

City of Chandler Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2017



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CHANDLER CITY HALL

**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

Jay Tibshraeny, Mayor
Kevin Hartke, Vice-Mayor
Nora Ellen, Councilmember
Sam Huang, Councilmember
Rene' Lopez, Councilmember
Terry Roe, Councilmember
Mark Stewart, Councilmember

Executive Staff

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Prepared by

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Dawn Lang, Management Services Director
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**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017**

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Introductory Section



Letter of Transmittal
Organizational Chart
Certificate of Achievement for Excellence in
Financial Reporting

Chandler continues to emerge from the Great Recession, developing a sustainable employment base and dynamic business environment. Mixed with some of the lowest costs for municipal services in the Valley, we continue to move in a very positive direction.



CHANDLER CITY HALL



January 9, 2018

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

The comprehensive annual financial report of the City of Chandler, Arizona (the City), for the year ended June 30, 2017, 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 presents fairly the financial position and results of operations of the various funds and component units of the City.

Accounting principles generally accepted in the United States of America (GAAP) 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 independent auditor's report.

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 (the 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. 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. Between 1992 and 2016, the City's population increased by over 150 percent, from 100,416 to 250,547. The City's growth for nearly two decades prior to the recession was attributable to the growth in its manufacturing sector, which is led by high-tech industrial companies such as Intel Corporation, Orbital ATK, Microchip Technology, and NXP Semiconductors. These four companies combine to employ over 15,000 people in the City. A rapidly growing industry within the City in recent years has been financial services with companies such as Wells Fargo, Bank of America, PayPal, Toyota Financial Services, GM Financial Services, and Mr. Cooper employing over 12,000 people.



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Chandler, Arizona 85225

The City boasts a strong labor market serving the high technology field's demand for skilled workers. Chandler's median age is 35.2 years and median household incomes are \$74,843. In addition, approximately 75 percent of the population has a college degree or some college education. Over 80 percent of the City's manufacturing employees are in high technology fields while the national average is 23 percent, according to data from the Maricopa Association of Governments and Bureau of Labor Statistics.

The City's unemployment rate averaged 4.0 percent for calendar year 2016 compared with 4.6 percent for Maricopa County and 5.5 percent for the State of Arizona.

The City's sales tax revenues, which comprise over 50 percent of its general fund revenues, increased by 7.1 percent for 2016-17 from the prior year actuals. The City continues to strengthen its financial position and has benefitted from one-time revenues created by new developments. With only slow and steady operating revenue growth anticipated, managing costs of services and maintaining existing infrastructure continues to be critical. Consistently applying sound financial practices and achieving notable economic development successes have helped the City continue its strong financial position while maintaining its AAA General Obligation Bond credit rating from all three ratings agencies.

2016-2017 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 Bond credit ratings with stable outlook from all three rating agencies;
- Conducted the sixth online budget meeting, "Budget Connect," enhancing citizen involvement in the budget process;
- Wrote Chandler Insider articles distributed to 35,000 households monthly and published the Chandler News and Events pages monthly in two local newspapers that are distributed to 65,000 households. Both are part of the City's efforts to provide residents with information about City news, programs, and events;
- Maintained Chandler's regional influence in monitoring state and federal legislation affecting City operations;
- Assisted with over 600,000 square feet of completed office and industrial development, including Rockefeller Chandler Corporate Center, Chandler Corporate Center IV, Rockefeller Chandler Crossroads Building 1, MS Chandler Airpark, and The HUB;
- Promoted local growth by hosting the City's first ExporTech workshop (which included four Chandler-based small businesses) and participating in the Export-Import Bank's Regional Export Promotion Program;
- Achieved growth of the Innovations client base from 10 to 24 through fiscal year 2016-17, with clients receiving an array of programming and services via the City's incubator management agreement with NACET;
- Supported the redevelopment and reuse of vacant retail spaces, including Alamo Draffhouse Cinema and Blue 32 Sports Grill at Chandler Crossings and REI at Chandler Pavilions;
- Developed a draft strategic plan for the City's Wellness Programs based on a review of the City's medical claims data, program evaluation, and input from City employees;
- Achieved the Gold Level Healthy Worksite designation from Maricopa County's public health initiative;
- Moving the needle on early childhood literacy, Chandler Public Library engaged in partnerships with Read On Chandler and the U.S. Department of Housing and Urban Development to provide resources and books to families with young children. The library also started its Ready, Set,

Kindergarten! Program, aimed at four and five-year-old children, with funding from the Acts of Kindness grant;

- Installed spectator shades at Tumbleweed Tennis Center, Espee, and Nozomi Parks; chilled drinking fountains at Chuparosa, Folley, and Espee Parks; junior basketball goals at Chuparosa Park; and granite at Nozomi Park;
- Received the East Valley Tribune's 2016 Best of Awards for Chandler Center for the Arts, Mesquite Groves Aquatic Center, and Tumbleweed Recreation Center;
- Awarded the Arizona Parks and Recreation Associations 2016 Outstanding Adaptive Program Award for The Chandler Fun Run;
- Saved 63,575,000 gallons of water through the Water Conservation Rebate, Residential Audit, High Water Use Notification, and Landscape Consultation Programs;
- Delivered over 690 million gallons of reclaimed water to the Chandler Heights Recharge Facility for recharge and to provide wildlife habitat as part of the multi-use Veterans Oasis Park;
- Upgraded 731 sidewalk ramps and 107,623 square feet of driveways to meet current American Disabilities Act (ADA) Standards;
- Extended the Veterans Affairs pilot program utilizing Chandler Fire, Health & Medical Community Paramedics. Service increased healthcare access to veterans living in Chandler by treating and evaluating in their home using innovative technology;
- Recipient of the American Heart Association Mission: Lifeline Gold Plus Award. This distinguished award recognizes exceptional evaluation and treatment times for cardiac patients. Chandler Fire, Health & Medical was a Silver Award recipient last year, one of only two municipalities in the State of Arizona; and
- Crime Suppression initiatives for fraud and forgery led to a partnership with the Maricopa County Attorney's Office Asset Recovery Bureau, which has allowed Chandler Police Department to utilize their Electronic Recovery and Access to Data (ERAD) program at no cost to our agency. Through the course of applying this technology it has shown to be exceedingly valuable for several investigations.

Strategic Goals

The City of Chandler's continued goal is to provide the highest quality services to the community in the most cost-effective manner. 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 City Council's strategic goals are:

- **Being the Most Connected City**

Connect our community using enhanced communication technologies to share information by increasing electronic availability of City information. Continually strive to utilize new technology that enhances citizen engagement, technological capabilities, and efficiency. Connect our community by increasing connectivity through enhancing intermodal transportation.

- **Being a Leader in Transparency**

Provide timely and accurate data and reports to maintain accountability and provide support for effective decision making. Promote opportunities that encourage city engagement and input.

- **Maintaining Fiscal Sustainability**

Manage the City's diverse portfolio of revenue sources to maximize and expand them. Continue adherence to and improve upon fiscal policies. Maintain strong bond ratings with all three rating agencies for all types of debt. Manage expenditure growth through periodic review of programs and services.

- **Attracting a Range of Private Sector Businesses**

Position Chandler to be recognized by corporate real estate executives, site selectors, regional partners, and the development industry as a premiere location for new investment. Coordinate and facilitate the revitalization of the City core.

- **Possessing a Contemporary Culture to Capitalize on Cultural and Ethnic Diversity**

Promote Chandler as a contemporary and inclusive community that values its rich diversity, history, and culture. Continue to implement City employment practices that highlight and promote diversity. Invest in employees, support systems, and innovation strategies that ensure Chandler remains a leader in the delivery of high quality services.

- **Being Safe and Beautiful**

Implement a multifaceted approach to address the needs of aging neighborhoods from the physical, safety, and community perspectives. Construct and maintain public infrastructure in an aesthetically pleasing manner. Ensure Chandler remains a safe community by employing best practices.

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 Generally Accepted Accounting Principles (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 (Fiscal Year 2016-17, \$971,250,607). 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 is 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., 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 comprehensive annual financial report for the year ended June 30, 2016, marking the thirty-fifth 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 comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

Additionally, the City of Chandler was also awarded the Distinguished Budget Presentation Award for the year ended June 30, 2017 from the GFOA, marking the twenty-ninth 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.

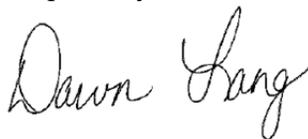
The Certificate of Achievement and Distinguished Budget Presentation Awards are valid for a period of one year only.

We believe our current 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 Penny Malia, Accounting Manager; Tracy Schmidt, Accounting Supervisor; Joanne Chang, Senior Accountant; Debbie Motta, Senior Accountant; Robert Steele, Senior Accountant; and Annette Fries, Management Assistant. Special thanks also goes to Julie Buelt, Senior Financial Analyst, for assistance in reviewing the final document. Finally, I wish to thank the Mayor and Council, City Manager, Assistant City Manager, Directors, and City Staff for their continued support in promoting sound financial policies and internal controls.

Respectfully submitted,

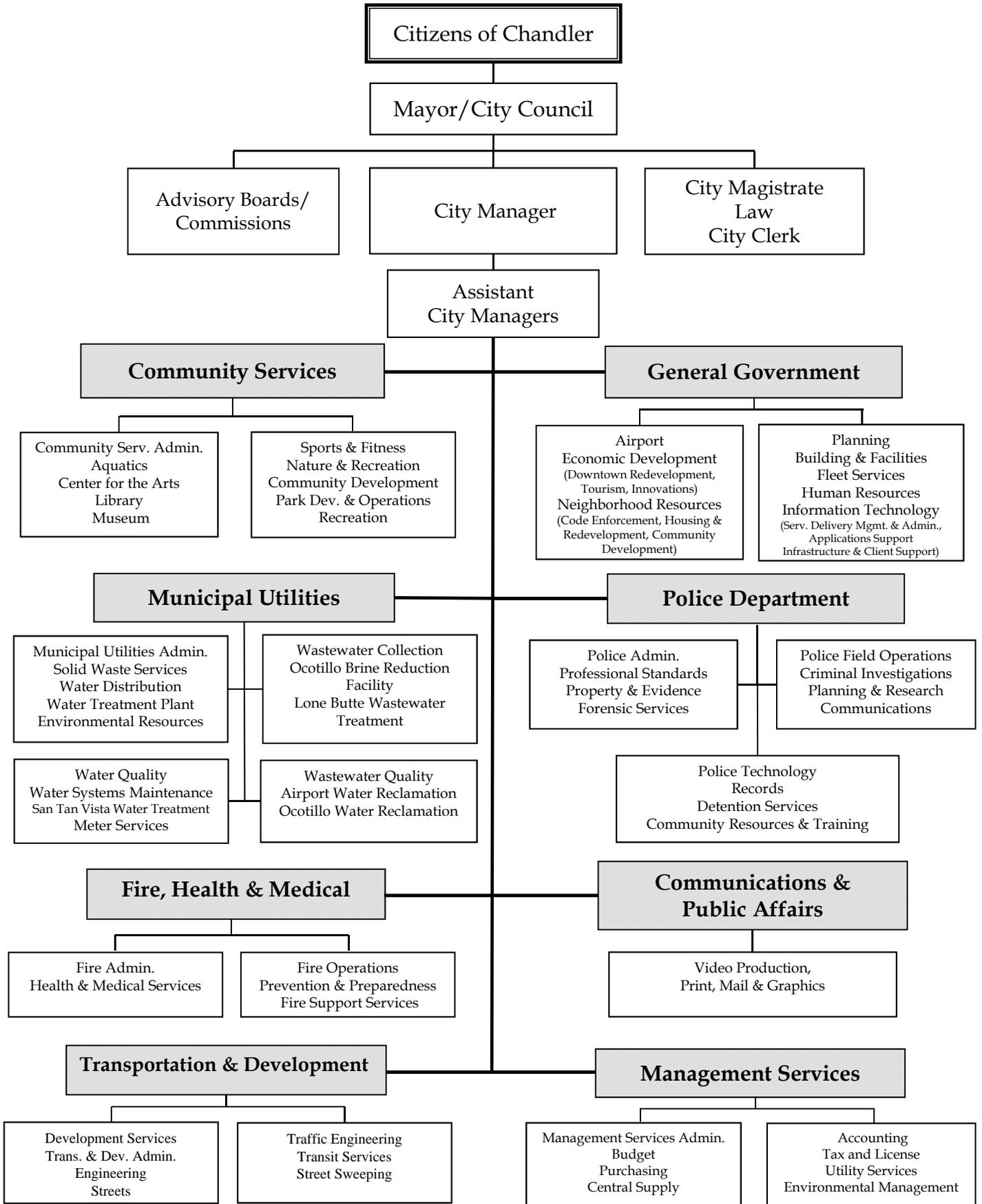


Dawn Lang
Management Services Director



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City of Chandler, Arizona
Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chandler
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section



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



Chandler City Hall continues as the hub of strategic municipal planning and policy development. The vision and goals of current and past elected leadership continue to put a progressive stamp on this community.



Fiscal Strength and

Low-Cost Services

CHANDLER CITY HALL

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2017, 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.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, for the year ended June 30, 2017, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

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, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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 Introductory Section, the Other Financial Statements, Other Supplemental Information: All HUD Programs, and the Statistical Section are presented for additional analysis and are not a required part of the financial statements.

The Other Financial Statements and the Other Supplemental Information: All HUD Programs, as listed in the table of contents, are the responsibility of management and were derived from and relate 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 and the Other Supplemental Information: All HUD Programs, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018, 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 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 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., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
January 9, 2018

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



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2017

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, 2017. 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 2017 as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.32 billion (net position) which represents a decrease of \$5.9 million from the prior year primarily due to changes in governmental activities. The governmental activities liabilities increased due to changes in the Public Safety Personnel Retirement System (PSPRS) net pension liability. Of this amount, \$140 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors. However, \$56 million is invested in a joint venture with the Town of Gilbert, and not available for obligations.
- At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$300.8 million, an increase of \$11.5 million in comparison with the prior year. Approximately 59.1 percent of the total amount, \$177.8 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2017, total fund balance for the General Fund was \$191.5 million which represents an increase of \$10.5 million from the prior year; this is primarily due to the receipt of forecasted revenue increases, offset by planned use of General Fund balance for the final year of the streets and park infrastructure maintenance reserve, combined with deferral of planned one-time expenses.
- General revenues from governmental activities accounted for \$238.7 million, or 72.8 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$89.2 million or 27.2 percent of total governmental activity revenues. The City had \$158.2 million of program revenues and \$3.9 million in general revenues and transfers related to business-type activities.
- At June 30, 2017, the City's proprietary funds reported combined total net position of \$649.2 million, and total unrestricted net position of \$176.4 million. A total of \$114.1 million of the unrestricted net position is in the Water Fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017

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, 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 and the Chandler Cultural 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 three categories: governmental funds, proprietary funds, and fiduciary 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 22 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, Streets Capital Projects Fund, and General Obligation Bonds Debt Service Fund, which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the financial section of this report.

The City adopts an annual appropriated budget for the General, Special Revenue, General Obligation and Highway User Revenue Debt Service, Capital Projects and Proprietary Funds. Budgetary comparison statements have been provided in the basic financial statements for the General, Streets 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, 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.

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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.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 exceeded liabilities by \$1.32 billion as of June 30, 2017. This reflects continued strong operations in governmental activities and increased investments in capital infrastructure within the business-type activities.

A significant portion of the City's net position (77.7 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, machinery and equipment, 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 citizens; 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 (11.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10.6 percent) includes \$56 million which is invested in a joint venture with the Town of Gilbert that may not be used to meet the City's obligations to citizens and creditors.

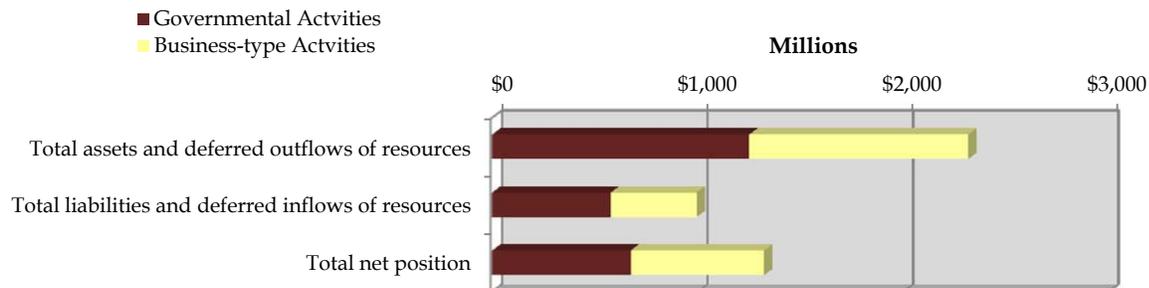
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position: net investment in capital assets, restricted, and unrestricted. The same situation held true for the prior fiscal year.

There was a decrease of \$82.4 million in unrestricted net position reported in connection with the City's business-type activities. This was due primarily from the use of bond proceeds to invest in the capital infrastructure.

CITY OF CHANDLER, ARIZONA
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Year Ended June 30, 2017

The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2017 and 2016.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 397,483,220	\$ 378,883,237	\$ 221,374,007	\$ 305,201,545	\$ 618,857,227	\$ 684,084,782
Capital assets, net	769,329,066	788,225,613	773,795,588	687,329,244	1,543,124,654	1,475,554,857
Long-term assets	-	-	56,423,709	59,722,774	56,423,709	59,722,774
Total assets	1,166,812,286	1,167,108,850	1,051,593,304	1,052,253,563	2,218,405,590	2,219,362,413
Total deferred outflows of resources	82,682,225	53,383,415	14,050,297	10,521,835	96,732,522	63,905,250
Total assets and deferred outflows of resources	1,249,494,511	1,220,492,265	1,065,643,601	1,062,775,398	2,315,138,112	2,283,267,663
Current liabilities	62,635,541	49,357,879	50,830,671	50,284,970	113,466,212	99,642,849
Long-term liabilities	500,342,926	464,164,254	362,807,105	377,807,391	863,150,031	841,971,645
Total liabilities	562,978,467	513,522,133	413,637,776	428,092,361	976,616,243	941,614,494
Total deferred inflows of resources	13,655,109	11,486,508	2,813,550	2,258,251	16,468,659	13,744,759
Total liabilities and deferred inflows of resources	576,633,576	525,008,641	416,451,326	430,350,612	993,084,902	955,359,253
Net position:						
Net investment in capital assets	587,213,640	579,591,241	439,823,546	342,252,306	1,027,037,186	921,843,547
Restricted	122,006,140	121,767,847	32,977,926	31,365,801	154,984,066	153,133,648
Unrestricted	(36,358,845)	(5,872,464)	176,390,803	258,806,679	140,031,958	252,934,215
Total net position	\$ 672,860,935	\$ 695,486,624	\$ 649,192,275	\$ 632,424,786	\$ 1,322,053,210	\$ 1,327,911,410

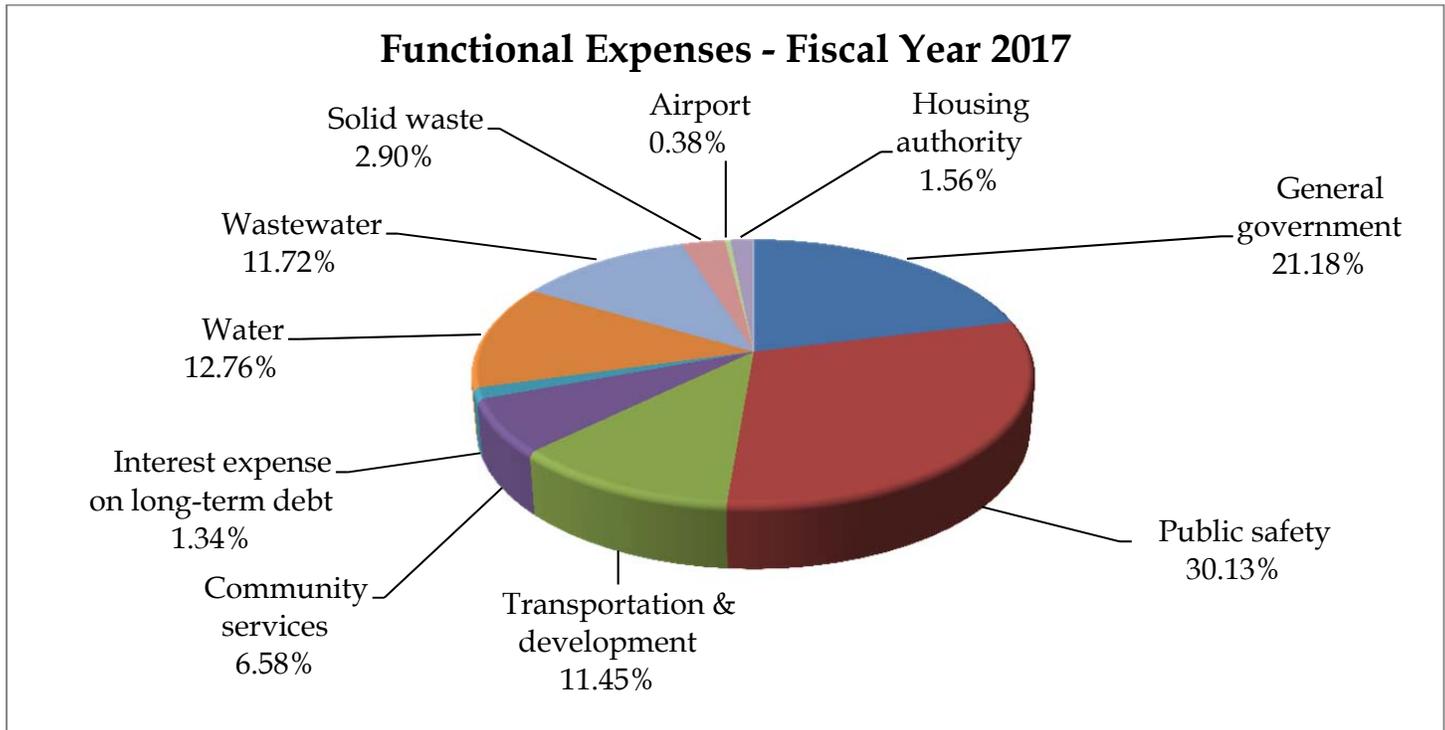
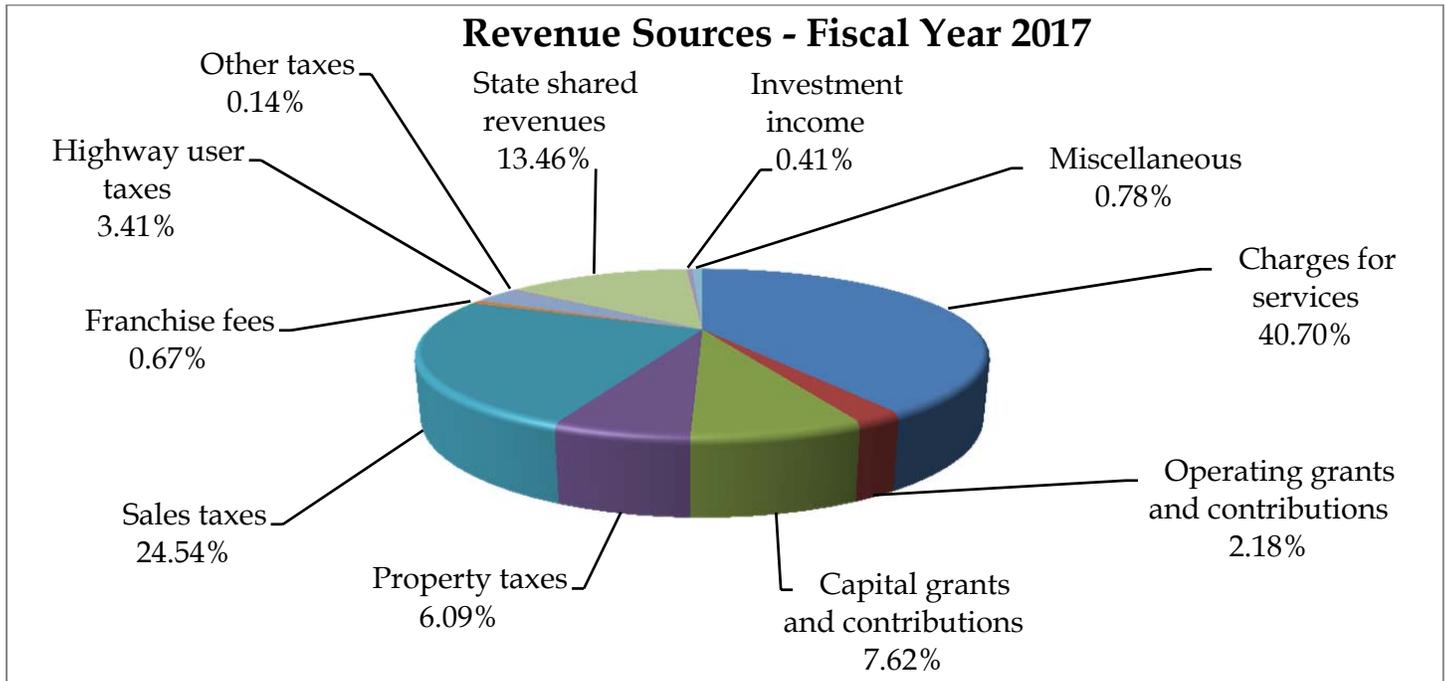


CITY OF CHANDLER, ARIZONA
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Changes in net position. The City's total revenues for the fiscal year ended June 30, 2017 were \$489.8 million. The total cost of all programs and services was \$495.7 million, which results in an decrease in net position of \$5.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and 2016.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 75,026,755	\$ 76,823,271	\$ 124,368,310	\$ 118,637,861	\$ 199,395,065	\$ 195,461,132
Operating grants and contributions	4,481,750	5,188,787	6,198,797	5,784,021	10,680,547	10,972,808
Capital grants and contributions	9,702,683	16,725,462	27,645,932	32,690,364	37,348,615	49,415,826
General revenues						
Property taxes	29,837,763	29,214,103	-	-	29,837,763	29,214,103
Sales taxes	120,189,651	112,250,883	10,682	10,391	120,200,333	112,261,274
Franchise fees	3,285,267	3,344,817	-	-	3,285,267	3,344,817
Highway user taxes	16,683,743	15,303,635	-	-	16,683,743	15,303,635
Other taxes	664,616	6,100,475	-	-	664,616	6,100,475
State shared revenues	65,924,228	60,712,442	-	-	65,924,228	60,712,442
Investment income	1,063,997	3,834,840	938,491	2,180,447	2,002,488	6,015,287
Miscellaneous	1,014,665	1,124,559	2,798,023	2,632,460	3,812,688	3,757,019
Total revenues	327,875,118	330,623,274	161,960,235	161,935,544	489,835,353	492,558,818
Expenses:						
General government	104,998,802	112,514,903	-	-	104,998,802	112,514,903
Public safety	149,366,614	111,568,323	-	-	149,366,614	111,568,323
Transportation and development	56,752,197	55,012,081	-	-	56,752,197	55,012,081
Community services	32,599,549	31,441,019	-	-	32,599,549	31,441,019
Interest and fiscal charges	6,623,830	7,884,146	-	-	6,623,830	7,884,146
Water	-	-	63,236,746	54,075,742	63,236,746	54,075,742
Wastewater	-	-	58,112,931	51,034,921	58,112,931	51,034,921
Solid waste	-	-	14,380,178	13,925,017	14,380,178	13,925,017
Airport	-	-	1,893,830	2,011,880	1,893,830	2,011,880
Housing authority	-	-	7,728,876	7,267,806	7,728,876	7,267,806
Total expenses	350,340,992	318,420,472	145,352,561	128,315,366	495,693,553	446,735,838
Increase (decrease) before transfers	(22,465,874)	12,202,802	16,607,674	33,620,178	(5,858,200)	45,822,980
Transfers in (out)	(159,815)	(433,282)	159,815	433,282	-	-
Increase (decrease) in net position	(22,625,689)	11,769,520	16,767,489	34,053,460	(5,858,200)	45,822,980
Beginning net position	695,486,624	683,717,104	632,424,786	598,371,326	1,327,911,410	1,282,088,430
Ending net position	\$ 672,860,935	\$ 695,486,624	\$ 649,192,275	\$ 632,424,786	\$ 1,322,053,210	\$ 1,327,911,410

CITY OF CHANDLER, ARIZONA
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As evidenced in the previous graph, the largest financing source for the City is charges for services at 40.70 percent, associated with the user fees and charges for services. Sales taxes and state shared revenues also comprise a significant portion of the City's revenues at 24.54 percent and 13.46 percent, respectively, of the total revenues with capital grants and contributions accounting for an additional 7.62 percent of the City's total revenues.

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The City as a whole uses the largest amount of resources for public safety functions at 30.13 percent of the total functional expenses of the City. The next largest users of resources are general government and water at 21.18 percent and 12.76 percent, respectively, with wastewater services accounting for 11.72 percent of the City's total expenses.

Governmental activities. The decrease in governmental net position totaled \$22.6 million for the year ended June 30, 2017 compared with an increase of \$11.8 million in the prior year. This reflects higher Public Safety Personnel Retirement System (PSPRS) employer contributions, as well as a supplemental payment to accelerate pay down of the City's unfunded liability. At the same time, the spending also reflects the City's use of one-time funds towards maintaining existing infrastructure (i.e., streets and parks) and investing in other capital infrastructure.

Business-type activities. The increase in business-type net position totaled \$16.8 million for the year ended June 30, 2017 compared with an increase of \$34.1 million in the prior year. This is primarily due to a higher investment in water and wastewater capital infrastructure through increased bonded debt.

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 \$300.8 million, an increase of \$11.5 million in comparison with the prior year. Approximately \$177.8 million (59.1 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 \$166.6 million represents an increase of \$11.1 million.

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$123.1 million (40.9 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 \$122.7 million represents a slight increase of \$402.7 thousand. This increase is due to the amounts held for one-time capital improvements.

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 \$189.1 million, while total fund balance reached \$191.5 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 0.97 coverage of total annual general fund expenditures. This is still within the City's contingency reserve financial policy, allowing the funding of other reserves (i.e., economic development and capital projects, compensated absences). The City's general fund balance increased by \$10.5 million during the current fiscal year primarily due to the receipt of forecasted revenue increases, offset by planned use of General Fund balance for the final year of the streets and park infrastructure maintenance reserve, combined with deferral of planned one-time expenses.

The streets capital projects fund accounts for the acquisition, construction and improvements of the City's streets' projects. At the end of the current fiscal year total fund balance was \$43.7 million. The fund balance of the City's street fund decreased by \$839.3 thousand during the current fiscal year due to capital projects in process.

CITY OF CHANDLER, ARIZONA
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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 \$6.3 million during the current fiscal year. The decrease is due to the \$8.1 million early redemption of Series 2007 General Obligation Refunding bonds, offset by a small increase in the City's assessed valuation.

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 \$649.2 million and \$40.1 million, respectively, compared to \$632.4 million and \$38 million in the prior fiscal year.

The enterprise funds net position after net investment in capital assets is 27.2 percent unrestricted compared to 40.9 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$114.1 million, and those for the wastewater fund amounted to \$49.2 million, compared to \$134.7 million and \$112.8 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

The City of Chandler continued to engage in fiscally responsible budgeting practices for the 2016-17 budget year, although potential State legislative actions continue to keep Chandler cautious. With steady economic growth in the City and the region, the City Council adopted a balanced budget for 2016-17 that included slightly higher planned operating and capital expenditures based upon anticipated increases to the ongoing revenue streams from sustainable economic development and using one-time revenues for select capital projects and planned Public Safety Personnel Retirement System (PSPRS) liability pay down. Most local revenue sources were forecasted to improve, and expectations were met during the year. The City's major sources of General Fund revenues include Local Sales Tax, State Shared Sales Tax, and Urban Revenue Sharing (State Shared Income Tax). Continued increases in the largest General Fund revenue categories allowed the City Council to increase the General Fund budget by 7.6 percent from the previous year, and the total City budget increased by 6.7 percent over 2015-16.

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 2016-17 budget included various salary adjustments based on agreements between bargaining units and the City. Other ongoing costs, such as maintenance, utilities, and supplies were managed closely to ensure they could be covered with ongoing revenues. The City continued to emphasize its strong financial policies, and higher revenues allowed the City Council to maintain the General Fund contingency reserve at 15 percent of anticipated annual General Fund operating revenue. The City Council also continued the Infrastructure Maintenance Reserve through 2016-17 to support street and park capital maintenance projects until additional General Obligation bonds could be sold for these purposes. And finally, the City Council continued the designated Budget Stabilization Reserve in the amount of \$15 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, or unexpected decreases in property values cause revenues to suddenly decrease.

CITY OF CHANDLER, ARIZONA
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Year Ended June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2017, the City had invested \$1.03 billion in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$98.9 million.

The City completed several improvement projects including the completion of relocating fire station no. 1 at a cost of \$4.5 million and converting the old station to house police SWAT at a cost of \$662 thousand. Also completed were several street improvements and expansions at a cost of \$12.9 million, purchase of three pumper fire trucks at a cost of \$1.5 million, and \$546 thousand in purchases of street maintenance vehicles. There were also other various infrastructure and system improvement projects for parks, streets, and water and wastewater infrastructure.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2016 and 2017:

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

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2017	2016	2017	2016	2017	2016
Land	\$ 85,355,474	\$ 85,355,474	\$ 48,980,747	\$ 48,980,747	\$ 134,336,221	\$ 134,336,221
Land improvements	-	-	322,617	400,599	322,617	400,599
Infrastructure	358,597,078	368,754,379	-	-	358,597,078	368,754,379
System improvements	-	-	530,512,486	551,925,122	530,512,486	551,925,122
Buildings and improvements	228,725,744	235,599,631	9,556,733	9,471,903	238,282,477	245,071,534
Vehicles, machinery and equipment	29,865,082	29,865,648	3,954,048	4,246,188	33,819,130	34,111,836
Construction in progress	66,785,688	68,650,481	180,468,957	72,304,685	247,254,645	140,955,166
Total	\$ 769,329,066	\$ 788,225,613	\$ 773,795,588	\$ 687,329,244	\$ 1,543,124,654	\$ 1,475,554,857

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017

Long-term Debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$520.9 million in long-term debt outstanding with \$41.1 million due within one year. The following table presents a summary of the City's outstanding long-term obligations for the fiscal years ended June 30, 2017 and 2016.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 186,873,000	\$ 205,088,000	\$ 115,722,000	\$ 127,782,000	\$302,595,000	\$ 332,870,000
Revenue bonds	6,685,000	10,055,000	9,595,000	24,850,000	16,280,000	34,905,000
Excise tax revenue obligations	-	-	198,520,000	204,090,000	198,520,000	204,090,000
Special assessment bonds	3,460,000	3,960,000	-	-	3,460,000	3,960,000
Issuance premiums	20,178,545	16,165,290	27,963,751	22,910,886	48,142,296	39,076,176
Total bonds & obligations payable	\$ 217,196,545	\$ 235,268,290	\$ 351,800,751	\$ 379,632,886	\$568,997,296	\$ 614,901,176
Arbitrage payable	22,508	15,978	47,492	34,022	70,000	50,000
Claims payable	6,007,859	6,432,298	-	-	6,007,859	6,432,298
Landfill closure/post closure	-	-	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	10,488,949	10,342,377	1,125,501	1,096,093	11,614,450	11,438,470
Net Pension Liability	275,260,325	215,115,571	21,955,620	20,499,330	297,215,945	235,614,901
Post employment benefits	24,369,756	22,067,044	2,099,913	1,853,589	26,469,669	23,920,633
Total long term liabilities	\$ 533,345,942	\$ 489,241,558	\$ 381,369,277	\$ 407,455,920	\$914,715,219	\$ 896,697,478

The City of Chandler's total long term liabilities increased by \$18 million during the current fiscal year. The key factor in the increase was an increase in net pension liabilities of \$61.6 million and an increase in bond issuance premiums of \$9.1 million, off-set by change in long term debt principal of \$54.9 million due to principal payments and refunding issuances.

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 \$661.4 million. The City has \$300.6 million of outstanding general obligation debt for these purposes.

State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is \$198.4 million. The City has \$8.9 million of outstanding general obligation debt for this purpose.

As of year-end, the City's current bond ratings on general obligation bonds were Aaa from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings. Ratings for the street and highway users were Aa3 from Moody's, AA from Standard & Poor's, and AA from Fitch. Water and wastewater revenue bonds were rated Aa1 from Moody's Investor Services, AA from Standard & Poor's, and AA+ from Fitch. 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.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2017-18) required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. The City's overall budget reflects continued slow but steady economic growth for both the City and State. Although general economic conditions have improved, the City is operating in a more constrained financial environment than in pre-recession years, continuing to look for efficiencies to manage expenditure growth. The budget decreased from \$971 million in 2016-17 to \$934.5 million (-3.8 percent) in 2017-18, due to slightly higher expenditures for operating, offset by lower expenditures for capital projects. The City continues a healthy capital improvement program to ensure existing infrastructure is well maintained and new facilities are planned when growth or need dictates. With a 4.76 percent increase in Limited Property Values (including new growth), the City Council chose to reduce the primary property tax rate from \$0.29 to \$0.27, and keep the secondary property tax rate at \$0.87 per \$100 of assessed valuation. The rate reduction will help minimize the impact of higher values on property owner's tax payment.

As of January 1, 2017, the Arizona Department of Revenue (ADOR) began administering Transaction Privilege Tax (TPT) "Sales Tax" collections and licensing for Chandler based on State law. The City Council continued the designated Budget Stabilization Reserve in the amount of \$15 million as a precaution against any unexpected problems with the flow of revenues from the transition of TPT Administration from the ADOR to the City. This reserve provides 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, or unexpected decreases in property values cause revenues to suddenly decrease.

The 2017-18 Budget does include an anticipated bond sale, and refunding opportunities for outstanding bonds are evaluated continuously. Since 2016-17 was the last year of the Infrastructure Maintenance Reserve used to supplement the street and park capital maintenance projects, General Obligation bonds are now planned for these purposes in 2017-18, as secondary property tax levy collections have finally increased to the pre-recession level. Additionally, the City Council maintained the General Fund operating contingency at 15 percent of General Fund operating revenues to provide a further buffer for emergencies or to support new opportunities, such as unanticipated grants or development agreements. The 2017-18 Budget also includes supplemental payments to the Public Safety Personnel Retirement System (PSPRS) to accelerate pay down of the City's unfunded liability.

CONTACTING THE CITY'S FINANCE OFFICE

This financial report is designed to provide our citizens, 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.



Chandler + Arizona
Where Values Make The Difference

BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 377,506,192	\$ 200,313,007	\$ 577,819,199	\$ -	\$ -
Cash and investments	-	-	-	822,875	1,577,581
Accounts receivable	804,451	19,534,811	20,339,262	-	7,104
Privilege license tax receivable	5,334,374	-	5,334,374	-	-
Property taxes receivable	337,321	-	337,321	-	-
Internal balances	69,444	(69,444)	-	-	-
Due from other governments	5,930,231	73,689	6,003,920	-	-
Inventories	874,817	124,364	999,181	-	-
Prepaid items	112,051	322,320	434,371	-	38,401
Accrued interest receivable	1,087,869	514,170	1,602,039	-	6,367
Special assessments receivable	3,153,538	-	3,153,538	-	-
Notes receivable - current	448,503	-	448,503	-	-
Other receivables	1,824,429	561,090	2,385,519	-	-
Total current assets	<u>397,483,220</u>	<u>221,374,007</u>	<u>618,857,227</u>	<u>822,875</u>	<u>1,629,453</u>
Long-term assets:					
Cash and investments - restricted	-	-	-	-	1,406,087
Notes receivable - long term	-	336,450	336,450	-	-
Investment in joint venture	-	56,024,463	56,024,463	-	-
Other assets	-	62,796	62,796	-	6,000
Capital assets:					
Non-depreciable	152,141,162	229,449,704	381,590,866	-	-
Depreciable, net	617,187,904	544,345,884	1,161,533,788	-	45,044
Total capital assets	<u>769,329,066</u>	<u>773,795,588</u>	<u>1,543,124,654</u>	<u>-</u>	<u>45,044</u>
Total long-term assets	<u>769,329,066</u>	<u>830,219,297</u>	<u>1,599,548,363</u>	<u>-</u>	<u>1,457,131</u>
Total assets	<u>1,166,812,286</u>	<u>1,051,593,304</u>	<u>2,218,405,590</u>	<u>822,875</u>	<u>3,086,584</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension plan items	70,752,801	4,669,225	75,422,026	-	-
Deferred amounts on refundings	11,929,424	9,381,072	21,310,496	-	-
Total deferred outflows of resources	<u>82,682,225</u>	<u>14,050,297</u>	<u>96,732,522</u>	<u>-</u>	<u>-</u>

LIABILITIES

Current liabilities:

Accounts payable	6,556,899	20,669,142	27,226,041	-	111,180
Accrued payroll	10,264,144	322,424	10,586,568	-	-
Trust liabilities and deposits	8,317,943	4,061,703	12,379,646	-	-
Accrued interest	3,939,622	6,578,937	10,518,559	-	-
Unearned revenue	553,917	-	553,917	-	406,700
Customer advances	-	636,293	636,293	-	-
Arbitrage liability	7,989	12,011	20,000	-	-
Compensated absences payable	117,808	12,640	130,448	-	-
Bonds payable	27,461,675	18,443,075	45,904,750	-	-
Landfill closure and postclosure liability	-	94,446	94,446	-	-
Claims and judgements payable	5,415,544	-	5,415,544	-	-
Total current liabilities	62,635,541	50,830,671	113,466,212	-	517,880

Long-term liabilities:

Arbitrage liability	14,519	35,481	50,000	-	-
Compensated absences payable	10,371,141	1,112,861	11,484,002	-	-
Bonds payable	189,734,870	333,357,676	523,092,546	-	-
Net pension liability	275,260,325	21,955,620	297,215,945	-	-
OPEB liability	24,369,756	2,099,913	26,469,669	-	-
Landfill closure and postclosure liability	-	4,245,554	4,245,554	-	-
Claims and judgements payable	592,315	-	592,315	-	-
Total long-term liabilities	500,342,926	362,807,105	863,150,031	-	-
Total liabilities	562,978,467	413,637,776	976,616,243	-	517,880

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension plan items	13,655,109	2,813,550	16,468,659	-	-
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NET POSITION

Net investment in capital assets	587,213,640	439,823,546	1,027,037,186	-	45,044
Restricted for:					
Transportation and development	63,520,128	-	63,520,128	-	-
Capital improvements	20,825,452	-	20,825,452	-	-
Community services	25,996,591	-	25,996,591	-	-
Community development	454,694	-	454,694	-	-
Debt service	9,843,325	32,912,469	42,755,794	-	-
Legal restrictions	1,365,950	-	1,365,950	-	1,406,087
Family self sufficiency escrow accounts	-	65,457	65,457	-	-
Total restricted	122,006,140	32,977,926	154,984,066	-	1,406,087
Unrestricted	(36,358,845)	176,390,803	140,031,958	822,875	1,117,573
Total net position	\$ 672,860,935	\$ 649,192,275	\$ 1,322,053,210	\$ 822,875	\$ 2,568,704

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 104,998,802	\$ 41,400,079	\$ 2,158,931	\$ 630,950	\$ 44,189,960
Public safety	149,366,614	6,561,052	1,075,537	-	7,636,589
Transportation and development	56,752,197	16,333,273	903,903	9,056,109	26,293,285
Community services	32,599,549	10,732,351	343,379	15,624	11,091,354
Interest on long-term debt	6,623,830	-	-	-	-
Total governmental activities	<u>350,340,992</u>	<u>75,026,755</u>	<u>4,481,750</u>	<u>9,702,683</u>	<u>89,211,188</u>
Business-type activities:					
Water	63,236,746	53,251,020	-	11,232,750	64,483,770
Wastewater	58,112,931	53,563,934	-	15,574,771	69,138,705
Solid waste	14,380,178	15,648,992	-	-	15,648,992
Airport	1,893,830	950,294	-	490,967	1,441,261
Chandler housing authority	7,728,876	954,070	6,198,797	347,444	7,500,311
Total business-type activities	<u>145,352,561</u>	<u>124,368,310</u>	<u>6,198,797</u>	<u>27,645,932</u>	<u>158,213,039</u>
Total primary government	<u>\$ 495,693,553</u>	<u>\$ 199,395,065</u>	<u>\$ 10,680,547</u>	<u>\$ 37,348,615</u>	<u>\$ 247,424,227</u>
Component units					
Chandler Industrial Development Authority	\$ 20	\$ 62,039	\$ -	\$ -	\$ 62,039
Chandler Cultural Foundation	1,539,637	1,446,952	317,719	-	1,764,671
Total component units	<u>\$ 1,539,657</u>	<u>\$ 1,508,991</u>	<u>\$ 317,719</u>	<u>\$ -</u>	<u>\$ 1,826,710</u>

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Highway user taxes

Other taxes

Total 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 Basic 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
\$ (60,808,842)	\$ -	\$ (60,808,842)	\$ -	\$ -
(141,730,025)	-	(141,730,025)	-	-
(30,458,912)	-	(30,458,912)	-	-
(21,508,195)	-	(21,508,195)	-	-
(6,623,830)	-	(6,623,830)	-	-
(261,129,804)	-	(261,129,804)	-	-
-	1,247,024	1,247,024	-	-
-	11,025,774	11,025,774	-	-
-	1,268,814	1,268,814	-	-
-	(452,569)	(452,569)	-	-
-	(228,565)	(228,565)	-	-
-	12,860,478	12,860,478	-	-
(261,129,804)	12,860,478	(248,269,326)	-	-
-	-	-	62,019	-
-	-	-	-	225,034
-	-	-	62,019	225,034
29,837,763	-	29,837,763	-	-
120,189,651	10,682	120,200,333	-	-
16,683,743	-	16,683,743	-	-
664,616	-	664,616	-	-
167,375,773	10,682	167,386,455	-	-
3,285,267	-	3,285,267	-	-
65,924,228	-	65,924,228	-	-
1,063,997	938,491	2,002,488	2,003	14,296
1,014,665	2,798,023	3,812,688	-	-
(159,815)	159,815	-	-	-
238,504,115	3,907,011	242,411,126	2,003	14,296
(22,625,689)	16,767,489	(5,858,200)	64,022	239,330
695,486,624	632,424,786	1,327,911,410	758,853	2,329,374
\$ 672,860,935	\$ 649,192,275	\$ 1,322,053,210	\$ 822,875	\$ 2,568,704

City of Chandler
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds				Total
	General	Streets Capital Projects	General Obligation		
			Bonds Debt Service	Other Governmental Funds	
ASSETS					
Equity in pooled cash and investments	\$ 176,259,151	\$ 46,680,519	\$ 34,938,366	\$ 73,500,053	\$ 331,378,089
Accounts receivable	730,743	3,154	-	1,662	735,559
Prepaid items	104,629	-	-	7,422	112,051
Privilege license tax receivable	5,334,374	-	-	-	5,334,374
Property taxes receivable	88,321	-	249,000	-	337,321
Advances to other funds	17,885,809	-	-	-	17,885,809
Due from other funds	405,597	-	-	-	405,597
Due from other governments	2,310,447	238,322	-	3,381,462	5,930,231
Inventories	874,817	-	-	-	874,817
Accrued interest receivable	533,179	150,265	65,636	229,371	978,451
Special assessments receivable	-	-	-	3,153,538	3,153,538
Notes receivable	-	-	-	448,503	448,503
Other receivables	1,771,806	-	-	-	1,771,806
Total assets	\$ 206,298,873	\$ 47,072,260	\$ 35,253,002	\$ 80,722,011	\$ 369,346,146
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,885,861	\$ 595,241	\$ -	\$ 2,015,678	\$ 6,496,780
Accrued payroll	2,756,042	2,632	-	83,701	2,842,375
Trust liabilities and deposits	7,494,644	-	-	823,299	8,317,943
Accrued interest	-	-	3,742,203	197,419	3,939,622
Due to other funds	-	-	-	336,153	336,153
Advances from other funds	-	2,814,300	-	15,071,509	17,885,809
Unearned revenue	545,278	3,154	-	1,500	549,932
Arbitrage liability	-	-	2,989	5,000	7,989
Bonds payable (matured)	-	-	22,325,000	2,415,000	24,740,000
Total liabilities	14,681,825	3,415,327	26,070,192	20,949,259	65,116,603
Deferred inflows of resources:					
Unavailable revenues - special assessments	-	-	-	3,114,155	3,114,155
Unavailable revenues - property taxes	73,283	-	201,111	-	274,394
Total deferred inflows of resources	73,283	-	201,111	3,114,155	3,388,549
Fund balances:					
Nonspendable	979,446	-	-	7,422	986,868
Restricted	1,451,061	43,656,933	8,981,699	68,001,558	122,091,251
Committed	-	-	-	-	-
Assigned	101,620,277	-	-	-	101,620,277
Unassigned	87,492,981	-	-	(11,350,383)	76,142,598
Total fund balances	191,543,765	43,656,933	8,981,699	56,658,597	300,840,994
Total liabilities, deferred inflows and fund balances	\$ 206,298,873	\$ 47,072,260	\$ 35,253,002	\$ 80,722,011	\$ 369,346,146

See accompanying Notes to Basic Financial Statements.

City of Chandler
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds \$ 300,840,994

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	152,141,162
Depreciable buildings, property, equipment and infrastructure, net	<u>617,187,904</u>
Total capital assets	<u>769,329,066</u>

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	<u>3,388,548</u>
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Deferred charges on refundings are not financial resources and, therefore, are not reported in the funds.	<u>11,929,424</u>
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Deferred outflows related to pensions are not financial resources and, therefore, are not reported in the funds.	<u>70,752,801</u>
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Deferred inflows related to pensions represent a future acquisition of net position that is not reported in the funds.	<u>(13,655,109)</u>
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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 fund are included in governmental activities in the Government-Wide Statement of Net Position.	<u>40,097,089</u>
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Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds amounts of \$6,172,058 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(192,456,545)
Net pension liability	(275,260,325)
OPEB liability	(24,280,320)
Arbitrage liability	(14,519)
Accrued Payroll related to Claims and Judgements	(7,395,983)
Compensated absences	<u>(10,414,186)</u>
Total long-term liabilities	<u>(509,821,878)</u>

Net Position of Governmental Activities \$ 672,860,935

City of Chandler
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds Debt Service	Governmental Funds	
REVENUES:					
Property taxes	\$ 7,413,041	\$ -	\$ 22,279,805	\$ -	\$ 29,692,846
Sales taxes	120,189,651	-	-	-	120,189,651
Highway user taxes	-	-	-	16,683,743	16,683,743
Regional transportation taxes	-	664,616	-	-	664,616
Franchise fees	3,285,267	-	-	-	3,285,267
State shared	65,924,228	-	-	-	65,924,228
Grants and entitlements	176,801	-	-	12,501,059	12,677,860
System development fees	-	5,839,224	-	8,844,103	14,683,327
Special assessments	-	-	-	607,191	607,191
Licenses and permits	7,075,996	-	-	-	7,075,996
Charges for services	20,498,284	-	-	371,233	20,869,517
Fines and forfeitures	3,076,061	-	-	832,326	3,908,387
Rentals	678,387	-	-	-	678,387
Contributions	200,000	-	-	-	200,000
Interest revenue	439,503	162,110	60,966	258,616	921,195
Miscellaneous	403,316	-	28,413	63,255	494,984
Total revenues	229,360,535	6,665,950	22,369,184	40,161,526	298,557,195
EXPENDITURES:					
Current:					
General government	47,323,540	1,042	-	3,567,908	50,892,490
Public safety	100,825,812	-	-	2,342,094	103,167,906
Transportation and development	16,582,262	2,015,903	-	9,696,056	28,294,221
Community services	25,574,975	-	-	1,030,304	26,605,279
Capital outlay	3,721,234	5,488,346	-	35,502,675	44,712,255
Debt service:					
Principal	-	-	22,325,000	2,915,000	25,240,000
Interest and fiscal charges	-	-	7,284,467	404,838	7,689,305
Bond issuance costs	-	-	249,838	-	249,838
Total expenditures	194,027,823	7,505,291	29,859,305	55,458,875	286,851,294
Excess (deficiency) of revenues over (under) expenditures	35,332,712	(839,341)	(7,490,121)	(15,297,349)	11,705,901
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	397,083	-	-	255,799	652,882
Bond premium	-	-	6,339,230	-	6,339,230
Face amount of bonds issued	-	-	25,500,000	-	25,500,000
Payment to escrow agent	-	-	(31,589,392)	-	(31,589,392)
Transfers in	-	-	940,200	27,176,169	28,116,369
Transfers out	(25,186,239)	-	-	(4,022,036)	(29,208,275)
Total other financing sources (uses)	(24,789,156)	-	1,190,038	23,409,932	(189,186)
NET CHANGE IN FUND BALANCE	10,543,556	(839,341)	(6,300,083)	8,112,583	11,516,715
FUND BALANCES:					
Beginning of year	181,000,209	44,496,274	15,281,782	48,546,014	289,324,279
End of year	\$ 191,543,765	\$ 43,656,933	\$ 8,981,699	\$ 56,658,597	\$ 300,840,994

See accompanying Notes to Basic 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, 2017

Net Change in Fund Balances - Total Governmental Funds		<u>\$ 11,516,715</u>
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 Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded and transferred in the current period.		<u>30,712,704</u>
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		<u>(51,012,662)</u>
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 Statement of Activities. These items include:		
Principal payments on debt	25,240,000	
Face amount of bonds issued	(25,500,000)	
Payment to escrow agent	31,589,392	
Bond premium	(6,339,230)	
Pension related items	(33,246,137)	
Other postemployment benefits obligation	(2,288,538)	
Loss on disposal of capital assets	<u>(279,963)</u>	<u>(10,824,476)</u>
Accrued interest payable 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.		<u>1,065,475</u>
Arbitrage liability expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		<u>(3,541)</u>
Claims and Payments are recorded when due and therefore, are not reported as expenditures in governmental funds		<u>(7,395,983)</u>
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		<u>(139,447)</u>
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.		<u>(327,526)</u>
Capital assets contributed by developers to the City are not recorded in the governmental funds as they do not provide current financial resources but are recognized in the Statement of Activities as program revenues.		<u>1,683,374</u>
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>2,099,678</u>
Change in Net Position of Governmental Activities		<u><u>\$ (22,625,689)</u></u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Net Position
Proprietary Funds
June 30, 2017

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 93,455,587	\$ 85,703,577	\$ 21,153,843	\$ 200,313,007	\$ 46,128,104
Accounts receivable	9,363,533	7,897,488	2,273,790	19,534,811	68,892
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	73,689	73,689	-
Inventories	109,069	-	15,295	124,364	-
Prepaid items	-	-	322,320	322,320	-
Accrued interest receivable	247,567	203,647	62,920	514,134	109,418
Other receivables	-	560,967	159	561,126	52,623
Total current assets	107,075,756	94,365,679	23,902,016	225,343,451	46,359,037
Long-term assets:					
Notes receivable	-	-	336,450	336,450	-
Investment in joint venture	56,024,463	-	-	56,024,463	-
Other assets	36,673	26,123	-	62,796	-
Capital assets:					
Non-depreciable	55,357,649	145,891,209	28,200,846	229,449,704	-
Depreciable, net	185,516,591	332,850,344	25,978,949	544,345,884	-
Total capital assets	240,874,240	478,741,553	54,179,795	773,795,588	-
Total long-term assets	296,935,376	478,767,676	54,516,245	830,219,297	-
Total assets	404,011,132	573,133,355	78,418,261	1,055,562,748	46,359,037
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension plan items	2,271,816	1,387,716	1,009,693	4,669,225	-
Deferred amounts on refundings	4,937,454	4,443,618	-	9,381,072	-
Total deferred outflow of resources	7,209,270	5,831,334	1,009,693	14,050,297	-

LIABILITIES

Current liabilities:

Accounts payable	11,713,636	8,041,973	913,533	20,669,142	60,119
Accrued payroll	148,030	113,068	61,326	322,424	25,786
Trust liabilities and deposits	2,776,773	818,503	466,427	4,061,703	-
Accrued interest	2,553,892	4,024,264	781	6,578,937	-
Due to other funds	-	-	69,444	69,444	-
Unearned revenue	-	-	-	-	3,985
Customer advances	217,935	151,607	266,751	636,293	-
Arbitrage liability	6,147	5,864	-	12,011	-
Compensated absences payable	6,716	3,829	2,095	12,640	840
Bonds payable	10,402,831	8,015,048	25,196	18,443,075	-
Landfill closure and postclosure liability	-	-	94,446	94,446	-
Claims and judgements payable	-	-	-	-	5,415,544
Total current liabilities	27,825,960	21,174,156	1,899,999	50,900,115	5,506,274

Long-term liabilities:

Arbitrage liability	10,891	24,590	-	35,481	-
Compensated absences payable	591,323	337,152	184,386	1,112,861	73,923
Advances from other funds	-	3,900,000	-	3,900,000	-
Bonds payable	127,660,813	205,668,904	27,959	333,357,676	-
Net pension liability	10,939,485	6,154,139	4,861,996	21,955,620	-
OPEB liability	1,096,670	701,002	302,241	2,099,913	89,436
Landfill closure and postclosure liability	-	-	4,245,554	4,245,554	-
Claims and judgements payable	-	-	-	-	592,315
Total long-term liabilities	140,299,182	216,785,787	9,622,136	366,707,105	755,674
Total liabilities	168,125,142	237,959,943	11,522,135	417,607,220	6,261,948

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension plan items	1,392,163	802,651	618,736	2,813,550	-
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NET POSITION

Net investment in capital assets	113,029,469	272,596,064	54,198,013	439,823,546	-
Restricted for:					
Debt service	14,524,927	18,387,542	-	32,912,469	-
Housing assistance	-	-	65,457	65,457	-
Unrestricted	114,148,701	49,218,489	13,023,613	176,390,803	40,097,089
Total net position	\$ 241,703,097	\$ 340,202,095	\$ 67,287,083	\$ 649,192,275	\$ 40,097,089

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2017

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 53,251,020	\$ 53,563,934	\$ 16,599,286	\$ 123,414,240	\$ 48,673
Grants and entitlements	-	-	6,198,797	6,198,797	-
Rentals	-	-	954,070	954,070	-
Sales taxes	-	-	10,682	10,682	-
Self insurance premiums	-	-	-	-	27,250,919
Miscellaneous	56,239	7,172	183,180	246,591	519,690
Total operating revenues	53,307,259	53,571,106	23,946,015	130,824,380	27,819,282
OPERATING EXPENSES:					
General and administrative	3,239,190	2,826,775	1,051,308	7,117,273	-
Personal services	8,895,001	6,594,372	3,981,536	19,470,909	2,213,112
Contractual services	12,799,021	4,354,100	10,906,869	28,059,990	2,473,041
Commodities	9,255,111	9,694,820	1,891,361	20,841,292	1,700,183
Claims expense	-	-	-	-	20,411,692
Housing assistance payments	-	-	4,366,159	4,366,159	-
Depreciation and amortization expense	20,061,514	26,033,841	1,804,088	47,899,443	-
Total operating expenses	54,249,837	49,503,908	24,001,321	127,755,066	26,798,028
OPERATING INCOME (LOSS)	(942,578)	4,067,198	(55,306)	3,069,314	1,021,254
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	227,465	648,518	62,508	938,491	146,333
Interest and fiscal charges	(5,496,847)	(8,295,624)	(1,563)	(13,794,034)	-
Accretion of bond premium	1,157,990	1,393,246	196	2,551,432	-
Amortization of deferred bond items	(3,334)	(2,375)	-	(5,709)	-
Bond issuance costs	(131,372)	(297,024)	-	(428,396)	-
Gain (loss) on disposal of capital assets	(62,000)	(14,000)	-	(76,000)	-
Equity interest in joint venture	(3,293,356)	-	-	(3,293,356)	-
Total nonoperating revenues (expenses)	(7,601,454)	(6,567,259)	61,141	(14,107,572)	146,333
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(8,544,032)	(2,500,061)	5,835	(11,038,258)	1,167,587
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	11,232,750	15,574,771	838,411	27,645,932	-
Transfers in	-	-	753,629	753,629	950,000
Transfers out	(301,429)	(179,573)	(112,812)	(593,814)	(17,909)
Total capital contributions and transfers	10,931,321	15,395,198	1,479,228	27,805,747	932,091
Change in Net Position	2,387,289	12,895,137	1,485,063	16,767,489	2,099,678
NET POSITION:					
Beginning of year	239,315,808	327,306,958	65,802,020	632,424,786	37,997,411
End of year	\$ 241,703,097	\$ 340,202,095	\$ 67,287,083	\$ 649,192,275	\$ 40,097,089

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 51,899,361	\$ 53,354,458	\$ 17,660,808	\$ 122,914,627	\$ 27,767,613
Cash received from grantors	-	-	5,795,666	5,795,666	-
Cash payments to suppliers	(14,771,719)	(16,187,718)	(17,798,605)	(48,758,042)	(25,002,832)
Cash payments to employees for services	(8,892,462)	(6,587,297)	(3,991,792)	(19,471,551)	(2,189,287)
Net cash provided (used) by operating activities	28,235,180	30,579,443	1,666,077	60,480,700	575,494
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	753,629	753,629	950,000
Transfers out	(301,429)	(179,573)	(112,812)	(593,814)	(17,909)
Net cash provided (used) by noncapital financing activities	(301,429)	(179,573)	640,817	159,815	932,091
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(40,504,128)	(89,072,638)	(1,104,804)	(130,681,570)	-
Proceeds from sales of capital assets	62,000	14,000	-	76,000	-
Proceeds from sale/refunding of bonds	13,208,669	20,826,331	-	34,035,000	-
Principal paid on bond maturities	(27,655,187)	(33,211,752)	(25,001)	(60,891,940)	-
Interest paid on bonds	(5,750,656)	(8,561,597)	(1,938)	(14,314,191)	-
Cash received from capital contributions	10,802,170	12,660,103	347,444	23,809,717	-
Net cash provided (used) by capital and related financing activities	(49,837,132)	(97,345,553)	(784,299)	(147,966,984)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	198,849	607,574	48,739	855,162	127,224
Net cash provided (used) by investing activities	198,849	607,574	48,739	855,162	127,224
Net increase (decrease) in cash and cash equivalents	(21,704,532)	(66,338,109)	1,571,334	(86,471,307)	1,634,809
CASH AND CASH EQUIVALENTS:					
Beginning of year	115,160,119	152,041,686	19,582,509	286,784,314	44,493,295
End of year	\$ 93,455,587	\$ 85,703,577	\$ 21,153,843	\$ 200,313,007	\$ 46,128,104

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

Operating income (loss)	\$ (942,578)	\$ 4,067,198	\$ (55,306)	\$ 3,069,314	\$ 1,021,254
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	20,061,514	26,033,841	1,804,088	47,899,443	-
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	(2,098,596)	(305,468)	(192,386)	(2,596,450)	(49,484)
(Increase) decrease in inventories	37,796	-	5,835	43,631	-
(Increase) decrease in other assets	3,334	2,375	(226,997)	(221,288)	-
Increase (decrease) in payables	10,483,807	687,977	(58,024)	11,113,760	6,523
Increase (decrease) in accrued payroll and compensated absences	55,772	39,280	8,590	103,642	9,651
Increase (decrease) in deposits	627,235	44,591	71,015	742,841	-
Increase (decrease) in claims payable	-	-	-	-	(424,439)
Increase (decrease) in unearned revenue	-	-	-	-	(2,185)
Increase (decrease) in customer advances	60,165	41,854	100,653	202,672	-
Increase (decrease) in net pension items	(177,510)	(118,339)	172,696	(123,153)	-
Increase (decrease) in OPEB liability	124,277	86,134	35,913	246,324	14,174
Total adjustments	<u>29,177,794</u>	<u>26,512,245</u>	<u>1,721,383</u>	<u>57,411,422</u>	<u>(445,760)</u>
Net cash provided (used) by operating activities	<u>\$ 28,235,216</u>	<u>\$ 30,579,443</u>	<u>\$ 1,666,077</u>	<u>\$ 60,480,736</u>	<u>\$ 575,494</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 430,580	\$ 2,914,668	\$ -	\$ 3,345,248	\$ -
Contributions of capital assets from city government	-	-	490,967	490,967	-
Loss on disposal of assets	62,000	14,000	-	76,000	-
Accretion of bond premiums	1,157,990	1,393,246	196	2,551,432	-
Amortization of deferred bond charges	3,334	2,375	-	5,709	-

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Volunteer Firemen's Pension and Relief Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Equity in pooled cash and investments	\$ -	\$ 6,000
Accrued interest receivable	-	-
Total assets	<u>\$ -</u>	<u>\$ 6,000</u>
LIABILITIES		
Due to others	\$ -	6,000
Total liabilities	<u>\$ -</u>	<u>\$ 6,000</u>
NET POSITION		
Assets held in trust for pension benefits	-	-
Total net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Trust Funds
For the year ended June 30, 2017

	Volunteer Firemen's Pension and Relief Trust Fund
ADDITIONS:	
Net investment income	\$ 80
Total additions	<u>80</u>
DEDUCTIONS:	
Benefits paid to plan members	<u>19,156</u>
Change in net position	<u>(19,076)</u>
NET POSITION:	
Beginning of year	<u>19,076</u>
End of year	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2017

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 citizens. 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 column in the basic financial statements includes the financial data of the Chandler Industrial Development Authority (Authority). 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.

The Chandler Cultural Foundation (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 Foundation's budget is annually reviewed and approved by the City Council and the Foundation's nine-member Board is appointed by the City Council. Financial statements for the Foundation 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, 2017

NOTE 1 - Summary of Significant Accounting Policies, continued

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 and fiduciary fund financial statements. Agency fund financial statements have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; the exception is any interfund activity between governmental and business-type activities, such as transfers. Interfund services provided and used are not eliminated.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies, continued

Delinquent property taxes have been recorded as deferred inflows of resources. 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.

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.

Streets Fund - This fund is used to account for the acquisition, construction, and improvements of City streets projects.

General Obligation Bonds 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 types:

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.

Fiduciary Funds - Fiduciary funds account for assets held by the City on behalf of the Volunteer Firemen's Pension and Relief Trust Fund, and agency funds which account for resources held by the City in a custodial capacity for peddler bonds. The Volunteer Firemen's Pension and Relief Trust Fund is a single-employer defined benefit pension plan established to provide pension benefits for volunteer firemen of the City.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2017

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, and airport services. 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. Fiduciary funds are reported by fund type.

D. Budgeting and Budgetary Control

The City Council formally adopts an annual operating budget for the General, Special Revenue, Capital Projects, Enterprise, Internal Service Funds, and Debt Service funds.

The level of control at which expenditures may not exceed budget is by department. Upon written request by the City Manager, the City Council has the authority to transfer part or all of any unencumbered appropriation balance from one department to another per City Charter requirement. The City Manager and department heads have the authority to transfer appropriations between divisions and expenditure categories within departments. Appropriations totaling \$11,166,364 were transferred from the contingency reserves within the General, Enterprise, Internal Service, and Capital Projects 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 unassigned fund balance and capital improvement carryforward at year-end are reported as part of assigned fund balance. Significant encumbrances for the general fund are \$6,980,828, for the streets capital projects fund are \$3,453,349, for water enterprise fund are \$39,351,118, for wastewater enterprise fund are \$31,826,334, and for nonmajor governmental funds are \$31,665,571.

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, 2017

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 26, 2014, 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, 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 uncollectibles. All other funds' trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles.

G. Inventories

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

H. Prepaid Items

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies, continued

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 \$5,000 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 the various industry standards. Capital assets of the City are depreciated 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
System improvements	25
Vehicles	4-7

J. 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.

K. Long-Term Obligations

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies, continued

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

The debt service funds are specifically established to account for and service the long-term obligations for the governmental funds 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.

L. Fund Equity

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 a more detailed explanation of fund balance classifications).

M. Capital Contributions - Enterprise Funds

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).

N. 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.

O. 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.

P. Statements of Cash Flows

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies, concluded

Q. 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 nonoperating revenues/expenses in proprietary funds.

R. 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.

S. Implementation of New Accounting Standards

During the year ended June 30, 2017, the City implemented the provision of Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. This Statement requires disclosure regarding the nature and magnitude of tax abatement agreements entered into by the City or from other governments that reduce the reporting government's tax revenues

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 Health Care Benefits Trust, and the Chandler Workers Compensation Employer Liability Trust. Each fund's portion of this pool is displayed on the financial statements as Equity in Pooled Cash and Investments. Pooled cash and investments are stated at fair value with accrued interest shown separately. Restricted cash and investments are amounts held separately by trustees and amounts segregated due to their source and future intent. In addition, the Industrial Development Authority, the Chandler Cultural Foundation, the Chandler Health Care Benefits Trust, and the Chandler Workers' Compensation Employer Liability Trust separately hold investments.

Deposits

At year-end, cash on hand was \$46,640, the carrying amount of the City deposits was \$415,796, and the bank balance was \$1,501,851. Of the bank balance, \$253,839 was covered by federal depository insurance and \$1,248,012 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at year ended June 30, 2017, the City had \$68,402,807 of restricted cash held by paying agent consisting of \$51,128,559 in July 1, 2017 debt service payments and \$17,274,248 in unspent bond proceeds from the 2013 Excise Tax Revenue Bond issuance. 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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 2 - Cash and Investments, continued

At June 30, 2017, the City had the following investments and maturities:

Investment Type	Category	Fair Value	Investment Maturities (in Years)		Concentration	Credit Rating
			Less than 1 Year	1-5 Years		
U.S. Treasuries	Level 1	\$ 100,691,152	\$ 21,446,851	\$ 79,244,301	19.79 %	AA+/Aaa/AAA
U.S. Agencies:						
Fannie Mae	Level 2	83,045,059	1,421,715	81,623,344	16.33	AA+/Aaa/AAA
Federal Farm Credit Banks Funding Corp	Level 2	16,578,284	10,183,775	6,394,509	3.26	AA+/Aaa/AAA
Federal Home Loan Bank	Level 2	105,032,237	43,577,132	61,455,105	20.65	AA+/Aaa/AAA
Freddie Mac	Level 2	6,559,485	-	6,559,485	1.29	AA+/Aaa/AAA
Corporate Bonds:						
American Express Credit Corp	Level 3	3,355,641	-	3,355,641	0.66	A-/A2
Apple Inc Corp	Level 2	6,853,976	996,375	5,857,601	1.35	AA+/Aa1/NA
Bank of America Corp	Level 2	4,211,031	2,503,151	1,707,880	0.83	A+/A1/A+
Bank of New Yourk Mellon Corp	Level 2	5,037,367	3,776,982	1,260,385	0.99	A/A1/AA-
Berkshire Hathaway Fin Global	Level 2	4,646,455	-	4,646,455	0.91	AA/Aa2/A+
Chevron Corp	Level 2	885,619	-	885,619	0.17	AA-/Aa2
Cisco Systems Inc Corp	Level 2	5,083,569	-	5,083,569	1.00	AA-/A1/NA
Coca-Cola Co	Level 2	3,115,648	1,153,410	1,962,238	0.61	AA-/Aa3/A+
Daimler Finance North America LLC	Level 2	1,999,986	-	1,999,986	0.39	A/A2/A-
Exxon Mobil Corp	Level 2	3,326,659	219,867	3,106,792	0.65	AA+/Aaa/NA
Fifth Third Bank	Level 2	3,312,932	-	3,312,932	0.65	A-/A3/A
Home Depot Inc	Level 2	1,040,475	-	1,040,475	0.20	A/A2
IBM Corp	Level 2	360,842	-	360,842	0.07	A+/A1
Intel Corp	Level 2	2,542,220	-	2,542,220	0.50	A+/A1/A+
John Deere Capital Corp	Level 2	1,545,890	-	1,545,890	0.30	A/A2
Johnson & Johnson Corp	Level 2	99,931	99,931	-	0.02	AAA/Aaa
JP Morgan Chase Corp	Level 2	5,328,930	-	5,328,930	1.05	A-/A3/A+
Metropolitan Life Global Funding I	Level 2	3,964,504	-	3,964,504	0.78	AA-/Aa3/AA-
Microsoft Corp	Level 2	2,406,118	-	2,406,118	0.47	AAA/Aaa
National Rural Utilities Coop Finance Corp	Level 2	3,065,475	3,065,475	-	0.60	A/A1/A+
Northern Trust Company	Level 2	3,258,590	-	3,258,590	0.64	A+/A2/A+
Paccar Financial Corp	Level 2	1,984,088	-	1,984,088	0.39	A+/A1/NA
PNC Bank Na	Level 2	4,593,908	-	4,593,908	0.90	A/A2/A+
Toyota Motor Credit Corp	Level 2	6,559,151	1,996,096	4,563,055	1.29	AA-/Aa3/A
Unilever Capital	Level 2	274,493	-	274,493	0.05	A+/A1
US Bank Na	Level 2	4,022,669	1,000,355	3,022,314	0.79	AA-/A1/AA
Wells Fargo & Company Corp	Level 2	3,133,034	-	3,133,034	0.62	A/A2
Asset Backed						
ALLYA 2017-2 A3	Level 2	1,605,344	-	1,605,344	0.32	AAA/Aaa
BACCT 152 A	Level 2	914,284	-	914,284	0.18	AAA/NA/AAA
BMWOT 16A A3	Level 2	3,476,850	-	3,476,850	0.68	NA/Aaa/AAA
CARMX 163 A3	Level 2	3,677,700	-	3,677,700	0.72	AAA/NA/AAA
CCCIT 17A2 A2	Level 2	2,002,552	-	2,002,552	0.39	AAA/Aaa/NA
CHAIT 155 A	Level 2	2,497,850	-	2,497,850	0.49	AAA/NR/AAA
HALST 16C A3	Level 2	2,494,747	-	2,494,747	0.49	AAA/NR/AAA
HAROT 2017-1 A3	Level 2	915,582	-	915,582	0.18	AAA/Aaa
HAROT 2017-2 A3	Level 2	1,996,958	-	1,996,958	0.39	AAA/Aaa
HAROT 2017-A A3	Level 2	860,199	-	860,199	0.17	AAA/Aaa
JDOT 16B A3	Level 2	1,493,328	-	1,493,328	0.29	NA/Aaa/AAA
MBALT 17A A3	Level 2	1,001,059	-	1,001,059	0.20	AAA/NR/AAA
NAROT 16C A3	Level 2	2,581,257	-	2,581,257	0.51	NA/Aaa/AAA
TAOT 16C A3	Level 2	2,386,566	-	2,386,566	0.47	AAA/Aaa/NA
WOLS 16A A3	Level 2	3,984,778	-	3,984,778	0.78	NA/Aaa/AAA
Money Market - Certificates of Deposit	Level 1	41,349,081	15,506,060	25,843,021	8.12	AAAm
Money Market Fund	Level 1	37,076,260	37,076,260	-	7.28	AAAm
Cash and cash equivalents	Level 1	730,142	730,142	-	0.14	
Total		\$508,959,955	\$144,753,577	\$364,206,378	100.00 %	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 2 - Cash and Investments, concluded

Investment Valuation Techniques. U.S. treasuries, agencies, money market, and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical securities. Governmental bonds, corporate bonds, other fixed income instruments, and international bonds classified in Level 2 of the fair value hierarchy are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, 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 Aaa 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's investment in U.S. Agencies, Corporate Bonds, and Money Market Funds were rated no lower than A- and AAAM by Standard & Poor's, respectively, as of June 30, 2017.

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 issues 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 and U.S. Treasuries and Agencies money market funds. See percentages in table on preceding page.

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. As of fiscal year 2016, 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 new 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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 3 - Property Taxes, concluded

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 2016-17, current property tax collections were \$29,272,301 or 98.7 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 2017 are not available for fiscal year 2016-17; accordingly, such taxes will not be recognized as revenue until fiscal year 2017-18.

NOTE 4 - Capital Assets

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

Governmental Activities	Balance June 30, 2016	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 85,355,474	\$ -	\$ -	85,355,474
Construction in progress	68,650,481	26,796,711	(28,661,504)	66,785,688
Total capital assets not being depreciated	154,005,955	26,796,711	(28,661,504)	152,141,162
Capital assets, being depreciated:				
Infrastructure	666,363,540	15,289,629	-	681,653,169
Building and improvements	390,195,526	11,302,265	-	401,497,791
Machinery and equipment	84,281,840	7,668,977	(1,187,735)	90,763,082
Total capital assets being depreciated	1,140,840,906	34,260,871	(1,187,735)	1,173,914,042
Less accumulated depreciation for:				
Infrastructure	(297,609,161)	(25,446,930)	-	(323,056,091)
Building and improvements	(154,595,895)	(18,176,152)	-	(172,772,047)
Machinery and equipment	(54,416,192)	(7,389,580)	907,772	(60,898,000)
Total accumulated depreciation	(506,621,248)	(51,012,662)	907,772	(556,726,138)
Total capital assets, being depreciated, net	634,219,658	(16,751,791)	(279,963)	617,187,904
Governmental activities capital assets, net	\$ 788,225,613	\$ 10,044,920	\$ (28,941,467)	\$ 769,329,066

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

	Expended to June 30, 2017	Remaining Commitments
Streets	\$ 51,259,816	\$ 15,766,399
Parks and recreation	3,363,615	1,923,415
Buildings and related improvements	12,162,257	16,828,884
Total	\$ 66,785,688	\$ 34,518,698

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 4 - Capital Assets, continued

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

<u>Business-Type Activities</u>	<u>Balance June 30, 2016</u>	<u>Additions and Transfers In</u>	<u>Deletions and Transfers Out</u>	<u>Balance June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 48,980,747	\$ -	\$ -	\$ 48,980,747
Construction in progress	72,304,685	132,224,680	(24,060,408)	180,468,957
Total capital assets not being depreciated	<u>121,285,432</u>	<u>132,224,680</u>	<u>(24,060,408)</u>	<u>229,449,704</u>
Capital assets, being depreciated:				
System improvements	1,163,592,535	24,973,908	-	1,188,566,443
Building and improvements	24,015,777	721,185	-	24,736,962
Vehicles, machinery and equipment	19,134,068	582,422	(178,991)	19,537,499
Land improvements	2,442,722	-	-	2,442,722
Total capital assets being depreciated	<u>1,209,185,102</u>	<u>26,277,515</u>	<u>(178,991)</u>	<u>1,235,283,626</u>
Less accumulated depreciation for:				
System improvements	(611,667,413)	(46,386,544)	-	(658,053,957)
Buildings and improvements	(14,543,874)	(636,355)	-	(15,180,229)
Vehicles, machinery and equipment	(14,887,880)	(798,562)	102,991	(15,583,451)
Land improvements	(2,042,123)	(77,982)	-	(2,120,105)
Total accumulated depreciation	<u>(643,141,290)</u>	<u>(47,899,443)</u>	<u>102,991</u>	<u>(690,937,742)</u>
Total capital assets, being depreciated, net	<u>566,043,812</u>	<u>(21,621,928)</u>	<u>(76,000)</u>	<u>544,345,884</u>
Business-type activities capital assets, net	<u>\$ 687,329,244</u>	<u>\$110,602,752</u>	<u>\$ (24,136,408)</u>	<u>\$ 773,795,588</u>

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

	<u>Expended to June 30, 2017</u>	<u>Remaining Commitments</u>
Sewer system improvements	\$ 132,281,686	\$ 31,057,473
Water system improvements	47,705,256	36,698,479
Solid waste system improvements	-	251,862
Airport improvements	482,015	-
Total	<u>\$ 180,468,957</u>	<u>\$ 68,007,814</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 7,324,476
Public safety	6,970,701
Community services	9,872,847
Transportation and development	<u>26,844,638</u>
 Total depreciation expense - governmental activities	 \$ <u><u>51,012,662</u></u>
 Business-type activities:	
Water	\$ 20,061,514
Wastewater	26,033,841
Solid waste	480,578
Airport	800,026
Chandler housing authority	<u>523,484</u>
 Total depreciation expense - business-type activities	 \$ <u><u>47,899,443</u></u>

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 \$302,595,000 in outstanding general obligation bonds and are payable through July 1, 2028. 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 are expected to require approximately 99.7 percent of total 2016-17 ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$232,730,021. Principal and interest paid for the current year and total ad valorem property taxes were \$29,609,467 and \$29,692,846 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2017 were as follows:

	<u>Outstanding June 30, 2017</u>
Governmental Activities General Obligation Bonds:	
\$30,905,000 Capital Improvement Bonds, Series 2006, due in an annual installment of \$6,675,000 on 7/1/17; interest at 4.5 percent.	6,675,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in an annual installment of \$1,000,000 on 7/1/17; interest at 5 percent.	1,000,000
\$22,960,000 Refunding Bonds, Series 2007, due in annual installments of \$845,000 to \$3,745,000 through 7/1/20; interest at 4 percent to 5 percent.	11,495,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$1,500,000 to \$4,254,000 through 7/1/18; interest at 3 percent to 3.125 percent.	5,754,000
\$9,925,000 Capital Improvement Bonds, Series 2011A, due in annual installments of \$575,000 to \$3,300,000 through 7/1/20; interest at 3 percent to 4 percent.	8,875,000
\$10,360,000 Refunding Bonds, Series 2011B, due in annual installments of \$795,000 to \$835,000 through 7/1/18; interest at 3 percent to 4 percent.	1,630,000
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$285,000 to \$16,210,000 through 7/1/18; interest at 1.5 percent to 5 percent.	125,944,000
\$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
	<u><u>\$ 186,873,000</u></u>
Total Governmental Activities General Obligation Bonds	\$ 186,873,000

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds are expected to require less than 30 percent of total 2016-17 net water and wastewater system and airport revenues. The total principal and interest remaining to be paid on the business-type activities portion of the general obligation bonds is \$144,491,939. Principal and interest paid for the current year and total net water system, wastewater system, and airport revenues were \$14,391,261 and \$49,014,617 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2017</u>
Business-Type Activities General Obligation Bonds:	
\$111,045,000 Capital Improvement Bonds, Series 2007, due in an annual installment of \$2,200,000 on 7/1/17; interest at 5 percent.	2,200,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$7,625,000 to \$7,626,000 through 7/1/18; interest at 3 percent to 3.125 percent.	15,251,000
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$190,000 to \$11,036,000 through 7/1/28; interest at 1.5 percent to 5 percent.	84,721,000
\$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
Total Business-Type Activities General Obligation Bonds	<u>\$ 115,722,000</u>

B. Street and Highway Revenue Bonds

Street and highway revenue bonds are issued specifically for the purpose of constructing street and highway projects. These bonds are payable solely from the revenues derived by the City from highway user taxes, including motor vehicle fuel taxes and all other taxes, fees, and charges relating to registration, operation or use of vehicles on public highways or streets or to fuels or any other energy source used for the vehicles collected by the State and returned to the City.

The City has pledged future highway user revenues to repay a total of \$6,685,000 in outstanding street and highway user revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's streets and highways. The bonds are payable solely from state shared gasoline tax revenues and are payable through July 1, 2019. Annual principal and interest payments on the bonds are expected to require approximately 16 percent of total 2016-17 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$7,056,406. Principal and interest paid for the current year and street and highway user revenue taxes were \$2,671,438 and \$16,683,743, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, continued

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2017 were as follows:

	<u>Outstanding June 30, 2017</u>
Governmental Activities Revenue Bonds:	
\$5,000,000 Street & Highway User Bonds, Series 2003, due in an annual installment of \$1,000,000 on 7/1/17; interest at 5 percent.	1,000,000
\$10,450,000 Street & Highway User Refunding Bonds, Series 2010, due in annual installments of \$535,000 to \$770,000 through 7/1/19; interest at 3 percent to 3.5 percent.	1,865,000
\$8,660,000 Street & Highway User Refunding Bonds, Series 2014, due in annual installments of \$645,000 to \$1,685,000 through 7/1/19; interest at 3 percent to 4 percent.	3,820,000
Total Governmental Activities Revenue Bonds	<u>\$ 6,685,000</u>

C. Water and Sewer Revenue Bonds

Water and sewer revenue bonds are issued as authorized by the voters 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 bonds. These bonds are secured by a pledge of revenues from these systems, and do not constitute a general obligation of the City backed by the general taxing authority.

The City has pledged future water and wastewater system revenues, net of operating expenses, to repay a total of \$9,595,000 in outstanding water and wastewater system revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's water and wastewater systems. The bonds are payable solely from net water and wastewater system revenues and are payable through July 1, 2020. Annual principal and interest payments on the bonds are expected to require less than 5 percent of net 2016-17 water and wastewater system revenue.

The total principal and interest remaining to be paid on the bonds is \$10,390,450. Principal and interest paid for the current year and net water and wastewater system revenues were \$2,151,300 and \$49,156,564 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, continued

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2017 were as follows:

	<u>Outstanding June 30, 2017</u>
Business-Type Activities Revenue Bonds:	
\$10,000,000 Water & Sewer Bonds, Series 2005, due in an annual installment of \$1,750,000 on 7/1/17; interest at 5 percent.	1,750,000
\$15,400,000 Water & Sewer Refunding Bonds, Series 2014, due in annual installments of \$2,340,000 to \$3,160,000 through 7/1/20; interest at 4 percent.	<u>7,845,000</u>
Total Business-Type Activities Revenue Bonds	<u>\$ 9,595,000</u>

D. 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 are expected to require less than 25 percent of net 2016-17 system revenues. The total principal and interest to be paid on the obligations is \$282,696,369. Principal and interest paid for the current year and net water and wastewater system revenues were \$12,202,704 and \$49,156,564 respectively. Total excise tax revenues collected during the fiscal year were \$188,911,070. Principal and interest paid in 2016-17 equal less than 7 percent of total excise tax revenues collected.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2017</u>
Business-Type Activities Excise Tax Revenue Obligations:	
\$34,040,000 Water & Sewer Excise Tax Revenue Obligations, Series 2009, due in annual installments of \$1,335,000 to \$1,420,000 through 7/1/19; interest at 3 percent to 4 percent.	\$ 4,130,000
\$15,000,000 Water & Sewer Excise Tax Revenue Obligations, Series 2011, due in annual installments of \$770,000 to \$905,000 through 7/1/22; interest at 3 percent to 4 percent.	4,970,000
\$104,500,000 Water & Sewer Excise Tax Revenue Obligations, Series 2013, due in annual installments of \$1,500,000 to \$12,000,000 through 7/1/33; interest at 4 percent to 5 percent.	103,250,000
\$66,660,000 Water & Sewer Excise Tax Revenue Obligations, Series 2015, due in annual installments of \$500,000 to \$5,620,000 through 7/1/35; interest at 3 percent to 5 percent.	66,660,000
\$19,510,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2016, due in annual installments of \$1,180,000 to \$3,050,000 beginning 7/1/20 through 7/1/28; interest at 4 percent to 5 percent.	19,510,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u><u>\$ 198,520,000</u></u>

E. 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, 2017, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate for the scheduled maturities of the bonds payable and related interest. Special assessment bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may enforce an auction sale to satisfy the debt service requirements of the bonds. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

Special assessment bonds payable with governmental commitment outstanding as reported in governmental activities at June 30, 2017 were as follows:

	<u>Outstanding June 30, 2017</u>
Governmental Activities Special Assessment Bonds:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$520,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 3,460,000
Total Special Assessment Bonds with Governmental Commitment	<u><u>\$ 3,460,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

Governmental Activities:	Balance	Additions	Reductions	Balance	Due Within One Year
	June 30, 2016			June 30, 2017	
Compensated absences	\$ 10,342,377	\$ 1,201,915	\$ (1,055,343)	\$ 10,488,949	\$ 117,808
Bonds payable:					
General obligation bonds	205,088,000	25,500,000	(43,715,000)	186,873,000	22,325,000
Revenue bonds	10,055,000	-	(3,370,000)	6,685,000	2,415,000
Special assessment bonds	3,960,000	-	(500,000)	3,460,000	520,000
Issuance premiums	16,165,290	6,339,230	(2,325,975)	20,178,545	2,201,675
Total bonds payable	<u>235,268,290</u>	<u>31,839,230</u>	<u>(49,910,975)</u>	<u>217,196,545</u>	<u>27,461,675</u>
Arbitrage liability	15,978	6,530	-	22,508	7,989
Claims payable	6,432,298	18,982,507	(19,406,946)	6,007,859	5,415,544
Net pension liability	215,115,571	60,144,754	-	275,260,325	-
Post employment benefits	22,067,044	2,302,712	-	24,369,756	-
Totals	<u>\$ 489,241,558</u>	<u>\$ 114,477,648</u>	<u>\$ (70,373,264)</u>	<u>\$ 533,345,942</u>	<u>\$ 33,003,016</u>
Business-Type Activities:	Balance	Additions	Reductions	Balance	Due Within
	July 1, 2016			June 30, 2017	One Year
Compensated absences	\$ 1,096,093	\$ 129,109	\$ (99,701)	\$ 1,125,501	\$ 12,640
Bonds & obligations payable:					
General obligation bonds	127,782,000	13,550,000	(25,610,000)	115,722,000	10,015,000
Revenue bonds	24,850,000	-	(15,255,000)	9,595,000	1,750,000
Excise tax revenue obligations	204,090,000	19,510,000	(25,080,000)	198,520,000	4,105,000
Issuance premiums	22,910,886	8,905,055	(3,852,190)	27,963,751	2,573,075
Total bonds & obligations payable	<u>379,632,886</u>	<u>41,965,055</u>	<u>(69,797,190)</u>	<u>351,800,751</u>	<u>18,443,075</u>
Arbitrage liability	34,022	13,470	-	47,492	12,011
Net pension liability	20,499,330	1,456,290	-	21,955,620	-
Post employment benefits	1,853,589	246,324	-	2,099,913	-
Landfill closure/post closure	4,340,000	-	-	4,340,000	94,446
Totals	<u>\$ 407,455,920</u>	<u>\$ 43,810,248</u>	<u>\$ (69,896,891)</u>	<u>\$ 381,369,277</u>	<u>\$ 18,562,172</u>

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, 2017, the 6 percent debt limitation was \$198,432,895, providing a debt margin of \$189,480,245 and the 20 percent debt limitation was \$661,442,986, providing a debt margin of \$360,850,636. The assessed valuation method used was changed in fiscal year 2015-16 from secondary assessed valuation to the full cash valuation based on advice of bond council.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, continued

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 City's management.

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 2017:

GOVERNMENTAL ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Highway Users Revenue Principal	Highway Users Revenue Interest	Improvement Districts Principal	Improvement Districts Interest	Total
2018	22,325,000	7,001,447	2,415,000	210,212	520,000	138,400	32,610,059
2019	13,199,000	6,349,494	2,220,000	121,594	545,000	117,600	22,552,688
2020	13,100,000	5,971,500	2,050,000	39,600	565,000	95,800	21,821,900
2021	16,650,000	5,496,250	-	-	585,000	73,200	22,804,450
2022	14,270,000	4,962,145	-	-	610,000	49,800	19,891,945
2023-2027	77,200,000	14,919,700	-	-	635,000	25,400	92,780,100
2028-2029	30,129,000	1,156,485	-	-	-	-	31,285,485
Total	\$ 186,873,000	\$ 45,857,021	\$ 6,685,000	\$ 371,406	\$ 3,460,000	\$ 500,200	\$ 243,746,627

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2018	10,015,000	4,311,888	1,750,000	357,550	4,105,000	8,193,387	28,732,825
2019	9,806,000	4,004,156	3,160,000	250,600	6,165,000	7,992,094	31,377,850
2020	9,640,000	3,724,050	2,345,000	140,500	7,485,000	7,697,900	31,032,450
2021	9,325,000	3,439,575	2,340,000	46,800	7,750,000	7,346,425	30,247,800
2022	9,525,000	3,120,630	-	-	8,335,000	6,973,200	27,953,830
2023-2027	47,725,000	9,374,000	-	-	48,865,000	28,085,225	134,049,225
2028-2032	19,686,000	795,640	-	-	70,260,000	15,564,725	106,306,365
2033-2037	-	-	-	-	45,555,000	2,323,413	47,878,413
Total	\$115,722,000	\$28,769,939	\$ 9,595,000	\$ 795,450	\$198,520,000	\$84,176,369	\$437,578,758

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 5 - Long-Term Liabilities, concluded

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.

	<u>Balance</u> <u>June 30, 2016</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated Absences	<u>\$ 10,342,377</u>	<u>\$1,201,915</u>	<u>\$ (1,055,343)</u>	<u>\$ 10,488,949</u>	<u>\$ 117,808</u>
Business-Type Activities					
Compensated Absences	<u>\$ 1,096,093</u>	<u>\$ 129,109</u>	<u>\$ (99,701)</u>	<u>\$ 1,125,501</u>	<u>\$ 12,640</u>

NOTE 6 - Defeased Debt

Current Year Defeasances

On September 8, 2016, the City issued \$39,050,000 in General Obligation Refunding Bonds with an average interest rate of 1.68 percent. The proceeds from the issuance were split between governmental funds in the amount of \$25,500,000 and business-type funds in the amount of \$13,550,000. This issuance was used to advance refund \$19,500,000 of Series 2007 General Obligation Bonds with an average interest rate of 3 percent and \$26,500,000 of Series 2009 General Obligation Bonds with an average interest rate of 4.25 percent. The advanced refunding portion of the total net proceeds totaling \$48,375,128 (after payment of \$382,595 in underwriting fees, insurance, and other issuance costs combined with receipt of \$9,707,723 in original issue premium) was used to purchase \$48,374,703 in U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2007 and 2009 General Obligation Bonds. As a result, the liability for these bonds has been removed from the government-wide financial statement and statement of net position. The refunding issuance resulted in a deferred outflow of \$1,677,404. This difference will be allocated to operations through the fiscal year 2027 using the straight-line amortization method. The City completed the refunding to decrease its total debt service payments over the next 11 years by \$7,685,291 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$6,570,603.

On September 8, 2016, the City also issued \$19,510,000 in Excise Tax Revenue Refunding Bonds with an average interest rate of 1.63 percent. This issuance was used to advance refund \$15,825,000 of Series 2009 Excise Tax Revenue Bonds with an average interest rate of 4.14 percent and \$6,450,000 of Series 2011 Excise Tax Revenue Bonds with an average interest rate of 4.19 percent. The advanced refunding portion of the total net proceeds totaling \$24,337,392 (after payment of \$295,639 in underwriting fees, insurance, and other issuance costs combined with receipt of \$5,123,031 in original issue premium) was used to purchase \$24,336,783 in U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2009 and 2011 Excise Tax Revenue Bonds. As a result, the liability for these bonds has been removed from the government-wide financial statement and statement of net position. The refunding issuance resulted in a deferred outflow of \$1,693,397. This difference will be allocated to operations through the fiscal year 2027 using the straight-line amortization method. The City completed the refunding to decrease its total debt service payments over the next 12 years by \$2,674,946 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,350,725.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 6 - Defeased Debt-Concluded

Prior Year Defeasance

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

Bonds that have been advance refunded (defeased) as of June 30, 2017:

<u>Refunded Debt Outstanding</u>	<u>Amount</u>
General Obligation Bonds, Series 2007 (Final Redemption 7/1/17)	\$ 55,400,000
General Obligation Bonds, Series 2009 (Final Redemption 7/1/18)	159,140,000
General Obligation Bonds, Series 2009 (Final Redemption 7/1/18)	26,500,000
Excise Tax Revenue Obligation Bonds, Series 2009 (Final Redemption 7/1/18)	15,825,000
Excise Tax Revenue Obligation Bonds, Series 2011 (Final Redemption 7/1/21)	6,450,000
Total Refunded Bonds Outstanding	<u>\$ 263,315,000</u>

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, 2017, the City estimates total costs related to landfill closure and postclosure care is \$15,652,061 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,312,061 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, \$15,652,061, 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, 2017. However, the actual cost of closure and postclosure care may be higher due to inflation, 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, 2016. 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, e.g., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 8 - Capital Contributions

Capital contributions in the Water, Wastewater, Airport, and Housing Authority funds are the result of system development fees, developer contributions, and government contributions. Developer Contributions include \$2,181,588 (Wastewater) for agreed reimbursements from Intel Corporation for certain City enterprise fund infrastructure projects directly related to Intel Corporation's FAB 42 expansion. Total capital contributions amounted to the following:

	System			Total
	Development Fees	Developer Contributions	Government Contributions	
Water	\$ 10,802,170	\$ 430,580	\$ -	\$ 11,232,750
Wastewater	12,660,103	2,914,668	-	15,574,771
Airport	-	-	490,967	490,967
Housing Authority	-	-	347,444	347,444
Total	<u>\$ 23,462,273</u>	<u>\$ 3,345,248</u>	<u>\$ 838,411</u>	<u>\$ 27,645,932</u>

NOTE 9 - Fund Equity

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

Unassigned fund balance includes amounts available for any purpose; these amounts are reported only in the general fund. In addition, other governmental funds that result in a negative fund balance are presented in this classification.

Generally, the City would first apply restricted resources, then committed, assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 9 - Fund Equity, concluded

As of June 30, 2017 the constraints placed on fund balance for the major governmental funds and other non-major governmental funds are presented in the following table:

	General	Streets Capital Projects	G.O. Bonds Debt Service	Other Governmental	Total
Nonspendable:					
Inventories	\$ 874,817	\$ -	\$ -	\$ -	\$ 874,817
Prepaid items	\$ 104,629	-	-	7,422	112,051
Total non-spendable	<u>979,446</u>	<u>-</u>	<u>-</u>	<u>7,422</u>	<u>986,868</u>
Restricted for:					
Court enhancement	1,035,371	-	-	-	1,035,371
Judicial enhancement	330,579	-	-	-	330,579
Weapons proceeds	70,139	-	-	-	70,139
Citing agency	14,972	-	-	-	14,972
Transportation and development	-	43,656,933	-	19,863,195	63,520,128
Debt service reserve	-	-	8,981,699	861,626	9,843,325
Community development	-	-	-	454,694	454,694
Community services	-	-	-	25,996,591	25,996,591
Other capital projects	-	-	-	20,825,452	20,825,452
Total restricted	<u>1,451,061</u>	<u>43,656,933</u>	<u>8,981,699</u>	<u>68,001,558</u>	<u>122,091,251</u>
Committed to:					
	-	-	-	-	-
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to:					
Domestic violence prevention	142,478	-	-	-	142,478
Self-insurance purposes	396,555	-	-	-	396,555
Traffic safety reserve	222,341	-	-	-	222,341
Capital improvement projects	91,919,503	-	-	-	91,919,503
Economic development projects	8,939,400	-	-	-	8,939,400
Total assigned	<u>101,620,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,620,277</u>
Unassigned	87,492,981	-	-	(11,350,383)	76,142,598
Total unassigned	<u>87,492,981</u>	<u>-</u>	<u>-</u>	<u>(11,350,383)</u>	<u>76,142,598</u>
Total fund balances	<u><u>\$ 191,543,765</u></u>	<u><u>\$ 43,656,933</u></u>	<u><u>\$ 8,981,699</u></u>	<u><u>\$ 56,658,597</u></u>	<u><u>\$ 300,840,994</u></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 2017-18. This amounts to \$34,516,500 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans

The City of Chandler contributes to the pension plans described below. The City of Chandler also contributes to the Elected Officials Retirement Plan; however the plan is not described below because of its relative insignificance to the financial statements. The plans are component units of the State of Arizona.

The City of Chandler reported \$19,399,361 and \$1,480,678 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 of Chandler 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. 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.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

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 11.48 percent (11.34 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the members' annual covered payroll.

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.38 for retirement and 0.09 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 City of Chandler's contributions for the current and two preceding years for the ASRS OPEB, all of which were equal to the required contributions, were as follows:

	Health Benefit Supplement Fund	Long-Term Disability Fund
2017	\$ 409,851	\$ 101,185
2016	399,310	84,433
2015	393,591	80,598

D. Pension Liability

At June 30, 2017, the City of Chandler reported a liability of \$121,549,835 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The City of Chandler's proportion of the net pension liability was based on a projection of the City of Chandler's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City of Chandler's proportion was 0.75 percent, which was an increase of 0.02 percent from its proportion measured as of June 30, 2015.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the City of Chandler recognized pension expense for ASRS of \$5,820,710 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 738,650	\$ 8,361,740
Changes of assumptions or other inputs	-	6,430,957
Net difference between projected and actual earnings on pension plan investments	13,171,956	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,538,757	675,783
Contributions subsequent to the measurement date	7,793,041	-
Total	<u>\$ 25,242,404</u>	<u>\$ 15,468,480</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, 2018. 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:

2017	\$ (4,385,842)
2018	(2,919,156)
2019	5,592,503
2020	3,693,378
2021	-

F. Actuarial Assumptions

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

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Discount rate	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. 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, 2013, 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 8.75 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

The target allocation and best estimates of arithmetic 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	58%	6.73%
Fixed income	25%	3.70%
Commodities	2%	3.84%
Real estate	10%	4.25%
Multi-asset class	5%	3.41%
Total	100%	

G. Discount Rate

The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.75 percent. 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.

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

The following presents the City of Chandler's proportionate share of the net pension liability calculated using the discount rate of 8.0 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 (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
City of Chandler's proportionate share of the net pension liability	154,985,270	121,549,835	94,741,925

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 of Chandler 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. 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

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 as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	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 earning. The PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

C. Employees Covered by Benefit Terms

At June 30, 2017, the following employees were covered by the agent pension plan's benefit terms:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Inactive employees or beneficiaries currently receiving benefits	132	55
Inactive employees entitled to but not yet receiving benefits	34	22
Active employees	<u>314</u>	<u>187</u>
Total	<u><u>480</u></u>	<u><u>264</u></u>

D. Contributions and Annual OPEB Cost

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension	11.65%	11.65%
City of Chandler		
Pension	31.64%	26.88%
Health Insurance	0.54%	0.39%

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 20.25 percent for police and 15.61 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 and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension:		
Contributions made	\$ 8,470,411	\$ 4,616,587
Health insurance premium benefit:		
Annual OPEB costs	237,242	94,562
Contributions made	237,242	94,562

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

E. Pension Liability

At June 30, 2017, the City of Chandler reported \$117,126,457 in net pension liability for police and \$58,539,653 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2016, 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, 2016, 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.

The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions:

In May 2016, voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments changed the basis for cost-of living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.

The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS plans.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City's net pension liabilities as a result of these changes is not known.

F. Actuarial Assumptions

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

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Asset valuation	7-Year smoothed market, 20% corridor
Discount rate	7.50%
Projected salary increases	4.0 - 8.0%
Inflation	4.00%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.50 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 expenses and inflation) are developed for each major asset class. The target allocation and best estimates of arithmetic 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
Short-term investments	2%	0.75%
Risk parity	4%	5.13%
Absolute return	5%	4.11%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Real estate	10%	4.48%
Private equity	11%	9.50%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	100%	

G. Pension Discount Rates

The discount rate of 7.50% was used to measure the total pension liability.

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, 2017

NOTE 10 - Retirement and Pension Plans, continued

	Total Pension Liability	Increase/ (Decrease) Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Police			
Balances at June 30, 2016	\$ 194,469,808	\$ 111,318,696	\$ 83,151,112
Changes for the year:			
Service cost	5,337,103	-	5,337,103
Interest on the total pension liability	14,964,498	-	14,964,498
Changes of benefit terms	17,456,919	-	17,456,919
Differences between expected and actual experience in the measurement of the pension liability	858,761	-	858,761
Changes of assumptions or other inputs	8,537,784	-	8,537,784
Contributions - employer	-	8,728,082	(8,728,082)
Contributions - employee	-	3,633,359	(3,633,359)
Net investment income	-	677,501	(677,501)
Benefit payments, including refunds of employee contributions	(13,015,625)	(13,015,625)	-
Administrative expense	-	(97,889)	97,889
Other changes	-	238,667	(238,667)
Net changes	\$ 34,139,440	\$ 164,095	\$ 33,975,345
Balances at June 30, 2017	\$ 228,609,248	\$ 111,482,791	\$ 117,126,457

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2016	\$ 112,163,788	\$ 73,585,152	\$ 38,578,636
Changes for the year:			
Service cost	3,174,665	-	3,174,665
Interest on the total pension liability	8,707,808	-	8,707,808
Changes of benefit terms	10,272,193	-	10,272,193
Differences between expected and actual experience in the measurement of the pension liability	96,063	-	96,063
Changes of assumptions or other inputs	4,937,927	-	4,937,927
Contributions - employer	-	4,672,177	(4,672,177)
Contributions - employee	-	2,140,037	(2,140,037)
Net investment income	-	440,223	(440,223)
Benefit payments, including refunds of employee contributions	(5,647,270)	(5,647,270)	-
Administrative expense	-	(63,746)	63,746
Other changes	-	38,948	(38,948)
Net changes	<u>\$ 21,541,386</u>	<u>\$ 1,580,369</u>	<u>\$ 19,961,017</u>
Balances at June 30, 2017	<u>\$ 133,705,174</u>	<u>\$ 75,165,521</u>	<u>\$ 58,539,653</u>

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

The following presents the City of Chandler'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:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS - Police:			
Rate	6.50%	7.50%	8.50%
Net pension liability	\$ 149,608,696	\$ 117,126,457	\$ 90,638,266
PSPRS - Fire:			
Rate	6.50%	7.50%	8.50%
Net pension liability	\$ 77,224,571	\$ 58,539,653	\$ 43,185,484

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

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, 2017, the City of Chandler recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS - Police	\$ 31,762,122
PSPRS - Fire	16,569,524

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2017, the City of Chandler reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSPRS - Police		
Differences between expected and actual experience	\$ 4,091,194	\$ -
Changes of assumptions or other inputs	13,026,016	-
Net difference between projected and actual earnings on pension plan investments	7,051,358	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	8,470,411	-
Total	<u>\$ 32,638,979</u>	<u>\$ -</u>
PSPRS - Fire		
Differences between expected and actual experience	\$ 82,945	\$ 1,000,179
Changes of assumptions or other inputs	8,118,952	-
Net difference between projected and actual earnings on pension plan investments	4,722,159	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	4,616,587	-
Total	<u>\$ 17,540,643</u>	<u>\$ 1,000,179</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
2017	\$ 6,496,105	\$ 2,351,282
2018	6,496,105	2,351,283
2019	6,428,861	3,028,731
2020	3,790,002	2,437,971
2021	957,495	898,136
Thereafter	-	856,474

L. Agent Plan OPEB Trend Information

The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
PSPRS - Police:			
June 30, 2017	\$237,242	100%	\$ -
June 30, 2016	264,778	100%	-
June 30, 2015	350,985	100%	-
PSPRS - Fire:			
June 30, 2017	\$ 94,562	100%	\$ -
June 30, 2016	90,582	100%	-
June 30, 2015	200,061	100%	-

M. Agent Plan OPEB Actuarial Assumptions

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, continued

Projections of benefits are based on (1) the plan as understood by the City of Chandler and plan's members and include the types of benefits enforce at the valuation date, and (2) the pattern of sharing benefit costs between the City of Chandler and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2017 contribution requirements are as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years, if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-year smoothed market value (20% corridor)
Actuarial assumptions:	
Investment rate of return	7.85%, net of investment and administrative expenses
Projected salary increases	4.0%-8.0%
Payroll growth	4.0%

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2017, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	20 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.0%-8.0%
Payroll growth	4.0%

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 10 - Retirement and Pension Plans, concluded

N. Agent Plan OPEB Funding Status

The following table presents the funded status of the health insurance premium benefit plan as of the most recent valuation date, June 30, 2017.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Actuarial value of assets	\$ 4,256,055	\$ 2,630,964
Actuarial accrued liability	5,183,329	2,837,247
Unfunded actuarial accrued liability (funding excess)	927,274	206,283
Funded ratio	82.10%	92.70%
Annual covered payroll	26,709,042	16,945,486
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	3.47%	1.22%

Volunteer Firemen's Pension and Relief Fund

A. Plan Description

The Volunteer Firemen’s Pension Plan (VFPP) is a single-employer defined benefit pension plan administered by the City. The last actuarial valuation of the Volunteer Firemen's Pension and Relief Fund was made as of June 30, 2004, at which time the actuarial liability was fully funded. As of June 30, 2017, there were no retiree and/or beneficiary of a retiree receiving retirement benefits under the plan. There were no terminated employees entitled to benefits and not yet receiving them. Additionally there are no non-vested active employees and no partially vested employees covered by the plan. The VFPP issues a publicly available financial report that may be obtained from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

B. Funding Policy

There were no contributions to the Volunteer Firemen's Pension and Relief Fund by the City in fiscal year 2016-17. All benefits have been paid per the plan and remaining funds represent accumulated interest posted from pooled City investments. The Fund was dissolved in fiscal year 2016-17 and closed as a contribution to the City of Chandler’s General Fund.

NOTE 11 - Post-Employment Benefits Other Than Pensions

The cost of post-employment healthcare benefits, from an accrual accounting perspective, similar to the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid.

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 11 - Post-Employment Benefits Other Than Pensions, continued

Council. 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.

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.

B. Benefits Provided

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

Upon retirement, the City deposits a one-time payment of \$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.

C. Funding Policy

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. 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. As of June 30, 2017, retirees contributed \$1,533,485 and the City contributed \$2,897,483 (implied subsidy). For both the governmental and proprietary activities, the corresponding fund is used to liquidate the OPEB liability. In prior years the general fund, streets capital project fund, water enterprise fund, and wastewater enterprise fund have each had to liquidate a portion of the net other postemployment benefit obligation when an employee of that fund has retired.

D. Annual OPEB Costs and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City's annual OPEB cost for the current year and related information for each plan are as follows at June 30, 2017:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 11 - Post-Employment Benefits Other Than Pensions, continued

Annual Required Contribution (ARC)	\$ 5,528,213
ARC Adjustment	(1,158,123)
Interest Adjustment to Net OPEB Obligation	<u>1,076,429</u>
Annual OPEB Cost	\$ 5,446,519
Contributions Made	<u>(2,897,483)</u>
Increase in Net OPEB Obligation	\$ 2,549,036
Net OPEB Obligation - Beginning of year	<u>23,920,633</u>
Net OPEB Obligation - End of year	<u><u>\$ 26,469,669</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 were as follows:

Fiscal Year Ended June, 30	Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 5,446,519	\$ 2,897,483	53.19%	\$ 26,469,669
2016	5,458,254	2,021,919	37.04%	23,920,633
2015	5,720,055	1,645,573	28.77%	20,484,299

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2017, the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability	\$ 49,650,103
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 49,650,103</u></u>
Funded Ratio	0.0%
Covered Payroll	<u><u>\$ 106,207,139</u></u>
UAAL as a percentage of covered payroll	46.75%

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 11 - Post-Employment Benefits Other Than Pensions, concluded

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective.

The actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

1. The actuarial cost method used is the projected unit credit method.
2. As of the valuation date, July 1, 2017, there are no assets, hence no need for an actuarial value of assets.
3. The amortization method is level percent of payroll. The amortization period is 30 years. The period is open.

In the June 30, 2017 actuarial valuation, the projected unit credit actuarial cost method was used along with a discount rate of 4.5 percent. In addition, the actuarial assumptions included: an inflation rate of 3 percent, an annual healthcare inflation rate of 7 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years, and an annual projected salary increase of 2 percent.

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 \$50,000,000 in liability insurance policies which are in excess of its self-insured retention. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, (based on the advice of the City Attorney), the resolution of these matters will not have a material adverse effect on the City's financial position.

NOTE 13 - Risk Management

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

Premiums are paid into the Internal Service Fund by all other funds 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 13 - Risk Management, concluded

In fiscal year 2016-17, the Self-Insurance Fund provided coverage for up to a maximum of \$50,000 for each property damage claim and \$2,000,000 per occurrence for general liability claims. Coverage is also provided for claims up to \$1,000,000 in Public Safety and up to \$600,000 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 2016-17, 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 \$300,000 within the plan year, and aggregate (plan wide) coverage for health insurance claims incurred above 110 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 \$6,007,859 reported as claims payable in the Self-Insurance Fund at June 30, 2017, is based on the requirements of Governmental Accounting Standards Board 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.

Changes in the Fund's claims liability amount in fiscal years 2016 and 2017 were:

Years 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
2016	Workers' compensation	\$ 1,474,406	\$ 2,755,244	\$ (1,801,919)	\$ 2,427,731
	Property and liability	1,272,297	212,973	(133,231)	1,352,039
	Health	2,757,812	16,077,826	(16,370,182)	2,465,456
	Dental	137,867	1,932,639	(1,883,434)	187,072
		<u>\$ 5,642,382</u>	<u>\$ 20,978,682</u>	<u>\$ (20,188,766)</u>	<u>\$ 6,432,298</u>
2017	Workers' compensation	\$ 2,427,731	\$ 1,401,010	\$ (1,974,240)	\$ 1,854,501
	Property and liability	1,352,039	815,718	(547,374)	1,620,383
	Health	2,465,456	15,015,377	(15,079,880)	2,400,953
	Dental	187,072	1,750,402	(1,805,452)	132,022
		<u>\$ 6,432,298</u>	<u>\$ 18,982,507</u>	<u>\$ (19,406,946)</u>	<u>\$ 6,007,859</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 14 - Interfund Transfers

The interfund transfers in and out at June 30, 2017 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Non-major governmental	\$ -	\$ 23,611,418
	Non-major enterprise	-	624,821
	Internal service	-	950,000
	Total general fund	-	25,186,239
Debt service-GO bonds	Non-major governmental	940,200	-
	Total debt service-GO bonds fund	940,200	-
Non-major governmental	General	23,611,418	-
	Non-major governmental	2,953,028	3,893,228
	Enterprise-water	301,429	-
	Enterprise-wastewater	179,573	-
	Non-major enterprise	112,812	128,808
	Internal service	17,909	-
	Total non-major governmental funds	27,176,169	4,022,036
Water	Non-major governmental	-	301,429
	Total water fund	-	301,429
Wastewater	Non-major governmental	-	179,573
	Total wastewater fund	-	179,573
Non-major enterprise	General	753,629	-
	Non-major governmental	-	112,812
	Total non-major enterprise funds	753,629	112,812
Internal service	General	950,000	-
	Non-major governmental	-	17,909
	Total internal service fund	950,000	17,909
Total		\$ 29,819,998	\$ 29,819,998

Interfund transfers are made from various funds and cost centers to fund costs including property and liability insurance, technology replacement, vehicle replacement, debt service, streets capital projects, and general government capital projects.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 15 - Interfund Receivables and Payables

A. Interfund Advances To/Advances From

<u>Advances To</u>	<u>Advances From</u>	<u>Total</u>
General	Capital projects-public safety buildings & improvements	\$ 12,282,082
	Capital projects-streets	2,814,300
	Capital projects-public buildings	<u>2,789,427</u>
	Total general fund	<u>17,885,809</u>
Enterprise Water	Enterprise-wastewater	<u>3,900,000</u>
	Total	<u>\$ 21,785,809</u>

Interfund advances were made from the general fund to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$500,000 of the public safety buildings and improvements capital projects fund advance, \$200,000 of the public buildings capital projects fund advance, and \$500,000 of the streets capital projects fund will be repaid within one year.

The interfund advance was made from the water enterprise fund to the wastewater system development fees fund of the wastewater enterprise to cover expenditures until system development fees are collected. None will be repaid within one year.

B. Interfund Due To/Due From

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Total</u>
General	Capital projects-public buildings	\$ 18,789
General	Capital projects-grants	88,153
General	Special revenue-community development	229,211
General	Non-major enterprise-Chandler housing authority	<u>69,444</u>
		<u>\$ 405,597</u>

Interfund due to/ due from other funds was made as a short term loan until the grants capital projects fund, public buildings capital project fund, community development special revenue fund, and Chandler Housing Authority enterprise fund due from other government's balances are received.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

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, which were substantially complete at June 30, 2017, 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 as of June 30, 2017, was:

City of Chandler's Share	\$56,024,463
Town of Gilbert's Share	<u>62,339,616</u>
	<u>\$118,364,079</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property special revenue fund had a deficit fund balances of \$91,085. The deficit will be covered by future revenues. The public buildings capital projects fund and the public safety buildings and improvements capital projects fund had deficit fund balances of \$2,807,890 and \$8,451,408 respectively. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues.

NOTE 18 - Tax Abatements

The City has made commitments as part of our economic development programs to reimburse certain public improvement costs through transaction privilege taxes generated out of the respective development area. The total amount rebated in fiscal year 2016-17 is \$2,957,934. Detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002 Disclosure of Confidential Information Prohibited and City of Chandler Code 62-510 Divulging of Information Prohibited.

In addition, the City enters into property tax abatement agreements under Arizona Revised Statutes 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, 2017, the City abated property taxes totaling \$111,091 under this program, including the following tax abatement agreement that exceeded \$100,000:

Property Tax GLPET to a residential rental development for constructing a multi-family residential complex. The GPLET amounted to \$104,401 of property tax abated.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2017

NOTE 19 - Claims and Judgments

During the fiscal year, the Supreme Court ruled on the Parker v. Public Safety Personnel Retirement System Plan (PSPRS) lawsuits. The courts found that a 2011 law's increases in employee contribution rates for active PSPRS plan members hired prior to the law's effective date were unconstitutional. As a result, these members are entitled to refunds of their excess employee contributions, plus interest. Employers must provide these refunds because Internal Revenue Service regulations prevent PSPRS from issuing them from the plan's trusts. As such, the City refunded the excess contributions on August 10, 2017. The excess contributions and interest totaling \$7,395,983 is reflected on the Statement of Net Position in Accrued Payroll and Statement of Activities within the public safety function.

NOTE 20 - Subsequent Events

On December 19, 2017, the City issued General Obligation Bonds, Series 2017 in the amount of \$58,740,000, maturing on July 1, 2032, with an average interest rate of 3.2 percent. The Bonds are being issued in order to provide funds for the purpose of acquiring and constructing improvements to parks and recreation facilities, a museum, streets, a police and fire training center, and other public safety improvements and for paying the costs of issuance of the Bonds.

Also on December 19, 2017, the City issued Excise Tax Revenue Obligation, Series 2017 in the amount of \$36,220,000, maturing on July 1, 2037, with an average interest rate of 3.6 percent. Proceeds from the Obligations will be used for the purpose of paying costs associated with various capital improvements to the City's water and wastewater system and to pay costs incurred in connection with the issuance of the Obligations.

During fiscal year 2017-18 there was an optional early redemption of the remaining principal balance for the 2007 General Obligation Refunding Bonds. The early redemption totaled \$8,110,000 and was funded using available fund balance.

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, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Property taxes	\$ 7,556,520	\$ 7,556,520	\$ 7,413,041	\$ (143,479)
Sales taxes	107,380,000	107,380,000	120,189,651	12,809,651
Franchise fees	3,286,000	3,286,000	3,285,267	(733)
State shared	62,907,000	62,907,000	65,924,228	3,017,228
Grants and entitlements	280,000	280,000	176,801	(103,199)
Licenses and permits	4,921,000	4,921,000	7,075,996	2,154,996
Charges for services	18,757,880	18,757,880	20,498,284	1,740,404
Fines and forfeitures	3,501,900	3,501,900	3,076,061	(425,839)
Rentals	662,650	662,650	678,387	15,737
Contributions	200,000	200,000	200,000	-
Interest revenue	1,222,000	1,222,000	439,503	(782,497)
Miscellaneous	195,000	195,000	403,316	208,316
Total revenues	210,869,950	210,869,950	229,360,535	18,490,585
EXPENDITURES:				
General government				
Administrative services	19,352,857	20,205,486	18,991,414	1,214,072
City manager	7,863,007	8,184,540	7,085,717	1,098,823
City clerk	826,714	915,637	856,851	58,786
Communications and public affairs	2,507,317	2,978,763	2,434,759	544,004
Law	3,614,983	3,677,397	3,540,302	137,095
City magistrate	4,417,406	4,512,063	4,176,175	335,888
Management services	60,524,356	43,024,003	12,706,381	30,317,622
Mayor and council	876,238	903,181	894,448	8,733
Public safety				
Fire	31,972,869	33,381,993	33,101,774	280,219
Police	66,207,252	68,754,817	67,877,912	876,905
Transportation and development	20,283,920	22,251,010	20,971,626	1,279,384
Community services	26,275,369	27,638,924	26,454,374	1,184,550
Total expenditures	244,722,288	236,427,814	199,091,733	37,336,081
REVENUES OVER (UNDER) EXPENDITURES	(33,852,338)	(25,557,864)	30,268,802	55,826,666
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	-	-	397,083	397,083
Transfers out	(70,695,379)	(70,705,946)	(25,186,239)	45,519,707
Total other financing sources (uses)	(70,695,379)	(70,705,946)	(24,789,156)	45,916,790
Net change in fund balance	(104,547,717)	(96,263,810)	5,479,646	101,743,456
Fund balance, July 1, 2016	181,000,209	181,000,209	181,000,209	-
Fund balance, June 30, 2017	\$ 76,452,492	\$ 84,736,399	\$ 186,479,855	\$ 101,743,456

See accompanying notes to this schedule.

City of Chandler

Schedule for the Proportionate Share of the Net Pension Liability

Arizona State Retirement System

For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.75%	0.73%	0.71%
City's proportionate share of the net pension liability (asset)	\$ 121,549,835	\$ 113,885,153	\$ 105,661,552
City's covered-employee payroll	\$ 70,362,938	\$ 67,230,465	\$ 64,263,236
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	172.75%	169.39%	164.42%
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%

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

City of Chandler
Schedule of Contributions
All Pension Plans
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Arizona State Retirement System:			
Actuarially determined contribution	\$ 7,793,041	\$ 7,634,805	\$ 7,323,872
Contributions in relation to the actuarially determined contribution	<u>7,793,041</u>	<u>7,634,805</u>	<u>7,323,872</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465
Contributions as a percentage of covered-employee payroll	10.78%	10.85%	10.89%
Public Safety Personnel Retirement System - Police:			
Actuarially determined contribution	\$ 8,470,411	\$ 8,561,143	\$ 6,083,333
Contributions in relation to the actuarially determined contribution ¹	<u>10,145,411</u>	<u>8,561,143</u>	<u>6,083,333</u>
Contribution deficiency (excess)	<u>\$ (1,675,000)</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641
Contributions as a percentage of covered-employee payroll	31.30%	30.63%	23.23%
Public Safety Personnel Retirement System - Fire:			
Actuarially determined contribution	\$ 4,616,587	\$ 4,438,495	\$ 3,193,139
Contributions in relation to the actuarially determined contribution ¹	<u>5,441,587</u>	<u>4,438,495</u>	<u>3,193,139</u>
Contribution deficiency (excess)	<u>\$ (825,000)</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133
Contributions as a percentage of covered-employee payroll	26.72%	26.30%	20.38%

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

¹ Additional contributions above the actuarially determined contributions were made during fiscal year 2016-17

City of Chandler
Schedule of Funding Progress
All OPEB Plans
Last Three Actuarial Valuations
For the year ended June 30, 2017

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
PSPRS - Police:						
2017	\$ 4,256,055	\$ 5,183,329	\$ 927,274	82.10%	\$ 26,709,042	3.47%
2016	4,045,877	5,293,061	1,247,184	76.40%	27,682,071	4.51%
2015	3,836,997	4,834,826	997,829	79.36%	26,432,406	3.78%
PSPRS - Fire:						
2017	\$ 2,630,964	\$ 2,837,247	\$ 206,283	92.70%	\$ 16,945,486	1.22%
2016	2,496,239	2,857,019	360,780	87.40%	16,673,663	2.16%
2015	2,363,835	2,659,680	295,845	88.88%	15,789,534	1.87%
Post Employment Benefits Other than Pensions⁽¹⁾:						
2017	\$ -	\$ 49,650,103	\$ 49,650,103	-	\$ 106,207,139	46.75%
2015	-	50,002,842	50,002,842	-	103,252,770	48.45%
2013	-	52,300,279	52,300,279	-	96,935,187	53.95%

(1) The actuarial cost method used is projected unit credit method.

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios Public Safety Personnel Retirement System - Police For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 5,337,103	\$ 4,583,770	\$ 4,602,603
Interest	14,964,498	13,839,509	11,841,118
Changes of benefit terms	17,456,919	-	1,741,535
Differences between expected and actual experience	858,761	4,879,849	567,380
Changes of assumptions	8,537,784	-	13,082,165
Benefit payments, including refunds	(13,015,625)	(5,681,836)	(7,054,499)
Net change in total pension liability	<u>34,139,440</u>	<u>17,621,292</u>	<u>24,780,302</u>
Total pension liability – beginning	<u>194,469,808</u>	<u>176,848,516</u>	<u>152,068,214</u>
Total pension liability – ending	<u><u>\$ 228,609,248</u></u>	<u><u>\$ 194,469,808</u></u>	<u><u>\$ 176,848,516</u></u>
Plan fiduciary net position			
Contributions – employer	\$ 8,728,082	\$ 6,155,142	\$ 5,465,059
Contributions – employee	3,633,359	3,308,265	2,675,724
Net investment income	677,501	3,873,466	12,329,319
Benefit payments, including refunds	(13,015,625)	(5,681,836)	(7,054,499)
Administrative expense	(97,889)	(94,891)	-
Other	238,667	(70,777)	(2,733,237)
Net change in plan fiduciary net position	<u>164,095</u>	<u>7,489,369</u>	<u>10,682,366</u>
Plan fiduciary net position – beginning	<u>111,318,696</u>	<u>103,829,327</u>	<u>93,146,961</u>
Plan fiduciary net position – ending	<u><u>\$ 111,482,791</u></u>	<u><u>\$ 111,318,696</u></u>	<u><u>\$ 103,829,327</u></u>
Net pension liability – ending	<u><u>\$ 117,126,457</u></u>	<u><u>\$ 83,151,112</u></u>	<u><u>\$ 73,019,189</u></u>
Plan fiduciary net position as a percentage of the total pension liability	48.77%	57.24%	58.71%
Covered-employee payroll	27,682,071	26,432,406	24,120,118
Net pension liability as a percentage of covered-employee payroll	423.11%	314.58%	302.73%

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

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios Public Safety Personnel Retirement System - Fire For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 3,174,665	\$ 2,915,603	\$ 2,949,507
Interest	8,707,808	8,264,915	7,191,487
Changes of benefit terms	10,272,193	-	930,663
Differences between expected and actual experience	96,063	(1,037,307)	(409,426)
Changes of assumptions	4,937,927	-	6,465,545
Benefit payments, including refunds	(5,647,270)	(3,614,319)	(3,258,846)
Net change in total pension liability	<u>21,541,386</u>	<u>6,528,892</u>	<u>13,868,930</u>
Total pension liability – beginning	<u>112,163,788</u>	<u>105,634,896</u>	<u>91,765,966</u>
Total pension liability – ending	<u>\$ 133,705,174</u>	<u>\$ 112,163,788</u>	<u>\$ 105,634,896</u>
Plan fiduciary net position			
Contributions – employer	\$ 4,672,177	\$ 3,222,291	\$ 3,152,694
Contributions – employee	2,140,037	1,837,291	1,775,319
Net investment income	440,223	2,568,880	8,217,832
Benefit payments, including refunds	(5,647,270)	(3,614,319)	(3,258,846)
Administrative expense	(63,746)	(63,063)	-
Other	38,948	(55,142)	(1,798,718)
Net change in plan fiduciary net position	<u>1,580,369</u>	<u>3,895,938</u>	<u>8,088,281</u>
Plan fiduciary net position – beginning	<u>73,585,152</u>	<u>69,689,214</u>	<u>61,600,933</u>
Plan fiduciary net position – ending	<u>\$ 75,165,521</u>	<u>\$ 73,585,152</u>	<u>\$ 69,689,214</u>
Net pension liability – ending	<u>\$ 58,539,653</u>	<u>\$ 38,578,636</u>	<u>\$ 35,945,682</u>
Plan fiduciary net position as a percentage of the total pension liability	56.22%	65.61%	65.97%
Covered-employee payroll	16,673,663	15,789,534	15,201,530
Net pension liability as a percentage of covered-employee payroll	351.09%	244.33%	236.46%

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

CITY OF CHANDLER, ARIZONA
Notes to Required Supplementary Information
June 30, 2017

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>Change in Fund Balances</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 10,543,556
Reserved encumbrances at June 30, 2017 recognized as budgetary expenditures in fiscal year ended June 30, 2017	<u>(5,063,910)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ 5,479,646</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, 2015 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. 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, 2013 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, 2016 valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011. 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, 2016 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.

OTHER FINANCIAL STATEMENTS

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Streets Capital Projects

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 510,000	\$ 510,000	\$ 162,110	\$ (347,890)
System development fees	11,706,200	11,706,200	5,839,224	(5,866,976)
Regional transportation tax	377,250	377,250	664,616	287,366
Total revenues	<u>12,593,450</u>	<u>12,593,450</u>	<u>6,665,950</u>	<u>(5,927,500)</u>
EXPENDITURES:				
General government	4,377,052	7,318,899	1,250	7,317,649
Transportation and development	17,243,750	3,680,629	2,236,305	1,444,324
Capital outlay	7,407,247	18,028,521	8,721,087	9,307,434
Total expenditures	<u>29,028,049</u>	<u>29,028,049</u>	<u>10,958,642</u>	<u>18,069,407</u>
Excess (deficiency) of revenues over expenditures	<u>(16,434,599)</u>	<u>(16,434,599)</u>	<u>(4,292,692)</u>	<u>12,141,907</u>
Other financing sources (uses):				
Transfers in	393,250	393,250	-	(393,250)
Transfers out	(393,250)	(393,250)	-	393,250
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(16,434,599)</u>	<u>(16,434,599)</u>	<u>(4,292,692)</u>	<u>12,141,907</u>
Fund balance, July 1, 2016	<u>44,496,274</u>	<u>44,496,274</u>	<u>44,496,274</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 28,061,675</u>	<u>\$ 28,061,675</u>	<u>\$ 40,203,582</u>	<u>\$ 12,141,907</u>

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, 2017

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 22,419,500	\$ 22,419,500	\$ 22,279,805	\$ (139,695)
Interest revenue	216,000	216,000	60,966	(155,034)
Miscellaneous	-	-	28,413	28,413
Total revenues	22,635,500	22,635,500	22,369,184	(266,316)
EXPENDITURES:				
Principal	14,215,002	22,325,002	22,325,000	2
Interest and fiscal charges	7,525,606	7,525,606	7,284,467	241,139
Bond issuance costs	-	-	249,838	(249,838)
Total expenditures	21,740,608	29,850,608	29,859,305	(8,697)
Excess (deficiency) of revenues over expenditures	894,892	(7,215,108)	(7,490,121)	(275,013)
Other financing sources (uses):				
Bond premium	-	-	6,339,230	(6,339,230)
Face amount of bonds issued	-	-	25,500,000	(25,500,000)
Payment to escrow agent	-	-	(31,589,392)	31,589,392
Transfers in	-	-	940,200	(940,200)
Total other financing sources (uses)	-	-	1,190,038	(1,190,038)
Net change in fund balance	894,892	(7,215,108)	(6,300,083)	(1,465,051)
Fund balance, July 1, 2016	15,281,782	15,281,782	15,281,782	-
Fund balance, June 30, 2017	\$ 16,176,674	\$ 8,066,674	\$ 8,981,699	\$ (1,465,051)



Chandler + Arizona
Where Values Make The Difference

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.

NON-MAJOR DEBT SERVICE FUNDS

Highway User Revenue Bonds

Accumulates monies for the payment of principal and interest requirements of the City's Highway User Revenue Bonds. Revenues for repayment are generated from gas tax generated within the State of Arizona.

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.

City of Chandler

Non-Major Governmental Funds, Continued

NON-MAJOR CAPITAL PROJECTS FUNDS

General Government

Used to account for the acquisition, construction, reconstruction, improvement, and renovation of general government projects.

Public Buildings

Used to account for bond proceeds used 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.

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 Department, building construction, renovation, and 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.

Special Assessments

Used to account for expenditures related to special assessment districts within the City.

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, 2017

	Special Revenue						
	Local			Police			
	Highway User	Transportation Assistance	Grants	Community Development	Confiscated Property	Parks and Recreation	Museum
ASSETS							
Equity in pooled cash and investments	\$12,624,075	\$ 3,929,416	\$ 1,571,745	\$ 51,185	\$ 569,395	\$ 237,097	\$ 36,401
Receivables (net of allowance for uncollectible):							
Accounts	-	-	1,662	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes	-	-	-	448,503	-	-	-
Accrued interest	42,560	11,053	5,471	-	1,981	733	112
Prepays	-	-	-	7,422	-	-	-
Due from other governments	1,427,236	-	146,137	252,840	231,787	-	-
Total assets	\$14,093,871	\$ 3,940,469	\$ 1,725,015	\$ 759,950	\$ 803,163	\$ 237,830	\$ 36,513
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 46,152	\$ 21	\$ 24,614	\$ 63,046	\$ 71,173	\$ 71	\$ -
Accrued payroll	65,990	74	14,367	5,573	-	458	-
Trust liabilities and deposits	-	-	-	4	823,075	-	220
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	-	229,211	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	1,500	-	-	-	-
Arbitrage liability - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	-	-	-	-
Total liabilities	112,142	95	40,481	297,834	894,248	529	220
Deferred inflows of resources:							
Unavailable revenues - special assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances:							
Nonspendable	-	-	-	7,422	-	-	-
Restricted	13,981,729	3,940,374	1,684,534	454,694	-	237,301	36,293
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(91,085)	-	-
Total fund balances (deficits)	13,981,729	3,940,374	1,684,534	462,116	(91,085)	237,301	36,293
Total liabilities, deferred inflows and fund balances	\$14,093,871	\$ 3,940,469	\$ 1,725,015	\$ 759,950	\$ 803,163	\$ 237,830	\$ 36,513

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017

	Special Revenue		Debt Service		Capital Projects	
	Library	Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	
ASSETS						
Equity in pooled cash and investments	\$ 28,372	\$ 2,775,072	\$ 670,641	\$ 634,786	\$ -	
Receivables (net of allowance for uncollectible):						
Accounts	-	-	-	-	-	
Special assessments	-	-	3,153,538	-	-	
Notes	-	-	-	-	-	
Accrued interest	96	-	1,955	-	326	
Prepays	-	-	-	-	-	
Due from other governments	-	-	-	-	-	
Total assets	\$ 28,468	\$ 2,775,072	\$ 3,826,134	\$ 634,786	\$ 326	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,809	\$ -	\$ 8,006	\$ 630,134	\$ -	
Accrued payroll	-	-	-	-	-	
Trust liabilities and deposits	-	-	-	-	-	
Accrued interest	-	128,219	69,200	-	-	
Due to other funds	-	-	-	-	18,789	
Advances from other funds	-	-	-	-	2,789,427	
Unearned revenue	-	-	-	-	-	
Arbitrage liability - current	-	5,000	-	-	-	
Bonds payable - current	-	2,415,000	-	-	-	
Total liabilities	1,809	2,548,219	77,206	630,134	2,808,216	
Deferred inflows of resources:						
Unavailable revenues - special assessments	-	-	3,114,155	-	-	
Total deferred inflows of resources	-	-	3,114,155	-	-	
Fund Balances:						
Nonspendable	-	-	-	-	-	
Restricted	26,659	226,853	634,773	4,652	-	
Committed	-	-	-	-	-	
Assigned	-	-	-	-	-	
Unassigned	-	-	-	-	(2,807,890)	
Total fund balances (deficits)	26,659	226,853	634,773	4,652	(2,807,890)	
Total liabilities, deferred inflows and fund balances	\$ 28,468	\$ 2,775,072	\$ 3,826,134	\$ 634,786	\$ 326	

Capital Projects

Grants	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ -	\$ 25,501,847	\$ 3,870,213	\$ 12,280,140	\$ 4,461,871	\$ 4,074,585	\$ 183,212	\$ 73,500,053
-	-	-	-	-	-	-	1,662
-	-	-	-	-	-	-	3,153,538
-	-	-	-	-	-	-	448,503
-	81,445	18,326	37,929	13,739	13,082	563	229,371
-	-	-	-	-	-	-	7,422
1,323,462	-	-	-	-	-	-	3,381,462
<u>\$ 1,323,462</u>	<u>\$ 25,583,292</u>	<u>\$ 3,888,539</u>	<u>\$ 12,318,069</u>	<u>\$ 4,475,610</u>	<u>\$ 4,087,667</u>	<u>\$ 183,775</u>	<u>\$ 80,722,011</u>
\$ 982,740	\$ 70,515	\$ 57,613	\$ 54,904	\$ 128	\$ -	\$ 100	\$ 2,015,678
663	114	252	-	862	-	-	83,701
-	-	-	-	-	-	-	823,299
-	-	-	-	-	-	-	197,419
88,153	-	-	-	-	-	-	336,153
-	-	12,282,082	-	-	-	-	15,071,509
-	-	-	-	-	-	-	1,500
-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	2,415,000
<u>1,071,556</u>	<u>70,629</u>	<u>12,339,947</u>	<u>54,904</u>	<u>990</u>	<u>-</u>	<u>100</u>	<u>20,949,259</u>
-	-	-	-	-	-	-	3,114,155
-	-	-	-	-	-	-	3,114,155
-	-	-	-	-	-	-	7,422
251,906	25,512,663	-	12,263,165	4,474,620	4,087,667	183,675	68,001,558
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(8,451,408)	-	-	-	-	(11,350,383)
<u>251,906</u>	<u>25,512,663</u>	<u>(8,451,408)</u>	<u>12,263,165</u>	<u>4,474,620</u>	<u>4,087,667</u>	<u>183,675</u>	<u>56,658,597</u>
<u>\$ 1,323,462</u>	<u>\$ 25,583,292</u>	<u>\$ 3,888,539</u>	<u>\$ 12,318,069</u>	<u>\$ 4,475,610</u>	<u>\$ 4,087,667</u>	<u>\$ 183,775</u>	<u>\$ 80,722,011</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, 2017

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Museum
REVENUES:							
Highway user taxes	\$ 16,683,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	692,821	1,665,576	1,796,756	-	74,556	24,694
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	-	225,911	-	-	-	-	-
Fines and forfeitures	-	-	-	-	832,326	-	-
Interest revenue	42,717	11,185	6,588	2	-	846	448
Miscellaneous	30,857	-	-	-	-	-	1,050
Total revenues	16,757,317	929,917	1,672,164	1,796,758	832,326	75,402	26,192
EXPENDITURES:							
Current:							
General government	-	-	338,986	1,658,857	-	-	-
Public safety	-	-	728,788	-	449,391	-	-
Transportation and development	8,315,750	811,372	-	-	-	-	-
Community services	-	-	159,798	-	-	92,352	19,872
Capital outlay	2,572,192	46,921	282,755	-	405,275	-	310
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	10,887,942	858,293	1,510,327	1,658,857	854,666	92,352	20,182
EXCESS (DEFICIENCY) OF							
REVENUES OVER EXPENDITURES	5,869,375	71,624	161,837	137,901	(22,340)	(16,950)	6,010
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(2,841,681)	(4,001)	-	(128,808)	-	-	-
Total other financing sources (uses)	(2,841,681)	(4,001)	-	(128,808)	-	-	-
NET CHANGE IN FUND BALANCE	3,027,694	67,623	161,837	9,093	(22,340)	(16,950)	6,010
FUND BALANCES (DEFICITS):							
Beginning of year	10,954,035	3,872,751	1,522,697	453,023	(68,745)	254,251	30,283
End of year	\$ 13,981,729	\$ 3,940,374	\$ 1,684,534	\$ 462,116	\$ (91,085)	\$ 237,301	\$ 36,293

Special Revenue	Debt Service		Capital Projects			
	Library	Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,265	-	-	-	-	8,230,391	-
-	-	-	-	320,259	-	6,397,899
-	-	607,191	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
152	-	1,923	-	1,224	-	82,065
-	-	-	-	-	-	-
16,417	-	609,114	-	321,483	8,230,391	6,479,964
-	-	-	1,007,742	1,042	50,508	4,168
-	-	-	554,621	-	-	-
-	-	-	501,357	-	67,577	-
14,109	-	-	114,623	-	1,280	601,842
-	-	-	16,334,952	-	8,394,612	777,973
-	2,415,000	500,000	-	-	-	-
-	256,438	148,400	-	-	-	-
14,109	2,671,438	648,400	18,513,295	1,042	8,513,977	1,383,983
2,308	(2,671,438)	(39,286)	(18,513,295)	320,441	(283,586)	5,095,981
-	-	-	-	-	-	-
-	2,671,438	-	18,625,293	-	-	-
-	-	-	(107,346)	-	-	(940,200)
-	2,671,438	-	18,517,947	-	-	(940,200)
2,308	-	(39,286)	4,652	320,441	(283,586)	4,155,781
24,351	226,853	674,059	-	(3,128,331)	535,492	21,356,882
\$ 26,659	\$ 226,853	\$ 634,773	\$ 4,652	\$ (2,807,890)	\$ 251,906	\$ 25,512,663

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2017

	Capital Projects					Total Other Governmental Funds
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	
REVENUES:						
Highway user taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,683,743
Grants and entitlements	-	-	-	-	-	12,501,059
System development fees	2,125,945	-	-	-	-	8,844,103
Special assessments	-	-	-	-	-	607,191
Charges for services	-	-	-	-	145,322	371,233
Fines and forfeitures	-	-	-	-	-	832,326
Interest income	18,714	55,160	14,022	23,107	463	258,616
Miscellaneous	-	31,348	-	-	-	63,255
Total revenues	2,144,659	86,508	14,022	23,107	145,785	40,161,526
EXPENDITURES:						
Current:						
General government	2,084	-	68,575	435,946	-	3,567,908
Public safety	609,294	-	-	-	-	2,342,094
Transportation and development	-	-	-	-	-	9,696,056
Community services	-	-	-	-	26,428	1,030,304
Capital outlay	1,304,606	3,677,108	-	1,705,971	-	35,502,675
Debt service:						
Principal	-	-	-	-	-	2,915,000
Interest and fiscal charges	-	-	-	-	-	404,838
Total expenditures	1,915,984	3,677,108	68,575	2,141,917	26,428	55,458,875
REVENUES OVER (UNDER) EXPENDITURES	228,675	(3,590,600)	(54,553)	(2,118,810)	119,357	(15,297,349)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	-	255,799	-	-	-	255,799
Transfers in	-	2,978,447	-	2,900,991	-	27,176,169
Transfers out	-	-	-	-	-	(4,022,036)
Total other financing sources (uses)	-	3,234,246	-	2,900,991	-	23,409,932
FINANCING USES	228,675	(356,354)	(54,553)	782,181	119,357	8,112,583
FUND BALANCES (DEFICITS):						
Beginning of year	(8,680,083)	12,619,519	4,529,173	3,305,486	64,318	48,546,014
End of year	<u>\$ (8,451,408)</u>	<u>\$ 12,263,165</u>	<u>\$ 4,474,620</u>	<u>\$ 4,087,667</u>	<u>\$ 183,675</u>	<u>\$ 56,658,597</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, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Highway user taxes	\$ 14,000,000	\$ 14,000,000	\$ 16,683,743	\$ 2,683,743
Interest revenue	143,000	143,000	42,717	(100,283)
Miscellaneous	-	-	30,857	30,857
Total revenues	14,143,000	14,143,000	16,757,317	2,614,317
EXPENDITURES:				
General government	3,888,867	5,713,343	-	5,713,343
Transportation and development	11,703,584	9,277,537	8,697,444	580,093
Capital outlay	2,601,069	3,385,859	3,382,177	3,682
Total expenditures	18,193,520	18,376,739	12,079,621	6,297,118
Excess (deficiency) of revenues over expenditures	(4,050,520)	(4,233,739)	4,677,696	8,911,435
Other financing sources (uses):				
Transfers out	(2,841,681)	(2,841,681)	(2,841,681)	-
Total other financing sources (uses)	(2,841,681)	(2,841,681)	(2,841,681)	-
Net change in fund balance	(6,892,201)	(7,075,420)	1,836,015	8,911,435
Fund balance, July 1, 2016	10,954,035	10,954,035	10,954,035	-
Fund balance, June 30, 2017	\$ 4,061,834	\$ 3,878,615	\$ 12,790,050	\$ 8,911,435

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, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 692,821	\$ 692,821	\$ 692,821	\$ -
Charges for services	118,960	118,960	225,911	106,951
Interest revenue	42,000	42,000	11,185	(30,815)
Total revenues	853,781	853,781	929,917	76,136
EXPENDITURES:				
General government	2,010,200	1,924,871	-	1,924,871
Transportation and development	1,399,472	1,202,154	854,538	347,616
Capital outlay	929,319	1,226,770	118,682	1,108,088
Total expenditures	4,338,991	4,353,795	973,220	3,380,575
Excess (deficiency) of revenues over expenditures	(3,485,210)	(3,500,014)	(43,303)	3,456,711
Other financing sources (uses):				
Transfers out	(4,001)	(4,001)	(4,001)	-
Total other financing sources (uses)	(4,001)	(4,001)	(4,001)	-
Net change in fund balance	(3,489,211)	(3,504,015)	(47,304)	3,456,711
Fund balance, July 1, 2016	3,872,751	3,872,751	3,872,751	-
Fund balance, June 30, 2017	\$ 383,540	\$ 368,736	\$ 3,825,447	\$ 3,456,711

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Grants Special Revenue

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 5,228,915	\$ 5,228,915	\$ 1,665,576	\$ (3,563,339)
Interest revenue	20,000	20,000	6,588	(13,412)
Total revenues	5,248,915	5,248,915	1,672,164	(3,576,751)
EXPENDITURES:				
General government	717,261	568,853	338,986	229,867
Public safety	4,199,411	4,230,732	744,833	3,485,899
Community services	494,472	500,573	175,006	325,567
Capital outlay	829,675	798,354	308,245	490,109
Total expenditures	6,240,819	6,098,512	1,567,070	4,531,442
Net change in fund balance	(991,904)	(849,597)	105,094	954,691
Fund balance, July 1, 2016	1,522,697	1,522,697	1,522,697	-
Fund balance, June 30, 2017	\$ 530,793	\$ 673,100	\$ 1,627,791	\$ 954,691

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Community Development Special Revenue For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 3,035,201	\$ 3,035,201	\$ 1,796,756	\$ (1,238,445)
Interest revenue	-	-	2	2
Total revenues	3,035,201	3,035,201	1,796,758	(1,238,443)
EXPENDITURES:				
General government	2,957,839	3,223,915	1,845,098	1,378,817
Capital outlay	218,732	214,632	-	214,632
Total expenditures	3,176,571	3,438,547	1,845,098	1,593,449
Excess (deficiency) of revenues over expenditures	(141,370)	(403,346)	(48,340)	355,006
Other financing sources (uses):				
Transfers out	-	-	(128,808)	(128,808)
Total other financing sources (uses)	-	-	(128,808)	(128,808)
Net change in fund balance	(141,370)	(403,346)	(177,148)	226,198
Fund balance, July 1, 2016	453,023	453,023	453,023	-
Fund balance, June 30, 2017	\$ 311,653	\$ 49,677	\$ 275,875	\$ 226,198

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Police Confiscated Property Special Revenue

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 2,315,000	\$ 2,315,000	\$ 832,326	\$ (1,482,674)
Total revenues	<u>2,315,000</u>	<u>2,315,000</u>	<u>832,326</u>	<u>(1,482,674)</u>
EXPENDITURES:				
General government	210,000	258,690	-	258,690
Public safety	1,428,615	962,723	668,091	294,632
Capital outlay	1,382,821	1,602,000	1,432,821	169,179
Total expenditures	<u>3,021,436</u>	<u>2,823,413</u>	<u>2,100,912</u>	<u>722,501</u>
Net change in fund balance	<u>(706,436)</u>	<u>(508,413)</u>	<u>(1,268,586)</u>	<u>(760,173)</u>
Fund balance (deficit), July 1, 2016	<u>(68,745)</u>	<u>(68,745)</u>	<u>(68,745)</u>	<u>-</u>
Fund balance (deficit), June 30, 2017	<u>\$ (775,181)</u>	<u>\$ (577,158)</u>	<u>\$ (1,337,331)</u>	<u>\$ (760,173)</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Parks and Recreation Special Revenue

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 99,110	\$ 99,110	\$ 74,556	\$ (24,554)
Interest revenue	3,000	3,000	846	(2,154)
Total revenues	102,110	102,110	75,402	(26,708)
EXPENDITURES:				
Community services	149,011	144,011	92,352	51,659
Total expenditures	149,011	144,011	92,352	51,659
Net change in fund balance	(46,901)	(41,901)	(16,950)	24,951
Fund balance, July 1, 2016	254,251	254,251	254,251	-
Fund balance, June 30, 2017	\$ 207,350	\$ 212,350	\$ 237,301	\$ 24,951

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Museum Special Revenue

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 22,000	\$ 22,000	\$ 24,694	\$ 2,694
Interest revenue	-	-	448	448
Miscellaneous	-	-	1,050	1,050
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>26,192</u>	<u>4,192</u>
EXPENDITURES:				
Community services	28,186	28,186	19,872	8,314
Capital outlay	-	-	310	(310)
Total expenditures	<u>28,186</u>	<u>28,186</u>	<u>20,182</u>	<u>8,004</u>
Net change in fund balance	(6,186)	(6,186)	6,010	12,196
Fund balance, July 1, 2016	<u>30,283</u>	<u>30,283</u>	<u>30,283</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 24,097</u>	<u>\$ 24,097</u>	<u>\$ 36,293</u>	<u>\$ 12,196</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Library Special Revenue

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 80,000	\$ 80,000	\$ 16,265	\$ (63,735)
Interest revenue	-	-	152	152
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>16,417</u>	<u>(63,583)</u>
EXPENDITURES:				
Community services	80,000	80,000	14,109	65,891
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>14,109</u>	<u>65,891</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>2,308</u>	<u>2,308</u>
Fund balance, July 1, 2016	<u>24,351</u>	<u>24,351</u>	<u>24,351</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 24,351</u>	<u>\$ 24,351</u>	<u>\$ 26,659</u>	<u>\$ 2,308</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Highway User Revenue Bonds

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
EXPENDITURES:				
Principal	2,415,000	2,415,000	2,415,000	-
Interest and fiscal charges	256,438	256,438	256,438	-
Total expenditures	<u>2,671,438</u>	<u>2,671,438</u>	<u>2,671,438</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,671,438)</u>	<u>(2,671,438)</u>	<u>(2,671,438)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	2,671,438	2,671,438	2,671,438	-
Total other financing sources (uses)	<u>2,671,438</u>	<u>2,671,438</u>	<u>2,671,438</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2016	<u>226,853</u>	<u>226,853</u>	<u>226,853</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 226,853</u>	<u>\$ 226,853</u>	<u>\$ 226,853</u>	<u>\$ -</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Assessment Bonds

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Over (Under)
	Original	Final		Final Budget
REVENUES:				
Special assessments	\$ -	\$ -	607,191	\$ 607,191
Interest revenue	-	-	1,923	1,923
Total revenues	-	-	609,114	609,114
EXPENDITURES:				
Principal	-	-	500,000	(500,000)
Interest and fiscal charges	-	-	148,400	(148,400)
Total expenditures	-	-	648,400	(648,400)
Excess (deficiency) of revenues over expenditures	-	-	(39,286)	(39,286)
Net change in fund balance	-	-	(39,286)	(39,286)
Fund balance, July 1, 2016	-	-	674,059	674,059
Fund balance, June 30, 2017	\$ -	\$ -	\$ 634,773	\$ 634,773

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, 2017

	Budgeted Amounts		Total	Over
	Original	Final	Non-GAAP Actual Amounts	(Under) Final Budget
REVENUES:				
Miscellaneous	\$ 450,000	\$ 450,000	\$ -	\$ (450,000)
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>(450,000)</u>
EXPENDITURES:				
General government	12,305,335	16,410,908	1,588,508	\$ 14,822,400
Public safety	3,065,345	1,088,138	748,097	340,041
Transportation and development	18,958,721	1,815,804	725,918	1,089,886
Community services	3,694,333	34,357	117,953	(83,596)
Capital outlay	33,581,494	52,557,285	26,465,989	26,091,296
Total expenditures	<u>71,605,228</u>	<u>71,906,492</u>	<u>29,646,465</u>	<u>42,260,027</u>
Excess (deficiency) of revenues over expenditures	<u>(71,155,228)</u>	<u>(71,456,492)</u>	<u>(29,646,465)</u>	<u>(42,710,027)</u>
Other financing sources (uses):				
Transfers in	71,262,574	71,262,574	18,625,293	(52,637,281)
Transfers out	(107,346)	(107,346)	(107,346)	-
Total other financing sources (uses)	<u>71,155,228</u>	<u>71,155,228</u>	<u>18,517,947</u>	<u>(52,637,281)</u>
Net change in fund balance	-	(301,264)	(11,128,518)	(95,347,308)
Fund balance, July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), June 30, 2017	<u>\$ -</u>	<u>\$ (301,264)</u>	<u>\$ (11,128,518)</u>	<u>\$ (95,347,308)</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Public Buildings Capital Projects For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 383,400	\$ 383,400	\$ 320,259	\$ (63,141)
Interest revenue	4,300	4,300	1,224	(3,076)
Total revenues	<u>387,700</u>	<u>387,700</u>	<u>321,483</u>	<u>(66,217)</u>
EXPENDITURES:				
General government	110,000	110,000	1,250	108,750
Total expenditures	<u>110,000</u>	<u>110,000</u>	<u>1,250</u>	<u>108,750</u>
Excess (deficiency) of revenues over expenditures	<u>277,700</u>	<u>277,700</u>	<u>320,233</u>	<u>42,533</u>
Other financing sources (uses):				
Transfers out	(300,000)	(300,000)	-	300,000
Total other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
Net change in fund balance	<u>(22,300)</u>	<u>(22,300)</u>	<u>320,233</u>	<u>342,533</u>
Fund balance, July 1, 2016	<u>(3,128,331)</u>	<u>(3,128,331)</u>	<u>(3,128,331)</u>	<u>-</u>
Fund balance (deficit), June 30, 2017	<u>\$ (3,150,631)</u>	<u>\$ (3,150,631)</u>	<u>\$ (2,808,098)</u>	<u>\$ 342,533</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Grants Capital Projects

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 14,899,764	\$ 14,899,764	\$ 8,230,391	\$ (6,669,373)
Total revenues	<u>14,899,764</u>	<u>14,899,764</u>	<u>8,230,391</u>	<u>(6,669,373)</u>
EXPENDITURES:				
General government	4,462,778	3,226,319	53,352	3,172,967
Transportation and development	10,137,876	320,587	67,577	253,010
Community services	1,708,576	57,134	1,280	55,854
Capital outlay	11,525,945	24,111,135	14,632,153	9,478,982
Total expenditures	<u>27,835,175</u>	<u>27,715,175</u>	<u>14,754,362</u>	<u>12,960,813</u>
Net change in fund balance	<u>(12,935,411)</u>	<u>(12,815,411)</u>	<u>(6,523,971)</u>	<u>6,291,440</u>
Fund balance, July 1, 2016	<u>535,492</u>	<u>535,492</u>	<u>535,492</u>	<u>-</u>
Fund balance (deficit), June 30, 2017	<u>\$ (12,399,919)</u>	<u>\$ (12,279,919)</u>	<u>\$ (5,988,479)</u>	<u>\$ 6,291,440</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Community Services Capital Projects

For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 6,440,600	\$ 6,440,600	\$ 6,397,899	\$ (42,701)
Interest revenue	219,600	219,600	82,065	(137,535)
Total revenues	6,660,200	6,660,200	6,479,964	(180,236)
EXPENDITURES:				
General government	10,496,300	10,843,774	5,000	10,838,774
Community services	2,958,141	890,121	661,707	228,414
Capital outlay	1,332,200	2,941,172	1,615,452	1,325,720
Total expenditures	14,786,641	14,675,067	2,282,159	12,392,908
Excess (deficiency) of revenues over expenditures	(8,126,441)	(8,014,867)	4,197,805	12,212,672
Other financing sources (uses):				
Transfers out	-	-	(940,200)	(940,200)
Total other financing sources (uses)	-	-	(940,200)	(940,200)
Net change in fund balance	(8,126,441)	(8,014,867)	3,257,605	11,272,472
Fund balance, July 1, 2016	21,356,882	21,356,882	21,356,882	-
Fund balance, June 30, 2017	\$ 13,230,441	\$ 13,342,015	\$ 24,614,487	\$ 11,272,472

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Public Safety Buildings and Improvements Capital Projects For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 2,515,500	\$ 2,515,500	\$ 2,125,945	\$ (389,555)
Interest revenue	60,000	60,000	18,714	(41,286)
Total revenues	<u>2,575,500</u>	<u>2,575,500</u>	<u>2,144,659</u>	<u>(430,841)</u>
EXPENDITURES:				
General government	1,805,000	3,404,660	2,500	3,402,160
Public safety	6,873,173	2,422,835	1,356,477	1,066,358
Capital outlay	10,602,075	13,452,753	10,608,013	2,844,740
Total expenditures	<u>19,280,248</u>	<u>19,280,248</u>	<u>11,966,990</u>	<u>7,313,258</u>
Net change in fund balance	(16,704,748)	(16,704,748)	(9,822,331)	6,882,417
Fund balance, July 1, 2016	<u>(8,680,083)</u>	<u>(8,680,083)</u>	<u>(8,680,083)</u>	<u>-</u>
Fund balance (deficit), June 30, 2017	<u>\$ (25,384,831)</u>	<u>\$ (25,384,831)</u>	<u>\$ (18,502,414)</u>	<u>\$ 6,882,417</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Vehicle and Capital Equipment Replacement Capital Projects For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 163,000	\$ 163,000	\$ 55,160	\$ (107,840)
Miscellaneous	-	-	31,348	31,348
Total revenues	<u>163,000</u>	<u>163,000</u>	<u>86,508</u>	<u>(76,492)</u>
EXPENDITURES:				
General government	715,000	538,514	-	538,514
Capital outlay	7,466,875	9,867,415	4,183,137	5,684,278
Total expenditures	<u>8,181,875</u>	<u>10,405,929</u>	<u>4,183,137</u>	<u>6,222,792</u>
Excess (deficiency) of revenues over expenditures	<u>(8,018,875)</u>	<u>(10,242,929)</u>	<u>(4,096,629)</u>	<u>6,146,300</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	300,000	300,000	255,799	(44,201)
Transfers in	2,978,447	2,978,447	2,978,447	-
Total other financing sources (uses)	<u>3,278,447</u>	<u>3,278,447</u>	<u>3,234,246</u>	<u>(44,201)</u>
Net change in fund balance	<u>(4,740,428)</u>	<u>(6,964,482)</u>	<u>(862,383)</u>	<u>6,102,099</u>
Fund balance, July 1, 2016	<u>12,619,519</u>	<u>12,619,519</u>	<u>12,619,519</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 7,879,091</u>	<u>\$ 5,655,037</u>	<u>\$ 11,757,136</u>	<u>\$ 6,102,099</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Assessments Capital Projects

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 54,000	\$ 54,000	\$ 14,022	\$ (39,978)
Total revenues	<u>54,000</u>	<u>54,000</u>	<u>14,022</u>	<u>(39,978)</u>
EXPENDITURES:				
General government	67,683	68,488	68,575	(87)
Total expenditures	<u>67,683</u>	<u>68,488</u>	<u>68,575</u>	<u>(87)</u>
Net change in fund balance	(13,683)	(14,488)	(54,553)	(40,065)
Fund balance, July 1, 2016	<u>4,529,173</u>	<u>4,529,173</u>	<u>4,529,173</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 4,515,490</u>	<u>\$ 4,514,685</u>	<u>\$ 4,474,620</u>	<u>\$ (40,065)</u>

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Technology Replacement Capital Projects For the year ended June 30, 2017

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 36,000	\$ 36,000	\$ 23,107	\$ (12,893)
Miscellaneous	107,346	107,346	-	(107,346)
Total revenues	143,346	143,346	23,107	(120,239)
EXPENDITURES:				
General government	1,290,100	1,157,659	441,079	716,580
Capital outlay	2,069,943	2,119,403	1,741,712	377,691
Total expenditures	3,360,043	3,277,062	2,182,791	1,094,271
Excess (deficiency) of revenues over expenditures	(3,216,697)	(3,133,716)	(2,159,684)	974,032
Other financing sources (uses):				
Transfers in	2,786,485	2,786,485	2,900,991	114,506
Total other financing sources (uses)	2,786,485	2,786,485	2,900,991	114,506
Net change in fund balance	(430,212)	(347,231)	741,307	1,088,538
Fund balance, July 1, 2016	3,305,486	3,305,486	3,305,486	-
Fund balance, June 30, 2017	\$ 2,875,274	\$ 2,958,255	\$ 4,046,793	\$ 1,088,538

City of Chandler

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Municipal Arts Capital Projects

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 50,000	\$ 50,000	\$ 145,322	\$ 95,322
Interest revenue	-	-	463	463
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>145,785</u>	<u>95,785</u>
EXPENDITURES:				
Community services	<u>50,000</u>	<u>50,500</u>	<u>26,328</u>	<u>24,172</u>
Total expenditures	<u>50,000</u>	<u>50,500</u>	<u>26,328</u>	<u>24,172</u>
Net change in fund balance	-	(500)	119,457	119,957
Fund balance, July 1, 2016	<u>64,318</u>	<u>64,318</u>	<u>64,318</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 64,318</u>	<u>\$ 63,818</u>	<u>\$ 183,775</u>	<u>\$ 119,957</u>



Chandler + Arizona
Where Values Make The Difference

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, 2017

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 15,640,771	\$ 149,623	\$ 5,363,449	\$ 21,153,843
Accounts receivable	2,248,646	14,775	10,369	2,273,790
Due from other governments	-	-	73,689	73,689
Inventories	-	15,295	-	15,295
Prepaid items	-	-	322,320	322,320
Accrued interest receivable	47,946	223	14,751	62,920
Other receivables	159	-	-	159
Total current assets	<u>17,937,522</u>	<u>179,916</u>	<u>5,784,578</u>	<u>23,902,016</u>
Long-term assets:				
Notes receivable	-	-	336,450	336,450
Capital assets:				
Non-depreciable	7,088,918	19,360,391	1,751,537	28,200,846
Depreciable, net	7,729,333	10,549,386	7,700,230	25,978,949
Total capital assets	<u>14,818,251</u>	<u>29,909,777</u>	<u>9,451,767</u>	<u>54,179,795</u>
Total long-term assets	<u>14,818,251</u>	<u>29,909,777</u>	<u>9,788,217</u>	<u>54,516,245</u>
Total assets	<u>32,755,773</u>	<u>30,089,693</u>	<u>15,572,795</u>	<u>78,418,261</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of pension plan items	<u>252,423</u>	<u>252,423</u>	<u>504,847</u>	<u>1,009,693</u>

LIABILITIES

Current liabilities:

Accounts payable	889,801	2,417	21,315	913,533
Accrued payroll	26,434	9,744	25,148	61,326
Trust liabilities and deposits	15,527	44,692	406,208	466,427
Accrued interest	-	781	-	781
Due to other funds	-	-	69,444	69,444
Customer advances	208,030	34,999	23,722	266,751
Compensated absences payable	814	482	799	2,095
Bonds payable	-	25,196	-	25,196
Landfill closure and postclosure liability	94,446	-	-	94,446
Total current liabilities	<u>1,235,052</u>	<u>118,311</u>	<u>546,636</u>	<u>1,899,999</u>

Long-term liabilities:

Compensated absences payable	71,623	42,424	70,339	184,386
Bonds payable	-	27,959	-	27,959
Net pension liability	1,215,499	1,215,499	2,430,998	4,861,996
OPEB liability	222,032	80,209	-	302,241
Landfill closure and postclosure liability	4,245,554	-	-	4,245,554
Total long-term liabilities	<u>5,754,708</u>	<u>1,366,091</u>	<u>2,501,337</u>	<u>9,622,136</u>
Total liabilities	<u>6,989,760</u>	<u>1,484,402</u>	<u>3,047,973</u>	<u>11,522,135</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension plan items	<u>154,684</u>	<u>154,684</u>	<u>309,368</u>	<u>618,736</u>
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NET POSITION

Net investment in capital assets	14,818,251	29,927,995	9,451,767	54,198,013
Restricted	-	-	65,457	65,457
Unrestricted	11,045,501	(1,224,965)	3,203,077	13,023,613
Total net position	<u>\$ 25,863,752</u>	<u>\$ 28,703,030</u>	<u>\$ 12,720,301</u>	<u>\$ 67,287,083</u>

City of Chandler
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Proprietary Funds
For the year ended June 30, 2017

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 15,648,992	\$ 950,294	\$ -	\$ 16,599,286
Grants and entitlements	-	-	6,198,797	6,198,797
Rentals	-	-	954,070	954,070
Sales taxes	-	10,682	-	10,682
Miscellaneous	25	8,968	174,187	183,180
Total operating revenues	15,649,017	969,944	7,327,054	23,946,015
OPERATING EXPENSES:				
General and administrative	951,308	100,000	-	1,051,308
Personal services	1,758,456	561,743	1,661,337	3,981,536
Contractual services	10,063,669	30,934	812,266	10,906,869
Commodities	1,126,167	399,564	365,630	1,891,361
Housing assistance payments	-	-	4,366,159	4,366,159
Depreciation and amortization expense	480,578	800,026	523,484	1,804,088
Total operating expenses	14,380,178	1,892,267	7,728,876	24,001,321
OPERATING INCOME (LOSS)	1,268,839	(922,323)	(401,822)	(55,306)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	46,474	229	15,805	62,508
Interest and fiscal charges	-	(1,563)	-	(1,563)
Accretion of bond premium	-	196	-	196
Total nonoperating revenues (expenses)	46,474	(1,138)	15,805	61,141
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,315,313	(923,461)	(386,017)	5,835
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	-	490,967	347,444	838,411
Transfers in	-	339,821	413,808	753,629
Transfers out	(96,939)	(15,873)	-	(112,812)
Total transfers	(96,939)	814,915	761,252	1,479,228
Change in net position	1,218,374	(108,546)	375,235	1,485,063
NET POSITION				
Beginning of year	24,645,378	28,811,576	12,345,066	65,802,020
End of year	\$ 25,863,752	\$ 28,703,030	\$ 12,720,301	\$ 67,287,083



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2017

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 15,482,951	\$ 1,010,330	\$ 1,167,527	\$ 17,660,808
Cash received from grantors	-	-	5,795,666	5,795,666
Cash payments to suppliers	(12,131,281)	(545,060)	(5,122,264)	(17,798,605)
Cash payments to employees for services	(1,743,527)	(571,615)	(1,676,650)	(3,991,792)
Net cash provided (used) by operating activities	<u>1,608,143</u>	<u>(106,345)</u>	<u>164,279</u>	<u>1,666,077</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	339,821	413,808	753,629
Transfers out	(96,939)	(15,873)	-	(112,812)
Net cash provided (used) by noncapital financing activities	<u>(96,939)</u>	<u>323,948</u>	<u>413,808</u>	<u>640,817</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(339,371)	(165,996)	(599,437)	(1,104,804)
Principal paid on bond maturities	-	(25,001)	-	(25,001)
Interest paid on bonds	-	(1,938)	-	(1,938)
Capital contributions	-	-	347,444	347,444
Net cash provided (used) by capital and related financing activities	<u>(339,371)</u>	<u>(192,935)</u>	<u>(251,993)</u>	<u>(784,299)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	32,756	178	15,805	48,739
Net cash provided (used) by investing activities	<u>32,756</u>	<u>178</u>	<u>15,805</u>	<u>48,739</u>
Net increase (decrease) in cash and cash equivalents	<u>1,204,589</u>	<u>24,846</u>	<u>341,899</u>	<u>1,571,334</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	14,436,182	124,777	5,021,550	19,582,509
End of year	<u>\$ 15,640,771</u>	<u>\$ 149,623</u>	<u>\$ 5,363,449</u>	<u>\$ 21,153,843</u>

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

Operating income (loss)	\$ 1,268,839	\$ (922,323)	\$ (401,822)	\$ (55,306)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	480,578	800,026	523,484	1,804,088
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	(251,141)	23,800	34,955	(192,386)
(Increase) decrease in inventories	-	5,835	-	5,835
(Increase) decrease in other assets	-	-	(226,997)	(226,997)
Increase (decrease) in payables	9,863	(20,397)	(47,490)	(58,024)
Increase (decrease) in accrued payroll and compensated absences	6,231	2,359	-	8,590
Increase (decrease) in deposits	-	1,238	69,777	71,015
Increase (decrease) in customer advances	85,075	15,348	230	100,653
Increase (decrease) in net pension items	(19,723)	(19,723)	212,142	172,696
Increase (decrease) in OPEB liability	28,421	7,492		35,913
Total adjustments	<u>339,304</u>	<u>815,978</u>	<u>566,101</u>	<u>1,721,383</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,608,143</u></u>	<u><u>\$ (106,345)</u></u>	<u><u>\$ 164,279</u></u>	<u><u>\$ 1,666,077</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ -	\$ 490,967	\$ -	\$ 490,967
Accretion of bond premiums	-	196	-	196

City of Chandler

Statement of Changes in Assets and Liabilities - Agency Fund

Fiduciary Funds

For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 5,000	\$ 2,000	\$ (1,000)	\$ 6,000
Total assets	\$ 5,000	\$ 2,000	\$ (1,000)	\$ 6,000
Liabilities:				
Due to others	\$ 5,000	\$ 2,000	\$ (1,000)	\$ 6,000
Total liabilities	\$ 5,000	\$ 2,000	\$ (1,000)	\$ 6,000



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Where Values Make The Difference



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Where Values Make The Difference

City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2017

AS SUBMITTED ELECTRONICALLY TO:
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REAL ESTATE ASSESSMENT CENTER (REAC)

The Financial Data Schedule is a required electronic submission to the U.S. Department of Housing and Urban Development (HUD) by all Housing Authorities receiving HUD funding. Financial data on each of the grant programs is presented in a combining schedule. The Financial Data Schedule presented herein has been submitted electronically to HUD.

The activities of the City of Chandler Housing and Redevelopment Division are reported as an enterprise fund in the City's Comprehensive Annual Financial Report.

City of Chandler
Financial Data Sheet
Housing and Redevelopment
June 30, 2017

Combining Statement of Net Position - All HUD Programs

		Low Rent Public Housing		
		AMP 1	AMP 2	All AMPs
		14.850a	14.850a	14.850a
FDS Line #	Account description			
ASSETS				
111	Cash - unrestricted	\$ 1,873,262	\$ 1,531,404	\$ 3,404,666
113	Cash - restricted for FSS escrow accounts	68,992	27,883	96,875
114	Cash - security deposits	6,857	63,151	70,008
115	Cash - restricted for payment of current liabilities	11,970	4,448	16,418
122	Accounts receivable - HUD other projects	-	52,849	52,849
124	Accounts Receivable - other government	-	-	-
126	Accounts receivable - tenants - dwelling rents	5,221	5,022	10,243
126.1	Allowance for doubtful accounts - dwelling rents	(407)	(427)	(834)
129	Accrued interest receivable	5,981	4,939	10,920
142	Prepaid expenses and other assets	-	-	-
161	Land	2,468,486	1,590,642	4,059,128
162	Buildings	5,718,525	9,871,376	15,589,901
164	Furniture, equipment, machinery - admin	161,884	69,163	231,047
166	Accumulated depreciation	(6,212,077)	(5,886,853)	(12,098,930)
171	Notes and mortgages receivable - non-current	-	-	-
200	Deferred outflow of resources	144,798	87,657	232,455
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		<u>4,253,492</u>	<u>7,421,254</u>	<u>11,674,746</u>
LIABILITIES				
312	Accounts payable	11,970	4,449	16,419
321	Accrued wage/payroll taxes payable	6,666	4,494	11,160
322	Accrued compensated absences - current	222	104	326
333	Accounts payable - other government	-	52,849	52,849
341	Tenant security deposits	68,577	63,151	131,728
345	Other current liabilities	11,840	9,307	21,147
353	Noncurrent liabilities - other	68,993	27,883	96,876
354	Accrued compensated absences - noncurrent	19,536	9,188	28,724
357	Accrued pension and OPEB liabilities	767,695	393,160	1,160,855
400	Deferred inflow of resources	95,100	51,100	146,200
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		<u>1,050,599</u>	<u>615,685</u>	<u>1,666,284</u>
NET POSITION				
508.4	Net investment in capital assets	2,136,817	5,644,329	7,781,146
511.4	Restricted	-	-	-
512.4	Unrestricted	1,066,076	1,161,240	2,227,316
TOTAL NET POSITION		<u>3,202,893</u>	<u>6,805,569</u>	<u>10,008,462</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$ 4,253,492</u>	<u>\$ 7,421,254</u>	<u>\$ 11,674,746</u>

Business Activities			ROSS Family Self Sufficiency	Housing Choice Vouchers 14.871	Total
Central Office 14.850a	Other Business	Total Business Activities			
\$ 152,457	\$ 1,322,888	\$ 1,475,345	\$ -	\$ -	\$ 4,880,011
1,144	-	1,144	-	288,020	386,039
-	7,562	7,562	-	-	77,570
-	-	-	-	3,411	19,829
-	-	-	-	-	52,849
-	-	-	20,840	960	21,800
-	-	-	-	-	10,243
-	-	-	-	-	(834)
481	1,466	1,947	-	1,884	14,751
-	-	-	-	322,320	322,320
-	353,640	353,640	-	-	4,412,768
-	1,477,865	1,477,865	-	-	17,067,766
32,718	129,671	162,389	-	35,470	428,906
(25,718)	(297,555)	(323,273)	-	(35,470)	(12,457,673)
-	336,450	336,450	-	-	336,450
158,184	-	158,184	21,879	92,329	504,847
<u>319,266</u>	<u>3,331,987</u>	<u>3,651,253</u>	<u>42,719</u>	<u>708,924</u>	<u>16,077,642</u>
1,144	-	1,144	341	3,411	21,315
7,327	-	7,327	2,307	4,354	25,148
300	-	300	18	155	799
-	-	-	16,595	-	69,444
-	7,562	7,562	-	-	139,290
-	2,345	2,345	-	230	23,722
-	-	-	-	170,042	266,918
26,392	-	26,392	1,579	13,644	70,339
754,635	-	754,635	13,352	502,156	2,430,998
96,295	-	96,295	5,091	61,782	309,368
<u>886,093</u>	<u>9,907</u>	<u>896,000</u>	<u>39,283</u>	<u>755,774</u>	<u>3,357,341</u>
7,000	1,663,621	1,670,621	-	-	9,451,767
-	-	-	-	65,457	65,457
(573,827)	1,658,459	1,084,632	3,436	(112,307)	3,203,077
<u>(566,827)</u>	<u>3,322,080</u>	<u>2,755,253</u>	<u>3,436</u>	<u>(46,850)</u>	<u>12,720,301</u>
<u>\$ 319,266</u>	<u>\$ 3,331,987</u>	<u>\$ 3,651,253</u>	<u>\$ 42,719</u>	<u>\$ 708,924</u>	<u>\$ 16,077,642</u>

City of Chandler
Financial Data Sheet
Housing and Redevelopment
For the year ended June 30, 2017

Statement of Revenues, Expenses, and Changes in Fund Net Position - All HUD Programs

FDS Line #	Account description	Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
REVENUES				
70300	Net tenant rental revenue	\$ 401,253	\$ 448,756	\$ 850,009
70400	Tenant revenue - other	37,648	20,921	58,569
70600	HUD operating grants	646,799	332,021	978,820
70610	HUD capital grants	121,993	225,451	347,444
70710	Management fees earned	-	-	-
70720	Asset management fees earned	-	-	-
70730	Bookkeeping fees earned	-	-	-
71100	Investment income - unrestricted	6,053	4,943	10,996
713	Proceeds from disposition of assets held for sale	-	-	-
71400	Fraud recovery	-	-	-
71500	Other revenue	-	-	-
	TOTAL REVENUES	1,213,746	1,032,092	2,245,838
EXPENSES				
91100	Administrative salaries	\$ 87,360	\$ 85,098	\$ 172,458
91200	Auditing fees	2,673	2,187	4,860
91300	Management fees	120,453	103,591	224,044
91310	Bookkeeping fees	14,542	12,518	27,060
91500	Employee benefit contributions - administrative	37,239	40,149	77,388
91600	Office expenses	15,125	13,579	28,704
91800	Travel	-	-	-
91900	Other operating - administrative	-	-	-
92000	Asset management fees	19,560	16,800	36,360
92100	Tenant services - salaries	58,105	-	58,105
92300	Employee benefit contributions - tenant services	18,952	-	18,952
92400	Tenant services - other	330	275	605
93100	Water	44,764	2,451	47,215
93200	Electricity	42,415	6,535	48,950
93300	Gas	1,375	14	1,389
93800	Other utility expenditures	29,079	3,948	33,027
94100	Ordinary maintenance and operations - labor	146,331	134,701	281,032
94200	Ordinary maintenance and operations - materials	73,964	57,294	131,258
94300	Ordinary maintenance and operations - contract costs	153,088	174,572	327,660
94500	Ordinary maintenance and operations - ordinary maintenance	55,829	62,313	118,142
96200	Other general expenditures	9,886	1,320	11,206
96210	Compensated absences	19,758	9,292	29,050
96400	Bad debt - tenant rents	3,788	5,833	9,621
	Total operating expenditures	954,616	732,470	1,687,086
	Other expenditures:			
97300	Housing assistance payments	-	-	-
97350	HAP portability-in	-	-	-
97400	Depreciation	178,851	307,671	486,522
	TOTAL EXPENDITURES	1,133,467	1,040,141	2,173,608
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)		80,279	(8,049)	72,230
OTHER FINANCING SOURCES (USES)				
10030	Operating transfers in from primary government	128,808	-	128,808
11040	Prior period adjustments and equity transfers	(12,203)	3,265	(8,938)
	TOTAL OTHER FINANCING SOURCES (USES)	116,605	3,265	119,870
CHANGE IN NET POSITION		196,884	(4,784)	192,100
TOTAL NET POSITION, BEGINNING OF YEAR		3,006,012	6,810,351	9,816,363
NET POSITION, END OF YEAR		\$ 3,202,896	\$ 6,805,567	\$ 10,008,463
OTHER MEMORANDUM AMOUNTS				
11170	Administrative fee equity	-	-	-
11180	Housing assistance payment equity	-	-	-
11190	Unit months available	1,956	1,680	3,636
11210	Number of unit months leased	1,939	1,668	3,607
11270	Excess cash	1,677,099	1,444,229	3,121,328
11620	Building purchases	121,993	225,451	347,444

Business Activities			PIH Family Self-Sufficiency Program 14.896	Housing Choice Vouchers 14.871	Eliminations	Total
Central Office 14.850a	Other Business	Total Business Activities				
\$ -	\$ 96,061	\$ 96,061	\$ -	\$ -	\$ -	\$ 946,070
-	250	250	-	-	-	58,819
-	-	-	127,776	4,688,841	-	5,795,437
-	-	-	-	-	-	347,444
297,003	-	297,003	-	-	(297,003)	-
36,360	-	36,360	-	-	(36,360)	-
69,997	-	69,997	-	-	(69,997)	-
979	1,050	2,029	-	2,780	-	15,805
-	27,500	27,500	-	-	-	27,500
-	-	-	-	4,362	-	4,362
-	-	-	-	91,506	-	91,506
<u>404,339</u>	<u>124,861</u>	<u>529,200</u>	<u>127,776</u>	<u>4,787,489</u>	<u>(403,360)</u>	<u>7,286,943</u>
\$ 343,685	\$ 341	\$ 344,026	\$ 91,309	\$ 177,926	\$ -	\$ 785,719
-	-	-	-	3,645	-	8,505
-	5,555	5,555	-	67,404	(297,003)	-
-	810	810	-	42,127	(69,997)	-
128,604	294	128,898	31,434	90,528	-	328,248
865	-	865	-	27,557	-	57,126
1,132	-	1,132	-	-	-	1,132
7,642	3,909	11,551	-	45,536	-	57,087
-	-	-	-	-	(36,360)	-
-	-	-	-	-	-	58,105
-	-	-	-	-	-	18,952
-	-	-	-	-	-	605
-	-	-	-	-	-	47,215
-	788	788	-	-	-	49,738
-	-	-	-	-	-	1,389
-	-	-	-	-	-	33,027
-	-	-	-	-	-	281,032
-	641	641	-	-	-	131,899
-	23,735	23,735	-	-	-	351,395
-	-	-	-	-	-	118,142
-	-	-	-	7,280	-	18,486
26,692	-	26,692	1,597	13,799	-	71,138
-	-	-	-	-	-	9,621
<u>508,620</u>	<u>36,073</u>	<u>544,693</u>	<u>124,340</u>	<u>475,802</u>	<u>(403,360)</u>	<u>2,428,561</u>
-	-	-	-	4,292,369	-	4,292,369
-	-	-	-	73,790	-	73,790
-	36,962	36,962	-	-	-	523,484
<u>508,620</u>	<u>73,035</u>	<u>581,655</u>	<u>124,340</u>	<u>4,841,961</u>	<u>(403,360)</u>	<u>7,318,204</u>
<u>(104,281)</u>	<u>51,826</u>	<u>(52,455)</u>	<u>3,436</u>	<u>(54,472)</u>	<u>-</u>	<u>(31,261)</u>
135,000	-	135,000	-	150,000	-	413,808
408	383	791	-	835	-	(7,312)
<u>135,408</u>	<u>383</u>	<u>135,791</u>	<u>-</u>	<u>150,835</u>	<u>-</u>	<u>406,496</u>
31,127	52,209	83,336	3,436	96,363	-	375,235
<u>(597,955)</u>	<u>3,269,871</u>	<u>2,671,916</u>	<u>-</u>	<u>(143,213)</u>	<u>-</u>	<u>12,345,066</u>
<u>\$ (566,828)</u>	<u>\$ 3,322,080</u>	<u>\$ 2,755,252</u>	<u>\$ 3,436</u>	<u>\$ (46,850)</u>	<u>\$ -</u>	<u>\$ 12,720,301</u>
-	-	-	-	(196,469)	-	(196,469)
-	-	-	-	149,619	-	149,619
-	126	126	-	5,832	-	9,594
-	121	121	-	5,617	-	9,345
-	-	-	-	-	-	3,121,328
-	-	-	-	-	-	347,444



Chandler + Arizona
Where Values Make The Difference

Statistical Section



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

Chandler's workforce is one of the most professional and compassionate in government today. Our dedication to service — at a low cost to you, the taxpayer — is one more reason why we continue to thrive.



CHANDLER CITY HALL

CITY OF CHANDLER, ARIZONA

Statistical Section

This part of the City of Chandler’s comprehensive annual 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.

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Financial Trends

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Schedules 1-6 contain information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity

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Schedules 7-9 contain information to help the reader assess the factors affecting the City’s ability to generate its sales and use tax.

Debt Capacity

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Schedules 10-13 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.

Demographic and Economic Information

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Schedules 14-15 offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.

Operating Information

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Schedules 16-18 contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

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

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 353,996,843	\$ 433,851,899	\$ 537,576,346	\$ 534,292,488
Restricted	56,979,639	117,712,539	94,440,806	41,906,129
Unrestricted	341,971,306	271,690,158	198,059,181	260,307,288
Total governmental activities net position	<u>752,947,788</u>	<u>823,254,596</u>	<u>830,076,333</u>	<u>836,505,905</u>
Business-type activities				
Net investment in capital assets	427,130,654	387,401,986	298,938,820	281,936,017
Restricted	24,319,427	-	-	-
Unrestricted	45,300,009	98,413,928	163,103,784	168,164,942
Total business-type activities net position	<u>496,750,090</u>	<u>485,815,914</u>	<u>462,042,604</u>	<u>450,100,959</u>
Primary government				
Net investment in capital assets	781,127,497	821,253,885	836,515,166	816,228,505
Restricted	81,299,066	117,712,539	94,440,806	41,906,129
Unrestricted	387,271,315	370,104,086	361,162,965	428,472,230
Total primary government net position	<u>\$ 1,249,697,878</u>	<u>\$ 1,309,070,510</u>	<u>\$ 1,292,118,937</u>	<u>\$ 1,286,606,864</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 545,926,100	\$ 558,279,485	\$ 563,033,503	\$ 567,041,560	\$ 579,591,241	\$ 587,213,640
44,047,942	112,307,412	105,723,768	108,965,994	121,767,847	122,006,140
259,783,598	179,518,042	183,088,676	7,709,550	(5,872,464)	(36,358,845)
<u>849,757,640</u>	<u>850,104,939</u>	<u>851,845,947</u>	<u>683,717,104</u>	<u>695,486,624</u>	<u>672,860,935</u>
280,440,445	355,015,004	388,837,444	380,427,606	342,252,306	439,823,546
-	-	-	119,075	31,365,801	32,977,926
179,339,498	176,961,822	206,284,498	217,824,645	258,806,679	176,390,803
<u>459,779,943</u>	<u>531,976,826</u>	<u>595,121,942</u>	<u>598,371,326</u>	<u>632,424,786</u>	<u>649,192,275</u>
826,366,545	913,294,489	951,870,947	947,469,166	921,843,547	1,027,037,186
44,047,942	112,307,412	105,723,768	109,085,069	153,133,648	155,184,734
439,123,096	356,479,864	389,373,174	225,534,195	252,934,215	139,831,290
<u>\$ 1,309,537,583</u>	<u>\$ 1,382,081,765</u>	<u>\$ 1,446,967,889</u>	<u>\$ 1,282,088,430</u>	<u>\$ 1,327,911,410</u>	<u>\$ 1,322,053,210</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 54,459,719	\$ 52,293,004	\$ 48,920,813	\$ 67,808,567
Public safety	80,860,917	87,609,165	92,421,801	90,738,477
Community development	11,692,559	10,429,826	11,715,276	-
Public works	39,241,652	47,180,197	56,155,939	-
Transportation and development	-	-	-	50,909,361
Community services	33,086,565	34,278,998	35,299,676	28,919,560
Interest and fiscal charges	14,880,604	12,938,524	13,541,708	12,767,934
Total governmental activities expenses	<u>234,222,016</u>	<u>244,729,714</u>	<u>258,055,213</u>	<u>251,143,899</u>
Business-type activities:				
Water	53,554,653	53,201,379	62,556,496	57,452,876
Wastewater	30,657,939	36,079,767	38,227,999	37,896,180
Solid waste	6,845,979	12,076,998	14,605,448	13,443,102
Airport	1,602,268	2,269,691	1,797,991	2,107,354
Chandler housing authority	7,593,242	7,239,185	7,654,449	7,580,783
Total business-type activities expenses	<u>100,254,081</u>	<u>110,867,020</u>	<u>124,842,383</u>	<u>118,480,295</u>
Total primary government expenses	<u>\$ 334,476,097</u>	<u>\$ 355,596,734</u>	<u>\$ 382,897,596</u>	<u>\$ 369,624,194</u>

(1) In FY 2011 the City changed its functional categories to eliminate "Community development" and "Public works" and add "Transportation and development."

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 88,876,901	\$ 90,143,339	\$ 99,231,501	\$ 104,456,315	\$ 112,514,903	\$ 104,998,802	
89,141,559	95,974,126	94,738,371	102,050,425	111,568,323	149,366,614	
-	-	-	-	-	-	
-	-	-	-	-	-	
52,111,019	55,846,316	52,183,052	51,714,085	55,012,081	56,752,197	
28,966,271	30,979,208	32,331,286	31,784,321	31,441,019	32,599,549	
12,425,819	11,777,701	10,044,363	6,986,490	7,884,146	6,623,830	
<u>271,521,569</u>	<u>284,720,690</u>	<u>288,528,573</u>	<u>296,991,636</u>	<u>318,420,472</u>	<u>350,340,992</u>	
56,277,327	55,440,712	55,877,774	55,470,724	54,075,742	63,236,746	
38,804,360	40,401,849	41,969,764	50,823,497	51,034,921	58,112,931	
13,756,352	13,974,858	14,131,202	14,087,780	13,925,017	14,380,178	
1,941,752	1,960,788	1,980,706	1,860,057	2,011,880	1,893,830	
7,642,503	7,473,891	7,616,301	7,433,284	7,267,806	7,728,876	
<u>118,422,294</u>	<u>119,252,098</u>	<u>121,575,747</u>	<u>129,675,342</u>	<u>128,315,366</u>	<u>145,352,561</u>	
\$ <u>389,943,863</u>	\$ <u>403,972,788</u>	\$ <u>410,104,320</u>	\$ <u>426,666,978</u>	\$ <u>446,735,838</u>	\$ <u>495,693,553</u>	

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

	Fiscal Year			
	2008	2009	2010	2011
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 12,629,779	\$ 14,349,483	\$ 16,621,003	\$ 22,548,679
Public safety	4,317,843	4,802,272	7,110,304	5,658,628
Community development	5,488,535	3,581,458	3,336,188	- (1)
Public works	15,831,165	5,226,726	6,025,846	- (1)
Transportation and development	-	-	-	11,884,554 (1)
Community services	2,699,469	5,235,864	4,515,980	4,079,359
Operating grants and contributions	1,897,300	2,337,910	5,510,710	5,890,147
Capital grants and contributions	36,104,151	23,902,360	8,159,960	16,041,213
Total governmental activities program revenues	<u>78,968,242</u>	<u>59,436,073</u>	<u>51,279,991</u>	<u>66,102,580</u>
Business-type activities:				
Charges for services:				
Water	40,613,727	39,707,910	42,276,145	43,708,974
Wastewater	25,145,258	25,922,530	28,406,808	31,610,009
Solid waste	12,979,695	12,762,120	12,891,628	13,277,403
Airport	773,449	741,556	815,751	995,307
Community services - housing authority	1,061,658	595,420	521,404	457,781
Operating grants and contributions	6,114,138	6,225,928	6,367,024	6,297,200
Capital grants and contributions	19,782,193	9,110,319	8,484,239	8,659,772
Total business-type activities program revenues	<u>106,470,118</u>	<u>95,065,783</u>	<u>99,762,999</u>	<u>105,006,446</u>
Total primary government program revenues	<u>\$ 185,438,360</u>	<u>\$ 154,501,856</u>	<u>\$ 151,042,990</u>	<u>\$ 171,109,026</u>
Net (expense)/revenue				
Governmental activities	(155,253,774)	(185,293,641)	(206,775,222)	(185,041,319)
Business-type activities	6,216,037	(15,801,237)	(25,079,384)	(13,473,849)
Total primary government net (expense)	<u>\$ (149,037,737)</u>	<u>\$ (201,094,878)</u>	<u>\$ (231,854,606)</u>	<u>\$ (198,515,168)</u>

(1) In FY 2011 the City changed its functional categories to eliminate "Community development" and "Public works" and add "Transportation and development."

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 31,381,062	\$ 35,898,378	\$ 38,832,217	\$ 39,207,061	\$ 42,021,638	\$ 41,400,079
5,794,329	7,375,050	5,861,044	6,469,215	7,471,344	6,561,052
-	-	-	-	-	-
-	-	-	-	-	-
27,905,311	10,150,102	16,145,692	14,438,138	16,538,175	16,333,273
4,136,285	8,240,732	7,744,507	7,551,166	10,792,114	10,732,351
6,162,320	3,999,536	4,744,636	3,514,714	5,188,787	4,481,750
11,016,136	9,116,635	10,170,236	13,133,637	16,725,462	9,702,683
<u>86,395,443</u>	<u>74,780,433</u>	<u>83,498,332</u>	<u>84,313,931</u>	<u>98,737,520</u>	<u>89,211,188</u>
49,565,071	48,258,282	49,588,376	48,045,103	50,483,097	53,251,020
35,907,085	37,690,400	40,509,289	45,666,777	51,321,346	53,563,934
13,890,957	13,836,363	14,034,894	14,140,246	14,940,591	15,648,992
996,605	976,102	961,067	1,010,288	946,419	950,294
466,556	637,329	806,540	877,380	946,408	954,070
6,341,087	5,785,335	5,457,991	5,862,477	5,784,021	6,198,797
19,118,567	81,572,568	72,176,582	35,357,741	32,690,364	27,645,932
<u>126,285,928</u>	<u>188,756,379</u>	<u>183,534,739</u>	<u>150,960,012</u>	<u>157,112,246</u>	<u>158,213,039</u>
<u>\$ 212,681,371</u>	<u>\$ 263,536,812</u>	<u>\$ 267,033,071</u>	<u>\$ 235,273,943</u>	<u>\$ 255,849,766</u>	<u>\$ 247,424,227</u>
(185,126,126)	(209,940,257)	(205,030,041)	(212,677,705)	(219,682,952)	(261,129,804)
7,863,634	69,504,281	61,958,992	21,284,670	28,796,880	12,860,478
<u>\$ (177,262,492)</u>	<u>\$ (140,435,976)</u>	<u>\$ (143,071,049)</u>	<u>\$ (191,393,035)</u>	<u>\$ (190,886,072)</u>	<u>\$ (248,269,326)</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 34,063,123	\$ 38,957,986	\$ 40,617,269	\$ 36,158,574
Sales taxes	97,226,841	85,897,334	83,019,726	86,523,295
Highway user taxes	15,856,863	13,849,284	13,116,481	13,287,878
Other taxes	3,786,677	7,921,275	13,965,973	88,561
Franchise fees	3,937,952	3,264,093	3,174,390	2,819,521
State shared revenues	62,970,459	61,211,289	54,492,427	47,732,614
Investment income	20,823,059	10,045,274	3,487,145	1,841,244
Miscellaneous	767,221	995,606	850,191	3,071,588
Transfers in (out)	534,086	(1,542,346)	873,357	(244,702)
Total governmental activities	<u>239,966,281</u>	<u>220,599,795</u>	<u>213,596,959</u>	<u>191,278,573</u>
Business-type activities:				
Sales tax	-	-	-	-
Investment income	5,906,545	2,536,237	756,641	533,313
Miscellaneous	1,792,816	788,478	1,422,790	946,507
Transfers in (out)	(534,086)	1,542,346	(873,357)	244,702
Total business-type activities:	<u>7,165,275</u>	<u>4,867,061</u>	<u>1,306,074</u>	<u>1,724,522</u>
Total primary government	<u>\$ 247,131,556</u>	<u>\$ 225,466,856</u>	<u>\$ 214,903,033</u>	<u>\$ 193,003,095</u>
Change in Net Position				
Governmental activities	84,712,507	35,306,154	6,821,737	6,237,254
Business-type activities	13,381,312	(10,934,176)	(23,773,310)	(11,749,327)
Total primary government	<u>\$ 98,093,819</u>	<u>\$ 24,371,978</u>	<u>\$ (16,951,573)</u>	<u>\$ (5,512,073)</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 31,877,716	\$ 29,656,415	\$ 28,348,952	\$ 28,708,033	\$ 29,214,103	\$ 29,837,763
97,485,387	102,200,517	103,880,801	108,657,130	112,250,883	120,189,651
11,823,280	12,929,504	13,352,622	14,633,470	15,303,635	16,683,743
5,979,715	6,295,212	3,243,937	10,106,891	6,100,475	664,616
2,988,456	2,936,533	3,145,449	3,300,129	3,344,817	3,285,267
45,958,627	51,347,206	55,423,759	59,236,588	60,712,442	65,924,228
1,221,923	2,843,417	1,869,128	1,763,585	3,834,840	1,063,997
1,116,832	2,181,627	819,766	1,197,215	1,124,559	1,014,665
(74,075)	(102,875)	(132,082)	(123,350)	(433,282)	(159,815)
<u>198,377,861</u>	<u>210,287,556</u>	<u>209,952,332</u>	<u>227,479,691</u>	<u>231,452,472</u>	<u>238,504,115</u>
-	-	70,065	10,865	10,391	10,682
389,446	1,180,290	788,025	819,556	2,180,447	938,491
1,351,829	1,409,437	1,683,332	2,475,760	2,632,460	2,798,023
74,075	102,875	132,082	123,350	433,282	159,815
<u>1,815,350</u>	<u>2,692,602</u>	<u>2,673,504</u>	<u>3,429,531</u>	<u>5,256,580</u>	<u>3,907,011</u>
<u>\$ 200,193,211</u>	<u>\$ 212,980,158</u>	<u>\$ 212,625,836</u>	<u>\$ 230,909,222</u>	<u>\$ 236,709,052</u>	<u>\$ 242,411,126</u>
13,251,735	347,299	4,922,291	14,801,986	11,769,520	(22,625,689)
9,678,984	72,196,883	64,632,496	24,714,201	34,053,460	16,767,489
<u>\$ 22,930,719</u>	<u>\$ 72,544,182</u>	<u>\$ 69,554,787</u>	<u>\$ 39,516,187</u>	<u>\$ 45,822,980</u>	<u>\$ (5,858,200)</u>

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

	Fiscal Year			
	2008	2009	2010	2011
General fund				
Reserved	\$ 28,237,521	\$ 30,482,311	\$ 62,149,646	\$ - (1)
Unreserved	196,093,067	194,457,561	137,041,044	- (1)
Nonspendable	-	-	-	893,067 (1)
Restricted	-	-	-	844,754 (1)
Assigned	-	-	-	61,733,537 (1)
Unassigned	-	-	-	98,872,954 (1)
Total general fund	<u>\$ 224,330,588</u>	<u>\$ 224,939,872</u>	<u>\$ 199,190,690</u>	<u>\$ 162,344,312</u>
All other governmental funds				
Reserved	\$ 43,039,742	\$ 97,267,450	\$ 61,355,662	\$ - (1)
Unreserved, reported in:				
Special revenue funds	17,752,306	18,786,740	18,103,651	- (1)
Capital projects funds	11,608,190	7,868,412	7,379,375	- (1)
Nonspendable	-	-	-	- (1)
Restricted	-	-	-	105,756,072 (1)
Unassigned	-	-	-	(12,315,197) (1)
Total all other governmental funds	<u>\$ 72,400,238</u>	<u>\$ 123,922,602</u>	<u>\$ 86,838,688</u>	<u>\$ 93,440,875</u>

(1) In FY 2011 the City implemented GASB statement No. 54, thus changing how fund balance is categorized.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
947,804	938,549	892,533	941,359	907,594	979,446
939,867	939,867	1,166,105	1,792,180	1,566,618	1,451,061
102,635,587	101,115,766	95,185,696	102,222,466	109,958,162	101,620,277
69,223,074	66,077,714	82,453,462	80,152,269	68,567,835	87,492,981
<u>\$ 173,746,332</u>	<u>\$ 169,071,896</u>	<u>\$ 179,697,796</u>	<u>\$ 185,108,274</u>	<u>\$ 181,000,209</u>	<u>\$ 191,543,765</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	7,422
111,378,788	111,367,545	104,557,663	107,173,814	120,201,229	120,640,190
(12,798,348)	(13,646,428)	(11,034,021)	(15,322,260)	(11,877,159)	(11,350,383)
<u>\$ 98,580,440</u>	<u>\$ 97,721,117</u>	<u>\$ 93,523,642</u>	<u>\$ 91,851,554</u>	<u>\$ 108,324,070</u>	<u>\$ 109,297,229</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Property taxes	\$ 33,844,181	\$ 38,677,156	\$ 40,259,579	\$ 36,301,709
Sales taxes	97,226,841	85,897,334	83,019,726	86,523,295
Highway user taxes	15,856,863	13,849,284	13,116,481	13,287,878
Other taxes	3,786,677	7,921,275	13,965,973	88,561
Franchise fees	3,937,952	3,264,093	3,174,390	2,819,521
State shared revenues	62,970,459	61,211,289	54,492,427	47,732,614
Grants and entitlements	10,553,680	18,168,904	10,377,502	14,759,620
System development fees	8,111,597	4,475,029	4,768,306	6,739,920
Special assessments	426,428	863,747	663,209	673,064
License and permits	3,894,368	2,667,720	2,758,392	3,208,944
Charges for current services	17,254,859	19,492,740	19,420,434	18,002,168
Fines and forfeitures	4,342,621	4,912,159	5,336,294	4,697,317
Rentals	94,575	138,667	101,322	387,952
Contributions	50,000	50,000	50,000	100,000
Investment income	18,334,581	8,825,695	3,171,308	1,635,258
Miscellaneous	1,255,681	1,661,772	1,913,571	4,593,104
Total revenues	\$ 281,941,363	\$ 272,076,864	\$ 256,588,914	\$ 241,550,925

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 32,329,560	\$ 29,841,739	\$ 28,442,823	\$ 28,899,684	\$ 29,237,607	\$ 29,692,846
97,485,387	102,200,517	103,880,801	108,657,130	112,250,883	120,189,651
11,823,280	12,929,504	13,352,622	14,633,470	6,100,475	16,683,743
5,979,715	6,295,212	3,243,937	10,106,891	3,344,817	664,616
2,988,456	2,936,533	3,145,449	3,300,129	15,303,635	3,285,267
45,958,627	51,347,206	55,423,759	59,236,588	60,712,442	65,924,228
13,826,606	9,480,090	10,187,895	10,638,831	16,159,064	12,677,860
11,724,823	7,781,083	11,846,275	10,585,623	16,217,004	14,683,327
678,027	676,127	678,843	573,438	606,757	607,191
6,955,605	4,887,466	5,479,384	5,146,556	6,634,161	7,075,996
19,938,566	19,786,513	20,269,976	20,110,036	19,705,786	20,869,517
4,700,430	5,825,098	4,622,215	4,601,501	4,828,174	3,908,387
455,842	570,638	732,807	751,163	974,192	678,387
100,000	100,000	100,000	150,000	200,000	200,000
1,034,895	2,529,078	1,623,973	1,562,241	3,409,065	921,195
1,392,691	1,384,123	650,117	572,252	897,102	494,984
<u>\$ 257,372,510</u>	<u>\$ 258,570,927</u>	<u>\$ 263,680,876</u>	<u>\$ 279,525,533</u>	<u>\$ 296,581,164</u>	<u>\$ 298,557,195</u>

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

	Fiscal Year			
	2008	2009	2010	2011
General government	\$ 51,261,849	\$ 40,503,113	\$ 44,663,091	\$ 43,636,784
Public safety	78,306,604	84,493,816	85,390,303	84,007,752
Community development	11,593,642	10,509,467	11,614,214	-
Public works	19,306,381	19,283,643	17,664,633	-
Transportation and development	-	-	-	22,126,233
Community services	28,830,926	29,916,002	30,078,856	22,836,317
Capital improvements	104,836,442	124,680,957	106,366,737	67,299,941
Debt service:				
Principal retirement	16,659,500	15,275,000	17,260,000	15,090,000
Interest and fiscal charges	14,437,346	13,059,295	13,646,479	12,901,616
Bond issuance costs	179,201	961,100	183,969	278,512
Total expenditures	\$ 325,411,891	\$ 338,682,393	\$ 326,868,282	\$ 268,177,155
Debt service as a percentage of noncapital expenditures	14.1%	12.5%	13.3%	13.3%

(1) In FY 2011 the City changed its functional categories to eliminate "Community development" and "Public works" and add "Transportation and development."

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

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 48,894,811	\$ 44,512,533	\$ 46,807,747	\$ 46,895,106	\$ 52,138,384	\$ 50,892,490	
82,820,106	89,587,613	90,068,218	93,773,306	104,605,663	103,167,906	
-	-	-	-	-	-	
-	-	-	-	-	-	
25,532,739	24,807,578	23,418,175	24,769,553	25,471,154	28,294,221	
23,255,568	23,554,854	23,771,925	24,569,283	24,988,844	26,605,279	
29,787,069	41,793,319	45,657,265	56,539,116	50,009,243	44,712,255	
15,970,000	26,870,000	15,955,000	21,490,000	17,465,000	25,240,000	(2)
12,550,323	11,908,025	10,682,206	7,737,974	8,635,631	7,689,305	
-	-	145,970	722,293	-	249,838	
<u>\$ 238,810,616</u>	<u>\$ 263,033,922</u>	<u>\$ 256,506,506</u>	<u>\$ 276,496,631</u>	<u>\$ 283,313,919</u>	<u>\$ 286,851,294</u>	
13.5%	16.4%	11.6%	11.7%	10.2%	13.0%	

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			
	2008	2009	2010	2011
Other Financing Sources (Uses)				
Bond premium	\$ 165,431	\$ 2,348,878	\$ 290,569	\$ 1,047,424
Face amount of bonds issued	7,370,000	120,513,000	10,450,000	20,285,000
Proceeds from sale of capital assets	280,969	219,793	97,609	108,929
Payment to escrow agent	-	-	(10,556,600)	(10,816,839)
Transfers in	38,442,603	40,593,319	46,309,016	41,605,646
Transfers out	(41,108,342)	(44,937,903)	(39,144,322)	(56,040,439)
Total other financing sources and (uses)	<u>5,150,661</u>	<u>118,737,087</u>	<u>7,446,272</u>	<u>(3,810,279)</u>
Net change in fund balances	<u>\$ (38,319,867)</u>	<u>\$ 52,131,648</u>	<u>\$ (62,833,096)</u>	<u>\$ (30,436,509)</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ 562,052	\$ 17,045,635	\$ -	\$ 6,339,230
-	-	8,660,000	128,254,000	-	25,500,000
89,007	76,381	161,126	103,964	463,709	652,882
-	-	(9,061,800)	(143,635,520)	-	(31,589,392)
20,576,188	32,849,979	24,586,418	28,717,990	27,885,557	28,116,369
(22,685,504)	(33,997,394)	(25,653,741)	(29,776,581)	(29,252,060)	(29,208,275)
(2,020,309)	(1,071,034)	(745,945)	709,488	(902,794)	(189,186)
\$ 16,541,585	\$ (5,533,759)	\$ 6,428,425	\$ 3,738,390	\$ 12,364,451	\$ 11,516,715



Chandler + Arizona
Where Values Make The Difference

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

Schedule 7

	Fiscal Year				Fiscal Year					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Amusements	\$ 660,985	\$ 623,159	\$ 602,027	\$ 673,666	\$ 714,641	\$ 717,442	\$ 728,110	\$ 895,730	\$ 1,019,939	\$ 1,019,938
Contracting	15,519,590	9,352,480	6,573,348	6,380,957	10,869,566	10,408,518	9,780,645	8,870,092	8,855,057	11,496,791
General Retail	41,253,934	36,851,140	36,560,075	38,741,270	42,844,871	45,331,307	47,454,682	49,740,000	51,191,162	53,137,169
Hotel/Motel	2,103,714	1,672,893	1,611,912	1,973,790	2,255,786	2,288,989	2,472,754	2,892,470	2,957,685	3,424,279
Miscellaneous Related Revenue (1)	3,329,891	2,774,033	2,911,821	2,551,354	2,334,179	2,937,426	2,660,201	2,815,040	2,745,130	2,527,981
Publishing	492,770	389,046	382,080	351,250	352,550	334,981	258,547	260,712	248,433	186,862
Rentals - Personal Property	2,177,125	2,474,464	2,389,241	2,462,219	2,606,371	2,884,618	2,949,421	3,261,716	3,125,459	3,611,180
Rentals - Real Property	8,449,059	8,520,878	8,921,788	9,479,850	10,025,726	10,817,611	11,058,203	11,967,509	13,217,561	13,647,156
Restaurant/Bar	7,908,883	7,267,718	7,436,900	7,971,183	8,670,199	9,069,109	9,542,714	10,188,718	10,752,479	11,341,714
Telecommunications	3,978,715	4,057,982	3,974,448	3,524,076	3,628,007	3,731,350	3,533,636	3,435,949	3,234,369	2,796,065
Use Tax	950,808	930,636	869,092	1,000,342	1,054,968	1,315,599	1,090,428	1,145,534	1,127,257	3,619,340
Utilities	10,401,302	10,982,905	10,786,994	11,413,338	12,128,475	12,363,565	12,421,526	13,194,526	13,786,741	13,391,857
Total Sales and Use Taxes	\$ 97,226,776	\$ 85,897,334	\$ 83,019,726	\$ 86,523,295	\$ 97,485,337	\$ 102,200,515	\$ 103,950,867	\$ 108,667,995	\$ 112,261,274	\$ 120,200,332
City Direct Sales Tax Rate (2)	1.72%	1.75%	1.75%	1.77%	1.76%	1.75%	1.75%	1.76%	1.76%	1.75%

Source: Tax & License Division

(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%.

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

Schedule 8

Fiscal Year	City Direct Tax Rate ¹	Overlapping Rates		
		Maricopa County Tax Rate ²	State of Arizona Tax Rate ³	Tourism & Sports Authority Tax Rate ⁴
2008	1.72%	0.68%	5.09%	0.02%
2009	1.75%	0.67%	5.10%	0.02%
2010	1.75%	0.67%	5.86%	0.02%
2011	1.77%	0.67%	5.85%	0.02%
2012	1.76%	0.67%	5.90%	0.02%
2013	1.75%	0.67%	5.80%	0.02%
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%

Source: Tax & License Division

¹ The City's direct tax rate was calculated using a weighted average of the actual revenues collected for in each category. Tax rates vary by category, currently ranging from 1.5% to 4.4%. City tax rates were last increased effective 5/01/1994.

² The overlapping County tax rate was calculated using a weighted average of the actual revenues the City collected for in each category. Tax rates vary by category, currently ranging from 0.5% to 0.77%. No rate changes 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 in 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 6/01/2010 through 5/31/2013.

⁴ The Tourism & Sports Authority (TSA) tax rate was authorized by Maricopa County voters on November 7, 2000. An additional tax rate of 1.0% is 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 in this category.

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

Schedule 9

Taxpayer	Business Type	Fiscal Year 2017			Fiscal Year 2008		
		Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments	Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments
Taxpayer A	Utility	\$ 10,768,570	1	8.96%	\$ 7,417,028	1	7.63%
Taxpayer B	Department Store	5,301,853	2	4.41%	2,401,856	2	2.47%
Taxpayer C	Grocery Store	3,802,965	3	3.16%	2,209,475	3	2.27%
Taxpayer D	Home Improvement	2,424,341	4	2.02%	1,510,381	4	1.55%
Taxpayer E	Vehicle Dealer	2,364,881	5	1.97%	1,479,721	5	1.52%
Taxpayer F	Department Store	2,115,276	6	1.76%	1,402,927	6	1.44%
Taxpayer G	Department Store	2,004,950	7	1.67%	1,385,439	7	1.42%
Taxpayer H	Vehicle Dealer	1,710,310	8	1.42%			
Taxpayer I	Utility	1,395,109	9	1.16%	1,136,918	10	1.17%
Taxpayer J	Telecommunications	1,202,617	10	1.00%			
Taxpayer K	Grocery Store				1,269,767	8	1.31%
Taxpayer L	Department Store				1,243,635	9	1.28%
		<u>\$ 33,090,871</u>		<u>27.53%</u>	<u>\$ 21,457,145</u>		<u>22.07%</u>

Source: Tax & License Division

Notes: 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 Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Accrued Interest - Capital Appreciation Bonds	General Obligation Bonds Issuance Premiums	Revenue Bonds Issuance Premiums	Special Assessment Bonds Issuance Premiums
2008	187,645,000	37,655,000	8,345,000	35,000,654	-	-	-
2009	294,588,000	34,690,000	7,820,000	-	-	-	-
2010	282,888,000	31,800,000	7,315,000	-	-	-	-
2011	279,968,000	28,620,000	6,190,000	-	-	-	-
2012	268,148,000	25,745,000	5,780,000	-	-	-	-
2013	256,288,000	22,045,000	5,350,000	-	-	-	-
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

Business-type Activities						
Fiscal Year	General Obligation Bonds	Revenue Bonds	Excise Tax Revenue Obligations	General Obligation Bonds Issuance Premiums	Revenue Bonds Issuance Premiums	Excise Tax Revenue Obligations Issuance Premiums
2008	60,395,000	93,000,000	-	-	-	-
2009	188,612,000	76,415,000	34,040,000	-	-	-
2010	185,032,000	67,580,000	34,040,000	-	-	-
2011	179,747,000	60,280,000	48,540,000	-	-	-
2012	170,987,000	52,670,000	47,440,000	-	-	-
2013	161,567,000	44,740,000	45,695,000	-	-	-
2014	150,972,000	36,095,000	148,380,000	2,220,807	1,705,732	8,502,636
2015	140,072,000	31,610,000	142,200,000	11,567,086	1,324,131	8,040,688
2016	127,782,000	24,850,000	204,090,000	10,630,056	832,855	11,447,974
2017	115,722,000	9,595,000	198,520,000	12,263,924	624,642	15,075,185

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
2008	248,040,000	-	248,040,000	26,166,428,389	0.95%	422,040,654	6.22%	1,804
2009	483,200,000	-	483,200,000	30,523,597,506	1.58%	636,165,000	9.20%	2,704
2010	467,920,000	-	467,920,000	31,011,422,761	1.51%	608,655,000	9.35%	2,578
2011	459,715,000	18,321,538	441,393,462	22,396,334,191	1.97%	603,345,000	9.22%	2,535
2012	439,135,000	19,258,684	419,876,316	21,102,582,630	1.99%	570,770,000	7.84%	2,383
2013	417,855,000	16,419,386	401,435,614	21,502,506,694	1.87%	535,685,000	6.71%	2,213
2014	384,650,000	16,186,172	368,463,828	23,588,561,444	1.56%	608,805,370	7.76%	2,521
2015	362,215,000	14,910,017	347,304,983	29,230,173,658	1.19%	593,320,112	7.15%	2,397
2016	332,870,000	15,281,782	317,588,218	31,514,093,091	1.01%	614,901,176	7.35%	2,465
2017	302,595,000	8,981,699	291,983,301	32,319,847,780	0.90%	568,997,296	6.20%	2,128

Notes: 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 14.

**CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
State of Arizona	None	4.61%	None
Maricopa County	None	7.07	None
Maricopa County Community College District	\$ 509,430,000	7.07	\$ 36,005,315
Maricopa County Special Healthcare District	73,000,000	7.07	5,159,468
Chandler Unified School District No. 80	216,610,000	72.63	157,318,721
Kyrene Elementary School District No. 28	167,225,000	20.95	35,038,400
Mesa Unified School District No. 4	250,590,000	4.68	11,724,949
Gilbert Unified School District No. 41	116,725,000	1.74	2,031,691
East Valley Institute of Technology	None	13.52	None
Subtotal, overlapping debt			247,278,544
City direct debt	302,595,000	100.00	302,595,000
Total direct and overlapping debt			<u>\$ 549,873,544</u>

Source: Piper Jaffray & Co.

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 2016-17 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**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 207,310,517	\$ 210,484,297	\$ 210,484,297	\$ 148,117,597
Total net debt applicable to limit	<u>7,795,000</u>	<u>10,934,000</u>	<u>9,494,000</u>	<u>13,361,000</u>
Legal debt margin	<u>\$ 199,515,517</u>	<u>\$ 199,550,297</u>	<u>\$ 200,990,297</u>	<u>\$ 134,756,597</u>
Total net debt applicable to the limit as a percentage of the debt limit	4%	5%	5%	9%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 691,035,056	\$ 701,614,322	\$ 701,614,322	\$ 493,725,323
Total net debt applicable to limit	<u>240,245,000</u>	<u>472,266,000</u>	<u>458,426,000</u>	<u>446,354,000</u>
Legal debt margin	<u>\$ 450,790,056</u>	<u>\$ 229,348,322</u>	<u>\$ 243,188,322</u>	<u>\$ 47,371,323</u>
Total net debt applicable to the limit as a percentage of the debt limit	35%	67%	65%	90%

Source: Piper Jaffray, Inc.

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

Legal Debt Margin Calculation for Fiscal Year 2017

Full Cash Assessed Valuation as of June 30, 2017	\$	3,307,214,933
Debt limit (6% of assessed value)		198,432,895
Debt applicable to limit:		
6% general obligation bonds		8,952,650
Legal 6% debt margin	\$	<u>189,480,245</u>
Debt limit (20% of assessed value)	\$	661,442,986
Debt applicable to limit:		
20% general obligation bonds		300,592,650
Legal 20% debt margin	\$	<u>360,850,336</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 135,310,758	\$ 130,522,600	\$ 142,895,404	\$ 142,827,478	\$ 190,024,847	\$ 198,432,895
<u>11,840,000</u>	<u>10,869,000</u>	<u>10,198,000</u>	<u>9,848,400</u>	<u>9,427,250</u>	<u>8,952,650</u>
<u>\$ 123,470,758</u>	<u>\$ 119,653,600</u>	<u>\$ 132,697,404</u>	<u>\$ 132,979,078</u>	<u>\$ 180,597,597</u>	<u>\$ 189,480,245</u>
9%	8%	7%	7%	5%	5%
\$ 451,035,860	\$ 435,075,335	\$ 476,318,016	\$ 476,091,596	\$ 633,416,159	\$ 661,442,986
<u>427,295,000</u>	<u>406,986,000</u>	<u>374,452,000</u>	<u>352,366,600</u>	<u>323,442,750</u>	<u>300,592,650</u>
<u>\$ 23,740,860</u>	<u>\$ 28,089,335</u>	<u>\$ 101,866,016</u>	<u>\$ 123,724,996</u>	<u>\$ 309,973,409</u>	<u>\$ 360,850,336</u>
95%	94%	79%	74%	51%	45%

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

Schedule 13a

Street & Highway Revenue Bonds

Fiscal Year	Highway User Taxes	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	15,856,863	8,299,229	7,557,634	2,965,000	1,628,797	1.65
2009	13,849,284	10,599,041	3,250,243	3,050,000	1,572,829	0.70
2010	13,116,481	9,018,598	4,097,883	3,180,000	1,198,194	0.94
2011	13,287,878	9,336,554	3,951,324	2,875,000	1,176,009	0.98
2012	11,823,280	7,895,663	3,927,617	3,700,000	936,975	0.85
2013	12,929,504	10,893,216	2,036,288	3,830,000	833,475	0.44
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

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	40,613,727	32,812,618	7,801,109	4,643,032	2,700,799	1.06
2009	39,707,910	31,084,108	8,623,802	4,854,151	2,419,526	1.19
2010	42,276,145	31,137,157	11,138,988	5,471,256	2,205,623	1.45
2011	43,708,974	26,834,274	16,874,700	6,007,332	1,875,330	2.14
2012	49,556,831	26,351,735	23,205,096	6,498,090	1,641,612	2.85
2013	48,258,282	26,890,219	21,368,063	6,062,435	1,375,854	2.87
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

Excise Tax Revenue Obligations

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	-	-	-	-	-	0.00
2009	148,768,677	-	148,768,677	-	462,667	321.55
2010	141,025,083	-	141,025,083	500,000	1,133,063	86.36
2011	136,164,353	-	136,164,353	1,100,000	1,118,063	61.39
2012	148,885,867	-	148,885,867	1,745,000	1,703,358	43.18
2013	156,621,139	-	156,621,139	1,815,000	1,584,863	46.07
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	188,911,070	-	188,911,070	4,105,000	8,097,704	15.48

Notes: 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.

See Note 5 for breakdown of revenue pledged for Excise Tax Revenue Obligations; first pledged February 4, 2009.

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

Schedule 13b

Wastewater Revenue Bonds						
Fiscal Year	Utility Service Charges	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
2008	25,145,258	17,923,089	7,222,169	3,786,968	1,554,504	1.35
2009	25,922,530	17,663,644	8,258,886	3,915,849	1,341,752	1.57
2010	28,406,808	15,821,939	12,584,869	3,678,744	1,104,530	2.63
2011	31,610,009	15,759,431	15,850,578	1,602,668	947,148	6.22
2012	35,907,085	16,752,467	19,154,618	1,431,910	874,363	8.31
2013	37,690,400	18,879,022	18,811,378	2,197,565	809,286	6.26
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	-	941,470	31.96

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.

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

Schedule 14

Fiscal Year	Population (1)	Total Personal Income (2)	Median Age (2)	Unemployment Rate (3)	Per Capita Personal Income (2)
2008	233,998	6,787,111,990	31.2	3.2%	29,005
2009	235,298	6,916,584,710	32.8	6.2%	29,395
2010	236,123	(4) 6,507,077,634	32.5	6.9%	27,558
2011	237,979	6,541,804,731	31.7	6.6%	27,489
2012	239,538	7,279,080,744	32.4	6.1%	30,388
2013	242,115	7,983,015,780	34.9	6.0%	32,972
2014	241,460	7,846,725,620	35.0	5.5%	32,497
2015	247,552	8,297,943,040	34.9	4.7%	33,520
2016	249,497	8,363,139,440	34.9	4.5%	33,520
2017	267,322	9,180,639,446	35.2	3.9%	34,343

Sources:

- 1 City's Planning Division based on July 1st
- 2 City's Economic Development Division
- 3 Arizona Office of Employment and Population Statistics
- 4 Official U.S. Census

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 15

2017			
Employer	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,000	1	7.53%
Chandler School District	4,900	2	3.35%
Wells Fargo	4,500	3	3.08%
Bank of America	3,800	4	2.60%
Chandler Regional Hospital	2,100	5	1.44%
Paypal	1,750	6	1.20%
NXP (Formerly Freescale Semiconductor)	1,700	7	1.16%
Orbital ATK	1,650	8	1.13%
Microchip Technology	1,625	9	1.11%
City of Chandler	1,621	10	1.11%
Total	34,646		23.71%

2008			
Employer	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,400	1	11.28%
Chandler School District	2,400	2	2.38%
Countrywide Home Mortgage	2,350	3	2.33%
Wells Fargo	2,200	4	2.18%
Chandler Regional Hospital	1,784	5	1.77%
City of Chandler	1,701	6	1.68%
Verizon Wireless	1,695	7	1.68%
Orbital ATK	1,525	8	1.51%
Microchip Technology	1,485	9	1.47%
NXP (Formerly Freescale Semiconductor)	1,450	10	1.44%
Total	27,990		27.72%

Source: City's Economic Development Division and Arizona Office of Employment and Population Statistics.

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

	Fiscal Year			
	2008	2009	2010	2011
Full Time Equivalent Personnel				
Mayor and council	5	5	5	5
City clerk	6	6	6	5
City manager	104	103	96	122
Communications/public affairs	18	18	15	12
City magistrate	48	43	41	40
Law	29	28	27	27
Management services	106	105	95	85
Total General Government	<u>316</u>	<u>308</u>	<u>285</u>	<u>296</u>
Total Planning and Development	<u>114</u>	<u>103</u>	<u>80</u>	<u>-</u>
Total Transportation and Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>172</u>
Total Community Services	<u>243</u>	<u>207</u>	<u>226</u>	<u>229</u>
Public works administration	3	3	3	-
Streets	64	57	50	-
Airport	6	6	6	-
Engineering, development and Real estate	85	80	74	-
Total Public Works	<u>158</u>	<u>146</u>	<u>133</u>	<u>-</u>
Police	496	483	478	467
Fire	228	223	219	218
Total Public Safety	<u>724</u>	<u>706</u>	<u>697</u>	<u>685</u>
Municipal utilities administration	5	5	6	5
Water	88	86	80	88
Wastewater	43	41	42	42
Solid waste	20	18	20	20
Total Municipal Utilities	<u>156</u>	<u>150</u>	<u>148</u>	<u>155</u>
Total Primary Government	<u>1,711</u>	<u>1,620</u>	<u>1,569</u>	<u>1,537</u>

Source: City's Human Resources Division

(1) The significant change in 2009 and 2010 are a result of the City offering a retirement incentives, voluntary separation packages, and movement between departments to retain employees in the midst of the recession.

(2) The significant change in 2010 and 2011 are the result of Public Works Department and Planning and Development Department consolidated into one Transportation and Development Department.

(3) The significant change in 2015 and 2016 are a result of Library, Museum and Center for the Arts moving from Community Services to City Manager Department

(4) The significant change in 2016 and 2017 are a result of Library, Museum and Center for the Arts moving from City Manager Department to Community Services

Notes: 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.

Fical Year							
2012	2013	2014	2015	2016	(3)	2017	(4)
6	4	4	4	4		11	
4	5	6	6	6		7	
124	178	174	176	240		206	
14	19	13	13	15		15	
38	39	35	37	39		38	
30	29	29	31	31		31	
72	72	66	69	67		64	
288	346	327	336	402		372	
-	-	-	-	-		-	
170	163	159	165	150		152	
231	192	199	198	156		199	
-	-	-	-	-		-	
-	-	-	-	-		-	
-	-	-	-	-		-	
467	468	467	483	490		491	
238	234	224	237	240		222	
705	702	691	720	730		713	
5	4	5	5	8		7	
89	85	87	87	87		89	
42	46	46	62	65		69	
19	18	16	20	21		20	
155	153	154	174	181		185	
1,549	1,556	1,530	1,593	1,619	(3)	1,621	(4)

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
General Government				
Privilege tax licenses	22,980	23,460	22,715	23,821
Meeting notices posted	470	479	481	506
City council actions and agenda items prepared	1,188	1,055	977	848
Grant awards received	61	66	40	43
Inventory turnover ratio	3.94	2.50	2.10	2.22
Transportation & Development				
Building permits issued	5,750	3,800	3,883	2,330
Community Services				
Library circulation	2,349,232	2,506,602	2,592,243	2,494,009
Center for the Arts events & exhibits	989	977	335 (1)	1,050
Public Safety				
Crime rate (per 1,000 population)	34.9	35.2	31.8	34.4
Total calls for police services (estimated)	159,535	157,039	146,508	141,279
Total calls for fire services	16,709	18,474	16,904	17,892
Fire inspections	3,585	3,891	3,208	4,424
Fire investigations	57	49	43	46
Municipal Utilities				
Water connections	74,841	77,596	76,894	77,408
Operating wells	26	29	31	30
Daily pumping capacity - wells (gallons)	65,100,000	66,020,000	70,700,000	64,460,000
Daily pumping capacity - plants (gallons)	60,000,000	60,000,000	72,000,000 (2)	72,000,000
Sewer connections	70,863	71,880	73,042	73,118
Sanitary sewer (miles)	837	857	862	866
Solid waste customers served	67,433	67,902	68,362	69,480
Solid waste refuse collected (tons)	94,633	89,408	85,160	88,466
Solid waste refuse recycled (tons)	25,555	24,596	22,245	20,832

Source: City of Chandler Departments

(1) The 2010 decrease in Center for the Arts events & exhibits is the result of renovations within the Center for the Arts

(2) The 2010 increase in Daily pumping capacity-plants (gallons) is the result of the completion of the San Tan Vista Surface Water Treatment Plant (joint plan with the Town of Gilbert) and the Pecos Surface Water Treatment Plant

Fiscal Year					
2012	2013	2014	2015	2016	2017
25,726	27,387	27,467	28,224	29,582	28,321
599	584	564	544	565	535
908	834	780	867	844	860
26	43	53	51	46	43
2.07	1.89	2.10	1.57	1.74	1.81
5,462	3,785	5,490	5,170	5,142	4,635
2,489,741	2,395,192	2,332,758	2,163,076	2,101,421	2,059,429
1,000	1,003	938	939	985	1,048
33.2	28.0	26.7	23.2	25.9	26.4
137,170	137,485	145,400	139,177	145,466	156,186
17,950	18,474	18,865	22,785	23,966	25,072
5,188	5,029	5,442	4,692	5,814	4,635
34	22	16	27	30	27
77,626	79,278	79,766	80,401	83,089	84,670
28	26	27	28	28	31
61,920,000	64,790,000	64,710,000	64,400,000	66,300,000	74,400,000
72,000,000	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000
73,712	74,606	75,564	76,492	78,144	78,972
868	869	890	911	917	928
70,179	70,667	71,269	71,860	73,162	73,288
85,257	86,557	83,950	84,209	81,653	80,069
21,096	20,680	21,046	22,442	22,102	22,305

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Community Services				
Developed parks	58	59	61	61
Developed acres	1,099	1,133	1,198	1,192
Undeveloped acres	455	407	336	342
Swimming pools	5	6	6	6
Lighted Fields	34	34	34	34
Library bookstock	469,023	472,266	446,675	429,604
Transportation and Development				
Total miles streets (center line)	822	832	829	829
Street lights	26,326	26,500	26,600	26,600
Signalized intersections	200	205	208	208
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	10	10
General Government				
Based aircraft	442	449	449	437
Municipal Utilities				
Water mains (miles)	1,117	1,189	1,194	1,223
Fire hydrants	13,033	13,750	12,318 (1)	12,925
Average daily treatment (mgd)	24	24	22	24

Source: City of Chandler Departments

(1) The 2010 decrease in Fire Hydrants is due to the City adjusting the count to include only hydrants owned and maintained by the City.

(2) The 2015 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.

(3) Beginning fiscal year 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

Fiscal Year					
2012	2013	2014	2015	2016	2017
61	61	62	64	65	65
1,196	1,198	1,208	1,232	1,236	1,244
338	336	325	309	302	299
6	6	6	6	6	6
34	39	39	41	41	43
555,924	550,857	595,969	396,773 (2)	341,073	360,618
829	831	838	841	855	855
26,600	26,900	27,100	27,700	27,700	27,800
212	216	216	218	218	218
3	3	3	3	3	3
10	10	10	10	10	10
399	388	415	425	427	455
1,227	1,227	1,227	1,278	1,196 (3)	1,283
10,877	12,553	12,717	13,118	13,207	15,708
24	26	26	28	29	29



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