ 11,637,691</u>	<u>\$ 2,593,347</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Municipal Arts Capital Projects For the year ended June 30, 2025

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 17,000	\$ 17,000	\$ 48,539	\$ 31,539
Total revenues	<u>17,000</u>	<u>17,000</u>	<u>48,539</u>	<u>31,539</u>
EXPENDITURES:				
General government	<u>620,000</u>	<u>710,000</u>	<u>289,578</u>	<u>420,422</u>
Total expenditures	<u>620,000</u>	<u>710,000</u>	<u>289,578</u>	<u>420,422</u>
Net change in fund balance	(603,000)	(693,000)	(241,039)	451,961
Fund balance, July 1, 2024	<u>991,736</u>	<u>991,736</u>	<u>991,736</u>	—
Fund balance, June 30, 2025	<u>\$ 388,736</u>	<u>\$ 298,736</u>	<u>\$ 750,697</u>	<u>\$ 451,961</u>



City of Chandler

Non-Major Proprietary Funds

Solid Waste

Used to account for the provision of solid waste (refuse) services to the residential customers of the city. All activities necessary to provide such service are accounted for in this fund.

Airport

Used to account for the provision of airport services at the city's municipal airport. All activities necessary to provide such service are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection.

Chandler Housing Authority

Used to account for expenditures of the city's housing assistance programs which consist of housing owned and operated by the city and rent subsidy payments to private sector owners of dwelling units. Financing for this fund is derived from tenants and the United States Department of Housing and Urban Development.

City of Chandler
Combining Statement of Net Position -
Non-Major Proprietary Funds
June 30, 2025

		Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS					
Current assets:					
Equity in pooled cash and investments		\$25,754,786	\$ 252,456	\$12,306,946	\$38,314,188
Accounts receivable		2,572,835	287	138,698	2,711,820
Due from other governments		—	—	5,156,323	5,156,323
Inventories		—	15,189	—	15,189
Prepaid invoices		160,989	—	—	160,989
Accrued interest receivable		159,920	—	74,098	234,018
Other receivables		—	—	65,020	65,020
Total current assets		<u>28,648,530</u>	<u>267,932</u>	<u>17,741,085</u>	<u>46,657,547</u>
Long-term assets:					
Notes receivable		—	—	5,154,750	5,154,750
Leases receivable		—	3,768,438	—	3,768,438
Capital assets:					
Non-depreciable		8,588,023	22,246,486	1,889,957	32,724,466
Depreciable, net		<u>4,987,987</u>	<u>11,635,173</u>	<u>6,206,079</u>	<u>22,829,239</u>
Total capital assets		<u>13,576,010</u>	<u>33,881,659</u>	<u>8,096,036</u>	<u>55,553,705</u>
Total long-term assets		<u>13,576,010</u>	<u>37,650,097</u>	<u>13,250,786</u>	<u>64,476,893</u>
Total assets		<u>42,224,540</u>	<u>37,918,029</u>	<u>30,991,871</u>	<u>111,134,440</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items		<u>498,173</u>	<u>311,265</u>	<u>560,800</u>	<u>1,370,238</u>

LIABILITIES

Current liabilities:

Accounts payable	1,664,944	139,689	5,043,666	6,848,299
Accrued payroll	87,754	32,330	—	120,084
Trust liabilities and deposits	—	94,770	1,182,927	1,277,697
Customer advances	183,786	33,472	46,607	263,865
Compensated absences payable	108,000	28,934	62,829	199,763
Landfill closure and postclosure liability	94,446	—	—	94,446
Total current liabilities	<u>2,138,930</u>	<u>329,195</u>	<u>6,336,029</u>	<u>8,804,154</u>

Long-term liabilities:

Compensated absences payable	100,544	44,157	67,446	212,147
Notes payable	—	—	5,000,000	5,000,000
Net pension liability	1,010,711	1,226,824	2,190,062	4,427,597
OPEB liability	685,620	237,389	760,051	1,683,060
Landfill closure and postclosure liability	4,245,554	—	—	4,245,554
Total long-term liabilities	<u>6,042,429</u>	<u>1,508,370</u>	<u>8,017,559</u>	<u>15,568,358</u>
Total liabilities	<u>8,181,359</u>	<u>1,837,565</u>	<u>14,353,588</u>	<u>24,372,512</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	352,424	85,618	367,630	805,672
Deferred inflows of leases	—	3,617,857	—	3,617,857
Total deferred inflows of resources	<u>352,424</u>	<u>3,703,475</u>	<u>367,630</u>	<u>4,423,529</u>

NET POSITION

Net investment in capital assets	11,915,466	33,743,591	8,096,036	53,755,093
Unrestricted	22,273,464	(1,055,337)	8,735,417	29,953,544
Total net position	<u>\$34,188,930</u>	<u>\$32,688,254</u>	<u>\$16,831,453</u>	<u>\$83,708,637</u>



City of Chandler
Combining Statement of Revenues, Expenses and Changes in Net Position -
Non-Major Proprietary Funds
For the year ended June 30, 2025

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 19,942,908	\$ 1,214,124	\$ 65,345	\$ 21,222,377
Grants and entitlements	—	—	17,882,587	17,882,587
Rentals	—	—	1,978,022	1,978,022
Sales taxes	—	21,236	—	21,236
Miscellaneous	250	15,420	1,783,682	1,799,352
Total operating revenues	<u>19,943,158</u>	<u>1,250,780</u>	<u>21,709,636</u>	<u>42,903,574</u>
OPERATING EXPENSES:				
General and administrative	1,303,006	100,000	—	1,403,006
Personnel services	2,322,387	910,737	2,424,154	5,657,278
Contractual services	14,293,556	269,216	1,040,499	15,603,271
Commodities	1,085,735	221,775	5,767,028	7,074,538
Housing assistance payments	—	—	11,275,880	11,275,880
Depreciation and amortization expense	612,594	776,734	678,606	2,067,934
Total operating expenses	<u>19,617,278</u>	<u>2,278,462</u>	<u>21,186,167</u>	<u>43,081,907</u>
OPERATING INCOME (LOSS)	<u>325,880</u>	<u>(1,027,682)</u>	<u>523,469</u>	<u>(178,333)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	1,463,730	92,231	613,450	2,169,411
Gain (loss) on disposal of capital assets	(25,000)	(7,000)	4,050	(27,950)
Total nonoperating revenues (expenses)	<u>1,438,730</u>	<u>85,231</u>	<u>617,500</u>	<u>2,141,461</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,764,610</u>	<u>(942,451)</u>	<u>1,140,969</u>	<u>1,963,128</u>
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	—	177,958	—	177,958
Transfers in	—	1,930,086	431,000	2,361,086
Transfers out	(117,315)	(35,041)	—	(152,356)
Total capital contributions and transfers	<u>(117,315)</u>	<u>2,073,003</u>	<u>431,000</u>	<u>2,386,688</u>
CHANGE IN NET POSITION	<u>1,647,295</u>	<u>1,130,552</u>	<u>1,571,969</u>	<u>4,349,816</u>
NET POSITION				
Beginning of year	32,541,635	31,557,702	15,259,484	79,358,821
End of year	<u>\$ 34,188,930</u>	<u>\$ 32,688,254</u>	<u>\$ 16,831,453</u>	<u>\$ 83,708,637</u>

City of Chandler
Combining Statement of Cash Flows -
Non-Major Proprietary Funds
For the year ended June 30, 2025

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 19,836,570	\$ 1,225,039	\$ (1,137,843)	\$ 19,923,766
Cash received from grantors	—	—	12,743,647	12,743,647
Cash payments to suppliers	(16,189,046)	(538,773)	(8,058,935)	(24,786,754)
Cash payments to employees for services	(2,221,382)	(889,295)	(2,352,413)	(5,463,090)
Net cash provided (used) by operating activities	1,426,142	(203,029)	1,194,456	2,417,569
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	—	1,930,086	431,000	2,361,086
Transfers out	(117,315)	(35,041)	—	(152,356)
Net cash provided (used) by noncapital financing activities	(117,315)	1,895,045	431,000	2,208,730
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(2,066,543)	(1,723,905)	(449,720)	(4,240,168)
Net cash provided (used) by capital and related financing activities	(2,066,543)	(1,723,905)	(449,720)	(4,240,168)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	1,440,918	92,231	596,804	2,129,953
Net cash provided (used) by investing activities	1,440,918	92,231	596,804	2,129,953
Net increase (decrease) in cash and cash equivalents	683,202	60,342	1,772,540	2,516,084
CASH AND CASH EQUIVALENTS:				
Beginning of year	25,071,584	192,114	10,534,406	35,798,104
End of year	<u>\$ 25,754,786</u>	<u>\$ 252,456</u>	<u>\$ 12,306,946</u>	<u>\$ 38,314,188</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET**CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	\$ 325,880	\$ (1,027,682)	\$ 523,469	\$ (178,333)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	612,594	776,734	678,606	2,067,934
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	(82,558)	107,444	(5,075,929)	(5,051,043)
(Increase) decrease in due from other governments	—	—	(5,138,940)	(5,138,940)
(Increase) decrease in inventories	—	(2,216)	—	(2,216)
(Increase) decrease in prepaid items	(66,802)	—	—	(66,802)
Increase (decrease) in payables	560,053	54,434	5,024,472	5,638,959
Increase (decrease) in long-term notes payable	—	—	5,000,000	5,000,000
Increase (decrease) in accrued payroll and compensated absences	83,069	21,849	52,628	157,546
Increase (decrease) in deposits	—	10,104	78,516	88,620
Increase (decrease) in customer advances	(24,030)	(1,702)	32,521	6,789
Increase (decrease) in net pension items	(17,914)	(15,797)	(18,049)	(51,760)
Increase (decrease) in OPEB liability	35,850	15,390	37,162	88,402
Increase (decrease) in lease deferred inflows	—	(141,587)	—	(141,587)
Total adjustments	1,100,262	824,653	670,987	2,595,902
Net cash provided (used) by operating activities	\$ 1,426,142	\$ (203,029)	\$ 1,194,456	\$ 2,417,569

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ —	\$ 177,958	\$ —	\$ 177,958
Gain (loss) on disposal of capital assets	(25,000)	(7,000)	4,050	(27,950)



3

Statistical Section

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information



Strategic infrastructure investments that facilitate business and economic growth are paired with facility, park and public safety improvements that support the quality of life enjoyed by residents.

CITY OF CHANDLER, ARIZONA
Statistical Section

This part of the City of Chandler’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	146
Schedules 1-6 contain information to help the reader understand how the city’s financial performance and well-being have changed over time.	
Revenue Capacity	162
Schedules 7-9 contain information to help the reader assess the factors affecting the city’s ability to generate its sales and use tax.	
Debt Capacity	166
Schedules 10-13b present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future. Schedules 14-29 provide additional information for continuing disclosure purposes.	
Demographic and Economic Information	189
Schedules 30-31 offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	192
Schedules 32-34 contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.	

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

CITY OF CHANDLER, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 579,591,241	\$ 587,213,640	\$ 536,086,249	\$ 575,953,033
Restricted	121,767,847	122,006,140	168,510,855	173,490,725
Unrestricted	(5,872,464)	(36,358,845)	(65,575,548)	(72,592,489)
Total governmental activities net position	695,486,624	672,860,935	639,021,556	676,851,269
Business-type activities				
Net investment in capital assets	342,252,306	439,823,546	467,799,036	481,911,949
Restricted	31,365,801	32,977,926	33,447,434	31,523,149
Unrestricted	258,806,679	176,390,803	243,735,547	249,131,813
Total business-type activities net position	632,424,786	649,192,275	744,982,017	762,566,911
Primary government				
Net investment in capital assets	921,843,547	1,027,037,186	1,003,885,285	1,057,864,982
Restricted	153,133,648	155,184,734	201,958,289	205,013,874
Unrestricted	252,934,215	139,831,290	178,159,999	176,539,324
Total primary government net position	\$ 1,327,911,410	\$ 1,322,053,210	\$ 1,384,003,573	\$1,439,418,180

Schedule 1

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 547,511,826	\$ 555,107,220	\$ 536,775,941	\$ 555,568,147	\$ 572,110,660	\$ 614,855,681
191,839,529	189,214,016	194,380,531	182,068,932	251,642,729	166,710,948
(8,655,932)	(6,761,531)	63,657,816	168,391,045	170,645,342	307,806,909
730,695,423	737,559,705	794,814,288	906,028,124	994,398,731	1,089,373,538
477,329,239	458,616,595	473,953,519	514,595,066	526,875,770	597,070,834
33,750,526	32,154,205	31,745,566	31,119,667	28,190,997	33,158,230
267,005,635	299,755,652	283,463,157	250,938,753	264,141,654	206,820,231
778,085,400	790,526,452	789,162,242	796,653,486	819,208,421	837,049,295
1,024,841,065	1,013,723,815	1,010,729,460	1,070,163,213	1,098,986,430	1,211,926,515
225,590,055	221,368,221	226,126,097	213,188,599	279,833,726	199,869,178
258,349,703	292,994,121	347,120,973	419,329,798	434,786,996	514,627,140
<u>\$1,508,780,823</u>	<u>\$1,528,086,157</u>	<u>\$1,583,976,530</u>	<u>\$1,702,681,610</u>	<u>\$1,813,607,152</u>	<u>\$ 1,926,422,833</u>

CITY OF CHANDLER, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	\$ 112,514,903	\$ 104,998,802	\$ 113,587,478	\$ 114,373,302
Public safety	111,568,323	149,366,614	112,371,723	124,906,187
Transportation and development	55,012,081	56,752,197	55,287,494	53,806,473
Community services	31,441,019	32,599,549	36,824,102	36,990,853
Interest and fiscal charges	7,884,146	6,623,830	6,716,119	7,046,655
Total governmental activities expenses	318,420,472	350,340,992	324,786,916	337,123,470
Business-type activities:				
Water	54,075,742	63,236,746	61,513,990	58,297,769
Wastewater	51,034,921	58,112,931	60,605,779	61,218,775
Solid waste	13,925,017	14,380,178	14,531,558	15,221,985
Airport	2,011,880	1,893,830	1,841,718	2,038,417
Chandler housing authority	7,267,806	7,728,876	8,109,635	8,478,235
Total business-type activities expenses	128,315,366	145,352,561	146,602,680	145,255,181
Total primary government expenses	\$ 446,735,838	\$ 495,693,553	\$ 471,389,596	\$ 482,378,651

Schedule 2a

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 138,850,297	\$ 162,849,542	\$ 157,127,919	\$ 195,086,875	\$ 185,864,611	\$ 158,427,128
109,544,169	122,146,366	104,673,550	95,958,948	158,894,534	158,185,614
59,777,330	58,847,053	56,403,523	60,990,970	59,823,718	74,087,692
38,195,563	39,565,719	41,563,661	45,928,371	43,606,131	48,423,518
6,885,184	6,653,197	6,014,168	5,292,655	5,935,673	6,382,171
353,252,543	390,061,877	365,782,821	403,257,819	454,124,667	445,506,123
60,330,758	62,049,102	61,264,619	75,887,686	69,667,817	63,443,736
66,788,084	62,753,454	63,037,577	63,849,518	70,135,806	78,455,540
16,522,728	17,040,309	16,727,814	17,278,664	19,412,684	19,642,278
2,382,288	2,186,724	1,956,786	2,209,135	2,873,143	2,285,462
8,710,570	9,207,531	9,955,131	10,877,168	14,220,801	21,186,167
154,734,428	153,237,120	152,941,927	170,102,171	176,310,251	185,013,183
<u>\$ 507,986,971</u>	<u>\$ 543,298,997</u>	<u>\$ 518,724,748</u>	<u>\$ 573,359,990</u>	<u>\$ 630,434,918</u>	<u>\$ 630,519,306</u>

CITY OF CHANDLER, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 42,021,638	\$ 41,400,079	\$ 43,089,930	\$ 43,622,807
Public safety	7,471,344	6,561,052	6,100,584	4,998,779
Transportation and development	16,538,175	16,333,273	17,145,894	14,869,670
Community services	10,792,114	10,732,351	9,180,276	7,583,513
Operating grants and contributions	5,188,787	4,481,750	3,988,629	4,522,345
Capital grants and contributions	16,725,462	9,702,683	9,340,818	10,510,464
Total governmental activities program revenues	98,737,520	89,211,188	88,846,131	86,107,578
Business-type activities:				
Charges for services:				
Water	50,483,097	53,251,020	54,031,592	52,459,720
Wastewater	51,321,346	53,563,934	56,367,650	56,055,131
Solid waste	14,940,591	15,648,992	16,307,409	16,107,922
Airport	946,419	950,294	963,827	906,557
Chandler housing authority	946,408	954,070	1,085,013	1,155,430
Operating grants and contributions	5,784,021	6,198,797	6,350,858	7,224,669
Capital grants and contributions	32,690,364	27,645,932	22,360,158	18,335,155
Total business-type activities program revenues	157,112,246	158,213,039	157,466,507	152,244,584
Total primary government program revenues	<u>\$ 255,849,766</u>	<u>\$ 247,424,227</u>	<u>\$ 246,312,638</u>	<u>\$ 238,352,162</u>
Net (expense)/revenue				
Governmental activities	\$ (219,682,952)	\$ (261,129,804)	\$ (235,940,785)	\$ (251,015,892)
Business-type activities	28,796,880	12,860,478	10,863,827	6,989,403
Total primary government net (expense)	<u>\$ (190,886,072)</u>	<u>\$ (248,269,326)</u>	<u>\$ (225,076,958)</u>	<u>\$ (244,026,489)</u>

Schedule 2b

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 43,203,865	\$ 42,011,670	\$ 42,734,281	\$ 37,240,071	\$ 41,272,767	\$ 47,456,873
6,512,002	5,073,984	5,714,382	5,723,124	6,804,298	5,905,414
16,420,652	14,266,302	13,044,002	22,869,091	12,947,005	19,901,334
5,623,796	5,437,401	6,033,727	14,900,747	15,537,533	16,899,044
31,052,185	18,694,567	17,863,747	26,999,694	13,304,466	4,600,440
18,714,457	16,573,341	18,678,027	16,237,742	16,299,587	17,284,480
121,526,957	102,057,265	104,068,166	123,970,469	106,165,656	112,047,585
54,722,296	58,755,999	54,911,138	53,415,725	57,606,344	59,970,840
61,531,949	61,971,940	61,109,393	60,884,259	63,309,459	61,594,681
16,757,829	17,480,050	17,629,367	18,449,086	19,256,732	19,942,908
880,194	893,268	813,683	930,969	1,174,463	1,214,124
1,188,570	1,262,966	1,415,794	1,638,902	1,752,882	2,043,367
7,137,950	7,965,078	8,598,756	9,124,544	12,460,952	17,882,587
14,190,016	14,355,873	12,887,544	13,482,347	28,318,640	17,074,215
156,408,804	162,685,174	157,365,675	157,925,832	183,879,472	179,722,722
\$ 277,935,761	\$ 264,742,439	\$ 261,433,841	\$ 281,896,301	\$ 290,045,128	\$ 291,770,307
\$ (231,725,586)	\$ (288,004,612)	\$ (261,714,655)	\$ (279,287,350)	\$ (347,959,011)	\$ (333,458,538)
1,674,376	9,448,054	4,423,748	(12,176,339)	7,569,221	(5,290,461)
\$ (230,051,210)	\$ (278,556,558)	\$ (257,290,907)	\$ (291,463,689)	\$ (340,389,790)	\$ (338,748,999)

CITY OF CHANDLER, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 29,214,103	\$ 29,837,763	\$ 30,816,495	\$ 32,550,250
Sales taxes	112,250,883	120,189,651	127,584,410	139,851,355
Highway user taxes	15,303,635	16,683,743	16,135,949	17,301,902
Other taxes	6,100,475	664,616	940,203	866,267
Franchise fees	3,344,817	3,285,267	3,571,744	3,567,184
State shared	60,712,442	65,924,228	64,723,211	67,156,430
Investment income	3,834,840	1,063,997	1,531,766	14,822,135
Miscellaneous	1,124,559	1,014,665	1,502,418	1,261,279
Transfers in (out)	(433,282)	(159,815)	(4,175,579)	(90,680)
Total governmental activities	<u>231,452,472</u>	<u>238,504,115</u>	<u>242,630,617</u>	<u>277,286,122</u>
Business-type activities:				
Sales taxes	10,391	10,682	13,769	17,347
Investment income	2,180,447	938,491	854,848	7,742,589
Miscellaneous	2,632,460	2,798,023	14,923,212	2,842,825
Transfers in (out)	433,282	159,815	4,175,579	90,680
Total business-type activities:	<u>5,256,580</u>	<u>3,907,011</u>	<u>19,967,408</u>	<u>10,693,441</u>
Total primary government	<u>\$ 236,709,052</u>	<u>\$ 242,411,126</u>	<u>\$ 262,598,025</u>	<u>\$ 287,979,563</u>
Change in Net Position				
Governmental activities	\$ 11,769,520	\$ (22,625,689)	\$ 6,689,832	\$ 26,270,230
Business-type activities	<u>34,053,460</u>	<u>16,767,489</u>	<u>30,831,235</u>	<u>17,682,844</u>
Total primary government	<u>\$ 45,822,980</u>	<u>\$ (5,858,200)</u>	<u>\$ 37,521,067</u>	<u>\$ 43,953,074</u>

Schedule 2c

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 34,419,182	\$ 36,371,978	\$ 39,560,904	\$ 41,363,544	\$ 42,508,632	\$ 44,321,587
140,644,918	157,513,686	182,028,630	210,027,766	208,766,241	207,605,337
16,996,911	18,108,310	19,460,326	20,835,558	21,430,580	21,880,284
1,153,237	2,226,568	2,210,634	201,799	—	—
3,441,225	3,823,524	3,861,042	3,838,738	3,691,281	3,245,696
70,769,943	80,699,253	87,038,075	108,187,240	133,384,945	117,646,741
16,951,295	584,026	(15,954,424)	5,427,207	25,508,647	32,989,892
2,085,020	1,820,520	1,916,550	1,380,596	2,109,152	1,809,952
(891,991)	105,991	(1,103,279)	(761,263)	(1,069,860)	(1,066,144)
285,569,740	301,253,856	319,018,458	390,501,185	436,329,618	428,433,345
15,521	16,516	21,379	22,063	23,363	21,236
9,974,135	249,448	(7,617,417)	3,832,676	10,854,527	12,606,364
2,962,466	2,833,025	2,811,515	15,051,582	3,033,563	9,437,591
891,991	(105,991)	1,103,279	761,263	1,069,860	1,066,144
13,844,113	2,992,998	(3,681,244)	19,667,584	14,981,313	23,131,335
\$ 299,413,853	\$ 304,246,854	\$ 315,337,214	\$ 410,168,769	\$ 451,310,931	\$ 451,564,680
\$ 53,844,154	\$ 13,249,244	\$ 57,303,803	\$ 111,213,835	\$ 88,370,607	\$ 94,974,807
15,518,489	12,441,052	742,504	7,491,245	22,554,935	17,840,874
\$ 69,362,643	\$ 25,690,296	\$ 58,046,307	\$ 118,705,080	\$ 110,925,542	\$ 112,815,681

CITY OF CHANDLER, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Nonspendable	\$ 907,594	\$ 979,446	\$ 813,143	\$ 866,239
Restricted	1,566,618	1,451,061	1,980,807	2,179,767
Assigned	109,958,162	101,620,277	116,359,633	131,214,214
Unassigned	68,567,835	87,492,981	65,182,337	66,035,760
Total general fund	<u>\$ 181,000,209</u>	<u>\$ 191,543,765</u>	<u>\$ 184,335,920</u>	<u>\$ 200,295,980</u>
All other governmental funds				
Nonspendable	\$ —	\$ 7,422	\$ —	\$ —
Restricted	120,201,229	120,640,190	166,570,330	171,310,958
Assigned	—	—	—	—
Unassigned	(11,877,159)	(11,350,383)	(2,555,420)	(5,758,986)
Total all other governmental funds	<u>\$ 108,324,070</u>	<u>\$ 109,297,229</u>	<u>\$ 164,014,910</u>	<u>\$ 165,551,972</u>

Schedule 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 985,396	\$ 1,051,638	\$ 1,103,805	\$ 989,996	\$ 1,055,004	\$ 1,028,477
1,710,608	1,711,242	1,324,539	4,317,196	9,786,830	11,592,841
139,326,860	143,763,585	192,983,983	251,787,985	249,554,469	256,561,068
90,887,858	96,065,934	86,626,252	58,838,144	58,553,967	92,173,979
<u>\$ 232,910,722</u>	<u>\$ 242,592,399</u>	<u>\$ 282,038,579</u>	<u>\$ 315,933,321</u>	<u>\$ 318,950,270</u>	<u>\$ 361,356,365</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
190,128,921	187,759,476	193,055,992	175,323,873	241,855,899	197,647,124
—	—	—	—	514,194	—
<u>(7,697,792)</u>	<u>(7,226,577)</u>	<u>(2,361,250)</u>	<u>(8,567,291)</u>	<u>(9,554,695)</u>	<u>(15,918,864)</u>
<u>\$ 182,431,129</u>	<u>\$ 180,532,899</u>	<u>\$ 190,694,742</u>	<u>\$ 166,756,582</u>	<u>\$ 232,815,398</u>	<u>\$ 181,728,260</u>

CITY OF CHANDLER, ARIZONA
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Property taxes	\$ 29,237,607	\$ 29,692,846	\$ 30,819,812	\$ 32,526,357
Sales taxes	112,250,883	120,189,651	127,584,410	139,851,355
Highway user taxes	15,303,635	16,683,743	16,135,949	17,301,902
Other taxes	6,100,475	664,616	940,203	866,267
Franchise fees	3,344,817	3,285,267	3,571,744	3,567,184
State shared revenues	60,712,442	65,924,228	64,723,211	67,156,430
Grants and entitlements	16,159,064	12,677,860	12,111,857	11,911,639
System development fees	16,217,004	14,683,327	13,982,674	9,023,678
Special assessments	606,757	607,191	611,499	610,501
Licenses and permits	6,634,161	7,075,996	6,394,322	7,268,592
Charges for services	19,705,786	20,869,517	21,827,375	21,512,737
Fines and forfeitures	4,828,174	3,908,387	4,865,783	4,234,286
Rentals	974,192	678,387	127,575	127,206
Contributions	200,000	200,000	200,000	200,000
Interest revenue	3,409,065	921,195	1,398,729	13,268,020
Miscellaneous	897,102	494,984	974,107	923,369
Total revenues	<u>\$ 296,581,164</u>	<u>\$ 298,557,195</u>	<u>\$ 306,269,250</u>	<u>\$ 330,349,523</u>

Schedule 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 34,334,216	\$ 36,409,345	\$ 39,540,557	\$ 41,404,976	\$ 42,449,846	\$ 44,578,637
140,644,918	157,513,686	182,028,630	210,027,766	208,766,241	207,605,337
16,996,911	18,108,310	19,460,326	20,835,558	21,430,580	21,880,284
1,153,237	2,226,568	2,210,634	201,799	—	—
3,441,225	3,823,524	3,861,042	3,838,738	3,691,281	3,245,696
70,769,943	80,699,253	87,038,075	108,187,240	133,384,945	117,646,741
49,719,415	29,417,028	36,022,070	38,834,325	25,098,601	21,597,228
8,730,973	8,207,728	5,031,031	8,235,336	2,277,282	3,216,916
508,485	587,020	610,719	565,411	—	—
7,760,403	6,656,737	6,915,745	8,754,471	5,103,244	13,820,770
20,355,702	19,631,389	22,565,072	27,125,038	28,528,858	30,277,443
5,571,322	2,920,173	3,439,778	4,420,532	5,022,282	4,883,058
213,345	174,766	119,710	253,543	138,115	137,707
596,153	5,201,737	254,874	1,040,240	2,145,416	—
15,017,352	533,383	(14,687,606)	4,864,418	22,749,651	29,032,879
1,471,977	1,105,070	1,310,929	1,047,372	1,385,085	950,365
<u>\$ 377,285,577</u>	<u>\$ 373,215,717</u>	<u>\$ 395,721,586</u>	<u>\$ 479,636,763</u>	<u>\$ 502,171,427</u>	<u>\$ 498,873,061</u>

CITY OF CHANDLER, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
General government	\$ 52,138,384	\$ 50,892,490	\$ 55,706,708	\$ 58,070,201
Public safety	104,605,663	103,167,906	109,736,277	111,496,663
Transportation and development	25,471,154	28,294,221	27,750,365	25,871,080
Community services	24,988,844	26,605,279	27,088,640	27,712,871
Capital improvements	50,009,243	44,712,255	71,268,257	69,006,722
Debt service:				
Principal retirement	17,465,000	25,240,000 (1)	20,264,000	22,820,000
Interest and fiscal charges	8,635,631	7,689,305	7,918,081	8,270,161
Bond issuance costs	—	249,838	252,611	—
Total expenditures	<u>\$283,313,919</u>	<u>\$286,851,294</u>	<u>\$319,984,939</u>	<u>\$ 323,247,698</u>
Debt service as a percentage of noncapital expenditures	10.2 %	12.9 %	10.4 %	11.2 %

Schedule 5

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 79,624,174	\$ 93,482,842	\$ 90,412,233	\$ 124,221,582	\$ 152,828,556	\$ 99,512,608
113,166,600	119,357,759	123,991,198	137,400,323	150,796,686	155,354,545
30,117,735	63,281,132	27,995,477	33,058,041	41,619,646	44,800,181
28,344,665	29,084,081	30,855,014	35,906,234	34,170,930	39,299,192
77,024,413	61,907,124	63,832,358	85,239,000	123,417,836	106,599,297
21,340,000	19,980,000	32,887,716	34,892,929	35,206,853	40,308,466
8,073,320	7,801,885	7,102,529	6,561,091	7,752,226	8,757,687
319,631	—	401,284	—	399,177	—
\$ 358,010,538	\$ 394,894,823	\$ 377,477,809	\$ 457,279,200	\$ 546,191,910	\$ 494,631,976
9.7 %	7.8 %	11.7 %	10.5 %	9.2 %	12.8 %

CITY OF CHANDLER, ARIZONA
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Other Financing Sources (Uses)				
Bond premium	\$ —	\$ 6,339,230	\$ 3,609,365	\$ —
Face amount of bonds issued	—	25,500,000	58,740,000	—
Proceeds from disposal of capital assets	463,709	652,882	213,829	1,356,796
Payment to escrow agent	—	(31,589,392)	—	—
SBITA agreements	—	—	—	—
Transfers in	27,885,557	28,116,369	46,032,351	45,484,505
Transfers out	(29,252,060)	(29,208,275)	(47,370,020)	(48,005,487)
Total other financing sources (uses)	(902,794)	(189,186)	61,225,525	(1,164,186)
Net change in fund balance	\$ 12,364,451	\$ 11,516,715	\$ 47,509,836	\$ 5,937,639

Schedule 6

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 2,927,904	\$ —	\$ 2,160,918	\$ —	\$ 12,299,180	\$ —
30,400,000	—	58,244,909	—	106,415,000	—
396,924	225,081	1,566,455	3,229,367	428,163	573,416
—	—	(26,716,745)	—	—	—
—	—	—	—	6,202,462	508,116
39,282,296	44,961,787	28,249,623	45,052,169	53,550,080	53,525,439
(42,788,264)	(47,364,881)	(32,091,700)	(58,254,654)	(68,226,500)	(67,529,099)
30,218,860	(2,178,013)	31,413,460	(9,973,118)	110,668,385	(12,922,128)
<u>\$ 49,493,899</u>	<u>\$ 7,783,447</u>	<u>\$ 49,657,237</u>	<u>\$ 12,384,445</u>	<u>\$ 66,647,902</u>	<u>\$ (8,681,043)</u>

CITY OF CHANDLER, ARIZONA
TAXABLE REVENUE BY CATEGORY
LAST TEN FISCAL YEARS

	Fiscal Year				(3)
	2016	2017	2018	2019	
Amusements	\$ 1,019,939	\$ 1,019,938	\$ 1,083,161	\$ 1,318,195	
Contracting	8,855,057	11,496,791	12,388,978	17,228,786	
General Retail	51,191,162	53,137,169	56,605,561	60,029,293	
Hotel/Motel	2,957,685	3,424,279	3,712,085	4,099,450	
Miscellaneous Related Revenue (1)	2,745,130	2,527,981	2,328,030	1,757,235	
Publishing	248,433	186,862	182,820	207,462	
Rentals - Personal Property	3,125,459	3,611,180	3,676,196	4,076,298	
Rentals - Real Property	13,217,561	13,647,156	15,134,275	16,506,671	
Restaurant/Bar	10,752,479	11,341,714	11,872,941	12,773,198	
Telecommunications	3,234,369	2,796,065	2,395,673	2,191,747	
Use Tax	1,127,257	3,619,340	4,394,129	5,461,771	
Proposition 207	—	—	—	—	
Utilities	13,786,741	13,391,857	13,824,331	14,218,596	
Total Sales and Use Taxes	<u>\$ 112,261,272</u>	<u>\$ 120,200,332</u>	<u>\$ 127,598,180</u>	<u>\$ 139,868,702</u>	
City Direct Sales Tax Rate (2)	1.76%	1.75%	1.74%	1.74%	

Source: City of Chandler, Management Services Department

(1) Includes license application fees, annual license fees, audit assessments, penalties and interest.

(2) The direct tax rate was calculated using a weighted average of the actual revenues collected for each category. Tax rates vary by category, currently ranging from 1.5% to 4.4%.

(3) In Fiscal Year 2018-19, the city did a restatement to record prior year privilege tax receivables not previously accrued; prior years have not been restated.

(4) In Fiscal Year 2021-22, the city did a restatement due to a utility customer being overbilled; prior years have not been restated.

Schedule 7

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 972,105	\$ 789,411	\$ 1,348,862	\$ 1,499,745	\$ 1,718,299	\$ 1,977,892
12,824,214	14,446,470	17,894,817	27,424,398	24,868,144	19,415,528
64,911,529	75,590,425	85,823,599	95,481,330	94,343,374	99,101,378
3,560,787	3,215,504	5,980,467	6,797,429	6,773,059	6,730,908
1,710,004	2,152,443	3,983,534	5,338,248	4,087,085	3,252,019
177,542	197,578	204,025	217,427	173,156	206,962
4,282,451	3,760,815	4,207,664	5,284,141	7,262,679	6,353,763
18,184,361	19,214,217	20,876,574	23,464,287	24,642,669	19,820,941
11,987,625	13,099,159	16,324,360	17,661,723	18,556,554	18,950,360
2,337,375	1,751,284	1,571,877	1,802,196	2,048,913	1,642,558
5,335,557	7,636,473	6,966,021	6,714,688	4,042,777	7,260,062
—	256,702	1,276,846	1,518,558	1,503,202	1,615,970
14,385,889	15,419,721	15,591,363 (4)	16,845,659	18,769,693	21,298,232
<u>\$ 140,669,439</u>	<u>\$ 157,530,202</u>	<u>\$ 182,050,009</u>	<u>\$ 210,049,829</u>	<u>\$ 208,789,604</u>	<u>\$ 207,626,573</u>
1.73%	1.70%	1.70%	1.68%	1.71%	1.74%

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING SALES AND USE TAX RATES
LAST TEN FISCAL YEARS

Schedule 8

Fiscal Year	City Direct Tax Rate (1)	Overlapping Rates		
		Maricopa County Tax Rate (2)	State of Arizona Tax Rate (3)	Tourism & Sports Authority Tax Rate (4)
2016	1.76%	0.67%	4.92%	0.03%
2017	1.75%	0.66%	4.95%	0.03%
2018	1.74%	0.65%	4.92%	0.03%
2019	1.74%	0.65%	4.93%	0.03%
2020	1.73%	0.65%	4.86%	0.03%
2021	1.70%	0.64%	4.90%	0.02%
2022	1.70%	0.65%	4.94%	0.03%
2023	1.68%	0.65%	5.45%	0.03%
2024	1.71%	0.66%	4.93%	0.03%
2025	1.74%	0.66%	5.05%	0.03%

Source: City of Chandler, Management Services Department

- (1) The city's direct tax rate was calculated using a weighted average of the actual revenues collected for each category. Tax rates vary by category, currently ranging from 1.5% to 4.4%. City tax rates were last increased effective May 1, 1994.
- (2) The overlapping County tax rate was calculated using a weighted average of the actual revenues the city collected for each category. Tax rates vary by category, currently ranging from 0.5% to 0.77%. No rate changes have occurred in the past ten fiscal years.
- (3) The overlapping State tax rate was calculated using a weighted average of the actual revenues the city collected for each category. Tax rates vary by category, currently ranging from 5.5% to 5.6%. State tax rate increases during the past ten fiscal years: 1.0% effective June 1, 2011 through May 31, 2013.
- (4) The Tourism & Sports Authority (TSA) was authorized by Maricopa County voters on November 7, 2000. An additional tax rate of 1.0% is to be levied from March 1, 2001 through February 28, 2031. The only category the overlapping tax rate applies to is the Hotel/Motel category. The overlapping tax rate is calculated using a weighted average of the actual revenues the city collected for this category.

CITY OF CHANDLER, ARIZONA
PRINCIPAL SALES AND USE TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Schedule 9

Taxpayer	Business Type	Fiscal Year 2025		Fiscal Year 2016	
		Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments	Rank
Taxpayer A	Utility	\$17,447,665	1	8.40%	\$ 10,316,152
Taxpayer B	Construction Contracting	7,245,136	2	3.48%	
Taxpayer C	Department Store	5,546,415	3	2.67%	3,800,880
Taxpayer D	Retailer	4,533,891	4	2.18%	
Taxpayer E	Department Store	3,891,118	5	1.87%	2,056,347
Taxpayer F	Grocery Store	3,517,797	6	1.69%	2,304,583
Taxpayer G	Retailer	2,786,411	7	1.34%	
Taxpayer H	Retailer	2,407,618	8	1.15%	
Taxpayer I	Commercial Leasing	2,354,745	9	1.13%	
Taxpayer J	Vehicle Dealer	2,248,183	10	1.08%	1,339,282
Taxpayer K	Home Improvement				1,679,477
Taxpayer L	Utility				1,343,433
Taxpayer M	Department Store				1,303,090
Taxpayer N	Telecommunications				1,302,120
Taxpayer O	Vehicle Dealer				1,166,884
		<u>\$51,978,979</u>		<u>25.01%</u>	<u>\$ 26,612,248</u>
					<u>23.71%</u>

Source: City of Chandler, Management Services Department

Note: The identities of the ten largest revenue payers are prohibited from disclosure per state statute. Alternatively, the business type of the top ten taxpayers for each period has been disclosed along with the appropriate data.

CITY OF CHANDLER, ARIZONA
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS

Schedule 10

Governmental Activities														
Fiscal Year	General		Special	Subscription	General	Revenue	Special							
	Obligation	Revenue	Assessment	Based IT	Obligation	Bonds	Assessment	Bonds						
	Bonds	Bonds	Bonds	Arrangements	Bond Issuance	Issuance	Issuance	Issuance						
					Premiums	Premiums	Premiums	Premiums						
2016	\$	205,088,000	\$	10,055,000	\$	3,960,000	\$	—	\$	15,663,687	\$	424,402	\$	77,201
2017		186,873,000		6,685,000		3,460,000		—		19,829,438		282,935		66,172
2018		223,288,000		4,270,000		2,940,000		—		21,269,309		141,468		55,140
2019		205,764,000		2,050,000		2,395,000		—		19,097,787		—		44,112
2020		215,939,000		—		1,830,000		—		19,756,588		—		33,084
2021		195,164,000		—		1,245,000		—		17,526,932		—		22,056
2022		208,979,909		—		635,000		—		15,043,211		—		11,028
2023		176,702,193		—		—		482,119		12,825,886		—		—
2024		249,009,159		—		—		4,579,664		22,348,687		—		—
2025		215,907,223		—		—		2,754,337		19,013,255		—		—
Business-type Activities														
Fiscal Year	General		Excise Tax		General	Revenue	Excise Tax							
	Obligation	Revenue	Revenue	Bond Issuance	Bonds	Revenue	Obligations	Revenue						
	Bonds	Bonds	Obligations	Premiums	Issuance	Issuance	Issuance	Issuance						
					Premiums	Premiums	Premiums	Premiums						
2016	\$	127,782,000	\$	24,850,000	\$	204,090,000	\$	10,630,056	\$	832,855	\$	8,040,688		
2017		115,722,000		9,595,000		198,520,000		12,263,924		624,642		11,447,974		
2018		105,707,000		7,845,000		230,635,000		11,025,887		416,428		15,075,185		
2019		95,901,000		4,685,000		222,575,000		9,898,570		202,401		17,271,299		
2020		86,261,000		2,340,000		228,985,000		8,772,310		—		15,979,766		
2021		76,936,000		—		219,780,000		7,647,850		—		15,312,526		
2022		70,380,091		—		215,105,000		4,854,030		—		9,667,992		
2023		59,712,807		—		202,930,000		4,006,747		—		8,338,191		
2024		49,480,841		—		250,405,000		3,159,465		—		16,806,399		
2025		39,937,777		—		240,995,000		2,312,181		—		14,973,185		
Fiscal Year	General		Less Amount		Estimated		Percentage		Total		Percentage		Per	
	Bonded Debt	Debt	Net General	Actual	Actual	Primary	of Personal	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)
	Bonded Debt	Debt	Net General	Taxable	Taxable	Primary	of Personal	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)
	Bonded Debt	Debt	Net General	Taxable	Taxable	Primary	of Personal	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)	Income (2)
2016	\$	359,163,743	\$	15,281,782	\$	343,881,961	\$28,297,114,500	1.09%	\$	614,901,176	7.35%	2,465		
2017		334,688,362		8,981,699		325,706,663	28,994,768,811	1.01%		568,997,296	6.20%	2,128		
2018		361,290,196		7,451,989		353,838,207	33,312,389,044	1.06%		624,864,531	6.24%	2,267		
2019		330,661,357		4,586,562		326,074,795	36,899,750,596	0.88%		578,592,636	5.73%	2,215		
2020		330,729,798		4,693,193		326,036,605	40,890,232,930	0.80%		580,768,479	5.45%	2,192		
2021		297,274,782		5,758,393		291,516,389	44,808,678,880	0.65%		533,634,364	4.56%	1,905		
2022		299,257,241		4,290,154		294,967,087	48,805,511,338	0.60%		524,676,261	3.95%	1,855		
2023		253,247,633		2,427,863		250,819,770	61,704,952,635	0.41%		464,997,943	3.29%	1,642		
2024		323,998,152		1,646,322		322,351,830	73,058,672,230	0.44%		595,789,215	3.88%	2,052		
2025		277,170,436		1,858,177		275,312,259	68,127,314,790	0.40%		535,892,958	3.47%	1,839		

Note: Details regarding the city's outstanding debt can be found in the Notes to the Financial Statements.

(1) Includes general bonded debt, other governmental activities debt and business-type activities debt.

(2) Population and personal income data can be found in Schedule 30.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	None	4.65 %	None
Maricopa County	None	7.04	None
Maricopa County Community College District	\$ 26,675,000	7.04	\$ 1,878,704
Maricopa County Special Healthcare District	512,560,000	7.14	36,588,448
Chandler Unified School District No. 80	164,985,000	28.62	47,219,674
Kyrene Elementary School District No. 28	170,560,000	4.49	7,658,039
Mesa Unified School District No. 4	86,970,000	16.91	14,706,914
Gilbert Unified School District No. 41	344,810,000	75.20	259,312,619
Tempe Union High School District No. 213	91,545,000	16.39	15,002,300
East Valley Institute of Technology	None	14.50	None
Subtotal, overlapping debt			382,366,698
City direct debt	237,674,815	100.00	237,674,815
Total direct and overlapping debt			<u>\$ 620,041,513</u>

Source: Piper Sandler Companies

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2024-25 for the overlapping jurisdiction to the amount of such valuation which lies within the City of Chandler.

CITY OF CHANDLER, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2016	2017	2018	2019
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 190,024,847	\$ 198,432,895	\$ 209,370,282	\$ 232,258,669
Total net debt applicable to limit	9,427,250	8,952,650	14,974,350	12,511,300
Legal debt margin	<u>\$ 180,597,597</u>	<u>\$ 189,480,245</u>	<u>\$ 194,395,932</u>	<u>\$ 219,747,369</u>
Total net debt applicable to the limit as a percentage of the debt limit	4.96%	4.51%	7.15%	5.39%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 633,416,159	\$ 661,443,986	\$ 697,900,943	\$ 774,195,564
Total net debt applicable to limit	323,442,750	300,592,650	324,166,628	298,881,202
Legal debt margin	<u>\$ 309,973,409</u>	<u>\$ 360,851,336</u>	<u>\$ 373,734,315</u>	<u>\$ 475,314,362</u>
Total net debt applicable to the limit as a percentage of the debt limit	51.06%	45.44%	46.45%	38.61%

Fiscal Year 2015-16 through Fiscal Year 2018-19: Piper Jaffray Inc.

Fiscal Year 2019-20 through Fiscal Year 2024-25: Piper Sandler Companies

Note: Under Arizona law, cities may issue general obligation bonds for purposes of water, wastewater, artificial light, open space preserves, parks, public safety and emergency services, streets, transportation, playgrounds and recreational facilities up to an amount not to exceed 20 percent of secondary assessed valuation. Cities may issue general obligation bonds for any other purpose up to an amount not to exceed 6 percent of secondary assessed valuation.

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2025

Full Cash Assessed Valuation as of June 30, 2025	\$ 6,969,158,207
Debt limit (6% of assessed value)	418,149,492
Debt applicable to limit:	
6% general obligation bonds	7,617,900
Excess premium on bonds outstanding	398,354
Legal 6% debt margin	<u>\$ 410,133,238</u>
Debt limit (20% of assessed value)	\$ 1,393,831,641
Debt applicable to limit:	
20% general obligation bonds	248,227,100
Excess premium on bonds outstanding	15,601,623
Legal 20% debt margin	<u>\$ 1,130,002,918</u>

Fiscal Year

2020	2021	2022	2023	2024	2025
\$ 258,505,031	\$ 280,953,536	\$ 300,769,253	\$ 376,810,629	\$ 442,853,589	\$ 418,149,492
9,772,578	6,759,506	6,121,222	5,522,089	8,911,823	8,016,254
<u>\$ 248,732,453</u>	<u>\$ 274,194,030</u>	<u>\$ 294,648,031</u>	<u>\$ 371,288,540</u>	<u>\$ 433,941,766</u>	<u>\$ 410,133,238</u>
3.78%	2.41%	2.04%	1.47%	2.01%	1.92%
\$ 861,683,439	\$ 936,511,789	\$ 1,002,564,178	\$ 1,256,035,431	\$ 1,476,178,631	\$ 1,393,831,641
303,956,132	277,073,742	285,874,432	242,278,193	310,555,823	263,828,723
<u>\$ 557,727,307</u>	<u>\$ 659,438,047</u>	<u>\$ 716,689,746</u>	<u>\$ 1,013,757,238</u>	<u>\$ 1,165,622,808</u>	<u>\$ 1,130,002,918</u>
35.27%	29.59%	28.51%	19.29%	21.04%	18.93%

CITY OF CHANDLER, ARIZONA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Schedule 13a

Street & Highway Revenue Bonds						
Fiscal Year	Less:		Net Available Revenue	Debt Service		Coverage
	Highway User Taxes	Operating Expenses		Principal	Interest	
2016	\$ 15,303,635	\$ 11,951,019	\$ 3,352,616	\$ 3,370,000	\$ 375,650	0.90
2017	16,683,743	10,887,942	5,795,801	2,415,000	256,438	2.17
2018	16,135,949	12,073,072	4,062,877	2,220,000	163,988	1.70
2019	17,301,902	10,724,907	6,576,995	2,050,000	79,200	3.09
2020 (1)	16,996,911	7,500,788	9,496,123	—	—	—
Water Revenue Bonds						
Fiscal Year	Less:		Net Available Revenue	Debt Service		Coverage
	Utility Service Charges	Operating Expenses		Principal	Interest	
2016	\$ 50,483,097	\$ 26,907,780	\$ 23,575,317	\$ 8,408,500	\$ 566,680	2.63
2017	53,251,020	34,188,323	19,062,697	1,750,000	307,160	9.27
2018	54,031,592	35,833,361	18,198,231	2,212,000	219,660	7.48
2019	52,459,720	32,395,325	20,064,395	1,641,500	131,180	11.32
2020	54,722,296	33,556,507	21,165,789	1,638,000	65,520	12.42
2021 (2)	58,755,999	35,088,440	23,667,559	—	—	—
Excise Tax Revenue Obligations						
Fiscal Year	Less:		Net Available Revenue	Debt Service		Coverage
	Excise Tax Collections	Operating Expenses		Principal	Interest	
2016	\$ 175,820,443	\$ —	\$ 175,820,443	\$ 2,805,000	\$ 7,193,019	17.59
2017	188,910,693	—	188,910,693	4,105,000	8,097,704	15.48
2018	195,500,184	—	195,500,184	6,640,000	8,879,859	12.60
2019	209,259,874	—	209,259,874	6,590,000	9,248,264	13.21
2020	214,706,260	—	214,706,260	9,205,000	9,274,665	11.62
2021	236,712,500	—	236,712,500	10,630,000	9,129,575	11.98
2022	266,906,299	—	266,906,299	12,175,000	7,326,414	13.69
2023	315,153,482	—	315,153,482	12,980,000	6,327,966	16.32
2024	339,503,392	—	339,503,392	9,410,000	6,910,336	20.80
2025	328,638,596	—	328,638,596	15,025,000	8,052,900	14.24

Note: Details regarding the city's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation or amortization expenses.

(1) Street and highway revenue bonds matured on 7/1/2019.

(2) Water and sewer revenue bonds matured on 7/1/2020.

CITY OF CHANDLER, ARIZONA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Schedule 13b

Wastewater Revenue Bonds						
Fiscal Year	Utility Service Charges	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
2016	51,321,346	23,054,518	28,266,828	6,846,500	368,470	3.92
2017	53,563,934	23,470,067	30,093,867	—	94,140	319.67
2018	56,367,650	28,967,201	27,400,449	948,000	94,140	26.29
2019	56,055,131	26,507,090	29,548,041	703,500	56,220	38.89
2020	61,531,949	29,092,865	32,439,084	702,000	28,020	44.44
2021 (1)	61,971,940	25,520,769	36,451,171	—	—	—

Note: Details regarding the city's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation or amortization expenses.

(1) Water and sewer revenue bonds matured on 7/1/2020.

CITY OF CHANDLER, ARIZONA
PROPERTY TAX ASSESSMENT RATIOS
LAST FIVE FISCAL YEARS

Schedule 14

Property Classification	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024	Tax Year 2025
Mining, Utility, Commercial, and Industrial	18.00 %	17.50 %	17.00 %	16.50 %	16.00 %
Agriculture and Vacant Land	15.00	15.00	15.00	15.00	15.00
Owner-Occupied Residential	10.00	10.00	10.00	10.00	10.00
Leased or Rented Residential	10.00	10.00	10.00	10.00	10.00
Railroad, Private Car, and Airline Flight Property	15.00	15.00	14.00	14.00	13.00

Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

CITY OF CHANDLER, ARIZONA
PROPERTY TAXES LEVIED AND COLLECTED
LAST FIVE FISCAL YEARS

Schedule 15

	Tax Rate	Adjusted Tax Levy	to 30 June of Initial Fiscal Year	
			Collections	% of Levy
2024-25	\$ 1.0826	\$ 43,981,192	\$ 43,581,476	99.09 %
2023-24	1.0926	42,198,604	41,767,411	98.98
2022-23	1.1026	40,823,212	40,571,534	99.11
2021-22	1.1126	38,884,287	38,437,588	98.85
2020-21	1.1201	36,379,535	36,041,018	99.07

Source: Piper Sandler Companies as compiled from the Maricopa County Department of Finance.

CITY OF CHANDLER, ARIZONA**DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND TAX RATES PER \$100 ASSESSED VALUATION****JUNE 30, 2025****Schedule 16**

	FY 2024-25 Net Limited Property Assessed Valuation	FY 2024-25 Total Tax Rate per \$100 Assessed Valuation
State of Arizona	\$ 88,425,611,337	\$ —
Maricopa County	58,328,686,358	1.1591
Maricopa County Community College District	58,328,686,358	1.1047
Maricopa County Library District	58,328,686,358	0.0470
Maricopa County Flood Control District	53,876,587,196	0.1470
Maricopa County Fire District	58,328,686,358	0.0080
Maricopa County Special Health Care District	57,548,876,687	0.2665
Central Arizona Water Conservation District	57,548,876,687	0.1400
East Valley Institute of Technology District No. 401 (1)	28,325,407,262	0.0500
Chandler Unified School District No. 80	4,104,205,303	5.6564
Tempe Union High School District No. 213	4,742,511,408	2.3628
Kyrene Elementary School District No. 28	2,715,520,368	3.3826
Mesa Unified School District No. 4	4,064,865,288	6.3142
Gilbert Unified School District No. 41	2,865,936,353	5.2795
City of Chandler	4,108,053,847	1.0826

Source: Piper Sandler Companies as compiled from Maricopa County Tax Levy and State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

(1) Includes Net Limited Property Assessed Value for the East Valley Institute of Technology District No. 401 within Pinal County.

CITY OF CHANDLER, ARIZONA
PROPERTY VALUE BY PROPERTY CLASSIFICATION
LAST FIVE FISCAL YEARS

Schedule 17

	FY 2020-21 Net Full Cash Assessed Valuation	FY 2021-22 Net Full Cash Assessed Valuation	FY 2022-23 Net Full Cash Assessed Valuation	FY 2023-24 Net Full Cash Assessed Valuation	FY 2024-25 Net Full Cash Assessed Valuation	FY 2024-25 Annual Percentage Change
Mining, Utility, Commercial, and Industrial	\$1,412,928,374	\$1,488,882,870	\$1,534,793,910	\$1,800,359,153	\$2,088,313,938	13.79%
Agriculture and Vacant Land	77,850,859	76,801,910	72,256,990	82,244,489	98,347,525	16.37%
Owner-Occupied Residential	1,837,472,779	1,990,237,285	2,135,013,774	2,824,334,410	3,624,687,346	22.08%
Leased or Rented Residential	847,104,454	946,787,996	1,052,393,288	1,346,567,408	1,645,377,546	18.16%
Railroad, Private Car, and Airline Flight Property	2,011,500	2,011,500	2,216,430	3,849,664	4,428,074	0.00%
Historical Property	130,572,188	177,317,246	215,617,419	222,807,895	279,322,237	20.23%
Improvements located on Federal, State or County or Municipal land	477,042	520,137	529,079	14,138	416,490	96.61%
TOTAL	\$4,308,417,196	\$4,682,558,944	\$5,012,820,890	\$6,280,177,157	\$7,740,893,156	23.26%

Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

CITY OF CHANDLER, ARIZONA
NET ASSESSED LIMITED PROPERTY ASSESSED VALUE OF MAJOR TAXPAYERS
JUNE 30, 2025

Schedule 18

Taxpayer	Description	FY 2024-25 Net Limited Property Assessed Value	As % of Total FY 2024-25 Net Limited Property Assessed Value
Intel Corporation	Manufacturing Plant	\$ 310,498,354	7.56%
CI Phoenix-Chandler I -VII LLC	Commercial Construction	33,294,967	0.81
Wells Fargo Bank	Financial Services	25,256,009	0.61
Freescale Semiconductor, Inc.	Manufacturing Plant	18,351,079	0.45
CAZ 7, LLC	Manufacturing Plant	17,248,368	0.42
TWC Chandler, LLC	Commercial Rental Property	15,566,599	0.38
Microchip Technology Inc.	Manufacturing Plant	13,779,610	0.34
Bank of America	Financial Services	12,153,072	0.30
CAZ 1 DE, LLC	Commercial Rental Property	12,110,407	0.29
LIPT West Frye Rd LLC	Commercial Construction	11,131,692	0.27
		<u>\$ 469,390,157</u>	<u>11.43%</u>
Total City Net Limited Property Assessed Valuation		\$ 4,108,053,847	

Source: Maricopa County Treasurer's Office. Neither the city nor the Financial Advisor have made an independent determination of the financial position of any of the major taxpayers listed above.

CITY OF CHANDLER, ARIZONA
ESTIMATED NET FULL CASH VALUE AND ASSESSED VALUES
LAST FIVE FISCAL YEARS

Schedule 19

Estimated Net Full Cash Value

Fiscal Year	City of Chandler
2024-25	\$68,127,314,790
2023-24	73,058,672,230
2022-23	61,704,952,635
2021-22	48,805,511,338
2020-21	44,808,678,880

Source: Property Tax Rates and Assessed Values, Arizona Tax Research Foundation, and the State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

Comparative Net Limited Property Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
2024-25	\$ 4,108,053,847	\$ 58,328,686,358	\$ 88,425,611,337
2023-24	3,900,094,692	54,722,310,149	83,026,514,349
2022-23	3,702,957,065	51,575,018,189	78,415,651,028
2021-22	3,463,794,661	48,724,126,672	74,200,233,397
2020-21	3,243,434,243	45,704,969,813	69,914,521,042

Comparative Net Full Cash Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
2024-25	\$ 6,969,158,207	\$ 112,459,810,476	\$ 158,962,333,751
2023-24	6,280,177,157	91,557,158,472	129,473,530,919
2022-23	5,012,820,890	72,238,314,892	103,872,223,919
2021-22	4,682,558,944	67,535,008,138	97,282,221,465
2020-21	4,308,417,196	61,824,712,434	90,007,317,461

Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue) and Arizona Tax Research Association.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS
JUNE 30, 2025

Schedule 20

		Per Capital Bonded Debt Population Estimates 291,442 (1)	As % of City's 2024-25 Net Full Cash Assessed Value	As % of City's 2024-25 Estimated Net Full Cash Value
Direct General Obligation Bond Debt	\$255,845,000 \$	877.86	3.31	0.38
Direct Overlapping General Obligation Bond Debt	\$590,256,697 \$	2,025.30	7.63	0.87

Source:
 (1) City of Chandler, Development Services Department

CITY OF CHANDLER, ARIZONA

POPULATION STATISTICS

Schedule 21

Year	City of Chandler	Maricopa County	State of Arizona
2025 estimate	291,442 (1)	4,726,247 (2)	7,621,703 (2)
2024 estimate	288,088 (1)	4,757,600 (2)	7,658,600 (2)
2023 estimate	282,891 (1)	4,672,900 (2)	7,534,922 (2)
2022 estimate	282,873 (1)	4,575,603 (2)	7,489,121 (2)
2021 estimate	280,178 (3)	4,506,505 (3)	7,387,800 (3)
2020 Census	275,987 (1)	4,420,568 (2)	7,151,502 (2)
2019 estimate	261,173 (1)	4,367,835 (2)	7,187,990 (2)
2018 estimate	257,853 (1)	4,294,460 (2)	7,076,199 (2)
2017 estimate	254,239 (1)	4,221,684 (2)	6,965,897 (2)
2016 estimate	248,332 (3)	4,155,302 (3)	6,866,195 (3)
2015 mid-decade	243,679 (1)	4,175,049 (2)	6,833,596 (2)
2014 estimate	241,264 (1)	4,008,651 (2)	6,662,486 (2)
2010 Census	236,479 (3)	3,825,191 (3)	6,407,774 (3)
2005 Special Census	230,845 (3)	3,700,516 (3)	5,924,476 (2)
2000 Census	174,061 (3)	2,930,153 (3)	4,882,966 (3)
1990 Census	91,149 (3)	2,132,249 (3)	3,679,118 (3)
1980 Census	29,673 (1)	1,521,597 (3)	2,735,840 (3)

Sources:

- (1) City of Chandler, Development Services Department
- (2) Arizona Office of Economic Opportunity and Arizona Commerce Authority
- (3) U.S. Census Bureau

CITY OF CHANDLER, ARIZONA

EXCISE TAX COLLECTIONS

Schedule 22

	2020-21 (1)	2021-22 (1)	2022-23 (1)	2023-24 (1)	2024-25 (1)	Adopted 2025-26
Transaction Privilege Tax	\$ 155,638,444	\$ 178,567,736	\$ 205,020,881	\$ 210,737,044	\$ 204,965,247	\$ 203,860,400
State Shared Sales Tax	30,982,818	38,801,443	41,309,738	42,363,408	42,987,267	43,186,000
State Shared Income Tax	37,324,127	36,011,056	53,013,618	74,386,039	59,599,347	55,747,000
Franchise Fees	3,615,294	3,652,812	3,630,508	3,383,051	2,807,599	3,190,000
Licenses and Permits	6,835,817	7,086,928	8,742,071	5,095,759	13,818,609	10,900,300
Fines and Forfeitures	2,316,000	2,791,624	4,127,033	4,296,570	4,180,605	5,351,400
Totals	<u>\$ 236,712,500</u>	<u>\$ 266,911,599</u>	<u>\$ 315,843,849</u>	<u>\$ 340,261,871</u>	<u>\$ 328,358,674</u>	<u>\$ 322,235,100</u>

Note: Includes city transaction privilege sales tax, privilege audit assessments, privilege license fees and privilege tax interest. Excludes excise tax refunds from GPLET program.

(1) Amounts are actual collections provided by the City of Chandler, Management Services Department (cash basis).

CITY OF CHANDLER, ARIZONA
TRANSACTION PRIVILEGE (SALES) TAX RATES BY CATEGORY
JUNE 30, 2025

Schedule 23

Taxable Activities	Chandler Tax Rate
Advertising	1.50 %
Amusements	1.50 %
Contracting	1.50 %
Construction Contracting (non MMRA) (1)	1.50% of 65% of gross
Jet Fuel Sales (and Use)	\$0.02300/gallon
Job Printing	1.50 %
Manufactured Housing	1.50 %
Timber & Extraction	1.50 %
Mining	0.10 %
Publishing	1.50 %
Hotel/Motel (≤ 30 Days)	4.40% (1.50% + 2.90%)
Hotel/Motel (> 30 Days)	1.50 %
Rentals - Real Property	
Residential	1.50 %
Commercial	1.50 %
Tangible Personal Property Rentals	1.50 %
Restaurants/Bars	1.80 %
Retail Sales	1.50 %
Telecommunications	2.75 %
Transportation for Hire	1.50 %
Utilities	2.75 %
Use Tax	1.50 %

Source: City of Chandler, Management Services Department

(1) MMRA - maintenance, repair, replacement and alteration

CITY OF CHANDLER, ARIZONA
STATE SALES TAX TAXABLE ACTIVITIES, TAX RATES AND DISTRIBUTION SHARE
JUNE 30, 2025

Schedule 24

Taxable Activities	State Transaction Privilege (Sales) Tax Rates		
	State Tax Rate	Education Tax Rate (1)	Distribution Share
Transporting	6.300 %	0.600 %	20.000 %
Utilities	6.300	0.600	20.000
Telecommunications	6.300	0.600	20.000
Pipeline	6.300	0.600	20.000
Private Car Line	6.300	0.600	20.000
Publication	6.300	0.600	20.000
Job Printing	6.300	0.600	20.000
Prime Contracting	6.300	0.600	20.000
Owner Builder Sales	5.600	0.600	20.000
Amusement	6.300	0.600	40.000
Restaurant	6.300	0.600	40.000
Personal Property Rental	6.300	0.600	40.000
Retail (excluding food sales)	6.300	0.600	40.000
Transient Lodging	7.270	N/A	50.000
Mining - non-metal, oil/gas	3.562	N/A	32.000
Commercial Lease	—	N/A	53.330
Severance - Metalliferous Mining	2.500	N/A	80.000
Use Tax Utilities	5.600	0.600	20.000
Jet Fuel Use Tax	(2)	N/A	40.000

Source: Arizona Department of Revenue

- (1) Represents that state transaction privilege (sales) tax rate approved by voters of the state in November 2000 (the "Education Tax") on certain of the categories of business activity at six-tenths of one percent (0.6%). The Education Tax collections are dedicated exclusively to education and are not distributed to the city or pledged to the payment of debt service. The effective dates for the Education Tax are June 1, 2001 through June 30, 2041.
- (2) Does not include the \$0.0305 per gallon state tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.

CITY OF CHANDLER, ARIZONA
COMBINED SCHEDULE OF WATER AND SEWER SYSTEM REVENUES, EXPENSES, NET
REVENUES AND DEBT SERVICE COVERAGE
LAST FIVE FISCAL YEARS

Schedule 25

	2020-21	2021-22	2022-23	2023-24	2024-25
System Revenues:					
Service Fees	\$120,727,939	\$116,020,531	\$114,299,984	\$120,915,803	\$121,565,521
Miscellaneous	35,573	568,571	12,832,795	21,558	4,953,691
Interest Income	264,558	(6,810,687)	3,442,281	9,367,520	10,436,953
Total System Revenues	<u>\$121,028,070</u>	<u>\$109,778,415</u>	<u>\$130,575,060</u>	<u>\$130,304,881</u>	<u>\$136,956,165</u>
System Expenditures:					
General and Administration	\$ 6,510,382	\$ 6,533,212	\$ 6,872,315	\$ 6,987,459	\$ 7,362,882
Personnel Services	17,923,155	17,632,637	19,509,838	21,831,616	23,924,599
Contractual Services	14,338,257	16,597,926	18,544,747	20,137,906	20,833,392
Commodities	21,857,415	22,851,386	35,663,988	31,875,211	29,620,086
Total System Expenditures	<u>\$ 60,629,209</u>	<u>\$ 63,615,161</u>	<u>\$ 80,590,888</u>	<u>\$ 80,832,192</u>	<u>\$ 81,740,959</u>
Net Income Available for Debt Service	\$ 60,398,861	\$ 46,163,254	\$ 49,984,172	\$ 49,472,689	\$ 55,215,206

CITY OF CHANDLER, ARIZONA

UTILITY RATE INCREASE HISTORY

Schedule 26

Effective Date	Water (10,000 gal) (Single Family)	Wastewater (Single Family)
09/01/80	8.40 %	16.67 %
04/25/83	33.80 %	— %
11/30/83	— %	41.43 %
07/01/84	— %	41.47 %
11/01/80	10.53 %	13.70 %
08/01/85	— %	7.57 %
01/01/89	8.33 %	3.95 %
01/01/90	7.69 %	5.04 %
01/01/91	4.28 %	3.96 %
04/01/92	8.05 %	3.97 %
02/15/93	7.75 %	3.97 %
10/01/94	11.55 %	6.98 %
10/01/07	(9.00)% (1)	23.90 %
10/01/09	23.64 % (2)	13.02 %
10/01/13	— %	9.00 % (3)
10/01/15	— % (4)	9.00 % (3)
10/01/17	0.70 % (5)	3.70 % (5)
07/01/22	2.00 % (6)	9.20 % (6)
01/01/24	7.00 % (7)	8.00 % (7)

Source: City of Chandler, Management Services Department

- (1) The water rate structure was changed in the October 1, 2007 rate increase to separate each customer class and move a higher portion of costs from the base charge to the volume charge in a tiered structure.
- (2) The water rate structure was changed in the October 1, 2009 rate increase to move 20,000 gallons of consumption from tier 4 to tier 3, as well as move a portion of costs back to the base charge from the volume charge.
- (3) The wastewater rates were increased October 1, 2013 and October 1, 2015 to cover additional debt service costs tied to new construction and expansion of facilities.
- (4) Effective October 1, 2015 the water seasonal rates (winter/summer) were eliminated and replaced with a year-round rate, but the annual cost to rate payers remained unchanged.
- (5) In 2016, a Cost of Service Study was completed water consumption rates were not changed, however, effective October 1, 2017 the water base rate increased 0.70% and the wastewater rates were increased by 3.70% to cover debt service costs tied to new construction and expansion of facilities.
- (6) In January 2022, a Cost of Service Study was completed and base water rates increased 2.0%. Additionally, base wastewater rates were increased by 9.2% cover debt service costs along with rising costs for infrastructure and expansion of facilities. Rate increases were effective July 1, 2022.
- (7) Water rates increased by 7.0% and wastewater rates were increased by 8% to cover debt service costs along with rising costs for infrastructure and expansion of facilities. Rate increases were effective January 1, 2024.

CITY OF CHANDLER, ARIZONA
TOP 10 WATER AND WASTEWATER CUSTOMERS
JUNE 30, 2025

Schedule 27

Water	
Customer name	Amount
Intel Corporation	\$ 6,424,743
NXP Semiconductors	1,281,484
Chandler Unified School District	738,721
Air Products & Chemicals	531,560
Digital 2121 South Price, LLC	250,688
Gleiberman Property, Inc.	169,243
TWC-Chandler, LLC	152,326
Townsquare Apartments	135,403
Chandler Regional Medical Center/Dignity Health	122,146
MG Country Brook Apartments, LLC	113,106

Wastewater	
Customer name	Amount
Intel Corporation	\$ 9,411,926
NXP Semiconductors	2,014,022
Chandler Unified School District	346,000
Gila River Indian Community (Lone Butte)	309,431
Chandler Regional Medical Center/Dignity Health	182,272
Digital 2121 South Price, LLC	166,594
Gleiberman Property, Inc.	124,187
Microchip Technology, Inc.	119,729
BMF IV AZ Laguna Village, LLC	118,606
Gila River Casino-Lone Butte-3	117,467

Source: City of Chandler, Management Services Department

CITY OF CHANDLER, ARIZONA
NUMBER OF WATER AND WASTEWATER CUSTOMERS
LAST TEN FISCAL YEARS

	2016	2017	2018	2019
WATER				
Residential	75,883	77,062	77,674	78,244
Commercial	4,309	4,535	4,550	4,927
Multi-Unit	1,087	1,107	1,128	1,134
Industrial	61	63	66	67
Other	1,640	2,034	2,116	2,389
WASTEWATER				
Residential	74,346	75,761	76,517	77,089
Commercial	2,201	2,138	2,329	2,371
Multi-Unit	920	915	952	956
Industrial	34	38	48	48
Other	475	590	592	598

Source: City of Chandler, Management Services Department

Schedule 28

2020	2021	2022	2023	2024	2025
78,928	79,961	79,873	79,970	80,163	80,414
2,546	2,577	4,919	4,898	4,577	4,632
1,115	1,124	1,151	1,191	1,199	1,206
63	63	54	55	57	59
647	647	800	800	1,092	1,190
77,797	78,794	79,294	79,127	78,595	78,809
2,420	2,450	2,540	2,528	2,137	2,153
965	974	999	1,002	831	832
48	48	49	48	23	25
603	603	604	598	431	432

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT OUTSTANDING
JUNE 30, 2025

Schedule 29

	2024-25 Overlapping General Obligation Bonded Debt	2024-25 Proportion Applicable to City of Chandler Approximate Percent	Net Debt Amount
Overlapping Jurisdiction			
State of Arizona	None	4.65 %	None
Maricopa County	None	7.04	None
Maricopa County Community College District	\$ 26,675,000	7.04	\$ 1,878,704
Maricopa County Special Health Care District	512,560,000	7.14	36,588,448
Kyrene Elementary School District No. 28	164,985,000	28.62	47,219,674
Mesa Unified School District No. 4	170,560,000	4.49	7,658,039
Gilbert Unified School District No. 41	86,970,000	16.91	14,706,914
Chandler Unified School District No. 80	344,810,000	75.20	259,312,619
Tempe Union High School District No. 213	9,154,500,000	16.39	15,002,300
East Valley Institute of Technology District No. 401	None	14.50	None
City of Chandler	255,845,000	100.00	255,845,000
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$ 638,211,698</u>

Direct and Overlapping Tax Rates Per \$100 Assessed Valuation

Inside the City, East Valley Institute of Technology and

Inside Gilbert Unified School District No. 41	<u>\$ 9.2344</u>
Inside Mesa Unified School District No. 4	<u>\$ 10.4810</u>

Inside Tempe Union High School District No. 213 and

Kyrene Elementary School District No. 28	<u>\$ 9.7003</u>
Inside Chandler Unified School District No. 80	<u>\$ 9.6113</u>

Source: Piper Sandler Companies

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2024-25 for the overlapping jurisdiction to the amount of such valuation which lies within the City of Chandler.

CITY OF CHANDLER, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Schedule 30

Fiscal Year	Population (1)	Total Personal Income (2)	Median Age (2)	Unemployment Rate (3)	Per Capita Personal Income (2)
2015-16	248,332	\$8,324,088,640	34.9	4.5%	\$33,520
2016-17	254,239	8,731,329,977	35.2	3.9	34,343
2017-18	257,853	9,360,321,753	35.3	3.6	36,301
2018-19	261,173	10,101,649,294	36.0	4.0	38,678
2019-20	275,987	11,088,605,686	36.0	8.7	40,178
2020-21	280,178	(4) 11,693,509,008	36.0	5.6	41,736
2021-22	282,873	13,284,564,699	36.0	3.0	46,963
2022-23	282,891	14,130,122,559	36.1	2.9	49,949
2023-24	288,088	15,232,941,088	37.4	3.0	52,876
2024-25	291,442	15,446,426,000	37.4	3.5	53,000

Sources:

- (1) City of Chandler, Development Services Department
- (2) City of Chandler, Economic Development Division
- (3) Arizona Office of Employment and Population Statistics
- (4) U.S. Census Bureau

Notes: Total personal income is composed of earned income, dividends, interest and rents and government transfer payments.

Per capita personal income is calculated by dividing total personal income by population; amounts may not be exact due to rounding.



CITY OF CHANDLER, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Schedule 31

Employer	2025		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	12,000	1	7.27%
Wells Fargo	5,500	2	3.33%
Chandler Unified School District	4,900	3	2.97%
Bank of America	3,600	4	2.18%
Chandler Regional Medical Center/Dignity Health	3,000	5	1.82%
City of Chandler	2,300	6	1.39%
Northrop Grumman	1,700	7	1.03%
Microchip Technology	1,700	7	1.03%
NXP	1,700	7	1.03%
PayPal	1,500	8	0.91%
Insight Enterprises	1,400	9	0.85%
Bashas (HQ and Distribution Center)	1,100	10	0.67%
Total	40,400		24.48%

Employer	2016		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,000	1	7.91%
Chandler Unified School District	4,900	2	3.52%
Wells Fargo	4,500	3	3.24%
Bank of America	3,800	4	2.73%
Verizon Wireless	2,400	5	1.73%
Chandler Regional Hospital	2,100	6	1.51%
Paypal	1,750	7	1.26%
Orbital ATK	1,650	8	1.19%
Microchip Technology	1,625	9	1.17%
City of Chandler	1,590	10	1.14%
Total	35,315		25.40%

Source: City of Chandler, Economic Development Division, City of Chandler Human Resources Department and Arizona Office of Employment and Population Statistics.

CITY OF CHANDLER, ARIZONA
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2015-16	2016-17 (1)	2017-18	2018-19 (2)
Full Time Equivalent Personnel				
Mayor and council	4	11	4	5
City clerk	6	7	6	6
City manager	240	206	199	193
Communications/public affairs	15	15	15	14
City magistrate	39	38	40	37
Law	31	31	30	32
Management services	67	64	67	68
Total General Government	402	372	361	355
Total Transportation and Development	150	152	160	84
Total Community Services	156	199	202	195
Police	490	491	501	485
Fire	240	222	233	233
Total Public Safety	730	713	734	718
Municipal utilities administration	8	7	7	—
Water	87	89	90	—
Wastewater	65	69	74	—
Solid waste	21	20	18	—
Total Municipal Utilities	181	185	189	—
Municipal utilities administration	—	—	—	6
Water	—	—	—	90
Wastewater	—	—	—	66
Solid waste	—	—	—	19
Public works administration	—	—	—	1
Streets	—	—	—	70
Total Public Works and Utilities	—	—	—	252
Total Primary Government	1,619	1,621 (1)	1,646	1,604 (2)

Source: City of Chandler, Human Resources Department

- (1) The significant changes between 2016 and 2017 are a result of Library, Museum and Center for the Arts moving from City Manager Department to Community Services.
- (2) The significant changes between 2018 and 2019 are a result of the Streets Division and Municipal Utilities consolidating into the Public Works and Utilities Department.
- (3) The significant changes between 2023 and 2024 are a result of the Cultural Development Department consolidating into the City Manager Department.

Note: The calculation of full time equivalent personnel includes full time and part time regular employees as of the last pay period of the fiscal year.

					Schedule 32
2019-20	2020-21	2021-2022	2022-2023	2023-2024	2024-2025
5	5	6	5	6	13
6	6	4	5	6	7
194	198	196	191	255	(3) 264
15	14	12	14	14	14
40	33	35	38	36	37
32	31	32	33	31	33
67	66	59	66	68	73
359	353	344	352	416	441
77	76	77	82	78	82
199	194	194	219	186	(3) 190
488	477	476	497	520	515
229	228	235	244	260	254
717	705	711	741	780	769
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
6	7	5	8	8	9
90	89	28	91	97	96
68	71	47	74	73	77
21	21	21	21	21	22
2	2	2	2	2	2
78	79	58	82	81	78
265	269	161	278	282	284
1,617	1,597	1,487	1,672	1,742	(3) 1,766

CITY OF CHANDLER, ARIZONA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2015-16	2016-17	2017-18	2018-19
General Government				
Meeting notices posted	565	535	681	666
City council actions and agenda items prepared	844	860	838	789
Grant awards received	46	43	27	24
Inventory turnover ratio	1.74	1.81	1.79	2.04
Transportation & Development				
Building permits issued	5,142	4,635	3,944	4,011
Community Services				
Library circulation	2,101,421	2,059,429	2,041,574	1,801,237
Center for the Arts events & exhibits	985	1,048	1,177	825
Public Safety				
Crime rate (per 1,000 population)	26	26	25	22
Total calls for police services (estimated)	145,466	156,186	159,301	154,736
Total calls for fire services	23,966	25,072	25,185	26,818
Fire inspections	5,814	4,635	5,135	6,698
Fire investigations	30	27	41	18
Municipal Utilities				
Water connections	83,089	84,670	84,338	85,416
Operating wells	28	31	32	31
Daily pumping capacity - wells (gallons)	66,300,000	74,400,000	74,100,000	71,300,000
Daily pumping capacity - plants (gallons)	72,000,000	72,000,000	84,000,000	84,000,000
Sewer connections	78,144	78,972	79,841	81,033
Sanitary sewer (miles)	917	928	933	935
Solid waste customers served	73,162	73,288	75,018	75,675
Solid waste refuse collected (tons)	81,653	80,069	83,004	84,500
Solid waste refuse recycled (tons)	22,102	22,305	22,101	22,887

Source: City of Chandler Departments

Schedule 33

2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
542	395	377	210	387	419
739	460	1,299	409	597	509
33	40	39	39	43	61
2.40	1.73	2.00	2.13	2.10	2.32
4,091	4,601	4,615	3,188	3,339	3,374
1,415,291	1,356,695	1,308,861	1,581,822	1,659,547	1,565,471
537	389	690	790	799	813
23	19	20	17	16	15
146,859	139,236	146,008	154,890	148,327	154,491
26,371	26,676	28,582	28,654	28,882	29,415
6,641	3,257	3,389	3,955	6,362	2,098
23	17	14	16	41	19
86,098	87,251	83,237	86,940	87,207	87,568
31	30	30	31	32	31
71,800,000	71,800,000	69,000,000	73,000,000	76,000,000	63,000,000
84,000,000	84,000,000	84,000,000	135,000,000	135,000,000	135,000,000
81,796	82,895	81,419	81,899	83,620	83,913
941	945	947	958	1,039	1,043
76,773	77,297	76,249	78,878	79,116	79,324
86,950	94,218	93,487	86,901	79,563	79,000
21,800	22,775	20,876	18,359	18,438	17,500

CITY OF CHANDLER, ARIZONA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2015-16	2016-17	2017-18	2018-19
Community Services				
Developed parks	65	65	65	67
Developed acres	1,236	1,244	1,244	1,281
Undeveloped acres	302	299	299	231
Swimming pools	6	6	6	6
Lighted fields	41	43	43	41
Library bookstock	341,073	360,618	359,445	310,888
Transportation and Development				
Total miles streets (center line)	855	855	857	857
Street lights	27,700	27,800	27,199	29,500
Signalized intersections	218	218	220	225
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	11	11
General Government				
Based aircraft	427	455	457	523
Municipal Utilities				
Water mains (miles)	1,196	1,283	1,212	1,218
Fire hydrants	13,207	15,708	15,970	16,159
Average daily treatment (mgd)	29	29	28	54

Source: City of Chandler Departments

Schedule 34

2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
67	67	68	69	69	70
1,281	1,301	1,309	1,317	1,317	1,354
231	219	209	201	201	167
6	6	6	6	6	6
43	50	51	60	64	64
310,812	294,276	295,573	302,599	307,862	305,330
858	858	858	1,020	2,090	2,090
29,500	29,731	28,515	28,462	28,538	28,610
226	232	234	238	238	238
3	3	3	3	3	3
11	11	11	11	11	11
440	448	441	449	452	451
1,228	1,232	1,237	1,250	1,242	1,242
16,296	16,492	13,780	13,371	13,930	13,918
31	31	28	84	84	84



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