

City of Chandler Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

“Staying Connected”



CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

Prepared by
Management Services Department
Dawn Lang, Deputy City Manager | CFO
Kristi Smith, Financial Services Assistant Director
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**CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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1 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 our stability and strength.



December 22, 2023

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, 2023, 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 65 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 by 99 percent, from an estimated 142,486 in 1997 to 282,891 in 2023, based on intercensal population estimates published by the State of Arizona. 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 over 17,300 people in the city. Total manufacturing employment is over 29,000 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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The city boasts a strong labor market serving the high technology field's demand for skilled workers. Chandler's median age is 36.1 years, and the median household income is \$101,212. 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 2.9 percent during fiscal year 2022-23 compared with 3.3 percent for Maricopa County and 3.7 percent for the State of Arizona.

The city's sales tax revenues, which comprise over 54 percent of its general fund, increased by 14.2 percent for fiscal year 2022-23 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.

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: Park 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, expanding bike and shared-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.

2022-2023 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;
- Designed and released the city's Performance Portal that measures metrics related to the progress of the Strategic Framework;
- Increased the State Major Manufacturing Fund from \$50M to \$100M to fund city infrastructure projects related to Intel;
- Military and Veterans Affairs Commission hosted the first ever Town Hall meeting and Military Bound graduation ceremony;
- Conducted the 2022 Candidate Election;
- Improved court access by implementing an online live chat and autonomous chat feature on the court's website;
- Raised judicial awareness in the community by offering local schools court observations, field trips, in-school presentations, and established a high-school internship program;
- Approved the non-discrimination ordinance titled "Chandler Embracing Diversity, Equity, and Inclusion". This ordinance prohibits discrimination due to actual or perceived race, color, religion, sex, age, disability, ethnicity, national origin, sexual orientation, gender identity, veteran status, disability, marital status or familial status in employment, places of public accommodation and housing in city limits;
- Engaged in an eight-month internal and external DEI assessment in Chandler leading to the formation of an official DEI Strategic Plan for the city. DEI Strategic Plan goals include Communicate, Connect, Develop, Innovate and Assess;

- Worked with the Human Relations Commission to fund 21 Diversity Mini-Grant applications that foster diversity education for youth ages 5-18. A total of over 6,800 Chandler students benefited from these programs;
- Prepared and negotiated a first-of-its-kind overlash agreement for telecommunication/internet services with CenturyLink to increase internet connectivity and availability of these services for central Chandler residents, and telecommunications licenses with Gigapower, Wyyerd, and Google Fiber to increase internet connectivity and availability of these services for Chandler residents;
- Added eight EV charging station ports outside Development Services and City Hall parking structure to support city vehicles and added 5 full electric and 8 hybrid vehicles for various departments, bringing total of electric vehicles to 10 and hybrids to 24;
- Airport's total operations were 206,092 (take-offs and landings) in calendar year (CY) 2022, and was the 18th busiest general aviation airport in the U.S. and the 52nd busiest U.S. airport overall;
- Supported notable high-tech companies in opening new facilities in Chandler, including Insight, VIAVI, and Edward;
- Economic Development-assisted business locate, business retention and expansion projects include Tokyo Electron, Intel's Fab Construction Enterprise unit, Cirrus Logic, Titan Solar Power, and Raley's;
- Supported the expansion of higher education opportunities in Chandler, including the opening of the University of Arizona's new location and announcement of Grand Canyon University's new nursing program location;
- Launched Chandler Flex with a ribbon cutting ceremony in July 2022. Over 30,000 rides have been provided to more than 1,700 unique riders;
- Awarded \$10.5 million in federal grants for use on six transportation projects (Frye Road Protected Bike Lanes, Traffic Signal Detection/ Communication, Alley Paving, Kyrene Branch Canal Shared Use Path, Highline Canal Shared Use Path, Arizona Avenue Shared Use Path);
- Implemented new internship partnership with Chandler-Gilbert Community College;
- Completed a citywide classification and compensation project;
- Implemented nationwide recruitment campaign;
- The Chandler Center for the Arts (CCA) served over 160,000 people and continued its commitment to diverse and inclusive programming;
- The Vision Gallery hosted 85 free events that included opening receptions, Vision Kids classes, and special events with more than 6,500 attendees. The Vision Gallery was recognized as one of the ten best art galleries in metro Phoenix;
- Facilitated ongoing development and redevelopment projects within the Downtown, including the Shops on Frye, Acqua Di Mare, Maple House, Elliot's, DC Heights, One Chandler, and others;
- Completed the Ranch at Tumbleweed Park Master Plan and exterior renovations at the McCroskey & Edwards House;
- Completed the construction of Homestead North Park, replaced 12 ramadas at Tumbleweed Park, created an outdoor courtyard at the Sunset Library, and installed new public art in the Downtown Library in partnership with the Chandler Arts Commission;
- The Senior Center partnered with AZCEND to serve 7,374 congregate meals and 26,553 homebound meals;
- Chandler Nature Center expanded its hours of operation to include Sundays and has hosted over 75,000 visitors this fiscal year;
- Issued over 4,300 building permits for over \$1.7 billion in construction valuation in calendar year 2022 and conducted 17,690 building inspections.

- The Southside Historic Conservation District was established;
- Continued to advance city digital capabilities with ArcGIS Pro implementation, deployment of tablets to inspections teams, 10 telecom agreements adopted, continuation of work on fiber system upgrades per the Fiber Master Plan;
- The Public Housing Youth Program continues to be a Bookrich Environment PHA serving approximately 300 youth at our sites and secured a grant from Delta Dental for nutritional snacks and oral hygiene education and nutrition;
- Received HUD and Council approval for Villas on McQueen as phase one of the city's redevelopment effort to transform public housing into new and expanded affordable housing through the Rental Assistance Demonstration (RAD) program, with 157 units serving veterans, seniors, disabled individuals, and families earning below 60% AMI;
- Allocated \$2,291,052 of General Funds to support 56 nonprofit organizations providing human services to residents;
- Administered \$4.6 million of Emergency Rental Assistance (ERA) Program funds to assist residents impacted by COVID;
- The Chandler Cares Team connected over 1,500 residents to resources for rent, utilities, food, and other crisis services;
- Provided non-congregate shelter to 214 unhoused residents with 157 individuals transitioning to permanent housing.
- Utilized Community Development Block Grant (CDBG) and CDBG-Coronavirus funds for the Community Navigation team which provided outreach and basic needs to over 600 unhoused residents, leading 104 to permanent housing;
- The Fire Department responded to 29,000 emergency incidents;
- Received a grant from the Federal Emergency Management Agency for \$963,400 to conduct a one-time comprehensive cancer screening program for all Chandler Firefighters;
- Treated and delivered over 21.8 billion gallons of potable drinking water;
- Treated and reclaimed 10 billion gallons of wastewater at the Airport, Lone Butte, and Ocotillo Water Reclamation Facilities, 9.4 billion gallons of which were reused by our customers for irrigation and cooling;
- Provided 1,110 residential water audit and high-water use checks, 95 landscape consultations and 229 smart controller conversions for a total water savings of over 57.4 million gallons;
- Finalized roadway widening improvement project on Cooper Road (Alamosa Rd to Riggs Rd);
- Converted 13,800 street lights to LED;
- Completed 140 miles of asphalt repaving, surface seal, and slurry rehabilitation treatments;
- Volunteers in the Volunteers in Policing program donated 6,722 hours of service valued at \$182,435 in calendar year 2022;
- The Commission on Accreditation for Law Enforcement Agencies (CALEA) remotely reviewed and assessed forty-six standards to substantiate ongoing compliance as part of the department's accreditation process;
- Continued developing and maintaining community partnerships, which is the cornerstone of the system of policing resulting in 2022's crime rate being one of the lowest ever recorded in Chandler.

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 2022-23, \$1.353 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, 2022, marking the forty-first 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, 2022 from the GFOA, marking the thirty-fifth 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 Assistant Director; Robert Steele, Accounting Senior Manager; Tracy Schmidt, Accounting Supervisor; Lina Alam, Accounting Supervisor; Debbie Motta, Senior Accountant; and Joanne Chang, 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,



Dawn Lang
Deputy City Manager | CFO

**CITY OF CHANDLER, ARIZONA
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2023**

Kevin Hartke, Mayor

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

Executive Staff

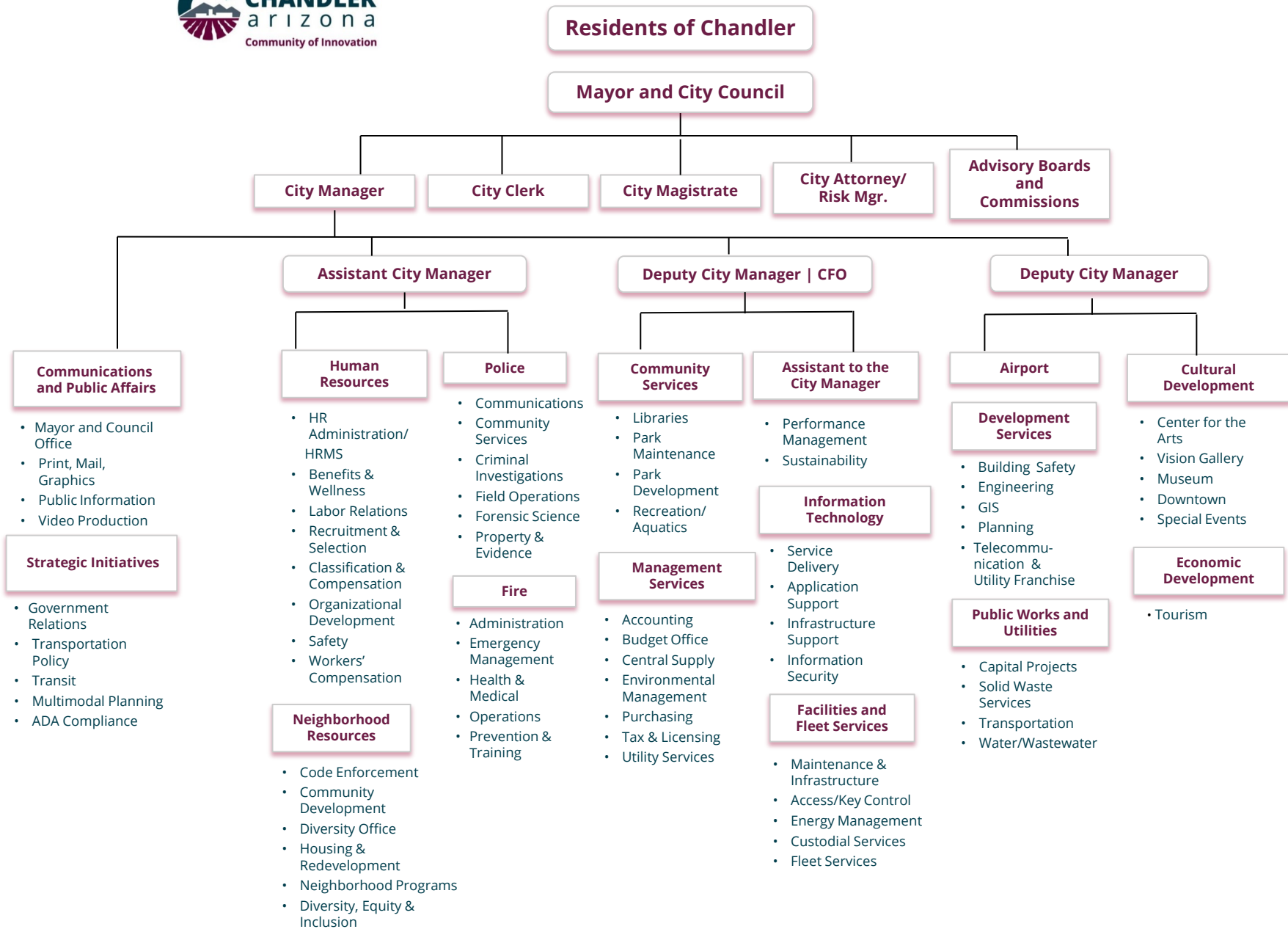
Joshua H. Wright, City Manager
Tadd Wille, Assistant City Manager
Dawn Lang, Deputy City Manager I CFO
Andy Bass, Deputy City Manager

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
Micah Miranda, Acting 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
Sean Duggan, 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, 2022

Christopher P. Morill

Executive Director/CEO

2 Financial Section

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



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

Independent Auditor's Report

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

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona (the "City"), as of and for the year ended June 30, 2023, 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, Arizona, as of June 30, 2023, 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, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the GASB Statement No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, net pension liability information, and other postemployment benefit plan information, 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 22, 2023, 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 22, 2023



**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, 2023

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, 2023. 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 2023 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 \$1.70 billion (net position). This represents an increase of \$118.7 million from the prior year. Factors that have contributed to the increase in net position are decreases in total longer term liabilities of the city due to \$55.8 million in regularly scheduled principal payments of debt service being made, combined with savings in total debt service due to the recent 2021 bond refunding issuances. The city also saw a decrease in deferred inflows of resources related to OPEB and pension plan items. The decrease in deferred inflow is partially offset by an increase in deferred outflows related to OPEB and pension plan items. The city also saw a decrease in unearned revenue of \$18.4 million due to previously deferred revenues related to receipt of American Rescue Plan Act (ARPA) federal funding being recognized as revenue in the current fiscal year. Of this amount, \$419.3 million (unrestricted net position) may be used to meet the city's obligations to residents and creditors. However, \$64.8 million is invested in a joint venture with the Town of for the Gilbert San Tan Vista Water Treatment Plant, which decreased \$4.6 million from the prior year, and is not available for obligations.
- At June 30, 2023, the city's governmental funds reported combined ending fund balances of \$485.1 million, an increase of \$12.4 million in comparison with the prior year primarily due to increases in sales taxes and state shared revenue collections. Much of this change is attributed to healthy development and retail sales when combined with continued inflationary pressures leading to higher average sales which increases tax receipts. The largest driver is the continuation of the \$20 billion expansion of Intel Corporation and other related development within Chandler.
- Approximately 62.3 percent of the total combined fund balance amount, \$302.1 million, is available for spending at the city's discretion (assigned or unassigned).
- At June 30, 2023, total fund balance for the general fund was \$315.9 million which represents an increase of \$33.9 million from the prior year; again this is primarily due to increases in sales taxes and state shared revenues as noted previously.
- General revenues from governmental activities accounted for \$391.3 million, or 75.9 percent of all revenues from governmental activities as opposed to 75.5 percent in the prior year. Program specific revenues in the form of charges for services and grants and contributions accounted for \$124.0 million or 24.1 percent of total governmental activity revenues, as opposed to 24.5 percent in the prior year. The city had \$157.9 million of program revenues (\$157.4 million in the prior year) and \$19.7 million in general revenues and transfers (was a negative \$3.7 million in the prior year) related to business-type activities.
- At June 30, 2023, the city's proprietary funds reported combined total net position of \$796.7 million as compared to \$789.2 million in the prior year; an increase for the current year of \$7.5 million. The increase in net position is primarily driven by an increase in revenue from the prior year as a result of a couple one time revenue items, combined with keeping expenses in check year over year. This results in a total unrestricted net position of \$250.9 million, of which \$128.0 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 OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2023

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.

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,

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2023

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.

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 \$1.70 billion as of June 30, 2023. This reflects continued strong operations in governmental activities, increased revenues from sales tax and state shared revenues, and careful monitoring of expenses in governmental activities combined with decreases in long-term liabilities within governmental and business-type activities.

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

An additional portion of the city's net position (12.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (24.6 percent) includes \$64.8 million which is invested in a joint venture with the Town of Gilbert for the San Tan Vista Water Treatment

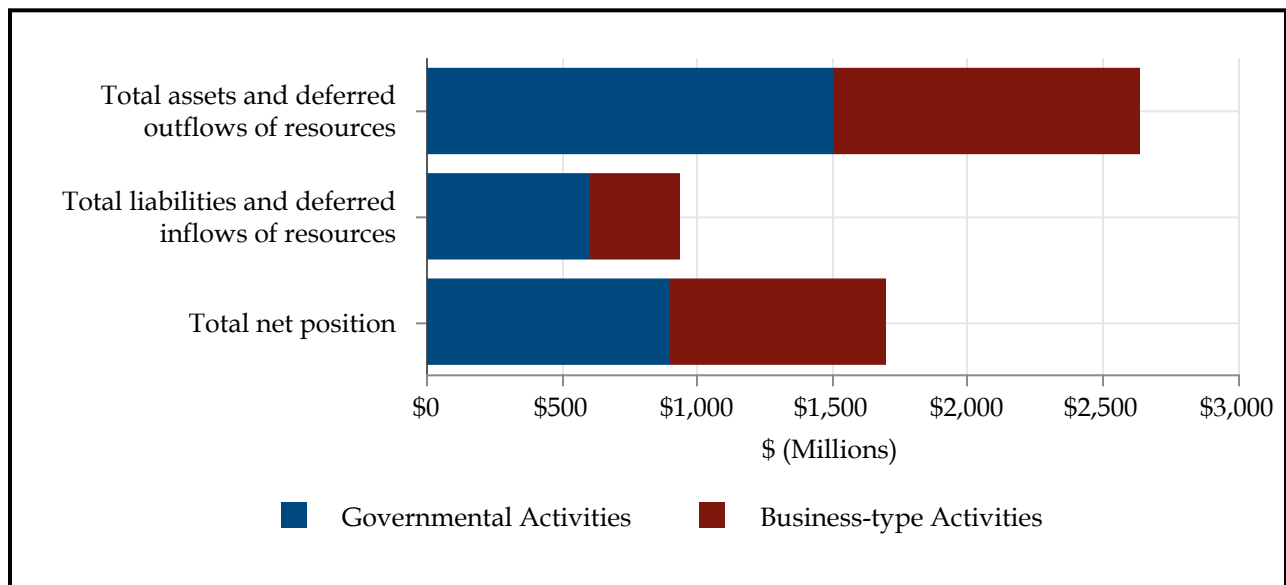
CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

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.

The following table presents a condensed statement of the city's net position for the fiscal years ended June 30, 2023 and 2022.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 629,040,493	\$ 612,717,247	\$ 270,218,712	\$ 302,795,831	\$ 899,259,205	\$ 915,513,078
Capital assets, net	732,098,852	723,527,045	783,391,742	764,904,850	1,515,490,594	1,488,431,895
Long-term assets	8,157,859	2,055,996	68,887,118	73,608,096	77,044,977	75,664,092
Total assets	1,369,297,204	1,338,300,288	1,122,497,572	1,141,308,777	2,491,794,776	2,479,609,065
Total deferred outflows of resources	143,138,970	116,486,358	11,931,414	14,771,734	155,070,384	131,258,092
Total assets and deferred outflows of resources	1,512,436,174	1,454,786,646	1,134,428,986	1,156,080,511	2,646,865,160	2,610,867,157
Current liabilities	104,376,853	105,896,083	47,839,159	50,090,319	152,216,012	155,986,402
Long-term liabilities	475,590,860	476,139,376	282,418,414	305,507,307	758,009,274	781,646,683
Total liabilities	579,967,713	582,035,459	330,257,573	355,597,626	910,225,286	937,633,085
Total deferred inflows of resources	26,440,337	77,936,899	7,517,927	11,320,643	33,958,264	89,257,542
Total liabilities and deferred inflows of resources	606,408,050	659,972,358	337,775,500	366,918,269	944,183,550	1,026,890,627
Net position:						
Net investment in capital assets	555,568,147	536,775,941	514,595,066	473,953,519	1,070,163,213	1,010,729,460
Restricted	182,068,932	194,380,531	31,119,667	31,745,566	213,188,599	226,126,097
Unrestricted	168,391,045	63,657,816	250,938,753	283,463,157	419,329,798	347,120,973
Total net position	\$ 906,028,124	\$ 794,814,288	\$ 796,653,486	\$ 789,162,242	\$ 1,702,681,610	\$ 1,583,976,530



CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

Changes in net position. The city's total revenues for the fiscal year ended June 30, 2023 were \$692.1 million. The total cost of all programs and services was \$573.4 million, which results in an increase in net position of \$118.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and 2022.

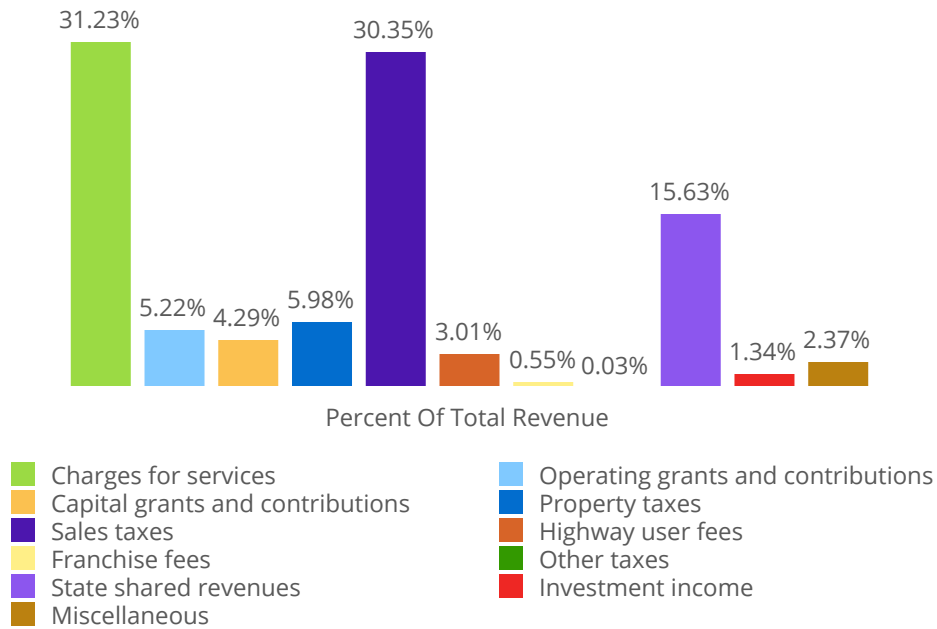
	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Charges for services	\$ 80,733,033	\$ 67,526,392	\$ 135,318,941	\$ 135,879,375	\$ 216,051,974	\$ 203,405,767
Operating grants and contributions	26,999,694	17,863,747	9,124,544	8,598,756	36,124,238	26,462,503
Capital grants and contributions	16,237,742	18,678,027	13,482,347	12,887,544	29,720,089	31,565,571
General revenues						
Property taxes	41,363,544	39,560,904	—	—	41,363,544	39,560,904
Sales taxes	210,027,766	182,028,630	22,063	21,379	210,049,829	182,050,009
Highway user taxes	20,835,558	19,460,326	—	—	20,835,558	19,460,326
Other taxes	201,799	2,210,634	—	—	201,799	2,210,634
Franchise Fees	3,838,738	3,861,042	—	—	3,838,738	3,861,042
State shared revenues	108,187,240	87,038,075	—	—	108,187,240	87,038,075
Investment income	5,427,207	(15,954,424)	3,832,676	(7,617,417)	9,259,883	(23,571,841)
Miscellaneous	1,380,596	1,916,550	15,051,582	2,811,515	16,432,178	4,728,065
Total revenues	<u>515,232,917</u>	<u>424,189,903</u>	<u>176,832,153</u>	<u>152,581,152</u>	<u>692,065,070</u>	<u>576,771,055</u>
Expenses:						
General government	195,086,875	157,127,919	—	—	195,086,875	157,127,919
Public safety	95,958,948	104,673,550	—	—	95,958,948	104,673,550
Transportation and development	60,990,970	56,403,523	—	—	60,990,970	56,403,523
Community services	45,928,371	41,563,661	—	—	45,928,371	41,563,661
Interest and fiscal charges	5,292,655	6,014,168	—	—	5,292,655	6,014,168
Water	—	—	75,887,686	61,264,619	75,887,686	61,264,619
Wastewater	—	—	63,849,518	63,037,577	63,849,518	63,037,577
Solid waste	—	—	17,278,664	16,727,814	17,278,664	16,727,814
Airport	—	—	2,209,135	1,956,786	2,209,135	1,956,786
Housing authority	—	—	10,877,168	9,955,131	10,877,168	9,955,131
Total expenses	<u>403,257,819</u>	<u>365,782,821</u>	<u>170,102,171</u>	<u>152,941,927</u>	<u>573,359,990</u>	<u>518,724,748</u>
Excess (deficiency) before transfers	111,975,098	58,407,082	6,729,982	(360,775)	118,705,080	58,046,307
Transfers in (out)	(761,263)	(1,103,279)	761,263	1,103,279	—	—
Change in net position	<u>111,213,835</u>	<u>57,303,803</u>	<u>7,491,245</u>	<u>742,504</u>	<u>118,705,080</u>	<u>58,046,307</u>
Beginning net position	794,814,289	737,510,485	789,162,241	788,419,738	1,583,976,530	1,525,930,223
Ending net position	<u>\$ 906,028,124</u>	<u>\$ 794,814,288</u>	<u>\$ 796,653,486</u>	<u>\$ 789,162,242</u>	<u>\$ 1,702,681,610</u>	<u>\$ 1,583,976,530</u>

CITY OF CHANDLER, ARIZONA

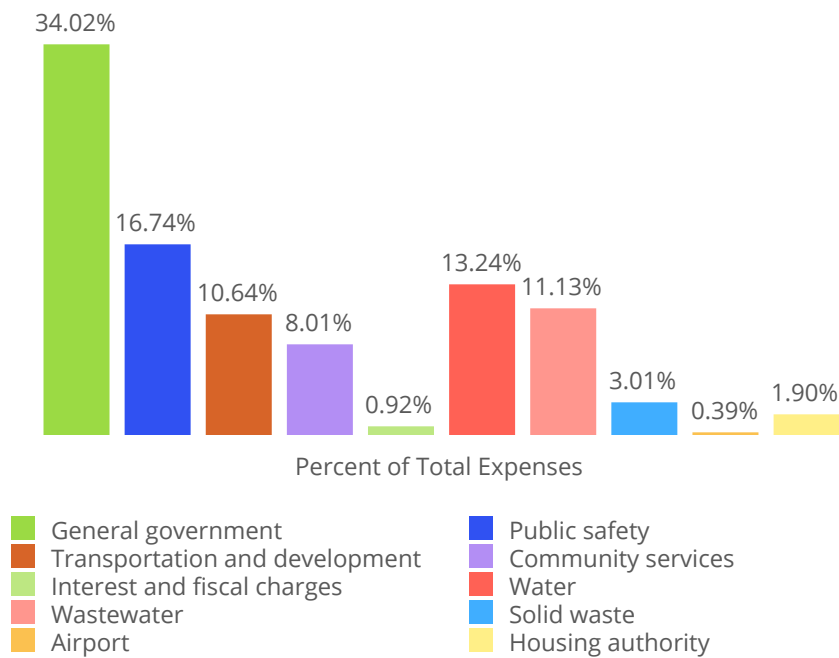
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2023

Revenue Sources - Fiscal Year 2023



Functional Expenses - Fiscal Year 2023



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2023

As evidenced in the previous graph, the largest financing source for the city is charges for services at 31.23 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 30.35 percent and 15.63 percent, respectively, of the total revenues with property taxes accounting for an additional 5.98 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 34.02 percent of the total functional expenses of the city. The next largest users of resources are public safety and water at 16.74 percent and 13.24 percent, respectively, with wastewater accounting for 11.14 percent of the city's total expenses.

Governmental activities. The increase in governmental net position totaled \$111.2 million for the year ended June 30, 2023 compared with an increase of \$57.3 million in the prior year. This increase is primarily in the sales tax and state shared revenues, mainly due to healthy development and retail sales combined with inflationary pressures leading to higher average sales which increases tax receipts. The largest driver is the continuation of the \$20 billion expansion of Intel Corporation and other developments within Chandler, which has created significant increases in sales taxes in many tax categories. Strong revenue receipts have also been off-set by higher costs to the city for purchasing goods, especially in the construction of capital projects. This can be tied back to the same inflationary pressures that are impacting increased revenue.

Business-type activities. The increase in business-type net position totaled \$7.5 million for the year ended June 30, 2023 compared with an increase of \$0.7 million in the prior year. This increase is a result of strong investment income compared to the prior year recognizing a loss and one-time miscellaneous revenue receipts. Investment income has increased as a result of the higher interest rates being earned due to the Federal Reserve Boards rate increases totaling 3.5% over the course of the fiscal year.

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 \$485.1 million, an increase of \$12.4 million in comparison with the prior year increase of \$49.7 million. Approximately \$302.1 million (62.3 percent) of this amount is combined assigned and unassigned balances, all which may be spent at the city's discretion. The total compared to the prior years' assigned and unassigned balances of \$277.2 million represents an increase of \$24.8 million.

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$183.1 million (37.7 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 \$195.5 million represents a decrease of \$12.4 million.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2023

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 \$310.6 million, while total fund balance reached \$315.9 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 1.07 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 \$33.9 million during the current fiscal year primarily due to increases in sales taxes and state shared revenues received mainly due to healthy development and consumer spending, compounded by inflation. The largest driver is the continued \$20 billion expansion of Intel Corporation and related development within Chandler, which has driven significant increases in sales tax receipts in many tax categories. Interest revenue has become 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 city's portfolio, helping to offset the rising cost of goods and services used to provide services to city residents. Because of the higher one-time fund balance, Mayor and Council were able to use the higher fund balance for additional payments to the Public Safety Personnel Retirement System (PSPRS) to pay-down the unfunded liability, thereby generating ongoing savings in annual contribution rates.

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 \$1.9 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 \$5.9 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 \$796.7 million and \$36.5 million, respectively, compared to \$789.2 million and \$31.8 million in the prior fiscal year. The enterprise funds increase is primarily due to miscellaneous one-time payments received in the water and wastewater funds. The water fund received a \$5.7 million payment as a result of the sale of a portion of the North Agua Fria Underground Storage Project (NAUSP) to the City of Avondale. The NAUSP is a joint venture between the Salt River Project (SRP) utility and several valley cities for the recharge of water into ground storage. The city retained a portion of the storage but did not need the full amount. Additionally, the city received a \$7 million payment from SRP that was split between water (\$2.2 million) and wastewater (\$4.8 million) reimbursing the city for costs associated with undergrounding SRP utility lines relating to power delivered to Intel.

The enterprise funds net position is 31.5 percent unrestricted compared to 35.9 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$128.0 million, and those for the wastewater fund amounted to \$99.8 million, compared to \$144.9 million and \$117.4 million in the prior fiscal year. The balances will support planned utility infrastructure and the related debt service.

BUDGETARY HIGHLIGHTS

For the 2022-23 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 2022-23 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 and planned Public Safety Personnel Retirement System (PSPRS) unfunded liability pay down. The city's major sources of General Fund revenues include Local Sales Tax (Transaction Privilege Tax), State Shared TPT Revenue Urban Revenue Sharing (State Shared Income Tax).

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2023

As has been the city's practice, the budget and revenue forecast distinguished between ongoing and one-time revenues and ensured related spending was also aligned. The city's 2022-23 budget included various salary adjustments based on agreements between bargaining units and the city, and merit and market adjustments for general employees including the incorporation of a completed classification and compensation study. Other ongoing costs, such as maintenance, utilities and supplies were managed closely to ensure they could be covered with ongoing revenues.

The FY 2022-23 budget continued to emphasize adherence to strong financial policies allowing the City Council to maintain the General Fund contingency reserve at 15 percent of anticipated annual General Fund operating revenue. And finally, the City Council continued the designated Budget Stabilization Reserve in the amount of \$10 million to provide the opportunity to utilize the reserve to balance the General Fund budget in the future for no more than three consecutive years, should state legislation, operational changes in tax collections, unexpected decreases in property values, or other economic conditions cause revenues to suddenly decrease.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2023, the city had invested over \$1.1 billion in capital assets net of related debt, including buildings, system improvements, vehicles, machinery and equipment, subscription based IT arrangements, water rights and infrastructure assets. Total depreciation/amortization expense for the year was \$98.7 million.

During fiscal year 2022-23, the city has made substantial progress in advancing numerous capital improvement projects and concluded several noteworthy capital improvement projects. Among the accomplishments are the completion of Veterans Memorial Park, Homestead North Park, and Sunset Park culminating in a total investment of \$8.4 million. Significant progress has been made on ongoing projects, with the reconstruction of Fire Station #282, which incurred a total expenditure of \$7.7 million. The city has dedicated funds to several infrastructure projects, such as several street improvement projects for the re-pavement of Ocotillo Road-Cooper to 148th Street for \$5.7 million, improvements to Chandler Heights Road of \$8.9 million, and improvements to Cooper Road totaling \$2.6 million. Prioritizing advancement in street lighting, the city has invested \$6.7 million towards upgrading to LED streetlights. Ongoing Public Works projects include Water Treatment Plant Improvements to the Pecos Surface Water Treatment Plant costing \$7.2 million dollars to date. An additional \$29.9 million was accrued towards the Intel FAB 42 project completion, combining with prior fiscal year expenses to represent \$56.9 million of the current balance in construction in progress. Many of the infrastructure projects relating to Intel development fall under an Intergovernmental Agreement (IGA) with the Arizona Department of Revenue (ADOR) and Intel, allowing for reimbursement of city infrastructure supporting Intel Corporation directly.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

The following table presents capital asset balances net of accumulated depreciation and amortization for the fiscal years, ended June 30, 2023 and 2022:

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2023	2022	2023	2022	2023	2022
Land	\$ 89,380,379	\$ 92,208,938	\$ 57,189,731	\$ 57,189,731	\$ 146,570,110	\$ 149,398,669
Land improvements	—	—	200,557	255,657	200,557	255,657
Infrastructure	292,559,802	318,148,649	—	—	292,559,802	318,148,649
System improvements	—	—	547,513,756	589,322,175	547,513,756	589,322,175
Buildings and improvements	144,530,547	158,211,441	6,912,776	7,438,261	151,443,323	165,649,702
Subscription based IT arrangements	946,490	—	—	—	946,490	—
Vehicles, machinery and equipment	17,549,850	20,030,874	3,365,093	2,135,294	20,914,943	22,166,168
Water rights	—	—	41,788,743	42,217,346	41,788,743	42,217,346
Construction in progress	187,131,784	134,927,143	126,421,086	66,346,386	313,552,870	201,273,529
Total	\$ 732,098,852	\$ 723,527,045	\$ 783,391,742	\$ 764,904,850	\$ 1,515,490,594	\$ 1,488,431,895

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

Long-term debt. At the end of the current fiscal year, the city had total bonded debt outstanding of \$439.3 million in long-term debt outstanding with \$57.3 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, 2023 and 2022.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 176,702,193	\$ 208,979,909	\$ 59,712,807	\$ 70,380,091	\$ 236,415,000	\$ 279,360,000
Excise tax revenue obligations	—	—	202,930,000	215,105,000	202,930,000	215,105,000
Special assessment bonds	—	635,000	—	—	—	635,000
Issuance premiums	12,825,886	15,054,239	12,344,938	14,522,022	25,170,824	29,576,261
Total bonds & obligations payable	\$ 189,528,079	\$ 224,669,148	\$ 274,987,745	\$ 300,007,113	\$ 464,515,824	\$ 524,676,261
Claims payable	19,771,275	16,911,130	—	—	19,771,275	16,911,130
Subscription based IT arrangements	482,119	—	—	—	482,119	—
Landfill closure/post closure	—	—	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	14,117,796	13,153,929	1,421,206	1,282,749	15,539,002	14,436,678
Net pension liability	237,933,742	196,423,432	19,295,830	16,117,058	257,229,572	212,540,490
Post-employment benefits	64,928,042	72,805,954	8,084,000	9,115,841	73,012,042	81,921,795
Total long-term liabilities	\$ 526,761,053	\$ 523,963,593	\$ 308,128,781	\$ 330,862,761	\$ 834,889,834	\$ 854,826,354

The city's total long-term liabilities decreased by \$19.9 million during the current fiscal year. The city reported an increase in pension liability of \$44.7 million, a decrease in post-employment benefits of \$8.9 million and a net decrease of \$55.8 million in bonds due to the impact of regularly scheduled payments being made as planned.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2023

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 \$1.3 billion. The city has \$242.3 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 \$376.8 million. The city has \$5.5 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 were rated Aa1 from Moody's Investor Services, 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2023-24) 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 FY 2022-23 budget year were stronger than anticipated, additional considerable thought and measured change was incorporated into the fiscal year 2023-24 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, as well as focused review of expenditure impacts that could potentially cause higher costs if not contained. This included the Public Safety Personnel Retirement System (PSPRS) rates and its unfunded liability, retirement vacancies which have become increasingly more difficult to fill, 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 increased from \$1.353 billion in 2022-23 to \$1.656 billion (an increase of 22.5 percent) in 2023-24, due to appropriation remaining for grant funding received during FY 2021-22, significant carryforward of capital projects as supply chain delays have slowed spending, and new capital projects identified to continue to provide a high quality of life for residents. With the addition of appropriation, the total department operating budget is increasing from \$493 million to \$563 million. The total new capital appropriation is increasing from \$310 million to \$358 million, 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 1.9% of that from new growth), the City Council chose to reduce the primary property tax rate from \$0.2326 to \$0.2226 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 2023-24 Budget includes the sale of bonds to fund prior year and current year projects. 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 ongoing focus on managing pension costs low especially as the city made a significant payment of \$73 million to essentially pay off the unfunded portion of our pension obligation. Chandler remains in a solid financial position to continue its tradition of strong fiscal management as reflected by its AAA GO bond ratings with all three rating agencies which were reaffirmed in November of 2023, as well as the ETRO ratings reaffirmed as AAA with Fitch and S&P, and Moody's increased from Aa1 to Aaa in November 2023.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 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) 782-2333.

BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Position
June 30, 2023

	Component Units					
	Governmental Activities	Business-Type Activities	Total Primary Government	Industrial Development Authority	Chandler Cultural Foundation	Chandler Museum Foundation
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 584,845,614	\$ 247,704,890	\$ 832,550,504	\$ —	\$ —	\$ —
Cash and investments	—	—	—	1,145,228	5,673,811	76,033
Accounts receivable	3,783,701	18,577,907	22,361,608	—	1,830	656
Privilege license tax receivable	22,253,722	—	22,253,722	—	—	—
Property taxes receivable	492,020	—	492,020	—	—	—
Due from other governments	11,110,399	2,091,731	13,202,130	—	—	—
Inventories	983,691	96,948	1,080,639	—	—	21,027
Prepaid items	6,305	—	6,305	—	234,021	—
Accrued interest receivable	2,172,914	771,908	2,944,822	—	18,705	—
Opioid settlement receivable	192,387	—	192,387	—	—	—
Notes receivable	288,606	—	288,606	—	—	—
Other receivables	2,911,134	975,328	3,886,462	—	—	—
Total current assets	629,040,493	270,218,712	899,259,205	1,145,228	5,928,367	97,716
Long-term assets:						
Cash and investments - restricted	—	—	—	—	1,433,255	278,468
Leases receivable	5,254,727	3,981,323	9,236,050	—	—	—
Opioid settlement receivable	2,903,132	—	2,903,132	—	—	—
Notes receivable	—	154,750	154,750	—	—	—
Investment in joint venture	—	64,751,045	64,751,045	—	—	—
Capital assets:						
Non-depreciable	276,512,163	183,610,817	460,122,980	—	—	—
Depreciable/amortizable, net	455,586,689	599,780,925	1,055,367,614	—	9,668	—
Total capital assets	732,098,852	783,391,742	1,515,490,594	—	9,668	—
Total long-term assets	740,256,711	852,278,860	1,592,535,571	—	1,442,923	278,468
Total assets	1,369,297,204	1,122,497,572	2,491,794,776	1,145,228	7,371,290	376,184
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of OPEB and pension plan items	138,458,559	5,740,345	144,198,904	—	—	—
Deferred amounts on refundings	4,680,411	6,191,069	10,871,480	—	—	—
Total deferred outflows of resources	143,138,970	11,931,414	155,070,384	—	—	—

LIABILITIES

Current liabilities:

Accounts payable	22,620,233	11,677,854	34,298,087	—	66,768	1,102
Accrued payroll	8,411,216	849,559	9,260,775	—	—	—
Trust liabilities and deposits	5,218,218	4,601,764	9,819,982	—	—	—
Accrued interest	3,274,196	4,223,624	7,497,820	—	—	—
Unearned revenue	13,682,797	—	13,682,797	—	940,021	70
Customer advances	—	775,991	775,991	—	—	—
Subscription based IT arrangement liability	151,276	—	151,276	—	—	—
Compensated absences payable	2,225,614	226,872	2,452,486	—	—	—
Bonds payable	36,325,359	25,389,049	61,714,408	—	—	—
Landfill closure and postclosure liability	—	94,446	94,446	—	—	—
Claims and judgements payable	12,467,944	—	12,467,944	—	—	—
Total current liabilities	104,376,853	47,839,159	152,216,012	—	1,006,789	1,172

Long-term liabilities:

Subscription based IT arrangement liability	330,843	—	330,843	—	—	—
Compensated absences payable	11,892,182	1,194,334	13,086,516	—	—	—
Bonds payable	153,202,720	249,598,696	402,801,416	—	—	—
Net pension liability	237,933,742	19,295,830	257,229,572	—	—	—
OPEB liability	64,928,042	8,084,000	73,012,042	—	—	—
Landfill closure and postclosure liability	—	4,245,554	4,245,554	—	—	—
Claims and judgements payable	7,303,331	—	7,303,331	—	—	—
Total long-term liabilities	475,590,860	282,418,414	758,009,274	—	—	—
Total liabilities	579,967,713	330,257,573	910,225,286	—	1,006,789	1,172

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	21,487,623	3,616,896	25,104,519	—	—	—
Leases and Public-Private Partnerships (PPPs)	4,952,714	3,901,031	8,853,745	—	—	—
Total deferred inflows of resources	26,440,337	7,517,927	33,958,264	—	—	—

NET POSITION

Net investment in capital assets	555,568,147	514,595,066	1,070,163,213	—	9,668	—
Restricted for:						
Transportation and development	120,618,840	—	120,618,840	—	—	—
Capital improvements	21,881,633	—	21,881,633	—	—	—
Community services	32,471,045	—	32,471,045	—	—	—
Community development	352,355	—	352,355	—	—	—
Debt service	2,427,863	31,119,667	33,547,530	—	—	—
Legal restrictions	4,317,196	—	4,317,196	—	1,433,255	278,468
Total restricted	182,068,932	31,119,667	213,188,599	—	1,433,255	278,468
Unrestricted	168,391,045	250,938,753	419,329,798	1,145,228	4,921,578	96,544
Total net position	\$ 906,028,124	\$ 796,653,486	\$ 1,702,681,610	\$ 1,145,228	\$ 6,364,501	\$ 375,012

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2023

Function/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$195,086,875	\$ 37,240,071	\$ 14,936,249	\$ 4,761,359	\$ 56,937,679
Public safety	95,958,948	5,723,124	7,792,316	—	13,515,440
Transportation and development	60,990,970	22,869,091	2,889,430	11,476,383	37,234,904
Community services	45,928,371	14,900,747	1,381,699	—	16,282,446
Interest on long-term debt	5,292,655	—	—	—	—
Total governmental activities	<u>403,257,819</u>	<u>80,733,033</u>	<u>26,999,694</u>	<u>16,237,742</u>	<u>123,970,469</u>
Business-type activities:					
Water	75,887,686	53,415,725	—	2,136,542	55,552,267
Wastewater	63,849,518	60,884,259	—	11,345,805	72,230,064
Solid waste	17,278,664	18,449,086	—	—	18,449,086
Airport	2,209,135	930,969	—	—	930,969
Chandler housing authority	10,877,168	1,638,902	9,124,544	—	10,763,446
Total business-type activities	<u>170,102,171</u>	<u>135,318,941</u>	<u>9,124,544</u>	<u>13,482,347</u>	<u>157,925,832</u>
Total primary government	<u><u>\$573,359,990</u></u>	<u><u>\$216,051,974</u></u>	<u><u>\$ 36,124,238</u></u>	<u><u>\$ 29,720,089</u></u>	<u><u>\$281,896,301</u></u>
Component units					
Chandler Industrial Development Authority	\$ 17	\$ 140,540	\$ —	\$ —	\$ 140,540
Chandler Cultural Foundation	2,308,653	2,699,968	194,000	—	2,893,968
Chandler Museum Foundation	55,600	28,536	1,616	—	30,152
Total component units	<u>\$ 2,364,270</u>	<u>\$ 2,869,044</u>	<u>\$ 195,616</u>	<u>\$ —</u>	<u>\$ 3,064,660</u>

General revenues and transfers:

General revenues:
Property taxes, levied for general purposes
Sales taxes
Highway user taxes
Other taxes
Franchise fees
State shared revenues (unrestricted)
Investment income
Miscellaneous

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
\$ (138,149,196)	\$ —	\$ (138,149,196)	\$ —	\$ —	\$ —
(82,443,508)	—	(82,443,508)	—	—	—
(23,756,066)	—	(23,756,066)	—	—	—
(29,645,925)	—	(29,645,925)	—	—	—
(5,292,655)	—	(5,292,655)	—	—	—
<u>(279,287,350)</u>	<u>—</u>	<u>(279,287,350)</u>	<u>—</u>	<u>—</u>	<u>—</u>
—	(20,335,419)	(20,335,419)	—	—	—
—	8,380,546	8,380,546	—	—	—
—	1,170,422	1,170,422	—	—	—
—	(1,278,166)	(1,278,166)	—	—	—
—	(113,722)	(113,722)	—	—	—
<u>—</u>	<u>(12,176,339)</u>	<u>(12,176,339)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>(279,287,350)</u>	<u>(12,176,339)</u>	<u>(291,463,689)</u>	<u>—</u>	<u>—</u>	<u>—</u>
—	—	—	140,523	—	—
—	—	—	—	585,315	—
—	—	—	—	—	(25,448)
<u>—</u>	<u>—</u>	<u>—</u>	<u>140,523</u>	<u>585,315</u>	<u>(25,448)</u>
41,363,544	—	41,363,544	—	—	—
210,027,766	22,063	210,049,829	—	—	—
20,835,558	—	20,835,558	—	—	—
201,799	—	201,799	—	—	—
3,838,738	—	3,838,738	—	—	—
108,187,240	—	108,187,240	—	—	—
5,427,207	3,832,676	9,259,883	23,916	186,074	—
1,380,596	15,051,582	16,432,178	—	—	—
(761,263)	761,263	—	—	—	—
<u>390,501,185</u>	<u>19,667,584</u>	<u>410,168,769</u>	<u>23,916</u>	<u>186,074</u>	<u>—</u>
111,213,835	7,491,245	118,705,080	164,439	771,389	(25,448)
794,814,289	789,162,241	1,583,976,530	980,789	5,593,112	400,460
<u>\$ 906,028,124</u>	<u>\$ 796,653,486</u>	<u>\$ 1,702,681,610</u>	<u>\$ 1,145,228</u>	<u>\$ 6,364,501</u>	<u>\$ 375,012</u>

City of Chandler
Balance Sheet -
Governmental Funds
June 30, 2023

	Major Funds			
	General	General Obligation Bonds	Other Governmental	Total
		Debt Service	Funds	
ASSETS				
Equity in pooled cash and investments	\$ 289,717,541	\$ 39,620,914	\$ 199,244,385	\$ 528,582,840
Accounts receivable	3,616,290	—	165,884	3,782,174
Privilege license tax receivable	22,253,722	—	—	22,253,722
Property taxes receivable	110,419	381,601	—	492,020
Advances to other funds	6,170,859	—	—	6,170,859
Due from other funds	2,086,039	—	—	2,086,039
Due from other governments	5,135,302	—	5,975,097	11,110,399
Inventories	983,691	—	—	983,691
Prepaid items	6,305	—	—	6,305
Accrued interest receivable	965,493	55,784	855,478	1,876,755
Notes receivable	—	—	288,606	288,606
Leases and PPP receivable	5,254,727	—	—	5,254,727
Other receivables	6,006,653	—	—	6,006,653
Total assets	\$ 342,307,041	\$ 40,058,299	\$ 206,529,450	\$ 588,894,790
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,279,538	\$ —	\$ 18,262,657	\$ 22,542,195
Accrued payroll	8,068,935	—	267,527	8,336,462
Trust liabilities and deposits	5,052,718	—	165,500	5,218,218
Accrued interest	—	3,274,196	—	3,274,196
Due to other funds	—	—	2,086,039	2,086,039
Advances from other funds	—	—	6,170,859	6,170,859
Unearned revenue	851,018	—	12,820,286	13,671,304
Bonds payable	—	34,108,034	—	34,108,034
Total liabilities	18,252,209	37,382,230	39,772,868	95,407,307
Deferred inflows of resources				
Unavailable revenues - property taxes	73,278	248,206	—	321,484
Leases and Public-Private Partnerships (PPPs)	4,952,714	—	—	4,952,714
Unavailable revenues - settlements	3,095,519	—	—	3,095,519
Total deferred inflows of resources	8,121,511	248,206	—	8,369,717
Fund balances:				
Nonspendable	989,996	—	—	989,996
Restricted	4,317,196	2,427,863	175,323,873	182,068,932
Assigned	251,787,985	—	—	251,787,985
Unassigned	58,838,144	—	(8,567,291)	50,270,853
Total fund balances	315,933,321	2,427,863	166,756,582	485,117,766
Total liabilities, deferred inflows and fund balances	\$ 342,307,041	\$ 40,058,299	\$ 206,529,450	\$ 588,894,790

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, 2023

Total Fund Balances - Total Governmental Funds		\$ 485,117,766
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	\$ 276,512,163	
Depreciable/Amortizable buildings, vehicles, machinery and equipment and infrastructure, net	<u>455,586,689</u>	
Total capital assets		732,098,852
Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		3,417,011
Deferred amounts on refundings are not financial resources and, therefore, are not reported in the funds.		4,680,411
Deferred outflows related to pensions and OPEB are not financial resources and, therefore, are not reported in the funds.		138,458,559
Deferred inflows related to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.		(21,487,623)
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.		36,492,335
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 \$19,903,832 which are included above, the long-term liabilities were adjusted as follows:		
Bonds payable	(155,420,045)	
Net pension liability	(237,933,742)	
OPEB liability	(64,928,042)	
Subscription based IT arrangement liability	(482,119)	
Compensated absences	<u>(13,985,239)</u>	
Total long-term liabilities		(472,749,187)
Net Position of Governmental Activities		<u><u>\$ 906,028,124</u></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, 2023

	Major Funds				
	General	General	Other		Total
		Obligation Bonds Debt Service	Governmental Funds		
REVENUES:					
Property taxes	\$ 8,721,596	\$ 32,683,380	\$ —	\$ 41,404,976	
Sales taxes	210,027,766	—	—	210,027,766	
Highway user taxes	—	—	20,835,558	20,835,558	
Regional transportation taxes	—	—	201,799	201,799	
Franchise fees	3,838,738	—	—	3,838,738	
State shared	108,187,240	—	—	108,187,240	
Grants and entitlements	704,223	—	38,130,102	38,834,325	
System development fees	—	—	8,235,336	8,235,336	
Special assessments	—	—	565,411	565,411	
Licenses and permits	8,754,471	—	—	8,754,471	
Charges for services	26,714,033	—	411,005	27,125,038	
Fines and forfeitures	4,127,035	—	293,497	4,420,532	
Rentals	253,543	—	—	253,543	
Contributions	—	—	1,040,240	1,040,240	
Interest revenue	1,502,098	210,754	3,151,566	4,864,418	
Miscellaneous	512,446	—	534,926	1,047,372	
Total revenues	373,343,189	32,894,134	73,399,440	479,636,763	
EXPENDITURES:					
Current:					
General government	104,381,714	—	19,839,868	124,221,582	
Public safety	130,895,545	—	6,504,778	137,400,323	
Transportation and development	17,348,908	—	15,709,133	33,058,041	
Community services	32,195,360	—	3,710,874	35,906,234	
Capital outlay	5,362,002	—	79,876,998	85,239,000	
Debt service:					
Principal	149,895	34,108,034	635,000	34,892,929	
Interest and fiscal charges	—	6,548,391	12,700	6,561,091	
Total expenditures	290,333,424	40,656,425	126,289,351	457,279,200	
Excess (deficiency) of revenues over (under) expenditures	83,009,765	(7,762,291)	(52,889,911)	22,357,563	
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	2,963,942	—	265,425	3,229,367	
Transfers in	—	5,900,000	39,152,169	45,052,169	
Transfers out	(52,078,965)	—	(6,175,689)	(58,254,654)	
Total other financing sources (uses)	(49,115,023)	5,900,000	33,241,905	(9,973,118)	
NET CHANGE IN FUND BALANCE	33,894,742	(1,862,291)	(19,648,006)	12,384,445	
FUND BALANCES:					
Beginning of year	282,038,579	4,290,154	186,404,588	472,733,321	
End of year	\$ 315,933,321	\$ 2,427,863	\$ 166,756,582	\$ 485,117,766	

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 12,384,445
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.	62,173,931
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	641,873
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.	(51,532,558)
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	(327,397)
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	34,892,929
Pension related items	50,676,906
Other post employment benefits related items	<u>(2,201,197)</u>
	83,368,638
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.	1,268,436
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 in the governmental funds	(3,016,049)
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.	(958,231)
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.	2,500,209
The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The change in financial position of the internal service fund is reported with governmental activities.	<u>4,710,538</u>
Change in Net Position of Governmental Activities	<u>\$ 111,213,835</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Net Position -
Proprietary Funds
June 30, 2023

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 91,361,700	\$ 123,371,947	\$ 32,971,243	\$ 247,704,890	\$ 56,262,775
Accounts receivable	7,810,407	8,376,463	2,391,037	18,577,907	1,527
Due from other governments	—	2,091,731	—	2,091,731	—
Inventories	64,717	—	32,231	96,948	—
Accrued interest receivable	259,605	403,505	108,798	771,908	296,159
Other receivables	—	975,295	33	975,328	—
Total current assets	99,496,429	135,218,941	35,503,342	270,218,712	56,560,461
Long-term assets:					
Notes receivable	—	—	154,750	154,750	—
Leases receivable	—	—	3,981,323	3,981,323	—
Investment in joint venture	64,751,045	—	—	64,751,045	—
Capital assets:					
Non-depreciable	41,054,290	112,486,653	30,069,874	183,610,817	—
Depreciable, net	191,294,321	384,787,077	23,699,527	599,780,925	—
Total capital assets	232,348,611	497,273,730	53,769,401	783,391,742	—
Total long-term assets	297,099,656	497,273,730	57,905,474	852,278,860	—
Total assets	396,596,085	632,492,671	93,408,816	1,122,497,572	56,560,461
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	2,731,954	1,729,032	1,279,359	5,740,345	—
Deferred amounts on refundings	2,990,548	3,200,521	—	6,191,069	—
Total deferred outflow of resources	5,722,502	4,929,553	1,279,359	11,931,414	—

LIABILITIES

Current liabilities:

Accounts payable	4,488,017	5,969,462	1,220,375	11,677,854	78,046
Accrued payroll	406,872	337,490	105,198	849,560	74,755
Trust liabilities and deposits	2,861,827	663,197	1,076,740	4,601,764	—
Accrued interest	1,567,255	2,656,369	—	4,223,624	—
Unearned revenue	—	—	—	—	11,493
Customer advances	311,722	290,941	173,328	775,991	—
Compensated absences payable	117,222	72,349	37,301	226,872	20,898
Bonds payable	11,497,979	13,891,070	—	25,389,049	—
Landfill closure and postclosure liability	—	—	94,446	94,446	—
Claims and judgements payable	—	—	—	—	12,467,944
Total current liabilities	21,250,894	23,880,878	2,707,388	47,839,160	12,653,136

Long-term liabilities:

Compensated absences payable	626,368	386,582	181,384	1,194,334	111,659
Bonds payable	89,756,961	159,841,735	—	249,598,696	—
Net pension liability	9,760,170	5,340,130	4,195,530	19,295,830	—
OPEB liability	3,683,055	2,897,038	1,503,907	8,084,000	—
Landfill closure and postclosure liability	—	—	4,245,554	4,245,554	—
Claims and judgements payable	—	—	—	—	7,303,331
Total long-term liabilities	103,826,554	168,465,485	10,126,375	282,418,414	7,414,990
Total liabilities	125,077,448	192,346,363	12,833,763	330,257,574	20,068,126

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	1,744,458	887,272	985,166	3,616,896	—
Deferred inflows of leases and PPP	—	—	3,901,031	3,901,031	—
Total deferred inflow of resources	1,744,458	887,272	4,886,197	7,517,927	—

NET POSITION

Net investment in capital assets	134,084,219	326,741,446	53,769,401	514,595,066	—
Restricted for:					
Debt service	13,438,007	17,681,660	—	31,119,667	—
Unrestricted	127,974,455	99,765,483	23,198,814	250,938,752	36,492,335
Total net position	\$ 275,496,681	\$ 444,188,589	\$ 76,968,215	\$ 796,653,485	\$ 36,492,335

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, 2023

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 53,415,725	\$ 60,884,259	\$ 19,380,304	\$ 133,680,288	\$ 102,140
Grants and entitlements	—	—	9,124,544	9,124,544	—
Rentals	—	—	1,638,652	1,638,652	—
Sales taxes	—	—	22,063	22,063	—
Self insurance premiums	—	—	—	—	31,126,217
Miscellaneous	7,940,349	4,892,446	41,703	12,874,498	333,224
Total operating revenues	61,356,074	65,776,705	30,207,266	157,340,045	31,561,581
OPERATING EXPENSES:					
General and administrative	3,744,630	3,127,685	1,092,367	7,964,682	—
Personnel services	10,890,055	8,619,783	4,774,225	24,284,063	2,380,913
Contractual services	11,775,620	6,769,127	14,176,127	32,720,874	3,290,070
Commodities	24,564,532	11,099,456	1,524,987	37,188,975	3,887,736
Claims expense	—	—	—	—	30,436,931
Housing assistance payments	—	—	6,783,281	6,783,281	—
Depreciation expense	16,487,195	28,336,133	1,990,601	46,813,929	—
Total operating expenses	67,462,032	57,952,184	30,341,588	155,755,804	39,995,650
OPERATING INCOME (LOSS)	(6,105,958)	7,824,521	(134,322)	1,584,241	(8,434,069)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	1,519,209	1,923,072	390,395	3,832,676	562,786
Interest and fiscal charges	(3,689,310)	(5,894,334)	—	(9,583,644)	—
Accretion of bond premiums	947,679	1,229,405	—	2,177,084	—
Gain (loss) on disposal of capital assets	(118,026)	(3,000)	(23,379)	(144,405)	—
Equity interest in joint venture	(4,618,318)	—	—	(4,618,318)	—
Total Nonoperating revenues (expenses)	(5,958,766)	(2,744,857)	367,016	(8,336,607)	562,786
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(12,064,724)	5,079,664	232,694	(6,752,366)	(7,871,283)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	2,136,542	11,361,953	124,451	13,622,946	—
Transfers in	1,388,800	1,310,250	1,440,251	4,139,301	12,611,429
Transfers out	(1,692,365)	(1,680,445)	(145,827)	(3,518,637)	(29,608)
Total capital contributions and transfers	1,832,977	10,991,758	1,418,875	14,243,610	12,581,821
CHANGE IN NET POSITION	(10,231,747)	16,071,422	1,651,569	7,491,244	4,710,538
NET POSITION:					
Beginning of year	285,728,428	428,117,167	75,316,646	789,162,241	31,781,797
End of year	\$ 275,496,681	\$ 444,188,589	\$ 76,968,215	\$ 796,653,485	\$ 36,492,335

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Cash Flows -
Proprietary Funds
For the year ended June 30, 2023

	Major Funds		Other Proprietary Funds	Total	Governmental
	Water	Wastewater			Activities: Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 60,184,445	\$ 64,657,837	\$ 21,133,939	\$ 145,976,221	\$ 31,903,723
Cash received from grantors	—	—	9,229,406	9,229,406	—
Cash payments to suppliers	(39,146,712)	(22,050,480)	(24,708,942)	(85,906,134)	(34,921,408)
Cash payments to employees for services	(10,635,645)	(8,474,982)	(4,776,721)	(23,887,348)	(2,373,233)
Net cash provided (used) by operating activities	10,402,088	34,132,375	877,682	45,412,145	(5,390,918)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	1,388,800	1,310,250	1,440,251	4,139,301	12,611,429
Transfers out	(1,692,365)	(1,680,445)	(145,827)	(3,518,637)	(29,608)
Net cash provided (used) by noncapital financing activities	(303,565)	(370,195)	1,294,424	620,664	12,581,821
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(13,136,648)	(41,716,056)	(1,486,350)	(56,339,054)	—
Principal paid on bond maturities	(9,666,617)	(12,039,541)	—	(21,706,158)	—
Interest paid on bonds	(3,886,912)	(6,151,691)	—	(10,038,603)	—
Cash received from capital contributions	1,944,490	2,572,284	—	4,516,774	—
Net cash provided (used) by capital and related financing activities	(24,745,687)	(57,335,004)	(1,486,350)	(83,567,041)	—
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,452,256	1,800,325	344,921	3,597,502	361,291
Net cash provided (used) by investing activities	1,452,256	1,800,325	344,921	3,597,502	361,291
Net increase (decrease) in cash and cash equivalents	(13,194,908)	(21,772,499)	1,030,677	(33,936,730)	7,552,194
CASH AND CASH EQUIVALENTS:					
Beginning of year	104,556,608	145,144,446	31,940,566	281,641,620	48,710,581
End of year	<u>\$ 91,361,700</u>	<u>\$ 123,371,947</u>	<u>\$ 32,971,243</u>	<u>\$ 247,704,890</u>	<u>\$ 56,262,775</u>

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

Operating income (loss)	\$ (6,105,958)	\$ 7,824,521	\$ (134,322)	\$ 1,584,241	\$ (8,434,069)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	16,487,195	28,336,133	1,990,601	46,813,929	—
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	386,600	(88,875)	142,487	440,212	344,716
(Increase) decrease in due from other governments	—	(1,490,296)	—	(1,490,296)	—
(Increase) decrease in inventories	43,175	—	(14,868)	28,307	—
(Increase) decrease in other assets	—	—	167,990	167,990	—
Increase (decrease) in payables	894,895	(1,054,212)	(1,117,312)	(1,276,629)	(166,816)
Increase (decrease) in accrued payroll and compensated absences	165,782	80,247	(39,310)	206,719	7,680
Increase (decrease) in deposits	(1,618,094)	404,429	243,298	(970,367)	—
Increase (decrease) in claims payable	—	—	—	—	2,860,145
Increase (decrease) in unearned revenue	—	—	—	—	(2,574)
Increase (decrease) in customer advances	59,865	55,874	(88,119)	27,620	—
Increase (decrease) in net pension and OPEB items	553,976	425,218	74,653	1,053,847	—
Increase (decrease) in OPEB liability	(465,348)	(360,664)	(205,829)	(1,031,841)	—
Increase (decrease) in deferred inflow leases	—	—	(141,587)	(141,587)	—
Total adjustments	16,508,046	26,307,854	1,012,004	43,827,904	3,043,151
Net cash provided (used) by operating activities	\$ 10,402,088	\$ 34,132,375	\$ 877,682	\$ 45,412,145	\$ (5,390,918)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 192,052	\$ 8,773,521	\$ —	\$ 8,965,573	\$ —
Contributions of capital assets from city government	—	—	124,451	124,451	—
Accretion of bond premiums	947,679	1,229,405	—	2,177,084	—

See accompanying Notes to the Financial Statements.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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 in 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, 2023

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 normally are 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, 2023

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 generally are 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, 2023

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 \$7,847,197 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 \$9,723,414, for water enterprise fund are \$21,893,280, for wastewater enterprise fund are \$71,086,308, and for non-major governmental funds are \$88,831,544.

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, 2023

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).

The water, wastewater and solid waste enterprise funds use the direct write-off method for bad debts and therefore do not have an allowance for uncollectible accounts. All other funds' trade receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

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 \$3,353,948 due from the federal government for grants and \$6,926,040 due from the State of Arizona for shared revenues and grants, and \$2,922,142 due from other governmental agencies.

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, 2023

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, 2023

NOTE 1 - Summary of Significant Accounting Policies, continued

funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, leases 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 and leases.

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 balances (see Note 9 for additional details).

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 1 - Summary of Significant Accounting Policies, continued

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 after 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 discount rate to measure lease receivables.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 1 - Summary of Significant Accounting Policies, concluded

U. Subscription Based IT Arrangements (SBITA)

As the user of hosted software programs, the city recognizes those agreements that are calculated to have an 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, 2023, the Industrial Development Authority implemented the provisions of Governmental Accounting Standards Board Statements No. 91, *Conduit Debt Obligations*. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The statement clarifies the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extend by issuers and arrangements associated with conduit debt obligations, and improves required note disclosures. The city's analysis of such obligations in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

During the year ended June 30, 2023, the city implemented the provisions of Governmental Accounting Standards Board Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is intended to provide guidance around reporting on public-private and public-public partnership arrangements (PPP's) and provide for more detail on their effect to the financial statements. The statement also provides guidance on accounting for availability payment arrangements (APA's) that might exist. The city's analysis of PPP's and APA's in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

During the year ended June 30, 2023, the city implemented the provisions of Governmental Accounting Standards Board Statements No. 96, *Subscription-Based Information Technology Arrangements*. This Statement is intended to provided increased clarification and information in the financial statements around subscription based information technology arrangements (SBITAs). The statement establishes a uniform accounting and and financial reporting requirement to improve comparability of governmental financial statements for governing agencies that have entered into SBITAs. It is also designed to enhance the understandability, relevance and consistency of information around SBITAs. The city's analysis of SBITAs in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 2 - Cash and Investments, continued

trustees and amounts segregated due to their source and future intent. In addition, the Industrial Development Authority, the Chandler Cultural Foundation, the Chandler Museum Foundation, separately hold investments and are not included in the subsequent disclosures.

Deposits

At year-end, cash on hand was \$44,990, the carrying amount of the city deposits was \$49,422,449, and the bank balance was \$56,399,551. Of the bank balance, \$250,000 was covered by federal depository insurance and \$56,149,551 was covered by collateral held in the pledging bank's trust department in the city's name. In addition, at June 30, 2023, the city had \$89,008,377 of restricted cash held by paying agent consisting of \$64,817,820 in July 1, 2023 debt service payments, \$465 in unspent bond proceeds from the 2019 Excise Tax Revenue Obligation issuances, and \$24,190,092 from the 2019 and 2021 General Obligation Bond issuances. The cash held by paying agent is in money market funds invested primarily in short-term U.S. Treasury securities.

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

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

At June 30, 2023, the city had the following investments and maturities:

Investment Type	Category	Investment Maturities (in Years)			Concentration of Credit Risk %	S&P/Moody/Fitch Credit Rating
		Fair Value	Less than 1 Year	1-5 Years		
U.S. Treasuries	Level 1	\$356,548,659	\$ 40,752,918	\$315,795,741	51.39 %	
U.S. Agencies:						
Fannie Mae	Level 2	27,809,521	4,574,548	23,234,973	4.01	AA+/Aaa/AAA
Federal Farm Credit Banks	Level 2	21,589,315	11,934,078	9,655,237	3.11	AA+/Aaa/AAA
Federal Home Loan Bank	Level 2	9,162,122	7,470,509	1,691,613	1.32	AA+/Aaa/AAA
Freddie Mac	Level 2	23,451,045	7,380,463	16,070,582	3.38	AA+/Aaa/AAA
Corporate Bonds:						
Adobe Inc Corp	Level 2	3,158,605	—	3,158,605	0.46	A+/A2
Amazon.com Inc Corp	Level 2	3,205,687	1,799,968	1,405,719	0.46	AA/A1
Apple Inc Corp	Level 2	256,350	—	256,350	0.04	AA+/Aaa
Athene Global Funding	Level 2	5,085,430	5,085,430	—	0.73	A+/A1/A+
Bank Of America Corp	Level 2	10,192,722	—	10,192,722	1.47	A-/A1/AA-
Bank Of New York Mellon Corp	Level 2	9,038,546	5,551,733	3,486,813	1.30	A/A1/AA-
Brighthouse Financial Global Funding	Level 2	1,442,475	1,442,475	—	0.21	A+/A3/NA
Caterpillar Finl Service	Level 2	4,314,175	—	4,314,175	0.62	A/A2/A+
Cisco Systems Inc Corp	Level 2	223,099	—	223,099	0.03	AA-/A1
Goldman Sachs Group Inc	Level 2	1,961,495	1,961,495	—	0.28	BBB+/A2/A
Home Depot Inc Corp	Level 2	3,392,171	—	3,392,171	0.49	A/A2
IBM Corp	Level 2	2,062,593	—	2,062,593	0.30	A-/A3
Intel Corp	Level 2	3,284,148	—	3,284,148	0.47	A/A2
John Deere Capital Corp	Level 2	6,315,338	39,028	6,276,310	0.91	A/A2/A+

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 2 - Cash and Investments, continued

Investment Type	Category	Investment Maturities (in Years)			Concentration of Credit Risk %	S&P/Moody/Fitch Credit Rating
		Fair Value	Less than 1 Year	1-5 Years		
JP Morgan Chase & Co Corp	Level 2	\$ 4,318,460	\$ 2,239,674	\$ 2,078,786	0.62 %	A-/A1
Manufacturers And Traders Trust Co	Level 2	3,510,405	—	3,510,405	0.51	A-/A3/A
Mastercard Inc Corp	Level 2	4,571,998	—	4,571,998	0.66	A+/Aa3
Metropolitan Life Global Funding I	Level 2	4,483,981	4,483,981	—	0.65	AA-/Aa3/AA-
Microsoft Corp	Level 2	2,972,380	—	2,972,380	0.43	AAA/Aaa
Morgan Stanley Corp	Level 2	5,782,551	—	5,782,551	0.83	A-/A1/A+
National Rural Utilities Cooperative Finance Corp	Level 2	5,794,202	2,908,262	2,885,940	0.83	A-/A2/A
National Securities Clearing Corp	Level 2	4,405,433	4,405,433	—	0.63	AA+/Aaa/NA
New York Life Global Funding	Level 2	1,055,371	1,055,371	—	0.15	AA+/Aaa/AAA
Novartis Captial Corp	Level 2	6,346,087	—	6,346,087	0.91	AA-/A1
Paccar Financial Corp	Level 2	2,677,676	—	2,677,676	0.39	A+/A1/NA
Pepsico Inc Corp	Level 2	3,345,557	—	3,345,557	0.48	A+/A1
Pnc Bank Na	Level 2	951,963	—	951,963	0.14	A/A2/A+
Qualcomm Inc Cor Corp	Level 2	1,579,354	—	1,579,354	0.23	A/A2
State Street Corp	Level 2	1,103,408	—	1,103,408	0.16	A/A1/AA-
Target Corp	Level 2	2,013,057	—	2,013,057	0.29	A/A2
Texas Instruments Inc Corp	Level 2	173,315	138,613	34,702	0.02	A+/Aa3
Toyota Motor Credit Corp	Level 2	4,458,644	208,685	4,249,959	0.64	A+/A1/A+
Truist Financial Corp	Level 2	2,067,605	—	2,067,605	0.30	A-/A3
Us Bancorp	Level 2	3,941,977	3,941,977	—	0.57	A/A3/A
Usaa Capital Corp	Level 2	3,835,794	3,835,794	—	0.55	AA/Aa1/NA
Wal Mart Stores Inc Global	Level 2	10,073,734	—	10,073,734	1.45	AA/Aa2/AA
Municipal Bonds:						
Scottsdale, AZ TXBL GO Bonds	Level 2	1,507,758	—	1,507,758	0.22	AAA/Aaa
Tempe Ariz Ctf Partn	Level 2	1,186,663	—	1,186,663	0.17	AA+/NA/AA+
Asset Backed:						
Amcar 2022-1 A2	Level 2	1,282,682	—	1,282,682	0.18	NA/Aaa/AAA
Amxca 2021-1 A	Level 2	2,548,456	—	2,548,456	0.37	NA/Aaa/AAA
Amxca 2022-4 A	Level 2	2,041,123	—	2,041,123	0.29	AAA/NA/AAA
Bmwot 2022-A A2A	Level 2	290,553	—	290,553	0.04	AAA/Aaa/NA
Bmwot 2022-A A3	Level 2	1,375,685	—	1,375,685	0.20	AAA/Aaa/NA
Carmx 2020-1 A3	Level 2	92,935	—	92,935	0.01	AAA/NR
Carmx 2020-4 A4	Level 2	1,689,844	—	1,689,844	0.24	AAA/NA/AAA
Carmx 2021-1 A3	Level 2	231,721	—	231,721	0.03	AAA/NR
Carmx 2021-2 A3	Level 2	634,910	—	634,910	0.09	AAA/NR
Carmx 2022-1 A2	Level 2	139,202	—	139,202	0.02	AAA/Aaa/NA
Carmx 2022-2 A3	Level 2	1,363,699	—	1,363,699	0.20	AAA/Aaa/NA
CNH 2021-A A3	Level 2	537,971	—	537,971	0.08	AAA/NR
Comet 2021-3 A	Level 2	3,763,919	—	3,763,919	0.54	AAA/NA/AAA
Copar 2023-1 A2A	Level 2	2,290,185	—	2,290,185	0.33	AAA/NA/AAA
Dcent 2021-A1 A1	Level 2	785,739	—	785,739	0.11	AAA/Aaa
Dcent 2022-2 A	Level 2	3,370,392	—	3,370,392	0.49	NA/Aaa/AAA
Fordo 2022-C A2A	Level 2	1,006,420	—	1,006,420	0.15	AAA/Aaa/NA
Gmcar 2020-4 A3	Level 2	653,032	—	653,032	0.09	AAA/NA/AAA
Gmcar 2022-3 A2A	Level 2	1,429,185	—	1,429,185	0.21	NA/Aaa/AAA

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 2 - Cash and Investments, continued

Investment Type	Category	Investment Maturities (in Years)			Concentration of Credit Risk %	S&P/Moody/Fitch Credit Rating
		Fair Value	Less than 1 Year	1-5 Years		
Halst 2022-A A3	Level 2	1,419,299	—	1,419,299	0.20	AAA/Aaa/NA
Harot 2021-1 A3	Level 2	327,598	—	327,598	0.05	NR/Aaa
Hart 2020-A A3	Level 2	677,392	—	677,392	0.10	AAA/NA/AAA
Hart 2021-A A3	Level 2	369,128	—	369,128	0.05	AAA/NR
Hart 2021-C A3	Level 2	475,775	—	475,775	0.07	AAA/Aaa
Hart 2022-A A2A	Level 2	329,335	—	329,335	0.05	AAA/NA/AAA
Hart 2022-C A2A	Level 2	933,408	—	933,408	0.13	AAA/NA/AAA
Mbart 2021-1 A3	Level 2	3,386,513	—	3,386,513	0.49	AAA/Aaa/NA
Narot 2021-A A3	Level 2	4,026,161	—	4,026,161	0.58	AAA/Aaa/NA
Taot 2020-C A3	Level 2	179,699	—	179,699	0.03	AAA/Aaa/NA
Taot 2021-A A3	Level 2	907,892	—	907,892	0.13	NA/Aaa/AAA
Taot 2021-C A3	Level 2	919,593	—	919,593	0.13	AAA/Aaa
Taot 2022-C A3	Level 2	3,895,730	—	3,895,730	0.56	AAA/NA/AAA
Usaot 2022-A A3	Level 2	1,980,260	—	1,980,260	0.29	AAA/Aaa/NA
Woart 2022-A A2	Level 2	103,336	—	103,336	0.01	AAA/NA/AAA
Woart 2023-A A2A	Level 2	921,015	—	921,015	0.13	AAA/NA/AAA
Money Market - Certificates of Deposit	Level 2	3,382,817	249,839	3,132,978	0.49	A/A1
Money Market Fund	Level 1	66,091,427	66,091,427	—	9.52	AAAm/NR
Cash and cash equivalents	Level 1	217	217	—	0.00	AAA/Aaa/AAA
Total		\$694,074,688	\$181,121,489	\$512,953,199	100.00 %	

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

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

Credit Risk. The city's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of AA+ or 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+, 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+, BBB+ and AAAM by Standard & Poor's, respectively, as of June 30, 2023.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 2 - Cash and Investments, concluded

Concentration of Credit Risk. The city's investment policy does not allow for an investment in any one issuer that is in excess of five 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.

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 2022-23, current property tax collections were \$40,571,534 or 99 percent of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days is recognized as revenue and recorded as a receivable. Property taxes levied in August 2023 are not available for fiscal year 2022-23; accordingly, such taxes will not be recognized as revenue until fiscal year 2023-24.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 4 - Capital Assets

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

Governmental Activities	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Capital assets, not being depreciated/ Amortized:				
Land	\$ 92,208,938	\$ —	\$ (2,828,559)	\$ 89,380,379
Construction in progress	134,927,143	61,091,015	(8,886,374)	187,131,784
Total capital assets not being depreciated/ amortized	227,136,081	61,091,015	(11,714,933)	276,512,163
Capital assets, being depreciated/ amortized:				
Infrastructure	780,270,696	971,575	—	781,242,271
Building and improvements	415,567,288	4,772,966	—	420,340,254
Subscription based IT arrangements	—	1,273,887	—	1,273,887
Vehicles, machinery and equipment	101,486,978	4,225,476	(1,308,349)	104,404,105
Total capital assets being depreciated/ amortized	1,297,324,962	11,243,904	(1,308,349)	1,307,260,517
Less accumulated depreciation/ amortization for:				
Infrastructure	(462,122,047)	(26,560,422)	—	(488,682,469)
Building and improvements	(257,355,847)	(18,453,860)	—	(275,809,707)
Subscription based IT arrangements	—	(327,397)	—	(327,397)
Vehicles, machinery and equipment	(81,456,104)	(6,518,276)	1,120,125	(86,854,255)
Total accumulated depreciation/ Amortization	(800,933,998)	(51,859,955)	1,120,125	(851,673,828)
Total capital assets, being depreciated/ amortized, net	496,390,964	(40,616,051)	(188,224)	455,586,689
Governmental activities capital assets, net	\$ 723,527,045	\$ 20,474,964	\$ (11,903,157)	\$ 732,098,852

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

	Expended to June 30, 2023	Remaining Commitments
Streets	\$ 89,712,421	\$ 42,493,924
Parks and recreation	13,547,047	26,050,278
Buildings and related improvements	83,872,316	13,697,356
Total	\$ 187,131,784	\$ 82,241,558

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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, 2022	Additions	Retirements	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 57,189,731	\$ —	\$ —	\$ 57,189,731
Construction in progress	66,346,386	62,535,816	(2,461,116)	126,421,086
Total capital assets not being depreciated	<u>123,536,117</u>	<u>62,535,816</u>	<u>(2,461,116)</u>	<u>183,610,817</u>
Capital assets, being depreciated:				
System improvements	1,404,841,302	2,949,056	(96,026)	1,407,694,332
Building and improvements	26,815,318	255,395	—	27,070,713
Vehicles, machinery and equipment	20,983,628	2,166,077	(118,480)	23,031,225
Water rights	42,860,250	—	—	42,860,250
Land improvements	2,668,237	—	—	2,668,237
Total capital assets being depreciated	<u>1,498,168,735</u>	<u>5,370,528</u>	<u>(214,506)</u>	<u>1,503,324,757</u>
Less accumulated depreciation for:				
System improvements	(815,519,127)	(44,661,449)	—	(860,180,576)
Buildings and improvements	(19,377,057)	(780,880)	—	(20,157,937)
Vehicles, machinery and equipment	(18,848,334)	(887,897)	70,099	(19,666,132)
Water rights	(642,904)	(428,603)	—	(1,071,507)
Land improvements	(2,412,580)	(55,100)	—	(2,467,680)
Total accumulated depreciation	<u>(856,800,002)</u>	<u>(46,813,929)</u>	<u>70,099</u>	<u>(903,543,832)</u>
Total capital assets, being depreciated, net	<u>641,368,733</u>	<u>(41,443,401)</u>	<u>(144,407)</u>	<u>599,780,925</u>
Business-type activities capital assets, net	<u>\$ 764,904,850</u>	<u>\$ 21,092,415</u>	<u>\$ (2,605,523)</u>	<u>\$ 783,391,742</u>

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

	Expended to June 30, 2023	Remaining Commitments
Sewer system improvements	\$ 87,836,297	\$ 67,319,877
Water system improvements	35,552,448	18,608,868
Solid waste system improvements	635,763	229,219
Airport improvements	2,396,578	1,377,205
Total	<u>\$ 126,421,086</u>	<u>\$ 87,535,169</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 4 - Capital Assets, concluded

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

Governmental activities:	
General government	\$ 7,067,911
Public safety	7,023,669
Community services	10,099,753
Transportation and development	<u>27,669,357</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 51,860,690</u>
Business-type activities:	
Water	\$ 16,487,196
Wastewater	28,336,130
Solid waste	606,342
Airport	756,125
Chandler housing authority	<u>628,136</u>
Total depreciation expense - business-type activities	<u>\$ 46,813,929</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 \$262,723,499 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 96 percent of total ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$197,515,732. Principal and interest paid for the current year and total ad valorem property taxes were \$39,597,865 and \$41,404,976 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2023 were as follows:

	Outstanding June 30, 2023
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.	\$ 42,160,000
\$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.	35,915,000
\$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.	27,100,000
\$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.	26,757,193
\$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.	19,270,000
	<u>19,270,000</u>
Total Governmental Activities General Obligation Bonds	<u>\$ 176,702,193</u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds were less than 39 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 \$65,207,767. Principal and interest paid for the current year and total net water system, wastewater system revenues were \$12,982,945 and \$33,709,096 respectively.

	Outstanding June 30, 2023
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.	\$ 25,925,000
\$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.	20,237,807
	<u>20,237,807</u>
Total Business-Type Activities General Obligation Bonds	<u>\$ 59,712,807</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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 less than 56% percent of net system revenues. The total principal and interest to be paid on the obligations is \$241,230,115. Principal and interest paid for the current year and net water and wastewater system revenues were \$18,762,621 and \$33,709,096 respectively. Total excise tax revenues during the fiscal year were \$334,935,250. Principal and interest payments were less than 6 percent of total excise tax revenues.

	<u>Outstanding June 30, 2023</u>
Business-Type Activities Excise Tax Revenue Obligations:	
\$104,500,000 Water & Sewer Excise Tax Revenue Obligations, Series 2013, due in annual installments of \$3,100,000 to \$12,000,000 through 7/1/33; interest at 4 percent to 5 percent.	\$ 8,400,000
\$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.	52,920,000
\$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.	15,860,000
\$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.	32,285,000
\$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.	9,710,000
\$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.	<u>83,755,000</u>
Total Business-Type Activities Excise Tax Revenue Obligations	<u><u>\$ 202,930,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 5 - Long-Term Liabilities, continued

C. Special Assessment Bonds with Governmental Commitment

As trustee for improvement districts, the city is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements.

At June 30, 2023, the city has no outstanding debt remaining related to improvement districts.

Changes in Long-Term Liabilities

	Balance			Balance	
	June 30, 2022	Additions	Reductions	June 30, 2023	Due within One Year
Governmental Activities:					
Compensated absences	\$ 13,153,929	\$ 2,476,552	\$ (1,512,685)	\$ 14,117,796	\$ 2,225,614
Bonds payable:					
General obligation bonds	208,979,909	—	(32,277,716)	176,702,193	34,108,034
Special assessment bonds	635,000	—	(635,000)	—	—
Issuance premiums	15,054,239	—	(2,228,353)	12,825,886	2,217,325
Total bonds payable	224,669,148	—	(35,141,069)	189,528,079	36,325,359
Claims payable	16,911,130	30,366,404	(27,506,259)	19,771,275	12,467,944
Subscription based IT liability	—	482,119	—	482,119	151,276
Net pension liability	196,423,432	41,510,310	—	237,933,742	—
OPEB liability	72,805,954	—	(7,877,912)	64,928,042	—
Totals	<u>\$ 523,963,593</u>	<u>\$ 74,835,385</u>	<u>\$ (72,037,925)</u>	<u>\$ 526,761,053</u>	<u>\$ 51,170,193</u>
Business-Type Activities:					
Compensated absences	\$ 1,282,749	\$ 290,736	\$ (152,279)	\$ 1,421,206	\$ 226,872
Bonds & obligations payable:					
General obligation bonds	70,380,091	—	(10,667,284)	59,712,807	10,231,966
Excise tax revenue obligations	215,105,000	—	(12,175,000)	202,930,000	12,980,000
Issuance premiums	14,522,022	—	(2,177,084)	12,344,938	2,177,083
Total bonds & obligations payable	300,007,113	—	(25,019,368)	274,987,745	25,389,049
Net pension liability	16,117,058	3,178,772	—	19,295,830	—
OPEB liability	9,115,841	—	(1,031,841)	8,084,000	—
Landfill closure/post closure	4,340,000	—	—	4,340,000	94,446
Totals	<u>\$ 330,862,761</u>	<u>\$ 3,469,508</u>	<u>\$ (26,203,488)</u>	<u>\$ 308,128,781</u>	<u>\$ 25,710,367</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 5 - Long-Term Liabilities, continued

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.

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, 2023, the 6 percent debt limitation was \$376,810,629, providing a debt margin of \$371,288,540 and the 20 percent debt limitation was \$1,256,035,431, providing a debt margin of \$1,013,757,238.

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, 2023, the bonds have an aggregate outstanding principal amount payable of \$1,304,661,563, 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, 2023 is \$0.

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 2023:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 5 - Long-Term Liabilities, concluded

GOVERNMENTAL ACTIVITIES			
Years Ended June 30	General Obligation Principal	General Obligation Interest	Total
2024	\$ 34,108,034	\$ 5,725,632	\$ 39,833,666
2025	26,351,936	4,286,099	30,638,035
2026	22,350,023	3,242,012	25,592,035
2027	21,638,420	2,548,473	24,186,893
2028	21,437,390	1,776,303	23,213,693
2029-2033	44,541,390	3,004,332	47,545,722
2034-2038	6,275,000	230,688	6,505,688
Total	<u>\$ 176,702,193</u>	<u>\$ 20,813,539</u>	<u>\$ 197,515,732</u>

BUSINESS-TYPE ACTIVITIES					
Years Ended June 30	General Obligation Principal	General Obligation Interest	Excise Tax Principal	Excise Tax Interest	Total
2024	\$ 10,231,966	\$ 1,879,719	\$ 12,980,000	\$ 6,025,980	\$ 31,117,665
2025	9,543,064	1,401,616	13,910,000	5,398,961	30,253,641
2026	9,979,977	986,281	14,570,000	4,816,525	30,352,783
2027	10,096,580	718,376	13,785,000	4,344,559	28,944,515
2028	8,737,610	411,636	16,120,000	3,837,582	29,106,828
2029-2033	11,123,610	97,332	89,730,000	11,876,320	112,827,262
2034-2038	—	—	41,835,000	2,000,188	43,835,188
Total	<u>\$ 59,712,807</u>	<u>\$ 5,494,960</u>	<u>\$ 202,930,000</u>	<u>\$ 38,300,115</u>	<u>\$ 306,437,882</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, 2023:

Refunded Debt Outstanding	Amount
Excise Tax Revenue Obligations, Series 2013 (Final Redemption 7/1/23)	\$ 78,600,000
General Obligation Bonds, Series 2014 (Final Redemption 7/1/24)	43,320,000
Total Refunded Bonds and Obligations Outstanding	<u>\$121,920,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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, 2023, the city estimates total costs related to landfill closure and postclosure care is 16,778,357 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$12,438,357 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, \$16,778,357, 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, 2023. 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, 2022. 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	\$ 1,944,490	\$ 192,052	\$ —	\$ 2,136,542
Wastewater	2,572,284	8,773,521	16,148	11,361,953
Airport	—	—	124,451	124,451
Total	<u>\$ 4,516,774</u>	<u>\$ 8,965,573</u>	<u>\$ 140,599</u>	<u>\$ 13,622,946</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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.

As of June 30, 2023 the constraints placed on fund balance for the major governmental funds and other non-major governmental funds are presented in the following table:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 9 - Fund Balance, concluded

	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total
Nonspendable:				
Inventories	\$ 983,691	\$ —	\$ —	\$ 983,691
Prepaid items	6,305	—	—	6,305
Total nonspendable	989,996	—	—	989,996
Restricted for:				
Court enhancement	493,793	—	—	493,793
Judicial enhancement	507,212	—	—	507,212
Weapons proceeds	151,636	—	—	151,636
Citing agency	45,922	—	—	45,922
Opioid Settlement Funds	504,426	—	—	504,426
Smart and Safe AZ	2,614,207	—	—	2,614,207
Transportation and development	—	—	120,618,840	120,618,840
Debt service reserve	—	2,427,863	—	2,427,863
Community development	—	—	352,355	352,355
Community services	—	—	32,471,045	32,471,045
Other capital projects	—	—	21,881,633	21,881,633
Total restricted	4,317,196	2,427,863	175,323,873	182,068,932
Assigned to:				
Domestic violence prevention	81	—	—	81
Self-insurance purposes	10,000,000	—	—	10,000,000
Traffic safety reserve	212,000	—	—	212,000
PSPRS contribution	73,000,000	—	—	73,000,000
Capital improvement projects	149,527,230	—	—	149,527,230
Economic development projects	14,831,990	—	—	14,831,990
ARPA related projects	4,216,684	—	—	4,216,684
Total assigned	251,787,985	—	—	251,787,985
Unassigned	58,838,144	—	(8,567,291)	50,270,853
Total unassigned	58,838,144	—	(8,567,291)	50,270,853
Total fund balances	<u>\$ 315,933,321</u>	<u>\$ 2,427,863</u>	<u>\$ 166,756,582</u>	<u>\$ 485,117,766</u>

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 2022-23. This amounts to \$54,790,400 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 10 - Retirement and Pension Plans

The city contributes to the pension plans described below. The city also contributes to the Elected Officials Retirement Plan and Other Post Employment Benefit (OPEB) plans; however the plans are not described below because of its relative insignificance to the financial statements. The plans are component units of the State of Arizona.

At June 30, 2023, 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	\$ 237,933,742	\$ 19,295,830	\$ 257,229,572
Pension deferred outflows of resources	119,348,261	3,237,826	122,586,087
Pension deferred inflows of resources	5,175,851	1,602,226	6,778,077
Pension expense	26,069,722	6,115,120	32,184,842

	OPEB Plans		
	Governmental Activities	Business-type Activities	Total
Net OPEB liability	\$ 64,928,042	\$ 8,084,000	\$ 73,012,042
OPEB deferred outflows of resources	19,110,298	2,502,519	21,612,817
OPEB deferred inflows of resources	16,311,772	2,014,670	18,326,442
OPEB expense	4,953,299	648,778	5,602,077

The city reported \$80,638,034 and \$2,016,962 of pension expenditures in its governmental and enterprise funds, respectively, related to all pension 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, 2023

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 12.17 percent (12.03 percent for retirement and 0.14 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 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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 9.68 percent (9.62 percent for retirement and .06 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, 2023, 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, 2023, were \$10,615,589. 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, 2023

NOTE 10 - Retirement and Pension Plans, continued

D. Pension Liability

At June 30, 2023, the city reported a liability of \$110,127,657 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022, the city's proportion was 0.67 percent, which was a decrease of .04 from its proportion measured as of June 30, 2021.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2023, the city recognized pension expense for ASRS of \$10,098,145 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	\$ 938,353	\$ —
Changes of assumptions or other inputs	5,465,849	—
Net difference between projected and actual earnings on pension plan investments	—	2,900,869
Changes in proportion and differences between contributions and proportionate share of contributions	166,026	3,648,796
Contributions subsequent to the measurement date	10,615,589	—
Total	<u>\$ 17,185,817</u>	<u>\$ 6,549,665</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, 2024. 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:	
2023	\$ 3,462,069
2024	(3,047,894)
2025	(5,036,590)
2026	4,642,978

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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, 2021
Actuarial roll forward date	June 30, 2022
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, 2021 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 4.19 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	50%	3.90%
Fixed Income - Credit	20%	5.30%
Fixed Income - Interest Rate Sensitive	10%	(0.20)%
Real estate	20%	6.00%
Total	<u>100%</u>	

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, 2021. 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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	\$ 162,490,084	\$110,127,657	\$66,465,574

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, 2023

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, 2023, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	219	91
Inactive employees entitled to but not yet receiving benefits	75	31
Active employees	280	195
Total	<u>574</u>	<u>317</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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, 2023, 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	8.94 %	9.29 %
Tier 3 DC	10.85 %	10.85 %
Employer rates - pension		
Tier 1	47.10 %	39.37 %
Tier 2	47.10 %	39.37 %
Tier 3 DB	44.06 %	35.17 %
Tier 3 DC	44.79 %	35.26 %

In addition, the city was required by statute to contribute at the actuarially determined rate of 33.94 percent for police and 24.41 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	\$ 47,644,130	\$ 24,395,278

E. Pension Liability

At June 30, 2023, the city reported \$99,300,601 in net pension liability for police and \$47,801,314 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2022, 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, 2022, reflects changes of benefit terms and actuarial assumptions for 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, 2023

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, 2022
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	3.25% - 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	2%	0.45%
International Public Equity	16%	4.47%
Other Assets (Capital Appreciation)	7%	4.83%
Cash - Mellon	1%	(0.35)%
Diversifying Strategies	10%	2.68%
Global Private Equity	20%	7.18%
Private Credit	20%	5.10%
U.S. Public Equity	24%	3.49%
Total	100%	

G. Pension Discount Rates

The discount rate of 7.20 percent was used to measure the total pension liability for Tier 1/2 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, 2023

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, 2022	\$ 326,117,720	\$ 244,422,363	\$ 81,695,357
Changes for the year:			
Service cost	5,687,800	—	5,687,800
Interest on the total pension liability	23,623,567	—	23,623,567
Differences between expected and actual experience in the measurement of the pension liability	4,884,171	—	4,884,171
Changes of assumptions or other inputs	3,565,456	—	3,565,456
Contributions - employer	—	28,044,847	(28,044,847)
Contributions - employee	—	2,844,468	(2,844,468)
Net investment income	—	(10,549,363)	10,549,363
Benefit payments, including refunds of employee contributions	(16,390,013)	(16,390,013)	—
Administrative expense	—	(190,200)	190,200
Other changes	—	5,998	(5,998)
Net changes	<u>21,370,981</u>	<u>3,765,737</u>	<u>17,605,244</u>
Balances at June 30, 2023	<u>\$ 347,488,701</u>	<u>\$ 248,188,100</u>	<u>\$ 99,300,601</u>
	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2022	\$ 195,274,939	\$ 157,827,084	\$ 37,447,855
Changes for the year:			
Service cost	4,265,733	—	4,265,733
Interest on the total pension liability	14,270,752	—	14,270,752
Differences between expected and actual experience in the measurement of the pension liability	397,039	—	397,039
Changes of assumptions or other inputs	1,375,658	—	1,375,658
Contributions - employer	—	15,211,791	(15,211,791)
Contributions - employee	—	1,610,854	(1,610,854)
Net investment income	—	(6,745,327)	6,745,327
Benefit payments, including refunds of employee contributions	(8,101,828)	(8,101,828)	—
Administrative expense	—	(121,595)	121,595
Other changes	—	—	—
Net changes	<u>12,207,354</u>	<u>1,853,895</u>	<u>10,353,459</u>
Balances at June 30, 2023	<u>\$ 207,482,293</u>	<u>\$ 159,680,979</u>	<u>\$ 47,801,314</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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:

	<u>Tier 1-2/Tier 3</u> <u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>Tier 1-2/Tier 3</u> <u>1% Increase</u>
PSPRS - Police:			
Rate	6.20	7.20	8.20
Net pension liability	\$ 148,199,928	\$ 99,300,601	\$ 59,595,719
PSPRS - Fire:			
Rate	6.20	7.20	8.20
Net pension liability	\$ 76,416,872	\$ 47,801,314	\$ 24,346,346

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, 2023, the city recognized the following as pension expense:

	<u>Pension</u> <u>Expense</u>
PSPRS - Police	\$ 13,902,149
PSPRS - Fire	8,118,703

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 10 - Retirement and Pension Plans, concluded

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2023, 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	\$ 13,657,871	\$ 142,752
Changes of assumptions or other inputs	5,783,715	—
Net difference between projected and actual earnings on pension plan investments	3,620,466	—
Contributions subsequent to the measurement date	47,644,130	—
Total	<u>\$ 70,706,182</u>	<u>\$ 142,752</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Fire		
Differences between expected and actual experience	\$ 4,437,269	\$ 85,840
Changes of assumptions or other inputs	3,437,921	—
Net difference between projected and actual earnings on pension plan investments	2,423,620	—
Contributions subsequent to the measurement date	24,395,278	—
Total	<u>\$ 34,694,088</u>	<u>\$ 85,840</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, 2024. 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
2024	\$ 5,489,455	\$ 2,430,855
2025	5,063,763	1,408,172
2026	3,117,800	(39,700)
2027	7,840,190	5,027,729
2028	1,408,272	942,760
Thereafter	—	443,174

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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

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.

A. 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 \$800 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.

B. 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, 2023

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

C. 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	705
Active members	<u>1,632</u>
Total	<u><u>2,337</u></u>

D. Total OPEB Liability

The city's total OPEB liability of \$73,012,042 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

E. 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, 2022 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, 2022
Actuarial valuation date	June 30, 2021
Discount Rate	3.54%
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 RP-2014 Disabled Mortality Table for disabled retirees.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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

F. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 81,921,795
Changes for the year:	
Service cost	4,846,361
Interest	1,844,376
Differences between expected and actual experience	
Changes in assumptions or other inputs	(12,824,888)
Estimated benefit payments	(2,775,602)
Net changes	<u>(8,909,753)</u>
Total OPEB liability - end of year	<u>\$ 73,012,042</u>

Changes in assumptions reflect the following:

1. The discount rate increased from 2.16% to 3.54% based on the changes in the Bond Buyer 20 GO index municipal bond rate from June 30, 2021 to June 30, 2022.
2. The future trend rates on per capita health costs were updated.
3. The mortality, withdrawal, disability, retirement rates and salary scales for Safety employees were updated based on the results of the recent PSPRS actuarial experience study.
4. The mortality projection scale for General active employees and disabled retirees was updated based on the recent ASRS valuation.

G. 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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 82,236,434	\$ 73,012,042	\$ 65,374,224

H. 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	\$ 68,276,793	\$ 73,012,042	\$ 78,584,407

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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

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

For the year ended June 30, 2023, the city recognized OPEB expense of \$5,602,077. At June 30, 2023, 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	\$ —	\$ 5,472,245
Changes of assumptions or other inputs	18,500,248	12,854,197
Contributions subsequent to measurement date	3,112,569	—
Total	<u>\$ 21,612,817</u>	<u>\$ 18,326,442</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, 2024. 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:		
2024	\$	(1,088,660)
2025		266,459
2026		1,559,328
2027		1,294,169
2028		(1,246,784)
Thereafter		(610,706)

NOTE 12 - Commitments and Contingencies

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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 materially adverse effect on the city's financial position.

In fiscal year 2022-23, 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 2022-23, 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 \$19,771,275 reported as claims payable in the Self-Insurance Fund at June 30, 2023, 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, 2023

NOTE 13 - Risk Management, concluded

Changes in the Funds' claims liability amount in fiscal years 2022 and 2023 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
2022	Workers' compensation	\$ 10,493,303	\$ 2,255,779	\$ (2,204,720)	\$ 10,544,362
	Property and liability	2,114,853	(161,929)	(180,364)	1,772,560
	Health	6,088,219	18,732,049	(20,401,678)	4,418,590
	Dental	189,487	1,943,801	(1,957,670)	175,618
		<u>\$ 18,885,862</u>	<u>\$ 22,769,700</u>	<u>\$ (24,744,432)</u>	<u>\$ 16,911,130</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
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>

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, \$20,441,299. The General Fund provides funding for various capital projects, \$31,322,299, as well as annual subsidies for the Airport and Public Housing Authority, \$1,440,251. Bond payments totaling \$5,900,000 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 \$1,310,250 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, 2023

NOTE 14 - Interfund Transfers, concluded

The interfund transfers in and out at June 30, 2023 are as follows:

Transfers out:	Transfers In:						Total
	General Obligation Bonds Debt Service Fund	Non-Major Governmental Funds	Water Enterprise Fund	Wastewater Enterprise Fund	Non-Major Enterprise Funds	Internal Service Fund	
General Fund	\$ —	\$ 38,122,285	\$ —	\$ —	\$ 1,440,251	\$ 12,516,429	\$ 52,078,965
Non-Major Governmental Funds	5,900,000	180,689	—	—	—	95,000	6,175,689
Water Enterprise Fund	—	382,115	—	1,310,250	—	—	1,692,365
Wastewater Enterprise Fund	—	291,645	1,388,800	—	—	—	1,680,445
Non-Major Enterprise Funds	—	145,827	—	—	—	—	145,827
Internal Service Fund	—	29,608	—	—	—	—	29,608
Total	\$ 5,900,000	\$ 39,152,169	\$ 1,388,800	\$ 1,310,250	\$ 1,440,251	\$ 12,611,429	\$ 61,802,899

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 \$140,599 (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	\$ 4,736,432
	Capital projects - public buildings	1,434,427
	Total governmental funds	\$ 6,170,859

Interfund advances were made from governmental funds to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$600,000 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, 2023

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	\$ 1,435,405
	Capital projects - public buildings	104,380
	Special revenue - community development	466,747
	Debt service - special assessment bonds	<u>79,507</u>
	Total general fund	<u>\$ 2,086,039</u>

Interfund balances at June 30, 2023 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, 2023, is:

City of Chandler's Share	\$ 64,751,045
Town of Gilbert's Share	<u>75,878,049</u>
	<u>\$ 140,629,094</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property special revenue fund had a deficit fund balance of \$64,634. The deficit will be covered by future revenues. The general government capital project fund had a deficit fund balance of \$1,164,585. The grants capital project fund had a deficit fund balance of \$891,911. The public safety building and improvement capital project fund had a deficit of \$4,827,972. The deficit in these funds will be covered by future revenues. The public buildings capital projects fund had deficit fund balance of \$1,538,682. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues. The special assessment bonds debt service fund had a deficit fund balance of \$79,507. The deficit in this fund will be covered through a transfer to general fund and close out of the fund.

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 2022-23 is \$441,303. 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

NOTE 18 - Tax Abatements, concluded

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.

For the fiscal year ended June 30, 2023, the city abated property taxes totaling \$213,867 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 \$139,908 of property tax abated.

NOTE 19 - Leases

As lessor, the city has entered into lease agreements involving land for wireless towers and 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 \$471,132.

NOTE 20 - Subscription Based IT Arrangements

The city has entered in subscription-based IT agreements (SBITAs) involving electronic agenda management software, budget management software, fleet inventory software, electronic plans review software and accounting and budgeting reporting software.

The total of the city's subscriptions assets are recorded at \$1,273,887 less accumulated amortization of \$327,397.

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

	Principal	Interest	Total
2024	\$ 151,276	\$ 11,619	\$ 162,895
2025	130,221	7,973	138,194
2026	133,359	4,835	138,194
2027	42,173	1,621	43,794
2028	12,395	605	13,000

In addition to the amount presented above, the city had outflows of resources for the fiscal year totaling \$200,988 that were not included in the measurement of the subscription liability.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2023

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 \$26,665 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 \$2,736,611.

NOTE 22 - Subsequent Events

On December 19, 2023, the city issued General Obligation Bonds, Taxable Series 2023 in the amount of \$64,955,000, maturing on July 1, 2034 with an average interest rate of 2.65 percent. Proceeds from the bonds will be used for the purpose of acquiring and constructing improvements to parks and recreation facilities, public facilities and buildings, streets, public safety facilities and storm water management systems.

On December 19, 2023, the city issued Excise Tax Revenue Bonds, Taxable Series 2023 in the amount of \$106,415,000, maturing on July 1, 2038 with an average interest rate of 3.12 percent. Proceeds from the bonds will be used for the purpose of paying costs associated with various capital improvements to the city water and wastewater system, and to pay costs incurred with the issuance of the obligations.

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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Property taxes	\$ 8,663,078	\$ 8,663,078	\$ 8,721,596	\$ 58,518
Sales taxes	175,545,200	175,545,200	210,027,766	34,482,566
Franchise fees	3,659,200	3,659,200	3,838,738	179,538
State shared	88,220,000	88,220,000	108,187,240	19,967,240
Grants and entitlements	196,500	196,500	704,223	507,723
Licenses and permits	6,718,500	6,718,500	8,754,471	2,035,971
Charges for services	21,623,182	21,623,182	26,714,033	5,090,851
Fines and forfeitures	3,413,800	3,413,800	4,127,035	713,235
Rentals	134,700	134,700	253,543	118,843
Interest revenue	2,317,000	2,317,000	1,502,082	(814,918)
Miscellaneous	301,800	301,800	512,446	210,646
Total Revenues	310,792,960	310,792,960	373,343,173	62,550,213
EXPENDITURES:				
City clerk	1,033,622	1,187,055	967,909	219,146
City magistrate	5,025,617	5,280,652	4,042,348	1,238,304
City manager	18,072,547	20,111,549	15,836,272	4,275,277
Communications and public affairs	2,652,397	3,166,258	2,545,785	620,473
Community services	29,695,115	33,144,198	30,844,222	2,299,976
Cultural development	3,999,187	4,336,488	4,259,143	77,345
Development services	9,937,242	10,745,564	9,098,466	1,647,098
Fire	39,136,744	45,986,494	45,619,287	367,207
Information technology	16,076,808	17,981,727	15,871,057	2,110,670
Law	4,236,416	4,531,692	4,468,081	63,611
Management services	139,991,809	106,264,759	58,985,972	47,278,787
Mayor and council	1,181,168	1,219,546	1,110,928	108,618
Neighborhood resources	4,512,002	9,894,033	5,749,895	4,144,138
Police	81,386,182	94,341,066	87,592,471	6,748,595
Public works	10,166,749	11,817,154	11,887,168	(70,014)
Total expenditures	367,103,605	370,008,235	298,879,004	71,129,231
REVENUES OVER (UNDER) EXPENDITURES	(56,310,645)	(59,215,275)	74,464,169	133,679,444
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	(200,000)	(200,000)	2,963,942	3,163,942
Transfers in	9,114,624	9,114,624	—	(9,114,624)
Transfers out	(107,132,641)	(105,579,752)	(52,078,965)	53,500,787
Total other financing sources (uses)	(98,218,017)	(96,665,128)	(49,115,023)	47,550,105
Net change in fund balance	(154,528,662)	(155,880,403)	25,349,146	181,229,549
Fund balance, July 1, 2022	282,038,579	282,038,579	282,038,579	—
Fund balance, June 30, 2023	\$ 127,509,917	\$ 126,158,176	\$ 307,387,725	\$ 181,229,549

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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability (asset)	0.67 %	0.71 %	0.71 %	0.72 %
City's proportionate share of the net pension liability (asset)	\$110,127,657	\$ 93,397,278	\$122,547,011	\$104,541,379
City's covered payroll	\$ 79,760,571	\$ 79,544,042	\$ 76,880,601	\$ 75,407,689
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	138.07 %	117.42 %	159.40 %	138.63 %
Plan fiduciary net position as a percentage of the total pension liability	74.26 %	78.58 %	69.33 %	73.24 %

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

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

City of Chandler
Schedule of Contributions -
All Pension Plans
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 10,615,589	\$ 9,580,356	\$ 9,267,255	\$ 8,844,068
Contributions in relation to the actuarially determined contribution	10,615,589	9,580,356	9,267,255	8,844,068
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered payroll	\$ 89,064,154	\$ 79,760,571	\$ 79,544,042	\$ 76,880,601
Contributions as a percentage of covered payroll	11.92 %	12.01 %	11.65 %	11.50 %
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 28,044,847	\$ 22,596,733	\$ 19,026,392	\$ 15,572,686
Contributions in relation to the actuarially determined contribution ¹	47,644,130	28,025,675	22,619,456	28,715,343
Contribution deficiency (excess)	<u>\$(19,599,283)</u>	<u>\$ (5,428,942)</u>	<u>\$ (3,593,064)</u>	<u>\$(13,142,657)</u>
City's covered payroll	\$ 30,351,106	\$ 27,383,139	\$ 26,480,082	\$ 28,589,014
Contributions as a percentage of covered payroll	156.98 %	102.35 %	85.42 %	100.44 %
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 15,211,791	\$ 13,299,020	\$ 10,427,865	\$ 8,004,060
Contributions in relation to the actuarially determined contribution ¹	24,395,278	14,992,742	13,054,192	15,566,324
Contribution deficiency (excess)	<u>\$ (9,183,487)</u>	<u>\$ (1,693,722)</u>	<u>\$ (2,626,327)</u>	<u>\$ (7,562,264)</u>
City's covered payroll	\$ 20,259,508	\$ 18,946,241	\$ 18,187,540	\$ 19,154,805
Contributions as a percentage of covered payroll	120.41 %	79.13 %	71.78 %	81.27 %

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

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

2019	2018	2017	2016	2015
\$ 8,470,741	\$ 8,268,029	\$ 7,793,041	\$ 7,634,805	\$ 7,323,872
8,470,741	8,268,029	7,793,041	7,634,805	7,323,872
\$ —	\$ —	\$ —	\$ —	\$ —
\$ 75,407,689	\$ 75,579,140	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465
11.23 %	10.94 %	10.78 %	10.85 %	10.89 %
\$ 12,267,559	\$ 10,950,501	\$ 8,470,411	\$ 8,561,143	\$ 6,083,333
15,398,196	14,300,501	10,145,411	8,561,143	6,083,333
\$ (3,130,637)	\$ (3,350,000)	\$ (1,675,000)	\$ —	\$ —
\$ 28,848,732	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641
53.38 %	50.54 %	37.49 %	30.63 %	23.23 %
\$ 7,021,133	\$ 6,392,313	\$ 4,616,587	\$ 4,438,495	\$ 3,193,139
8,670,333	8,042,313	5,441,587	4,438,495	3,193,139
\$ (1,649,200)	\$ (1,650,000)	\$ (825,000)	\$ —	\$ —
\$ 19,025,780	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133
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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability				
Service cost	\$ 5,687,800	\$ 5,440,836	\$ 5,696,125	\$ 6,149,336
Interest	23,623,567	22,385,115	20,504,731	19,203,025
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	4,884,171	3,894,134	12,866,840	1,302,509
Changes of assumptions	3,565,456	—	—	6,562,499
Benefit payments, including refunds	(16,390,013)	(13,613,884)	(12,493,545)	(10,261,998)
Net change in total pension liability	<u>21,370,981</u>	<u>18,106,201</u>	<u>26,574,151</u>	<u>22,955,371</u>
Total pension liability - beginning	<u>326,117,720</u>	<u>308,011,519</u>	<u>281,437,368</u>	<u>258,481,997</u>
Total pension liability - ending	<u>\$ 347,488,701</u>	<u>\$ 326,117,720</u>	<u>\$ 308,011,519</u>	<u>\$ 281,437,368</u>
Plan fiduciary net position				
Contributions - employer	\$ 28,044,847	\$ 22,596,733	\$ 28,799,919	\$ 15,572,686
Contributions - employee	2,844,468	2,424,870	2,909,915	2,206,379
Net investment income	(10,549,363)	53,483,321	2,344,516	8,365,394
Benefit payments, including refunds	(16,390,013)	(13,613,884)	(12,493,545)	(10,261,998)
Administrative expense	(190,200)	(250,715)	(191,143)	(146,042)
Other	5,998	2,439	(2,317)	(102,911)
Net change in plan fiduciary net position	<u>3,765,737</u>	<u>64,642,764</u>	<u>21,367,345</u>	<u>15,633,508</u>
Plan fiduciary net position - beginning	<u>244,422,363</u>	<u>179,779,599</u>	<u>158,412,254</u>	<u>142,778,746</u>
Plan fiduciary net position - ending	<u>\$ 248,188,100</u>	<u>\$ 244,422,363</u>	<u>\$ 179,779,599</u>	<u>\$ 158,412,254</u>
Net pension liability - ending	<u>\$ 99,300,601</u>	<u>\$ 81,695,357</u>	<u>\$ 128,231,920</u>	<u>\$ 123,025,114</u>
Plan fiduciary net position as a percentage of the total pension liability	71.42 %	74.95 %	58.37 %	56.29 %
Covered payroll	\$ 25,840,552	\$ 26,480,082	\$ 28,859,014	\$ 28,848,732
Net pension liability as a percentage of covered payroll	384.28 %	308.52 %	444.34 %	426.45 %

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

2019	2018	2017	2016	2015
\$ 5,737,868	\$ 6,092,332	\$ 5,337,103	\$ 4,583,770	\$ 4,602,603
17,999,842	17,064,596	14,964,498	13,839,509	11,841,118
—	1,501,042	17,456,919	—	1,741,535
(671,252)	(6,211,672)	858,761	4,879,849	567,380
—	6,528,203	8,537,784	—	13,082,165
(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
13,153,195	16,719,554	34,139,440	17,621,292	24,780,302
245,328,802	228,609,248	194,469,808	176,848,516	152,068,214
<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>
\$ 10,296,409	\$ 10,247,877	\$ 8,728,082	\$ 6,155,142	\$ 5,465,059
2,765,932	3,244,412	3,633,359	3,308,265	2,675,724
9,301,979	14,017,325	677,501	3,873,466	12,329,319
(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
(142,274)	(124,430)	(97,889)	(94,891)	—
24,215	(167,280)	238,667	(70,777)	(2,733,237)
12,332,998	18,962,957	164,095	7,489,369	10,682,366
130,445,748	111,482,791	111,318,696	103,829,327	93,146,961
<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>\$ 115,703,251</u>	<u>\$ 114,883,054</u>	<u>\$ 117,126,457</u>	<u>\$ 83,151,112</u>	<u>\$ 73,019,189</u>
55.24 %	53.17 %	48.77 %	57.24 %	58.71 %
\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641	\$ 24,290,497
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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability				
Service cost	\$ 4,265,733	\$ 3,923,796	\$ 4,025,473	\$ 4,353,346
Interest	14,270,752	13,243,975	12,453,112	11,689,082
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	397,039	4,097,391	1,086,650	(171,678)
Changes of assumptions	1,375,658	—	—	3,122,509
Benefit payments, including refunds	(8,101,828)	(6,981,473)	(6,278,162)	(5,792,594)
Net change in total pension liability	<u>12,207,354</u>	<u>14,283,689</u>	<u>11,287,073</u>	<u>13,200,665</u>
Total pension liability - beginning	<u>195,274,939</u>	<u>180,991,250</u>	<u>169,704,177</u>	<u>156,503,512</u>
Total pension liability - ending	<u>\$ 207,482,293</u>	<u>\$ 195,274,939</u>	<u>\$ 180,991,250</u>	<u>\$ 169,704,177</u>
Plan fiduciary net position				
Contributions - employer	\$ 15,211,791	\$ 13,299,020	\$ 15,654,338	\$ 8,004,060
Contributions - employee	1,610,854	1,778,804	1,432,043	1,462,348
Net investment income	(6,745,327)	34,335,848	1,488,011	5,389,738
Benefit payments, including refunds	(8,101,828)	(6,981,473)	(6,278,162)	(5,792,594)
Administrative expense	(121,595)	(160,215)	(121,320)	(94,355)
Other	—	4,795	5	(42,251)
Net change in plan fiduciary net position	<u>1,853,895</u>	<u>42,276,779</u>	<u>12,174,915</u>	<u>8,926,946</u>
Plan fiduciary net position - beginning	<u>157,827,084</u>	<u>115,550,305</u>	<u>103,375,390</u>	<u>94,448,444</u>
Plan fiduciary net position - ending	<u>\$ 159,680,979</u>	<u>\$ 157,827,084</u>	<u>\$ 115,550,305</u>	<u>\$ 103,375,390</u>
Net pension liability - ending	<u>\$ 47,801,314</u>	<u>\$ 37,447,855</u>	<u>\$ 65,440,945</u>	<u>\$ 66,328,787</u>
Plan fiduciary net position as a percentage of the total pension liability	76.96 %	80.82 %	63.84 %	60.92 %
Covered payroll	\$ 20,259,508	\$ 18,187,540	\$ 19,154,805	\$ 19,025,780
Net pension liability as a percentage of covered payroll	235.95 %	205.90 %	341.64 %	348.63 %

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

2019	2018	2017	2016	2015
\$ 4,014,526	\$ 3,863,571	\$ 3,174,665	\$ 2,915,603	\$ 2,949,507
10,794,299	9,983,423	8,707,808	8,264,915	7,191,487
—	753,382	10,272,193	—	930,663
1,014,752	941,823	96,063	(1,037,307)	(409,426)
—	2,845,297	4,937,927	—	6,465,545
(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
9,460,159	13,338,179	21,541,386	6,528,892	13,868,930
147,043,353	133,705,174	112,163,788	105,634,896	91,765,966
<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>
\$ 5,956,704	\$ 5,514,825	\$ 4,672,177	\$ 3,222,291	\$ 3,152,694
1,633,743	2,312,753	2,140,037	1,837,291	1,775,319
6,174,093	9,228,731	440,223	2,568,880	8,217,832
(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
(94,669)	(82,059)	(63,746)	(63,063)	—
1,035	50,502	38,948	(55,142)	(1,798,718)
7,307,488	11,975,435	1,580,369	3,895,938	8,088,281
87,140,956	75,165,521	73,585,152	69,689,214	61,600,933
<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>\$ 62,055,068</u>	<u>\$ 59,902,397</u>	<u>\$ 58,539,653</u>	<u>\$ 38,578,636</u>	<u>\$ 35,945,682</u>
60.35 %	59.26 %	56.22 %	65.61 %	65.97 %
\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133	\$ 15,691,213
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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement date	6/30/2022	6/30/2021	6/30/2020
Total OPEB liability - beginning of year	\$ 81,921,795	\$ 63,003,983	\$ 53,112,727
Changes for the year			
Service cost	4,846,361	3,414,033	2,940,955
Interest	1,844,376	1,440,322	1,921,296
Differences between expected and actual experience		(2,181,125)	—
Changes in assumptions or other inputs	(12,824,888)	18,748,388	7,368,121
Benefit payments	(2,775,602)	(2,503,806)	(2,339,116)
Net changes	<u>(8,909,753)</u>	<u>18,917,812</u>	<u>9,891,256</u>
Total OPEB liability - end of year	<u>\$ 73,012,042</u>	<u>\$ 81,921,795</u>	<u>\$ 63,003,983</u>
Total covered employee payroll	\$142,472,650	\$130,254,557	\$116,931,839
Total OPEB liability as percentage of covered employee payroll	51.25 %	62.89 %	53.88 %

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.

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

CITY OF CHANDLER, ARIZONA
Notes to the Required Supplementary Information
June 30, 2023

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	\$ 33,894,742
Reserved encumbrances at June 30, 2023 recognized as budgetary expenditures in fiscal year ended June 30, 2023	<u>(8,545,596)</u>
Budgetary Comparison Schedule - Net change in fund balance	<u>\$ 25,349,146</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, 2021 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, 2022 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, 2022 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, 2023

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, 2022 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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Property taxes	\$ 32,415,726	\$ 32,415,726	\$ 32,683,380	\$ 267,654
Interest revenue	138,000	138,000	210,754	72,754
Total revenues	32,553,726	32,553,726	32,894,134	340,408
EXPENDITURES:				
General government	350,000	350,000	—	(350,000)
Principal	34,108,034	34,108,034	34,108,034	—
Interest and fiscal charges	6,548,393	6,548,393	6,548,391	(2)
Total expenditures	41,006,427	41,006,427	40,656,425	(350,002)
Excess (deficiency) of revenues over expenditures	(8,452,701)	(8,452,701)	(7,762,291)	690,410
OTHER FINANCING SOURCES (USES):				
Transfers in	6,500,000	6,500,000	5,900,000	(600,000)
Total other financing sources (uses)	6,500,000	6,500,000	5,900,000	(600,000)
Net change in fund balance	(1,952,701)	(1,952,701)	(1,862,291)	90,410
Fund balance, July 1, 2022	4,290,154	4,290,154	4,290,154	—
Fund balance, June 30, 2023	\$ 2,337,453	\$ 2,337,453	\$ 2,427,863	\$ 90,410

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, 2023**

	Special Revenue					
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation
ASSETS						
Equity in pooled cash and investments	\$ 43,093,720	\$ 5,709,536	\$ 31,233,161	\$ —	\$ 119,290	\$ 314,902
Receivables (net of allowance for uncollectible):						
Accounts	—	—	—	—	—	—
Notes	—	—	—	288,606	—	—
Accrued interest	146,694	19,696	116,460	—	418	1,067
Due from other governments	2,114,607	—	45,740	564,181	—	—
Total assets	\$ 45,355,021	\$ 5,729,232	\$ 31,395,361	\$ 852,787	\$ 119,708	\$ 315,969
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 533,992	\$ 57,833	\$ 8,181,654	\$ 1,252	\$ 18,847	\$ —
Accrued payroll	176,451	—	58,643	32,433	—	—
Trust liabilities and deposits	—	—	—	—	165,495	—
Due to other funds	—	—	—	466,747	—	—
Unearned revenue	—	—	12,820,286	—	—	—
Total liabilities	710,443	57,833	21,060,583	500,432	184,342	—
Fund balances (deficits):						
Restricted	44,644,578	5,671,399	10,334,778	352,355	—	315,969
Unassigned	—	—	—	—	(64,634)	—
Total fund balances (deficits)	44,644,578	5,671,399	10,334,778	352,355	(64,634)	315,969
Total liabilities, deferred inflows and fund balances	\$ 45,355,021	\$ 5,729,232	\$ 31,395,361	\$ 852,787	\$ 119,708	\$ 315,969

(Continued)

**City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2023**

	Special Revenue		Debt Service	Capital Projects		
	Museum	Library	Special Assessment Bonds	General Government	Public Buildings	Grants
ASSETS						
Equity in pooled cash and investments	\$ 34,500	\$ 84,504	\$ —	\$ 2,116,262	\$ —	\$ —
Receivables (net of allowance for uncollectible):						
Accounts	—	—	—	165,884	—	—
Notes	—	—	—	—	—	—
Accrued interest	121	315	—	—	125	—
Due from other governments	—	—	—	497,042	—	2,753,527
Total assets	\$ 34,621	\$ 84,819	\$ —	\$ 2,779,188	\$ 125	\$ 2,753,527
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ —	\$ 1,461	\$ —	\$ 3,943,773	\$ —	\$ 2,210,033
Accrued payroll	—	—	—	—	—	—
Trust liabilities and deposits	—	—	—	—	—	—
Due to other funds	—	—	79,507	—	104,380	1,435,405
Advances from other funds	—	—	—	—	1,434,427	—
Unearned revenue	—	—	—	—	—	—
Total liabilities	—	1,461	79,507	3,943,773	1,538,807	3,645,438
Fund balances (deficits):						
Restricted	34,621	83,358	—	—	—	—
Unassigned	—	—	(79,507)	(1,164,585)	(1,538,682)	(891,911)
Total fund balances (deficits)	34,621	83,358	(79,507)	(1,164,585)	(1,538,682)	(891,911)
Total liabilities, deferred inflows and fund balances	\$ 34,621	\$ 84,819	\$ —	\$ 2,779,188	\$ 125	\$ 2,753,527

Capital Projects							Total Other Governmental Funds
Streets	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts		
\$ 60,981,779	\$ 31,178,515	\$ 724,007	\$ 12,902,990	\$ 9,861,251	\$ 889,968	\$ 199,244,385	
—	—	—	—	—	—	165,884	
—	—	—	—	—	—	288,606	
300,568	133,032	56,484	43,452	34,031	3,015	855,478	
—	—	—	—	—	—	5,975,097	
<u>\$ 61,282,347</u>	<u>\$ 31,311,547</u>	<u>\$ 780,491</u>	<u>\$ 12,946,442</u>	<u>\$ 9,895,282</u>	<u>\$ 892,983</u>	<u>\$ 206,529,450</u>	
\$ 1,314,257	\$ 167,433	\$ 872,031	\$ 273,497	\$ 686,594	\$ —	\$ 18,262,657	
—	—	—	—	—	—	267,527	
5	—	—	—	—	—	165,500	
—	—	—	—	—	—	2,086,039	
—	—	4,736,432	—	—	—	6,170,859	
—	—	—	—	—	—	12,820,286	
<u>1,314,262</u>	<u>167,433</u>	<u>5,608,463</u>	<u>273,497</u>	<u>686,594</u>	<u>—</u>	<u>39,772,868</u>	
59,968,085	31,144,114	—	12,672,945	9,208,688	892,983	175,323,873	
—	—	(4,827,972)	—	—	—	(8,567,291)	
<u>59,968,085</u>	<u>31,144,114</u>	<u>(4,827,972)</u>	<u>12,672,945</u>	<u>9,208,688</u>	<u>892,983</u>	<u>166,756,582</u>	
<u>\$ 61,282,347</u>	<u>\$ 31,311,547</u>	<u>\$ 780,491</u>	<u>\$ 12,946,442</u>	<u>\$ 9,895,282</u>	<u>\$ 892,983</u>	<u>\$ 206,529,450</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, 2023

	Special Revenue					
	Highway	Local	Grants	Community	Police	Parks and Recreation
	User	Transportation Assistance		Development	Confiscated Property	
REVENUES:						
Highway user taxes	\$20,835,558	\$ —	\$ —	\$ —	\$ —	\$ —
Regional transportation taxes	—	—	—	—	—	—
Grants and entitlements	—	702,551	20,401,418	2,658,809	—	60,166
System development fees	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—
Charges for services	—	157,655	—	—	—	—
Fines and forfeitures	—	—	—	—	293,497	—
Contributions	—	—	—	—	—	—
Interest revenue	216,533	39,775	532,681	3	—	3,187
Miscellaneous	116,862	—	—	—	—	—
Total revenues	21,168,953	899,981	20,934,099	2,658,812	293,497	63,353
EXPENDITURES:						
Current:						
General government	—	—	13,823,106	2,671,139	—	—
Public safety	—	—	5,533,615	—	273,699	—
Transportation and development	8,387,864	596,254	1,833,788	—	—	—
Community services	—	—	1,096,403	—	—	56,848
Capital outlay	6,223,334	128,203	309,630	163,617	15,038	—
Debt service:						
Principal	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—
Total expenditures	14,611,198	724,457	22,596,542	2,834,756	288,737	56,848
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,557,755	175,524	(1,662,443)	(175,944)	4,760	6,505
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	—	—	—	5,655	—	—
Transfers in	—	—	—	—	—	—
Transfers out	(271,477)	(4,212)	—	—	—	—
Total other financing sources (uses)	(271,477)	(4,212)	—	5,655	—	—
NET CHANGE IN FUND BALANCE	6,286,278	171,312	(1,662,443)	(170,289)	4,760	6,505
FUND BALANCES (DEFICITS):						
Beginning of year	38,358,300	5,500,087	11,997,221	522,644	(69,394)	309,464
End of year	<u>\$44,644,578</u>	<u>\$ 5,671,399</u>	<u>\$10,334,778</u>	<u>\$ 352,355</u>	<u>\$ (64,634)</u>	<u>\$ 315,969</u>

Special Revenue		Debt Service		Capital Projects			
Museum	Library	Special Assessment Bonds	General Government	Public Buildings	Grants	Streets	Community Services
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	201,799	—
4,131	67,100	—	—	—	14,225,927	—	—
—	—	—	—	188,690	—	6,998,800	442,674
—	—	565,411	—	—	—	—	—
—	—	—	—	—	18,993	—	—
—	—	—	—	—	—	—	—
—	—	—	1,040,240	—	—	—	—
844	725	(1)	1	11,747	3	1,284,853	668,600
—	—	—	379,911	—	—	—	—
4,975	67,825	565,410	1,420,152	200,437	14,244,923	8,485,452	1,111,274
—	—	—	1,958,547	8,870	34,498	9,249	16,760
—	—	—	499,459	—	—	—	—
—	—	—	2,648,525	—	1,659,658	583,044	—
18,535	60,028	—	1,004,555	—	21,494	105,787	1,271,717
—	—	—	27,234,343	—	14,258,958	16,881,067	3,472,614
—	—	635,000	—	—	—	—	—
—	—	12,700	—	—	—	—	—
18,535	60,028	647,700	33,345,429	8,870	15,974,608	17,579,147	4,761,091
(13,560)	7,797	(82,290)	(31,925,277)	191,567	(1,729,685)	(9,093,695)	(3,649,817)
—	—	—	—	—	—	—	—
—	—	—	31,322,299	—	—	—	—
—	—	—	—	—	—	(3,900,000)	(2,000,000)
—	—	—	31,322,299	—	—	(3,900,000)	(2,000,000)
(13,560)	7,797	(82,290)	(602,978)	191,567	(1,729,685)	(12,993,695)	(5,649,817)
48,181	75,561	2,783	(561,607)	(1,730,249)	837,774	72,961,780	36,793,931
\$ 34,621	\$ 83,358	\$ (79,507)	\$ (1,164,585)	\$ (1,538,682)	\$ (891,911)	\$ 59,968,085	\$ 31,144,114

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2023

	Capital Projects					Total Other Governmental Funds
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts		
REVENUES:						
Highway user taxes	\$ —	\$ —	\$ —	\$ —	\$ —	20,835,558
Regional transportation taxes	—	—	—	—	—	201,799
Grants and entitlements	—	—	—	10,000	—	38,130,102
System development fees	605,172	—	—	—	—	8,235,336
Special assessments	—	—	—	—	—	565,411
Charges for services	—	—	—	234,357	—	411,005
Fines and forfeitures	—	—	—	—	—	293,497
Contributions	—	—	—	—	—	1,040,240
Interest revenue	254,512	93,338	40,197	4,568	—	3,151,566
Miscellaneous	—	38,153	—	—	—	534,926
Total revenues	859,684	131,491	40,197	248,925	—	73,399,440
EXPENDITURES:						
Current:						
General government	18,498	104,907	1,194,294	—	—	19,839,868
Public safety	198,005	—	—	—	—	6,504,778
Transportation and development	—	—	—	—	—	15,709,133
Community services	—	—	—	75,507	—	3,710,874
Capital outlay	7,370,858	1,936,944	1,851,227	31,165	—	79,876,998
Debt service:						
Principal	—	—	—	—	—	635,000
Interest and fiscal charges	—	—	—	—	—	12,700
Total expenditures	7,587,361	2,041,851	3,045,521	106,672	—	126,289,351
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENDITURES	(6,727,677)	(1,910,360)	(3,005,324)	142,253	—	(52,889,911)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	—	259,770	—	—	—	265,425
Transfers in	—	3,216,417	4,613,453	—	—	39,152,169
Transfers out	—	—	—	—	—	(6,175,689)
Total other financing sources (uses)	—	3,476,187	4,613,453	—	—	33,241,905
NET CHANGE IN FUND BALANCE	(6,727,677)	1,565,827	1,608,129	142,253	—	(19,648,006)
FUND BALANCES (DEFICITS):						
Beginning of year	1,899,705	11,107,118	7,600,559	750,730	—	186,404,588
End of year	<u>\$ (4,827,972)</u>	<u>\$ 12,672,945</u>	<u>\$ 9,208,688</u>	<u>\$ 892,983</u>	<u>\$ —</u>	<u>\$ 166,756,582</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Highway user taxes	\$ 17,744,011	\$ 17,744,011	\$ 20,835,558	\$ 3,091,547
Interest revenue	363,000	363,000	216,527	(146,473)
Miscellaneous	—	—	116,862	116,862
Total revenues	<u>18,107,011</u>	<u>18,107,011</u>	<u>21,168,947</u>	<u>3,061,936</u>
EXPENDITURES:				
General government	1,733,800	556,885	—	556,885
Transportation and development	13,298,696	10,206,720	9,112,826	1,093,894
Capital outlay	14,294,186	15,748,479	14,047,325	1,701,154
Total expenditures	<u>29,326,682</u>	<u>26,512,084</u>	<u>23,160,151</u>	<u>3,351,933</u>
Excess (deficiency) of revenues over expenditures	<u>(11,219,671)</u>	<u>(8,405,073)</u>	<u>(1,991,204)</u>	<u>6,413,869</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(293,559)	(293,559)	(271,477)	22,082
Total other financing sources (uses)	<u>(293,559)</u>	<u>(293,559)</u>	<u>(271,477)</u>	<u>22,082</u>
Net change in fund balance	(11,513,230)	(8,698,632)	(2,262,681)	6,435,951
Fund balance, July 1, 2022	<u>38,358,300</u>	<u>38,358,300</u>	<u>38,358,300</u>	<u>—</u>
Fund balance, June 30, 2023	<u>\$ 26,845,070</u>	<u>\$ 29,659,668</u>	<u>\$ 36,095,619</u>	<u>\$ 6,435,951</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 673,600	\$ 673,600	\$ 702,551	\$ 28,951
Charges for services	159,600	159,600	157,655	(1,945)
Interest revenue	55,000	55,000	39,774	(15,226)
Total revenues	888,200	888,200	899,980	11,780
EXPENDITURES:				
General government	59,300	300	—	300
Transportation and development	2,100,330	1,311,678	667,870	643,808
Capital outlay	172,000	816,702	158,495	658,207
Total expenditures	2,331,630	2,128,680	826,365	1,302,315
Excess (deficiency) of revenues over expenditures	(1,443,430)	(1,240,480)	73,615	1,314,095
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,212)	(4,212)	(4,212)	—
Total other financing sources (uses)	(4,212)	(4,212)	(4,212)	—
Net change in fund balance	(1,447,642)	(1,244,692)	69,403	1,314,095
Fund balance, July 1, 2022	5,500,087	5,500,087	5,500,087	—
Fund balance, June 30, 2023	\$ 4,052,445	\$ 4,255,395	\$ 5,569,490	\$ 1,314,095

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
- Grants Special Revenue
For the year ended June 30, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 59,484,522	\$ 59,484,522	\$ 20,401,418	\$ (39,083,104)
Interest revenue	—	—	532,676	532,676
Total revenues	<u>59,484,522</u>	<u>59,484,522</u>	<u>20,934,094</u>	<u>(38,550,428)</u>
EXPENDITURES:				
General government	89,686,451	61,115,550	14,982,341	46,133,209
Public safety	240,651	12,839,569	5,767,589	7,071,980
Transportation and development	—	3,550,086	2,898,409	651,677
Community services	174,750	2,238,201	1,116,418	1,121,783
Capital outlay	—	615,042	827,157	(212,115)
Total expenditures	<u>90,101,852</u>	<u>80,358,448</u>	<u>25,591,914</u>	<u>54,766,534</u>
Excess (deficiency) of revenues over expenditures	<u>(30,617,330)</u>	<u>(20,873,926)</u>	<u>(4,657,820)</u>	<u>16,216,106</u>
Net change in fund balance	<u>(30,617,330)</u>	<u>(20,873,926)</u>	<u>(4,657,820)</u>	<u>16,216,106</u>
Fund balance, July 1, 2022	<u>11,997,221</u>	<u>11,997,221</u>	<u>11,997,221</u>	<u>—</u>
Fund balance (deficit), June 30, 2023	<u>\$ (18,620,109)</u>	<u>\$ (8,876,705)</u>	<u>\$ 7,339,401</u>	<u>\$ 16,216,106</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 10,260,000	\$ 10,260,000	\$ 2,658,809	\$ (7,601,191)
Total revenues	<u>10,260,000</u>	<u>10,260,000</u>	<u>2,658,809</u>	<u>(7,601,191)</u>
EXPENDITURES:				
General government	10,260,000	10,287,950	3,133,512	7,154,438
Capital outlay	—	—	163,617	(163,617)
Total expenditures	<u>10,260,000</u>	<u>10,287,950</u>	<u>3,297,129</u>	<u>6,990,821</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>(27,950)</u>	<u>(638,320)</u>	<u>(610,370)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	—	—	5,655	5,655
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>5,655</u>	<u>5,655</u>
Net change in fund balance	<u>—</u>	<u>(27,950)</u>	<u>(632,665)</u>	<u>(604,715)</u>
Fund balance, July 1, 2022	<u>522,644</u>	<u>522,644</u>	<u>522,644</u>	<u>—</u>
Fund balance (deficit), June 30, 2023	<u>\$ 522,644</u>	<u>\$ 494,694</u>	<u>\$ (110,021)</u>	<u>\$ (604,715)</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, 2023

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 750,000	\$ 750,000	\$ 293,497	\$ (456,503)
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>293,497</u>	<u>(456,503)</u>
EXPENDITURES:				
General government	22,000	—	—	—
Public safety	645,000	681,949	316,642	365,307
Capital outlay	105,000	105,000	15,038	89,962
Total expenditures	<u>772,000</u>	<u>786,949</u>	<u>331,680</u>	<u>455,269</u>
Net change in fund balance	(22,000)	(36,949)	(38,183)	(1,234)
Fund balance (deficit), July 1, 2022	<u>(69,394)</u>	<u>(69,394)</u>	<u>(69,394)</u>	<u>—</u>
Fund balance (deficit), June 30, 2023	<u>\$ (91,394)</u>	<u>\$ (106,343)</u>	<u>\$ (107,577)</u>	<u>\$ (1,234)</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, 2023

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 80,900	\$ 80,900	\$ 60,166	\$ (20,734)
Interest revenue	3,000	3,000	3,189	189
Total revenues	83,900	83,900	63,355	(20,545)
EXPENDITURES:				
General government	3,300	—	—	—
Community services	146,938	147,179	56,848	90,331
Total expenditures	150,238	147,179	56,848	90,331
Net change in fund balance	(66,338)	(63,279)	6,507	69,786
Fund balance, July 1, 2022	309,464	309,464	309,464	—
Fund balance, June 30, 2023	\$ 243,126	\$ 246,185	\$ 315,971	\$ 69,786

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Museum Special Revenue
For the year ended June 30, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ —	\$ —	\$ 4,131	\$ 4,131
Interest revenue	1,000	1,000	845	(155)
Total revenues	1,000	1,000	4,976	3,976
EXPENDITURES:				
General government	3,100	—	—	—
Community services	29,710	37,188	18,535	18,653
Total expenditures	32,810	37,188	18,535	18,653
Net change in fund balance	(31,810)	(36,188)	(13,559)	22,629
Fund balance, July 1, 2022	48,181	48,181	48,181	—
Fund balance, June 30, 2023	\$ 16,371	\$ 11,993	\$ 34,622	\$ 22,629

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Library Special Revenue
For the year ended June 30, 2023

	Budgeted Amounts		Non-GAAP	Over
	<u>Original</u>	<u>Final</u>	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 80,000	\$ 80,000	\$ 67,100	\$ (12,900)
Interest revenue	1,000	1,000	724	(276)
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>67,824</u>	<u>(13,176)</u>
EXPENDITURES:				
General government	1,000	1,000	—	1,000
Community services	80,000	80,000	60,028	19,972
Total expenditures	<u>81,000</u>	<u>81,000</u>	<u>60,028</u>	<u>20,972</u>
Net change in fund balance	—	—	7,796	7,796
Fund balance, July 1, 2022	<u>75,561</u>	<u>75,561</u>	<u>75,561</u>	<u>—</u>
Fund balance, June 30, 2023	<u>\$ 75,561</u>	<u>\$ 75,561</u>	<u>\$ 83,357</u>	<u>\$ 7,796</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Special assessments	\$ —	\$ —	\$ 565,411	\$ 565,411
Total revenues	<u>—</u>	<u>—</u>	<u>565,411</u>	<u>565,411</u>
EXPENDITURES:				
Principal	—	—	635,000	(635,000)
Interest and fiscal charges	—	—	12,700	(12,700)
Total expenditures	<u>—</u>	<u>—</u>	<u>647,700</u>	<u>(647,700)</u>
Net change in fund balance	—	—	(82,289)	(82,289)
Fund balance, July 1, 2022	<u>2,783</u>	<u>2,783</u>	<u>2,783</u>	<u>—</u>
Fund balance, June 30, 2023	<u>\$ 2,783</u>	<u>\$ 2,783</u>	<u>\$ (79,506)</u>	<u>\$ (82,289)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Government Capital Projects For the year ended June 30, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Miscellaneous	\$ —	\$ —	\$ 379,911	\$ 379,911
Interest Revenue	—	—	1	1
Total revenues	<u>—</u>	<u>—</u>	<u>379,912</u>	<u>379,912</u>
EXPENDITURES:				
General government	25,179,412	16,649,370	3,728,050	12,921,320
Public safety	6,078,560	2,100,539	1,122,344	978,195
Transportation and development	17,083,277	5,950,767	3,508,830	2,441,937
Community services	5,119,265	2,507,123	1,608,107	899,016
Capital outlay	<u>26,925,296</u>	<u>70,419,488</u>	<u>41,792,619</u>	<u>28,626,869</u>
Total expenditures	<u>80,385,810</u>	<u>97,627,287</u>	<u>51,759,950</u>	<u>45,867,337</u>
Excess (deficiency) of revenues over expenditures	<u>(80,385,810)</u>	<u>(97,627,287)</u>	<u>(51,380,038)</u>	<u>46,247,249</u>
OTHER FINANCING SOURCES (USES):				
Capital contributions	—	—	1,040,240	1,040,240
Transfers in	<u>80,385,810</u>	<u>80,375,810</u>	<u>31,322,299</u>	<u>(49,053,511)</u>
Total other financing sources (uses)	<u>80,385,810</u>	<u>80,375,810</u>	<u>32,362,539</u>	<u>(48,013,271)</u>
Net change in fund balance	—	(17,251,477)	(19,017,499)	(1,766,022)
Fund balance, July 1, 2022	<u>(561,607)</u>	<u>(561,607)</u>	<u>(561,607)</u>	<u>—</u>
Fund balance (deficit), June 30, 2023	<u>\$ (561,607)</u>	<u>\$ (17,813,084)</u>	<u>\$ (19,579,106)</u>	<u>\$ (1,766,022)</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 277,000	\$ 277,000	\$ 188,690	\$ (88,310)
Interest revenue	3,300	3,300	11,747	8,447
Total revenues	<u>280,300</u>	<u>280,300</u>	<u>200,437</u>	<u>(79,863)</u>
EXPENDITURES:				
General government	12,500	13,487	13,186	301
Total expenditures	<u>12,500</u>	<u>13,487</u>	<u>13,186</u>	<u>301</u>
Excess (deficiency) of revenues over expenditures	<u>267,800</u>	<u>266,813</u>	<u>187,251</u>	<u>(79,562)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(350,000)	(350,000)	—	350,000
Total other financing sources (uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>—</u>	<u>350,000</u>
Net change in fund balance	(82,200)	(83,187)	187,251	270,438
Fund balance (deficit), July 1, 2022	<u>(1,730,249)</u>	<u>(1,730,249)</u>	<u>(1,730,249)</u>	<u>—</u>
Fund balance (deficit), June 30, 2023	<u>\$ (1,812,449)</u>	<u>\$ (1,813,436)</u>	<u>\$ (1,542,998)</u>	<u>\$ 270,438</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 47,116,975	\$ 47,116,975	\$ 14,225,927	\$ (32,891,048)
Charges for services	310,500	310,500	18,993	(291,507)
Total revenues	<u>47,427,475</u>	<u>47,427,475</u>	<u>14,244,920</u>	<u>(33,182,555)</u>
EXPENDITURES:				
General government	6,261,140	16,280,798	160,809	16,119,989
Transportation and development	32,717,400	11,411,445	5,517,290	21,856,430
Community services	2,540,377	137,000	63,163	73,837
Capital outlay	38,067,527	52,702,886	22,829,546	29,873,340
Total expenditures	<u>79,586,444</u>	<u>80,532,129</u>	<u>28,570,808</u>	<u>67,923,596</u>
Excess (deficiency) of revenues over expenditures	<u>(32,158,969)</u>	<u>(33,104,654)</u>	<u>(14,325,888)</u>	<u>34,741,041</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	—	(120,000)	—	120,000
Total other financing sources (uses)	<u>—</u>	<u>(120,000)</u>	<u>—</u>	<u>120,000</u>
Net change in fund balance	<u>(32,158,969)</u>	<u>(33,224,654)</u>	<u>(14,325,888)</u>	<u>34,861,041</u>
Fund balance, July 1, 2022	<u>837,774</u>	<u>837,774</u>	<u>837,774</u>	<u>—</u>
Fund balance (deficit), June 30, 2023	<u>\$ (31,321,195)</u>	<u>\$ (32,386,880)</u>	<u>\$ (13,488,114)</u>	<u>\$ 34,861,041</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Regional transportation taxes	\$ 302,000	\$ 302,000	\$ 201,799	\$ (100,201)
System development fees	6,000,000	6,000,000	6,998,800	998,800
Interest revenue	906,000	906,000	1,284,851	378,851
Total revenues	<u>7,208,000</u>	<u>7,208,000</u>	<u>8,485,450</u>	<u>1,277,450</u>
EXPENDITURES:				
General government	11,400	542,356	13,750	528,606
Transportation and development	46,292,872	10,309,581	976,924	9,332,657
Community services	685,000	685,000	160,845	524,155
Capital outlay	24,801,148	59,362,862	31,247,184	28,115,678
Total expenditures	<u>71,790,420</u>	<u>70,899,799</u>	<u>32,398,703</u>	<u>38,501,096</u>
Excess (deficiency) of revenues over expenditures	<u>(64,582,420)</u>	<u>(63,691,799)</u>	<u>(23,913,253)</u>	<u>39,778,546</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,111,150	2,111,150	—	(2,111,150)
Transfers out	(6,611,150)	(6,611,150)	(3,900,000)	2,711,150
Total other financing sources (uses)	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>(3,900,000)</u>	<u>600,000</u>
Net change in fund balance	<u>(69,082,420)</u>	<u>(68,191,799)</u>	<u>(27,813,253)</u>	<u>40,378,546</u>
Fund balance, July 1, 2022	<u>72,961,780</u>	<u>72,961,780</u>	<u>72,961,780</u>	<u>—</u>
Fund balance, June 30, 2023	<u>\$ 3,879,360</u>	<u>\$ 4,769,981</u>	<u>\$ 45,148,527</u>	<u>\$ 40,378,546</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 2,994,000	\$ 2,994,000	\$ 442,674	\$ (2,551,326)
Interest revenue	430,000	430,000	668,599	238,599
Total revenues	3,424,000	3,424,000	1,111,273	(2,312,727)
EXPENDITURES:				
General government	1,779,980	2,345,879	24,913	2,320,966
Community services	13,087,614	2,868,234	1,746,681	1,121,553
Capital outlay	21,766,315	29,765,792	27,406,653	2,359,139
Total expenditures	36,633,909	34,979,905	29,178,247	5,801,658
Excess (deficiency) of revenues over expenditures	(33,209,909)	(31,555,905)	(28,066,974)	3,488,931
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	—
Total other financing sources (uses)	(2,000,000)	(2,000,000)	(2,000,000)	—
Net change in fund balance	(35,209,909)	(33,555,905)	(30,066,974)	3,488,931
Fund balance, July 1, 2022	36,793,931	36,793,931	36,793,931	—
Fund balance, June 30, 2023	\$ 1,584,022	\$ 3,238,026	\$ 6,726,957	\$ 3,488,931

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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 865,000	\$ 865,000	\$ 605,172	\$ (259,828)
Interest revenue	85,000	85,000	254,512	169,512
Total revenues	<u>950,000</u>	<u>950,000</u>	<u>859,684</u>	<u>(90,316)</u>
EXPENDITURES:				
General government	171,400	176,100	27,500	148,600
Public safety	8,420,696	2,026,844	569,210	1,457,634
Capital outlay	3,540,000	9,512,197	10,701,596	(1,189,399)
Total expenditures	<u>12,132,096</u>	<u>11,715,141</u>	<u>11,298,306</u>	<u>416,835</u>
Excess (deficiency) of revenues over expenditures	<u>(11,182,096)</u>	<u>(10,765,141)</u>	<u>(10,438,622)</u>	<u>326,519</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(900,000)	(900,000)	—	900,000
Total other financing sources (uses)	<u>(900,000)</u>	<u>(900,000)</u>	<u>—</u>	<u>900,000</u>
Net change in fund balance	(12,082,096)	(11,665,141)	(10,438,622)	1,226,519
Fund balance, July 1, 2022	<u>1,899,705</u>	<u>1,899,705</u>	<u>1,899,705</u>	<u>—</u>
Fund balance (deficit), June 30, 2023	<u>\$ (10,182,391)</u>	<u>\$ (9,765,436)</u>	<u>\$ (8,538,917)</u>	<u>\$ 1,226,519</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 130,000	\$ 130,000	\$ 93,339	\$ (36,661)
Miscellaneous	—	—	38,153	38,153
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>131,492</u>	<u>1,492</u>
EXPENDITURES:				
General government	3,199,060	790,930	104,907	686,023
Capital outlay	2,775,264	4,743,431	3,862,287	881,144
Total expenditures	<u>5,974,324</u>	<u>5,534,361</u>	<u>3,967,194</u>	<u>1,567,167</u>
Excess (deficiency) of revenues over expenditures	<u>(5,844,324)</u>	<u>(5,404,361)</u>	<u>(3,835,702)</u>	<u>1,568,659</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	300,000	300,000	259,770	(40,230)
Transfers in	3,216,447	3,216,447	3,216,417	(30)
Total other financing sources (uses)	<u>3,516,447</u>	<u>3,516,447</u>	<u>3,476,187</u>	<u>(40,260)</u>
Net change in fund balance	<u>(2,327,877)</u>	<u>(1,887,914)</u>	<u>(359,515)</u>	<u>1,528,399</u>
Fund balance, July 1, 2022	<u>11,107,118</u>	<u>11,107,118</u>	<u>11,107,118</u>	<u>—</u>
Fund balance, June 30, 2023	<u>\$ 8,779,241</u>	<u>\$ 9,219,204</u>	<u>\$ 10,747,603</u>	<u>\$ 1,528,399</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 90,000	\$ 90,000	\$ 40,197	\$ (49,803)
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>40,197</u>	<u>(49,803)</u>
EXPENDITURES:				
General government	3,434,135	3,123,819	1,237,706	1,886,113
Capital outlay	917,654	2,709,251	2,599,759	109,492
Total expenditures	<u>4,351,789</u>	<u>5,833,070</u>	<u>3,837,465</u>	<u>1,995,605</u>
Excess (deficiency) of revenues over expenditures	<u>(4,261,789)</u>	<u>(5,743,070)</u>	<u>(3,797,268)</u>	<u>1,945,802</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,238,966	4,238,966	4,613,453	374,487
Total other financing sources (uses)	<u>4,238,966</u>	<u>4,238,966</u>	<u>4,613,453</u>	<u>374,487</u>
Net change in fund balance	(22,823)	(1,504,104)	816,185	2,320,289
Fund balance, July 1, 2022	<u>7,600,559</u>	<u>7,600,559</u>	<u>7,600,559</u>	<u>—</u>
Fund balance, June 30, 2023	<u>\$ 7,577,736</u>	<u>\$ 6,096,455</u>	<u>\$ 8,416,744</u>	<u>\$ 2,320,289</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, 2023

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Charges for services	\$ 359,000	\$ 359,000	\$ 234,357	\$ (124,643)
Interest revenue	8,200	8,200	4,568	(3,632)
Total revenues	367,200	367,200	238,925	(128,275)
EXPENDITURES:				
General government	20,000	—	—	—
Community services	380,000	385,000	76,007	308,993
Capital outlay	—	—	62,330	(62,330)
Total expenditures	400,000	385,000	138,337	246,663
Net change in fund balance	(32,800)	(17,800)	100,588	118,388
Fund balance, July 1, 2022	750,730	750,730	750,730	—
Fund balance, June 30, 2023	\$ 717,930	\$ 732,930	\$ 851,318	\$ 118,388

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, 2023

	ASSETS	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
Current assets:					
Equity in pooled cash and investments		\$23,652,484	\$ 119,364	\$ 9,199,395	\$32,971,243
Accounts receivable		2,358,077	20	32,940	2,391,037
Due from other governments		—	—	—	—
Inventories		—	32,231	—	32,231
Accrued interest receivable		77,712	—	31,086	108,798
Other receivables		33	—	—	33
Total current assets		<u>26,088,306</u>	<u>151,615</u>	<u>9,263,421</u>	<u>35,503,342</u>
Long-term assets:					
Notes receivable		—	—	154,750	154,750
Leases receivable		—	3,981,323	—	3,981,323
Capital assets:					
Non-depreciable		7,043,327	21,275,010	1,751,537	30,069,874
Depreciable, net		5,868,919	11,198,336	6,632,272	23,699,527
Total capital assets		<u>12,912,246</u>	<u>32,473,346</u>	<u>8,383,809</u>	<u>53,769,401</u>
Total long-term assets		<u>12,912,246</u>	<u>36,454,669</u>	<u>8,538,559</u>	<u>57,905,474</u>
Total assets		<u>39,000,552</u>	<u>36,606,284</u>	<u>17,801,980</u>	<u>93,408,816</u>
	DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of OPEB and pension plan items		<u>471,410</u>	<u>250,843</u>	<u>557,106</u>	<u>1,279,359</u>

LIABILITIES

Current liabilities:

Accounts payable	1,031,158	128,435	60,782	1,220,375
Accrued payroll	75,214	29,984	—	105,198
Trust liabilities and deposits	—	72,515	1,004,225	1,076,740
Customer advances	122,053	30,416	20,859	173,328
Compensated absences payable	16,850	7,365	13,086	37,301
Landfill closure and postclosure liability	94,446	—	—	94,446
Total current liabilities	1,339,721	268,715	1,098,952	2,707,388

Long-term liabilities:

Compensated absences payable	90,032	39,352	52,000	181,384
Net pension liability	934,213	1,150,326	2,110,991	4,195,530
OPEB liability	612,295	206,297	685,315	1,503,907
Landfill closure and postclosure liability	4,245,554	—	—	4,245,554
Total long-term liabilities	5,882,094	1,395,975	2,848,306	10,126,375
Total liabilities	7,221,815	1,664,690	3,947,258	12,833,763

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	424,340	110,523	450,303	985,166
Deferred inflows of leases	—	3,901,031	—	3,901,031
Total deferred inflows of resources	424,340	4,011,554	450,303	4,886,197

NET POSITION

Net investment in capital assets	12,912,246	32,473,346	8,383,809	53,769,401
Unrestricted	18,913,561	(1,292,463)	5,577,716	23,198,814
Total net position	\$31,825,807	\$31,180,883	\$13,961,525	\$76,968,215



City of Chandler
Combining Statement of Revenues, Expenses and Changes in Net Position -
Non-Major Proprietary Funds
For the year ended June 30, 2023

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 18,449,086	\$ 930,968	\$ 250	\$ 19,380,304
Grants and entitlements	—	—	9,124,544	9,124,544
Rentals	—	—	1,638,652	1,638,652
Sales taxes	—	22,063	—	22,063
Miscellaneous	1,142	4,936	35,625	41,703
Total operating revenues	<u>18,450,228</u>	<u>957,967</u>	<u>10,799,071</u>	<u>30,207,266</u>
OPERATING EXPENSES:				
General and administrative	992,367	100,000	—	1,092,367
Personnel services	2,036,329	754,026	1,983,870	4,774,225
Contractual services	12,875,874	350,239	950,014	14,176,127
Commodities	767,751	248,748	508,488	1,524,987
Housing assistance payments	—	—	6,783,281	6,783,281
Depreciation and amortization expense	606,343	756,122	628,136	1,990,601
Total operating expenses	<u>17,278,664</u>	<u>2,209,135</u>	<u>10,853,789</u>	<u>30,341,588</u>
OPERATING INCOME (LOSS)	<u>1,171,564</u>	<u>(1,251,168)</u>	<u>(54,718)</u>	<u>(134,322)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	218,549	97,289	74,557	390,395
Gain (loss) on disposal of capital assets	—	—	(23,379)	(23,379)
Total nonoperating revenues (expenses)	<u>218,549</u>	<u>97,289</u>	<u>51,178</u>	<u>367,016</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,390,113</u>	<u>(1,153,879)</u>	<u>(3,540)</u>	<u>232,694</u>
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	—	124,451	—	124,451
Transfers in	—	1,155,251	285,000	1,440,251
Transfers out	(113,831)	(31,996)	—	(145,827)
Total capital contributions and transfers	<u>(113,831)</u>	<u>1,247,706</u>	<u>285,000</u>	<u>1,418,875</u>
CHANGE IN NET POSITION	1,276,282	93,827	281,460	1,651,569
NET POSITION				
Beginning of year	30,549,525	31,087,056	13,680,065	75,316,646
End of year	<u>\$ 31,825,807</u>	<u>\$ 31,180,883</u>	<u>\$ 13,961,525</u>	<u>\$ 76,968,215</u>

City of Chandler
Combining Statement of Cash Flows -
Non-Major Proprietary Funds
For the year ended June 30, 2023

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 18,390,838	\$ 929,739	\$ 1,813,362	\$ 21,133,939
Cash received from grantors	—	—	9,229,406	9,229,406
Cash payments to suppliers	(15,706,191)	(806,000)	(8,196,751)	(24,708,942)
Cash payments to employees for services	(1,984,858)	(739,058)	(2,052,805)	(4,776,721)
Net cash provided (used) by operating activities	<u>699,789</u>	<u>(615,319)</u>	<u>793,212</u>	<u>877,682</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	—	1,155,251	285,000	1,440,251
Transfers out	(113,831)	(31,996)	—	(145,827)
Net cash provided (used) by noncapital financing activities	<u>(113,831)</u>	<u>1,123,255</u>	<u>285,000</u>	<u>1,294,424</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(234,568)	(762,634)	(489,148)	(1,486,350)
Net cash provided (used) by capital and related financing activities	<u>(234,568)</u>	<u>(762,634)</u>	<u>(489,148)</u>	<u>(1,486,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	186,627	97,289	61,005	344,921
Net cash provided (used) by investing activities	<u>186,627</u>	<u>97,289</u>	<u>61,005</u>	<u>344,921</u>
Net increase (decrease) in cash and cash equivalents	538,017	(157,409)	650,069	1,030,677
CASH AND CASH EQUIVALENTS:				
Beginning of year	23,114,467	276,773	8,549,326	31,940,566
End of year	<u>\$ 23,652,484</u>	<u>\$ 119,364</u>	<u>\$ 9,199,395</u>	<u>\$ 32,971,243</u>

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

Operating income (loss)	\$ 1,171,564	\$ (1,251,168)	\$ (54,718)	\$ (134,322)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	606,343	756,122	628,136	1,990,601
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	(68,384)	102,759	108,112	142,487
(Increase) decrease in inventories	—	(14,868)	—	(14,868)
(Increase) decrease in other assets	—	—	167,990	167,990
Increase (decrease) in payables	(1,070,199)	(92,145)	45,032	(1,117,312)
Increase (decrease) in accrued payroll and compensated absences	32,586	10,498	(82,394)	(39,310)
Increase (decrease) in deposits	—	9,560	233,738	243,298
Increase (decrease) in customer advances	8,994	1,040	(98,153)	(88,119)
Increase (decrease) in net pension items	104,994	38,986	(69,327)	74,653
Increase (decrease) in OPEB liability	(86,109)	(34,516)	(85,204)	(205,829)
Increase (decrease) in lease deferred inflows	—	(141,587)	—	(141,587)
Total adjustments	(471,775)	635,849	847,930	1,012,004
Net cash provided (used) by operating activities	<u>\$ 699,789</u>	<u>\$ (615,319)</u>	<u>\$ 793,212</u>	<u>\$ 877,682</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ —	\$ 124,451	\$ —	\$ 124,451
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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 Schedules 1-6 contain information to help the reader understand how the city’s financial performance and well-being have changed over time.	144
Revenue Capacity Schedules 7-9 contain information to help the reader assess the factors affecting the city’s ability to generate its sales and use tax.	160
Debt Capacity 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.	164
Demographic and Economic Information 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.	187
Operating Information 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.	190

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			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 563,033,503	\$ 567,041,560	\$ 579,591,241	\$ 587,213,640
Restricted	105,723,768	108,965,994	121,767,847	122,006,140
Unrestricted	183,088,676	7,709,550	(5,872,464)	(36,358,845)
Total governmental activities net position	<u>851,845,947</u>	<u>683,717,104</u>	<u>695,486,624</u>	<u>672,860,935</u>
Business-type activities				
Net investment in capital assets	388,837,444	380,427,606	342,252,306	439,823,546
Restricted	—	119,075	31,365,801	32,977,926
Unrestricted	206,284,498	217,824,645	258,806,679	176,390,803
Total business-type activities net position	<u>595,121,942</u>	<u>598,371,326</u>	<u>632,424,786</u>	<u>649,192,275</u>
Primary government				
Net investment in capital assets	951,870,947	947,469,166	921,843,547	1,027,037,186
Restricted	105,723,768	109,085,069	153,133,648	155,184,734
Unrestricted	389,373,174	225,534,195	252,934,215	139,831,290
Total primary government net position	<u>\$ 1,446,967,889</u>	<u>\$ 1,282,088,430</u>	<u>\$ 1,327,911,410</u>	<u>\$ 1,322,053,210</u>

Schedule 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 536,086,249	\$ 575,953,033	\$ 547,511,826	\$ 555,107,220	\$ 536,775,941	\$ 555,568,147
168,510,855	173,490,725	191,839,529	189,214,016	194,380,531	182,068,932
(65,575,548)	(72,592,489)	(8,655,932)	(6,761,531)	63,657,816	168,391,045
639,021,556	676,851,269	730,695,423	737,559,705	794,814,288	906,028,124
467,799,036	481,911,949	477,329,239	458,616,595	473,953,519	514,595,066
33,447,434	31,523,149	33,750,526	32,154,205	31,745,566	31,119,667
243,735,547	249,131,813	267,005,635	299,755,652	283,463,157	250,938,753
744,982,017	762,566,911	778,085,400	790,526,452	789,162,242	796,653,486
1,003,885,285	1,057,864,982	1,024,841,065	1,013,723,815	1,010,729,460	1,070,163,213
201,958,289	205,013,874	225,590,055	221,368,221	226,126,097	213,188,599
178,159,999	176,539,324	258,349,703	292,994,121	347,120,973	419,329,798
<u>\$ 1,384,003,573</u>	<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>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 99,231,501	\$ 104,456,315	\$ 112,514,903	\$ 104,998,802
Public safety	94,738,371	102,050,425	111,568,323	149,366,614
Transportation and development	52,183,052	51,714,085	55,012,081	56,752,197
Community services	32,331,286	31,784,321	31,441,019	32,599,549
Interest and fiscal charges	10,044,363	6,986,490	7,884,146	6,623,830
Total governmental activities expenses	<u>288,528,573</u>	<u>296,991,636</u>	<u>318,420,472</u>	<u>350,340,992</u>
Business-type activities:				
Water	55,877,774	55,470,724	54,075,742	63,236,746
Wastewater	41,969,764	50,823,497	51,034,921	58,112,931
Solid waste	14,131,202	14,087,780	13,925,017	14,380,178
Airport	1,980,706	1,860,057	2,011,880	1,893,830
Chandler housing authority	7,616,301	7,433,284	7,267,806	7,728,876
Total business-type activities expenses	<u>121,575,747</u>	<u>129,675,342</u>	<u>128,315,366</u>	<u>145,352,561</u>
Total primary government expenses	<u>\$ 410,104,320</u>	<u>\$ 426,666,978</u>	<u>\$ 446,735,838</u>	<u>\$ 495,693,553</u>

Schedule 2a

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 113,587,478	\$ 114,373,302	\$ 138,850,297	\$ 162,849,542	\$ 157,127,919	\$ 195,086,875
112,371,723	124,906,187	109,544,169	122,146,366	104,673,550	95,958,948
55,287,494	53,806,473	59,777,330	58,847,053	56,403,523	60,990,970
36,824,102	36,990,853	38,195,563	39,565,719	41,563,661	45,928,371
6,716,119	7,046,655	6,885,184	6,653,197	6,014,168	5,292,655
<u>324,786,916</u>	<u>337,123,470</u>	<u>353,252,543</u>	<u>390,061,877</u>	<u>365,782,821</u>	<u>403,257,819</u>
61,513,990	58,297,769	60,330,758	62,049,102	61,264,619	75,887,686
60,605,779	61,218,775	66,788,084	62,753,454	63,037,577	63,849,518
14,531,558	15,221,985	16,522,728	17,040,309	16,727,814	17,278,664
1,841,718	2,038,417	2,382,288	2,186,724	1,956,786	2,209,135
8,109,635	8,478,235	8,710,570	9,207,531	9,955,131	10,877,168
<u>146,602,680</u>	<u>145,255,181</u>	<u>154,734,428</u>	<u>153,237,120</u>	<u>152,941,927</u>	<u>170,102,171</u>
<u>\$ 471,389,596</u>	<u>\$ 482,378,651</u>	<u>\$ 507,986,971</u>	<u>\$ 543,298,997</u>	<u>\$ 518,724,748</u>	<u>\$ 573,359,990</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 38,832,217	\$ 39,207,061	\$ 42,021,638	\$ 41,400,079
Public safety	5,861,044	6,469,215	7,471,344	6,561,052
Transportation and development	16,145,692	14,438,138	16,538,175	16,333,273
Community services	7,744,507	7,551,166	10,792,114	10,732,351
Operating grants and contributions	4,744,636	3,514,714	5,188,787	4,481,750
Capital grants and contributions	10,170,236	13,133,637	16,725,462	9,702,683
Total governmental activities program revenues	<u>83,498,332</u>	<u>84,313,931</u>	<u>98,737,520</u>	<u>89,211,188</u>
Business-type activities:				
Charges for services:				
Water	49,588,376	48,045,103	50,483,097	53,251,020
Wastewater	40,509,289	45,666,777	51,321,346	53,563,934
Solid waste	14,034,894	14,140,246	14,940,591	15,648,992
Airport	961,067	1,010,288	946,419	950,294
Chandler housing authority	806,540	877,380	946,408	954,070
Operating grants and contributions	5,457,991	5,862,477	5,784,021	6,198,797
Capital grants and contributions	72,176,582	35,357,741	32,690,364	27,645,932
Total business-type activities program revenues	<u>183,534,739</u>	<u>150,960,012</u>	<u>157,112,246</u>	<u>158,213,039</u>
Total primary government program revenues	<u>\$ 267,033,071</u>	<u>\$ 235,273,943</u>	<u>\$ 255,849,766</u>	<u>\$ 247,424,227</u>
Net (expense)/revenue				
Governmental activities	\$(205,030,041)	\$(212,677,705)	\$(219,682,952)	\$(261,129,804)
Business-type activities	61,958,992	21,284,670	28,796,880	12,860,478
Total primary government net (expense)	<u>\$(143,071,049)</u>	<u>\$(191,393,035)</u>	<u>\$(190,886,072)</u>	<u>\$(248,269,326)</u>

Schedule 2b

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 43,089,930	\$ 43,622,807	\$ 43,203,865	\$ 42,011,670	\$ 42,734,281	\$ 37,240,071
6,100,584	4,998,779	6,512,002	5,073,984	5,714,382	5,723,124
17,145,894	14,869,670	16,420,652	14,266,302	13,044,002	22,869,091
9,180,276	7,583,513	5,623,796	5,437,401	6,033,727	14,900,747
3,988,629	4,522,345	31,052,185	18,694,567	17,863,747	26,999,694
9,340,818	10,510,464	18,714,457	16,573,341	18,678,027	16,237,742
<u>88,846,131</u>	<u>86,107,578</u>	<u>121,526,957</u>	<u>102,057,265</u>	<u>104,068,166</u>	<u>123,970,469</u>
54,031,592	52,459,720	54,722,296	58,755,999	54,911,138	53,415,725
56,367,650	56,055,131	61,531,949	61,971,940	61,109,393	60,884,259
16,307,409	16,107,922	16,757,829	17,480,050	17,629,367	18,449,086
963,827	906,557	880,194	893,268	813,683	930,969
1,085,013	1,155,430	1,188,570	1,262,966	1,415,794	1,638,902
6,350,858	7,224,669	7,137,950	7,965,078	8,598,756	9,124,544
22,360,158	18,335,155	14,190,016	14,355,873	12,887,544	13,482,347
<u>157,466,507</u>	<u>152,244,584</u>	<u>156,408,804</u>	<u>162,685,174</u>	<u>157,365,675</u>	<u>157,925,832</u>
<u>\$ 246,312,638</u>	<u>\$ 238,352,162</u>	<u>\$ 277,935,761</u>	<u>\$ 264,742,439</u>	<u>\$ 261,433,841</u>	<u>\$ 281,896,301</u>
\$ (235,940,785)	\$ (251,015,892)	\$ (231,725,586)	\$ (288,004,612)	\$ (261,714,655)	\$ (279,287,350)
10,863,827	6,989,403	1,674,376	9,448,054	4,423,748	(12,176,339)
<u>\$ (225,076,958)</u>	<u>\$ (244,026,489)</u>	<u>\$ (230,051,210)</u>	<u>\$ (278,556,558)</u>	<u>\$ (257,290,907)</u>	<u>\$ (291,463,689)</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 28,348,952	\$ 28,708,033	\$ 29,214,103	\$ 29,837,763
Sales taxes	103,880,801	108,657,130	112,250,883	120,189,651
Highway user taxes	13,352,622	14,633,470	15,303,635	16,683,743
Other taxes	3,243,937	10,106,891	6,100,475	664,616
Franchise fees	3,145,449	3,300,129	3,344,817	3,285,267
State shared	55,423,759	59,236,588	60,712,442	65,924,228
Investment income	1,869,128	1,763,585	3,834,840	1,063,997
Miscellaneous	819,766	1,197,215	1,124,559	1,014,665
Transfers in (out)	(132,082)	(123,350)	(433,282)	(159,815)
Total governmental activities	<u>209,952,332</u>	<u>227,479,691</u>	<u>231,452,472</u>	<u>238,504,115</u>
Business-type activities:				
Sales taxes	70,065	10,865	10,391	10,682
Investment income	788,025	819,556	2,180,447	938,491
Miscellaneous	1,683,332	2,475,760	2,632,460	2,798,023
Transfers in (out)	132,082	123,350	433,282	159,815
Total business-type activities:	<u>2,673,504</u>	<u>3,429,531</u>	<u>5,256,580</u>	<u>3,907,011</u>
Total primary government	<u>\$ 212,625,836</u>	<u>\$ 230,909,222</u>	<u>\$ 236,709,052</u>	<u>\$ 242,411,126</u>
Change in Net Position				
Governmental activities	\$ 4,922,291	\$ 14,801,986	\$ 11,769,520	\$ (22,625,689)
Business-type activities	64,632,496	24,714,201	34,053,460	16,767,489
Total primary government	<u>\$ 69,554,787</u>	<u>\$ 39,516,187</u>	<u>\$ 45,822,980</u>	<u>\$ (5,858,200)</u>

Schedule 2c

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 30,816,495	\$ 32,550,250	\$ 34,419,182	\$ 36,371,978	\$ 39,560,904	\$ 41,363,544
127,584,410	139,851,355	140,644,918	157,513,686	182,028,630	210,027,766
16,135,949	17,301,902	16,996,911	18,108,310	19,460,326	20,835,558
940,203	866,267	1,153,237	2,226,568	2,210,634	201,799
3,571,744	3,567,184	3,441,225	3,823,524	3,861,042	3,838,738
64,723,211	67,156,430	70,769,943	80,699,253	87,038,075	108,187,240
1,531,766	14,822,135	16,951,295	584,026	(15,954,424)	5,427,207
1,502,418	1,261,279	2,085,020	1,820,520	1,916,550	1,380,596
(4,175,579)	(90,680)	(891,991)	105,991	(1,103,279)	(761,263)
<u>242,630,617</u>	<u>277,286,122</u>	<u>285,569,740</u>	<u>301,253,856</u>	<u>319,018,458</u>	<u>390,501,185</u>
13,769	17,347	15,521	16,516	21,379	22,063
854,848	7,742,589	9,974,135	249,448	(7,617,417)	3,832,676
14,923,212	2,842,825	2,962,466	2,833,025	2,811,515	15,051,582
4,175,579	90,680	891,991	(105,991)	1,103,279	761,263
<u>19,967,408</u>	<u>10,693,441</u>	<u>13,844,113</u>	<u>2,992,998</u>	<u>(3,681,244)</u>	<u>19,667,584</u>
<u>\$ 262,598,025</u>	<u>\$ 287,979,563</u>	<u>\$ 299,413,853</u>	<u>\$ 304,246,854</u>	<u>\$ 315,337,214</u>	<u>\$ 410,168,769</u>
\$ 6,689,832	\$ 26,270,230	\$ 53,844,154	\$ 13,249,244	\$ 57,303,803	\$ 111,213,835
30,831,235	17,682,844	15,518,489	12,441,052	742,504	7,491,245
<u>\$ 37,521,067</u>	<u>\$ 43,953,074</u>	<u>\$ 69,362,643</u>	<u>\$ 25,690,296</u>	<u>\$ 58,046,307</u>	<u>\$ 118,705,080</u>

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

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ 892,533	\$ 940,359	\$ 907,594	\$ 979,446
Restricted	1,166,105	1,792,180	1,566,618	1,451,061
Assigned	95,185,696	102,222,466	109,958,162	101,620,277
Unassigned	82,453,462	80,152,269	68,567,835	87,492,981
Total general fund	<u>\$ 179,697,796</u>	<u>\$ 185,107,274</u>	<u>\$ 181,000,209</u>	<u>\$ 191,543,765</u>
All other governmental funds				
Nonspendable	\$ —	\$ —	\$ —	\$ 7,422
Restricted	104,557,663	107,173,814	120,201,229	120,640,190
Unassigned	(11,034,021)	(15,322,260)	(11,877,159)	(11,350,383)
Total all other governmental funds	<u>\$ 93,523,642</u>	<u>\$ 91,851,554</u>	<u>\$ 108,324,070</u>	<u>\$ 109,297,229</u>

Schedule 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 813,143	\$ 866,239	\$ 985,396	\$ 1,051,638	\$ 1,103,805	\$ 989,996
1,980,807	2,179,767	1,710,608	1,711,242	1,324,539	4,317,196
116,359,633	131,214,214	139,326,860	143,763,585	192,983,983	251,787,985
65,182,337	66,035,760	90,887,858	96,065,934	86,626,252	58,838,144
<u>\$ 184,335,920</u>	<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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
166,570,330	171,310,958	190,128,921	187,759,476	193,055,992	175,323,873
(2,555,420)	(5,758,986)	(7,697,792)	(7,226,577)	(2,361,250)	(8,567,291)
<u>\$ 164,014,910</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>

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

	Fiscal Year			
	2014	2015	2016	2017
Property taxes	\$ 28,442,823	\$ 28,899,684	\$ 29,237,607	\$ 29,692,846
Sales taxes	103,880,801	108,657,130	112,250,883	120,189,651
Highway user taxes	13,352,622	14,633,470	15,303,635	16,683,743
Other taxes	3,243,937	10,106,891	6,100,475	664,616
Franchise fees	3,145,449	330,129	3,344,817	3,285,267
State shared revenues	55,423,759	59,236,588	60,712,442	65,924,228
Grants and entitlements	10,187,895	10,638,831	16,159,064	12,677,860
System development fees	11,846,275	10,585,623	16,217,004	14,683,327
Special assessments	678,843	573,438	606,757	607,191
Licenses and permits	5,479,384	5,146,556	6,634,161	7,075,996
Charges for services	20,269,976	20,110,036	19,705,786	20,869,517
Fines and forfeitures	4,622,215	4,601,501	4,828,174	3,908,387
Rentals	732,807	751,163	974,192	678,387
Contributions	100,000	150,000	200,000	200,000
Interest revenue	1,623,973	1,562,241	3,409,065	921,195
Miscellaneous	650,117	572,252	897,102	494,984
Total revenues	\$ 263,680,876	\$ 276,555,533	\$ 296,581,164	\$ 298,557,195

Schedule 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 30,819,812	\$ 32,526,357	\$ 34,334,216	\$ 36,409,345	\$ 39,540,557	\$ 41,404,976
127,584,410	139,851,355	140,644,918	157,513,686	182,028,630	210,027,766
16,135,949	17,301,902	16,996,911	18,108,310	19,460,326	20,835,558
940,203	866,267	1,153,237	2,226,568	2,210,634	201,799
3,571,744	3,567,184	3,441,225	3,823,524	3,861,042	3,838,738
64,723,211	67,156,430	70,769,943	80,699,253	87,038,075	108,187,240
12,111,857	11,911,639	49,719,415	29,417,028	36,022,070	38,834,325
13,982,674	9,023,678	8,730,973	8,207,728	5,031,031	8,235,336
611,499	610,501	508,485	587,020	610,719	565,411
6,394,322	7,268,592	7,760,403	6,656,737	6,915,745	8,754,471
21,827,375	21,512,737	20,355,702	19,631,389	22,565,072	27,125,038
4,865,783	4,234,286	5,571,322	2,920,173	3,439,778	4,420,532
127,575	127,206	213,345	174,766	119,710	253,543
200,000	200,000	596,153	5,201,737	254,874	1,040,240
1,398,729	13,268,020	15,017,352	533,383	(14,687,606)	4,864,418
974,107	923,369	1,471,977	1,105,070	1,310,929	1,047,372
<u>\$ 306,269,250</u>	<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>

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

	Fiscal Year			
	2014	2015	2016	2017
General government	\$ 46,807,747	\$ 46,895,106	\$ 52,138,384	\$ 50,892,490
Public safety	90,068,218	93,773,306	104,605,663	103,167,906
Transportation and development	23,418,175	24,769,553	25,471,154	28,294,221
Community services	23,771,925	24,569,283	24,988,844	26,605,279
Capital improvements	45,657,265	56,539,116	50,009,243	44,712,255
Debt service:				
Principal retirement	15,955,000	21,490,000	17,465,000	25,240,000 (1)
Interest and fiscal charges	10,682,206	7,737,974	8,635,631	7,689,305
Bond issuance costs	145,970	722,293	—	249,838
Total expenditures	<u>\$ 256,506,506</u>	<u>\$ 276,496,631</u>	<u>\$ 283,313,919</u>	<u>\$ 286,851,294</u>
Debt service as a percentage of noncapital expenditures	11.7 %	12.3 %	10.2 %	12.9 %

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

Schedule 5

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 55,706,708	\$ 58,070,201	\$ 79,624,174	\$ 93,482,842	\$ 90,412,233	\$ 124,221,582
109,736,277	111,496,663	113,166,600	119,357,759	123,991,198	137,400,323
27,750,365	25,871,080	30,117,735	63,281,132	27,995,477	33,058,041
27,088,640	27,712,871	28,344,665	29,084,081	30,855,014	35,906,234
71,268,257	69,006,722	77,024,413	61,907,124	63,832,358	85,239,000
20,264,000	22,820,000	21,340,000	19,980,000	32,887,716	34,892,929
7,918,081	8,270,161	8,073,320	7,801,885	7,102,529	6,561,091
252,611	—	319,631	—	401,284	—
\$ 319,984,939	\$ 323,247,698	\$ 358,010,538	\$ 394,894,823	\$ 377,477,809	\$ 457,279,200
10.4 %	11.2 %	9.7 %	7.8 %	11.7 %	9.7 %

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			
	2014	2015	2016	2017
Other Financing Sources (Uses)				
Bond premium	\$ 562,052	\$ 17,045,635	\$ —	\$ 6,339,230
Face amount of bonds issued	8,660,000	128,254,000	—	25,500,000
Proceeds from disposal of capital assets	161,126	103,964	463,709	652,882
Payment to escrow agent	(9,061,800)	(143,635,520)	—	(31,589,392)
Transfers in	24,856,418	28,717,990	27,885,557	28,116,369
Transfers out	(25,653,741)	(29,776,581)	(29,252,060)	(29,208,275)
Total other financing sources (uses)	(475,945)	709,488	(902,794)	(189,186)
Net change in fund balance	<u>\$ 6,428,425</u>	<u>\$ 3,738,390</u>	<u>\$ 12,364,451</u>	<u>\$ 11,516,715</u>

Schedule 6

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,609,365	\$ —	\$ 2,927,904	\$ —	\$ 2,160,918	\$ —
58,740,000	—	30,400,000	—	58,244,909	—
213,829	1,356,796	396,924	225,081	1,566,455	3,229,367
—	—	—	—	(26,716,745)	—
46,032,351	45,484,505	39,282,296	44,961,787	28,249,623	45,052,169
(47,370,020)	(48,005,487)	(42,788,264)	(47,364,881)	(32,091,700)	(58,254,654)
61,225,525	(1,164,186)	30,218,860	(2,178,013)	31,413,460	(9,973,118)
<u>\$ 47,509,836</u>	<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>

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

	Fiscal Year			
	2014	2015	2016	2017
Amusements	\$ 728,110	\$ 895,730	\$ 1,019,939	\$ 1,019,938
Contracting	9,780,645	8,870,092	8,855,057	11,496,791
General Retail	47,454,682	49,740,000	51,191,162	53,137,169
Hotel/Motel	2,472,754	2,892,470	2,957,685	3,424,279
Miscellaneous Related Revenue (1)	2,660,201	2,815,040	2,745,130	2,527,981
Publishing	258,547	260,712	248,433	186,862
Rentals - Personal Property	2,949,421	3,261,716	3,125,459	3,611,180
Rentals - Real Property	11,058,203	11,967,509	13,217,561	13,647,156
Restaurant/Bar	9,542,714	10,188,718	10,752,479	11,341,714
Telecommunications	3,533,636	3,435,949	3,234,369	2,796,065
Use Tax	1,090,428	1,145,534	1,127,257	3,619,340
Proposition 207	—	—	—	—
Utilities	12,421,526	13,194,526	13,786,741	13,391,857
Total Sales and Use Taxes	\$ 103,950,867	\$ 108,667,996	\$ 112,261,272	\$ 120,200,332
City Direct Sales Tax Rate (2)	1.75%	1.76%	1.76%	1.75%

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					
2018	2019	2020	2021	2022	2023
\$ 1,083,161	\$ 1,318,195 (3)	\$ 972,105	\$ 789,411	\$ 1,348,862	\$ 1,499,745
12,388,978	17,228,786	12,824,214	14,446,470	17,894,817	27,424,398
56,605,561	60,029,293	64,911,529	75,590,425	85,823,599	95,481,330
3,712,085	4,099,450	3,560,787	3,215,504	5,980,467	6,797,429
2,328,030	1,757,235	1,710,004	2,152,443	3,983,534	5,338,248
182,820	207,462	177,542	197,578	204,025	217,427
3,676,196	4,076,298	4,282,451	3,760,815	4,207,664	5,284,141
15,134,275	16,506,671	18,184,361	19,214,217	20,876,574	23,464,287
11,872,941	12,773,198	11,987,625	13,099,159	16,324,360	17,661,723
2,395,673	2,191,747	2,337,375	1,751,284	1,571,877	1,802,196
4,394,129	5,461,771	5,335,557	7,636,473	6,966,021	6,714,688
—	—	—	256,702	1,276,846	1,518,558
13,824,331	14,218,596	14,385,889	15,419,721	15,591,363 (4)	16,845,659
<u>\$ 127,598,180</u>	<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>
1.74%	1.74%	1.73%	1.70%	1.70%	1.68%

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

Schedule 8

Fiscal Year	Overlapping Rates			
	City Direct Tax Rate (1)	Maricopa County Tax Rate (2)	State of Arizona Tax Rate (3)	Tourism & Sports Authority Tax Rate (4)
2014	1.75%	0.67%	4.99%	0.02%
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%

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 2023		Fiscal Year 2014		Rank	Percentage of Total Sales and Use Tax Payments
		Sales and Use Tax Payments	Rank	Sales and Use Tax Payments	Rank		
Taxpayer A	Utility	\$13,295,248	1	6.46%	\$ 9,489,412	1	9.13%
Taxpayer B	Construction Contracting	12,041,863	2	5.85%			
Taxpayer C	Department Store	5,384,080	3	2.62%	3,138,381	2	3.02%
Taxpayer D	Retailer	3,893,457	4	1.89%			
Taxpayer E	Department Store	3,690,943	5	1.79%			
Taxpayer F	Grocery Store	3,600,611	6	1.75%	2,357,350	3	2.27%
Taxpayer G	Retailer	3,097,032	7	1.51%			
Taxpayer H	Retailer	2,749,326	8	1.34%	1,492,709	5	1.44%
Taxpayer I	Retailer	2,566,407	9	1.25%			
Taxpayer J	Vehicle Dealer	2,139,078	10	1.04%	1,298,513	9	1.25%
Taxpayer K	Telecommunications				1,405,133	6	1.35%
Taxpayer L	Department Store				1,357,116	7	1.31%
Taxpayer M	Utility				1,323,354	8	1.27%
Taxpayer N	Department Store				1,116,571	10	1.07%
		<u>\$52,458,045</u>		<u>25.50%</u>	<u>\$ 24,736,460</u>		<u>23.80%</u>

Source: City of Chandler, Management Services Department

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

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

Schedule 10

Governmental Activities							
Fiscal Year	General	Special	Subscription	General	Revenue	Special	
	Obligation	Revenue	Assessment	Obligation	Bonds	Assessment	
	Bonds	Bonds	Bonds	Based IT	Issuance	Bonds	Assessment
			Arrangements	Bond Issuance	Premiums	Premiums	Premiums
2014	\$ 233,678,000	\$ 18,000,000	\$ 4,905,000	\$ —	\$ 3,539,600	\$ 707,337	\$ 99,258
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	—	—

Business-type Activities						
Fiscal Year	General	Excise Tax	General	Revenue	Excise Tax	
	Obligation	Revenue	Obligation	Bonds	Revenue	
	Bonds	Bonds	Bond Issuance	Issuance	Obligations	
		Obligations	Premiums	Premiums	Issuance	Premiums
2014	\$ 150,972,000	\$ 36,095,000	\$ 148,380,000	\$ 2,220,807	\$ 1,705,732	\$ —
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

Fiscal Year	General Bonded Debt	Less Amount Available in Debt Service Fund	Net General Bonded Debt Outstanding	Estimated Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property	Total Primary Government (1)	Percentage of Personal Income (2)	Per Capita (2)									
									2014	\$ 390,410,407	\$ 16,186,172	\$ 374,224,235	\$23,588,561,444	1.59%	\$ 608,805,370	7.76%	2,521
									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									

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, 2023

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	None	4.72 %	None
Maricopa County	None	7.18	None
Maricopa County Community College District	\$ 87,320,000	7.18	\$ 13,262,074
Maricopa County Special Healthcare District	574,205,000	7.13	42,805,520
Chandler Unified School District No. 80	180,475,000	28.98	34,616,056
Kyrene Elementary School District No. 28	264,330,000	4.44	11,738,503
Mesa Unified School District No. 4	131,680,000	2.67	3,519,169
Gilbert Unified School District No. 41	329,255,556	75.42	248,318,787
Tempe Union High School District No. 213	111,280,000	16.60	18,468,160
East Valley Institute of Technology	None	14.60	None
Subtotal, overlapping debt			372,728,269
City direct debt	190,010,198	100.00	190,010,198
Total direct and overlapping debt			<u>\$ 562,738,467</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 2022-23 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			
	2014	2015	2016	2017
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 142,895,404	\$ 142,827,478	\$ 190,024,847	\$ 198,432,895
Total net debt applicable to limit	<u>10,198,000</u>	<u>9,848,400</u>	<u>9,427,250</u>	<u>8,952,650</u>
Legal debt margin	<u>\$ 132,697,404</u>	<u>\$ 132,979,078</u>	<u>\$ 180,597,597</u>	<u>\$ 189,480,245</u>
Total net debt applicable to the limit as a percentage of the debt limit	7.14%	6.90%	4.96%	4.51%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 476,318,016	\$ 476,091,596	\$ 633,416,159	\$ 661,443,986
Total net debt applicable to limit	<u>374,452,000</u>	<u>352,366,600</u>	<u>323,442,750</u>	<u>300,592,650</u>
Legal debt margin	<u>\$ 101,866,016</u>	<u>\$ 123,724,996</u>	<u>\$ 309,973,409</u>	<u>\$ 360,851,336</u>
Total net debt applicable to the limit as a percentage of the debt limit	78.61%	74.01%	51.06%	45.44%

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).

Legal Debt Margin Calculation for Fiscal Year 2023

Full Cash Assessed Valuation as of June 30, 2023	\$ 6,280,177,157
Debt limit (6% of assessed value)	376,810,629
Debt applicable to limit:	
6% general obligation bonds	5,320,800
Excess premium on bonds outstanding	201,289
Legal 6% debt margin	<u>\$ 371,288,540</u>
Debt limit (20% of assessed value)	\$ 1,256,035,431
Debt applicable to limit:	
20% general obligation bonds	231,094,200
Excess premium on bonds outstanding	11,183,993
Legal 20% debt margin	<u>\$ 1,013,757,238</u>

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 209,370,282	\$ 232,258,669	\$ 258,505,031	\$ 280,953,536	\$ 300,769,253	\$ 376,810,629
14,974,350	12,511,300	9,772,578	6,759,506	6,121,222	5,522,089
<u>\$ 194,395,932</u>	<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>
7.15%	5.39%	3.78%	2.41%	2.04%	1.47%
\$ 697,900,943	\$ 774,195,564	\$ 861,683,439	\$ 936,511,789	\$ 1,002,564,178	\$ 1,256,035,431
324,166,628	298,881,202	303,956,132	277,073,742	285,874,432	242,278,193
<u>\$ 373,734,315</u>	<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>
46.45%	38.61%	35.27%	29.59%	28.51%	19.29%

**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		
2014	\$ 13,352,622	\$ 10,547,032	\$ 2,805,590	\$ 3,975,000	\$ 515,175	0.62	
2015	14,633,470	8,257,078	6,376,392	3,970,000	462,047	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		
2014	\$ 49,588,376	\$ 27,840,478	\$ 21,747,898	\$ 3,300,000	\$ 869,064	5.22	
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		
2014	\$ 162,664,325	\$ —	\$ 162,664,325	\$ 6,180,000	\$ 4,483,662	15.25	
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	

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	Less:		Net Available Revenue	Debt Service		Coverage	
	Utility Service Charges	Operating Expenses		Principal	Interest		
2014	\$ 40,509,289	\$ 18,780,034	\$ 21,729,255	\$ 1,185,000	\$ 585,029	12.28	
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 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023
Mining, Utility, Commercial, and Industrial	18.00 %	18.00 %	18.00 %	17.50 %	17.00 %
Agriculture and Vacant Land	15.00	15.00	15.00	15.00	15.00
Owner-Occupied Residential	10.00	10.00	10.00	10.00	10.00
Leased or Rented Residential	10.00	10.00	10.00	10.00	10.00
Railroad, Private Car, and Airline Flight Property	15.00	15.00	15.00	15.00	14.00

Tax Year 2019 Source: Piper Jaffray Inc. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

Tax Year 2020 through 2023 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
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
2018-19	1.1386	31,655,843	31,714,236	100.00

Fiscal Year 2018-19 Source: Piper Jaffray Inc. as compiled from County Department of Finance.

Fiscal Year 2019-20 through 2022-23 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, 2023

Schedule 16

	FY 2022-23 Net Limited Property Assessed Valuation	FY 2022-23 Total Tax Rate per \$100 Assessed Valuation
State of Arizona (1)	\$ 78,415,651,028	\$ —
Maricopa County	51,575,018,185	1.2473
Maricopa County Community College District	51,575,018,185	1.1894
Maricopa County Library District	51,575,018,185	0.0505
Maricopa County Flood Control District	47,553,260,925	0.1592
Maricopa County Fire District	51,575,018,185	0.0082
Maricopa County Special Health Care District	51,932,898,351	0.2488
Central Arizona Water Conservation District	51,932,898,351	0.1400
East Valley Institute of Technology District No. 401 (2)	25,369,201,769	0.0500
Chandler Unified School District No. 80	3,633,497,350	5.9212
Tempe Union High School District No. 213	4,407,553,113	2.3442
Kyrene Elementary School District No. 28	2,524,452,281	3.5680
Mesa Unified School District No. 4	3,705,196,585	7.2098
Gilbert Unified School District No. 41	2,492,478,121	5.8127
City of Chandler	3,702,957,065	1.1026

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 \$0.4009 for fiscal year 2022-23 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 2018-19 Net Full Cash Assessed Valuation	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 2022-23 Annual Percentage Change
Mining, Utility, Commercial, and Industrial	\$1,102,515,089	\$1,246,170,328	\$1,412,928,374	\$1,488,882,870	\$1,534,793,910	2.99%
Agriculture and Vacant Land	75,266,539	78,888,739	77,850,859	76,801,910	72,256,990	(6.29)%
Owner-Occupied Residential	1,574,405,659	1,681,112,768	1,837,472,779	1,990,237,285	2,135,013,774	6.78%
Leased or Rented Residential	646,538,541	738,411,405	847,104,454	946,787,996	1,052,393,288	10.03%
Railroad, Private Car, and Airline Flight Property	1,782,690	1,910,025	2,011,500	2,011,500	2,216,430	0.00%
Historical Property	88,612,464	124,084,500	130,572,188	177,317,246	215,617,419	17.76%
Commercial Historic Property	383,733	400,055	477,042	520,137	529,079	1.69%
TOTAL	\$3,489,504,715	\$3,870,977,820	\$4,308,417,196	\$4,682,558,944	\$5,012,820,890	7.05%

Fiscal Year 2018-19 Source: Piper Jaffray Inc. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

Fiscal Year 2019-20 through 2022-23 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, 2023

Schedule 18

Taxpayer	Description	FY 2022-23 Net Limited Property Assessed Value	As % of Total FY 2022-23 Net Limited Property Assessed Value
Intel Corporation	Manufacturing Plant	\$ 265,776,255	7.18%
CyrusOne LLC	Data Center	32,029,790	0.86
Wells Fargo	Financial Services	26,470,865	0.71
TWC-Chandler LLC	Commercial Rental Property	18,204,358	0.49
CAZ 7 LLC	Manufacturing Plant	17,551,334	0.47
Microchip Technology	Manufacturing Plant	16,592,946	0.45
Bank of America	Financial Services	16,521,887	0.45
CAZ 1 DE LLC	Commercial Rental Property	15,981,295	0.43
NXP Semiconductors	Manufacturing Plant	12,571,668	0.34
Digital 2121 South Price LLC	Data Center	10,237,930	0.28
		<u>\$ 431,938,328</u>	<u>11.66%</u>

Total City Net Limited Property Assessed Valuation \$ 3,702,957,065

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
2022-23	\$48,805,511,338
2021-22	40,751,143,934
2020-21	36,949,424,457
2019-20	33,312,389,044
2018-19	29,847,787,490

Fiscal Year 2018-19 Source: Piper Jaffray Inc. 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).

Fiscal Year 2019-20 through 2022-23 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
FY 2022-23	\$ 3,702,957,065	\$ 51,575,018,189	\$ 78,415,651,028
FY 2021-22	3,463,794,661	48,724,126,672	74,200,233,397
FY 2020-21	3,243,434,243	45,704,969,813	69,914,521,042
FY 2019-20	3,011,152,689	43,194,326,395	66,154,632,834
FY 2018-19	2,783,830,922	40,423,232,423	62,328,439,592

Comparative Net Full Cash Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
FY 2022-23	\$ 5,012,820,890	\$ 72,238,314,892	\$ 103,872,223,919
FY 2021-22	4,682,558,944	67,535,008,138	97,282,221,465
FY 2020-21	4,308,417,196	61,824,712,434	90,007,317,461
FY 2019-20	3,870,977,820	56,588,192,576	82,730,928,616
FY 2018-19	3,489,504,715	51,944,549,119	76,437,036,352

Fiscal Year 2018-19 Source: Piper Jaffray Inc. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue) and Arizona Tax Research Association.

Fiscal Year 2019-20 through 2021-22 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, 2023

Schedule 20

		Per Capital Bonded Debt Population Estimates @ 282,891 (1)	As % of City's 2022-23 Net Full Cash Assessed Value	As % of City's 2022-23 Net Full Cash Value
Direct General Obligation Bond Debt	\$ 236,415,000	\$ 835.71	4.72	0.48
Direct Overlapping General Obligation Bond Debt	\$ 564,803,269	\$ 1,996.54	11.27	1.16

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
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

	2018-19 (1)	2019-20 (1)	2020-21 (1)	2021-22 (1)	2022-23 (1)	Adopted 2023-24
Transaction Privilege Tax	\$ 138,888,825	\$ 140,798,389	\$ 155,638,444	\$ 178,567,736	\$ 205,020,881	\$ 196,850,200
State Shared Sales Tax	25,525,595	26,597,361	30,982,818	38,801,443	41,309,738	39,000,000
State Shared Income Tax	30,693,731	33,255,159	37,324,127	36,011,056	53,013,618	74,000,000
Franchise Fees	3,556,211	3,432,995	3,615,294	3,652,812	3,630,508	3,471,000
Licenses and Permits	7,398,669	7,908,291	6,835,817	7,086,928	8,742,071	8,593,300
Fines and Forfeitures	3,196,843	2,714,065	2,316,000	2,791,624	4,127,033	3,814,600
Totals	<u>\$ 209,259,874</u>	<u>\$ 214,706,260</u>	<u>\$ 236,712,500</u>	<u>\$ 266,911,599</u>	<u>\$ 315,843,849</u>	<u>\$ 325,729,100</u>

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

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

CITY OF CHANDLER, ARIZONA
TRANSACTION PRIVILEGE (SALES) TAX RATES BY CATEGORY
JUNE 30, 2023

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, 2023

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

	2018-19	2019-20	2020-21	2021-22	2022-23
System Revenues:					
Service Fees	\$108,514,851	\$116,254,245	\$120,727,939	\$116,020,531	\$114,299,984
Miscellaneous	130,001	97,652	35,573	568,571	12,832,795
Interest Income	6,817,699	8,772,310	264,558	(6,810,687)	3,442,281
Total System Revenues	<u>\$115,462,551</u>	<u>\$125,124,207</u>	<u>\$121,028,070</u>	<u>\$109,778,415</u>	<u>\$130,575,060</u>
System Expenditures:					
General and Administration	\$ 6,400,086	\$ 6,511,083	\$ 6,510,382	\$ 6,533,212	\$ 6,872,315
Personnel Services	16,548,508	17,613,794	17,923,155	17,632,637	19,509,838
Contractual Services	12,919,313	13,240,678	14,338,257	16,597,926	18,544,747
Commodities	23,034,508	25,283,817	21,857,415	22,851,386	35,663,988
Total System Expenditures	<u>\$ 58,902,415</u>	<u>\$ 62,649,372</u>	<u>\$ 60,629,209</u>	<u>\$ 63,615,161</u>	<u>\$ 80,590,888</u>
Net Income Available for Debt Service	\$ 56,560,136	\$ 62,474,835	\$ 60,398,861	\$ 46,163,254	\$ 49,984,172
Water and Sewer Revenues Bond (Senior Obligation) Debt Service	\$ 2,532,400	\$ 2,433,600	\$ —	\$ —	\$ —
Approximate Debt Service Coverage for Senior Obligations	22.33x	20.39x	N/A	N/A	N/A

**CITY OF CHANDLER, ARIZONA
UTILITY RATE INCREASE HISTORY**

Schedule 26

Effective Date	Water	Wastewater
	(10,000 gal) (Single Family)	(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)

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.

CITY OF CHANDLER, ARIZONA
TOP 10 WATER AND WASTEWATER CUSTOMERS
JUNE 30, 2023

Schedule 27

Water	
Customer name	Amount
Intel Corporation	\$ 6,628,087
NXP Semiconductors	1,226,924
Chandler Unified School District	596,573
Air Products & Chemical	382,566
Digital 2121 South Price, LLC	191,784
Gleiberman Property inc.	148,862
Townsquare Apartments	124,841
Chandler Regional Medical Center/Dignity Health	122,921
TWC Chandler, LLC	119,335
MG Country Brook Apartments, LLC	96,638

Wastewater	
Customer name	Amount
Intel Corporation	\$ 10,188,154
NXP Semiconductors	1,906,558
Air Products & Chemical	1,171,660
Gila River Indian Community (Lone Butte)	350,946
Digital 2121 South Price, LLC	267,166
Chandler Unified School District	205,109
Chandler Regional Medical Center/Dignity Health	180,896
Microchip Technology	109,743
Catholic Healthcare West Arizona	107,451
BMF IV AZ Laguna Village LLC	97,033

Source: City of Chandler, Management Services Department

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

	2014	2015	2016	2017
WATER				
Residential	74,319	75,035	75,883	77,062
Commercial	4,158	4,243	4,309	4,535
Multi-Unit	1,032	1,043	1,087	1,107
Industrial	56	58	61	63
Other	1,317	1,536	1,640	2,034
WASTEWATER				
Residential	72,862	73,363	74,346	75,761
Commercial	2,012	2,033	2,201	2,138
Multi-Unit	878	887	920	915
Industrial	37	37	34	38
Other	470	477	475	590

Source: City of Chandler, Management Services Department

Schedule 28

2018	2019	2020	2021	2022	2023
77,674	78,244	78,928	79,961	79,873	79,970
4,550	4,927	2,546	2,577	4,919	4,898
1,128	1,134	1,115	1,124	1,151	1,191
66	67	63	63	54	55
2,116	2,389	647	647	800	800
76,517	77,089	77,797	78,794	79,294	79,127
2,329	2,371	2,420	2,450	2,540	2,528
952	956	965	974	999	1,002
48	48	48	48	49	48
592	598	603	603	604	598

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT OUTSTANDING
JUNE 30, 2023

Schedule 29

Overlapping Jurisdiction	2022-23 Overlapping General Obligation Bonded Debt	2022-23 Proportion Applicable to City of Chandler Approximate Percent	Net Debt Amount
State of Arizona	None	4.72 %	None
Maricopa County	None	7.18	None
Maricopa County Community College District	\$ 87,320,000	7.18	\$ 13,262,074
Maricopa County Special Health Care District	574,205,000	7.13	42,805,520
Kyrene Elementary School District No. 28	180,475,000	28.98	34,616,056
Mesa Unified School District No. 4	264,330,000	4.44	11,738,503
Gilbert Unified School District No. 41	131,680,000	2.67	3,519,169
Chandler Unified School District No. 80	329,255,556	75.42	248,318,787
Tempe Union High School District No. 213	11,128,000,000	16.60	18,468,160
East Valley Institute of Technology District No. 401	None	14.60	None
City of Chandler	192,075,000	100.00	192,075,000
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			\$ 564,803,269

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>\$ 10.0087</u>
Inside Mesa Unified School District No. 4	<u>\$ 11.4058</u>

Inside Tempe Union High School District No. 213 and

Kyrene Elementary School District No. 28	<u>\$ 10.1082</u>
Inside Chandler Unified School District No. 80	<u>\$ 10.1172</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 2022-23 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)
2013-14	241,264	\$7,840,356,208	35.0	5.5%	\$32,497
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

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	2023		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	12,000	1	7.67%
Wells Fargo	5,500	2	3.52%
Chandler Unified School District	4,900	3	3.13%
Bank of America	3,800	4	2.43%
Chandler Regional Medical Center/Dignity Health	3,000	5	1.92%
Northrup Grumman	2,150	6	1.38%
Chandler-Gilbert Community College	1,900	7	1.22%
City of Chandler	1,800	8	1.15%
NXP Semiconductors	1,700	9	1.09%
Microchip Technology	1,500	10	0.96%
PayPal	1,500	10	0.96%
Total	39,750		25.43%

Employer	2014		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,900	1	9.03%
Bank of America	3,800	2	2.88%
Chandler Unified School District	3,000	3	2.28%
Freescale Semiconductor	3,000	4	2.28%
Wells Fargo	2,600	5	1.97%
Verizon Wireless	2,300	6	1.75%
Chandler Regional Medical Center	2,100	7	1.59%
PayPal	1,900	8	1.44%
Orbital Sciences	1,650	9	1.25%
Microchip Technology	1,626	10	1.23%
Total	33,876		25.70%

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**

	2013-14	2014-15	2015-16 (1)	2016-17 (2)
Full Time Equivalent Personnel				
Mayor and council	4	4	4	11
City clerk	6	6	6	7
City manager	174	176	240	206
Communications/public affairs	13	13	15	15
City magistrate	35	37	39	38
Law	29	31	31	31
Management services	66	69	67	64
Total General Government	327	336	402	372
Total Transportation and Development	159	165	150	152
Total Community Services	199	198	156	199
Police	467	483	490	491
Fire	224	237	240	222
Total Public Safety	691	720	730	713
Municipal utilities administration	5	5	8	7
Water	87	87	87	89
Wastewater	46	62	65	69
Solid waste	16	20	21	20
Total Municipal Utilities	154	174	181	185
Municipal utilities administration	—	—	—	—
Water	—	—	—	—
Wastewater	—	—	—	—
Solid waste	—	—	—	—
Public works administration	—	—	—	—
Streets	—	—	—	—
Total Public Works and Utilities	—	—	—	—
Total Primary Government	1,530	1,593	1,619 (1)	1,621 (2)

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.

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

Schedule 32

2017-18	2018-19	(3)	2019-20	2020-21	2021-22	2022-23
4	5		5	5	6	5
6	6		6	6	4	5
199	193		194	198	196	191
15	14		15	14	12	14
40	37		40	33	35	38
30	32		32	31	32	33
67	68		67	66	59	66
<u>361</u>	<u>355</u>		<u>359</u>	<u>353</u>	<u>344</u>	<u>352</u>
<u>160</u>	<u>84</u>		<u>77</u>	<u>76</u>	<u>77</u>	<u>82</u>
<u>202</u>	<u>195</u>		<u>199</u>	<u>194</u>	<u>194</u>	<u>219</u>
<u>501</u>	<u>485</u>		<u>488</u>	<u>477</u>	<u>476</u>	<u>497</u>
<u>233</u>	<u>233</u>		<u>229</u>	<u>228</u>	<u>235</u>	<u>244</u>
<u>734</u>	<u>718</u>		<u>717</u>	<u>705</u>	<u>711</u>	<u>741</u>
7	—		—	—	—	—
90	—		—	—	—	—
74	—		—	—	—	—
18	—		—	—	—	—
<u>189</u>	<u>—</u>		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
—	6		6	7	5	8
—	90		90	89	28	91
—	66		68	71	47	74
—	19		21	21	21	21
—	1		2	2	2	2
—	70		78	79	58	82
<u>—</u>	<u>252</u>		<u>265</u>	<u>269</u>	<u>161</u>	<u>278</u>
<u>1,646</u>	<u>1,604</u>	<u>(3)</u>	<u>1,617</u>	<u>1,597</u>	<u>1,487</u>	<u>1,672</u>

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

Function/Program	2013-14	2014-15	2015-16	2016-17
General Government				
Meeting notices posted	564	544	565	535
City council actions and agenda items prepared	780	867	844	860
Grant awards received	53	51	46	43
Inventory turnover ratio	2.10	1.57	1.74	1.81
Transportation & Development				
Building permits issued	5,490	5,170	5,142	4,635
Community Services				
Library circulation	2,332,758	2,163,076	2,101,421	2,059,429
Center for the Arts events & exhibits	938	939	985	1,048
Public Safety				
Crime rate (per 1,000 population)	27	23	26	26
Total calls for police services (estimated)	145,400	139,177	145,466	156,186
Total calls for fire services	18,865	22,785	23,966	25,072
Fire inspections	5,442	4,692	5,814	4,635
Fire investigations	16	27	30	27
Municipal Utilities				
Water connections	79,766	80,401	83,089	84,670
Operating wells	27	28	28	31
Daily pumping capacity - wells (gallons)	64,710,000	64,400,000	66,300,000	74,400,000
Daily pumping capacity - plants (gallons)	72,000,000	72,000,000	72,000,000	72,000,000
Sewer connections	75,564	76,492	78,144	78,972
Sanitary sewer (miles)	890	911	917	928
Solid waste customers served	71,269	71,860	73,162	73,288
Solid waste refuse collected (tons)	83,950	84,209	81,653	80,069
Solid waste refuse recycled (tons)	21,046	22,442	22,102	22,305

Source: City of Chandler Departments

Schedule 33

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
681	666	542	395	377	210
838	789	739	460	1,299	409
27	24	33	40	39	39
1.79	2.04	2.40	1.73	2.00	2.13
3,944	4,011	4,091	4,601	4,615	3,188
2,041,574	1,801,237	1,415,291	1,356,695	1,308,861	1,581,822
1,177	825	537	389	690	790
25	22	23	19	20	17
159,301	154,736	146,859	139,236	146,008	154,890
25,185	26,818	26,371	26,676	28,582	28,654
5,135	6,698	6,641	3,257	3,389	3,955
41	18	23	17	14	16
84,338	85,416	86,098	87,251	83,237	86,940
32	31	31	30	30	31
74,100,000	71,300,000	71,800,000	71,800,000	69,000,000	73,000,000
84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	135,000,000
79,841	81,033	81,796	82,895	81,419	81,899
933	935	941	945	947	958
75,018	75,675	76,773	77,297	76,249	78,878
83,004	84,500	86,950	94,218	93,487	86,901
22,101	22,887	21,800	22,775	20,876	18,359

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

Function/Program	2013-14	2014-15	2015-16	2016-17
Community Services				
Developed parks	62	64	65	65
Developed acres	1,208	1,232	1,236	1,244
Undeveloped acres	325	309	302	299
Swimming pools	6	6	6	6
Lighted fields	39	41	41	43
Library bookstock	595,969	396,773 (1)	341,073	360,618
Transportation and Development				
Total miles streets (center line)	838	841	855	855
Street lights	27,100	27,700	27,700	27,800
Signalized intersections	216	218	218	218
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	10	10
General Government				
Based aircraft	415	425	427	455
Municipal Utilities				
Water mains (miles)	1,227	1,278	1,196 (2)	1,283
Fire hydrants	12,717	13,118	13,207	15,708
Average daily treatment (mgd)	26	28	29	29

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.

Schedule 34

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
65	67	67	67	68	69
1,244	1,281	1,281	1,301	1,309	1,317
299	231	231	219	209	201
6	6	6	6	6	6
43	41	43	50	51	60
359,445	310,888	310,812	294,276	295,573	302,599
857	857	858	858	858	1,020
27,199	29,500	29,500	29,731	28,515	28,462
220	225	226	232	234	238
3	3	3	3	3	3
11	11	11	11	11	11
457	523	440	448	441	449
1,212	1,218	1,228	1,232	1,237	1,250
15,970	16,159	16,296	16,492	13,780	13,371
28	54	31	31	28	84



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