



City of Chandler
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024

“Innovation at Work”



CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

Prepared by
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CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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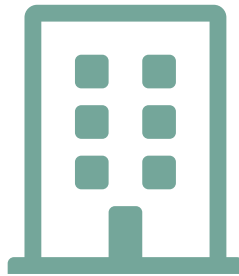
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Introductory Section

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



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



December 20, 2024

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, 2024, 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 councilmembers 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 fourth 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 nearly 70 percent, from an estimated 170,373 in 1999 to 288,088 in 2024, 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 17,500 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, relocating its corporate headquarters to Chandler.

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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 \$107,339. In addition, 77 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 3.0 percent during fiscal year 2023-24 compared with 3.3 percent for Maricopa County and 3.7 percent for the State of Arizona.

The city's transaction privilege sales tax revenues, which comprise over 51 percent of its general fund, increased by 3.5 percent for fiscal year 2023-24 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 operating revenue growth anticipated, 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 to pay-down its Public Safety Personnel Retirement System (PSPRS) unfunded liability have helped the city continue its strong financial position while maintaining its AAA General Obligation Bond credit rating from all three ratings agencies and increasing its Moody's Excise Tax Revenue Obligation bond rating to AAA.

The city enters into tax abatement agreements as part of economic development programs. Long-term impacts from tax abatements are 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 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, and the Chandler Museum Foundation are three 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.

2023-2024 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 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;
- Improved Excise Tax Revenue Obligation (ETRO) bond credit ratings from Aa1 to Aaa, making Chandler the first city in Arizona to have AAA bond ratings for ETRO's from all three rating agencies.
- Completed new sales of \$117.4M in GO Bonds and \$72M, including premiums, in ETROs to acquire and construct improvements to city assets;
- Achieved early pay-off of the Public Safety Personnel Retirement System (PSPRS) unfunded liability to generate ongoing rate savings;
- Increased State Major Manufacturing Fund from \$100M to \$200M to fund public infrastructure projects related to Intel;
- Completed the Airport's first Strategic Business Plan;
- Conducted a comprehensive solar feasibility study, identifying the potential for over 9 megawatts of power generation across 23 city facilities, translating to annual savings exceeding \$1 million;

- Partnered with Human Resources and Chandler Police to implement the Join Team Chandler marketing campaign to promote career opportunities at the City of Chandler and Police department through targeted communications and ads for prospective applicants about career opportunities;
- Implemented a new point of sale system, Square, for Passport Services, and hosted a community Passport Fair in partnership with the Western Passport Center and local congressional offices;
- Increased court access by implementing live audio streaming for all courtroom proceedings to the public, and enhanced criminal justice communication by partnering with Arizona Department of Public Safety to report criminal history of individuals electronically;
- Successfully secured \$20,000 in mini-grants to promote youth diversity initiatives by providing over 20 mini-grants, impacting 11,000+ students, supporting diversity, equity and inclusion initiatives among youth, aligning with the city's inclusive mission;
- Created DEI Internal Speaker Series for employee education boosting employee development, aligning with the new DEI Strategic Plan. A total of 18 sessions and over 500 attendees in FY2023-24, enhanced understanding, and elicited employee DEI topic suggestions;
- The Building Better Mental Health program involved 40+ organizations, 20+ experts, and drew 1,500+ attendees, advocating, educating and raising awareness for mental wellness through three impactful community events;
- Supported notable high-tech companies in opening new facilities and expanding operations in Chandler, including ARM, Iridium Communications, EMD Electronics, and Saras Micro Devices;
- Economic Development-assisted business locate projects included Wedgewood Pharmacy, Norwegian Cruise Line, Trinity Air Medical, Keystone Medical, Penn Foster College, Dixon Golf, and Round1 Entertainment;
- Supported the expansion of higher education opportunities in Chandler, including Grand Canyon University opening its new nursing program site and the University of Arizona adding a Master of Science in Business Analytics;
- Continued operating Chandler Flex that since inception in July 2022, over 60,000 rides have been provided to more than 2,500 unique riders. Extended First-Mile, Last-Mile Program (partnership with Lyft), and provided 8,800 trips over ten months, and provided an estimated 600,000 boardings on bus, 24,000 trips on Paratransit, and 29,000 trips on RideChoice;
- Awarded \$7.3 million in federal grants for use on two transportation projects (Frye Road Protected Bike Lanes and Alley Paving Phase II);
- Completed 3 sessions of internship partnership with Chandler-Gilbert Community College (CGCC), allowing 57 interns to work within various city departments, and city was awarded the CGCC FY 2023-24 League of Innovation Award for the partnership;
- Implemented a new integrated benefits and wellness platform for employee and retirees;
- The Chandler Center for the Arts (CCA) served over 155,000 people and continued its commitment to diverse and inclusive programming with over 50 nonprofit and cultural institutions utilizing CCA for their activities.
- The Vision Gallery hosted eighty-five free activities, wrapped nine utility boxes, and brought additional public art to the community at Fire Station 2 and Chandler Center for the Arts, and was recognized as one of the ten best art galleries in metro Phoenix;
- Downtown Redevelopment assisted with the opening of nine new concepts including two additional multifamily developments;
- Completed Tumbleweed renovations to the Tennis Center locker rooms, began construction of the Tumbleweed Recreation Center expansion in January 2024, Tumbleweed Park Diamond Field project, and design of the Tumbleweed Park Pickleball Facility;

- Completed the remodel of Mesquite Groves Aquatic Center, installation of a new playground at Harris Park, landscape enhancements to Jackrabbit Park, refreshed Sunset Park's playground and landscape, introduced a new StoryWalk and musical garden at Sunset Library, installed engineered wood fiber safety surfacing at 17 playgrounds, and converted 21,000 sq. foot of natural turf to water-conserving artificial turf at Police headquarters and City Courts building;
- Chandler Parks Division received a grant from the US Forest Service. The project is a match-waived \$767,000 reimbursable grant over five years;
- Implemented agreement to become a Certified Autism Center, training all staff in serving guests with varying sensory needs. Achieved certification in April 2024;
- Issued over 3,400 building permits for over \$830 million in construction valuation in calendar year 2023 and conducted 11,769 building inspections;
- Created Silk Stocking Historic Preservation District and Historic Preservation District zoning overlay;
- Awarded 6th place nationally (population 250,000-499,000) by Digital Cities Survey for leveraging technology in cybersecurity, transparency, privacy, equity, & addressing urban challenges;
- Implemented automated scanning for security vulnerabilities in software, applications, OS, & network devices. Introduced multi-factor authentication (MFA), to prevent unauthorized access;
- The Public Housing Youth Program continues to be a Book Rich Environment PHA serving approximately 500 youth at our sites and providing over 2,000 books, and with the approval of the Villas on McQueen project, the Public Housing Authority implemented the first phase of the plan to redevelop existing public housing units;
- The City of Chandler Family Self Sufficiency program is the 2nd highest program in the state of Arizona to have the most participants, the current total being 134, and was able to graduate 15 families;
- Allocated \$2,301,051 of General Funds to support 49 nonprofit organizations providing human services to residents;
- Housing Choice Voucher (HCV) staff have worked diligently to increase utilization of the HCV program with an average rate of 96%, and effectively managed Emergency Housing Voucher, Tenant Based Rental Assistance, Veterans Affairs Supportive Housing voucher programs and provided support services with housing stability team for a 99% utilization rate;
- Assisted approximately 1,500 residents in crisis in connecting to resources for rent, utilities, food, and other basic needs services, and provided outreach and engagement services, emergency shelter, recovery services, and permanent housing to households experiencing homelessness;
- Provided housing stability services including housing location and intensive case management to residents transitioning from homelessness and housing instability to stable housing for over 100 households;
- The Fire Department responded to over 29,000 emergency incidents;
- Completed the rebuild of Fire Station 282 which will provide an additional response unit in the city and will address high call volume demand;
- Began the fifth re-accreditation process through the Center for Public Safety Excellence (CPSE). When successful, it will ensure the Chandler Fire Department will maintain accredited agency status for 30 years, and received accreditation status for the Chandler Fire Department Paramedic Academy from the Commission on Accreditation of Allied Health Education Programs (CAAHEP);
- Received American Public Works Association & Arizona Department of Transportation Re-certification;
- Treated and delivered 21.4 billion gallons (BG) of potable drinking water & treated and reclaimed 9.8BG of Wastewater, 7.9BG of which were reused by our customers for irrigation and cooling;

- Provided 839 residential water audit and high-water use checks, 87 landscape consultations and 168 smart controller conversions for a total water savings of over 57.4M gallons;
- Awarded over \$5.6M in WIFA grant funding to support new water conservation incentive programs, and developed a new Water Efficiency Program for businesses with high water use and completed 14 evaluations and provided owners and facility managers with “Water Efficiency Strategies” workshop;
- Completed 117 miles of asphalt repaving, surface seal, and slurry treatments & completed ADA upgrades to 566 sidewalk/driveway locations and 717 corner ramps, and completed Chandler Heights (McQueen Rd to Gilbert Rd) and Ocotillo Rd (Gilbert Rd to 148th St) improvements;
- Completed the conversion of 28,500 streetlights to LED and control nodes through the LED Conversion Program;
- Developed a new grass removal incentive program for large landscape customers, resulting in over 60,500 sq ft of grass removed and an estimated 3M gallons per year saved;
- The Volunteers in Policing program donated 8,123 hours valued at \$227,038 in calendar year 2023, satisfied \$287,467 in warrants, and launched a therapy dog program, Paws for Police, to visit all department facilities to enhance officer and civilian wellness;
- Following an onsite assessment, the Forensic Services Section laboratory was re-accredited to the International Organization for Standards (ISO) for forensic testing and calibration. They were also awarded the prestigious Foresight Maximus Award for the 6th consecutive year recognizing top performing laboratories around the world;
- Opened a Real Time Crime Center, centralizing technology into a “single pane of glass.” Current integrations include advanced mapping, access to Chandler Unified School District camera systems, license plate reader technology, gunshot detection deployment, drone video feeds, and officer location;
- Part I crime decreased to a historic low of 15.7 per 1,000 population making 2023 the safest year in Chandler’s history in over 30 years.

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 2023-24, \$1.66 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, 2023, marking the forty-second 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, 2023 from the GFOA, marking the thirty-sixth 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.

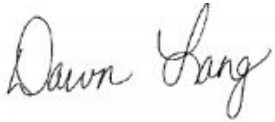
The Certificate of Achievement and Distinguished Budget Presentation Awards are valid for a period of one year only.

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, Financial 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, 2024

Kevin Hartke, Mayor

OD, Harris, Vice Mayor
Christine Ellis, Councilmember
Angel Encinas, Councilmember
Matt Orlando, Councilmember
Jane Poston, Councilmember
Mark Stewart, Councilmember

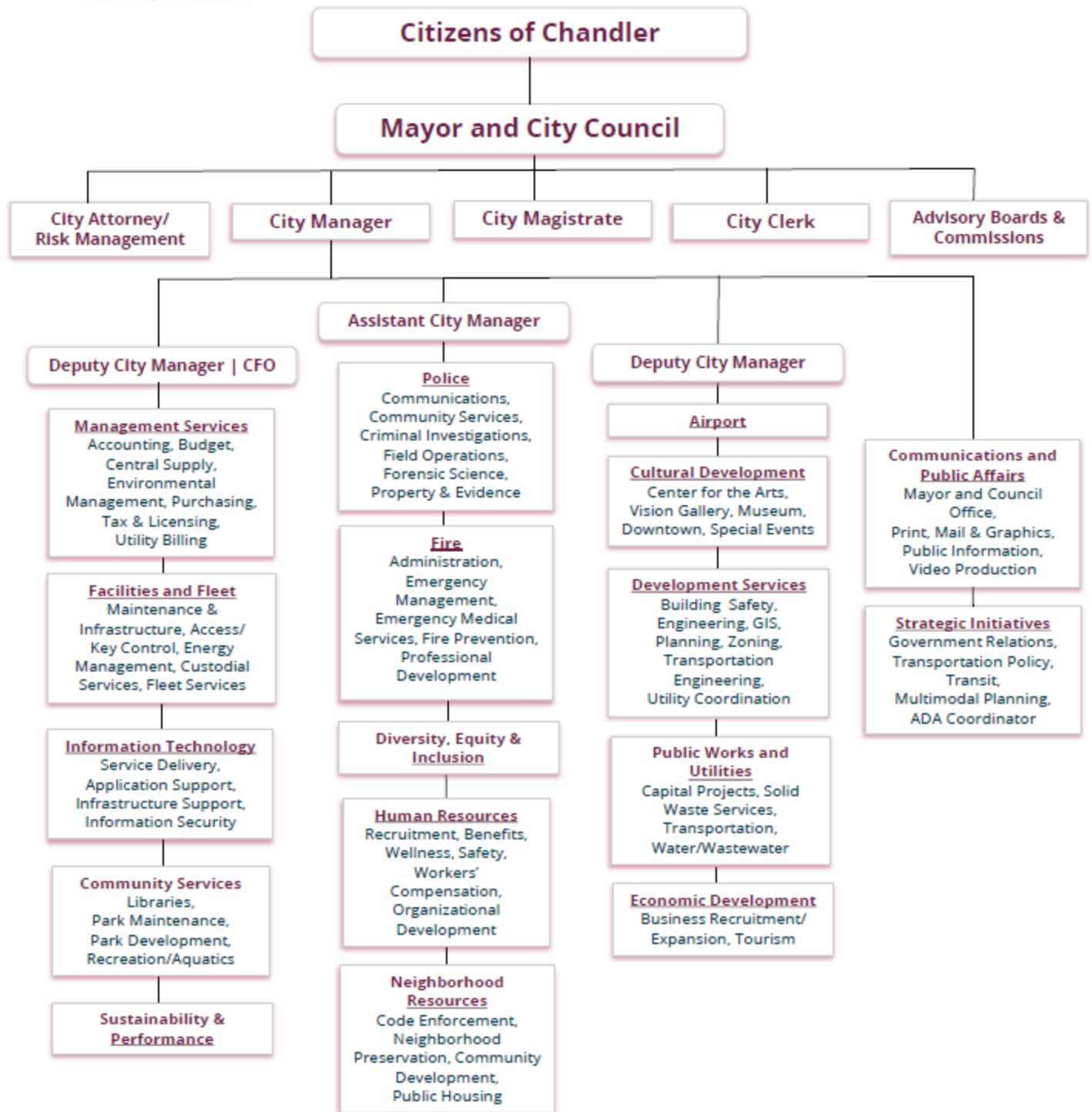
Executive Staff

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, 2023

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 with 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of 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.

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 December 20, 2024, 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
December 20, 2024



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, 2024

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, 2024. 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 2024 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 \$1.81 billion (net position). This represents an increase of \$110.9 million from the prior year. Factors that have contributed to the increase in net position are increases in cash and investments due to favorable market conditions (although inflation continues to impact spending), increases in capital assets due to capital projects placed in service and offset by an increase in long term liabilities due to bond issuances during the fiscal year. Of this amount, \$434.8 million (unrestricted net position) may be used to meet the city's obligations to residents and creditors. However, \$60.1 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, 2024, the city's governmental funds reported combined ending fund balances of \$551.8 million; an increase of \$66.6 million in comparison with the prior year primarily due to increases in state shared revenue collection and increased investment earnings.
- Approximately 54.2 percent of the total combined fund balance amount, \$299.1 million, is available for spending at the city's discretion (assigned or unassigned).
- At June 30, 2024, total fund balance for the general fund was \$319.0 million which represents an increase of \$3.0 million from the prior year; again this is primarily due to increases in state shared revenues and increased investment earnings.
- General revenues from governmental activities accounted for \$437.4 million, or 80.5 percent of all revenues from governmental activities as opposed to 75.9 percent in the prior year. Program specific revenues in the form of charges for services and grants and contributions accounted for \$106.2 million or 19.5 percent of total governmental activity revenues, as opposed to 24.1 percent in the prior year. The city had \$183.9 million of program revenues (\$157.9 million in the prior year) and \$15.0 million in general revenues and transfers (\$19.7 million in the prior year) related to business-type activities.
- At June 30, 2024, the city's proprietary funds reported combined total net position of \$819.2 million as compared to \$796.7 million in the prior year; an increase for the current year of \$22.5 million. The increase in net position is primarily driven by an increase in revenue from the prior year as a result of a increased service fee revenues, investment earnings and developer capital contributions, combined with keeping expenses in check year over year. This results in a total unrestricted net position of \$264.1 million, of which \$150.8 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, 2024

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 and the Chandler Museum Foundation.

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 20 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 18 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.

The city adopts an annual appropriated budget for the general, special revenue, general obligation and highway user revenue debt service, capital projects and proprietary funds. Budgetary comparison statements have been provided in the basic financial statements for the general, general government capital projects and general obligation bonds debt service funds to demonstrate compliance with the budget. Budgetary comparison schedules for other non-major special revenue and non-major capital projects funds are also included in the financial section.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2024

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 and schedules 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.

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 \$1.81 billion as of June 30, 2024. This reflects continued strong operations in governmental activities, increased revenues from interest income and state shared revenues, and careful monitoring of expenses in governmental activities.

A significant portion of the city's net position (60.6 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.

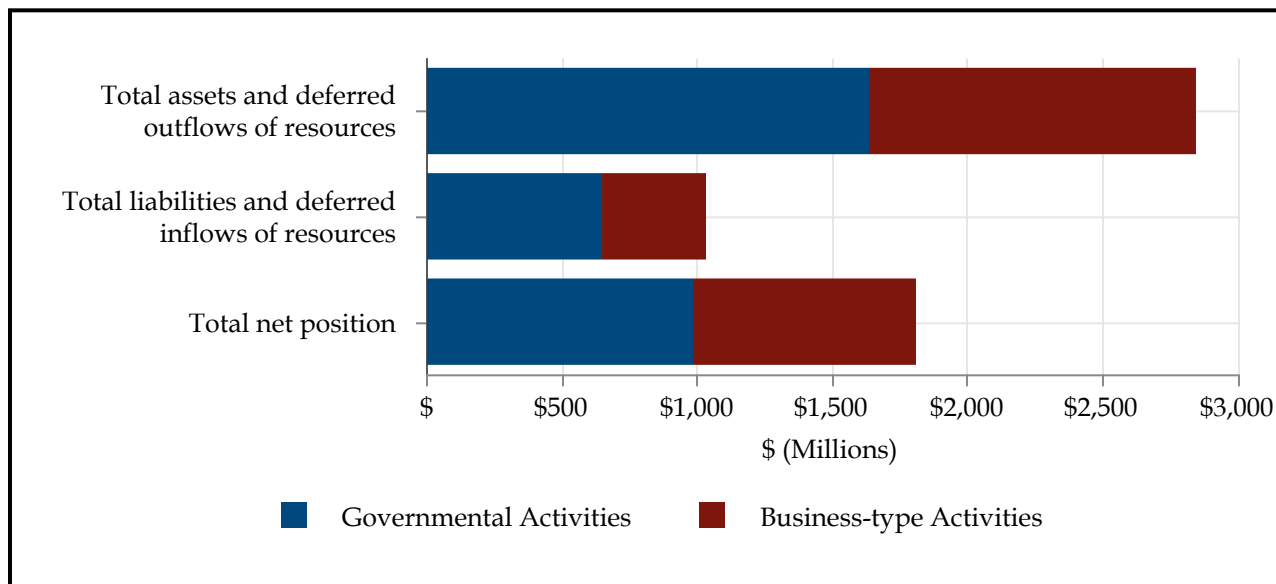
An additional portion of the city's net position (15.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (24.0 percent) includes \$60.1 million which is invested in a joint venture with the Town of Gilbert for the San Tan Vista Water Treatment Plant that may not be used to meet the city's obligations to residents and creditors.

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.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2024

The following table presents a condensed statement of the city's net position for the fiscal years ended June 30, 2024 and 2023.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 698,413,961	\$ 629,040,493	\$ 292,975,380	\$ 270,218,712	\$ 991,389,341	\$ 899,259,205
Capital assets, net	763,039,535	732,098,852	836,174,421	783,391,742	1,599,213,956	1,515,490,594
Long-term assets	15,088,409	8,157,859	64,163,639	68,887,118	79,252,048	77,044,977
Total assets	1,476,541,905	1,369,297,204	1,193,313,440	1,122,497,572	2,669,855,345	2,491,794,776
Total deferred outflows of resources	170,056,278	143,138,970	10,114,194	11,931,414	180,170,472	155,070,384
Total assets and deferred outflows of resources	1,646,598,183	1,512,436,174	1,203,427,634	1,134,428,986	2,850,025,817	2,646,865,160
Current liabilities	101,765,657	104,376,853	45,875,498	47,839,159	147,641,155	152,216,012
Long-term liabilities	526,235,366	475,590,860	331,653,355	282,418,414	857,888,721	758,009,274
Total liabilities	628,001,023	579,967,713	377,528,853	330,257,573	1,005,529,876	910,225,286
Total deferred inflows of resources	24,198,429	26,440,337	6,690,360	7,517,927	30,888,789	33,958,264
Total liabilities and deferred inflows of resources	652,199,452	606,408,050	384,219,213	337,775,500	1,036,418,665	944,183,550
Net position:						
Net investment in capital assets	\$ 572,110,660	555,568,147	526,875,770	514,595,066	1,098,986,430	1,070,163,213
Restricted	251,642,729	182,068,932	28,190,997	31,119,667	279,833,726	213,188,599
Unrestricted	170,645,342	168,391,045	264,141,654	250,938,753	434,786,996	419,329,798
Total net position	\$ 994,398,731	\$ 906,028,124	\$ 819,208,421	\$ 796,653,486	\$1,813,607,152	\$1,702,681,610



Changes in net position. The city's total revenues for the fiscal year ended June 30, 2024 were \$741.4 million. The total cost of all programs and services was \$630.4 million, which results in an increase in net position of \$110.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and 2023.

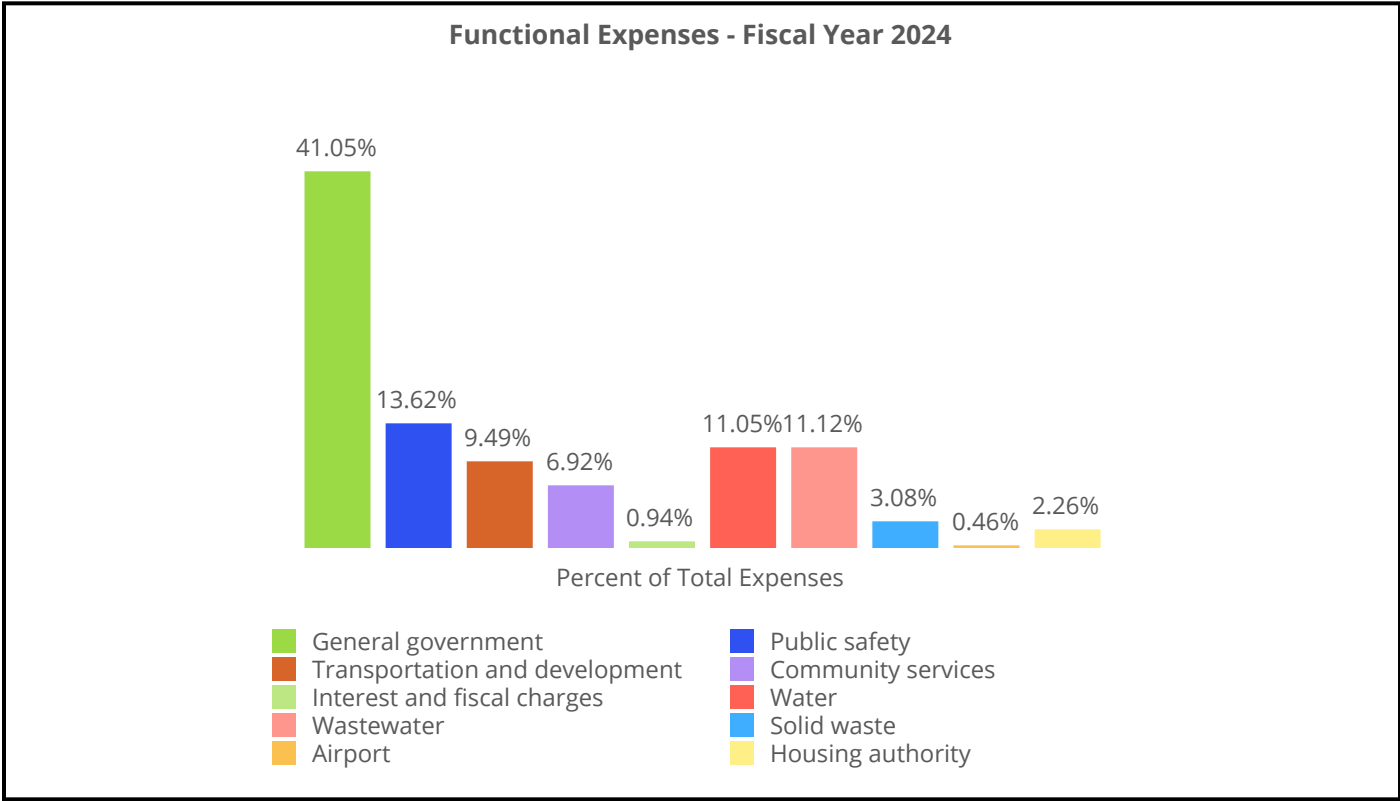
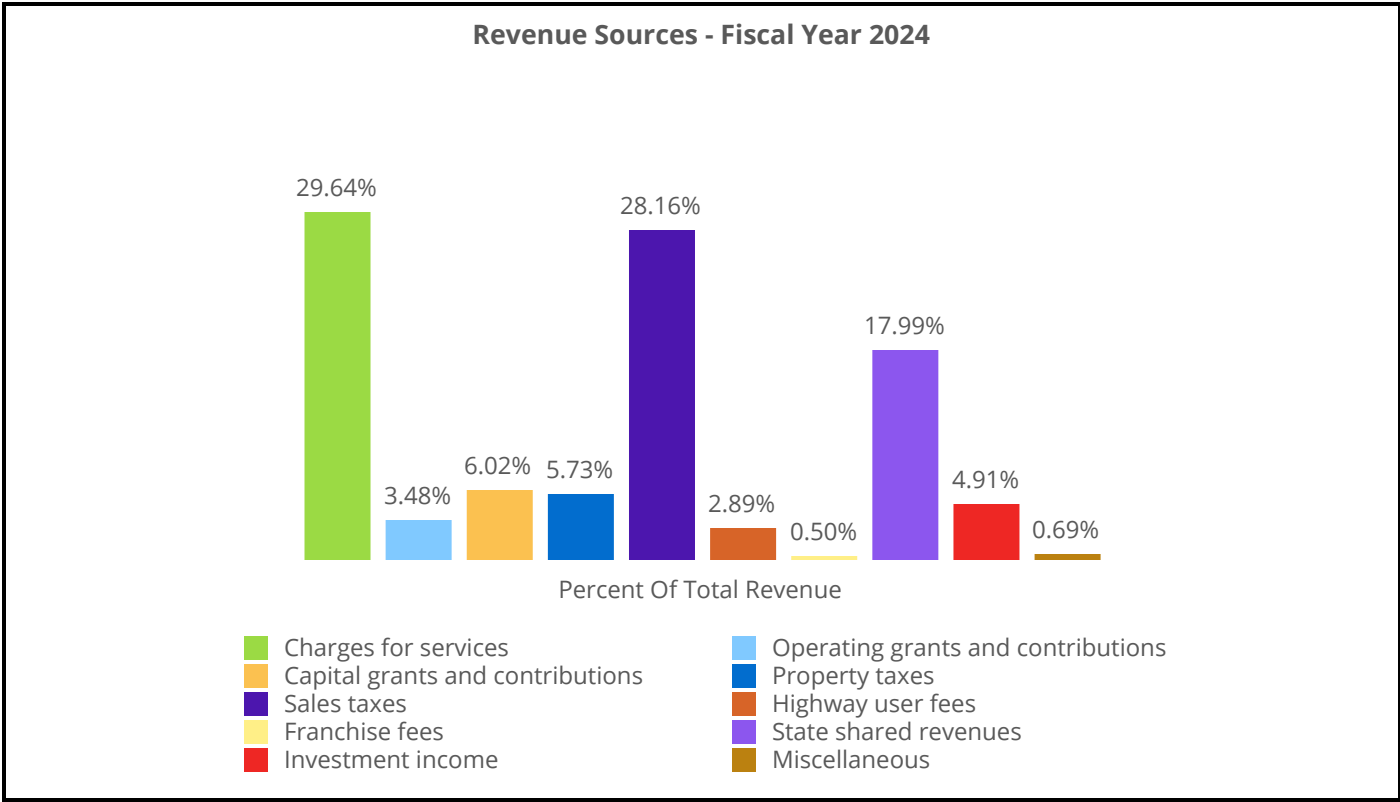
CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2024

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues						
Charges for services	\$ 76,561,603	\$ 80,733,033	\$ 143,099,880	\$ 135,318,941	\$ 219,661,483	\$ 216,051,974
Operating grants and contributions	13,304,466	26,999,694	12,460,952	9,124,544	25,765,418	36,124,238
Capital grants and contributions	16,299,587	16,237,742	28,318,640	13,482,347	44,618,227	29,720,089
General revenues						
Property taxes	42,508,632	41,363,544	—	—	42,508,632	41,363,544
Sales taxes	208,766,241	210,027,766	23,363	22,063	208,789,604	210,049,829
Highway user taxes	21,430,580	20,835,558	—	—	21,430,580	20,835,558
Other taxes	—	201,799	—	—	—	201,799
Franchise Fees	3,691,281	3,838,738	—	—	3,691,281	3,838,738
State shared revenues	133,384,945	108,187,240	—	—	133,384,945	108,187,240
Investment income	25,508,647	5,427,207	10,854,527	3,832,676	36,363,174	9,259,883
Miscellaneous	2,109,152	1,380,596	3,033,563	15,051,582	5,142,715	16,432,178
Gain (loss) on sale of capital assets	—	—	4,401	—	4,401	—
Total revenues	543,565,134	515,232,917	197,795,326	176,832,153	741,360,460	692,065,070
Expenses:						
General government	258,864,611	195,086,875	—	—	258,864,611	195,086,875
Public safety	85,894,534	95,958,948	—	—	85,894,534	95,958,948
Transportation and development	59,823,718	60,990,970	—	—	59,823,718	60,990,970
Community services	43,606,131	45,928,371	—	—	43,606,131	45,928,371
Interest and fiscal charges	5,935,673	5,292,655	—	—	5,935,673	5,292,655
Water	—	—	69,667,817	75,887,686	69,667,817	75,887,686
Wastewater	—	—	70,135,806	63,849,518	70,135,806	63,849,518
Solid waste	—	—	19,412,684	17,278,664	19,412,684	17,278,664
Airport	—	—	2,873,143	2,209,135	2,873,143	2,209,135
Chandler housing authority	—	—	14,220,801	10,877,168	14,220,801	10,877,168
Total expenses	454,124,667	403,257,819	176,310,251	170,102,171	630,434,918	573,359,990
Excess (deficiency) before transfers	89,440,467	111,975,098	21,485,075	6,729,982	110,925,542	118,705,080
Transfers in (out)	(1,069,860)	(761,263)	1,069,860	761,263	—	—
Change in net position	88,370,607	111,213,835	22,554,935	7,491,245	110,925,542	118,705,080
Beginning net position	906,028,124	794,814,289	796,653,486	789,162,241	1,702,681,610	1,583,976,530
Ending net position	\$ 994,398,731	\$ 906,028,124	\$ 819,208,421	\$ 796,653,486	\$ 1,813,607,152	\$ 1,702,681,610

CITY OF CHANDLER, ARIZONA
Management’s Discussion and Analysis (MD&A)
Year Ended June 30, 2024



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

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As evidenced in the previous graph, the largest financing source for the city is charges for services at 29.64 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 28.16 percent and 17.99 percent, respectively, of the total revenues with capital grants and contributions for an additional 6.02 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.) at 41.05 percent of the total functional expenses of the city. The next largest users of resources are public safety and wastewater at 13.62 percent and 11.12 percent, respectively, with water accounting for 11.05 percent of the city's total expenses.

Governmental activities. The increase in governmental net position totaled \$88.4 million for the year ended June 30, 2024 compared with an increase of \$111.2 million in the prior year. This increase is primarily in the state shared revenues and interest earnings.

Business-type activities. The increase in business-type net position totaled \$22.6 million for the year ended June 30, 2024 compared with an increase of \$7.5 million in the prior year. This increase primarily the result of increases in service fee income, interest earnings and increased capital contributions.

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 \$551.8 million, an increase of \$66.6 million in comparison with the prior year increase of \$12.4 million. Approximately \$299.1 million (54.2 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 \$302.1 million represents a decrease of \$3.0 million.

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$252.7 million (45.8 percent of the total fund balance). The nonspendable balance consists of inventories and prepaid amounts. 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 \$183.1 million represents an increase of \$69.6 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 \$308.1 million, while total fund balance reached \$319.0 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 0.88 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 \$3.0

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2024

million during the current fiscal year primarily due to increases in state shared revenues and interest earnings, which have come in stronger than anticipated due to the quick rising of interest rates as the Federal Reserve Board has sought to tame inflation. This has led to increased returns on the cities portfolio, helping to offset the rising cost of goods and services used to provide services to city residents.

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 decreased by \$0.8 million during the current fiscal year. The decrease 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 \$7.4 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 \$819.2 million and \$44.3 million, respectively, compared to \$796.7 million and \$36.5 million in the prior fiscal year. The enterprise funds increase is primarily due to increases in service fee income, interest earnings and capital contributions.

The enterprise funds net position is 32.2 percent unrestricted compared to 31.5 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$150.8 million, and those for the wastewater fund amounted to \$87.3 million, compared to \$128.0 million and \$99.8 million in the prior fiscal year. The balances will support planned utility infrastructure and the related debt service.

BUDGETARY HIGHLIGHTS

For the 2023-24 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 2023-24 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 74% of total estimated revenues for fiscal year 2023-24, with 26% 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.

The fiscal year 2023-24 adopted budget increased the prior fiscal year Budget Stabilization Reserve of \$10 million to \$20 million. This unappropriated reserve provides the 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.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2024, the city had invested \$1.1 billion in capital assets net of related debt, including buildings, system improvements, vehicles, machinery and equipment, subscription based Information Technology (IT) arrangements, water rights and infrastructure assets. Total depreciation/amortization expense for the year was \$100.9 million.

During fiscal year 2023-24, 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 Downtown Oregon Street parking structure (\$32 million), Cooper Road improvements (\$23 million), new athletic fields at Tumbleweed Park (\$22.7 million) and a newly rebuilt Fire Station #2 (\$10.8 million). Another key achievement was the \$17 million utility relocation for the future Salt River Project (SRP) 230kV transmission to Intel, which includes water and sewer pipeline adjustments.

Ongoing projects include the rehabilitation of Taxiway C, the southernmost parallel taxiway, addressing extensive surface cracking. Additionally, the city has allocated funds for infrastructure improvements, including the McClintock Drive and Kyrene Road bike lanes (\$6 million), Alma School Road improvements (\$11 million), and the Chandler Heights utility relocation, which will feature a reclaimed water interconnect facility, estimated to cost \$45 million total.

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

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2024	2023	2024	2023	2024	2023
Land	\$ 101,748,183	\$ 89,380,379	\$ 57,328,151	\$ 57,189,731	\$ 159,076,334	\$ 146,570,110
Land improvements	—	—	454,766	200,557	454,766	200,557
Infrastructure	319,459,158	292,559,802	—	—	319,459,158	292,559,802
System improvements	—	—	538,467,152	547,513,756	538,467,152	547,513,756
Buildings and improvements	193,287,979	144,530,547	6,275,727	6,912,776	199,563,706	151,443,323
Subscription based IT arrangements	5,064,643	946,490	—	—	5,064,643	946,490
Vehicles, machinery and equipment	26,934,819	17,549,850	3,925,327	3,365,093	30,860,146	20,914,943
Water rights	—	—	41,360,140	41,788,743	41,360,140	41,788,743
Construction in progress	116,544,753	187,131,784	188,363,158	126,421,086	304,907,911	313,552,870
Total	\$ 763,039,535	\$ 732,098,852	\$ 836,174,421	\$ 783,391,742	\$1,599,213,956	\$1,515,490,594

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

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2024

Long-term debt. At the end of the current fiscal year, the city had total bonded debt outstanding of \$548.9 million in long-term debt outstanding with \$52.1 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, 2024 and 2023.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 249,009,159	\$ 176,702,193	\$ 49,480,841	\$ 59,712,807	\$ 298,490,000	\$ 236,415,000
Excise tax revenue obligations	—	—	250,405,000	202,930,000	250,405,000	202,930,000
Issuance premiums	22,348,687	12,825,886	19,965,864	12,344,938	42,314,551	25,170,824
Total bonds & obligations payable	\$ 271,357,846	\$ 189,528,079	\$ 319,851,705	\$ 274,987,745	\$ 591,209,551	\$ 464,515,824
Claims payable	23,813,895	19,771,275	—	—	23,813,895	19,771,275
Arbitrage liability	189,980	—	—	—	189,980	—
Subscription based IT arrangements	4,579,664	482,119	—	—	4,579,664	482,119
Landfill closure/post closure	—	—	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	15,362,525	14,117,796	1,555,830	1,421,206	16,918,355	15,539,002
Net pension liability	199,488,891	237,933,742	19,344,718	19,295,830	218,833,609	257,229,572
Post-employment benefits	68,499,616	64,928,042	8,553,638	8,084,000	77,053,254	73,012,042
Total long-term liabilities	\$ 583,292,417	\$ 526,761,053	\$ 353,645,891	\$ 308,128,781	\$ 936,938,308	\$ 834,889,834

During fiscal year 2023-24, the city issued \$106.4 million in general obligations bonds and \$65.0 million in excise tax revenue obligations to fund various capital projects. The city's total long-term liabilities increased by \$102.0 million during the current fiscal year. The city reported a decrease in pension liability of \$38.4 million, primarily due to lump sum payments made to the Public Safety Personnel Retirement System (PSPRS) in fiscal year 2022-23 (\$50 million) and 2023-24 (\$73 million), an increase in post-employment benefits of \$4.0 million and a net decrease of \$109.6 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 \$1.5 billion. The city has \$310.6 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 \$442.9 million. The city has \$8.9 million of outstanding general obligation debt for this purpose.

As of year-end, the city's current bond ratings on general obligation bonds were Aaa from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings. Excise tax revenue obligation bonds (ETROs) were rated Aaa from Moody's Investor Services (increased during fiscal year 2023-24; the only city in Arizona to hold Aaa on ETROs), and AAA from Standard & Poor's and AAA from Fitch.

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, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2024-25) 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 2023-24 budget year were stronger than anticipated, additional thought and measured change was incorporated into the fiscal year 2024-25 budget.

The budget contains a variety of increases to revenues and expenditures 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 first half of the impacts to the legislative removal of our ability to tax residential rental transactions beginning 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 \$1.656 billion in fiscal year 2023-24 to \$1.629 billion (a decrease of 1.6 percent) in fiscal year 2024-25. The bulk of the change in budget stems from the operating budget, which was reduced 5.9% with a major contributor being the reduction of the amount being paid in the prior year for the public safety retirement unfunded liability pay off. With that reduction of appropriation, the total department operating budget is decreasing from \$563 million to \$527 million. The total new capital appropriation is decreasing from \$358 million to \$239 million. There is also an additional \$637 million in capital carryforward 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 a 5.3 percent increase in Limited Property Values (including .6 percent of that from new growth), the City Council chose to reduce the primary property tax rate from \$0.2226 to \$0.2126 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 2024-25 Budget does not include the sale of bonds, as the city sells bonds every other year. Additionally, the City Council maintained the General Fund operating contingency at 15 percent of General Fund ongoing operating revenues to provide a buffer 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 unfunded 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 reaffirmed in November of 2023.

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, 2024

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units		
				Industrial Development Authority	Chandler Cultural Foundation	Chandler Museum Foundation
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 655,026,096	\$ 269,061,947	\$ 924,088,043	\$ —	\$ —	\$ —
Cash and investments	—	—	—	1,321,873	6,629,310	72,228
Accounts receivable	2,668,029	19,279,358	21,947,387	2,000	83,870	1,721
Privilege license tax receivable	26,067,829	—	26,067,829	—	—	—
Property taxes receivable	522,785	—	522,785	—	—	—
Due from other governments	6,136,695	1,871,954	8,008,649	—	—	—
Inventories	1,055,004	65,675	1,120,679	—	—	17,741
Prepaid items	—	423,885	423,885	—	78,066	—
Accrued interest receivable	3,327,580	1,352,622	4,680,202	—	63,600	—
Opioid settlement receivable	497,908	—	497,908	—	—	—
Notes receivable	417,320	—	417,320	—	—	—
Other receivables	2,694,715	919,939	3,614,654	—	—	—
Total current assets	698,413,961	292,975,380	991,389,341	1,323,873	6,854,846	91,690
Long-term assets:						
Cash and investments - restricted	—	—	—	—	1,433,255	276,286
Leases receivable	6,339,030	3,876,162	10,215,192	—	—	—
Opioid settlement receivable	4,997,694	—	4,997,694	—	—	—
Notes receivable	—	154,750	154,750	—	—	—
Investment in joint venture	—	60,132,727	60,132,727	—	—	—
OPEB asset	3,751,685	—	3,751,685	—	—	—
Capital assets:						
Non-depreciable	218,292,936	245,691,309	463,984,245	—	—	—
Depreciable/amortizable, net	544,746,599	590,483,112	1,135,229,711	—	5,926	—
Total capital assets	763,039,535	836,174,421	1,599,213,956	—	5,926	—
Total long-term assets	778,127,944	900,338,060	1,678,466,004	—	1,439,181	276,286
Total assets	1,476,541,905	1,193,313,440	2,669,855,345	1,323,873	8,294,027	367,976
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of OPEB and pension plan items	166,335,692	5,059,250	171,394,942	—	—	—
Deferred amounts on refundings	3,720,586	5,054,944	8,775,530	—	—	—
Total deferred outflows of resources	170,056,278	10,114,194	180,170,472	—	—	—

LIABILITIES

Current liabilities:						
Accounts payable	21,320,439	12,359,253	33,679,692	3,000	89,886	3,076
Accrued payroll	9,106,455	946,765	10,053,220	—	—	—
Trust liabilities and deposits	5,086,511	4,390,085	9,476,596	—	—	—
Accrued interest	5,289,170	5,301,271	10,590,441	—	—	—
Unearned revenue	3,906,031	—	3,906,031	—	1,042,786	150
Customer advances	—	885,588	885,588	—	—	—
Subscription based IT arrangement liability	2,200,163	—	2,200,163	—	—	—
Compensated absences payable	2,584,098	264,528	2,848,626	—	—	—
Bonds payable	36,437,368	21,633,562	58,070,930	—	—	—
Landfill closure and postclosure liability	—	94,446	94,446	—	—	—
Claims and judgements payable	15,835,422	—	15,835,422	—	—	—
Total current liabilities	101,765,657	45,875,498	147,641,155	3,000	1,132,672	3,226
Long-term liabilities:						
Arbitrage liability	189,980	—	189,980	—	—	—
Subscription based IT arrangement liability	2,379,501	—	2,379,501	—	—	—
Compensated absences payable	12,778,427	1,291,302	14,069,729	—	—	—
Bonds payable	234,920,478	298,218,143	533,138,621	—	—	—
Net pension liability	199,488,891	19,344,718	218,833,609	—	—	—
OPEB liability	68,499,616	8,553,638	77,053,254	—	—	—
Landfill closure and postclosure liability	—	4,245,554	4,245,554	—	—	—
Claims and judgements payable	7,978,473	—	7,978,473	—	—	—
Total long-term liabilities	526,235,366	331,653,355	857,888,721	—	—	—
Total liabilities	628,001,023	377,528,853	1,005,529,876	3,000	1,132,672	3,226
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of OPEB and pension plan items	18,380,445	2,930,916	21,311,361	—	—	—
Leases and Public-Private Partnerships (PPPs)	5,817,984	3,759,444	9,577,428	—	—	—
Total deferred inflows of resources	24,198,429	6,690,360	30,888,789	—	—	—
NET POSITION						
Net investment in capital assets	572,110,660	526,875,770	1,098,986,430	—	5,926	—
Restricted for:						
Transportation and development	146,457,190	—	146,457,190	—	—	—
Capital improvements	22,655,097	—	22,655,097	—	—	—
Community services	70,306,545	—	70,306,545	—	—	—
Community development	484,373	—	484,373	—	—	—
Debt service	1,646,322	28,190,997	29,837,319	—	—	—
OPEB benefits	3,751,685	—	3,751,685	—	—	—
Legal restrictions	6,341,517	—	6,341,517	—	1,433,255	276,286
Total restricted	251,642,729	28,190,997	279,833,726	—	1,433,255	276,286
Unrestricted	170,645,342	264,141,654	434,786,996	1,320,873	5,722,174	88,464
Total net position	\$ 994,398,731	\$ 819,208,421	\$ 1,813,607,152	\$ 1,320,873	\$ 7,161,355	\$ 364,750

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2024

Function/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$258,864,611	\$ 41,272,767	\$ 1,914,179	\$ 9,406,454	\$ 52,593,400
Public safety	85,894,534	6,804,298	7,389,211	—	14,193,509
Transportation and development	59,823,718	12,947,005	2,666,794	6,003,951	21,617,750
Community services	43,606,131	15,537,533	1,334,282	889,182	17,760,997
Interest on long-term debt	5,935,673	—	—	—	—
Total governmental activities	454,124,667	76,561,603	13,304,466	16,299,587	106,165,656
Business-type activities:					
Water	69,667,817	57,606,344	—	2,532,078	60,138,422
Wastewater	70,135,806	63,309,459	—	25,786,562	89,096,021
Solid waste	19,412,684	19,256,732	—	—	19,256,732
Airport	2,873,143	1,174,463	—	—	1,174,463
Chandler housing authority	14,220,801	1,752,882	12,460,952	—	14,213,834
Total business-type activities	176,310,251	143,099,880	12,460,952	28,318,640	183,879,472
Total primary government	\$630,434,918	\$219,661,483	\$ 25,765,418	\$ 44,618,227	\$290,045,128
Component units					
Chandler Industrial Development Authority	\$ 17,051	\$ 144,540	\$ —	\$ —	\$ 144,540
Chandler Cultural Foundation	2,751,186	2,794,653	401,057	—	3,195,710
Chandler Museum Foundation	43,493	26,723	3,166	—	29,889
Total component units	\$ 2,811,730	\$ 2,965,916	\$ 404,223	\$ —	\$ 3,370,139

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
\$ (206,271,211)	\$ —	\$ (206,271,211)	\$ —	\$ —	\$ —
(71,701,025)	—	(71,701,025)	—	—	—
(38,205,968)	—	(38,205,968)	—	—	—
(25,845,134)	—	(25,845,134)	—	—	—
(5,935,673)	—	(5,935,673)	—	—	—
(347,959,011)	—	(347,959,011)	—	—	—
—	(9,529,395)	(9,529,395)	—	—	—
—	18,960,215	18,960,215	—	—	—
—	(155,952)	(155,952)	—	—	—
—	(1,698,680)	(1,698,680)	—	—	—
—	(6,967)	(6,967)	—	—	—
—	7,569,221	7,569,221	—	—	—
(347,959,011)	7,569,221	(340,389,790)	—	—	—
—	—	—	127,489	—	—
—	—	—	—	444,524	—
—	—	—	—	—	(13,604)
—	—	—	127,489	444,524	(13,604)
42,508,632	—	42,508,632	—	—	—
208,766,241	23,363	208,789,604	—	—	—
21,430,580	—	21,430,580	—	—	—
3,691,281	—	3,691,281	—	—	—
133,384,945	—	133,384,945	—	—	—
25,508,647	10,854,527	36,363,174	48,156	352,330	3,342
2,109,152	3,033,563	5,142,715	—	—	—
—	4,401	4,401	—	—	—
(1,069,860)	1,069,860	—	—	—	—
436,329,618	14,985,714	451,315,332	48,156	352,330	3,342
88,370,607	22,554,935	110,925,542	175,645	796,854	(10,262)
906,028,124	796,653,486	1,702,681,610	1,145,228	6,364,501	375,012
\$ 994,398,731	\$ 819,208,421	\$ 1,813,607,152	\$ 1,320,873	\$ 7,161,355	\$ 364,750

City of Chandler
Balance Sheet -
Governmental Funds
June 30, 2024

	Major Funds			
	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total
ASSETS				
Equity in pooled cash and investments	\$ 291,202,363	\$ 41,709,194	\$ 254,026,255	\$ 586,937,812
Accounts receivable	2,603,006	—	64,413	2,667,419
Privilege license tax receivable	26,067,829	—	—	26,067,829
Property taxes receivable	113,291	409,494	—	522,785
Advances to other funds	5,630,833	—	—	5,630,833
Due from other funds	6,093,201	—	—	6,093,201
Due from other governments	1,865,938	—	4,270,757	6,136,695
Inventories	1,055,004	—	—	1,055,004
Accrued interest receivable	1,670,395	95,783	1,069,560	2,835,738
Opioid settlement receivable	5,495,602	—	—	5,495,602
Notes receivable	—	—	417,320	417,320
Leases and PPP receivable	6,339,030	—	—	6,339,030
Other receivables	1,882,700	—	812,015	2,694,715
Total assets	<u>\$ 350,019,192</u>	<u>\$ 42,214,471</u>	<u>\$ 260,660,320</u>	<u>\$ 652,893,983</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,541,200	\$ 1,690,947	\$ 13,888,146	\$ 21,120,293
Accrued payroll	8,710,372	—	317,538	9,027,910
Trust liabilities and deposits	4,662,954	—	423,557	5,086,511
Accrued interest	—	5,289,170	—	5,289,170
Due to other funds	—	—	6,093,201	6,093,201
Advances from other funds	—	—	5,630,833	5,630,833
Unearned revenue	756,656	—	3,137,969	3,894,625
Arbitrage liability	—	189,980	—	189,980
Bonds payable	—	33,101,936	—	33,101,936
Total liabilities	<u>19,671,182</u>	<u>40,272,033</u>	<u>29,491,244</u>	<u>89,434,459</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	84,154	296,116	—	380,270
Leases and Public - Private Partnerships (PPPs)	5,817,984	—	—	5,817,984
Unavailable revenues - settlements	5,495,602	—	—	5,495,602
Total deferred inflows of resources	<u>11,397,740</u>	<u>296,116</u>	<u>—</u>	<u>11,693,856</u>
Fund balances:				
Nonspendable	1,055,004	—	—	1,055,004
Restricted	9,786,830	1,646,322	240,209,577	251,642,729
Assigned	249,554,469	—	514,194	250,068,663
Unassigned	58,553,967	—	(9,554,695)	48,999,272
Total fund balances	<u>318,950,270</u>	<u>1,646,322</u>	<u>231,169,076</u>	<u>551,765,668</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 350,019,192</u>	<u>\$ 42,214,471</u>	<u>\$ 260,660,320</u>	<u>\$ 652,893,983</u>

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, 2024

Total Fund Balances - Total Governmental Funds		\$ 551,765,668
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	\$ 218,292,936	
Depreciable/Amortizable buildings, vehicles, machinery and equipment and infrastructure, net	<u>544,746,599</u>	
Total capital assets		763,039,535
OPEB assets are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		3,751,685
Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		5,875,882
Deferred amounts on refundings are not financial resources and, therefore, are not reported in the funds.		3,720,586
Deferred outflows related to pensions and OPEB are not financial resources and, therefore, are not reported in the funds.		166,335,692
Deferred inflows related to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.		(18,380,445)
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.		44,339,301
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 \$23,951,328 which are included above, the long-term liabilities were adjusted as follows:		
Bonds payable	(238,255,910)	
Net pension liability	(199,488,891)	
OPEB liability	(68,499,616)	
Subscription based IT arrangement liability	(4,579,664)	
Compensated absences	<u>(15,225,092)</u>	
Total long-term liabilities		(526,049,173)
Net Position of Governmental Activities		<u>\$ 994,398,731</u>

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, 2024

	Major Funds			Total
	General	General	Other	
		Obligation Bonds Debt Service	Governmental Funds	
REVENUES:				
Property taxes	\$ 8,638,574	\$ 33,811,272	\$ —	\$ 42,449,846
Sales taxes	208,766,241	—	—	208,766,241
Highway user taxes	—	—	21,430,580	21,430,580
Franchise fees	3,691,281	—	—	3,691,281
State shared	133,384,945	—	—	133,384,945
Grants and entitlements	1,256,168	—	23,842,433	25,098,601
System development fees	—	—	2,277,282	2,277,282
Licenses and permits	5,103,244	—	—	5,103,244
Charges for services	27,360,667	—	1,168,191	28,528,858
Fines and forfeitures	4,296,570	—	725,712	5,022,282
Rentals	138,115	—	—	138,115
Contributions	—	—	2,145,416	2,145,416
Interest revenue	11,968,394	694,225	10,087,032	22,749,651
Miscellaneous	356,943	—	1,028,142	1,385,085
Total revenues	404,961,142	34,505,497	62,704,788	502,171,427
EXPENDITURES:				
Current:				
General government	141,529,560	1,880,927	9,418,069	152,828,556
Public safety	144,984,126	—	5,812,560	150,796,686
Transportation and development	19,081,690	—	22,537,956	41,619,646
Community services	31,692,129	—	2,478,801	34,170,930
Capital outlay	8,932,760	—	114,485,076	123,417,836
Debt service:				
Principal	2,104,917	33,101,936	—	35,206,853
Bond issuance costs	—	—	399,177	399,177
Interest and fiscal charges	11,619	7,740,607	—	7,752,226
Total expenditures	348,336,801	42,723,470	155,131,639	546,191,910
Excess (deficiency) of revenues over				
(under) expenditures	56,624,341	(8,217,973)	(92,426,851)	(44,020,483)
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	204,412	—	223,751	428,163
Bond premium	—	—	12,299,180	12,299,180
Face amount of bonds issued	—	—	106,415,000	106,415,000
SBITA agreements	6,202,462	—	—	6,202,462
Transfers in	—	7,436,432	46,113,648	53,550,080
Transfers out	(60,014,266)	—	(8,212,234)	(68,226,500)
Total other financing sources (uses)	(53,607,392)	7,436,432	156,839,345	110,668,385
NET CHANGE IN FUND BALANCE	3,016,949	(781,541)	64,412,494	66,647,902
FUND BALANCES:				
Beginning of year	315,933,321	2,427,863	166,756,582	485,117,766
End of year	\$ 318,950,270	\$ 1,646,322	\$ 231,169,076	\$ 551,765,668

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, 2024

Net Change in Fund Balances - Total Governmental Funds		\$ 66,647,902
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.		78,239,136
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.		146,094
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.		(52,507,727)
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		(2,230,400)
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	35,206,853	
Face amount of bonds issued	(106,415,000)	
Bond premium	(12,299,180)	
Pension related items	68,941,195	
Other post employment benefits related items	668,078	
		(13,898,054)
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.		1,816,553
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.		(125,000)
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.		(1,239,853)
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.		2,458,869
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.		1,216,121
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.		7,846,966
Change in Net Position of Governmental Activities		\$ 88,370,607

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Net Position -
Proprietary Funds
June 30, 2024

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 123,678,984	\$ 109,584,859	\$ 35,798,104	\$ 269,061,947	\$ 68,088,285
Accounts receivable	8,667,201	8,008,074	2,604,083	19,279,358	610
Due from other governments	—	1,854,571	17,383	1,871,954	—
Inventories	52,702	—	12,973	65,675	—
Prepaid invoices	188,417	141,281	94,187	423,885	—
Accrued interest receivable	607,385	550,677	194,560	1,352,622	491,842
Other receivables	—	905,949	13,990	919,939	—
Total current assets	133,194,689	121,045,411	38,735,280	292,975,380	68,580,737
Long-term assets:					
Notes receivable	—	—	154,750	154,750	—
Leases receivable	—	—	3,876,162	3,876,162	—
Investment in joint venture	60,132,727	—	—	60,132,727	—
Capital assets:					
Non-depreciable	46,724,148	169,736,843	29,230,318	245,691,309	—
Depreciable, net	196,244,304	370,237,663	24,001,145	590,483,112	—
Total capital assets	242,968,452	539,974,506	53,231,463	836,174,421	—
Total long-term assets	303,101,179	539,974,506	57,262,375	900,338,060	—
Total assets	436,295,868	661,019,917	95,997,655	1,193,313,440	68,580,737
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	2,441,044	1,477,573	1,140,633	5,059,250	—
Deferred amounts on refundings	2,435,765	2,619,179	—	5,054,944	—
Total deferred outflow of resources	4,876,809	4,096,752	1,140,633	10,114,194	—

LIABILITIES

Current liabilities:

Accounts payable	3,994,133	7,155,780	1,209,340	12,359,253	200,156
Accrued payroll	471,206	361,945	113,614	946,765	78,546
Trust liabilities and deposits	2,527,804	673,204	1,189,077	4,390,085	—
Accrued interest	2,598,479	2,702,792	—	5,301,271	—
Unearned revenue	—	—	—	—	11,406
Customer advances	325,092	303,420	257,076	885,588	—
Compensated absences payable	133,562	84,265	46,701	264,528	23,118
Bonds payable	10,207,867	11,425,695	—	21,633,562	—
Landfill closure and postclosure liability	—	—	94,446	94,446	—
Claims and judgements payable	—	—	—	—	15,835,422
Total current liabilities	20,258,143	22,707,101	2,910,254	45,875,498	16,148,648

Long-term liabilities:

Compensated absences payable	660,478	416,691	214,133	1,291,302	114,315
Bonds payable	134,831,381	163,386,762	—	298,218,143	—
Net pension liability	9,780,755	5,358,141	4,205,822	19,344,718	—
OPEB liability	3,887,995	3,070,985	1,594,658	8,553,638	—
Landfill closure and postclosure liability	—	—	4,245,554	4,245,554	—
Claims and judgements payable	—	—	—	—	7,978,473
Total long-term liabilities	149,160,609	172,232,579	10,260,167	331,653,355	8,092,788
Total liabilities	169,418,752	194,939,680	13,170,421	377,528,853	24,241,436

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	1,447,777	633,537	849,602	2,930,916	—
Deferred inflows of leases and PPP	—	—	3,759,444	3,759,444	—
Total deferred inflow of resources	1,447,777	633,537	4,609,046	6,690,360	—

NET POSITION

Net investment in capital assets	105,863,079	367,781,228	53,231,463	526,875,770	—
Restricted for:					
Debt service	13,687,517	14,503,480	—	28,190,997	—
Unrestricted	150,755,552	87,258,744	26,127,358	264,141,654	44,339,301
Total net position	\$ 270,306,148	\$ 469,543,452	\$ 79,358,821	\$ 819,208,421	\$ 44,339,301

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, 2024

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
OPERATING REVENUES:					
Service fees	\$ 57,606,344	\$ 63,309,459	\$ 20,431,519	\$ 141,347,322	\$ 111,923
Grants and entitlements	—	—	12,460,952	12,460,952	—
Rentals	—	—	1,752,557	1,752,557	—
Sales taxes	—	—	23,363	23,363	—
Self insurance premiums	—	—	—	—	34,123,731
Miscellaneous	3,482	18,076	472,035	493,593	724,067
Total operating revenues	57,609,826	63,327,535	35,140,426	156,077,787	34,959,721
OPERATING EXPENSES:					
General and administrative	3,834,741	3,152,718	1,100,564	8,088,023	—
Personnel services	11,840,002	9,991,614	5,252,823	27,084,439	2,418,541
Contractual services	13,161,379	6,976,527	15,425,571	35,563,477	4,586,427
Commodities	15,549,367	16,325,844	2,983,715	34,858,926	4,614,029
Claims expense	—	—	—	—	33,158,138
Housing assistance payments	—	—	9,600,501	9,600,501	—
Depreciation expense	15,970,711	28,037,517	2,143,454	46,151,682	—
Total operating expenses	60,356,200	64,484,220	36,506,628	161,347,048	44,777,135
OPERATING INCOME (LOSS)	(2,746,374)	(1,156,685)	(1,366,202)	(5,269,261)	(9,817,414)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	3,940,995	5,426,525	1,487,007	10,854,527	2,758,988
Interest and fiscal charges	(4,437,264)	(5,573,259)	—	(10,010,523)	—
Accretion of bond premiums	1,223,475	1,316,497	—	2,539,972	—
Bond issuance costs	(248,035)	(78,327)	—	(326,362)	—
Gain (loss) on disposal of capital assets	(8,000)	—	4,401	(3,599)	—
Equity interest in joint venture	(4,618,318)	—	—	(4,618,318)	—
Total Nonoperating revenues (expenses)	(4,147,147)	1,091,436	1,491,408	(1,564,303)	2,758,988
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(6,893,521)	(65,249)	125,206	(6,833,564)	(7,058,426)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	2,532,078	25,786,562	1,298,832	29,617,472	—
Transfers in	1,388,800	1,325,116	1,116,617	3,830,533	14,935,000
Transfers out	(2,217,890)	(1,691,566)	(150,049)	(4,059,505)	(29,608)
Total capital contributions and transfers	1,702,988	25,420,112	2,265,400	29,388,500	14,905,392
CHANGE IN NET POSITION	(5,190,533)	25,354,863	2,390,606	22,554,936	7,846,966
NET POSITION:					
Beginning of year	275,496,681	444,188,589	76,968,215	796,653,485	36,492,335
End of year	<u>\$ 270,306,148</u>	<u>\$ 469,543,452</u>	<u>\$ 79,358,821</u>	<u>\$ 819,208,421</u>	<u>\$ 44,339,301</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Cash Flows -
Proprietary Funds
For the year ended June 30, 2024

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 56,432,379	\$ 64,024,916	\$ 22,612,130	\$ 143,069,425	\$ 34,960,551
Cash received from grantors	—	—	12,443,569	12,443,569	—
Cash payments to suppliers	(33,215,773)	(25,410,052)	(29,196,315)	(87,822,140)	(38,193,864)
Cash payments to employees for services	(11,505,464)	(9,735,452)	(5,098,053)	(26,338,969)	(2,409,874)
Net cash provided (used) by operating activities	11,711,142	28,879,412	761,331	41,351,885	(5,643,187)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	1,388,800	1,325,116	1,116,617	3,830,533	14,935,000
Transfers out	(2,217,890)	(1,691,566)	(150,049)	(4,059,505)	(29,608)
Net cash provided (used) by noncapital financing activities	(829,090)	(366,450)	966,568	(228,972)	14,905,392
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(26,472,787)	(47,754,573)	(302,283)	(74,529,643)	—
Proceeds from sale of excise tax bonds	49,117,765	15,510,873	—	64,628,638	—
Principal paid on bond maturities	(3,803,234)	(12,611,709)	—	(16,414,943)	—
Interest paid on bonds	(3,406,040)	(5,526,836)	—	(8,932,876)	—
Cash received from capital contributions	2,406,313	2,802,842	—	5,209,155	—
Net cash provided (used) by capital and related financing activities	17,842,017	(47,579,403)	(302,283)	(30,039,669)	—
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	3,593,215	5,279,353	1,401,245	10,273,813	2,563,305
Net cash provided (used) by investing activities	3,593,215	5,279,353	1,401,245	10,273,813	2,563,305
Net increase (decrease) in cash and cash equivalents	32,317,284	(13,787,088)	2,826,861	21,357,057	11,825,510
CASH AND CASH EQUIVALENTS:					
Beginning of year	91,361,700	123,371,947	32,971,243	247,704,890	56,262,775
End of year	<u>\$ 123,678,984</u>	<u>\$ 109,584,859</u>	<u>\$ 35,798,104</u>	<u>\$ 269,061,947</u>	<u>\$ 68,088,285</u>

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

Operating income (loss)	\$ (2,746,374)	\$ (1,156,685)	\$ (1,366,202)	\$ (5,269,261)	\$ (9,817,414)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	15,970,711	28,037,517	2,143,454	46,151,682	—
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	(856,794)	437,735	(121,842)	(540,901)	917
(Increase) decrease in due from other governments	—	237,160	(17,383)	219,777	—
(Increase) decrease in inventories	12,015	—	19,258	31,273	—
(Increase) decrease in prepaid items	(188,417)	(141,281)	(94,187)	(423,885)	—
Increase (decrease) in payables	(493,884)	1,186,318	(11,035)	681,399	122,110
Increase (decrease) in accrued payroll and compensated absences	114,784	66,480	50,565	231,829	8,667
Increase (decrease) in deposits	(334,023)	10,007	112,337	(211,679)	—
Increase (decrease) in claims payable	—	—	—	—	4,042,620
Increase (decrease) in unearned revenue	—	—	—	—	(87)
Increase (decrease) in customer advances	13,370	12,479	83,748	109,597	—
Increase (decrease) in net pension and OPEB items	14,814	15,735	13,454	44,003	—
Increase (decrease) in OPEB liability	204,940	173,947	90,751	469,638	—
Increase (decrease) in deferred inflow leases	—	—	(141,587)	(141,587)	—
Total adjustments	14,457,516	30,036,097	2,127,533	46,621,146	4,174,227
Net cash provided (used) by operating activities	\$ 11,711,142	\$ 28,879,412	\$ 761,331	\$ 41,351,885	\$ (5,643,187)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 125,765	\$ 22,983,720	\$ —	\$ 23,109,485	\$ —
Contributions of capital assets from city government	—	—	1,298,832	1,298,832	—
Gain (loss) on disposal of capital assets	(8,000)	—	4,401	(3,599)	—
Accretion of bond premiums	1,223,475	1,316,497	—	2,539,972	—

See accompanying Notes to the Financial Statements.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2024

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 substance 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), and the Chandler Museum Foundation (Museum Foundation).

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, 2024

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.

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.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 1 - Summary of Significant Accounting Policies, continued

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.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 1 - Summary of Significant Accounting Policies, continued

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, excluding the special assessment bonds debt service fund.

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 \$5,701,473 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 as part of unassigned fund balance. Significant encumbrances for the general fund are \$13,269,895, for water enterprise fund are \$31,967,297, for wastewater enterprise fund are \$57,158,407, and for non-major governmental funds are \$91,642,807.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 1 - Summary of Significant Accounting Policies, continued

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 and the Chandler Cultural Foundation. 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.

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 \$4,997,694 in opioid settlements and \$10,215,192 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 \$1,800,447 due from the federal government for grants and \$6,208,202 due from the State of Arizona for shared revenues and grants.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 1 - Summary of Significant Accounting Policies, continued

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	1-99

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 1 - Summary of Significant Accounting Policies, continued

funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, leases, 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. The amount, including related benefits, for accumulated vacation leave is reported on the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements. Generally, resources from the general fund are used to pay for compensated absences.

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.

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.

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 and special assessment debt. 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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 1 - Summary of Significant Accounting Policies, continued

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.

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 and as non-operating revenues/expenses in proprietary 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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 1 - Summary of Significant Accounting Policies, concluded

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, 2024, the city implemented the provisions of Governmental Accounting Standards Board Statements No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*. This Statement is intended to enhance the financial accounting and reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The city's analysis of changes to and/or within the financial reporting entity resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

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, 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, and the Chandler Museum Foundation separately hold investments and are not included in the subsequent disclosures.

Deposits

At year-end, cash on hand was \$44,840, the carrying amount of the city deposits was \$23,667,156, and the bank balance was \$32,349,866. Of the bank balance, \$250,000 was covered by federal depository insurance and \$32,099,866 was covered by collateral held in the pledging bank's trust department in the city's name. In addition, at June 30, 2024, the city had \$183,805,472 of restricted cash held by paying agent consisting of \$62,645,441 in July 1, 2024 debt service payments, \$26,931,959 in unspent bond proceeds from the 2023 Excise Tax Revenue Obligation issuances, and \$94,228,072 from the 2023 General Obligation Bond issuances. The cash held by paying agent is in money market funds invested primarily in short-term U.S. Treasury securities.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 2 - Cash and Investments, continued

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, 2024, the city had the following investments and maturities:

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		
U.S. Treasuries	Level 1	421,618,676	76,111,733	345,506,943	58.84 %	
U.S. Agencies:						
Fannie Mae	Level 2	12,697,639	5,683,743	7,013,896	1.77	AA+/Aaa
Federal Farm Credit Banks	Level 2	9,078,709	5,862,777	3,215,932	1.27	AA+/Aaa
Federal Home Loan Bank	Level 2	1,714,367		1,714,367	0.24	AA+/Aaa
Freddie Mac	Level 2	26,713,150		26,713,150	3.73	AA+/Aaa
Corporate Bonds:						
Adobe Inc Corp	Level 2	3,211,900	—	3,211,900	0.45	A+/A1
Amazon.com Inc Corp	Level 2	1,432,546	1,339,526	93,020	0.20	AA/A1
Apple Inc Corp	Level 2	260,186	260,186	—	0.04	AA+/Aaa
Athene Global Funding	Level 2	5,203,769	—	5,203,769	0.73	A+/A1
Bank Of America Corp	Level 2	10,817,673	—	10,817,673	1.51	A-/A1
Bank Of New York Mellon Corp	Level 2	3,662,366	—	3,662,366	0.51	A/A1
Caterpillar Finl Service	Level 2	6,342,192	1,967,160	4,375,032	0.89	A/A2
Cisco Systems Inc	Level 2	2,991,887	—	2,991,887	0.42	AA-/A1
Citibank Na	Level 2	6,977,904	—	6,977,904	0.97	A+/Aa3
Goldman Sachs Group Inc	Level 2	3,961,965	—	3,961,965	0.55	A+/A1
Home Depot Inc Corp	Level 2	3,414,363	264,731	3,149,632	0.48	A/A2
IBM Corp	Level 2	2,070,192	—	2,070,192	0.29	A-/A3
Intel Corp	Level 2	147,461	—	147,461	0.02	A-/A3
John Deere Capital Corp	Level 2	2,958,804	—	2,958,804	0.41	A/A1
JP Morgan Chase & Co Corp	Level 2	11,442,715	—	11,442,715	1.60	A-/A1
Manufacturers And Traders Trust Co	Level 2	3,607,576	—	3,607,576	0.50	A-/Baa1
Mastercard Inc Corp	Level 2	2,748,597	—	2,748,597	0.38	A+/Aa3
Microsoft Corp	Level 2	3,013,943	—	3,013,943	0.42	AAA/Aaa

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 2 - Cash and Investments, continued

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		
Morgan Stanley Corp	Level 2	7,674,848	—	7,674,848	1.07	A-/A1
National Rural Utilities Cooperative Fin	Level 2	5,177,550	2,941,663	2,235,887	0.72	A-/A2
New York Life Global Funding	Level 2	3,949,474	—	3,949,474	0.55	AA+/Aaa
Novartis Captial Corp	Level 2	6,462,407	—	6,462,407	0.90	AA-/Aa3
Paccar Financial Corp	Level 2	5,178,671	—	5,178,671	0.72	A+/A1
Pepsico Inc Corp	Level 2	152,138	—	152,138	0.02	A+/A1
Qualcomm Inc Cor Corp	Level 2	1,603,341	—	1,603,341	0.22	A/A2
State Street Corp	Level 2	6,941,778	—	6,941,778	0.97	A/A1
Target Corp	Level 2	2,046,154	—	2,046,154	0.29	A/A2
Texas Instruments Inc Corp	Level 2	34,862	34,862	—	—	A+/Aa3
Toyota Motor Credit Corp	Level 2	1,877,896	—	1,877,896	0.26	A+/A1
Truist Financial Corp	Level 2	2,167,922	—	2,167,922	0.30	A-/Baa1
Wal Mart Stores Inc Global	Level 2	10,261,304	—	10,261,304	1.43	AA/Aa2
Wells Fargo Bank Na Bank	Level 2	6,006,208	—	6,006,208	0.84	A+/Aa2
Municipal Bonds:						
Scottsdale, AZ TXBL GO Bonds	Level 2	1,570,301	—	1,570,301	0.22	AAA/Aaa
Tempe Ariz Ctf's Partn	Level 2	1,250,000	1,250,000	—	0.17	AA+/NA
Asset Backed:						
Amxca 2022-4 A	Level 2	2,044,705	—	2,044,705	0.29	AAA/NA
Amxca 2024-1 A	Level 2	2,018,721	—	2,018,721	0.28	AAA/NA
Baat 2023-1A A3	Level 2	1,258,311	—	1,258,311	0.18	NR/Aaa
Baat 2023-2A A3	Level 2	2,329,654	—	2,329,654	0.33	NR/Aaa
Bacct 2023-A2 A2	Level 2	1,173,183	—	1,173,183	0.16	NR/Aaa
Bmwot 2022-A A3	Level 2	868,665	—	868,665	0.12	AAA/Aaa
Bmwot 2023-A A3	Level 2	2,206,893	—	2,206,893	0.31	AAA/NA
Carmx 2021-1 A3	Level 2	37,178	—	37,178	0.01	AAA/NR
Carmx 2021-2 A3	Level 2	166,393	—	166,393	0.02	AAA/NR
Carmx 2022-2 A3	Level 2	940,100	—	940,100	0.13	AAA/Aaa
Cccit 2023-A1 A1	Level 2	719,205	—	719,205	0.10	AAA/Aaa
Chait 2024-A1 A	Level 2	3,010,478	—	3,010,478	0.42	AAA/NR
Cnh 2021-A A3	Level 2	139,486	—	139,486	0.02	AAA/NR
Comet 2022-3 A	Level 2	1,989,967	—	1,989,967	0.28	AAA/NA
Copar 2023-1 A2A	Level 2	798,411	—	798,411	0.11	AAA/NA
Dcent 2021-A1 A1	Level 2	826,126	—	826,126	0.12	AAA/Aaa
Dcent 2022-2 A	Level 2	3,435,297	3,435,297	—	0.48	NA/Aaa

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 2 - Cash and Investments, continued

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		
Fitat 2023-1 A3	Level 2	2,114,408	—	2,114,408	0.30	AAA/Aaa
Gmcar 2023-3 A3	Level 2	4,915,518	—	4,915,518	0.69	AAA/Aaa
Gmcar 2024-1 A3	Level 2	312,122	—	312,122	0.04	NR/Aaa
Harot 2023-2 A3	Level 2	1,988,663	—	1,988,663	0.28	AAA/Aaa
Harot 2023-3 A3	Level 2	5,012,771	—	5,012,771	0.70	AAA/NA
Harot 2023-3 A3	Level 2	1,932,418	—	1,932,418	0.27	AAA/NR
Hart 2021-A A3	Level 2	20,538	—	20,538	—	AAA/NR
Hart 2021-C A3	Level 2	183,866	—	183,866	0.03	AAA/NR
Hart 2022-C A2A	Level 2	147,512	—	147,512	0.02	AAA/NA
Hart 2023-C A3	Level 2	895,684	—	895,684	0.12	AAA/NR
Hart 2024-A A3	Level 2	1,494,484	—	1,494,484	0.21	AAA/NA
Kcot 2023-2A A3	Level 2	775,988	—	775,988	0.11	NR/Aaa
Mbart 2021-1 A3	Level 2	1,243,578	—	1,243,578	0.17	AAA/Aaa
Narot 2021-A A3	Level 2	1,038,139	—	1,038,139	0.14	AAA/Aaa
Narot 2022-B A3	Level 2	1,982,552	—	1,982,552	0.28	AAA/Aaa
Taot 2021-C A3	Level 2	317,068	—	317,068	0.04	AAA/Aaa
Taot 2023-C A3	Level 2	598,154	—	598,154	0.08	AAA/NR
Taot 2023-D A3	Level 2	1,007,143	—	1,007,143	0.14	AAA/NA
Taot 2023-D A3	Level 2	609,874	—	609,874	0.09	AAA/NR
Taot 2024-B A3	Level 2	2,007,912	—	2,007,912	0.28	AAA/Aaa
Usaot 2022-A A3	Level 2	1,309,442	—	1,309,442	0.18	AAA/Aaa
Valet 2023-2 A3	Level 2	4,029,903	—	4,029,903	0.56	NA/Aaa
Woart 2023-A A2A	Level 2	297,018	—	297,018	0.04	AAA/NA
Bank Note:						
Morgan Stanley Bank	Level 2	1,712,002	—	1,712,002	0.24	A+/Aa3
Wells Fargo Bank Na Bank	Level 2	4,501,383	—	4,501,383	0.63	A+/Aa2
Money Market - Certificates of Deposit	Level 2	6,368,907	—	6,368,907	0.89	A/A1
Money Market Fund	Level 1	36,912,861	36,912,861	—	5.15	AAAm/NR
Cash and cash equivalents	Level 1	434,461	434,461	—	0.06	AAA/Aaa
Total		<u>\$716,570,576</u>	<u>\$136,499,000</u>	<u>\$580,071,576</u>	<u>100 %</u>	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 2 - Cash and Investments, concluded

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 Aaa, commercial paper with a minimum short-term rating of A-1 or P-1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of BBB+ or Baa1, repurchase agreements and the Local Government Investment Pool. The city's investment in U.S. Agencies, Corporate Bonds and Money Market Funds were rated no lower than AA+, A- and AAAm by Standard & Poor's, respectively, as of June 30, 2024.

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.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 3 - Property Taxes, concluded

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 2023-24, current property tax collections were \$41,765,178 or 98 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 2024 are not available for fiscal year 2023-24; accordingly, such taxes will not be recognized as revenue until fiscal year 2024-25.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 4 - Capital Assets

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

Governmental Activities	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets, not being depreciated/ Amortized:				
Land	\$ 89,380,379	\$ 12,367,804	\$ —	\$ 101,748,183
Construction in progress	187,131,784	67,447,906	(138,034,937)	116,544,753
Total capital assets not being depreciated/ amortized	276,512,163	79,815,710	(138,034,937)	218,292,936
Capital assets, being depreciated/ amortized:				
Infrastructure	781,242,271	54,147,370	(74,000)	835,315,641
Building and improvements	420,340,254	67,593,249	—	487,933,503
Subscription based IT arrangements	1,273,887	6,348,553	—	7,622,440
Vehicles, machinery and equipment	104,404,105	17,704,776	(3,348,476)	118,760,405
Total capital assets being depreciated/ amortized	1,307,260,517	145,793,948	(3,422,476)	1,449,631,989
Less accumulated depreciation/ amortization for:				
Infrastructure	(488,682,469)	(27,174,014)	—	(515,856,483)
Building and improvements	(275,809,707)	(18,835,817)	—	(294,645,524)
Subscription based IT arrangements	(327,397)	(2,230,400)	—	(2,557,797)
Vehicles, machinery and equipment	(86,854,255)	(6,497,896)	1,526,565	(91,825,586)
Total accumulated depreciation/ Amortization	(851,673,828)	(54,738,127)	1,526,565	(904,885,390)
Total capital assets, being depreciated/ amortized, net	455,586,689	91,055,821	(1,895,911)	544,746,599
Governmental activities capital assets, net	\$ 732,098,852	\$ 170,871,531	\$ (139,930,848)	\$ 763,039,535

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

	Expended to June 30, 2024	Remaining Commitments
Streets	\$ 61,995,976	\$ 49,089,822
Parks and recreation	27,229,800	21,363,155
Buildings and related improvements	27,318,977	18,348,465
Total	\$ 116,544,753	\$ 88,801,442

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 57,189,731	\$ 138,420	\$ —	\$ 57,328,151
Construction in progress	126,421,086	64,080,391	(2,138,319)	188,363,158
Total capital assets not being depreciated	183,610,817	64,218,811	(2,138,319)	245,691,309
Capital assets, being depreciated:				
System improvements	1,407,694,332	35,906,130	(949,114)	1,442,651,348
Building and improvements	27,070,713	96,628	—	27,167,341
Vehicles, machinery and equipment	23,031,225	1,366,384	—	24,397,609
Water rights	42,860,250	—	—	42,860,250
Land improvements	2,668,237	317,186	—	2,985,423
Total capital assets being depreciated	1,503,324,757	37,686,328	(949,114)	1,540,061,971
Less accumulated depreciation for:				
System improvements	(860,180,576)	(44,003,620)	—	(904,184,196)
Buildings and improvements	(20,157,937)	(733,677)	—	(20,891,614)
Vehicles, machinery and equipment	(19,666,132)	(922,805)	116,655	(20,472,282)
Water rights	(1,071,507)	(428,603)	—	(1,500,110)
Land improvements	(2,467,680)	(62,977)	—	(2,530,657)
Total accumulated depreciation	(903,543,832)	(46,151,682)	116,655	(949,578,859)
Total capital assets, being depreciated, net	599,780,925	(8,465,354)	(832,459)	590,483,112
Business-type activities capital assets, net	\$ 783,391,742	\$ 55,753,457	\$ (2,970,778)	\$ 836,174,421

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

	Expended to June 30, 2024	Remaining Commitments
Sewer system improvements	\$ 145,086,487	\$ 55,748,142
Water system improvements	41,222,306	29,926,506
Solid waste system improvements	333,061	36,217
Airport improvements	1,721,304	550,090
Total	\$ 188,363,158	\$ 86,260,955

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 4 - Capital Assets, concluded

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

Governmental activities:	
General government	\$ 9,538,301
Public safety	6,822,347
Community services	9,477,444
Transportation and development	28,900,035
Total depreciation/amortization expense - governmental activities	<u>\$ 54,738,127</u>
Business-type activities:	
Water	\$ 15,970,711
Wastewater	28,037,517
Solid waste	596,958
Airport	888,977
Chandler housing authority	657,519
Total depreciation expense - business-type activities	<u>\$ 46,151,682</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 \$345,907,130 in outstanding 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 94 percent of total ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$292,811,049. Principal and interest paid for the current year and total ad valorem property taxes were \$39,833,666 and \$42,449,846 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2024 were as follows:

	Outstanding June 30, 2024
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.	\$ 26,725,000
\$39,050,000 Refunding Bonds, Series 2016, due in annual installments of \$4,980,000 to \$15,465,000 beginning 7/1/25 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.	32,790,000
\$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.	24,800,000
\$48,205,000 Refunding Bonds, Series 2021, due in annual installments of \$117,390 to \$14,781,390 beginning 7/1/22 through 7/1/28; interest at 0.4 percent to 1.75 percent.	26,629,159
\$31,295,000 Capital Improvement Bonds, Series 2021, due in annual installments of \$250,000 to \$13,120,000 beginning 7/1/22 through 7/1/28; interest at 5 percent.	6,150,000
\$106,415,000 Capital Improvement Bonds, Series 2023, due in annual installments of \$6,750,000, to \$15,625,000 beginning 7/1/24 through 7/1/38; interest at 2.125 percent to 4 percent.	106,415,000
	<u>\$ 249,009,159</u>
Total Governmental Activities General Obligation Bonds	<u>\$ 249,009,159</u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds were approximately 30 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 \$53,096,081. Principal and interest paid for the current year and total net water system, wastewater system revenues were \$12,111,686 and \$40,083,611 respectively.

	Outstanding June 30, 2024
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.	\$ 16,370,000
\$39,050,000 Refunding Bonds, Series 2016, due in annual installments of \$2,395,000 to \$8,650,000 beginning 7/1/25 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 beginning 7/1/22 through 7/1/28; interest at 0.4 percent to 1.75 percent.	19,560,841
	<u>\$ 49,480,841</u>
Total Business-Type Activities General Obligation Bonds	<u>\$ 49,480,841</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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 58% percent of net system revenues. The total principal and interest to be paid on the obligations is \$314,550,268. Principal and interest paid for the current year and net water and wastewater system revenues were \$23,397,302 and \$40,083,611 respectively. Total excise tax revenues during the fiscal year were \$355,242,281. Principal and interest payments were less than 7 percent of total excise tax revenues.

	Outstanding June 30, 2024
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.	49,850,000
\$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.	13,590,000
\$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.	31,100,000
\$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.	8,195,000
\$85,460,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2021, due in annual installments of \$1,040,000 to \$11,965,000 beginning 7/1/22 through 7/1/33; interest at 0.42 percent to 2.3 percent.	82,715,000
\$64,995,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2023, due in annual installments of \$455,000 to \$9,275,000 beginning 7/1/25 through 7/1/38; interest at 5 percent.	64,955,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u>\$ 250,405,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

	Balance			Balance	Due within
	June 30, 2023	Additions	Reductions	June 30, 2024	One Year
Governmental Activities:					
Compensated absences	\$ 14,117,796	\$ 3,551,981	\$ (2,307,252)	\$ 15,362,525	\$ 2,584,098
Bonds payable:					
General obligation bonds	176,702,193	106,415,000	(34,108,034)	249,009,159	33,101,936
Issuance premiums	12,825,886	12,299,180	(2,776,379)	22,348,687	3,335,432
Total bonds payable	189,528,079	118,714,180	(36,884,413)	271,357,846	36,437,368
Arbitrage Liability	—	189,980	—	189,980	—
Claims payable	19,771,275	33,448,291	(29,405,671)	23,813,895	15,835,422
Subscription based IT liability	482,119	6,202,462	(2,104,917)	4,579,664	2,200,163
Net pension liability	237,933,742	—	(38,444,851)	199,488,891	—
OPEB liability	64,928,042	3,571,574	—	68,499,616	—
Totals	<u>\$ 526,761,053</u>	<u>\$ 165,678,468</u>	<u>\$ (109,147,104)</u>	<u>\$ 583,292,417</u>	<u>\$ 57,057,051</u>

	Balance			Balance	Due Within
	June 30, 2023	Additions	Reductions	June 30, 2024	One Year
Business-Type Activities:					
Compensated absences	\$ 1,421,206	\$ 368,290	\$ (233,666)	\$ 1,555,830	\$ 264,528
Bonds & obligations payable:					
General obligation bonds	59,712,807		(10,231,966)	49,480,841	9,543,064
Excise tax revenue obligations	202,930,000	64,955,000	(17,480,000)	250,405,000	9,410,000
Issuance premiums	12,344,938	10,160,898	(2,539,972)	19,965,864	2,680,498
Total bonds & obligations payable	274,987,745	75,115,898	(30,251,938)	319,851,705	21,633,562
Net pension liability	19,295,830	48,888	—	19,344,718	—
OPEB liability	8,084,000	469,638	—	8,553,638	—
Landfill closure/post closure	4,340,000	—	—	4,340,000	94,446
Totals	<u>\$ 308,128,781</u>	<u>\$ 76,002,714</u>	<u>\$ (30,485,604)</u>	<u>\$ 353,645,891</u>	<u>\$ 21,992,536</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. Compensated absences for governmental activities have been liquidated primarily by the general fund.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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, 2024, the 6 percent debt limitation was \$442,853,589, providing a debt margin of \$433,941,766 and the 20 percent debt limitation was \$1,476,178,631, providing a debt margin of \$1,165,622,808.

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, 2024, 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, 2024 is \$189,980.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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, 2024:

GOVERNMENTAL ACTIVITIES			
Years Ended June 30	General Obligation Principal	General Obligation Interest	Total
2025	\$ 33,101,936	\$ 6,777,724	\$ 39,879,660
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
2030-2034	73,460,000	10,265,598	83,725,598
2035-2039	13,490,000	336,251	13,826,251
Total	<u>\$ 249,009,159</u>	<u>\$ 40,954,158</u>	<u>\$ 289,963,317</u>

BUSINESS-TYPE ACTIVITIES					
Years Ended June 30	General Obligation Principal	General Obligation Interest	Excise Tax Principal	Excise Tax Interest	Total
2025	\$ 9,543,064	\$ 1,401,616	\$ 9,410,000	\$ 6,910,336	\$ 27,265,016
2026	9,979,977	1,251,250	15,025,000	8,052,900	34,309,127
2027	10,096,580	890,753	16,910,000	7,491,434	35,388,767
2028	8,737,610	584,115	16,120,000	6,906,332	32,348,057
2029	11,123,610	273,869	21,620,000	6,193,132	39,210,611
2030-2034	—	—	111,185,000	20,908,289	132,093,289
2035-2039	—	—	60,135,000	5,950,713	66,085,713
Total	<u>\$ 49,480,841</u>	<u>\$ 4,401,603</u>	<u>\$ 250,405,000</u>	<u>\$ 62,413,136</u>	<u>\$ 366,700,580</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. Accordingly, the trust account assets and the liability for the defeased bonds and obligations are not included in the city's financial statements.

Bonds and obligations that have been advance refunded (defeased) as of June 30, 2024:

Refunded Debt Outstanding	Amount
General Obligation Bonds, Series 2014 (Final Redemption 7/1/24)	<u>\$ 43,320,000</u>
Total Refunded Bonds and Obligations Outstanding	<u>\$ 43,320,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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, 2024, the city estimates total costs related to landfill closure and postclosure care is \$17,113,106 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$12,773,106 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, \$17,113,106 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, 2024. 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, 2023. 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	\$ 2,406,313	\$ 125,765	\$ —	\$ 2,532,078
Wastewater	2,802,842	22,983,720	—	25,786,562
Airport	—	—	1,298,832	1,298,832
Total	<u>\$ 5,209,155</u>	<u>\$ 23,109,485</u>	<u>\$ 1,298,832</u>	<u>\$ 29,617,472</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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, 2024

NOTE 9 - Fund Balance, concluded

As of June 30, 2024 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	\$ 1,055,004	\$ —	\$ —	\$ 1,055,004
Total nonspendable	1,055,004	—	—	1,055,004
Restricted for:				
Court enhancement	436,920	—	—	436,920
Judicial enhancement	625,125	—	—	625,125
Weapons proceeds	146,935	—	—	146,935
Citing agency	69,688	—	306,372	376,060
Opioid Settlement Funds	1,546,802	—	—	1,546,802
Smart and Safe AZ	3,209,675	—	—	3,209,675
Transportation and development	—	—	146,457,190	146,457,190
Debt service reserve	—	1,646,322	—	1,646,322
Community development	—	—	484,373	484,373
Community services	—	—	70,306,545	70,306,545
OPEB asset	3,751,685	—	—	3,751,685
Other capital projects	—	—	22,655,097	22,655,097
Total restricted	9,786,830	1,646,322	240,209,577	251,642,729
Assigned to:				
Domestic violence prevention	390,650	—	—	390,650
Self-insurance purposes	7,500,000	—	—	7,500,000
Traffic safety reserve	823,925	—	—	823,925
PSPRS contribution	7,000,000	—	—	7,000,000
Capital improvement projects	214,601,933	—	514,194	215,116,127
Economic development projects	14,223,000	—	—	14,223,000
ARPA related projects	5,014,961	—	—	5,014,961
Total assigned	249,554,469	—	514,194	250,068,663
Unassigned	58,553,967	—	(9,554,695)	48,999,272
Total unassigned	58,553,967	—	(9,554,695)	48,999,272
Total fund balances	\$ 318,950,270	\$ 1,646,322	\$ 231,169,076	\$ 551,765,668

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 2023-24. This amounts to \$53,955,300 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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 but has not been presented 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, 2024, 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	\$ 199,488,891	\$ 19,344,718	\$ 218,833,609
Pension deferred outflows of resources	148,975,633	2,826,383	151,802,016
Pension deferred inflows of resources	4,306,879	1,428,229	5,735,108
Pension expense	31,177,433	7,313,225	38,490,658

	OPEB Plans		
	Governmental Activities	Business-type Activities	Total
Net OPEB asset	\$ 3,751,685	\$ —	\$ 3,751,685
Net OPEB liability	68,499,616	8,553,638	77,053,254
OPEB deferred outflows of resources	17,360,059	2,232,867	19,592,926
OPEB deferred inflows of resources	14,073,566	1,502,687	15,576,253
OPEB expense	6,071,753	738,882	6,810,635

The city reported \$80,638,034 and \$2,016,962 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, 2024

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 12.29 percent (12.14 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 12.29 percent (12.03 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members’ annual covered payroll.

In addition, the city was required by statute to contribute at the actuarially determined rate of 9.99 percent (9.94 percent for retirement and .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, 2024, 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, 2024, were \$11,771,462. 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, 2024

NOTE 10 - Retirement and Pension Plans, continued

D. Pension Liability

At June 30, 2024, the city reported a liability of \$110,384,963 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023. 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, 2023, the city's proportion was 0.68 percent, which was an increase of .01 from its proportion measured as of June 30, 2022.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the city recognized pension expense for ASRS of \$13,278,484 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	\$ 2,494,260	\$ —
Net difference between projected and actual earnings on pension plan investments	—	3,905,516
Changes in proportion and differences between contributions and proportionate share of contributions	754,605	1,728,376
Contributions subsequent to the measurement date	11,771,462	—
Total	<u>\$ 15,020,327</u>	<u>\$ 5,633,892</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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2024	\$ (1,871,854)
2025	(4,236,842)
2026	4,208,911
2027	(485,322)

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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, 2022
Actuarial roll forward date	June 30, 2023
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, 2022 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, 2020, 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 was determined to be 4.66 percent 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%	3.50%
Fixed Income - Credit	23%	5.90%
Fixed Income - Interest Rate Sensitive	6%	1.50%
Private Equity	10%	6.70%
Real estate	17%	5.90%
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, 2022. 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	\$ 165,340,462	\$110,384,963	\$64,561,798

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, 2024

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, 2024, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	231	100
Inactive employees entitled to but not yet receiving benefits	81	39
Active employees	270	194
Total	582	333

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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, 2024, 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	8.68 %	9.16 %
Tier 3 DC	10.60 %	10.60 %
Employer rates - pension		
Tier 1	43.59 %	37.18 %
Tier 2	43.59 %	37.18 %
Tier 3 DB	39.75 %	30.42 %
Tier 3 DC	40.81 %	30.98 %

In addition, the city was required by statute to contribute at the actuarially determined rate of 30.21 percent for police and 20.38 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	\$ 64,251,229	\$ 30,895,099

E. Pension Liability

At June 30, 2024, the city reported \$73,540,862 in net pension liability for police and \$34,907,784 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2023 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, 2024

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, 2023
Actuarial cost method	Entry age normal
Investment rate of return Tier 1/2	7.2%
Investment rate of return Tier 3	7.0%
Price inflation	2.5%
Wage inflation	3.5%
Projected salary increases including inflation	2.75% - 15%
Cost of living adjustment	1.85%
Mortality rates	PubS-2010 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%	1.90%
International Public Equity	16%	4.49%
Other Assets (Capital Appreciation)	7%	4.49%
Cash - Mellon	2%	0.69%
Diversifying Strategies	5%	3.68%
Global Private Equity	20%	7.28%
Private Credit	20%	6.19%
U.S. Public Equity	24%	3.98%
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, 2024

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, 2023	\$ 347,488,701	\$ 248,188,100	\$ 99,300,601
Changes for the year:			
Service cost	6,077,100	—	6,077,100
Interest on the total pension liability	24,895,921	—	24,895,921
Differences between expected and actual experience in the measurement of the pension liability	15,926,154	—	15,926,154
Contributions - employer	—	47,624,383	(47,624,383)
Contributions - employee	—	2,989,074	(2,989,074)
Net investment income	—	22,150,142	(22,150,142)
Benefit payments, including refunds of employee contributions	(15,578,228)	(15,578,228)	—
Administrative expense	—	(106,671)	106,671
Other changes	—	1,986	(1,986)
Net changes	31,320,947	57,080,686	(25,759,739)
Balances at June 30, 2024	<u>\$ 378,809,648</u>	<u>\$ 305,268,786</u>	<u>\$ 73,540,862</u>
	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2023	\$ 207,482,293	\$ 159,680,979	\$ 47,801,314
Changes for the year:			
Service cost	4,818,001	—	4,818,001
Interest on the total pension liability	15,003,773	—	15,003,773
Differences between expected and actual experience in the measurement of the pension liability	7,784,656	—	7,784,656
Contributions - employer	—	24,643,731	(24,643,731)
Contributions - employee	—	2,063,374	(2,063,374)
Net investment income	—	13,853,029	(13,853,029)
Benefit payments, including refunds of employee contributions	(7,829,127)	(7,829,127)	—
Administrative expense	—	(60,174)	60,174
Net changes	19,777,303	32,670,833	(12,893,530)
Balances at June 30, 2024	<u>\$ 227,259,596</u>	<u>\$ 192,351,812</u>	<u>\$ 34,907,784</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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	\$ 127,113,149	\$ 73,540,862	\$ 30,089,599
PSPRS - Fire:			
Rate	6.20	7.20	8.20
Net pension liability	\$ 66,172,618	\$ 34,907,784	\$ 9,318,250

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, 2024, the city recognized the following as pension expense:

	Pension Expense
PSPRS - Police	\$ 16,500,840
PSPRS - Fire	8,712,310

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 10 - Retirement and Pension Plans, concluded

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 23,136,069	\$ 36,836
Changes of assumptions or other inputs	4,251,972	—
Net difference between projected and actual earnings on pension plan investments	932,079	—
Contributions subsequent to the measurement date	64,251,229	—
Total	<u>\$ 92,571,349</u>	<u>\$ 36,836</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Fire		
Differences between expected and actual experience	\$ 10,204,810	\$ 64,380
Changes of assumptions or other inputs	2,259,643	—
Net difference between projected and actual earnings on pension plan investments	850,788	—
Contributions subsequent to the measurement date	30,895,099	—
Total	<u>\$ 44,210,340</u>	<u>\$ 64,380</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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	PSPRS - Police	PSPRS - Fire
2025	\$ 7,113,488	\$ 2,045,542
2026	5,167,525	597,670
2027	9,889,915	5,665,099
2028	3,457,997	1,580,130
2029	2,654,359	1,194,669
Thereafter	—	2,167,751

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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 per pay period 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 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, 2024

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 \$77,053,254 was measured as of June 30, 2023 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, 2023 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, 2023
Actuarial valuation date	June 30, 2023
Discount rate	3.65%
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	7.5% graded down to an ultimate rate of 4.5% over 12 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, 2024

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	\$ 73,012,042
Changes for the year:	
Service cost	3,516,892
Interest	2,654,511
Changes of benefit terms	1,330,772
Differences between expected and actual experience	1,267,071
Changes in assumptions or other inputs	(1,615,465)
Estimated benefit payments	(3,112,569)
Net changes	<u>4,041,212</u>
Total OPEB liability - end of year	<u>\$ 77,053,254</u>

Changes in assumptions reflect the following:

1. The discount rate increased from 3.54% to 3.65% based on the changes in the Bond Buyer 20 GO index municipal bond rate from June 30, 2022 to June 30, 2023.
2. The future trend rates, per capita health costs and retiree contribution rates were updated.
3. The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender and status (active vs retired) from Segal's claims data warehouse.
4. The methodology for projecting life insurance benefits for current active employees was refined to better reflect future salary increases.

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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 86,748,547	\$ 77,053,254	\$ 69,076,193

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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

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 (6.50%)	Current Healthcare Cost Trend Rates (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 72,393,083	\$ 77,053,254	\$ 82,535,786

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

For the year ended June 30, 2024, the city recognized OPEB expense of \$6,358,038. At June 30, 2024, 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	\$ 1,065,308	\$ 3,102,929
Changes of assumptions or other inputs	13,825,097	10,817,927
Contributions subsequent to measurement date	4,402,073	—
Total	<u>\$ 19,292,478</u>	<u>\$ 13,920,856</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, 2025. 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:	
2025	\$ 210,982
2026	1,503,851
2027	1,238,692
2028	(1,302,261)
2029	(666,183)
Thereafter	(15,532)

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

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.

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 2023-24, 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 2023-24, 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 \$23,813,895 reported as claims payable in the Self-Insurance Fund at June 30, 2024, 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, 2024

NOTE 13 - Risk Management, concluded

Changes in the Funds' claims liability amount in fiscal years 2023 and 2024 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
2023	Workers' compensation	\$ 10,544,362	\$ 2,046,987	\$ (1,476,205)	\$ 11,115,144
	Property and liability	1,772,560	1,332,130	(130,240)	2,974,450
	Health	4,418,590	24,959,337	(23,870,356)	5,507,571
	Dental	175,618	2,027,950	(2,029,458)	174,110
		<u>\$ 16,911,130</u>	<u>\$ 30,366,404</u>	<u>\$ (27,506,259)</u>	<u>\$ 19,771,275</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
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>

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, \$21,118,057. The General Fund provides funding for various capital projects, \$38,475,887, as well as annual subsidies for the Airport and Public Housing Authority, \$1,116,617. Bond payments totaling \$7,436,432 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 \$1,325,116 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, 2024

NOTE 14 - Interfund Transfers, concluded

The interfund transfers in and out at June 30, 2024 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	\$ —	\$ 44,557,649	\$ —	\$ —	\$ 1,116,617	\$ 14,340,000	\$ 60,014,266
Non-Major Governmental Funds	7,436,432	680,802	—	—	—	95,000	8,212,234
Water Enterprise Fund	—	392,774	—	1,325,116	—	500,000	2,217,890
Wastewater Enterprise Fund	—	302,766	1,388,800	—	—	—	1,691,566
Non-Major Enterprise Funds	—	150,049	—	—	—	—	150,049
Internal Service Fund	—	29,608	—	—	—	—	29,608
Total	<u>\$ 7,436,432</u>	<u>\$ 46,113,648</u>	<u>\$ 1,388,800</u>	<u>\$ 1,325,116</u>	<u>\$ 1,116,617</u>	<u>\$ 14,935,000</u>	<u>\$ 72,315,613</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 \$1,298,832 (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	\$ 4,302,432
	Capital projects - public buildings	1,328,401
	Total governmental funds	<u>\$ 5,630,833</u>

Interfund advances were made from governmental funds to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$550,000 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, 2024

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	\$ 5,897,267
	Special revenue - community development	195,934
	Total general fund	<u>\$ 6,093,201</u>

Interfund balances at June 30, 2024 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, 2024, is:

City of Chandler's Share	\$ 60,132,727
Town of Gilbert's Share	66,408,388
	<u>\$126,541,115</u>

NOTE 17 - Deficit in Fund Balances

The grants capital project fund had a deficit fund balance of \$5,926,272. The public safety building and improvement capital project fund had a deficit of \$3,628,423. 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 2023-24 is \$414,330. 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 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2024

NOTE 18 - Tax Abatements, concluded

For the fiscal year ended June 30, 2024, the city abated property taxes totaling \$224,972 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 \$146,903 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 \$325,082.

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 \$7,622,440 less accumulated amortization of \$2,557,797.

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

	Principal	Interest	Total
2025	\$ 2,200,163	\$ 103,147	\$ 2,303,310
2026	2,249,669	58,735	2,308,404
2027	73,112	5,598	78,710
2028	44,026	1,314	45,340
2029	12,694	306	13,000

In addition to the amount presented above, the city had outflows of resources for the fiscal year totaling \$175,725 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 \$13,993 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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 8,731,611	\$ 8,731,611	\$ 8,638,574	\$ (93,037)
Sales taxes	197,950,200	197,950,200	208,766,241	10,816,041
Franchise fees	3,779,200	3,779,200	3,691,281	(87,919)
State shared	126,000,000	126,000,000	133,384,945	7,384,945
Grants and entitlements	254,000	254,000	1,256,168	1,002,168
Licenses and permits	6,864,900	6,864,900	5,103,244	(1,761,656)
Charges for services	22,609,162	22,609,162	27,360,667	4,751,505
Fines and forfeitures	3,549,850	3,549,850	4,296,570	746,720
Rentals	69,400	69,400	138,115	68,715
Interest revenue	3,818,000	3,818,000	11,968,388	8,150,388
Miscellaneous	240,800	240,800	356,943	116,143
Total Revenues	373,867,123	373,867,123	404,961,136	31,094,013
EXPENDITURES:				
City clerk	836,937	1,081,978	1,011,589	70,389
City magistrate	5,400,966	5,617,814	4,631,551	986,263
City manager	24,179,136	25,874,379	22,646,357	3,228,022
Communications and public affairs	3,779,435	4,275,116	3,612,555	662,561
Community services	33,254,368	35,744,230	33,644,527	2,099,703
Development services	10,909,200	11,384,185	9,879,838	1,504,347
Fire	44,718,000	50,431,220	49,313,966	1,117,254
Information technology	21,296,574	24,168,926	13,910,783	10,258,143
Law	4,687,089	4,831,140	4,764,898	66,242
Management services	176,838,766	145,531,851	85,091,501	60,440,350
Mayor and council	1,260,246	1,301,079	1,195,932	105,147
Neighborhood resources	7,235,057	10,864,014	8,900,276	1,963,738
Police	90,885,675	102,081,519	103,920,892	(1,839,373)
Public works	10,449,269	12,208,515	11,754,446	454,069
Total expenditures	435,730,718	435,395,966	354,279,111	81,116,855
REVENUES OVER (UNDER) EXPENDITURES	(61,863,595)	(61,528,843)	50,682,025	112,210,868
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	(300,000)	(300,000)	204,412	504,412
Transfers in	8,678,182	8,678,182	—	(8,678,182)
Transfers out	(157,941,465)	(157,899,207)	(60,014,266)	97,884,941
Total other financing sources (uses)	(149,563,283)	(149,521,025)	(59,809,854)	89,711,171
Net change in fund balance	(211,426,878)	(211,049,868)	(9,127,829)	201,922,039
Fund balance, July 1, 2023	315,933,321	315,933,321	315,933,321	—
Fund balance, June 30, 2024	\$ 104,506,443	\$ 104,883,453	\$ 306,805,492	\$ 201,922,039

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, 2024

	2024	2023	2022	2021
City's proportion of the net pension liability (asset)	0.68 %	0.67 %	0.71 %	0.71 %
City's proportionate share of the net pension liability (asset)	\$110,384,963	\$110,127,657	\$ 93,397,278	\$122,547,011
City's covered payroll	\$ 89,064,154	\$ 79,760,571	\$ 79,544,042	\$ 76,880,601
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	123.94 %	138.07 %	117.42 %	159.40 %
Plan fiduciary net position as a percentage of the total pension liability	75.47 %	74.26 %	78.58 %	69.33 %

2020	2019	2018	2017	2016	2015
0.72 %	0.76 %	0.74 %	0.75 %	0.73 %	0.71 %
\$104,541,379	\$106,413,043	\$115,691,952	\$121,549,835	\$113,885,153	\$105,661,552
\$ 75,407,689	\$ 75,579,140	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465	\$ 64,263,236
138.63 %	140.80 %	160.05 %	172.75 %	169.40 %	164.42 %
73.24 %	73.00 %	69.92 %	67.06 %	68.35 %	69.49 %

City of Chandler
Schedule of Contributions -
All Pension Plans
June 30, 2024

	2024	2023	2022	2021
Arizona State Retirement System:				
Actuarially determined contribution	\$ 11,771,461	\$ 10,615,589	\$ 9,580,356	\$ 9,267,255
Contributions in relation to the actuarially determined contribution	11,771,461	10,615,589	9,580,356	9,267,255
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
 City's covered payroll	 \$ 98,335,614	 \$ 89,064,154	 \$ 79,760,571	 \$ 79,544,042
Contributions as a percentage of covered payroll	11.97 %	11.92 %	12.01 %	11.65 %
 Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 47,624,383	\$ 28,044,847	\$ 22,596,733	\$ 19,026,392
Contributions in relation to the actuarially determined contribution ¹	64,251,229	47,644,130	28,025,675	22,619,456
Contribution deficiency (excess)	<u>\$(16,626,846)</u>	<u>\$(19,599,283)</u>	<u>\$ (5,428,942)</u>	<u>\$ (3,593,064)</u>
 City's covered payroll	 \$ 33,621,797	 \$ 30,351,106	 \$ 27,383,139	 \$ 26,480,082
Contributions as a percentage of covered payroll	191.10 %	156.98 %	102.35 %	85.42 %
 Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 24,643,731	\$ 15,211,791	\$ 13,299,020	\$ 10,427,865
Contributions in relation to the actuarially determined contribution ¹	30,895,099	24,395,278	14,992,742	13,054,192
Contribution deficiency (excess)	<u>\$ (6,251,368)</u>	<u>\$ (9,183,487)</u>	<u>\$ (1,693,722)</u>	<u>\$ (2,626,327)</u>
 City's covered payroll	 \$ 21,920,009	 \$ 20,259,508	 \$ 18,946,241	 \$ 18,187,540
Contributions as a percentage of covered payroll	140.94 %	120.41 %	79.13 %	71.78 %

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

2020	2019	2018	2017	2016	2015
\$ 8,844,068	\$ 8,470,741	\$ 8,268,029	\$ 7,793,041	\$ 7,634,805	\$ 7,323,872
8,844,068	8,470,741	8,268,029	7,793,041	7,634,805	7,323,872
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 76,880,601	\$ 75,407,689	\$ 75,579,140	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465
11.50 %	11.23 %	10.94 %	10.78 %	10.85 %	10.89 %
\$ 15,572,686	\$ 12,267,559	\$ 10,950,501	\$ 8,470,411	\$ 8,561,143	\$ 6,083,333
28,715,343	15,398,196	14,300,501	10,145,411	8,561,143	6,083,333
\$ (13,142,657)	\$ (3,130,637)	\$ (3,350,000)	\$ (1,675,000)	\$ —	\$ —
\$ 28,589,014	\$ 28,848,732	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641
100.44 %	53.38 %	50.54 %	37.49 %	30.63 %	23.23 %
\$ 8,004,060	\$ 7,021,133	\$ 6,392,313	\$ 4,616,587	\$ 4,438,495	\$ 3,193,139
15,566,324	8,670,333	8,042,313	5,441,587	4,438,495	3,193,139
\$ (7,562,264)	\$ (1,649,200)	\$ (1,650,000)	\$ (825,000)	\$ —	\$ —
\$ 19,154,805	\$ 19,025,780	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133
81.27 %	45.57 %	44.19 %	31.50 %	26.30 %	20.38 %

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Police June 30, 2024

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 6,077,100	\$ 5,687,800	\$ 5,440,836	\$ 5,696,125
Interest	24,895,921	23,623,567	22,385,115	20,504,731
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	15,926,154	4,884,171	3,894,134	12,866,840
Changes of assumptions	—	3,565,456	—	—
Benefit payments, including refunds	(15,578,228)	(16,390,013)	(13,613,884)	(12,493,545)
Net change in total pension liability	31,320,947	21,370,981	18,106,201	26,574,151
Total pension liability - beginning	347,488,701	326,117,720	308,011,519	281,437,368
Total pension liability - ending	<u>\$ 378,809,648</u>	<u>\$ 347,488,701</u>	<u>\$ 326,117,720</u>	<u>\$ 308,011,519</u>
Plan fiduciary net position				
Contributions - employer	\$ 47,624,383	\$ 28,044,847	\$ 22,596,733	\$ 28,799,919
Contributions - employee	2,989,074	2,844,468	2,424,870	2,909,915
Net investment income	22,150,142	(10,549,363)	53,483,321	2,344,516
Benefit payments, including refunds	(15,578,228)	(16,390,013)	(13,613,884)	(12,493,545)
Administrative expense	(106,671)	(190,200)	(250,715)	(191,143)
Other	1,986	5,998	2,439	(2,317)
Net change in plan fiduciary net position	57,080,686	3,765,737	64,642,764	21,367,345
Plan fiduciary net position - beginning	248,188,100	244,422,363	179,779,599	158,412,254
Plan fiduciary net position - ending	<u>\$ 305,268,786</u>	<u>\$ 248,188,100</u>	<u>\$ 244,422,363</u>	<u>\$ 179,779,599</u>
Net pension liability - ending	<u>\$ 73,540,862</u>	<u>\$ 99,300,601</u>	<u>\$ 81,695,357</u>	<u>\$ 128,231,920</u>
Plan fiduciary net position as a percentage of the total pension liability	80.59 %	71.42 %	74.95 %	58.37 %
Covered payroll	\$ 30,351,106	\$ 27,383,139	\$ 26,480,082	\$ 28,859,014
Net pension liability as a percentage of covered payroll	242.30 %	362.63 %	308.52 %	444.34 %

2020	2019	2018	2017	2016	2015
\$ 6,149,336	\$ 5,737,868	\$ 6,092,332	\$ 5,337,103	\$ 4,583,770	\$ 4,602,603
19,203,025	17,999,842	17,064,596	14,964,498	13,839,509	11,841,118
—	—	1,501,042	17,456,919	—	1,741,535
1,302,509	(671,252)	(6,211,672)	858,761	4,879,849	567,380
6,562,499	—	6,528,203	8,537,784	—	13,082,165
(10,261,998)	(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
22,955,371	13,153,195	16,719,554	34,139,440	17,621,292	24,780,302
258,481,997	245,328,802	228,609,248	194,469,808	176,848,516	152,068,214
<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>	<u>\$ 176,848,516</u>
\$ 15,572,686	\$ 10,296,409	\$ 10,247,877	\$ 8,728,082	\$ 6,155,142	\$ 5,465,059
2,206,379	2,765,932	3,244,412	3,633,359	3,308,265	2,675,724
8,365,394	9,301,979	14,017,325	677,501	3,873,466	12,329,319
(10,261,998)	(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
(146,042)	(142,274)	(124,430)	(97,889)	(94,891)	—
(102,911)	24,215	(167,280)	238,667	(70,777)	(2,733,237)
15,633,508	12,332,998	18,962,957	164,095	7,489,369	10,682,366
142,778,746	130,445,748	111,482,791	111,318,696	103,829,327	93,146,961
<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>\$ 103,829,327</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>	<u>\$ 73,019,189</u>
56.29 %	55.24 %	53.17 %	48.77 %	57.24 %	58.71 %
\$ 28,848,732	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641	\$ 24,290,497
426.45 %	408.92 %	424.58 %	419.11 %	317.52 %	300.61 %

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Fire June 30, 2024

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 4,818,001	\$ 4,265,733	\$ 3,923,796	\$ 4,025,473
Interest	15,003,773	14,270,752	13,243,975	12,453,112
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	7,784,656	397,039	4,097,391	1,086,650
Changes of assumptions	—	1,375,658	—	—
Benefit payments, including refunds	(7,829,127)	(8,101,828)	(6,981,473)	(6,278,162)
Net change in total pension liability	19,777,303	12,207,354	14,283,689	11,287,073
Total pension liability - beginning	207,482,293	195,274,939	180,991,250	169,704,177
Total pension liability - ending	<u>\$ 227,259,596</u>	<u>\$ 207,482,293</u>	<u>\$ 195,274,939</u>	<u>\$ 180,991,250</u>
Plan fiduciary net position				
Contributions - employer	\$ 24,643,731	\$ 15,211,791	\$ 13,299,020	\$ 15,654,338
Contributions - employee	2,063,374	1,610,854	1,778,804	1,432,043
Net investment income	13,853,029	(6,745,327)	34,335,848	1,488,011
Benefit payments, including refunds	(7,829,127)	(8,101,828)	(6,981,473)	(6,278,162)
Administrative expense	(60,174)	(121,595)	(160,215)	(121,320)
Other	—	—	4,795	5
Net change in plan fiduciary net position	32,670,833	1,853,895	42,276,779	12,174,915
Plan fiduciary net position - beginning	159,680,979	157,827,084	115,550,305	103,375,390
Plan fiduciary net position - ending	<u>\$ 192,351,812</u>	<u>\$ 159,680,979</u>	<u>\$ 157,827,084</u>	<u>\$ 115,550,305</u>
Net pension liability - ending	<u>\$ 34,907,784</u>	<u>\$ 47,801,314</u>	<u>\$ 37,447,855</u>	<u>\$ 65,440,945</u>
Plan fiduciary net position as a percentage of the total pension liability	84.64 %	76.96 %	80.82 %	63.84 %
Covered payroll	\$ 20,259,508	\$ 18,946,241	\$ 18,187,540	\$ 19,154,805
Net pension liability as a percentage of covered payroll	172.30 %	252.30 %	205.90 %	341.64 %

2020	2019	2018	2017	2016	2015
\$ 4,353,346	\$ 4,014,526	\$ 3,863,571	\$ 3,174,665	\$ 2,915,603	\$ 2,949,507
11,689,082	10,794,299	9,983,423	8,707,808	8,264,915	7,191,487
—	—	753,382	10,272,193	—	930,663
(171,678)	1,014,752	941,823	96,063	(1,037,307)	(409,426)
3,122,509	—	2,845,297	4,937,927	—	6,465,545
(5,792,594)	(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
13,200,665	9,460,159	13,338,179	21,541,386	6,528,892	13,868,930
156,503,512	147,043,353	133,705,174	112,163,788	105,634,896	91,765,966
<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>	<u>\$ 105,634,896</u>
\$ 8,004,060	\$ 5,956,704	\$ 5,514,825	\$ 4,672,177	\$ 3,222,291	\$ 3,152,694
1,462,348	1,633,743	2,312,753	2,140,037	1,837,291	1,775,319
5,389,738	6,174,093	9,228,731	440,223	2,568,880	8,217,832
(5,792,594)	(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
(94,355)	(94,669)	(82,059)	(63,746)	(63,063)	—
(42,251)	1,035	50,502	38,948	(55,142)	(1,798,718)
8,926,946	7,307,488	11,975,435	1,580,369	3,895,938	8,088,281
94,448,444	87,140,956	75,165,521	73,585,152	69,689,214	61,600,933
<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>\$ 69,689,214</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>	<u>\$ 35,945,682</u>
60.92 %	60.35 %	59.26 %	56.22 %	65.61 %	65.97 %
\$ 19,025,780	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133	\$ 15,691,213
348.63 %	340.96 %	346.74 %	346.91 %	246.18 %	229.08 %

City of Chandler
Schedule of Changes in OPEB Liabilities and Related Ratios -
Single Employer Plan
June 30, 2024

	2024	2023	2022
Measurement date	6/30/2023	6/30/2022	6/30/2021
Total OPEB liability - beginning of year	\$ 73,012,042	\$ 81,921,795	\$ 63,003,983
Changes for the year			
Service cost	3,516,892	4,846,361	3,414,033
Interest	2,654,511	1,844,376	1,440,322
Changes of benefit terms	1,330,772	—	—
Differences between expected and actual experience	1,267,071	—	(2,181,125)
Changes in assumptions or other inputs	(1,615,465)	(12,824,888)	18,748,388
Benefit payments	(3,112,569)	(2,775,602)	(2,503,806)
Net changes	4,041,212	(8,909,753)	18,917,812
Total OPEB liability - end of year	<u>\$ 77,053,254</u>	<u>\$ 73,012,042</u>	<u>\$ 81,921,795</u>
Total covered employee payroll	\$157,665,425	\$142,472,650	\$130,254,557
Total OPEB liability as percentage of covered employee payroll	48.87 %	51.25 %	62.89 %

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.

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

CITY OF CHANDLER, ARIZONA

Notes to the Required Supplementary Information

June 30, 2024

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	\$ 3,016,949
Reserved encumbrances at June 30, 2024 recognized as budgetary expenditures in fiscal year ended June 30, 2024	<u>(12,144,778)</u>
Budgetary Comparison Schedule - Net change in fund balance	<u>\$ (9,127,829)</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, 2022 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, 2023 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, 2023 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, 2024

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, 2023 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, 2024

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 34,130,824	\$ 34,130,824	\$ 33,811,272	\$ (319,552)
Interest revenue	175,000	175,000	694,225	519,225
Total revenues	<u>34,305,824</u>	<u>34,305,824</u>	<u>34,505,497</u>	<u>199,673</u>
EXPENDITURES:				
General government	375,152	375,152	—	(375,152)
Principal	36,464,231	36,464,231	33,101,936	(3,362,295)
Interest and fiscal charges	4,902,873	4,902,873	7,740,607	2,837,734
Total expenditures	<u>41,742,256</u>	<u>41,742,256</u>	<u>40,842,543</u>	<u>(899,713)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,436,432)</u>	<u>(7,436,432)</u>	<u>(6,337,046)</u>	<u>1,099,386</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	7,436,432	7,436,432	7,436,432	—
Total other financing sources (uses)	<u>7,436,432</u>	<u>7,436,432</u>	<u>7,436,432</u>	<u>—</u>
Net change in fund balance	—	—	1,099,386	1,099,386
Fund balance, July 1, 2023	<u>2,427,863</u>	<u>2,427,863</u>	<u>2,427,863</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 2,427,863</u>	<u>\$ 2,427,863</u>	<u>\$ 3,527,249</u>	<u>\$ 1,099,386</u>

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

\$ (781,541)

Settlements and liabilities at June 30, 2024 not recognized as
budgetary expenditures in fiscal year ended June 30, 2024

1,880,927

Budgetary Comparison Schedule for the General Obligation
Bonds Debt Service Fund

\$ 1,099,386

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 DEBT SERVICE FUNDS

Special Assessment Bonds

Accumulates monies for the payment of principal and interest on Special Assessment Bonds that were issued to finance costs of improvements applicable to benefiting properties within certain improvement districts.

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, 2024

	Special Revenue					
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation
ASSETS						
Equity in pooled cash and investments	\$ 45,181,297	\$ 6,189,813	\$ 12,599,923	\$ —	\$ 724,267	\$ 334,420
Receivables (net of allowance for uncollectible):						
Accounts	—	—	—	—	—	—
Notes	—	—	—	417,320	—	—
Accrued interest	246,032	34,205	—	—	3,257	1,846
Other	—	—	—	—	—	—
Due from other governments	2,185,205	—	302,805	319,071	2,400	—
Total assets	<u>\$ 47,612,534</u>	<u>\$ 6,224,018</u>	<u>\$ 12,902,728</u>	<u>\$ 736,391</u>	<u>\$ 729,924</u>	<u>\$ 336,266</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,716,712	\$ 166	\$ 95,415	\$ 24,430	\$ —	\$ —
Accrued payroll	199,270	1,160	82,114	31,654	—	3,340
Trust liabilities and deposits	—	—	—	—	423,552	—
Due to other funds	—	—	—	195,934	—	—
Advances from other funds	—	—	—	—	—	—
Unearned revenue	—	—	3,137,969	—	—	—
Total liabilities	<u>1,915,982</u>	<u>1,326</u>	<u>3,315,498</u>	<u>252,018</u>	<u>423,552</u>	<u>3,340</u>
Fund balances (deficits):						
Restricted	45,696,552	6,222,692	9,587,230	484,373	306,372	332,926
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances (deficits)	<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>
Total liabilities, deferred inflows and fund balances	<u>\$ 47,612,534</u>	<u>\$ 6,224,018</u>	<u>\$ 12,902,728</u>	<u>\$ 736,391</u>	<u>\$ 729,924</u>	<u>\$ 336,266</u>

(Continued)

City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2024

	Special Revenue		Debt Service	Capital Projects		
			Special			
	Museum	Library	Assessment	General	Public	Grants
			Bonds	Government	Buildings	
ASSETS						
Equity in pooled cash and investments	\$ 38,612	\$ 225,277	\$ —	\$ 2,584,209	\$ 1,779,637	\$ —
Receivables (net of allowance for uncollectible):						
Accounts	—	—	—	64,413	—	—
Notes	—	—	—	—	—	—
Accrued interest	212	1,257	—	—	5,184	—
Other	—	—	—	464,513	122,746	224,756
Due from other governments	—	—	—	291,088	—	1,170,188
Total assets	<u>\$ 38,824</u>	<u>\$ 226,534</u>	<u>\$ —</u>	<u>\$ 3,404,223</u>	<u>\$ 1,907,567</u>	<u>\$ 1,394,944</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ —	\$ 125	\$ —	\$ 2,890,029	\$ 220,130	\$ 1,423,949
Accrued payroll	—	—	—	—	—	—
Trust liabilities and deposits	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	5,897,267
Advances from other funds	—	—	—	—	1,328,401	—
Unearned revenue	—	—	—	—	—	—
Total liabilities	<u>—</u>	<u>125</u>	<u>—</u>	<u>2,890,029</u>	<u>1,548,531</u>	<u>7,321,216</u>
Fund balances (deficits):						
Restricted	38,824	226,409	—	—	359,036	—
Assigned	—	—	—	514,194	—	—
Unassigned	—	—	—	—	—	(5,926,272)
Total fund balances (deficits)	<u>38,824</u>	<u>226,409</u>	<u>—</u>	<u>514,194</u>	<u>359,036</u>	<u>(5,926,272)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 38,824</u>	<u>\$ 226,534</u>	<u>\$ —</u>	<u>\$ 3,404,223</u>	<u>\$ 1,907,567</u>	<u>\$ 1,394,944</u>

Capital Projects							Total Other Governmental Funds
Streets	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts		
\$ 87,230,094	\$ 72,657,134	\$ 1,098,741	\$ 12,567,158	\$ 9,829,355	\$ 986,318	\$ 254,026,255	
—	—	—	—	—	—	64,413	
—	—	—	—	—	—	417,320	
374,314	267,364	5,550	70,072	54,849	5,418	1,069,560	
—	—	—	—	—	—	812,015	
—	—	—	—	—	—	4,270,757	
<u>\$ 87,604,408</u>	<u>\$ 72,924,498</u>	<u>\$ 1,104,291</u>	<u>\$ 12,637,230</u>	<u>\$ 9,884,204</u>	<u>\$ 991,736</u>	<u>\$ 260,660,320</u>	
\$ 2,653,687	\$ 4,207,848	\$ 430,282	\$ 166,707	\$ 58,666	\$ —	\$ 13,888,146	
—	—	—	—	—	—	317,538	
5	—	—	—	—	—	423,557	
—	—	—	—	—	—	6,093,201	
—	—	4,302,432	—	—	—	5,630,833	
—	—	—	—	—	—	3,137,969	
<u>2,653,692</u>	<u>4,207,848</u>	<u>4,732,714</u>	<u>166,707</u>	<u>58,666</u>	<u>—</u>	<u>29,491,244</u>	
84,950,716	68,716,650	—	12,470,523	9,825,538	991,736	240,209,577	
—	—	—	—	—	—	514,194	
—	—	(3,628,423)	—	—	—	(9,554,695)	
<u>84,950,716</u>	<u>68,716,650</u>	<u>(3,628,423)</u>	<u>12,470,523</u>	<u>9,825,538</u>	<u>991,736</u>	<u>231,169,076</u>	
<u>\$ 87,604,408</u>	<u>\$ 72,924,498</u>	<u>\$ 1,104,291</u>	<u>\$ 12,637,230</u>	<u>\$ 9,884,204</u>	<u>\$ 991,736</u>	<u>\$ 260,660,320</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, 2024

	Special Revenue					
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation
REVENUES:						
Highway user taxes	\$21,430,580	\$ —	\$ —	\$ —	\$ —	\$ —
Grants and entitlements	—	702,551	9,544,356	1,779,518	—	91,601
System development fees	—	—	—	—	—	—
Charges for services	—	182,189	—	—	—	—
Fines and forfeitures	—	—	—	—	725,712	—
Contributions	—	—	—	—	—	—
Interest revenue	1,844,043	251,761	1,236,611	1	—	13,784
Miscellaneous	119,740	83,285	—	—	—	89
Total revenues	<u>23,394,363</u>	<u>1,219,786</u>	<u>10,780,967</u>	<u>1,779,519</u>	<u>725,712</u>	<u>105,474</u>
EXPENDITURES:						
Current:						
General government	—	—	1,824,716	1,598,153	—	11,874
Public safety	—	—	4,531,779	—	354,706	—
Transportation and development	8,488,131	664,281	2,060,815	—	—	—
Community services	—	—	1,037,477	—	—	69,475
Capital outlay	13,582,668	—	1,573,728	49,348	—	7,168
Debt service:						
Bond issuance costs	—	—	—	—	—	—
Total expenditures	<u>22,070,799</u>	<u>664,281</u>	<u>11,028,515</u>	<u>1,647,501</u>	<u>354,706</u>	<u>88,517</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,323,564</u>	<u>555,505</u>	<u>(247,548)</u>	<u>132,018</u>	<u>371,006</u>	<u>16,957</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	—	—	—	—	—	—
Bond premium	—	—	—	—	—	—
Face amount of bonds issued	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Transfers out	(271,590)	(4,212)	(500,000)	—	—	—
Total other financing sources (uses)	<u>(271,590)</u>	<u>(4,212)</u>	<u>(500,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET CHANGE IN FUND BALANCE	<u>1,051,974</u>	<u>551,293</u>	<u>(747,548)</u>	<u>132,018</u>	<u>371,006</u>	<u>16,957</u>
FUND BALANCES (DEFICITS):						
Beginning of year	44,644,578	5,671,399	10,334,778	352,355	(64,634)	315,969
End 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>

Special Revenue		Debt Service		Capital Projects				
		Special Assessment Bonds		General Government	Public Buildings	Grants	Streets	Community Services
Museum	Library							
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2,663	196,469	—	—	—	—	11,525,275	—	—
—	—	—	—	—	76,048	—	1,445,446	518,846
—	—	—	—	464,513	122,746	224,756	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	2,145,416	—	—	—	—
1,540	2,993	—	—	1	37,432	1	3,260,313	2,235,436
—	—	—	—	744,563	—	10,883	—	—
4,203	199,462	—	—	3,354,493	236,226	11,760,915	4,705,759	2,754,282
—	—	—	—	3,959,415	4,194	249,527	295,689	11,592
—	—	—	—	559,572	—	—	—	—
—	—	—	—	5,202,132	—	3,519,794	2,602,803	—
—	56,411	—	—	18,300	—	—	—	1,297,138
—	—	—	—	29,912,182	873,630	13,525,955	18,588,245	25,989,744
—	—	—	—	—	8,567	—	150,182	225,384
—	56,411	—	—	39,651,601	886,391	17,295,276	21,636,919	27,523,858
4,203	143,051	—	—	(36,297,108)	(650,165)	(5,534,361)	(16,931,160)	(24,769,576)
—	—	—	—	—	—	—	—	—
—	—	—	—	—	263,969	—	4,627,316	6,944,378
—	—	—	—	—	2,283,914	—	40,036,475	60,084,166
—	—	79,507	—	37,975,887	—	500,000	—	—
—	—	—	—	—	—	—	(2,750,000)	(4,686,432)
—	—	79,507	—	37,975,887	2,547,883	500,000	41,913,791	62,342,112
4,203	143,051	79,507	—	1,678,779	1,897,718	(5,034,361)	24,982,631	37,572,536
34,621	83,358	(79,507)	—	(1,164,585)	(1,538,682)	(891,911)	59,968,085	31,144,114
\$ 38,824	\$ 226,409	\$ —	\$ —	\$ 514,194	\$ 359,036	\$ (5,926,272)	\$ 84,950,716	\$ 68,716,650

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2024

	Capital Projects				
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
REVENUES:					
Highway user taxes	\$ —	\$ —	\$ —	\$ —	\$ 21,430,580
Grants and entitlements	—	—	—	—	23,842,433
System development fees	236,942	—	—	—	2,277,282
Charges for services	—	—	—	173,987	1,168,191
Fines and forfeitures	—	—	—	—	725,712
Contributions	—	—	—	—	2,145,416
Interest revenue	91,359	586,718	484,711	40,328	10,087,032
Miscellaneous	—	69,049	—	533	1,028,142
Total revenues	328,301	655,767	484,711	214,848	62,704,788
EXPENDITURES:					
Current:					
General government	8,476	—	1,369,503	84,930	9,418,069
Public safety	366,503	—	—	—	5,812,560
Transportation and development	—	—	—	—	22,537,956
Community services	—	—	—	—	2,478,801
Capital outlay	3,212,691	4,388,234	2,750,318	31,165	114,485,076
Debt service:					
Bond issuance costs	15,044	—	—	—	399,177
Total expenditures	3,602,714	4,388,234	4,119,821	116,095	155,131,639
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	(3,274,413)	(3,732,467)	(3,635,110)	98,753	(92,426,851)
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	—	223,751	—	—	223,751
Bond premium	463,517	—	—	—	12,299,180
Face amount of bonds issued	4,010,445	—	—	—	106,415,000
Transfers in	—	3,306,294	4,251,960	—	46,113,648
Transfers out	—	—	—	—	(8,212,234)
Total other financing sources (uses)	4,473,962	3,530,045	4,251,960	—	156,839,345
NET CHANGE IN FUND BALANCE	1,199,549	(202,422)	616,850	98,753	64,412,494
FUND BALANCES (DEFICITS):					
Beginning of year	(4,827,972)	12,672,945	9,208,688	892,983	166,756,582
End of year	<u>\$ (3,628,423)</u>	<u>\$ 12,470,523</u>	<u>\$ 9,825,538</u>	<u>\$ 991,736</u>	<u>\$ 231,169,076</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Highway user taxes	\$ 17,000,000	\$ 17,000,000	\$ 21,430,580	\$ 4,430,580
Interest revenue	606,000	606,000	1,844,036	1,238,036
Miscellaneous	—	—	119,740	119,740
Total revenues	<u>17,606,000</u>	<u>17,606,000</u>	<u>23,394,356</u>	<u>5,788,356</u>
EXPENDITURES:				
General government	1,225,600	5,576,721	—	5,576,721
Transportation and development	23,703,284	9,918,060	9,031,655	886,405
Capital outlay	13,030,274	22,464,377	20,847,006	1,617,371
Total expenditures	<u>37,959,158</u>	<u>37,959,158</u>	<u>29,878,661</u>	<u>8,080,497</u>
Excess (deficiency) of revenues over expenditures	<u>(20,353,158)</u>	<u>(20,353,158)</u>	<u>(6,484,305)</u>	<u>13,868,853</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(293,672)	(293,672)	(271,590)	22,082
Total other financing sources (uses)	<u>(293,672)</u>	<u>(293,672)</u>	<u>(271,590)</u>	<u>22,082</u>
Net change in fund balance	<u>(20,646,830)</u>	<u>(20,646,830)</u>	<u>(6,755,895)</u>	<u>13,890,935</u>
Fund balance, July 1, 2023	<u>44,644,578</u>	<u>44,644,578</u>	<u>44,644,578</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 23,997,748</u>	<u>\$ 23,997,748</u>	<u>\$ 37,888,683</u>	<u>\$ 13,890,935</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 673,600	\$ 673,600	\$ 702,551	\$ 28,951
Charges for services	159,600	159,600	182,189	22,589
Interest revenue	85,000	85,000	251,759	166,759
Miscellaneous	—	—	83,285	83,285
Total revenues	<u>918,200</u>	<u>918,200</u>	<u>1,219,784</u>	<u>301,584</u>
EXPENDITURES:				
General government	56,300	300	—	300
Transportation and development	2,480,751	1,866,372	664,281	1,202,091
Capital outlay	185,000	870,998	61,792	809,206
Total expenditures	<u>2,722,051</u>	<u>2,737,670</u>	<u>726,073</u>	<u>2,011,597</u>
Excess (deficiency) of revenues over expenditures	<u>(1,803,851)</u>	<u>(1,819,470)</u>	<u>493,711</u>	<u>2,313,181</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>(1,808,063)</u>	<u>(1,823,682)</u>	<u>489,499</u>	<u>2,313,181</u>
Fund balance, July 1, 2023	<u>5,671,399</u>	<u>5,671,399</u>	<u>5,671,399</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 3,863,336</u>	<u>\$ 3,847,717</u>	<u>\$ 6,160,898</u>	<u>\$ 2,313,181</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 20,037,400	\$ 20,037,400	\$ 9,544,356	\$ (10,493,044)
Interest revenue	—	—	1,236,600	1,236,600
Total revenues	<u>20,037,400</u>	<u>20,037,400</u>	<u>10,780,956</u>	<u>(9,256,444)</u>
EXPENDITURES:				
General government	21,397,400	16,511,602	2,961,157	13,550,445
Public safety	—	6,524,661	4,562,369	1,962,292
Transportation and development	1,600,000	5,864,988	2,060,815	3,804,173
Community services	40,000	1,212,003	1,037,477	174,526
Capital outlay	—	596,564	1,584,875	(988,311)
Total expenditures	<u>23,037,400</u>	<u>30,709,818</u>	<u>12,206,693</u>	<u>18,503,125</u>
Excess (deficiency) of revenues over expenditures	<u>(3,000,000)</u>	<u>(10,672,418)</u>	<u>(1,425,737)</u>	<u>9,246,681</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(500,000)	(500,000)	(500,000)	—
Total other financing sources (uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>—</u>
Net change in fund balance	<u>(3,500,000)</u>	<u>(11,172,418)</u>	<u>(1,925,737)</u>	<u>9,246,681</u>
Fund balance, July 1, 2023	<u>10,334,778</u>	<u>10,334,778</u>	<u>10,334,778</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u>\$ 6,834,778</u>	<u>\$ (837,640)</u>	<u>\$ 8,409,041</u>	<u>\$ 9,246,681</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 10,260,000	\$ 10,260,000	\$ 1,779,518	\$ (8,480,482)
Total revenues	<u>10,260,000</u>	<u>10,260,000</u>	<u>1,779,518</u>	<u>(8,480,482)</u>
EXPENDITURES:				
General government	10,260,000	10,296,364	1,884,406	8,411,958
Capital outlay	—	—	49,348	(49,348)
Total expenditures	<u>10,260,000</u>	<u>10,296,364</u>	<u>1,933,754</u>	<u>8,362,610</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>(36,364)</u>	<u>(154,236)</u>	<u>(117,872)</u>
Net change in fund balance	<u>—</u>	<u>(36,364)</u>	<u>(154,236)</u>	<u>(117,872)</u>
Fund balance, July 1, 2023	<u>352,355</u>	<u>352,355</u>	<u>352,355</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 352,355</u>	<u>\$ 315,991</u>	<u>\$ 198,119</u>	<u>\$ (117,872)</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Fines and forfeitures	\$ 750,000	\$ 750,000	\$ 725,712	\$ (24,288)
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>725,712</u>	<u>(24,288)</u>
EXPENDITURES:				
General government	33,000	—	—	—
Public safety	645,000	687,944	354,706	333,238
Capital outlay	105,000	105,000	324,515	(219,515)
Total expenditures	<u>783,000</u>	<u>792,944</u>	<u>679,221</u>	<u>113,723</u>
Net change in fund balance	(33,000)	(42,944)	46,491	89,435
Fund balance (deficit), July 1, 2023	<u>(64,634)</u>	<u>(64,634)</u>	<u>(64,634)</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u><u>\$ (97,634)</u></u>	<u><u>\$ (107,578)</u></u>	<u><u>\$ (18,143)</u></u>	<u><u>\$ 89,435</u></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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 118,800	\$ 118,800	\$ 91,601	\$ (27,199)
Interest revenue	5,000	5,000	13,783	8,783
Miscellaneous	500	500	89	(411)
Total revenues	<u>124,300</u>	<u>124,300</u>	<u>105,473</u>	<u>(18,827)</u>
EXPENDITURES:				
General government	25,500	25,500	11,874	13,626
Community services	121,925	121,925	69,475	52,450
Capital outlay	—	—	7,168	(7,168)
Total expenditures	<u>147,425</u>	<u>147,425</u>	<u>88,517</u>	<u>58,908</u>
Net change in fund balance	(23,125)	(23,125)	16,956	40,081
Fund balance, July 1, 2023	<u>315,969</u>	<u>315,969</u>	<u>315,969</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 292,844</u>	<u>\$ 292,844</u>	<u>\$ 332,925</u>	<u>\$ 40,081</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 1,100	\$ 1,100	\$ 2,663	\$ 1,563
Interest revenue	1,000	1,000	1,541	541
Total revenues	<u>2,100</u>	<u>2,100</u>	<u>4,204</u>	<u>2,104</u>
EXPENDITURES:				
General government	36,833	36,833	—	36,833
Total expenditures	<u>36,833</u>	<u>36,833</u>	<u>—</u>	<u>36,833</u>
Net change in fund balance	(34,733)	(34,733)	4,204	38,937
Fund balance, July 1, 2023	<u>34,621</u>	<u>34,621</u>	<u>34,621</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u>\$ (112)</u>	<u>\$ (112)</u>	<u>\$ 38,825</u>	<u>\$ 38,937</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 85,300	\$ 85,300	\$ 196,469	\$ 111,169
Interest revenue	2,000	2,000	2,998	998
Total revenues	<u>87,300</u>	<u>87,300</u>	<u>199,467</u>	<u>112,167</u>
EXPENDITURES:				
Community services	80,000	80,000	56,411	23,589
Capital outlay	50,000	135,000	134,519	481
Total expenditures	<u>130,000</u>	<u>215,000</u>	<u>190,930</u>	<u>24,070</u>
Net change in fund balance	(42,700)	(127,700)	8,537	136,237
Fund balance, July 1, 2023	<u>83,358</u>	<u>83,358</u>	<u>83,358</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u>\$ 40,658</u>	<u>\$ (44,342)</u>	<u>\$ 91,895</u>	<u>\$ 136,237</u>

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Special Assessment Bond
For the year ended June 30, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
OTHER FINANCING SOURCES (USES):				
Transfers in	—	—	79,507	79,507
Total other financing sources (uses)	—	—	79,507	79,507
Net change in fund balance	—	—	79,507	79,507
Fund balance (deficit), July 1, 2023	(79,507)	(79,507)	(79,507)	—
Fund balance, June 30, 2024	\$ (79,507)	\$ (79,507)	\$ —	\$ 79,507

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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Miscellaneous	\$ —	\$ —	\$ 744,563	\$ 744,563
Total revenues	<u>—</u>	<u>—</u>	<u>744,563</u>	<u>744,563</u>
EXPENDITURES:				
General government	29,023,929	25,067,452	10,204,241	14,863,211
Public safety	8,774,655	823,069	709,867	113,202
Transportation and development	32,487,006	9,445,190	7,040,844	2,404,346
Community services	8,291,324	619,847	96,731	523,116
Capital outlay	49,402,213	88,867,601	49,626,279	39,241,322
Total expenditures	<u>127,979,127</u>	<u>124,823,159</u>	<u>67,677,962</u>	<u>57,145,197</u>
Excess (deficiency) of revenues over expenditures	<u>(127,979,127)</u>	<u>(124,823,159)</u>	<u>(66,933,399)</u>	<u>57,889,760</u>
OTHER FINANCING SOURCES (USES):				
Capital contributions				
Transfers in	127,979,127	122,686,417	37,975,887	(84,710,530)
Total other financing sources (uses)	<u>127,979,127</u>	<u>122,686,417</u>	<u>37,975,887</u>	<u>(84,710,530)</u>
Net change in fund balance	<u>—</u>	<u>(2,136,742)</u>	<u>(28,957,512)</u>	<u>(26,820,770)</u>
Fund balance (deficit), July 1, 2023	<u>(1,164,585)</u>	<u>(1,164,585)</u>	<u>(1,164,585)</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u>\$ (1,164,585)</u>	<u>\$ (3,301,327)</u>	<u>\$ (30,122,097)</u>	<u>\$ (26,820,770)</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 277,000	\$ 277,000	\$ 76,048	\$ (200,952)
Charges for services	—	—	122,746	122,746
Interest revenue	4,200	4,200	37,433	33,233
Total revenues	<u>281,200</u>	<u>281,200</u>	<u>236,227</u>	<u>(44,973)</u>
EXPENDITURES:				
General government	261,200	261,200	4,194	257,006
Capital outlay	2,520,000	2,520,000	2,692,598	(172,598)
Bond issuance costs	—	—	8,567	(8,567)
Total expenditures	<u>2,781,200</u>	<u>2,781,200</u>	<u>2,705,359</u>	<u>75,841</u>
Excess (deficiency) of revenues over expenditures	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,469,132)</u>	<u>30,868</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	263,969	263,969
Face amount of bonds issued	2,600,000	2,600,000	2,283,914	(316,086)
Transfers out	(100,000)	(100,000)	—	100,000
Total other financing sources (uses)	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,547,883</u>	<u>47,883</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>78,751</u>	<u>78,751</u>
Fund balance (deficit), July 1, 2023	<u>(1,538,682)</u>	<u>(1,538,682)</u>	<u>(1,538,682)</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u>\$ (1,538,682)</u>	<u>\$ (1,538,682)</u>	<u>\$ (1,459,931)</u>	<u>\$ 78,751</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 46,510,193	\$ 46,510,193	\$ 11,525,275	\$ (34,984,918)
Charges for services	157,000	157,000	224,756	67,756
Miscellaneous	—	—	10,883	10,883
Total revenues	<u>46,667,193</u>	<u>46,667,193</u>	<u>11,760,914</u>	<u>(34,906,279)</u>
EXPENDITURES:				
General government	7,373,917	12,277,742	263,737	12,014,005
Transportation and development	47,326,173	10,971,653	6,272,519	4,699,134
Community services	9,755,689	—	—	—
Capital outlay	<u>32,399,777</u>	<u>64,903,161</u>	<u>22,178,422</u>	<u>42,724,739</u>
Total expenditures	<u>96,855,556</u>	<u>88,152,556</u>	<u>28,714,678</u>	<u>59,437,878</u>
Excess (deficiency) of revenues over expenditures	<u>(50,188,363)</u>	<u>(41,485,363)</u>	<u>(16,953,764)</u>	<u>24,531,599</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	500,000	500,000	—
Transfers out	—	(120,000)	—	120,000
Total other financing sources (uses)	<u>500,000</u>	<u>380,000</u>	<u>500,000</u>	<u>120,000</u>
Net change in fund balance	<u>(49,688,363)</u>	<u>(41,105,363)</u>	<u>(16,453,764)</u>	<u>24,651,599</u>
Fund balance (deficit), July 1, 2023	<u>(891,911)</u>	<u>(891,911)</u>	<u>(891,911)</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u><u>\$ (50,580,274)</u></u>	<u><u>\$ (41,997,274)</u></u>	<u><u>\$ (17,345,675)</u></u>	<u><u>\$ 24,651,599</u></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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Regional transportation taxes	\$ 60,000	\$ 60,000	\$ —	\$ (60,000)
System development fees	6,000,000	6,000,000	1,445,446	(4,554,554)
Interest revenue	914,000	914,000	3,260,311	2,346,311
Total revenues	<u>6,974,000</u>	<u>6,974,000</u>	<u>4,705,757</u>	<u>(2,268,243)</u>
EXPENDITURES:				
General government	1,539,573	10,054,805	862,451	9,192,354
Transportation and development	65,006,150	13,796,524	5,166,066	8,630,458
Capital outlay	29,014,614	71,709,008	34,768,771	36,940,237
Bond issuance costs	—	—	150,182	(150,182)
Total expenditures	<u>95,560,337</u>	<u>95,560,337</u>	<u>40,947,470</u>	<u>54,612,867</u>
Excess (deficiency) of revenues over expenditures	<u>(88,586,337)</u>	<u>(88,586,337)</u>	<u>(36,241,713)</u>	<u>52,344,624</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	4,627,316	4,627,316
Face amount of bonds issued	45,250,000	45,250,000	40,036,475	(5,213,525)
Transfers in	60,000	60,000	—	(60,000)
Transfers out	(2,810,000)	(2,810,000)	(2,750,000)	60,000
Total other financing sources (uses)	<u>42,500,000</u>	<u>42,500,000</u>	<u>41,913,791</u>	<u>(586,209)</u>
Net change in fund balance	<u>(46,086,337)</u>	<u>(46,086,337)</u>	<u>5,672,078</u>	<u>51,758,415</u>
Fund balance, July 1, 2023	<u>59,968,085</u>	<u>59,968,085</u>	<u>59,968,085</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 13,881,748</u>	<u>\$ 13,881,748</u>	<u>\$ 65,640,163</u>	<u>\$ 51,758,415</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 564,000	\$ 564,000	\$ 518,846	\$ (45,154)
Interest revenue	459,000	459,000	2,235,433	1,776,433
Total revenues	<u>1,023,000</u>	<u>1,023,000</u>	<u>2,754,279</u>	<u>1,731,279</u>
EXPENDITURES:				
General government	201,211	1,445,105	10,221	1,434,884
Community services	37,383,146	10,333,951	1,829,880	8,504,071
Capital outlay	36,752,718	61,667,150	42,300,078	19,367,072
Bond issuance costs	—	—	225,384	(225,384)
Total expenditures	<u>74,337,075</u>	<u>73,446,206</u>	<u>44,365,563</u>	<u>29,080,643</u>
Excess (deficiency) of revenues over expenditures	<u>(73,314,075)</u>	<u>(72,423,206)</u>	<u>(41,611,284)</u>	<u>30,811,922</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	6,944,378	6,944,378
Face amount of bonds issued	66,650,000	66,565,000	60,084,166	(6,480,834)
Transfers out	(4,736,432)	(4,736,432)	(4,686,432)	50,000
Total other financing sources (uses)	<u>61,913,568</u>	<u>61,828,568</u>	<u>62,342,112</u>	<u>513,544</u>
Net change in fund balance	<u>(11,400,507)</u>	<u>(10,594,638)</u>	<u>20,730,828</u>	<u>31,325,466</u>
Fund balance, July 1, 2023	<u>31,144,114</u>	<u>31,144,114</u>	<u>31,144,114</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 19,743,607</u>	<u>\$ 20,549,476</u>	<u>\$ 51,874,942</u>	<u>\$ 31,325,466</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 865,000	\$ 865,000	\$ 236,942	\$ (628,058)
Interest revenue	23,000	23,000	91,360	68,360
Total revenues	<u>888,000</u>	<u>888,000</u>	<u>328,302</u>	<u>(559,698)</u>
EXPENDITURES:				
General government	269,000	5,320,961	8,476	5,312,485
Public safety	9,212,099	586,615	379,623	206,992
Capital outlay	—	3,573,523	3,952,925	(379,402)
Bond issuance costs	—	—	15,044	(15,044)
Total expenditures	<u>9,481,099</u>	<u>9,481,099</u>	<u>4,356,068</u>	<u>5,125,031</u>
Excess (deficiency) of revenues over expenditures	<u>(8,593,099)</u>	<u>(8,593,099)</u>	<u>(4,027,766)</u>	<u>4,565,333</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	463,517	463,517
Face amount of bonds issued	5,200,000	5,200,000	4,010,445	(1,189,555)
Transfers out	(600,000)	(600,000)	—	600,000
Total other financing sources (uses)	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,473,962</u>	<u>(126,038)</u>
Net change in fund balance	<u>(3,993,099)</u>	<u>(3,993,099)</u>	<u>446,196</u>	<u>4,439,295</u>
Fund balance (deficit), July 1, 2023	<u>(4,827,972)</u>	<u>(4,827,972)</u>	<u>(4,827,972)</u>	<u>—</u>
Fund balance (deficit), June 30, 2024	<u>\$ (8,821,071)</u>	<u>\$ (8,821,071)</u>	<u>\$ (4,381,776)</u>	<u>\$ 4,439,295</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 197,000	\$ 197,000	\$ 586,718	\$ 389,718
Miscellaneous	—	—	69,049	69,049
Total revenues	<u>197,000</u>	<u>197,000</u>	<u>655,767</u>	<u>458,767</u>
EXPENDITURES:				
General government	3,568,116	1,641,597	—	1,641,597
Public safety	708,400	708,400	—	708,400
Capital outlay	6,152,000	8,354,313	7,978,226	376,087
Total expenditures	<u>10,428,516</u>	<u>10,704,310</u>	<u>7,978,226</u>	<u>2,726,084</u>
Excess (deficiency) of revenues over expenditures	<u>(10,231,516)</u>	<u>(10,507,310)</u>	<u>(7,322,459)</u>	<u>3,184,851</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	300,000	300,000	223,751	(76,249)
Transfers in	3,306,294	3,306,294	3,306,294	—
Total other financing sources (uses)	<u>3,606,294</u>	<u>3,606,294</u>	<u>3,530,045</u>	<u>(76,249)</u>
Net change in fund balance	<u>(6,625,222)</u>	<u>(6,901,016)</u>	<u>(3,792,414)</u>	<u>3,108,602</u>
Fund balance, July 1, 2023	<u>12,672,945</u>	<u>12,672,945</u>	<u>12,672,945</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 6,047,723</u>	<u>\$ 5,771,929</u>	<u>\$ 8,880,531</u>	<u>\$ 3,108,602</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 179,000	\$ 179,000	\$ 484,710	\$ 305,710
Total revenues	<u>179,000</u>	<u>179,000</u>	<u>484,710</u>	<u>305,710</u>
EXPENDITURES:				
General government	4,229,050	3,007,674	1,425,489	1,582,185
Capital outlay	<u>2,795,748</u>	<u>3,544,280</u>	<u>2,782,314</u>	<u>761,966</u>
Total expenditures	<u>7,024,798</u>	<u>6,551,954</u>	<u>4,207,803</u>	<u>2,344,151</u>
Excess (deficiency) of revenues over expenditures	<u>(6,845,798)</u>	<u>(6,372,954)</u>	<u>(3,723,093)</u>	<u>2,649,861</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>4,238,302</u>	<u>4,238,302</u>	<u>4,251,960</u>	<u>13,658</u>
Total other financing sources (uses)	<u>4,238,302</u>	<u>4,238,302</u>	<u>4,251,960</u>	<u>13,658</u>
Net change in fund balance	<u>(2,607,496)</u>	<u>(2,134,652)</u>	<u>528,867</u>	<u>2,663,519</u>
Fund balance, July 1, 2023	<u>9,208,688</u>	<u>9,208,688</u>	<u>9,208,688</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 6,601,192</u>	<u>\$ 7,074,036</u>	<u>\$ 9,737,555</u>	<u>\$ 2,663,519</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, 2024

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Charges for services	\$ 173,987	\$ 173,987	\$ 173,987	\$ —
Interest revenue	12,800	12,800	40,328	27,528
Miscellaneous	—	—	533	533
Total revenues	<u>186,787</u>	<u>186,787</u>	<u>214,848</u>	<u>28,061</u>
EXPENDITURES:				
General government	332,665	302,165	204,930	97,235
Capital outlay	—	56,165	31,165	25,000
Total expenditures	<u>332,665</u>	<u>358,330</u>	<u>236,095</u>	<u>122,235</u>
Net change in fund balance	(145,878)	(171,543)	(21,247)	150,296
Fund balance, July 1, 2023	<u>892,983</u>	<u>892,983</u>	<u>892,983</u>	<u>—</u>
Fund balance, June 30, 2024	<u>\$ 747,105</u>	<u>\$ 721,440</u>	<u>\$ 871,736</u>	<u>\$ 150,296</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, 2024

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$25,071,584	\$ 192,114	\$10,534,406	\$35,798,104
Accounts receivable	2,490,129	7	113,947	2,604,083
Due from other governments	—	—	17,383	17,383
Inventories	—	12,973	—	12,973
Prepaid invoices	94,187	—	—	94,187
Accrued interest receivable	137,108	—	57,452	194,560
Other receivables	148	—	13,842	13,990
Total current assets	<u>27,793,156</u>	<u>205,094</u>	<u>10,737,030</u>	<u>38,735,280</u>
Long-term assets:				
Notes receivable	—	—	154,750	154,750
Leases receivable	—	3,876,162	—	3,876,162
Capital assets:				
Non-depreciable	6,740,625	20,599,736	1,889,957	29,230,318
Depreciable, net	5,406,436	12,163,794	6,430,915	24,001,145
Total capital assets	<u>12,147,061</u>	<u>32,763,530</u>	<u>8,320,872</u>	<u>53,231,463</u>
Total long-term assets	<u>12,147,061</u>	<u>36,639,692</u>	<u>8,475,622</u>	<u>57,262,375</u>
Total assets	<u>39,940,217</u>	<u>36,844,786</u>	<u>19,212,652</u>	<u>95,997,655</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of OPEB and pension plan items	<u>428,239</u>	<u>220,172</u>	<u>492,222</u>	<u>1,140,633</u>

LIABILITIES

Current liabilities:

Accounts payable	1,104,891	85,255	19,194	1,209,340
Accrued payroll	79,974	33,640	—	113,614
Trust liabilities and deposits	—	84,666	1,104,411	1,189,077
Customer advances	207,816	35,174	14,086	257,076
Compensated absences payable	22,415	8,399	15,887	46,701
Landfill closure and postclosure liability	94,446	—	—	94,446
Total current liabilities	<u>1,509,542</u>	<u>247,134</u>	<u>1,153,578</u>	<u>2,910,254</u>

Long-term liabilities:

Compensated absences payable	110,840	41,533	61,760	214,133
Net pension liability	936,786	1,152,899	2,116,137	4,205,822
OPEB liability	649,770	221,999	722,889	1,594,658
Landfill closure and postclosure liability	4,245,554	—	—	4,245,554
Total long-term liabilities	<u>5,942,950</u>	<u>1,416,431</u>	<u>2,900,786</u>	<u>10,260,167</u>
Total liabilities	<u>7,452,492</u>	<u>1,663,565</u>	<u>4,054,364</u>	<u>13,170,421</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	374,329	84,247	391,026	849,602
Deferred inflows of leases	—	3,759,444	—	3,759,444
Total deferred inflows of resources	<u>374,329</u>	<u>3,843,691</u>	<u>391,026</u>	<u>4,609,046</u>

NET POSITION

Net investment in capital assets	12,147,061	32,763,530	8,320,872	53,231,463
Unrestricted	20,394,574	(1,205,828)	6,938,612	26,127,358
Total net position	<u>\$32,541,635</u>	<u>\$31,557,702</u>	<u>\$15,259,484</u>	<u>\$79,358,821</u>



City of Chandler
Combining Statement of Revenues, Expenses and Changes in Net Position -
Non-Major Proprietary Funds
For the year ended June 30, 2024

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 19,256,732	\$ 1,174,462	\$ 325	\$ 20,431,519
Grants and entitlements	—	—	12,460,952	12,460,952
Rentals	—	—	1,752,557	1,752,557
Sales taxes	—	23,363	—	23,363
Miscellaneous	11	5,661	466,363	472,035
Total operating revenues	<u>19,256,743</u>	<u>1,203,486</u>	<u>14,680,197</u>	<u>35,140,426</u>
OPERATING EXPENSES:				
General and administrative	1,000,564	100,000	—	1,100,564
Personnel services	2,175,240	820,591	2,256,992	5,252,823
Contractual services	14,177,977	122,299	1,125,295	15,425,571
Commodities	1,461,945	941,276	580,494	2,983,715
Housing assistance payments	—	—	9,600,501	9,600,501
Depreciation and amortization expense	596,958	888,977	657,519	2,143,454
Total operating expenses	<u>19,412,684</u>	<u>2,873,143</u>	<u>14,220,801</u>	<u>36,506,628</u>
OPERATING INCOME (LOSS)	<u>(155,941)</u>	<u>(1,669,657)</u>	<u>459,396</u>	<u>(1,366,202)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	989,054	94,791	403,162	1,487,007
Gain (loss) on disposal of capital assets	—	—	4,401	4,401
Total nonoperating revenues (expenses)	<u>989,054</u>	<u>94,791</u>	<u>407,563</u>	<u>1,491,408</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>833,113</u>	<u>(1,574,866)</u>	<u>866,959</u>	<u>125,206</u>
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	—	1,298,832	—	1,298,832
Transfers in	—	685,617	431,000	1,116,617
Transfers out	(117,285)	(32,764)	—	(150,049)
Total capital contributions and transfers	<u>(117,285)</u>	<u>1,951,685</u>	<u>431,000</u>	<u>2,265,400</u>
CHANGE IN NET POSITION	<u>715,828</u>	<u>376,819</u>	<u>1,297,959</u>	<u>2,390,606</u>
NET POSITION				
Beginning of year	31,825,807	31,180,883	13,961,525	76,968,215
End of year	<u>\$ 32,541,635</u>	<u>\$ 31,557,702</u>	<u>\$ 15,259,484</u>	<u>\$ 79,358,821</u>

City of Chandler
Combining Statement of Cash Flows -
Non-Major Proprietary Funds
For the year ended June 30, 2024

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 19,210,339	\$ 1,183,982	\$ 2,217,809	\$ 22,612,130
Cash received from grantors	—	—	12,443,569	12,443,569
Cash payments to suppliers	(16,660,940)	(1,187,497)	(11,347,878)	(29,196,315)
Cash payments to employees for services	(2,110,899)	(791,050)	(2,196,104)	(5,098,053)
Net cash provided (used) by operating activities	<u>438,500</u>	<u>(794,565)</u>	<u>1,117,396</u>	<u>761,331</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	—	685,617	431,000	1,116,617
Transfers out	(117,285)	(32,764)	—	(150,049)
Net cash provided (used) by noncapital financing activities	<u>(117,285)</u>	<u>652,853</u>	<u>431,000</u>	<u>966,568</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	168,227	119,671	(590,181)	(302,283)
Net cash provided (used) by capital and related financing activities	<u>168,227</u>	<u>119,671</u>	<u>(590,181)</u>	<u>(302,283)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	929,658	94,791	376,796	1,401,245
Net cash provided (used) by investing activities	<u>929,658</u>	<u>94,791</u>	<u>376,796</u>	<u>1,401,245</u>
Net increase (decrease) in cash and cash equivalents	1,419,100	72,750	1,335,011	2,826,861
CASH AND CASH EQUIVALENTS:				
Beginning of year	23,652,484	119,364	9,199,395	32,971,243
End of year	<u>\$ 25,071,584</u>	<u>\$ 192,114</u>	<u>\$ 10,534,406</u>	<u>\$ 35,798,104</u>

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

Operating income (loss)	\$ (155,941)	\$ (1,669,657)	\$ 459,396	\$ (1,366,202)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	596,958	888,977	657,519	2,143,454
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	(132,167)	105,174	(94,849)	(121,842)
(Increase) decrease in due from other governments	—	—	(17,383)	(17,383)
(Increase) decrease in inventories	—	19,258	—	19,258
(Increase) decrease in prepaid items	(94,187)	—	—	(94,187)
Increase (decrease) in payables	73,733	(43,180)	(41,588)	(11,035)
Increase (decrease) in accrued payroll and compensated absences	31,133	6,871	12,561	50,565
Increase (decrease) in deposits	—	12,151	100,186	112,337
Increase (decrease) in customer advances	85,763	4,758	(6,773)	83,748
Increase (decrease) in net pension items	(4,267)	6,968	10,753	13,454
Increase (decrease) in OPEB liability	37,475	15,702	37,574	90,751
Increase (decrease) in lease deferred inflows	—	(141,587)	—	(141,587)
Total adjustments	594,441	875,092	658,000	2,127,533
Net cash provided (used) by operating activities	\$ 438,500	\$ (794,565)	\$ 1,117,396	\$ 761,331

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ —	\$ 1,298,832	\$ —	\$ 1,298,832
Gain (loss) on disposal of capital assets	—	—	4,401	4,401



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	147
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	163
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	167
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	190
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	193
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			
	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 567,041,560	\$ 579,591,241	\$ 587,213,640	\$ 536,086,249
Restricted	108,965,994	121,767,847	122,006,140	168,510,855
Unrestricted	7,709,550	(5,872,464)	(36,358,845)	(65,575,548)
Total governmental activities net position	683,717,104	695,486,624	672,860,935	639,021,556
Business-type activities				
Net investment in capital assets	380,427,606	342,252,306	439,823,546	467,799,036
Restricted	119,075	31,365,801	32,977,926	33,447,434
Unrestricted	217,824,645	258,806,679	176,390,803	243,735,547
Total business-type activities net position	598,371,326	632,424,786	649,192,275	744,982,017
Primary government				
Net investment in capital assets	947,469,166	921,843,547	1,027,037,186	1,003,885,285
Restricted	109,085,069	153,133,648	155,184,734	201,958,289
Unrestricted	225,534,195	252,934,215	139,831,290	178,159,999
Total primary government net position	\$ 1,282,088,430	\$ 1,327,911,410	\$ 1,322,053,210	\$ 1,384,003,573

Schedule 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 575,953,033	\$ 547,511,826	\$ 555,107,220	\$ 536,775,941	\$ 555,568,147	\$ 572,110,660
173,490,725	191,839,529	189,214,016	194,380,531	182,068,932	251,642,729
(72,592,489)	(8,655,932)	(6,761,531)	63,657,816	168,391,045	170,645,342
676,851,269	730,695,423	737,559,705	794,814,288	906,028,124	994,398,731
481,911,949	477,329,239	458,616,595	473,953,519	514,595,066	526,875,770
31,523,149	33,750,526	32,154,205	31,745,566	31,119,667	28,190,997
249,131,813	267,005,635	299,755,652	283,463,157	250,938,753	264,141,654
762,566,911	778,085,400	790,526,452	789,162,242	796,653,486	819,208,421
1,057,864,982	1,024,841,065	1,013,723,815	1,010,729,460	1,070,163,213	1,098,986,430
205,013,874	225,590,055	221,368,221	226,126,097	213,188,599	279,833,726
176,539,324	258,349,703	292,994,121	347,120,973	419,329,798	434,786,996
<u>\$ 1,439,418,180</u>	<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>

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

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 104,456,315	\$ 112,514,903	\$ 104,998,802	\$ 113,587,478
Public safety	102,050,425	111,568,323	149,366,614	112,371,723
Transportation and development	51,714,085	55,012,081	56,752,197	55,287,494
Community services	31,784,321	31,441,019	32,599,549	36,824,102
Interest and fiscal charges	6,986,490	7,884,146	6,623,830	6,716,119
Total governmental activities expenses	296,991,636	318,420,472	350,340,992	324,786,916
Business-type activities:				
Water	55,470,724	54,075,742	63,236,746	61,513,990
Wastewater	50,823,497	51,034,921	58,112,931	60,605,779
Solid waste	14,087,780	13,925,017	14,380,178	14,531,558
Airport	1,860,057	2,011,880	1,893,830	1,841,718
Chandler housing authority	7,433,284	7,267,806	7,728,876	8,109,635
Total business-type activities expenses	129,675,342	128,315,366	145,352,561	146,602,680
Total primary government expenses	\$ 426,666,978	\$ 446,735,838	\$ 495,693,553	\$ 471,389,596

Schedule 2a

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 114,373,302	\$ 138,850,297	\$ 162,849,542	\$ 157,127,919	\$ 195,086,875	\$ 258,864,611
124,906,187	109,544,169	122,146,366	104,673,550	95,958,948	85,894,534
53,806,473	59,777,330	58,847,053	56,403,523	60,990,970	59,823,718
36,990,853	38,195,563	39,565,719	41,563,661	45,928,371	43,606,131
7,046,655	6,885,184	6,653,197	6,014,168	5,292,655	5,935,673
337,123,470	353,252,543	390,061,877	365,782,821	403,257,819	454,124,667
58,297,769	60,330,758	62,049,102	61,264,619	75,887,686	69,667,817
61,218,775	66,788,084	62,753,454	63,037,577	63,849,518	70,135,806
15,221,985	16,522,728	17,040,309	16,727,814	17,278,664	19,412,684
2,038,417	2,382,288	2,186,724	1,956,786	2,209,135	2,873,143
8,478,235	8,710,570	9,207,531	9,955,131	10,877,168	14,220,801
145,255,181	154,734,428	153,237,120	152,941,927	170,102,171	176,310,251
\$ 482,378,651	\$ 507,986,971	\$ 543,298,997	\$ 518,724,748	\$ 573,359,990	\$ 630,434,918

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

	Fiscal Year			
	2015	2016	2017	2018
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 39,207,061	\$ 42,021,638	\$ 41,400,079	\$ 43,089,930
Public safety	6,469,215	7,471,344	6,561,052	6,100,584
Transportation and development	14,438,138	16,538,175	16,333,273	17,145,894
Community services	7,551,166	10,792,114	10,732,351	9,180,276
Operating grants and contributions	3,514,714	5,188,787	4,481,750	3,988,629
Capital grants and contributions	13,133,637	16,725,462	9,702,683	9,340,818
Total governmental activities program revenues	84,313,931	98,737,520	89,211,188	88,846,131
Business-type activities:				
Charges for services:				
Water	48,045,103	50,483,097	53,251,020	54,031,592
Wastewater	45,666,777	51,321,346	53,563,934	56,367,650
Solid waste	14,140,246	14,940,591	15,648,992	16,307,409
Airport	1,010,288	946,419	950,294	963,827
Chandler housing authority	877,380	946,408	954,070	1,085,013
Operating grants and contributions	5,862,477	5,784,021	6,198,797	6,350,858
Capital grants and contributions	35,357,741	32,690,364	27,645,932	22,360,158
Total business-type activities program revenues	150,960,012	157,112,246	158,213,039	157,466,507
Total primary government program revenues	<u>\$ 235,273,943</u>	<u>\$ 255,849,766</u>	<u>\$ 247,424,227</u>	<u>\$ 246,312,638</u>
Net (expense)/revenue				
Governmental activities	\$ (212,677,705)	\$ (219,682,952)	\$ (261,129,804)	\$ (235,940,785)
Business-type activities	21,284,670	28,796,880	12,860,478	10,863,827
Total primary government net (expense)	<u>\$ (191,393,035)</u>	<u>\$ (190,886,072)</u>	<u>\$ (248,269,326)</u>	<u>\$ (225,076,958)</u>

Schedule 2b

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 43,622,807	\$ 43,203,865	\$ 42,011,670	\$ 42,734,281	\$ 37,240,071	\$ 41,272,767
4,998,779	6,512,002	5,073,984	5,714,382	5,723,124	6,804,298
14,869,670	16,420,652	14,266,302	13,044,002	22,869,091	12,947,005
7,583,513	5,623,796	5,437,401	6,033,727	14,900,747	15,537,533
4,522,345	31,052,185	18,694,567	17,863,747	26,999,694	13,304,466
10,510,464	18,714,457	16,573,341	18,678,027	16,237,742	16,299,587
86,107,578	121,526,957	102,057,265	104,068,166	123,970,469	106,165,656
52,459,720	54,722,296	58,755,999	54,911,138	53,415,725	57,606,344
56,055,131	61,531,949	61,971,940	61,109,393	60,884,259	63,309,459
16,107,922	16,757,829	17,480,050	17,629,367	18,449,086	19,256,732
906,557	880,194	893,268	813,683	930,969	1,174,463
1,155,430	1,188,570	1,262,966	1,415,794	1,638,902	1,752,882
7,224,669	7,137,950	7,965,078	8,598,756	9,124,544	12,460,952
18,335,155	14,190,016	14,355,873	12,887,544	13,482,347	28,318,640
152,244,584	156,408,804	162,685,174	157,365,675	157,925,832	183,879,472
\$ 238,352,162	\$ 277,935,761	\$ 264,742,439	\$ 261,433,841	\$ 281,896,301	\$ 290,045,128
\$ (251,015,892)	\$ (231,725,586)	\$ (288,004,612)	\$ (261,714,655)	\$ (279,287,350)	\$ (347,959,011)
6,989,403	1,674,376	9,448,054	4,423,748	(12,176,339)	7,569,221
\$ (244,026,489)	\$ (230,051,210)	\$ (278,556,558)	\$ (257,290,907)	\$ (291,463,689)	\$ (340,389,790)

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

	Fiscal Year			
	2015	2016	2017	2018
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 28,708,033	\$ 29,214,103	\$ 29,837,763	\$ 30,816,495
Sales taxes	108,657,130	112,250,883	120,189,651	127,584,410
Highway user taxes	14,633,470	15,303,635	16,683,743	16,135,949
Other taxes	10,106,891	6,100,475	664,616	940,203
Franchise fees	3,300,129	3,344,817	3,285,267	3,571,744
State shared	59,236,588	60,712,442	65,924,228	64,723,211
Investment income	1,763,585	3,834,840	1,063,997	1,531,766
Miscellaneous	1,197,215	1,124,559	1,014,665	1,502,418
Transfers in (out)	(123,350)	(433,282)	(159,815)	(4,175,579)
Total governmental activities	<u>227,479,691</u>	<u>231,452,472</u>	<u>238,504,115</u>	<u>242,630,617</u>
Business-type activities:				
Sales taxes	10,865	10,391	10,682	13,769
Investment income	819,556	2,180,447	938,491	854,848
Miscellaneous	2,475,760	2,632,460	2,798,023	14,923,212
Transfers in (out)	123,350	433,282	159,815	4,175,579
Total business-type activities:	<u>3,429,531</u>	<u>5,256,580</u>	<u>3,907,011</u>	<u>19,967,408</u>
Total primary government	<u>\$ 230,909,222</u>	<u>\$ 236,709,052</u>	<u>\$ 242,411,126</u>	<u>\$ 262,598,025</u>
Change in Net Position				
Governmental activities	\$ 14,801,986	\$ 11,769,520	\$ (22,625,689)	\$ 6,689,832
Business-type activities	<u>24,714,201</u>	<u>34,053,460</u>	<u>16,767,489</u>	<u>30,831,235</u>
Total primary government	<u>\$ 39,516,187</u>	<u>\$ 45,822,980</u>	<u>\$ (5,858,200)</u>	<u>\$ 37,521,067</u>

Schedule 2c

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 32,550,250	\$ 34,419,182	\$ 36,371,978	\$ 39,560,904	\$ 41,363,544	\$ 42,508,632
139,851,355	140,644,918	157,513,686	182,028,630	210,027,766	208,766,241
17,301,902	16,996,911	18,108,310	19,460,326	20,835,558	21,430,580
866,267	1,153,237	2,226,568	2,210,634	201,799	—
3,567,184	3,441,225	3,823,524	3,861,042	3,838,738	3,691,281
67,156,430	70,769,943	80,699,253	87,038,075	108,187,240	133,384,945
14,822,135	16,951,295	584,026	(15,954,424)	5,427,207	25,508,647
1,261,279	2,085,020	1,820,520	1,916,550	1,380,596	2,109,152
(90,680)	(891,991)	105,991	(1,103,279)	(761,263)	(1,069,860)
277,286,122	285,569,740	301,253,856	319,018,458	390,501,185	436,329,618
17,347	15,521	16,516	21,379	22,063	23,363
7,742,589	9,974,135	249,448	(7,617,417)	3,832,676	10,854,527
2,842,825	2,962,466	2,833,025	2,811,515	15,051,582	3,033,563
90,680	891,991	(105,991)	1,103,279	761,263	1,069,860
10,693,441	13,844,113	2,992,998	(3,681,244)	19,667,584	14,981,313
\$ 287,979,563	\$ 299,413,853	\$ 304,246,854	\$ 315,337,214	\$ 410,168,769	\$ 451,310,931
\$ 26,270,230	\$ 53,844,154	\$ 13,249,244	\$ 57,303,803	\$ 111,213,835	\$ 88,370,607
17,682,844	15,518,489	12,441,052	742,504	7,491,245	22,554,935
\$ 43,953,074	\$ 69,362,643	\$ 25,690,296	\$ 58,046,307	\$ 118,705,080	\$ 110,925,542

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

	Fiscal Year			
	2015	2016	2017	2018
General fund				
Nonspendable	\$ 940,359	\$ 907,594	\$ 979,446	\$ 813,143
Restricted	1,792,180	1,566,618	1,451,061	1,980,807
Assigned	102,222,466	109,958,162	101,620,277	116,359,633
Unassigned	80,152,269	68,567,835	87,492,981	65,182,337
Total general fund	<u>\$ 185,107,274</u>	<u>\$ 181,000,209</u>	<u>\$ 191,543,765</u>	<u>\$ 184,335,920</u>
All other governmental funds				
Nonspendable	\$ —	\$ —	\$ 7,422	\$ —
Restricted	107,173,814	120,201,229	120,640,190	166,570,330
Assigned	—	—	—	—
Unassigned	(15,322,260)	(11,877,159)	(11,350,383)	(2,555,420)
Total all other governmental funds	<u>\$ 91,851,554</u>	<u>\$ 108,324,070</u>	<u>\$ 109,297,229</u>	<u>\$ 164,014,910</u>

Schedule 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 866,239	\$ 985,396	\$ 1,051,638	\$ 1,103,805	\$ 989,996	\$ 1,055,004
2,179,767	1,710,608	1,711,242	1,324,539	4,317,196	9,786,830
131,214,214	139,326,860	143,763,585	192,983,983	251,787,985	249,554,469
66,035,760	90,887,858	96,065,934	86,626,252	58,838,144	58,553,967
<u>\$ 200,295,980</u>	<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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
171,310,958	190,128,921	187,759,476	193,055,992	175,323,873	241,855,899
—	—	—	—	—	514,194
<u>(5,758,986)</u>	<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>\$ 165,551,972</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>

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

	Fiscal Year			
	2015	2016	2017	2018
Property taxes	\$ 28,899,684	\$ 29,237,607	\$ 29,692,846	\$ 30,819,812
Sales taxes	108,657,130	112,250,883	120,189,651	127,584,410
Highway user taxes	14,633,470	15,303,635	16,683,743	16,135,949
Other taxes	10,106,891	6,100,475	664,616	940,203
Franchise fees	330,129	3,344,817	3,285,267	3,571,744
State shared revenues	59,236,588	60,712,442	65,924,228	64,723,211
Grants and entitlements	10,638,831	16,159,064	12,677,860	12,111,857
System development fees	10,585,623	16,217,004	14,683,327	13,982,674
Special assessments	573,438	606,757	607,191	611,499
Licenses and permits	5,146,556	6,634,161	7,075,996	6,394,322
Charges for services	20,110,036	19,705,786	20,869,517	21,827,375
Fines and forfeitures	4,601,501	4,828,174	3,908,387	4,865,783
Rentals	751,163	974,192	678,387	127,575
Contributions	150,000	200,000	200,000	200,000
Interest revenue	1,562,241	3,409,065	921,195	1,398,729
Miscellaneous	572,252	897,102	494,984	974,107
Total revenues	<u>\$ 276,555,533</u>	<u>\$ 296,581,164</u>	<u>\$ 298,557,195</u>	<u>\$ 306,269,250</u>

Schedule 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 32,526,357	\$ 34,334,216	\$ 36,409,345	\$ 39,540,557	\$ 41,404,976	\$ 42,449,846
139,851,355	140,644,918	157,513,686	182,028,630	210,027,766	208,766,241
17,301,902	16,996,911	18,108,310	19,460,326	20,835,558	21,430,580
866,267	1,153,237	2,226,568	2,210,634	201,799	—
3,567,184	3,441,225	3,823,524	3,861,042	3,838,738	3,691,281
67,156,430	70,769,943	80,699,253	87,038,075	108,187,240	133,384,945
11,911,639	49,719,415	29,417,028	36,022,070	38,834,325	25,098,601
9,023,678	8,730,973	8,207,728	5,031,031	8,235,336	2,277,282
610,501	508,485	587,020	610,719	565,411	—
7,268,592	7,760,403	6,656,737	6,915,745	8,754,471	5,103,244
21,512,737	20,355,702	19,631,389	22,565,072	27,125,038	28,528,858
4,234,286	5,571,322	2,920,173	3,439,778	4,420,532	5,022,282
127,206	213,345	174,766	119,710	253,543	138,115
200,000	596,153	5,201,737	254,874	1,040,240	2,145,416
13,268,020	15,017,352	533,383	(14,687,606)	4,864,418	22,749,651
923,369	1,471,977	1,105,070	1,310,929	1,047,372	1,385,085
<u>\$ 330,349,523</u>	<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>

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

	Fiscal Year			
	2015	2016	2017	2018
General government	\$ 46,895,106	\$ 52,138,384	\$ 50,892,490	\$ 55,706,708
Public safety	93,773,306	104,605,663	103,167,906	109,736,277
Transportation and development	24,769,553	25,471,154	28,294,221	27,750,365
Community services	24,569,283	24,988,844	26,605,279	27,088,640
Capital improvements	56,539,116	50,009,243	44,712,255	71,268,257
Debt service:				
Principal retirement	21,490,000	17,465,000	25,240,000 (1)	20,264,000
Interest and fiscal charges	7,737,974	8,635,631	7,689,305	7,918,081
Bond issuance costs	722,293	—	249,838	252,611
Total expenditures	<u>\$ 276,496,631</u>	<u>\$ 283,313,919</u>	<u>\$ 286,851,294</u>	<u>\$ 319,984,939</u>
Debt service as a percentage of noncapital expenditures	12.3 %	10.2 %	12.9 %	10.4 %

(1) In FY 2017, the city called the remaining payments for the 2007 GO Refunding issuance totaling \$8,110,000.

Schedule 5

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 58,070,201	\$ 79,624,174	\$ 93,482,842	\$ 90,412,233	\$ 124,221,582	\$ 152,828,556
111,496,663	113,166,600	119,357,759	123,991,198	137,400,323	150,796,686
25,871,080	30,117,735	63,281,132	27,995,477	33,058,041	41,619,646
27,712,871	28,344,665	29,084,081	30,855,014	35,906,234	34,170,930
69,006,722	77,024,413	61,907,124	63,832,358	85,239,000	123,417,836
22,820,000	21,340,000	19,980,000	32,887,716	34,892,929	35,206,853
8,270,161	8,073,320	7,801,885	7,102,529	6,561,091	7,752,226
—	319,631	—	401,284	—	399,177
\$ 323,247,698	\$ 358,010,538	\$ 394,894,823	\$ 377,477,809	\$ 457,279,200	\$ 546,191,910
11.2 %	9.7 %	7.8 %	11.7 %	10.5 %	9.2 %

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			
	2015	2016	2017	2018
Other Financing Sources (Uses)				
Bond premium	\$ 17,045,635	\$ —	\$ 6,339,230	\$ 3,609,365
Face amount of bonds issued	128,254,000	—	25,500,000	58,740,000
Proceeds from disposal of capital assets	103,964	463,709	652,882	213,829
Payment to escrow agent	(143,635,520)	—	(31,589,392)	—
SBITA agreements	—	—	—	—
Transfers in	28,717,990	27,885,557	28,116,369	46,032,351
Transfers out	(29,776,581)	(29,252,060)	(29,208,275)	(47,370,020)
Total other financing sources (uses)	709,488	(902,794)	(189,186)	61,225,525
Net change in fund balance	\$ 3,738,390	\$ 12,364,451	\$ 11,516,715	\$ 47,509,836

Schedule 6

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ —	\$ 2,927,904	\$ —	\$ 2,160,918	\$ —	\$ 12,299,180
—	30,400,000	—	58,244,909	—	106,415,000
1,356,796	396,924	225,081	1,566,455	3,229,367	428,163
—	—	—	(26,716,745)	—	—
—	—	—	—	—	6,202,462
45,484,505	39,282,296	44,961,787	28,249,623	45,052,169	53,550,080
(48,005,487)	(42,788,264)	(47,364,881)	(32,091,700)	(58,254,654)	(68,226,500)
(1,164,186)	30,218,860	(2,178,013)	31,413,460	(9,973,118)	110,668,385
<u>\$ 5,937,639</u>	<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>

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

	Fiscal Year			
	2015	2016	2017	2018
Amusements	\$ 895,730	\$ 1,019,939	\$ 1,019,938	\$ 1,083,161
Contracting	8,870,092	8,855,057	11,496,791	12,388,978
General Retail	49,740,000	51,191,162	53,137,169	56,605,561
Hotel/Motel	2,892,470	2,957,685	3,424,279	3,712,085
Miscellaneous Related Revenue (1)	2,815,040	2,745,130	2,527,981	2,328,030
Publishing	260,712	248,433	186,862	182,820
Rentals - Personal Property	3,261,716	3,125,459	3,611,180	3,676,196
Rentals - Real Property	11,967,509	13,217,561	13,647,156	15,134,275
Restaurant/Bar	10,188,718	10,752,479	11,341,714	11,872,941
Telecommunications	3,435,949	3,234,369	2,796,065	2,395,673
Use Tax	1,145,534	1,127,257	3,619,340	4,394,129
Proposition 207	—	—	—	—
Utilities	13,194,526	13,786,741	13,391,857	13,824,331
Total Sales and Use Taxes	<u>\$ 108,667,996</u>	<u>\$ 112,261,272</u>	<u>\$ 120,200,332</u>	<u>\$ 127,598,180</u>
City Direct Sales Tax Rate (2)	1.76%	1.76%	1.75%	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					
2019	2020	2021	2022	2023	2024
(3)					
\$ 1,318,195	\$ 972,105	\$ 789,411	\$ 1,348,862	\$ 1,499,745	\$ 1,718,299
17,228,786	12,824,214	14,446,470	17,894,817	27,424,398	24,868,144
60,029,293	64,911,529	75,590,425	85,823,599	95,481,330	94,343,374
4,099,450	3,560,787	3,215,504	5,980,467	6,797,429	6,773,059
1,757,235	1,710,004	2,152,443	3,983,534	5,338,248	4,087,085
207,462	177,542	197,578	204,025	217,427	173,156
4,076,298	4,282,451	3,760,815	4,207,664	5,284,141	7,262,679
16,506,671	18,184,361	19,214,217	20,876,574	23,464,287	24,642,669
12,773,198	11,987,625	13,099,159	16,324,360	17,661,723	18,556,554
2,191,747	2,337,375	1,751,284	1,571,877	1,802,196	2,048,913
5,461,771	5,335,557	7,636,473	6,966,021	6,714,688	4,042,777
—	—	256,702	1,276,846	1,518,558	1,503,202
14,218,596	14,385,889	15,419,721	15,591,363	(4) 16,845,659	18,769,693
<u>\$ 139,868,702</u>	<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>
1.74%	1.73%	1.70%	1.70%	1.68%	1.71%

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)
2015	1.76%	0.67%	4.96%	0.03%
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%

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 2024		Fiscal Year 2015	
		Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments	Rank
Taxpayer A	Utility	\$14,761,098	1	7.02%	\$ 9,999,770
Taxpayer B	Construction Contracting	12,624,454	2	6.00%	1
Taxpayer C	Department Store	5,474,303	3	2.60%	3,461,960
Taxpayer D	Retailer	4,251,942	4	2.02%	2
Taxpayer E	Department Store	3,785,797	5	1.80%	2,000,503
Taxpayer F	Grocery Store	3,662,207	6	1.74%	4
Taxpayer G	Retailer	2,658,452	7	1.26%	2,182,473
Taxpayer H	Retailer	2,556,981	8	1.22%	3
Taxpayer I	Retailer	2,543,081	9	1.21%	5
Taxpayer J	Vehicle Dealer	2,222,524	10	1.06%	1,373,539
Taxpayer K	Telecommunications				7
Taxpayer L	Department Store				1,405,314
Taxpayer M	Utility				6
Taxpayer N	Department Store				1,302,605
					8
					1,274,998
					9
					1,064,700
					10
		<u>\$54,540,839</u>		<u>25.93%</u>	<u>\$ 26,003,482</u>
					<u>23.92%</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								
	General		Special	Subscription	General	Revenue	Special	
	Obligation	Revenue	Assessment	Based IT	Obligation	Bonds	Assessment	
Fiscal								
Year	Bonds	Bonds	Bonds	Arrangements	Premiums	Premiums	Premiums	
2015	\$ 222,143,000	\$ 14,025,000	\$ 4,440,000	\$ —	\$ 17,244,108	\$ 565,869	\$ 88,230	
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	—	—	
Business-type Activities								
	General		Excise Tax	General	Revenue	Excise Tax		
	Obligation		Revenue	Obligation	Bonds	Revenue		
Fiscal					Issuance	Obligations		
Year	Bonds	Revenue Bonds	Obligations	Premiums	Premiums	Issuance		
2015	\$ 140,072,000	\$ 31,610,000	\$ 142,200,000	\$ 11,567,086	\$ 1,324,131	\$ 8,502,636		
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		
	Less Amount		Net General	Estimated	Percentage	Total	Percentage	Per
Fiscal	General	Available in	Bonded Debt	Actual	of Estimated	Primary	of Personal	Capita
Year	Bonded Debt	Debt	Outstanding	Taxable	Actual	Government	Income (2)	(2)
		Service Fund		Value of	Taxable	(1)		
				Property	Value of			
					Property			
2015	\$ 391,026,194	\$ 14,910,017	\$ 376,116,177	\$29,230,173,658	1.29%	\$ 593,320,112	7.15%	2,397
2016	359,163,743	15,281,782	343,881,961	31,514,093,091	1.09%	614,901,176	7.35%	2,465
2017	334,688,362	8,981,699	325,706,663	32,319,847,780	1.01%	568,997,296	6.20%	2,128
2018	361,290,196	7,451,989	353,838,207	33,265,569,654	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%	464,515,824	3.29%	1,642
2024	323,998,152	1,646,322	322,351,830	73,058,672,230	0.44%	591,209,551	3.88%	2,052

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 31.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	None	4.70 %	None
Maricopa County	None	7.13	None
Maricopa County Community College District	\$ 87,320,000	7.13	\$ 6,223,353
Maricopa County Special Healthcare District	574,205,000	7.13	40,923,964
Chandler Unified School District No. 80	180,475,000	19.37	34,958,169
Kyrene Elementary School District No. 28	264,330,000	4.42	11,692,948
Mesa Unified School District No. 4	131,680,000	2.61	3,433,169
Gilbert Unified School District No. 41	329,256,000	75.14	247,410,038
Tempe Union High School District No. 213	111,280,000	16.49	18,346,626
East Valley Institute of Technology	None	14.56	None
Subtotal, overlapping debt			362,988,267
City direct debt	275,937,510	100.00	275,937,510
Total direct and overlapping debt			<u><u>\$ 638,925,777</u></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 2023-24 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			
	2015	2016	2017	2018
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 142,827,478	\$ 190,024,847	\$ 198,432,895	\$ 209,370,282
Total net debt applicable to limit	9,848,400	9,427,250	8,952,650	14,974,350
Legal debt margin	<u>\$ 132,979,078</u>	<u>\$ 180,597,597</u>	<u>\$ 189,480,245</u>	<u>\$ 194,395,932</u>
Total net debt applicable to the limit as a percentage of the debt limit	6.90%	4.96%	4.51%	7.15%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 476,091,596	\$ 633,416,159	\$ 661,443,986	\$ 697,900,943
Total net debt applicable to limit	352,366,600	323,442,750	300,592,650	324,166,628
Legal debt margin	<u>\$ 123,724,996</u>	<u>\$ 309,973,409</u>	<u>\$ 360,851,336</u>	<u>\$ 373,734,315</u>
Total net debt applicable to the limit as a percentage of the debt limit	74.01%	51.06%	45.44%	46.45%

Fiscal Year 2014-15 through Fiscal Year 2018-19: Piper Jaffray Inc.

Fiscal Year 2019-20 through Fiscal Year 2022-23: 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. Prior to Fiscal Year 2016, the Assessed Valuation was based on the Net Assessed Secondary Value. Due to a change in the legislation (Proposition 117), in Fiscal Year 2016, the city is required to use the Limited Property Value. The net (or excess) premium reflected was utilized for project fund purposes and is being amortized according to Arizona Revised Statutes, Title 35, Chapter 3, Article 3, 35-457 (E).

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2024

Full Cash Assessed Valuation as of June 30, 2024	\$ 7,380,893,156
Debt limit (6% of assessed value)	442,853,589
Debt applicable to limit:	
6% general obligation bonds	8,437,480
Excess premium on bonds outstanding	474,343
Legal 6% debt margin	<u>\$ 433,941,766</u>
Debt limit (20% of assessed value)	\$ 1,476,178,631
Debt applicable to limit:	
20% general obligation bonds	290,052,520
Excess premium on bonds outstanding	20,503,303
Legal 20% debt margin	<u>\$ 1,165,622,808</u>

Fiscal Year

2019	2020	2021	2022	2023	2024
\$ 232,258,669	\$ 258,505,031	\$ 280,953,536	\$ 300,769,253	\$ 376,810,629	\$ 442,853,589
12,511,300	9,772,578	6,759,506	6,121,222	5,522,089	8,911,823
<u>\$ 219,747,369</u>	<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>
5.39%	3.78%	2.41%	2.04%	1.47%	2.01%
\$ 774,195,564	\$ 861,683,439	\$ 936,511,789	\$ 1,002,564,178	\$ 1,256,035,431	\$ 1,476,178,631
298,881,202	303,956,132	277,073,742	285,874,432	242,278,193	310,555,823
<u>\$ 475,314,362</u>	<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>
38.61%	35.27%	29.59%	28.51%	19.29%	21.04%

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	
2015	\$ 14,633,470	\$ 8,257,078	\$ 6,376,392	\$ 3,970,000	\$ 462,046.67	1.44
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	
2015	\$ 48,045,103	\$ 27,645,076	\$ 20,400,027	\$ 3,205,000	\$ 730,854	5.18
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	
2015	\$ 170,432,597	\$ —	\$ 170,432,597	\$ 4,770,000	\$ 6,044,175	15.76
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

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	
2015	45,666,777	22,907,111	22,759,666	3,555,000	548,545	5.55
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 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024
Mining, Utility, Commercial, and Industrial	18.00 %	18.00 %	17.50 %	17.00 %	16.50 %
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	15.00	14.00	14.00

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
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
2019-20	1.1281	34,039,034	33,597,309	98.70

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

CITY OF CHANDLER, ARIZONA**DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND TAX RATES PER \$100 ASSESSED VALUATION****JUNE 30, 2024****Schedule 16**

	FY 2023-24 Net Limited Property Assessed Valuation	FY 2023-24 Total Tax Rate per \$100 Assessed Valuation
State of Arizona (1)	\$ 83,026,514,349	\$ —
Maricopa County	54,722,310,149	1.2044
Maricopa County Community College District	54,722,310,149	1.1388
Maricopa County Library District	54,722,310,149	0.0488
Maricopa County Flood Control District	50,354,573,089	0.1536
Maricopa County Fire District	54,722,310,149	0.0081
Maricopa County Special Health Care District	54,722,310,149	0.2916
Central Arizona Water Conservation District	55,027,363,791	0.1400
East Valley Institute of Technology District No. 401 (2)	26,795,538,826	0.0500
Chandler Unified School District No. 80	3,864,503,975	5.8419
Tempe Union High School District No. 213	4,582,133,019	2.4272
Kyrene Elementary School District No. 28	2,627,427,786	3.5199
Mesa Unified School District No. 4	3,879,526,341	7.0369
Gilbert Unified School District No. 41	2,652,529,469	5.6955
City of Chandler	3,900,094,692	1.0926

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 the State Equalization Assistance Property Tax. This rate has been set at \$0.3909 for fiscal year 2023-24 and is adjusted annually pursuant to Arizona Revised Statute, Section 41-1276.
- (2) 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 2019-20 Net Full Cash Assessed Valuation	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 2023-24 Annual Percentage Change
Mining, Utility, Commercial, and Industrial	\$1,246,170,328	\$1,412,928,374	\$1,488,882,870	\$1,534,793,910	\$1,800,359,153	14.75%
Agriculture and Vacant Land	78,888,739	77,850,859	76,801,910	72,256,990	82,244,489	12.14%
Owner-Occupied Residential	1,681,112,768	1,837,472,779	1,990,237,285	2,135,013,774	2,824,334,410	24.41%
Leased or Rented Residential	738,411,405	847,104,454	946,787,996	1,052,393,288	1,346,567,408	21.85%
Railroad, Private Car, and Airline Flight Property	1,910,025	2,011,500	2,011,500	2,216,430	3,849,664	0.00%
Historical Property	124,084,500	130,572,188	177,317,246	215,617,419	222,807,895	3.23%
Commercial Historic Property	400,055	477,042	520,137	529,079	14,138	(3642.25)%
TOTAL	\$3,870,977,820	\$4,308,417,196	\$4,682,558,944	\$5,012,820,890	\$6,280,177,157	25.28%

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, 2024

Schedule 18

Taxpayer	Description	FY 2023-24 Net Limited Property Assessed Value	As % of Total FY 2023-24 Net Limited Property Assessed Value
Intel Corporation	Manufacturing Plant	\$ 247,120,632	6.34%
CyrusOne, LLC	Data Center	32,670,386	0.84
Wells Fargo Bank	Financial Services	27,063,923	0.69
Freescale Semiconductor, Inc.	Manufacturing Plant	19,766,297	0.51
CAZ 7, LLC	Manufacturing Plant	16,924,805	0.43
TWC Chandler, LLC	Commercial Rental Property	15,119,503	0.39
Microchip Technology, Inc.	Manufacturing Plant	14,788,615	0.38
Bank of America	Financial Services	11,925,092	0.31
CAZ 1 DE, LLC	Commercial Rental Property	11,883,228	0.30
Air Products and Chemicals	Manufacturing and Supply	11,160,698	0.29
		<u>\$ 408,423,179</u>	<u>10.48%</u>
Total City Net Limited Property Assessed Valuation		\$ 3,900,094,692	

Source: 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
2023-24	\$61,704,952,635
2022-23	48,805,511,338
2021-22	40,751,143,934
2020-21	36,949,424,457
2019-20	33,312,389,044

Source: Piper Sandler Companies as compiled from 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
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
2019-20	3,011,152,689	43,194,326,395	66,154,632,834

Comparative Net Full Cash Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
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
2019-20	3,870,977,820	56,588,192,576	82,730,928,616

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, 2024

Schedule 20

		Per Capital Bonded Debt Population Estimates @ 288,088 (1)	As % of City's 2023-24 Net Full Cash Assessed Value	As % of City's 2023-24 Estimated Net Full Cash Value
Direct General Obligation Bond Debt	\$298,490,000	\$ 1,036.11	4.75	0.48
Direct Overlapping General Obligation Bond Debt	\$648,157,418	\$ 2,249.86	10.32	1.05

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
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

	2019-20 (1)	2020-21 (1)	2021-22 (1)	2022-23 (1)	2023-24 (1)	Adopted 2024-25
Transaction Privilege Tax	\$ 140,798,389	\$ 155,638,444	\$ 178,567,736	\$ 205,020,881	\$ 210,737,044	\$ 197,930,400
State Shared Sales Tax	26,597,361	30,982,818	38,801,443	41,309,738	42,363,408	41,500,000
State Shared Income Tax	33,255,159	37,324,127	36,011,056	53,013,618	74,386,039	60,100,000
Franchise Fees	3,432,995	3,615,294	3,652,812	3,630,508	3,383,051	3,650,000
Licenses and Permits	7,908,291	6,835,817	7,086,928	8,742,071	5,095,759	6,978,300
Fines and Forfeitures	2,714,065	2,316,000	2,791,624	4,127,033	4,296,570	3,657,800
Totals	<u>\$ 214,706,260</u>	<u>\$ 236,712,500</u>	<u>\$ 266,911,599</u>	<u>\$ 315,843,849</u>	<u>\$ 340,261,871</u>	<u>\$ 313,816,500</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, 2024

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, 2024

Schedule 24

State Transaction Privilege (Sales) Tax Rates			
Taxable Activities	State Tax Rate	Education Tax Rate (1)	Distribution Share
Transporting	5.600 %	0.600 %	20.000 %
Utilities	5.600	0.600	20.000
Telecommunications	5.600	0.600	20.000
Pipeline	5.600	0.600	20.000
Private Car Line	5.600	0.600	20.000
Publication	5.600	0.600	20.000
Job Printing	5.600	0.600	20.000
Prime Contracting	5.600	0.600	20.000
Owner Builder Sales	5.600	0.600	20.000
Amusement	5.600	0.600	40.000
Restaurant	5.600	0.600	40.000
Personal Property Rental	5.600	0.600	40.000
Retail (excluding food sales)	5.600	0.600	40.000
Transient Lodging	5.500	N/A	50.000
Mining - non-metal, oil/gas	3.125	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

	2019-20	2020-21	2021-22	2022-23	2023-24
System Revenues:					
Service Fees	\$116,254,245	\$120,727,939	\$116,020,531	\$114,299,984	\$120,915,803
Miscellaneous	97,652	35,573	568,571	12,832,795	21,558
Interest Income	8,772,310	264,558	(6,810,687)	3,442,281	9,367,520
Total System Revenues	<u>\$125,124,207</u>	<u>\$121,028,070</u>	<u>\$109,778,415</u>	<u>\$130,575,060</u>	<u>\$130,304,881</u>
System Expenditures:					
General and Administration	\$ 6,511,083	\$ 6,510,382	\$ 6,533,212	\$ 6,872,315	\$ 6,987,459
Personnel Services	17,613,794	17,923,155	17,632,637	19,509,838	21,831,616
Contractual Services	13,240,678	14,338,257	16,597,926	18,544,747	20,137,906
Commodities	25,283,817	21,857,415	22,851,386	35,663,988	31,875,211
Total System Expenditures	<u>\$ 62,649,372</u>	<u>\$ 60,629,209</u>	<u>\$ 63,615,161</u>	<u>\$ 80,590,888</u>	<u>\$ 80,832,192</u>
Net Income Available for Debt Service	\$ 62,474,835	\$ 60,398,861	\$ 46,163,254	\$ 49,984,172	\$ 49,472,689
Water and Sewer Revenues Bond (Senior Obligation) Debt Service	\$ 2,433,600	\$ —	\$ —	\$ —	\$ —
Approximate Debt Service Coverage for Senior Obligations	20.39x	N/A	N/A	N/A	N/A

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, 2024

Schedule 27

Water	
Customer name	Amount
Intel Corporation	\$ 6,643,366
NXP Semiconductors	1,356,004
Chandler Unified School District	548,780
Air Products & Chemicals	435,284
Digital 2121 South Price, LLC	202,104
Gleiberman Property, Inc.	163,825
Chandler Regional Medical Center/Dignity Health	138,884
Townsquare Apartments	126,222
TWC Chandler, LLC	124,981
MG Country Brook Apartments, LLC	109,292

Wastewater	
Customer name	Amount
Intel Corporation	\$ 9,752,869
NXP Semiconductors	2,141,284
Air Products & Chemicals	1,468,487
Gila River Indian Community (Lone Butte)	292,243
Chandler Unified School District	274,223
Chandler Regional Medical Center/Dignity Health	210,503
Gleiberman Property, Inc.	112,893
Microchip Technology	110,831
BMF IV AZ Lagunal Village, LLC	107,819
Digital 2121 South Price, LLC	103,781

Source: City of Chandler, Management Services Department

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

	2015	2016	2017	2018
WATER				
Residential	75,035	75,883	77,062	77,674
Commercial	4,243	4,309	4,535	4,550
Multi-Unit	1,043	1,087	1,107	1,128
Industrial	58	61	63	66
Other	1,536	1,640	2,034	2,116
WASTEWATER				
Residential	73,363	74,346	75,761	76,517
Commercial	2,033	2,201	2,138	2,329
Multi-Unit	887	920	915	952
Industrial	37	34	38	48
Other	477	475	590	592

Source: City of Chandler, Management Services Department

Schedule 28

2019	2020	2021	2022	2023	2024
78,244	78,928	79,961	79,873	79,970	80,163
4,927	2,546	2,577	4,919	4,898	4,577
1,134	1,115	1,124	1,151	1,191	1,199
67	63	63	54	55	57
2,389	647	647	800	800	1,092
77,089	77,797	78,794	79,294	79,127	78,595
2,371	2,420	2,450	2,540	2,528	2,137
956	965	974	999	1,002	831
48	48	48	49	48	23
598	603	603	604	598	431

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT OUTSTANDING
JUNE 30, 2024

Schedule 29

Overlapping Jurisdiction	2023-24 Overlapping General Obligation Bonded Debt	2023-24 Proportion Applicable to City of Chandler Approximate Percent	Net Debt Amount
State of Arizona	None	4.70 %	None
Maricopa County	None	7.13	None
Maricopa County Community College District	\$ 87,320,000	7.13	\$ 6,223,353
Maricopa County Special Health Care District	574,205,000	7.13	40,923,964
Kyrene Elementary School District No. 28	180,475,000	19.37	34,958,169
Mesa Unified School District No. 4	264,330,000	4.42	11,692,948
Gilbert Unified School District No. 41	131,680,000	2.61	3,433,169
Chandler Unified School District No. 80	329,256,000	75.14	247,410,038
Tempe Union High School District No. 213	11,128,000,000	16.49	18,346,626
East Valley Institute of Technology District No. 401	None	14.56	None
City of Chandler	298,490,000	100.00	298,490,000
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$ 661,478,267</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>\$ 9.9837</u>
Inside Mesa Unified School District No. 4	<u>\$ 11.3251</u>

Inside Tempe Union High School District No. 213 and

Kyrene Elementary School District No. 28	<u>\$ 10.2353</u>
Inside Chandler Unified School District No. 80	<u>\$ 10.1301</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 2023-24 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)
2014-15	243,679	(4)	\$8,168,120,080	34.9	4.7%	\$33,520
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

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	2024		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	12,000	1	7.47%
Wells Fargo Bank	5,500	2	3.42%
Chandler Unified School District	4,900	3	3.05%
Bank of America	3,600	4	2.24%
Chandler Regional Medical Center/Dignity Health	3,000	5	1.87%
Northrop Grumman	2,150	6	1.34%
Chandler-Gilbert Community College	1,900	7	1.18%
City of Chandler	1,800	8	1.12%
Microchip Technology	1,700	9	1.06%
NXP Semiconductors	1,700	9	1.06%
PayPal	1,500	10	0.93%
Total	39,750		24.74%

Employer	2015		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,300	1	8.75%
Chandler Unified School District	4,900	2	3.79%
Bank of America	3,800	3	2.94%
Wells Fargo Bank	2,600	4	2.01%
Verizon Wireless	2,400	5	1.86%
City of Chandler	2,175	6	1.68%
Chandler Regional Medical Center/Dignity Health	2,100	7	1.63%
Paypal	2,000	8	1.55%
Orbital ATK	1,650	9	1.28%
Microchip Technology	1,626	10	1.26%
Total	34,551		26.75%

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

	2014-15	2015-16	(1)	2016-17	(2)	2017-18
Full Time Equivalent Personnel						
Mayor and council	4	4		11		4
City clerk	6	6		7		6
City manager	176	240		206		199
Communications/public affairs	13	15		15		15
City magistrate	37	39		38		40
Law	31	31		31		30
Management services	69	67		64		67
Total General Government	336	402		372		361
Total Transportation and Development	165	150		152		160
Total Community Services	198	156		199		202
Police	483	490		491		501
Fire	237	240		222		233
Total Public Safety	720	730		713		734
Municipal utilities administration	5	8		7		7
Water	87	87		89		90
Wastewater	62	65		69		74
Solid waste	20	21		20		18
Total Municipal Utilities	174	181		185		189
Municipal utilities administration	—	—		—		—
Water	—	—		—		—
Wastewater	—	—		—		—
Solid waste	—	—		—		—
Public works administration	—	—		—		—
Streets	—	—		—		—
Total Public Works and Utilities	—	—		—		—
Total Primary Government	1,593	1,619	(1)	1,621	(2)	1,646

Source: City of Chandler, Human Resources Department

- (1) The significant changes between 2015 and 2016 are a result of Library, Museum and Center for the Arts moving from Community Services to City Manager Department.
- (2) 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.
- (3) 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.
- (4) 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.

2018-19	(3)	2019-20	2020-2021	2021-2022	2022-2023	2023-24	
5		5	5	6	5	6	
6		6	6	4	5	6	
193		194	198	196	191	255	(4)
14		15	14	12	14	14	
37		40	33	35	38	36	
32		32	31	32	33	31	
68		67	66	59	66	68	
355		359	353	344	352	416	
84		77	76	77	82	78	
195		199	194	194	219	186	(4)
485		488	477	476	497	520	
233		229	228	235	244	260	
718		717	705	711	741	780	
—		—	—	—	—	—	
—		—	—	—	—	—	
—		—	—	—	—	—	
—		—	—	—	—	—	
—		—	—	—	—	—	
6		6	7	5	8	8	
90		90	89	28	91	97	
66		68	71	47	74	73	
19		21	21	21	21	21	
1		2	2	2	2	2	
70		78	79	58	82	81	
252		265	269	161	278	282	
1,604	(3)	1,617	1,597	1,487	1,672	1,742	(4)

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

Function/Program	2014-15	2015-16	2016-17	2017-18
General Government				
Meeting notices posted	544	565	535	681
City council actions and agenda items prepared	867	844	860	838
Grant awards received	51	46	43	27
Inventory turnover ratio	1.57	1.74	1.81	1.79
Transportation & Development				
Building permits issued	5,170	5,142	4,635	3,944
Community Services				
Library circulation	2,163,076	2,101,421	2,059,429	2,041,574
Center for the Arts events & exhibits	939	985	1,048	1,177
Public Safety				
Crime rate (per 1,000 population)	23	26	26	25
Total calls for police services (estimated)	139,177	145,466	156,186	159,301
Total calls for fire services	22,785	23,966	25,072	25,185
Fire inspections	4,692	5,814	4,635	5,135
Fire investigations	27	30	27	41
Municipal Utilities				
Water connections	80,401	83,089	84,670	84,338
Operating wells	28	28	31	32
Daily pumping capacity - wells (gallons)	64,400,000	66,300,000	74,400,000	74,100,000
Daily pumping capacity - plants (gallons)	72,000,000	72,000,000	72,000,000	84,000,000
Sewer connections	76,492	78,144	78,972	79,841
Sanitary sewer (miles)	911	917	928	933
Solid waste customers served	71,860	73,162	73,288	75,018
Solid waste refuse collected (tons)	84,209	81,653	80,069	83,004
Solid waste refuse recycled (tons)	22,442	22,102	22,305	22,101

Source: City of Chandler Departments

Schedule 33

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
666	542	395	377	210	387
789	739	460	1,299	409	597
24	33	40	39	39	43
2.04	2.40	1.73	2.00	2.13	2.10
4,011	4,091	4,601	4,615	3,188	3,339
1,801,237	1,415,291	1,356,695	1,308,861	1,581,822	1,659,547
825	537	389	690	790	799
22	23	19	20	17	16
154,736	146,859	139,236	146,008	154,890	148,327
26,818	26,371	26,676	28,582	28,654	28,882
6,698	6,641	3,257	3,389	3,955	6,362
18	23	17	14	16	41
85,416	86,098	87,251	83,237	86,940	87,207
31	31	30	30	31	32
71,300,000	71,800,000	71,800,000	69,000,000	73,000,000	76,000,000
84,000,000	84,000,000	84,000,000	84,000,000	135,000,000	135,000,000
81,033	81,796	82,895	81,419	81,899	83,620
935	941	945	947	958	1,039
75,675	76,773	77,297	76,249	78,878	79,116
84,500	86,950	94,218	93,487	86,901	79,563
22,887	21,800	22,775	20,876	18,359	18,438

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

Function/Program	2014-15	2015-16	2016-17	2017-18
Community Services				
Developed parks	64	65	65	65
Developed acres	1,232	1,236	1,244	1,244
Undeveloped acres	309	302	299	299
Swimming pools	6	6	6	6
Lighted fields	41	41	43	43
Library bookstock	396,773 (1)	341,073	360,618	359,445
Transportation and Development				
Total miles streets (center line)	841	855	855	857
Street lights	27,700	27,700	27,800	27,199
Signalized intersections	218	218	218	220
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	10	11
General Government				
Based aircraft	425	427	455	457
Municipal Utilities				
Water mains (miles)	1,278	1,196 (2)	1,283	1,212
Fire hydrants	13,118	13,207	15,708	15,970
Average daily treatment (mgd)	28	29	29	28

Source: City of Chandler Departments

(1) The 2014-15 decrease in library bookstock is due to less demand from the increase usage of digital materials and removal of damaged, outdated and obsolete material no longer being circulated.

(2) Beginning in 2015-16, city staff is updating the Geographic Information System through a review of over 700 As-builts, so a revised figure is reflected. The revised figure consists of active and city owned utilities.

(3) The significant changes in 2018 and 2019 are the result of the Streets and Municipal Utilities consolidating into the Public Works and Utilities Department

(4) The significant changes between 2023 and 2024 is due to the Cultural Development Department consolidating into the City Manager Department.

Schedule 34

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
67	67	67	68	69	69
1,281	1,281	1,301	1,309	1,317	1,317
231	231	219	209	201	201
6	6	6	6	6	6
41	43	50	51	60	64
310,888	310,812	294,276	295,573	302,599	307,862
857	858	858	858	1,020	2,090
29,500	29,500	29,731	28,515	28,462	28,538
225	226	232	234	238	238
3	3	3	3	3	3
11	11	11	11	11	11
523	440	448	441	449	452
1,218	1,228	1,232	1,237	1,250	1,242
16,159	16,296	16,492	13,780	13,371	13,930
54	31	31	28	84	84



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