

City of Chandler Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021



"The Future's in Sight"

A photograph of a long, straight asphalt road stretching towards a bright, hazy horizon. The road is flanked by green grass and trees. The sky is a mix of orange and yellow, suggesting a sunrise or sunset. The years 2024, 2023, 2022, and 2021 are written in large, white, sans-serif font on the road surface, with 2021 being the largest and closest to the viewer.

2024
2023
2022
2021

CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

Prepared by
Management Services Department
Dawn Lang, Deputy City Manager | CFO
Kristi Smith, Accounting Manager



CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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Introductory Section

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



“The Future’s in Sight”

Chandler’s commitment to innovation, smart planning, and wise investments enables our community to receive quality services at some of the lowest tax and utility rates in the Valley.



December 10, 2021

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

The Annual Comprehensive Financial Report of the City of Chandler, Arizona (the City), for the year ended June 30, 2021, is hereby submitted in accordance with City Charter and State statutes. Both the City Charter and State statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent certified public accountant. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the City.

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

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

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City, incorporated on February 17, 1920, is located in the southeastern portion of Maricopa County, and encompasses approximately 65 square miles. The City has operated under a council-manager form of government since May 25, 1964, and is governed by the City Council, consisting of a mayor and a six member council. Councilmembers are elected at-large on a staggered basis; the mayor and councilmembers are elected for four-year terms and are limited to two consecutive terms in office. The City Council is vested with policy and legislative authority, and is responsible for passing ordinances, adopting the annual budget, appointing committees, commissions, and board members, and appointing the positions of City Manager, City Attorney, City Clerk, and City Magistrate. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

Chandler is the fourth largest city in Arizona and is one of several major cities comprising the greater Phoenix metropolitan area, which is the economic, political, and population center of the State of Arizona. The City's population has experienced remarkable growth over the past 25 years, increasing by 114 percent, from an estimated 128,652 in 1995 to 275,987 in 2020, based on the 2020 census. The City's manufacturing sector has been a major driver of economic growth during this time and includes high-tech industrial companies such as Intel Corporation, Northrop Grumman, Microchip Technology, and NXP Semiconductors. These four companies combine to employ over 17,000 people in the City. Another industry that has experienced strong growth is financial services with companies such as Wells Fargo, Bank of America, PayPal, GM Financial Services, Allstate, and Liberty Mutual Insurance establishing corporate offices in Chandler. These six companies combine to employ over 13,000 people in the City.

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The City boasts a strong labor market serving the high technology field's demand for skilled workers. Chandler's median age is 36 years and the median household income is \$89,732. In addition, more than 75 percent of the adult population has a college degree or some college education. Nearly 25 percent of jobs in Chandler are in high technology fields while the national average is about 10 percent, according to data from the Maricopa Association of Governments and Bureau of Labor Statistics. The City's unemployment rate averaged 5.8 percent during fiscal year 2020-21 compared with 6.7 percent for Maricopa County and 7.1 percent for the State of Arizona.

The City's sales tax revenues, which comprise over 54 percent of its general fund, increased by 10.4 percent for fiscal year 2020-21 from the prior year actuals. The City continues to strengthen its financial position and has benefitted from one-time revenues created by increased retail spending during the COVID-19 pandemic and new development. With steady operating revenue growth anticipated, managing costs of services and maintaining existing infrastructure continues to be critical as the City emerges from the impacts of the COVID-19 pandemic. Consistently applying sound financial practices, achieving notable economic development successes, and having a structured plan to pay-down its Public Safety Personnel Retirement System (PSPRS) unfunded liability have helped the City continue its strong financial position while maintaining its AAA General Obligation Bond credit rating from all three ratings agencies.

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

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

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. Increase community connectivity through enhancing multimodal transportation.

- **Being a Leader in Trust and 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**

Maximize the City's diverse portfolio of revenue sources. Continue adherence to and improvement upon fiscal policies. Maintain strong bond ratings with all three ratings 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 Downtown Chandler.

- **Fostering a Contemporary Culture that Embraces Unity**

Promote Chandler as an inclusive community that values its rich diversity, history, and culture. Support diversity through City employment practices. 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**

Promote a multifaceted approach to address the needs of neighborhoods from the physical, safety, and community perspectives. Construct and maintain sustainable public infrastructure. Ensure Chandler remains a safe community by employing best practices.

2020-2021 Accomplishments

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

- Maintained AAA General Obligation (GO) bond credit ratings with stable outlooks from all three rating agencies, making Chandler one of a select few municipalities in the U.S. with this distinction;
- Advised the Citizen Bond Exploratory Committee and coordinated the efforts of the Finance Subcommittee towards a final recommendation of needed bond authorization that does not increase the City's property tax rate;
- Implemented a new online Business Portal for City registrations and licensing;
- Promoted public participation in the 2020 Census by working with the City's Complete Count Committee to educate residents about the importance of completing the census. Produced communication materials that explained the significance of the census;
- Provided communication support throughout the City's response to the COVID-19 pandemic by producing videos, broadcasting meetings, and creating digital content on the City's websites and social medial platforms; creating graphics, signs, and printed materials to support the City's response; monitoring and responding to constituent and employee inquiries; and producing FAQ materials;
- Implemented City resolution to allow extended outside seating for liquor establishments in accordance with the Governor's executive order relaxing regulations during the pandemic;
- Updated the City Council Strategic Framework in print and digital formats as well created a campaign to promote the City Council vision, updated brand statement, and focus areas;
- Initiated and monitored the implementation of three infrastructure improvement projects in support of Intel Corporation capital improvements under provision of State law;
- Economic Development's combined business attraction/retention efforts have supported projects that are anticipated to provide 984 jobs in Chandler within the next year and up to 1,543 jobs within three years. Key Economic Development-assisted business locate projects including Comtech, Honeywell, Local Motors, VIAVI, Airstream, Ranch Market, and Mechanical Keyboards;
- Implemented the City's Business Hiring and Retention Program, which disbursed \$9.5 million in relief funds to more than 830 Chandler businesses in support of their efforts to keep workers on payroll during COVID-19, as well as the Industrial Development Authority (IDA) PPE grants and "I Choose Chandler" PPE Kit Program;
- Successfully hosted nearly 500 virtual engagements with City patrons through the Chandler Library, providing safe social opportunities for the community during the pandemic;
- The Chandler Arts Commission supported public art projects including vibrant utility boxes and the Chandler Center for the Arts (CCA) Donor Wall. The Public Safety Training Center project "Our Nature" was recognized by the American Institute of Architects Arizona Chapter with the Architectural Component Award;
- The Vision Gallery hosted 60 free events that included opening receptions, Vision Kids classes, and special events with more than 4,000 attendees. The gallery was also recognized as one of the ten best art galleries in metro Phoenix;
- Collaborated with the Downtown Chandler Community Partnership to keep downtown businesses aware of local, state, and federal executive orders affecting their business, recovery, and grant opportunities, as well as promotional initiatives to help businesses survive during the pandemic;

- Issued 4,220 building permits for over \$1.13 billion in construction in calendar year 2020 and conducted 23,740 building inspections which is an increase of over 72% over the previous year;
- Development Services partnered with Information Technology to design a multi-year Fiber Master Assessment and Master Plan study that developed plans to maintain and improve the City's fiber system. Information Technology completed the City's Fiber Assessment and delivered recommendations to City Management and the Information Technology Bond Subcommittee;
- Expanded the Waitwhile online appointment capability for several City departments to reduce the number of people in City facilities and streamline/reduce the time it takes for citizens to visit City facilities, further enhanced employee's ability to effectively and securely work remotely through the implementation of robust infrastructure and security solutions, and provided geographic representation of various City functions that enabled departments to effectively manage social distancing issues;
- Neighborhood Programs was awarded 20 neighborhood grants totaling over \$34,000 for cleanup events, common wall, and landscaping improvements, as well as received \$25,000 from local businesses to create and enhance community programs;
- Received and allocated over \$13 million in Emergency Rental Assistance Program and Community Development Block Grant-Coronavirus funds to assist Chandler residents impacted by COVID-19 with rent and utility payments;
- The Fire Department participated in the planning and design of the southeast COVID-19 Vaccination POD and provided medical standby staffing during the duration of its operation, and successfully vaccinated 720 Chandler employees and 68 Chandler seniors in the public housing program;
- Treated and reclaimed 11.71 billion gallons of wastewater at the Airport, Lone Butte, and Ocotillo Water Reclamation Facilities, 10.3 billion gallons of which were reused for irrigation and cooling;
- Pecos Treatment Plant treated and delivered 23 billion gallons of potable drinking water;
- Completed ADA upgrades to 845 sidewalk/driveway locations and 980 corner ramps;
- Field Operations Division received nine hybrid patrol vehicles, offering significant improvements in fuel economy and the reduction of carbon dioxide emissions;
- Continued developing and maintaining community partnerships, which is the cornerstone of system of policing resulting in crime being down again in 2020, making it one of the safest years in Chandler's history; and
- Implemented the Thrive Resilience Program for Chandler teens, which includes training in all three public school districts in the City of Chandler, aimed at empowering students with resilience-based skills to enhance their positive mental health while aiding in successful social and emotional wellbeing of school communities.

FINANCIAL INFORMATION

Internal Control Structure

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

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

Single Audit

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

Budgetary Controls

The City maintains budgetary controls as an integral part of its overall system of internal controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, capital projects funds, enterprise funds, internal service funds, and fiduciary funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted (FY 2020-21, \$1.06 billion). The City additionally exercises management control and oversight of the budget at the department level within each fund and maintains an encumbrance accounting system as another method of maintaining budgetary control. Encumbered amounts do not lapse at fiscal year-end and appropriation equal to the amount of year-end encumbrances are added to the current year budget in each cost center. Expenditures against those encumbrances are charged to the current year appropriation.

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

OTHER INFORMATION

Independent Audit

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

Financial Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chandler, Arizona, for its Annual Comprehensive Financial Report for the year ended June 30, 2020, marking the thirty-ninth consecutive year the City has received the GFOA Certificate of Achievement. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a municipal government financial report.

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

Additionally, the City of Chandler was also awarded the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2020 from the GFOA, marking the thirty-third consecutive year of receiving this award. The award reflects the commitment of staff to meeting the highest principles of governmental budgeting.

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

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

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

Acknowledgments

I wish to express my sincere thanks to the entire staff of the Accounting Division; without whose assistance this report could not have been prepared. Special acknowledgment is made for the work of Kristi Smith, Accounting Manager; Tracy Schmidt, Accounting Supervisor; Robert Steele, Accounting Supervisor; Lina Alam, Senior Accountant; Debbie Motta, Senior Accountant; and Joanne Chang, Senior Accountant. Special thanks also go 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,

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

Dawn Lang
Deputy City Manager | CFO

CITY OF CHANDLER, ARIZONA
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2021

Kevin Hartke, Mayor

Mark Stewart Vice Mayor
Christine Ellis, Councilmember
OD Harris, Councilmember
Rene' Lopez, Councilmember
Matt Orlando, Councilmember
Terry Roe, Councilmember

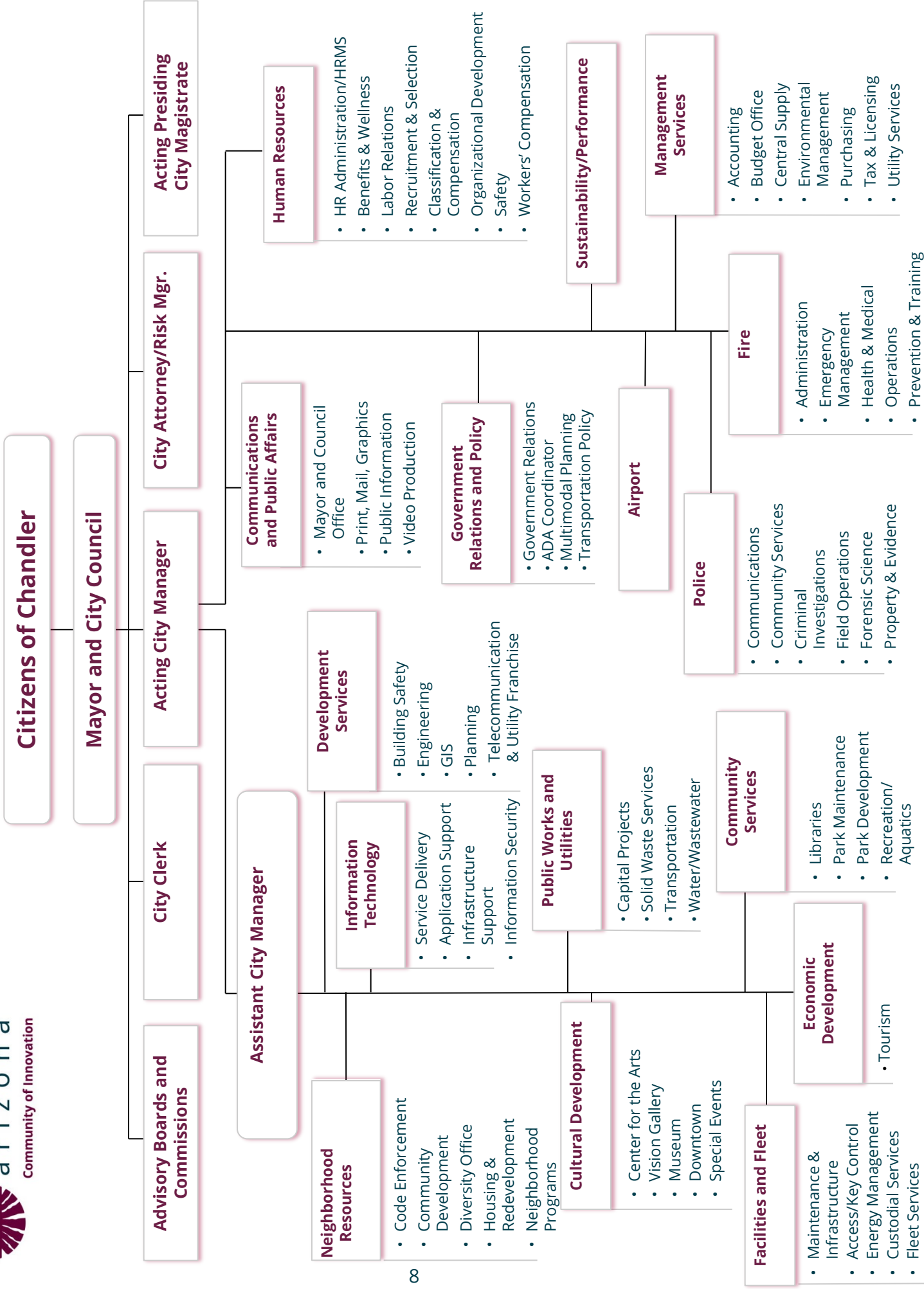
Executive Staff

Joshua H. Wright, Acting City Manager
Debra Stapleton, Assistant City Manager

Department Heads and Directors

Kelly Schwab, City Attorney
Dana DeLong, City Clerk
Alicia M. Skupin, Acting Presiding City Magistrate
Matt Burdick, Communications and Public Affairs Director
Andy Bass, Community Services Director
Kim Moyers, Cultural Development Director
Derek Horn, Development Services Director
Micah Miranda, Economic Development Director
Tom Dwiggin, Fire Chief
Rae Lynn Nielsen, Human Resources Director
Sandip Dholakia, Chief Information Officer
Dawn Lang, Management Services Director
Leah Powell, Neighborhood Resources Director
Sean Duggan, Chief of Police
John Knudson, Public Works & Utilities Director

City of Chandler Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chandler
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

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



"The Future's in Sight"

The City of Chandler is a high quality service organization that maintains a lean workforce of 6.4 full-time employees per 1,000 residents.

Independent Auditor's Report

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

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona, Arizona, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Chandler, Arizona, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of City of Chandler, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Chandler, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 10, 2021



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



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

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, 2021. 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 2021 as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.53 billion (net position). This represents an increase of \$25.7 million from the prior year primarily due to increases in equity in pooled cash and investments due to increases in grant funding, sales taxes and state shared revenues and an increase in deferred outflows of OPEB and pension plan items. Of this amount, \$293.0 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors. However, \$74.0 million is invested in a joint venture with the Town of Gilbert, which decreased \$4.6 million from the prior year, and is not available for obligations.
- At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$423.1 million, an increase of \$7.8 million in comparison with the prior year primarily due to American Rescue Plan Act of 2021 (ARPA) funding, increases in sales taxes and state shared revenues. Approximately 55.0 percent of the total amount, \$232.6 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2021, total fund balance for the general fund was \$242.6 million which represents an increase of \$9.7 million from the prior year; this is primarily due to ARPA funding and increases in sales taxes and state shared revenues.
- General revenues from governmental activities accounted for \$301.1 million, or 74.7 percent of all revenues from governmental activities as opposed to 70.2 percent in the prior year. Program specific revenues in the form of charges for services and grants and contributions accounted for \$102.1 million or 25.3 percent of total governmental activity revenues, as opposed to 29.8 percent in the prior year. The City had \$162.7 million of program revenues (\$156.4 million in the prior year) and \$3.0 million in general revenues and transfers (\$13.8 million in the prior year) related to business-type activities.
- At June 30, 2021, the City's proprietary funds reported combined total net position of \$790.5 million as compared to \$778.1 million in the prior year; an increase for the current year of \$12.4 million. This increase is primarily due to an increase in water service fee revenues, increased interest revenue, reduced wastewater expenses and a reduction in long-term liabilities. This results in a total unrestricted net position of \$299.8 million, of which \$152.0 million of the unrestricted net position is in the water fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

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

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

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

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

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and general obligation bonds debt service fund, which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the financial section of this report.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process. The City adopts an annual budget for all governmental and enterprise funds. A budgetary comparison schedule has been provided for the General Fund as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.53 billion as of June 30, 2021. This reflects continued strong operations in governmental activities, reduced expenses in governmental activities and decreases in long-term liabilities within governmental and business-type activities.

A significant portion of the City's net position (66.3 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, machinery and equipment, water rights and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its 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 (14.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (19.2 percent) includes \$74.0 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.

CITY OF CHANDLER, ARIZONA

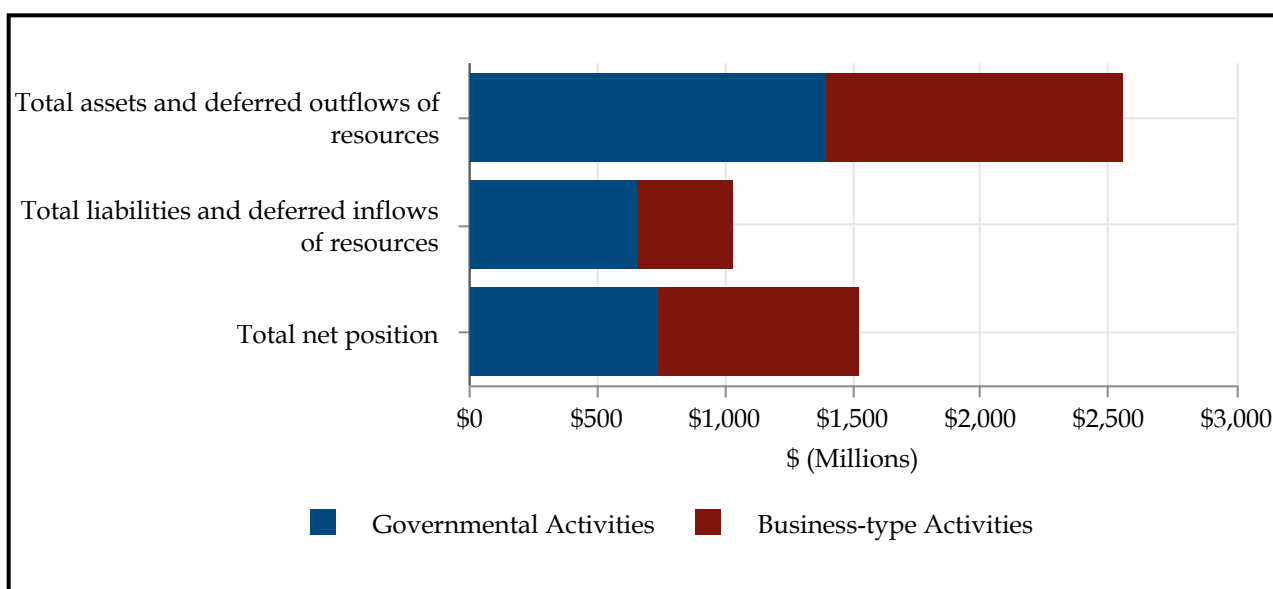
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

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

The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2021 and 2020.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 542,856,043	\$ 513,542,103	\$ 318,881,326	\$ 295,098,831	\$ 861,737,369	\$ 808,640,934
Capital assets, net	742,145,317	755,678,611	759,679,559	787,509,917	1,501,824,876	1,543,188,528
Long-term assets	—	—	74,142,431	78,760,749	74,142,431	78,760,749
Total assets	1,285,001,360	1,269,220,714	1,152,703,316	1,161,369,497	2,437,704,676	2,430,590,211
Total deferred outflows of resources	112,346,305	93,134,294	11,193,113	9,443,309	123,539,418	102,577,603
Total assets and deferred outflows of resources	1,397,347,665	1,362,355,008	1,163,896,429	1,170,812,806	2,561,244,094	2,533,167,814
Current liabilities	83,422,091	55,896,207	40,175,076	39,535,670	123,597,167	95,431,877
Long-term liabilities	559,698,199	548,432,242	331,393,867	349,437,685	891,092,066	897,869,927
Total liabilities	643,120,290	604,328,449	371,568,943	388,973,355	1,014,689,233	993,301,804
Total deferred inflows of resources	16,667,670	27,331,136	1,801,034	3,754,051	18,468,704	31,085,187
Total liabilities and deferred inflows of resources	659,787,960	631,659,585	373,369,977	392,727,406	1,033,157,937	1,024,386,991
Net position:						
Net investment in capital assets	555,107,220	547,511,826	458,616,595	477,329,239	1,013,723,815	1,024,841,065
Restricted	189,214,016	191,839,529	32,154,205	33,750,526	221,368,221	225,590,055
Unrestricted	(6,761,531)	(8,655,932)	299,755,652	267,005,635	292,994,121	258,349,703
Total net position	\$ 737,559,705	\$ 730,695,423	\$ 790,526,452	\$ 778,085,400	\$1,528,086,157	\$1,508,780,823



CITY OF CHANDLER, ARIZONA

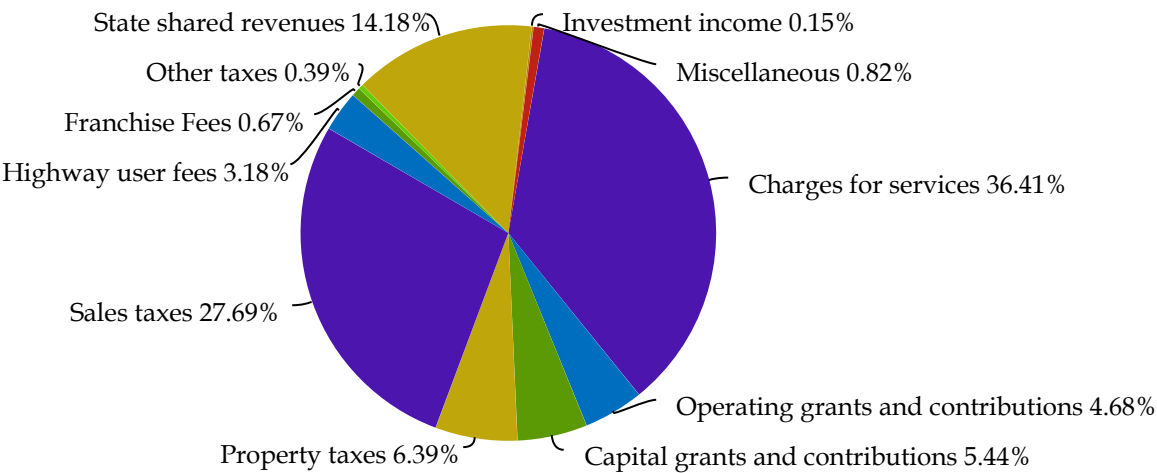
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

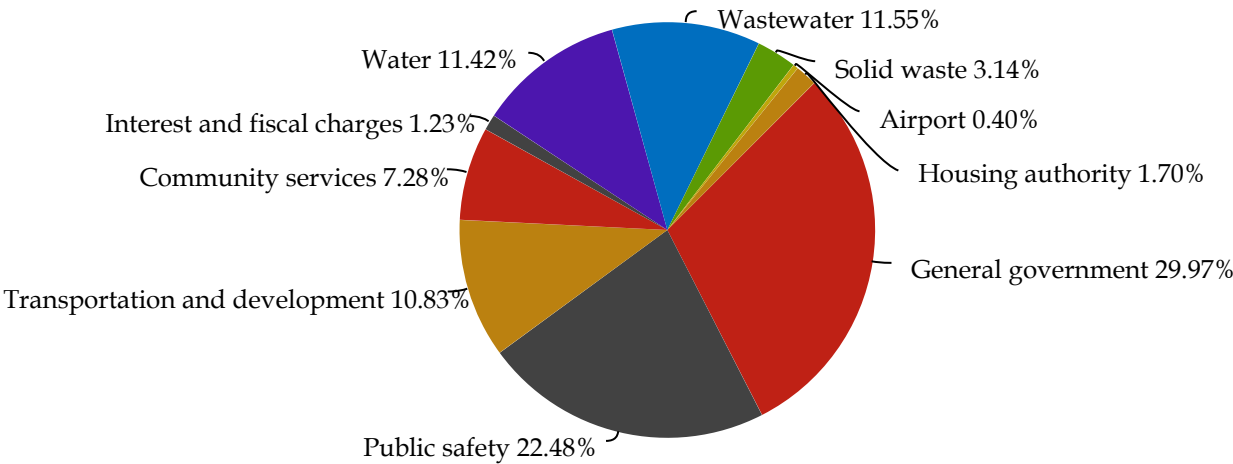
Changes in net position. The City's total revenues for the fiscal year ended June 30, 2021 were \$569.0 million. The total cost of all programs and services was \$543.3 million, which results in an increase in net position of \$25.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and 2020.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 66,789,357	\$ 71,760,315	\$ 140,364,223	\$ 135,080,838	\$ 207,153,580	\$ 206,841,153
Operating grants and contributions	18,694,567	31,052,185	7,965,078	7,137,950	26,659,645	38,190,135
Capital grants and contributions	16,573,341	18,714,457	14,355,873	14,190,016	30,929,214	32,904,473
General revenues						
Property taxes	36,371,978	34,419,182	—	—	36,371,978	34,419,182
Sales taxes	157,513,686	140,644,918	16,516	15,521	157,530,202	140,660,439
Highway user taxes	18,108,310	16,996,911	—	—	18,108,310	16,996,911
Other taxes	2,226,568	1,153,237	—	—	2,226,568	1,153,237
Franchise Fees	3,823,524	3,441,225	—	—	3,823,524	3,441,225
State shared revenues	80,699,253	70,769,943	—	—	80,699,253	70,769,943
Investment income	584,026	16,951,295	249,448	9,974,135	833,474	26,925,430
Miscellaneous	1,820,520	2,085,020	2,833,025	2,962,466	4,653,545	5,047,486
Total revenues	403,205,130	407,988,688	165,784,163	169,360,926	568,989,293	577,349,614
Expenses:						
General government	162,849,542	138,850,297	—	—	162,849,542	138,850,297
Public safety	122,146,366	109,544,169	—	—	122,146,366	109,544,169
Transportation and development	58,847,053	59,777,330	—	—	58,847,053	59,777,330
Community services	39,565,719	38,195,563	—	—	39,565,719	38,195,563
Interest and fiscal charges	6,653,197	6,885,184	—	—	6,653,197	6,885,184
Water	—	—	62,049,102	60,330,758	62,049,102	60,330,758
Wastewater	—	—	62,753,454	66,788,084	62,753,454	66,788,084
Solid waste	—	—	17,040,309	16,522,728	17,040,309	16,522,728
Airport	—	—	2,186,724	2,382,288	2,186,724	2,382,288
Housing authority	—	—	9,207,531	8,710,570	9,207,531	8,710,570
Total expenses	390,061,877	353,252,543	153,237,120	154,734,428	543,298,997	507,986,971
Excess (deficiency) before transfers	13,143,253	54,736,145	12,547,043	14,626,498	25,690,296	69,362,643
Transfers in (out)	105,991	(891,991)	(105,991)	891,991	—	—
Change in net position	13,249,244	53,844,154	12,441,052	15,518,489	25,690,296	69,362,643
Beginning net position	724,310,461	676,851,269	778,085,400	762,566,911	1,502,395,861	1,439,418,180
Ending net position	\$ 737,559,705	\$ 730,695,423	\$ 790,526,452	\$ 778,085,400	\$ 1,528,086,157	\$ 1,508,780,823

Revenue Sources - Fiscal Year 2021



Functional Expenses - Fiscal Year 2021



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

As evidenced in the previous graph, the largest financing source for the City is charges for services at 36.41 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 27.69 percent and 14.18 percent, respectively, of the total revenues with property taxes accounting for an additional 6.39 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for general government functions at 29.97 percent of the total functional expenses of the City. The next largest users of resources are public safety and wastewater at 22.48 percent and 11.55 percent, respectively, with water accounting for 11.42 percent of the City's total expenses.

Governmental activities. The increase in governmental net position totaled \$13.2 million for the year ended June 30, 2021 compared with an increase of \$53.8 million in the prior year. The increase is primarily due to ARPA grant funding and increases in sales taxes and state shared revenues.

Business-type activities. The increase in business-type net position totaled \$12.4 million for the year ended June 30, 2021 compared with an increase of \$15.5 million in the prior year. This increase is primarily due to increases in water service fee revenues, increased interest revenue and a reduction in long-term liabilities.

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 \$423.1 million, an increase of \$7.8 million in comparison with the prior year increase of \$49.5 million. Approximately \$232.6 million (55.0 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 \$222.5 million represents an increase of \$10.1 million.

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$190.5 million (45.0 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 \$192.8 million represents a decrease of \$2.3 million. This decrease is primarily due to the continued spending of bond proceeds in the community services and streets capital projects funds.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

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 \$239.8 million, while total fund balance reached \$242.6 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 1.04 coverage of total annual general fund expenditures. The amount of fund balance is well above the City's contingency reserve financial policy, allowing the funding of other reserves (e.g., economic development, capital projects and compensated absences). The City's general fund balance increased by \$9.7 million during the current fiscal year primarily due to ARPA grant funding and increases in sales taxes and state shared revenues.

The general obligation bonds debt service fund accounts for the accumulation of resources for and payments of general obligation bonded debt. The fund balance restricted for general obligation debt service payments increased by \$1.1 million during the current fiscal year. The increase is due to reduced expenditures for the year ended June 30, 2021.

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 \$790.5 million and \$33.4 million, respectively, compared to \$778.1 million and \$44.9 million in the prior fiscal year. The enterprise funds increase is primarily due to an increases in water and wastewater service fee revenues and investment revenues and a reduction in long-term liabilities.

The enterprise funds net position is 37.9 percent unrestricted compared to 34.3 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$152.0 million, and those for the wastewater fund amounted to \$127.6 million, compared to \$139.8 million and \$108.2 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

For the 2020-21 budget year, the City of Chandler continued to engage in fiscally responsible budgeting practices, adhered to financial policies, and used conservative budgeting as economic impacts of the COVID-19 pandemic and potential State legislative actions were unknown. With this conservative mindset, the City Council adopted a balanced budget for 2020-21 that incorporated \$20 million in revenue and expenditure reductions from the pre-pandemic forecast, in anticipation of COVID-19 impacts. Overall planned capital expenditures increased slightly as additional projects were added to address our aging infrastructure and one-time revenues were applied to select capital projects and planned Public Safety Personnel Retirement System (PSPRS) unfunded liability pay down. The City's major sources of General Fund revenues include Local Sales Tax (Transaction Privilege Tax), Voter Approved Local Revenue (formerly called State Shared Revenue) and Urban Revenue Sharing (State Shared Income Tax). Reductions made in anticipation of COVID-19 impacted revenue losses and the corresponding expenditure reductions slightly decreased the General Fund budget by 0.6 percent from the previous year, while the total City budget increased slightly by 0.46 percent from 2019-20.

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 2020-21 budget included various salary adjustments based on agreements between bargaining units and the City, and merits for general employees. Other ongoing costs, such as maintenance, utilities and supplies were managed closely to ensure they could be covered with ongoing revenues.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

The actual COVID-19 impacts on revenue negatively impacted some specific Transaction Privilege Tax categories, such as restaurants and bars, hotel/motels, and amusements, but the City saw shifts in that spending which increased retail and other categories. Overall, the \$20 million reduction in revenues did not come to fruition, as revenues came in \$41 million above budget. With vacant positions on hold for part of the year and expenditure reduction measures in place, General Fund spending came in lower than anticipated, resulting in an increase to the General Fund balance.

The FY 2020-21 budget continued to emphasize adherence to strong financial policies allowing the City Council to maintain the General Fund contingency reserve at 15 percent of anticipated annual General Fund operating revenue. And finally, the City Council continued the designated Budget Stabilization Reserve in the amount of \$10 million to provide the opportunity to utilize the reserve to balance the General Fund budget in the future for no more than three consecutive years, should state legislation, operational changes in tax collections, unexpected decreases in property values, or other economic conditions cause revenues to suddenly decrease.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2021, the City had invested \$1.0 billion in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, water rights and infrastructure assets. Total depreciation expense for the year was \$102.6 million.

During fiscal year 2020-21, there were \$42.9 million in water rights purchases recognized as a new asset from construction in progress. These water rights grant the City 99 years worth of water usage per the purchase agreement with the Gila River Indian Community. The purchase helps to diversify the City's water options to ensure residents can have reliable and sustainable water options into the future. In addition, there were \$4.3 million in updates to wastewater lines around the Price Road technology corridor that was completed during the fiscal year. The City also completed several street projects on Queen Creek, Chandler Heights and Ocotillo Roads adding an additional \$29.9 million in governmental fund infrastructure assets. The Chandler Fire Department added \$5.3 million in new fire engines and emergency response vehicles to replace older models to continue to provide the best public safety and emergency services possible to Chandler residents.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2021 and 2020:

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2021	2020	2021	2020	2021	2020
Land	\$ 92,528,517	\$ 92,528,517	\$ 57,189,731	\$ 51,669,315	\$ 149,718,248	\$ 144,197,832
Land improvements	—	—	317,087	198,852	317,087	198,852
Infrastructure	341,516,567	336,308,826	—	—	341,516,567	336,308,826
System improvements	—	—	630,911,926	665,926,957	630,911,926	665,926,957
Buildings and improvements	176,774,747	189,978,030	8,049,845	8,931,001	184,824,592	198,909,031
Vehicles, machinery and equipment	25,315,499	23,332,690	2,541,320	3,218,082	27,856,819	26,550,772
Water rights	—	—	42,645,949	—	42,645,949	—
Construction in progress	106,009,987	113,530,548	18,023,701	57,565,710	124,033,688	171,096,258
Total	\$ 742,145,317	\$ 755,678,611	\$ 759,679,559	\$ 787,509,917	\$ 1,501,824,876	\$ 1,543,188,528

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

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

Long-term debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$493.1 million in long-term debt outstanding with \$40.2 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, 2021 and 2020.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 195,164,000	\$ 215,939,000	\$ 76,936,000	\$ 86,261,000	\$ 272,100,000	\$ 302,200,000
Revenue bonds	—	—	—	2,340,000	—	2,340,000
Excise tax revenue obligations	—	—	219,780,000	228,985,000	219,780,000	228,985,000
Special assessment bonds	1,245,000	1,830,000	—	—	1,245,000	1,830,000
Issuance premiums	17,548,988	19,789,672	22,960,376	25,623,807	40,509,364	45,413,479
Total bonds & obligations payable	\$ 213,957,988	\$ 237,558,672	\$ 319,676,376	\$ 343,209,807	\$ 533,634,364	\$ 580,768,479
Claims payable (as restated)	18,885,862	13,643,256	—	—	18,885,862	13,643,256
Landfill closure/post closure	—	—	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	13,679,502	13,811,004	1,408,776	1,388,807	15,088,278	15,199,811
Net pension liability	293,981,374	275,257,904	22,238,502	18,637,376	316,219,876	293,895,280
Post employment benefits	56,105,261	47,361,614	6,898,722	5,751,113	63,003,983	53,112,727
Total long term liabilities	<u>\$ 596,609,987</u>	<u>\$ 587,632,450</u>	<u>\$ 354,562,376</u>	<u>\$ 373,327,103</u>	<u>\$ 951,172,363</u>	<u>\$ 960,959,553</u>

The City of Chandler's total long term liabilities decreased by \$9.8 million during the current fiscal year, as there was no new bonded debt issued and principal payments occurred as scheduled. The City reported an increase in pension liability of \$22.3 million, post employment benefits of \$9.9 million and principal repayments of \$42.2 million.

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 \$936.5 million. The City has \$277.1 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 \$281.0 million. The City has \$6.8 million of outstanding general obligation debt for this purpose.

As of year-end, the City's current bond ratings on general obligation bonds were Aaa from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings. Excise tax revenue obligation bonds were rated Aa1 from Moody's Investor Services, AAA from Standard & Poor's and AAA from Fitch.

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

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2021-22) required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. As the financial impacts anticipated during the FY 2019-20 budget year did not come to fruition, considerable thought and measured change was incorporated into the Fiscal Year 2021-22 budget. The budget contains a variety of increases to revenues and expenditures to roll-back the mitigation strategies used during the pandemic, and allows for a continued focus on providing high service levels and quality infrastructure in a cost effective way.

This year again included diligent monitoring of legislative bills that could impact our ongoing revenues, as well as focused review of expenditure impacts that could potentially cause higher costs if not contained. This included the Public Safety Personnel Retirement System (PSPRS) rates and its unfunded liability, minimum wage increases, retirement vacancies causing overtime in public safety, additional staff or contract needs, workers' compensation self-insurance claims, fleet and equipment sustainability, aging infrastructure, and addressing various capital needs under a higher construction cost environment.

Even though general economic conditions are anticipated to continue to show recovery, and even increase during the budget year, the City is still conservative in its approach and continues to look for efficiencies to manage expenditure growth. The budget increased from \$931.3 million in 2020-21 to \$1.058 billion (an increase of 13.6 percent) in 2021-22, due to appropriation added for grant funding received at the end of FY 2020-21 through ARPA of \$34.6 million in appropriation, as well as adding back in the reductions made in the prior year due to COVID-19. With the addition of appropriation, the total operating budget is increasing from \$387 million to \$412 million. The total new capital appropriation is decreasing from \$151 million to \$113 million, but still shows that the City continues a healthy capital improvement program to ensure existing infrastructure is well maintained and the needs of residents can be met.

With a 6.8 percent increase in Limited Property Values (including new growth), the City Council chose to reduce the primary property tax rate from \$0.2501 to \$0.2426, and keep the secondary property tax rate at \$0.87 per \$100 of assessed valuation. This planned rate reduction will help minimize the impact of higher values on property owner's tax payment.

The 2021-22 Budget includes anticipated bond sales as well as GO and ETRO refunding opportunities for outstanding bonds. There is also a bond election in November 2021 to ensure bond authorization is sufficient to meet capital needs as we continue our focus on ensuring strong debt management practices. Additionally, the City Council maintained the General Fund operating contingency at 15 percent of General Fund operating revenues to provide a buffer for emergencies or to support new opportunities such as unanticipated grants or development agreements. Chandler continues maintaining and adhering to strong financial policies, has updated the Pension Funding Policy to ensure ongoing focus on managing pension costs, and remains in a solid financial position to continue its tradition of strong fiscal management as reflected by its AAA GO bond ratings with all three rating agencies.

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.



BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 505,734,514	\$ 298,156,657	\$ 803,891,171	\$ —	\$ —
Cash and investments	—	—	—	897,088	2,970,516
Accounts receivable	1,829,428	17,954,944	19,784,372	2,000	593
Privilege license tax receivable	17,530,447	—	17,530,447	—	—
Property taxes receivable	454,706	—	454,706	—	—
Due from other governments	10,445,890	83,056	10,528,946	—	—
Inventories	1,045,705	127,276	1,172,981	—	—
Prepaid items	5,933	—	5,933	—	87,729
Accrued interest receivable	972,409	541,673	1,514,082	—	7,325
Special assessments receivable	1,130,456	—	1,130,456	—	—
Notes receivable	448,503	—	448,503	—	—
Other receivables	3,258,052	2,017,720	5,275,772	—	—
Total current assets	542,856,043	318,881,326	861,737,369	899,088	3,066,163
Long-term assets:					
Cash and investments - restricted	—	—	—	—	1,425,008
Notes receivable	—	154,750	154,750	—	—
Investment in joint venture	—	73,987,681	73,987,681	—	—
Capital assets:					
Non-depreciable	198,538,504	75,213,432	273,751,936	—	—
Depreciable, net	543,606,813	684,466,127	1,228,072,940	—	17,152
Total capital assets	742,145,317	759,679,559	1,501,824,876	—	17,152
Total long-term assets	742,145,317	833,821,990	1,575,967,307	—	1,442,160
Total assets	1,285,001,360	1,152,703,316	2,437,704,676	899,088	4,508,323
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	104,821,414	5,487,123	110,308,537	—	—
Deferred amounts on refundings	7,524,891	5,705,990	13,230,881	—	—
Total deferred outflows of resources	112,346,305	11,193,113	123,539,418	—	—

LIABILITIES

Current liabilities:					
Accounts payable	14,051,894	4,458,675	18,510,569	—	14,100
Accrued payroll	5,696,153	713,435	6,409,588	—	—
Trust liabilities and deposits	4,515,703	4,837,829	9,353,532	—	—
Accrued interest	3,895,093	6,214,637	10,109,730	—	—
Unearned revenue	18,351,460	—	18,351,460	—	665,775
Customer advances	—	781,991	781,991	—	—
Compensated absences payable	2,482,184	255,626	2,737,810	—	—
Bonds payable	22,245,684	22,818,437	45,064,121	—	—
Landfill closure and postclosure liability	—	94,446	94,446	—	—
Claims and judgements payable	12,183,920	—	12,183,920	—	—
Total current liabilities	83,422,091	40,175,076	123,597,167	—	679,875
Long-term liabilities:					—
Compensated absences payable	11,197,318	1,153,150	12,350,468	—	—
Bonds payable	191,712,304	296,857,939	488,570,243	—	—
Net pension liability	293,981,374	22,238,502	316,219,876	—	—
OPEB liability	56,105,261	6,898,722	63,003,983	—	—
Landfill closure and postclosure liability	—	4,245,554	4,245,554	—	—
Claims and judgements payable	6,701,942	—	6,701,942	—	—
Total long-term liabilities	559,698,199	331,393,867	891,092,066	—	—
Total liabilities	643,120,290	371,568,943	1,014,689,233	—	679,875
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of OPEB and pension plan items	16,667,670	1,801,034	18,468,704	—	—
NET POSITION					
Net investment in capital assets	555,107,220	458,616,595	1,013,723,815	—	17,152
Restricted for:					
Transportation and development	122,816,807	—	122,816,807	—	—
Capital improvements	14,657,494	—	14,657,494	—	—
Community services	43,801,030	—	43,801,030	—	—
Community development	686,088	—	686,088	—	—
Debt service	5,798,057	32,154,205	37,952,262	—	—
Legal restrictions	1,454,540	—	1,454,540	—	1,425,008
Total restricted	189,214,016	32,154,205	221,368,221	—	1,425,008
Unrestricted	(6,761,531)	299,755,652	292,994,121	899,088	2,386,288
Total net position	<u>\$ 737,559,705</u>	<u>\$ 790,526,452</u>	<u>\$ 1,528,086,157</u>	<u>\$ 899,088</u>	<u>\$ 3,828,448</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2021

Function/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$162,849,542	\$ 42,011,670	\$ 9,332,515	\$ 5,447,340	\$ 56,791,525
Public safety	122,146,366	5,073,984	6,731,394	—	11,805,378
Transportation and development	58,847,053	14,266,302	1,435,992	11,126,001	26,828,295
Community services	39,565,719	5,437,401	1,194,666	—	6,632,067
Interest on long-term debt	6,653,197	—	—	—	—
Total governmental activities	<u>390,061,877</u>	<u>66,789,357</u>	<u>18,694,567</u>	<u>16,573,341</u>	<u>102,057,265</u>
Business-type activities:					
Water	62,049,102	58,755,999	—	5,755,850	64,511,849
Wastewater	62,753,454	61,971,940	—	8,600,023	70,571,963
Solid waste	17,040,309	17,480,050	—	—	17,480,050
Airport	2,186,724	893,268	—	—	893,268
Chandler housing authority	9,207,531	1,262,966	7,965,078	—	9,228,044
Total business-type activities	<u>153,237,120</u>	<u>140,364,223</u>	<u>7,965,078</u>	<u>14,355,873</u>	<u>162,685,174</u>
Total primary government	<u><u>\$543,298,997</u></u>	<u><u>\$207,153,580</u></u>	<u><u>\$ 26,659,645</u></u>	<u><u>\$ 30,929,214</u></u>	<u><u>\$264,742,439</u></u>
Component units					
Chandler Industrial Development Authority	\$ 118,159	\$ 101,039	\$ —	\$ —	\$ 101,039
Chandler Cultural Foundation	465,309	87,730	423,631	—	511,361
Total component units	<u>\$ 583,468</u>	<u>\$ 188,769</u>	<u>\$ 423,631</u>	<u>\$ —</u>	<u>\$ 612,400</u>

General revenues and transfers:

General revenues:

Property taxes, levied for general purposes

Sales taxes

Highway user taxes

Other taxes

Franchise fees

State shared revenues (unrestricted)

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated

Net position - end of year

See accompanying Notes to the Financial Statements.

**Net (Expense) Revenue
and Changes in Net Position**

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ (106,058,017)	\$ —	\$ (106,058,017)	\$ —	\$ —
(110,340,988)	—	(110,340,988)	—	—
(32,018,758)	—	(32,018,758)	—	—
(32,933,652)	—	(32,933,652)	—	—
(6,653,197)	—	(6,653,197)	—	—
(288,004,612)	—	(288,004,612)	—	—
—	2,462,747	2,462,747	—	—
—	7,818,509	7,818,509	—	—
—	439,741	439,741	—	—
—	(1,293,456)	(1,293,456)	—	—
—	20,513	20,513	—	—
—	9,448,054	9,448,054	—	—
(288,004,612)	9,448,054	(278,556,558)	—	—
—	—	—	(17,120)	—
—	—	—	—	46,052
—	—	—	(17,120)	46,052
36,371,978	—	36,371,978	—	—
157,513,686	16,516	157,530,202	—	—
18,108,310	—	18,108,310	—	—
2,226,568	—	2,226,568	—	—
3,823,524	—	3,823,524	—	—
80,699,253	—	80,699,253	—	—
584,026	249,448	833,474	1,446	9,798
1,820,520	2,833,025	4,653,545	—	—
105,991	(105,991)	—	—	—
301,253,856	2,992,998	304,246,854	1,446	9,798
13,249,244	12,441,052	25,690,296	(15,674)	55,850
724,310,461	778,085,400	1,502,395,861	914,762	3,772,598
\$ 737,559,705	\$ 790,526,452	\$ 1,528,086,157	\$ 899,088	\$ 3,828,448

City of Chandler
Balance Sheet -
Governmental Funds
June 30, 2021

	Major Funds			
	General	General Obligation Bonds	Other Governmental	
	General	Debt Service	Funds	Total
ASSETS				
Equity in pooled cash and investments	\$220,381,553	\$ 28,903,431	\$ 203,997,258	\$ 453,282,242
Accounts receivable	1,712,821	—	24,118	1,736,939
Privilege license tax receivable	17,530,447	—	—	17,530,447
Property taxes receivable	108,354	346,352	—	454,706
Advances to other funds	8,310,859	—	—	8,310,859
Due from other funds	2,163,778	—	—	2,163,778
Due from other governments	2,045,391	—	8,400,499	10,445,890
Inventories	1,045,705	—	—	1,045,705
Prepaid items	5,933	—	—	5,933
Accrued interest receivable	411,048	33,146	435,648	879,842
Special assessments receivable	—	—	1,130,456	1,130,456
Notes receivable	—	—	448,503	448,503
Other receivables	3,247,723	—	10,329	3,258,052
Total assets	\$256,963,612	\$ 29,282,929	\$ 214,446,811	\$ 500,693,352
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,465,504	\$ —	\$ 10,457,315	\$ 13,922,819
Accrued payroll	5,465,927	—	176,607	5,642,534
Trust liabilities and deposits	4,202,064	—	313,639	4,515,703
Accrued interest	—	3,870,193	24,900	3,895,093
Due to other funds	—	—	2,163,778	2,163,778
Advances from other funds	—	—	8,310,859	8,310,859
Unearned revenue	1,154,492	—	17,094,751	18,249,243
Bonds payable	—	19,395,000	—	19,395,000
Total liabilities	14,287,987	23,265,193	38,541,849	76,095,029
Deferred inflows of resources				
Unavailable revenues - special assessments	—	—	1,130,456	1,130,456
Unavailable revenues - property taxes	83,226	259,343	—	342,569
Total deferred inflows of resources	83,226	259,343	1,130,456	1,473,025
Fund balances:				
Nonspendable	1,051,638	—	—	1,051,638
Restricted	1,711,242	5,758,393	182,001,083	189,470,718
Assigned	143,763,585	—	—	143,763,585
Unassigned	96,065,934	—	(7,226,577)	88,839,357
Total fund balances	242,592,399	5,758,393	174,774,506	423,125,298
Total liabilities, deferred inflows and fund balances	\$256,963,612	\$ 29,282,929	\$ 214,446,811	\$ 500,693,352

See accompanying Notes to the Financial Statements.

City of Chandler

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position June 30, 2021

Total Fund Balances - Total Governmental Funds**\$ 423,125,298**

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	\$ 198,538,504	
Depreciable buildings, property, equipment and infrastructure, net	<u>543,606,813</u>	
Total capital assets		742,145,317

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	1,473,025
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Deferred amounts on refundings are not financial resources and, therefore, are not reported in the funds.	7,524,891
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Deferred outflows related to pensions and OPEB are not financial resources and, therefore, are not reported in the funds.	104,821,414
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Deferred inflows related to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.	(16,667,670)
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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 funds are included in governmental activities in the Government-wide Statement of Net Position.	33,352,911
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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 \$18,999,506 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(194,562,988)	
Net pension liability	(293,981,374)	
OPEB liability	(56,105,261)	
Compensated absences	<u>(13,565,858)</u>	
Total long-term liabilities		(558,215,481)

Net Position of Governmental Activities	<u>\$ 737,559,705</u>
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See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the year ended June 30, 2021

	Major Funds			
	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total
REVENUES:				
Property taxes	\$ 8,127,805	\$ 28,281,540	\$ —	\$ 36,409,345
Sales taxes	157,513,686	—	—	157,513,686
Highway user taxes	—	—	18,108,310	18,108,310
Regional transportation taxes	—	—	2,226,568	2,226,568
Franchise fees	3,823,524	—	—	3,823,524
State shared	80,699,253	—	—	80,699,253
Grants and entitlements	7,716,927	—	21,700,101	29,417,028
System development fees	143,436	—	8,064,292	8,207,728
Special assessments	—	—	587,020	587,020
Licenses and permits	6,656,737	—	—	6,656,737
Charges for services	19,138,480	—	492,909	19,631,389
Fines and forfeitures	2,853,783	—	66,390	2,920,173
Rentals	174,766	—	—	174,766
Contributions	—	—	5,201,737	5,201,737
Interest revenue	(81,690)	(80,955)	696,028	533,383
Miscellaneous	588,941	—	516,129	1,105,070
Total revenues	287,355,648	28,200,585	57,659,484	373,215,717
EXPENDITURES:				
Current:				
General government	64,203,179	—	29,279,663	93,482,842
Public safety	117,609,757	—	1,748,002	119,357,759
Transportation and development	17,493,321	—	14,147,245	31,640,566
Community services	28,237,838	—	846,243	29,084,081
Capital outlay	3,036,932	—	58,870,192	61,907,124
Debt service:				
Principal	—	19,395,000	585,000	19,980,000
Interest and fiscal charges	—	7,740,385	61,500	7,801,885
Total expenditures	230,581,027	27,135,385	105,537,845	363,254,257
Excess (deficiency) of revenues over (under) expenditures	56,774,621	1,065,200	(47,878,361)	9,961,460
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	1,876	—	223,205	225,081
Transfers in	—	—	44,961,787	44,961,787
Transfers out	(47,094,820)	—	(270,061)	(47,364,881)
Total other financing sources (uses)	(47,092,944)	—	44,914,931	(2,178,013)
NET CHANGE IN FUND BALANCE	9,681,677	1,065,200	(2,963,430)	7,783,447
FUND BALANCES:				
Beginning of year	232,910,722	4,693,193	177,737,936	415,341,851
End of year	\$ 242,592,399	\$ 5,758,393	\$ 174,774,506	\$ 423,125,298

See accompanying Notes to the Financial Statements.

City of Chandler

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities For the year ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 7,783,447
Governmental activities in the Statement of Activities were reported differently because:	
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Net Position and Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded and transferred in the current period.	39,931,139
Depreciation expense on capital assets is reported in the Government-wide Statement of Net Position and Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(54,104,070)
Some items reported in the governmental funds are sources and uses of current financial resources and therefore are not reported as revenues or expenses in the Statement of Activities. These items include:	
Principal payments on debt	19,980,000
Pension related items	4,097,710
Other post employment benefits obligation	<u>(597,354)</u>
	23,480,356
Accrued interest payable related to long-term debt is recognized as an expense in the Statement of Activities, however, it is not recognized in the governmental funds because it is not payable from current financial resources.	1,148,688
Certain revenues in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	(209,500)
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	146,587
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.	(568,545)
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.	849,143
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>(5,208,001)</u>
Change in Net Position of Governmental Activities	<u><u>\$13,249,244</u></u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Net Position -
Proprietary Funds
June 30, 2021

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 107,638,853	\$ 160,552,608	\$ 29,965,196	\$ 298,156,657	\$ 52,452,272
Accounts receivable	8,269,969	7,277,489	2,407,486	17,954,944	92,489
Due from other governments	—	—	83,056	83,056	—
Inventories	90,668	—	36,608	127,276	—
Accrued interest receivable	192,923	290,782	57,968	541,673	92,567
Other receivables	—	2,017,687	33	2,017,720	—
Total current assets	116,192,413	170,138,566	32,550,347	318,881,326	52,637,328
Long-term assets:					
Notes receivable	—	—	154,750	154,750	—
Advances to other funds	3,900,000	—	—	3,900,000	—
Investment in joint venture	73,987,681	—	—	73,987,681	—
Capital assets:					
Non-depreciable	15,232,052	32,514,332	27,467,048	75,213,432	—
Depreciable, net	221,486,104	436,145,250	26,834,773	684,466,127	—
Total capital assets	236,718,156	468,659,582	54,301,821	759,679,559	—
Total long-term assets	314,605,837	468,659,582	54,456,571	837,721,990	—
Total assets	430,798,250	638,798,148	87,006,918	1,156,603,316	52,637,328
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	2,603,529	1,642,064	1,241,530	5,487,123	—
Deferred amounts on refundings	3,010,093	2,695,897	—	5,705,990	—
Total deferred outflow of resources	5,613,622	4,337,961	1,241,530	11,193,113	—

LIABILITIES

Current liabilities:

Accounts payable	1,627,197	1,471,537	1,359,941	4,458,675	129,075
Accrued payroll	286,908	303,644	122,883	713,435	53,619
Trust liabilities and deposits	4,013,493	148,703	675,633	4,837,829	—
Accrued interest	2,382,293	3,832,344	—	6,214,637	—
Unearned revenue	—	—	—	—	102,217
Customer advances	237,534	221,699	322,758	781,991	—
Compensated absences payable	129,614	82,456	43,556	255,626	20,622
Bonds payable	10,305,054	12,513,383	—	22,818,437	—
Landfill closure and postclosure liability	—	—	94,446	94,446	—
Claims and judgements payable	—	—	—	—	12,183,920
Total current liabilities	18,982,093	18,573,766	2,619,217	40,175,076	12,489,453

Long-term liabilities:

Compensated absences payable	584,707	371,965	196,478	1,153,150	93,022
Advances from other funds	—	3,900,000	—	3,900,000	—
Bonds payable	111,044,483	185,813,456	—	296,857,939	—
Net pension liability	11,045,216	6,209,485	4,983,801	22,238,502	—
OPEB liability	3,169,028	2,448,942	1,280,752	6,898,722	—
Landfill closure and postclosure liability	—	—	4,245,554	4,245,554	—
Claims and judgements payable	—	—	—	—	6,701,942
Total long-term liabilities	125,843,434	198,743,848	10,706,585	335,293,867	6,794,964
Total liabilities	144,825,527	217,317,614	13,325,802	375,468,943	19,284,417

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	916,611	431,590	452,833	1,801,034	—
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NET POSITION

Net investment in capital assets	124,969,472	279,345,301	54,301,821	458,616,594	—
Restricted for:					
Debt service	13,689,846	18,464,359	—	32,154,205	—
Unrestricted	152,010,416	127,577,245	20,167,992	299,755,653	33,352,911
Total net position	\$ 290,669,734	\$ 425,386,905	\$ 74,469,813	\$ 790,526,452	\$ 33,352,911

See accompanying Notes to the Financial Statements.



City of Chandler
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the year ended June 30, 2021

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
OPERATING REVENUES:					
Service fees	\$ 58,755,999	\$ 61,971,940	\$ 18,373,518	\$ 139,101,457	\$ 100,277
Grants and entitlements	—	—	7,965,078	7,965,078	—
Rentals	—	—	1,262,766	1,262,766	—
Sales taxes	—	—	16,516	16,516	—
Self insurance premiums	—	—	—	—	28,842,445
Miscellaneous	34,423	1,150	134,021	169,594	715,450
Total operating revenues	58,790,422	61,973,090	27,751,899	148,515,411	29,658,172
OPERATING EXPENSES:					
General and administrative	3,470,121	3,040,261	1,135,651	7,646,033	551
Personnel services	9,953,735	7,969,420	4,066,147	21,989,302	2,361,299
Contractual services	9,382,064	4,956,193	13,840,045	28,178,302	2,659,801
Commodities	12,282,520	9,574,895	1,636,368	23,493,783	2,161,939
Claims expense	—	—	—	—	30,333,824
Housing assistance payments	—	—	5,475,829	5,475,829	—
Depreciation and amortization expense	17,095,917	29,089,066	2,280,524	48,465,507	—
Total operating expenses	52,184,357	54,629,835	28,434,564	135,248,756	37,517,414
OPERATING INCOME (LOSS)	6,606,065	7,343,255	(682,665)	13,266,655	(7,859,242)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	124,740	139,818	(15,110)	249,448	50,644
Interest and fiscal charges	(5,246,427)	(8,101,619)	—	(13,348,046)	—
Accretion of bond premiums	1,193,550	1,469,881	—	2,663,431	—
Gain (loss) on disposal of capital assets	—	(22,000)	—	(22,000)	—
Equity interest in joint venture	(4,618,318)	—	—	(4,618,318)	—
Total Nonoperating revenues (expenses)	(8,546,455)	(6,513,920)	(15,110)	(15,075,485)	50,644
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,940,390)	829,335	(697,775)	(1,808,830)	(7,808,598)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	5,755,850	8,600,023	91,512	14,447,385	—
Transfers in	—	—	547,006	547,006	2,630,890
Transfers out	(349,859)	(260,273)	(134,377)	(744,509)	(30,293)
Total capital contributions and transfers	5,405,991	8,339,750	504,141	14,249,882	2,600,597
CHANGE IN NET POSITION	3,465,601	9,169,085	(193,634)	12,441,052	(5,208,001)
NET POSITION:					
Beginning of year, as restated	287,204,133	416,217,820	74,663,447	778,085,400	38,560,912
End of year	<u>\$ 290,669,734</u>	<u>\$ 425,386,905</u>	<u>\$ 74,469,813</u>	<u>\$ 790,526,452</u>	<u>\$ 33,352,911</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Cash Flows -
Proprietary Funds
For the year ended June 30, 2021

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 59,955,848	\$ 63,244,318	\$ 20,015,595	\$ 143,215,761	\$ 29,731,651
Cash received from grantors	—	—	7,947,264	7,947,264	—
Cash payments to suppliers	(24,796,550)	(17,039,453)	(21,921,919)	(63,757,922)	(29,874,300)
Cash payments to employees for services	(9,883,349)	(7,822,558)	(4,002,576)	(21,708,483)	(2,344,317)
Net cash provided (used) by operating activities	25,275,949	38,382,307	2,038,364	65,696,620	(2,486,966)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	—	—	547,006	547,006	2,630,890
Transfers out	(349,859)	(260,273)	(134,377)	(744,509)	(30,293)
Net cash provided (used) by noncapital financing activities	(349,859)	(260,273)	412,629	(197,503)	2,600,597
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(5,502,226)	(12,142,703)	(871,700)	(18,516,629)	—
Principal paid on bond maturities	(9,345,660)	(10,605,569)	—	(19,951,229)	—
Interest paid on bonds	(5,452,481)	(8,346,816)	—	(13,799,297)	—
Cash received from capital contributions	5,160,606	7,146,259	—	12,306,865	—
Net cash provided (used) by capital and related financing activities	(15,139,761)	(23,948,829)	(871,700)	(39,960,290)	—
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	192,966	269,990	23,474	486,430	152,500
Net cash provided (used) by investing activities	192,966	269,990	23,474	486,430	152,500
Net increase (decrease) in cash and cash equivalents	9,979,295	14,443,195	1,602,767	26,025,257	266,131
CASH AND CASH EQUIVALENTS:					
Beginning of year	97,659,558	146,109,413	28,362,429	272,131,400	52,186,141
End of year	<u>\$ 107,638,853</u>	<u>\$ 160,552,608</u>	<u>\$ 29,965,196</u>	<u>\$ 298,156,657</u>	<u>\$ 52,452,272</u>

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

Operating income (loss)	\$ 6,606,065	\$ 7,343,255	\$ (682,665)	\$ 13,266,655	\$ (7,859,242)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	17,095,917	29,089,066	2,280,524	48,465,507	—
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	750,288	1,268,318	39,924	2,058,530	(13,133)
(Increase) decrease in due from other governments	—	—	(33,600)	(33,600)	—
(Increase) decrease in inventories	9,968	—	(29,118)	(19,150)	—
(Increase) decrease in other assets	—	—	(150,855)	(150,855)	—
Increase (decrease) in payables	328,187	531,896	195,092	1,055,175	39,209
Increase (decrease) in accrued payroll and compensated absences	12,946	101,465	39,265	153,676	16,982
Increase (decrease) in deposits	391,950	(18,733)	52,475	425,692	—
Increase (decrease) in claims payable	—	—	—	—	5,242,606
Increase (decrease) in unearned revenue	—	—	—	—	86,612
Increase (decrease) in customer advances	23,188	21,643	152,161	196,992	—
Increase (decrease) in net pension and OPEB items	(462,312)	(369,382)	(37,917)	(869,611)	—
Increase (decrease) in OPEB liability	519,752	414,779	213,078	1,147,609	—
Total adjustments	18,669,884	31,039,052	2,721,029	52,429,965	5,372,276
Net cash provided (used) by operating activities	\$ 25,275,949	\$ 38,382,307	\$ 2,038,364	\$ 65,696,620	\$ (2,486,966)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 595,244	\$ 1,453,764	\$ —	\$ 2,049,008	\$ —
Contributions of capital assets from city government	—	—	91,512	91,512	—
Gain (loss) on disposal of capital assets	—	(22,000)	—	(22,000)	—
Accretion of bond premiums	1,193,550	1,469,881	—	2,663,431	—

See accompanying Notes to the Financial Statements.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2021

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 columns in the basic financial statements include the financial data of the Chandler Industrial Development Authority (Authority) and the Chandler Cultural Foundation (Foundation).

The Authority is responsible for the issuance of tax-exempt bonds for qualified projects approved by the Authority and the City Council. The Authority has a seven-member board of directors appointed by the City Council. The City is able to impose its will on the Authority inasmuch as the City Council must vote to ratify the actions of the Authority with regard to the issuance of bonds. The accounting records of the Authority are maintained by the City and are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies, continued

The 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.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; the exception is any interfund activity between governmental and business-type activities, such as transfers. Interfund services provided and used are not eliminated.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies, continued

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences and claims and judgments are recorded only when payment is due.

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies, continued

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

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

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

D. Budgeting and Budgetary Control

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

The level of control at which expenditures may not exceed budget is by department. Upon written request by the City Manager, the City Council has the authority to transfer part or all of any unencumbered appropriation balance from one department to another per City Charter requirement. The City Manager and department heads have the authority to transfer appropriations between divisions and expenditure categories within departments. Appropriations totaling \$61,519,903 were transferred from the contingency reserves within the general, special revenue, capital project and internal service funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements carryforward appropriations. Encumbrance accounting, under which purchase orders, contracts and other commitments for the future expenditure of funds are recorded in order to reserve that portion of the related fund balance, is employed in the governmental and proprietary fund types. Encumbrances outstanding at year-end are reported as part of restricted fund balance for governmental and proprietary funds (excluding the general fund) unless a negative fund balance is reported. If negative, encumbrances are reported as part of unassigned fund balance. Carryforwards for capital improvement projects are reported as part of assigned fund balance at year-end and encumbrances in the general fund are reported as part of unassigned fund balance. Significant encumbrances for the general fund are \$10,677,781, for water enterprise fund are \$18,016,446, for wastewater enterprise fund are \$16,212,607, and for non-major governmental funds are \$53,618,803.

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, 2021

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 28, 2018, 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 uncollectible accounts. All other funds' trade receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

Amounts due from other governments include receivables from other governmental entities including, but not limited to federal, state, or county entities. At year-end the receivables included \$4,896,741 due from the federal government for grants and \$4,223,132 due from the State of Arizona for shared revenues and grants, \$43,502 due from Maricopa County for grants and \$1,365,571 due from other governmental agencies.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies, continued

G. Inventories

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

H. Prepaid Items

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

I. Capital Assets

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

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

Estimated useful lives for capital assets were determined based on the City's historical experience and various industry standards. Capital assets of the City are depreciated 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
Water rights	1-99

J. Deferred Outflows/Inflows of Resources

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies, continued

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

K. Compensated Absences

Vacation leave vests with the employee as it is earned dependent on accumulated time and the individual's vacation benefits associated with their rank within the City. All employees may carryforward only the amount of vacation benefits equal to the maximum allowable earned credits for the preceding calendar year. Upon termination or retirement, an employee will be compensated for accumulated vacation leave dependent on accumulated time and the individual's vacation benefits associated with their rank within the City. Payment will be based on the individual's rate of pay at termination or retirement. Upon death, the same benefits shall be paid to the employee's beneficiary. The amount, including related benefits, for accumulated vacation leave is reported on the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements. Generally, resources from the general fund are used to pay for compensated absences.

Sick leave benefits provided for ordinary sick pay are not vested with the employee. Upon retirement, an employee will be compensated for 50 percent of accumulated sick leave. Payment will be based on the monthly compensation paid to the employee at the time of retirement and paid into a Retirement Health Savings Plan. Upon death, the same benefits shall be paid to the employee's beneficiary.

L. Long-Term Obligations

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies, continued

M. 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).

N. Capital Contributions

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

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Post-Employment Health Care and Life Insurance Benefits

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

Q. Statements of Cash Flows

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

R. Interfund Activity

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

S. Use of Estimates

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies, concluded

T. Implementation of New Accounting Standards

During the year ended June 30, 2021, the City implemented the provisions of Governmental Accounting Standards Board Statements No. 84 Fiduciary Activities and No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 and early implemented the provision of Statement No. 98, The Annual Comprehensive Financial Report. GASB 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of the financial statement information for certain component units. GASB 98 established the term *annual comprehensive financial report* and its acronym *ACFR* and replaces *comprehensive annual financial report* and its acronym.

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

Deposits

At year-end, cash on hand was \$46,865, the carrying amount of the City deposits was \$31,267,782, and the bank balance was \$37,085,141. Of the bank balance, \$250,000 was covered by federal depository insurance and \$36,835,141 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at June 30, 2021, the City had \$76,322,643 of restricted cash held by paying agent consisting of \$49,659,730 in July 1, 2021 debt service payments, \$14,743,727 in unspent bond proceeds from the 2017 and 2019 Excise Tax Revenue Obligation issuances, and \$11,919,186 from the 2017 and 2019 General Obligation Bond issuances. The cash held by paying agent is in money market funds invested primarily in short-term U.S. Treasury securities.

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 2 - Cash and Investments, continued

At June 30, 2021, the City had the following investments and maturities:

Investment Type	Category	Investment Maturities (in Years)			Concentration of Credit Risk %	S&P/Moody/ Fitch Credit Rating
		Fair Value	Less than 1 Year	1-5 Years		
U.S. Treasuries	Level 1	\$ 308,771,593	\$ 40,864,941	\$ 267,906,652	44.37 %	
U.S. Agencies:						
Fannie Mae	Level 2	56,224,596	—	56,224,596	8.08	AA+/Aaa/AAA
Federal Farm Credit Banks	Level 2	13,159,907	—	13,159,907	1.89	AA+/Aaa/AAA
Federal Home Loan Bank	Level 2	9,645,742	—	9,645,742	1.39	AA+/Aaa/AAA
Freddie Mac	Level 2	81,933,956	—	81,933,956	11.77	AA+/Aaa/AAA
Commercial Paper:		—				
Albion Cap Corp/LLC	Level 2	5,028,637	5,028,637	—	0.72	A-1/P-1
Corporate Bonds:						
Adobe Inc Corp	Level 2	715,245	—	715,245	0.10	A/A2
Amazon.com Inc Corp	Level 2	4,239,458	—	4,239,458	0.61	AA/A1
American Honda Finance Corp	Level 2	2,091,364	229,216	1,862,148	0.30	A-/A3
Apple Inc Corp	Level 2	7,895,920	3,116,795	4,779,125	1.13	AA+/Aa1/NA
Bank of America Corp	Level 2	6,438,245	—	6,438,245	0.92	A-/A2/AA-
Bank of New York Mellon Corp	Level 2	8,365,156	—	8,365,156	1.20	A/A1/AA-
Caterpillar Finl Service	Level 2	4,795,432	1,510,422	3,285,010	0.69	A/A2/A
Charles Schwab Corp	Level 2	3,720,931	—	3,720,931	0.53	A/A2/A
Exxon Mobil Corp	Level 2	4,233,788	—	4,233,788	0.61	AA-/Aa2/NA
Hershey Company	Level 2	263,258	—	263,258	0.04	A/A1
John Deere Capital	Level 2	4,671,829	1,016,994	3,654,835	0.67	A/A2/A
JPMorgan Chase Bank	Level 2	8,164,019	—	8,164,019	1.17	A-/A2/AA-
Mastercard Inc Corp	Level 2	3,295,842	—	3,295,842	0.47	A+/A1
Metropolitan Life Global Funding I	Level 2	4,531,082	—	4,531,082	0.65	AA-/Aa3/AA-
National Rural Utilities Cooperative Finance Corp	Level 2	2,988,510	—	2,988,510	0.43	A-/A2/A
New York Life Global Funding	Level 2	4,437,567	—	4,437,567	0.64	AA+/Aaa/AAA
Northern Trust Corp	Level 2	2,660,289	—	2,660,289	0.38	A+/A2/A+
Paccar Financial Corp	Level 2	3,369,597	3,369,597	—	0.48	A+/A1/NA
PNC Bank Na	Level 2	1,476,237	—	1,476,237	0.21	A/A2/A+
Toyota Motor Credit Corp	Level 2	2,156,917	—	2,156,917	0.31	A+/A1
Truist Financial Corp	Level 2	5,147,125	—	5,147,125	0.74	A-/A3/A
Unilever Capital Corp	Level 2	295,102	—	295,102	0.04	A+/A1
United Parcel Service	Level 2	2,711,606	2,711,606	—	0.39	A-/A2
US Bank Na	Level 2	4,283,904	—	4,283,904	0.62	A+/A1/A+
US Bankcorp	Level 2	3,131,445	3,131,445	—	0.45	A+/A1
Wal Mart Stores Inc	Level 2	2,256,501	—	2,256,501	0.32	AA/Aa2
Walt Disney Company	Level 2	172,556	—	172,556	0.02	BBB+/A2
Municipal Bonds:						
AZ Tran Board TXBL REV Bonds	Level 2	1,584,898	—	1,584,898	0.23	AA+/Aa1
Scottsdale, AZ TXBL GO Bonds	Level 2	1,631,823	—	1,631,823	0.23	AAA/Aaa

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 2 - Cash and Investments, continued

Investment Type	Category	Investment Maturities (in Years)			Concentration of Credit Risk %	S&P/Moody/Fitch Credit Rating
		Fair Value	Less than 1 Year	1-5 Years		
Asset Backed:						
Allya 2019-3 A3	Level 2	2,097,050	—	2,097,050	0.30	AAA/Aaa/NA
Amxca 2019-2 A	Level 2	2,019,326	2,019,326	—	0.29	NA/Aaa/AAA
Bmwot 2019-A A3	Level 2	2,523,078	—	2,523,078	0.36	AAA/NA/AAA
Carmx 2019-2 A3	Level 2	676,194	—	676,194	0.10	AAA/NR
Carmx 2020-1 A3	Level 2	871,824	—	871,824	0.13	AAA/NR
Carmx 2021-1 A3	Level 2	484,423	—	484,423	0.07	AAA/NR
Carmx 2021-2 A3	Level 2	996,317	—	996,317	0.14	AAA/NR
CNH2001-A A3	Level 2	834,328	—	834,328	0.12	AAA/NR
Comet 2019-2 A	Level 2	2,034,430	—	2,034,430	0.29	AAA/NA/AAA
Copar 2019-1 A3	Level 2	2,608,974	—	2,608,974	0.37	AAA/Aaa/AAA
Fordo 2019-A A3	Level 2	1,781,539	—	1,781,539	0.26	NA/Aaa/AAA
Harot 2019-1 A3	Level 2	364,255	—	364,255	0.05	AAA/NR
Harot 2019-2 A3	Level 2	960,757	—	960,757	0.14	NR/Aaa
Harot 2021-1 A3	Level 2	829,227	—	829,227	0.12	NR/Aaa
Hart 2018-A A3	Level 2	3,149	—	3,149	—	AAA/Aaa
Hart 2020-A A3	Level 2	5,072,097	—	5,072,097	0.73	AAA/NA/AAA
Hart 2021-A A3	Level 2	639,829	—	639,829	0.09	AAA/NR
Hyundai Auto Receivables trust	Level 2	579,285	—	579,285	0.08	AAA/NR
Mbart 2018-1 A3	Level 2	478,295	—	478,295	0.07	AAA/Aaa/NA
Narot 2018-B A3	Level 2	398,921	—	398,921	0.06	AAA/Aaa
Narot 2019-A A3	Level 2	936,480	—	936,480	0.13	NR/Aaa
Narot 2019-B A3	Level 2	1,073,232	—	1,073,232	0.15	NR/Aaa
Narot 2021-A A3	Level 2	5,493,963	—	5,493,963	0.79	AAA/Aaa/NA
Sdart 2021-2 A3	Level 2	3,249,580	—	3,249,580	0.47	NA/Aaa/AAA
Taot 2020-A A3	Level 2	1,808,964	—	1,808,964	0.26	AAA/Aaa
Taot 2020-C A3	Level 2	1,503,692	—	1,503,692	0.22	AAA/Aaa/NA
Taot 2021-A A3	Level 2	2,298,181	—	2,298,181	0.33	NA/Aaa/AAA
Woart 2019-B A3	Level 2	3,673,077	—	3,673,077	0.53	AAA/NA/AAA
Money Market - Certificates of Deposit	Level 2	18,300,664	3,649,819	14,650,845	2.63	A-1/P-1
Money Market Fund	Level 1	55,019,398	55,019,398	—	7.90	AAAm/NR
Cash and cash equivalents	Level 1	153,275	153,275	—	0.02	AAA/Aaa/AAA
Total		\$696,253,881	\$121,821,471	\$574,432,410	100.00 %	

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 2 - Cash and Investments, concluded

Credit Risk. The City's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of AA+ or Aaa, commercial paper with a minimum short-term rating of A-1 or P-1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of 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 AAA, BBB+ and AAAM by Standard & Poor's, respectively, as of June 30, 2021.

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

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

NOTE 3 - Property Taxes

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

The City also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 3 - Property Taxes, concluded

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

In fiscal year 2020-21, current property tax collections were \$36,040,967 or 99 percent of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days is recognized as revenue and recorded as a receivable. Property taxes levied in August 2021 are not available for fiscal year 2020-21; accordingly, such taxes will not be recognized as revenue until fiscal year 2021-22.

NOTE 4 - Capital Assets

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

Governmental Activities	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 92,528,517	\$ —	\$ —	\$ 92,528,517
Construction in progress	113,530,548	36,018,096	(43,538,657)	106,009,987
Total capital assets not being depreciated	206,059,065	36,018,096	(43,538,657)	198,538,504
Capital assets, being depreciated:				
Infrastructure	743,147,645	32,799,025	—	775,946,670
Building and improvements	410,009,123	5,427,208	—	415,436,331
Machinery and equipment	96,956,739	10,075,340	(5,956,668)	101,075,411
Total capital assets being depreciated	1,250,113,507	48,301,573	(5,956,668)	1,292,458,412
Less accumulated depreciation for:				
Infrastructure	(406,838,819)	(27,591,284)	—	(434,430,103)
Building and improvements	(220,031,093)	(18,630,491)	—	(238,661,584)
Machinery and equipment	(73,624,049)	(7,882,295)	5,746,432	(75,759,912)
Total accumulated depreciation	(700,493,961)	(54,104,070)	5,746,432	(748,851,599)
Total capital assets, being depreciated, net	549,619,546	(5,802,497)	(210,236)	543,606,813
Governmental activities capital assets, net	\$ 755,678,611	\$ 30,215,599	\$ (43,748,893)	\$ 742,145,317

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 4 - Capital Assets, continued

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

	Expended to June 30, 2021	Remaining Commitments
Streets	\$ 43,178,596	\$ 18,110,647
Parks and recreation	8,837,804	1,679,519
Buildings and related improvements	53,993,587	10,482,847
Total	<u>\$ 106,009,987</u>	<u>\$ 30,273,013</u>

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

Business-Type Activities	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 51,669,315	\$ 5,520,416	\$ —	\$ 57,189,731
Construction in progress	57,565,710	13,616,690	(53,158,699)	18,023,701
Total capital assets not being depreciated	<u>109,235,025</u>	<u>19,137,106</u>	<u>(53,158,699)</u>	<u>75,213,432</u>
Capital assets, being depreciated:				
System improvements	1,389,863,970	11,206,434	—	1,401,070,404
Building and improvements	26,345,403	93,136	—	26,438,539
Vehicles, machinery and equipment	20,224,800	346,217	(83,290)	20,487,727
Water rights	—	42,860,250	—	42,860,250
Land improvements	2,495,534	172,703	—	2,668,237
Total capital assets being depreciated	<u>1,438,929,707</u>	<u>54,678,740</u>	<u>(83,290)</u>	<u>1,493,525,157</u>
Less accumulated depreciation for:				
System improvements	(723,937,013)	(46,221,465)	—	(770,158,478)
Buildings and improvements	(17,414,402)	(974,292)	—	(18,388,694)
Vehicles, machinery and equipment	(17,006,718)	(1,000,979)	61,290	(17,946,407)
Water rights	—	(214,301)	—	(214,301)
Land improvements	(2,296,682)	(54,468)	—	(2,351,150)
Total accumulated depreciation	<u>(760,654,815)</u>	<u>(48,465,505)</u>	<u>61,290</u>	<u>(809,059,030)</u>
Total capital assets, being depreciated, net	<u>678,274,892</u>	<u>6,213,235</u>	<u>(22,000)</u>	<u>684,466,127</u>
Business-type activities capital assets, net	<u>\$ 787,509,917</u>	<u>\$ 25,350,341</u>	<u>\$ (53,180,699)</u>	<u>\$ 759,679,559</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 4 - Capital Assets, concluded

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

	Expended to 2021 June 30,	Remaining Commitments
Sewer system improvements	\$ 7,863,976	\$ 15,384,893
Water system improvements	9,730,210	12,299,108
Solid waste system improvements	214,420	64,543
Airport improvements		358,552
Total	<u>\$ 18,023,701</u>	<u>\$ 28,108,096</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 8,397,075
Public safety	7,272,663
Community services	10,491,842
Transportation and development	27,942,490
Total depreciation expense - governmental activities	<u>\$ 54,104,070</u>
Business-type activities:	
Water	\$ 17,095,915
Wastewater	29,089,066
Solid waste	611,341
Airport	1,071,710
Chandler housing authority	597,473
Total depreciation expense - business-type activities	<u>\$ 48,465,505</u>

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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 \$321,869,128 in outstanding general obligation bonds and are payable through July 1, 2035. Proceeds of the bonds were used for governmental and business-type activities.

Governmental Activities General Obligation Bonds

Annual principal and interest payments on the government activities bonds were approximately 79 percent of total ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$231,642,858. Principal and interest paid for the current year and total ad valorem property taxes were \$28,943,382 and \$36,409,345 respectively.

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2021 were as follows:

Governmental Activities General Obligation Bonds:	Outstanding June 30, 2021
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$10,370,000 to \$16,210,000 through 7/1/28; interest at 3 percent to 5 percent.	\$ 96,099,000
\$39,050,000 Refunding Bonds, Series 2016, due in annual installments of \$4,980,000 to \$15,465,000 beginning 7/1/25 through 7/1/27; interest at 3 percent to 5 percent.	25,500,000
\$58,740,000 Capital Improvement Bonds, Series 2017, due in annual installments of \$3,075,000 to \$4,160,000 through 7/1/32; interest at 2.3 percent to 4 percent.	43,165,000
\$30,400,000 Capital Improvement Bonds, Series 2019, due in annual installments of \$1,000,000 to \$2,325,000 through 7/1/35; interest at 2.3 percent to 4 percent.	30,400,000
Total Governmental Activities General Obligation Bonds	<u>\$ 195,164,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 5 - Long-Term Liabilities, continued

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds were approximately 21 percent of net water and wastewater system revenues. The total principal and interest remaining to be paid on the business-type activities portion of the general obligation bonds is \$90,226,270. Principal and interest paid for the current year and total net water system, wastewater system revenues were \$12,764,575 and \$59,876,984 respectively.

	Outstanding June 30, 2021
Business-Type Activities General Obligation Bonds:	
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$6,895,000 to \$11,036,000 through 7/1/28; interest at 3 percent to 5 percent.	\$ 63,386,000
\$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.	<u>13,550,000</u>
Total Business-Type Activities General Obligation Bonds	<u>\$ 76,936,000</u>

B. Excise Tax Revenue Obligations

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

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

Annual principal and interest payments on the obligations are being repaid from net water and wastewater system revenues and were less than 31% percent of net system revenues. The total principal and interest to be paid on the obligations is \$287,436,188. Principal and interest paid for the current year and net water and wastewater system revenues were \$18,599,151 and \$60,098,730 respectively. Total excise tax revenues during the fiscal year were \$251,546,983. Principal and interest payments were approximately 7 percent of total excise tax revenues.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 5 - Long-Term Liabilities, continued

	Outstanding June 30, 2021
Business-Type Activities Excise Tax Revenue Obligations:	
\$15,000,000 Water & Sewer Excise Tax Revenue Obligations, Series 2011, due in annual installments of \$835,000 to \$905,000 through 7/1/22; interest at 3 percent to 4 percent.	\$ 1,775,000
\$104,500,000 Water & Sewer Excise Tax Revenue Obligations, Series 2013, due in annual installments of \$3,100,000 to \$12,000,000 through 7/1/33; interest at 4 percent to 5 percent.	94,300,000
\$66,660,000 Water & Sewer Excise Tax Revenue Obligations, Series 2015, due in annual installments of \$2,635,000 to \$5,620,000 through 7/1/35; interest at 3 percent to 5 percent.	58,610,000
\$19,510,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2016, due in annual installments of \$1,180,000 to \$3,050,000 7/1/20 through 7/1/28; interest at 4 percent to 5 percent.	18,330,000
\$36,220,000 Water & Sewer Excise Tax Revenue Obligations, Series 2017, due in annual installments of \$775,000 to \$4,045,000 through 7/1/37; interest at 3 percent to 5 percent.	34,445,000
\$13,000,000 Water & Sewer Excise Tax Revenue Obligations, Series 2019, due in annual installments of \$1,270,000 to \$1,765,000 through 7/1/28; interest at 5 percent.	12,320,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u>\$ 219,780,000</u>

C. Special Assessment Bonds with Governmental Commitment

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 2021, 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, 2021 were as follows:

	Outstanding June 30, 2021
Special Assessment Bonds with Governmental Commitment:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$585,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 1,245,000
Total Special Assessment Bonds with Governmental Commitment	<u>\$ 1,245,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due within One Year
Governmental Activities:					
Compensated absences	\$ 13,811,004	\$ 1,727,342	\$ (1,858,844)	\$ 13,679,502	\$ 2,482,184
Bonds payable:					
General obligation bonds	215,939,000	—	(20,775,000)	195,164,000	19,395,000
Special assessment bonds	1,830,000	—	(585,000)	1,245,000	610,000
Issuance premiums	19,789,672	—	(2,240,684)	17,548,988	2,240,684
Total bonds payable	237,558,672	—	(23,600,684)	213,957,988	22,245,684
Claims payable (as restated)	13,643,256	32,993,787	(27,751,181)	18,885,862	12,183,920
Net pension liability	275,257,904	18,723,470	—	293,981,374	—
OPEB liability	47,361,614	8,743,647	—	56,105,261	—
Totals	\$ 587,632,450	\$ 62,188,246	\$ (53,210,709)	\$ 596,609,987	\$ 36,911,788
	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Business-Type Activities:					
Compensated absences	\$ 1,388,807	\$ 211,401	\$ (191,432)	\$ 1,408,776	\$ 255,626
Bonds & obligations payable:					
General obligation bonds	86,261,000	—	(9,325,000)	76,936,000	9,525,000
Revenue bonds	2,340,000	—	(2,340,000)	—	—
Excise tax revenue obligations	228,985,000	—	(9,205,000)	219,780,000	10,630,000
Issuance premiums	25,623,807	—	(2,663,431)	22,960,376	2,663,437
Total bonds & obligations payable	343,209,807	—	(23,533,431)	319,676,376	22,818,437
Net pension liability	18,637,376	3,601,126	—	22,238,502	—
OPEB liability	5,751,113	1,147,609	—	6,898,722	—
Landfill closure/post closure	4,340,000	—	—	4,340,000	94,446
Totals	\$ 373,327,103	\$ 4,960,136	\$ (23,724,863)	\$ 354,562,376	\$ 23,168,509

Compensated Absences

The City's policy relating to compensated absences is described in Note 1. The long-term portion of this debt is expected to be paid in future years from future resources. Compensated absences for governmental activities have been liquidated primarily by the general fund.

Statutory Debt Limitation

In the absence of more restrictive bond authorization ballot limitations, the City is subject to state limitations on the amount of net bonded debt (exclusive of revenue bonds, excise tax revenue obligations, and improvement district bonds) it may have outstanding. The statutory debt limitation is 20 percent of the full cash property assessed valuation for purposes of water, wastewater, artificial light, acquisition and development of land for open space preserves, recreation facilities, public safety and emergency services, streets and transportation and 6 percent of the full cash property assessed valuation for all other purposes (e.g., library, museum, center for the arts). At June 30, 2021, the 6 percent debt limitation was \$280,953,536, providing a debt margin of \$274,194,030 and the 20 percent debt limitation was \$936,511,789, providing a debt margin of \$659,438,047.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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.

Arbitrage

Arbitrage is the ability to obtain tax-exempt bond proceeds and invest the funds in higher yielding taxable securities, resulting in a profit. The City monitors compliance with federal arbitrage regulations. Arbitrage liability as of June 30, 2021 is \$0.

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 2021:

Years Ended June 30	GOVERNMENTAL ACTIVITIES				Total
	General Obligation Principal	General Obligation Interest	Improvement Districts Principal	Improvement Districts Interest	
2022	\$ 19,395,000	\$ 7,370,030	\$ 610,000	\$ 49,800	\$ 27,424,830
2023	20,060,000	6,598,475	635,000	25,400	27,318,875
2024	20,860,000	5,702,900	—	—	26,562,900
2025	21,610,000	4,695,275	—	—	26,305,275
2026	20,820,000	3,790,525	—	—	24,610,525
2027-2031	73,934,000	7,465,438	—	—	81,399,438
2032-2036	18,485,000	856,215	—	—	19,341,215
Total	<u>\$ 195,164,000</u>	<u>\$ 36,478,858</u>	<u>\$ 1,245,000</u>	<u>\$ 75,200</u>	<u>\$ 232,963,058</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 5 - Long-Term Liabilities, concluded

Years Ended June 30	BUSINESS-TYPE ACTIVITIES				
	General Obligation Principal	General Obligation Interest	Excise Tax Principal	Excise Tax Interest	Total
2022	\$ 9,525,000	\$ 3,120,630	\$ 10,630,000	\$ 8,878,476	\$ 32,154,106
2023	9,650,000	2,748,560	11,375,000	8,353,925	32,127,485
2024	9,555,000	2,316,685	11,940,000	7,781,975	31,593,660
2025	9,475,000	1,840,935	12,865,000	7,161,850	31,342,785
2026	9,290,000	1,430,235	13,515,000	6,502,350	30,737,585
2027-2031	29,441,000	1,833,225	78,505,000	22,609,375	132,388,600
2032-2036	—	—	75,110,000	6,184,487	81,294,487
2037-2041	—	—	5,840,000	183,750	6,023,750
Total	<u>\$ 76,936,000</u>	<u>\$ 13,290,270</u>	<u>\$ 219,780,000</u>	<u>\$ 67,656,188</u>	<u>\$ 377,662,458</u>

NOTE 6 - Defeased Debt

Prior Year Defeasance

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

Bonds and obligations that have been advance refunded (defeased) as of June 30, 2021:

Refunded Debt Outstanding	Amount
Excise Tax Revenue Obligations, Series 2011 (Final Redemption 7/1/21)	\$ 6,450,000

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, 2021, the City estimates total costs related to landfill closure and postclosure care is \$16,333,635 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,993,635 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 7 - Landfill Closure and Postclosure Costs, concluded

The estimated total current cost of the landfill closure and postclosure, \$16,333,635, 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, 2021. However, the actual cost of closure and postclosure care may differ due to inflation, deflation, changes in technology or changes in landfill laws and regulations. The City is required by state and federal regulations to comply with local government financial test requirements that assure the City can meet the costs of landfill closure, postclosure care and, if necessary, corrective action when needed. The City complied with all local government financial test requirements for the year ended June 30, 2020. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, i.e., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

NOTE 8 - Capital Contributions

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

	System Development Fees	Developer Contributions	Government Contributions	Total
Water	\$ 5,160,606	\$ 595,244	\$ —	\$ 5,755,850
Wastewater	7,146,259	1,453,764	—	8,600,023
Airport	—	—	91,512	91,512
Total	<u>\$ 12,306,865</u>	<u>\$ 2,049,008</u>	<u>\$ 91,512</u>	<u>\$ 14,447,385</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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 9 - Fund Equity, continued

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

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

As of June 30, 2021 the constraints placed on fund balance for the major governmental funds and other non-major governmental funds are presented in the following table:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 9 - Fund Equity, concluded

	General	General Obligation Bonds Debt Service	Other Governmental	Total
Nonspendable:				
Inventories	\$ 1,045,705	\$ —	\$ —	\$ 1,045,705
Prepaid items	5,933	—	—	5,933
Total nonspendable	1,051,638	—	—	1,051,638
Restricted for:				
Court enhancement	754,513	—	—	754,513
Judicial enhancement	487,896	—	—	487,896
Weapons proceeds	178,742	—	—	178,742
Citing agency	33,389	—	—	33,389
Smart and Safe AZ	256,702	—	—	256,702
Transportation and development	—	—	122,816,807	122,816,807
Debt service reserve	—	5,758,393	39,664	5,798,057
Community development	—	—	686,088	686,088
Community services	—	—	43,801,030	43,801,030
Other capital projects	—	—	14,657,494	14,657,494
Total restricted	1,711,242	5,758,393	182,001,083	189,470,718
Assigned to:				
Domestic violence prevention	31,265	—	—	31,265
Self-insurance purposes	1,396,555	—	—	1,396,555
Traffic safety reserve	181,495	—	—	181,495
PSPRS contribution	27,500,000	—	—	27,500,000
Capital improvement projects	104,237,344	—	—	104,237,344
Economic development projects	5,552,400	—	—	5,552,400
ARPA related projects	4,864,526	—	—	4,864,526
Total assigned	143,763,585	—	—	143,763,585
Unassigned	96,065,934	—	(7,226,577)	88,839,357
Total unassigned	96,065,934	—	(7,226,577)	88,839,357
Total fund balances	\$ 242,592,399	\$ 5,758,393	\$ 174,774,506	\$ 423,125,298

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 2020-21. This amounts to \$38,826,300 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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 and Other Post Employment Benefit (OPEB) plans; however the plans are not described below because of its relative insignificance to the financial statements. The plans are component units of the State of Arizona.

At June 30, 2021, the City of Chandler reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes.

	Pensions Plans		
	Governmental Activities	Business-type Activities	Total
Net pension liability	\$ 293,981,374	\$ 22,238,502	\$ 316,219,876
Pension deferred outflows of resources	94,539,170	4,163,399	98,702,569
Pension deferred inflows of resources	5,233,543	422,807	5,656,350
Pension expense	32,857,654	8,214,414	41,072,068

	OPEB Plans		
	Governmental Activities	Business-type Activities	Total
Net OPEB liability	\$ 56,105,261	\$ 6,898,722	\$ 63,003,983
OPEB deferred outflows of resources	10,282,244	1,323,724	11,605,968
OPEB deferred inflows of resources	11,434,127	1,378,227	12,812,354
OPEB expense	2,810,662	368,901	3,179,563

The City of Chandler reported \$43,087,452 and \$1,853,451 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. For governmental activities OPEB and pension liabilities are generally liquidated by the general fund. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

B. Benefits Provided

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

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

*With actuarially reduced benefits

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

C. Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and the City of Chandler was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll.

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 10.21 percent of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the ASRS.

The required contribution rate for the fiscal year ended June 30, 2021, was actuarially determined to yield contribution amounts sufficient to finance costs earned by employees during the year and to amortize the Plan's unfunded actuarially accrued liability over the period specified in the statutes. The City of Chandler's contributions for the year ended June 30, 2021, were \$9,267,255. The City of Chandler's pension contributions are paid by the same funds as the employee's salary, with the largest component coming from the general fund.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

D. Pension Liability

At June 30, 2021, the City of Chandler reported a liability of \$122,547,011 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020, the City of Chandler's proportion was 0.71 percent, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2019.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021, the City of Chandler recognized pension expense for ASRS of \$9,510,959 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,108,650	\$ —
Net difference between projected and actual earnings on pension plan investments	11,819,803	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	3,178,431
Contributions subsequent to the measurement date	9,267,255	—
Total	<u>\$ 22,195,708</u>	<u>\$ 3,178,431</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, 2022. 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:	
2021	\$(1,274,403)
2022	3,093,273
2023	4,275,349
2024	3,655,803

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

F. Actuarial Assumptions

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Discount rate	7.5%
Projected salary increases	2.7 - 7.2%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, 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 5.48 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Real Rate of Return
Equity	50%	6.39%
Fixed Income - Credit	20%	5.44%
Fixed Income - Interest Rate Sensitive	10%	0.22%
Real estate	20%	5.85%
Total	100%	

G. Discount Rate

The discount rate used to measure the ASRS total pension liability was 7.5 percent, which was not changed from the discount rate used as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

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

The following presents the City of Chandler's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City of Chandler's proportionate share of the net pension liability	\$ 167,581,375	\$122,547,011	\$84,900,596

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. For governmental activities OPEB and pension liabilities are generally liquidated by the general fund. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

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

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

C. Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	188	75
Inactive employees entitled to but not yet receiving benefits	57	34
Active employees	277	180
Total	522	289

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

D. Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension benefits. The combined active member and employer contribution rates are expected to finance the cost of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension		
Tier 1	7.65 %	7.65 %
Tier 2	7.65 %	7.65 %
Tier 3 DB	10.12 %	10.76 %
Tier 3 DC	10.41 %	10.41 %
Employer rates - pension		
Tier 1	49.12 %	43.84 %
Tier 2	49.12 %	43.84 %
Tier 3 DB	44.22 %	38.25 %
Tier 3 DC	44.51 %	37.90 %

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 34.10 percent for police and 27.49 percent for fire for the PSPRS of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

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

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension:		
Contributions made	\$ 22,619,456	\$ 13,054,192

E. Pension Liability

At June 30, 2021, the City of Chandler reported \$128,231,920 in net pension liability for police and \$65,440,945 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2020, 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, 2020, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

F. Actuarial Assumptions

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

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return Tier 1/2	7.3%
Investment rate of return Tier 3	7.0%
Price inflation	2.5%
Wage inflation	3.5%
Projected salary increases including inflation	3.5% - 7.5%
Cost of living adjustment	1.75%
Mortality rates	PubS-2010 tables

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.30 percent for Tiers 1 and 2 and 7.0 percent for Tier 3 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Bonds	2%	0.22%
International Public Equity	15%	6.09%
Other Assets (Capital Appreciation)	7%	5.61%
Cash - Mellon	1%	-0.6%
Diversifying Strategies	12%	3.22%
Global Private Equity	18%	8.42%
Private Credit	22%	5.31%
U.S. Public Equity	23%	4.93%
Total	100%	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

G. Pension Discount Rates

The discount rate of 7.30 percent was used to measure the total pension liability for Tier 1/2 members and 7.00 percent for Tier 3 members. The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Police			
Balances at June 30, 2020	\$ 281,437,368	\$ 158,412,254	\$ 123,025,114
Changes for the year:			
Service cost	5,696,125	—	5,696,125
Interest on the total pension liability	20,504,731	—	20,504,731
Changes of benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the pension liability	12,866,840	—	12,866,840
Changes of assumptions or other inputs	—	—	—
Contributions - employer	—	28,799,919	(28,799,919)
Contributions - employee	—	2,909,915	(2,909,915)
Net investment income	—	2,344,516	(2,344,516)
Benefit payments, including refunds of employee contributions	(12,493,545)	(12,493,545)	—
Administrative expense	—	(191,143)	191,143
Other changes	—	(2,317)	2,317
Net changes	26,574,151	21,367,345	5,206,806
Balances at June 30, 2021	\$ 308,011,519	\$ 179,779,599	\$ 128,231,920

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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, 2020	\$ 169,704,177	\$ 103,375,390	\$ 66,328,787
Changes for the year:			
Service cost	4,025,473	—	4,025,473
Interest on the total pension liability	12,453,112	—	12,453,112
Changes of benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the pension liability	1,086,650	—	1,086,650
Changes of assumptions or other inputs	—	—	—
Contributions - employer	—	15,654,338	(15,654,338)
Contributions - employee	—	1,432,043	(1,432,043)
Net investment income	—	1,488,011	(1,488,011)
Benefit payments, including refunds of employee contributions	(6,278,162)	(6,278,162)	—
Administrative expense	—	(121,320)	121,320
Other changes	—	5	(5)
Net changes	11,287,073	12,174,915	(887,842)
Balances at June 30, 2021	<u>\$ 180,991,250</u>	<u>\$ 115,550,305</u>	<u>\$ 65,440,945</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:

	Tier 1-2/Tier 3 1% Decrease	Current Discount Rate	Tier 1-2/Tier 3 1% Increase
PSPRS - Police:			
Rate	6.30	7.30	8.30
Net pension liability	\$ 172,228,649	\$ 128,231,920	\$ 92,590,527
PSPRS - Fire:			
Rate	6.30	7.30	8.30
Net pension liability	\$ 91,078,273	\$ 65,440,945	\$ 44,505,679

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, continued

J. Pension Expense

For the year ended June 30, 2021, the City of Chandler recognized the following as pension expense:

	Pension Expense
PSPRS - Police	\$ 19,710,554
PSPRS - Fire	11,843,010

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2021, the City of Chandler reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 11,740,236	\$ 2,131,896
Changes of assumptions or other inputs	7,425,936	—
Net difference between projected and actual earnings on pension plan investments	8,506,052	—
Contributions subsequent to the measurement date	22,619,456	—
Total	<u>\$ 50,291,680</u>	<u>\$ 2,131,896</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Fire		
Differences between expected and actual experience	\$ 1,999,033	\$ 346,023
Changes of assumptions or other inputs	5,535,245	—
Net difference between projected and actual earnings on pension plan investments	5,626,711	—
Contributions subsequent to the measurement date	13,054,192	—
Total	<u>\$ 26,215,181</u>	<u>\$ 346,023</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 10 - Retirement and Pension Plans, concluded

The amounts reported as deferred outflows of resources related to pension are resulting from contributions made subsequent to the measurement date but before the end of the City's fiscal year and will be recognized as a reduction of the net pension liability in the subsequent year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	PSPRS - Police	PSPRS - Fire
2022	\$ 5,652,156	\$ 3,071,791
2023	5,766,416	3,505,881
2024	5,639,701	3,029,992
2025	5,214,009	2,007,329
2026	3,268,046	559,457
Thereafter	—	640,516

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

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

A. Plan Description

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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

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. Contributions

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

D. Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries	
currently receiving benefits	607
Active members	1,631
Total	<u>2,238</u>

E. Total OPEB Liability

The City's total OPEB liability of \$63,003,983 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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

Measurement date	June 30, 2020
Actuarial valuation date	June 30, 2019
Discount Rate	2.21%
Inflation rate	2.5% - 2.7%
Projected salary increases	Vary depending on retirement plan and years of service from 2.7% - 7.5%
Health care cost trend rates	0% in 2020/21, then 7.5% graded down to an ultimate rate of 4.5% over 12 years
Medical and prescription drug	Consistent with medical/drug trends.
Retiree contribution increase	100% share of benefit related costs

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

Mortality rates were based on the 2017 State Retirees of Arizona Mortality Table for current retirees and the RP-2014 Disabled Mortality Table for disabled retirees.

G. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 53,112,727
Changes for the year:	
Service cost	2,940,955
Interest	1,921,296
Changes in assumptions or other inputs	7,368,121
Estimated benefit payments	(2,339,116)
Net changes	<u>9,891,256</u>
Total OPEB liability - end of year	<u>\$ 63,003,983</u>

Changes in assumptions reflect the following:

1. The discount rate decreased from 3.50% to 2.21% based on the changes in the Bond Buyer 20 GO index municipal bond rate from June 30, 2019 to June 30, 2020.
2. The 2020-21 trend on per capita health costs were updated to reflect actual premium renewals for calendar year 2021.
3. The General disability and pre-retirement mortality assumptions were revised to use the headcount weighted versions of the mortality tables assumed for the companion pension plans.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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

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

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 72,982,091	\$ 63,003,983	\$ 55,291,158

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

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

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rates (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 59,155,748	\$ 63,003,983	\$ 67,568,634

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$3,179,563. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 8,029,752
Changes of assumptions or other inputs	9,102,062	4,782,602
Contributions subsequent to measurement date	2,503,806	—
Total	<u>\$ 11,605,868</u>	<u>\$ 12,812,354</u>

The deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the previous table will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

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

Year Ending June 30:		
2022	\$	(1,682,688)
2023		(1,682,688)
2024		(1,682,688)
2025		(327,569)
2026		965,300
Thereafter		700,141

NOTE 12 - Commitments and Contingencies

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

NOTE 13 - Risk Management

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

Premiums are paid into the Internal Service Fund by all other funds with personnel services for workers' compensation insurance and by the general fund for property and liability insurance. The premiums are available to pay claims, fund claim reserves and pay administrative costs of the program. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected. Interfund premiums are used to reduce the amount of claim expenditures reported in the Internal Service Fund. In the opinion of City management, based on the advice of the City Attorney, the outcome of such litigation and claims will not have materially adverse effect on the City's financial position.

In fiscal year 2020-21, the Self-Insurance Fund provided coverage for up to a maximum of \$50,000 for each property damage claim and \$1,750,000 per occurrence for general liability claims. Coverage is also provided for claims up to \$2,250,000 in Public Safety and up to \$750,000 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 2020-21, 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 13 - Risk Management, concluded

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

The claims liability of \$18,885,862 reported as claims payable in the Self-Insurance Fund at June 30, 2021, is based on the requirements of GASB Statement No. 10, which requires that liabilities be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. This includes known future payments made for insurance as well as estimated IBNR calculations.

Changes in the Funds' claims liability amount in fiscal years 2020 and 2021 were:

Year Ended June 30,	Risk of Loss	Beginning of Fiscal Year Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2020	Workers' compensation	\$ 2,812,690	\$ 2,049,391	\$ (1,922,409)	\$ 2,939,672
	Property and liability	1,307,955	211,609	(229,171)	1,290,393
	Health	2,445,449	18,731,377	(18,304,860)	2,871,966
	Dental	152,132	1,770,276	(1,766,145)	156,263
		<u>\$ 6,718,226</u>	<u>\$ 22,762,653</u>	<u>\$ (22,222,585)</u>	<u>\$ 7,258,294</u>

Year Ended June 30,	Risk of Loss	Beginning of Fiscal Year Balance as Restated	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2021	Workers' compensation	\$ 8,798,989	\$ 3,530,748	\$ (1,836,434)	\$ 10,493,303
	Property and liability	1,816,038	1,845,747	(1,546,932)	2,114,853
	Health	2,871,966	25,772,727	(22,556,474)	6,088,219
	Dental	156,263	1,844,565	(1,811,341)	189,487
		<u>\$ 13,643,256</u>	<u>\$ 32,993,787</u>	<u>\$ (27,751,181)</u>	<u>\$ 18,885,862</u>

Workers' compensation and property and liability beginning of fiscal year balance as restated for the year ended June 30, 2021 were restated to include the liability for case reserves (see Note 19).

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 14 - Interfund Transfers

Interfund transfers are made from the General Fund and Non-Major Governmental Funds to fund costs including property and liability insurance, technology replacement and vehicle and equipment replacement, \$9,609,477. The General Fund provides funding for various capital projects, \$8,228,285, as well as annual subsidies for the Airport and Public Housing Authority, \$318,465. In addition, the General Fund transferred \$29,983,456 to Non-Major Governmental Funds for the purposes of assisting in the City's COVID-19 response. The interfund transfers in and out at June 30, 2021 are as follows:

Transfers out:	Transfers In:			
	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Fund	Total
General Fund	\$ 44,010,913	\$ 547,006	\$ 2,536,901	\$ 47,094,820
Non-Major Governmental Funds	176,072	—	93,989	270,061
Water Enterprise Fund	349,859	—	—	349,859
Wastewater Enterprise Fund	260,273	—	—	260,273
Non-Major Enterprise Funds	134,377	—	—	134,377
Internal Service Fund	30,293	—	—	30,293
Total	<u>\$ 44,961,787</u>	<u>\$ 547,006</u>	<u>\$ 2,630,890</u>	<u>\$ 48,139,683</u>

In addition to the cash transfers, the City had capital contributions from the government-type activities into the business type activities in the amount of \$91,512 (see Note 8).

NOTE 15 - Interfund Receivables and Payables

A. Interfund Advances To/Advances From

Advances to other funds	Advances from other funds	Total
Governmental funds:		
General	Capital projects - public safety buildings and improvements	\$ 6,296,432
	Capital projects - public buildings	2,014,427
	Total governmental funds	<u>8,310,859</u>
Enterprise funds:		
Water	Enterprise - wastewater	<u>3,900,000</u>
	Total all funds	<u>\$ 12,210,859</u>

Interfund advances were made from governmental funds to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$700,000 of the public safety buildings and improvements capital projects fund advances and \$200,000 of the public buildings capital projects fund advance will be repaid within one year.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 15 - Interfund Receivables and Payables (concluded)

An 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. \$3,900,000 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 - general government	\$ 755,677
	Capital projects - grants	1,183,748
	Special revenue - community development	<u>224,353</u>
	Total general fund	<u>\$ 2,163,778</u>

Interfund balances at June 30, 2021 are short-term loans used to cover temporary cash deficits in various funds and are expected to be repaid within one year.

NOTE 16 - Joint Venture

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

Total investment in joint venture as of June 30, 2021, is:

City of Chandler's Share	\$ 73,987,681
Town of Gilbert's Share	80,612,880
	<u>\$154,600,561</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property special revenue fund had a deficit fund balance of \$35,305. The deficit will be covered by future revenues. The general government capital project fund had a deficit fund balance of \$370,036. The deficit will be covered by future revenues. The public buildings capital projects fund had deficit fund balance of \$1,918,169. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues. The public safety buildings and improvement capital projects fund had deficit fund balance of \$4,903,067. The deficit will be covered by future impact fee revenues.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2021

NOTE 18 - Tax Abatements

The City has made commitments as part of our economic development programs to reimburse certain public improvement costs through transaction privilege taxes generated out of the respective development area. The total amount rebated in the fiscal year 2020-21 is \$651,565. Detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002, Disclosure of Confidential Information Prohibited, and City of Chandler Code, 62-510 Divulging of Information Prohibited.

In addition, the City enters into property tax abatement agreements under Arizona Revised Statute 42-6201 through 42-6210, Government Property Lease Excise Tax (GPLET) to enhance the economic viability of the City. The recipients of the GPLET commit to conveying the property to the City upon the project completion and the City will lease it back to the recipient for an agreed upon amount. State law imposes an excise tax on buildings that are owned by the City, leased by a private party and occupied/used for commercial, residential rental or industrial purposes. The City is allowed to abate the full tax for a period of eight years for both existing and new projects within redevelopment area that are part of a single central business district. After the abatement period the projects pay an excise tax in which the City receives a 7 percent distribution.

For the fiscal year ended June 30, 2021, the City abated property taxes totaling \$194,003 under this program, including the following tax abatement agreement that exceeds \$100,000:

Property Tax GPLET to a residential rental development for constructing a multi-family residential complex. The GPLET amounted to \$126,900 of property tax abated.

NOTE 19 - Prior Period Adjustment

Prior year financial statements did not report the liability for case reserves. As a result of the restatement of beginning balances, the following reconciles the previously reported July 1, 2020 balances.

	Net Position July 1, 2020 as previously reported	Inclusion of case reserves in claims liability	Net Position July 1, 2020 as Restated
Internal Service Fund	\$ 44,945,874	\$ 6,384,962	\$ 38,560,912

NOTE 20 - Subsequent Events

On December 1, 2021, the City issued General Obligation Refunding Bonds, Taxable Series 2021 in the amount of \$48,025,000, maturing on July 1, 2028 with an average interest rate of 1.68 percent. The Bonds are being issued for the purpose of refunding and redeeming, in advance of their respective maturities the General Obligation Refunding Bonds, Series 2014 maturing July 1, 2026 through July 1, 2028, and paying the costs of issuance of the Series 2021 Refunding Obligations.

On December 1, 2021, the City issued Excise Tax Revenue Refunding Bonds, Taxable Series 2021 in the amount of \$85,460,000, maturing on July 1, 2033 with an average interest rate of 2.06 percent. The Bonds are being issued for the purpose of refunding and redeeming, in advance of their respective maturities the Water and Sewer Excise Tax Revenue Obligations, Series 2013 maturing July 1, 2025 through July 1, 2033, and paying the costs of issuance of the Series 2021 Refunding Obligations.



REQUIRED SUPPLEMENTARY INFORMATION



City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 8,161,829	\$ 8,161,829	\$ 8,127,805	\$ (34,024)
Sales taxes	123,562,552	123,562,552	157,513,686	33,951,134
Franchise fees	3,583,200	3,583,200	3,823,524	240,324
State shared	70,770,000	70,770,000	80,699,253	9,929,253
Grants and entitlements	169,500	169,500	7,716,927	7,547,427
System development fees	—	—	143,436	143,436
Licenses and permits	6,646,000	6,646,000	6,656,737	10,737
Charges for services	20,285,439	20,285,439	19,138,480	(1,146,959)
Fines and forfeitures	3,683,108	3,683,108	2,850,470	(832,638)
Rentals	106,000	106,000	174,766	68,766
Contributions				—
Interest revenue	2,629,000	2,629,000	(81,674)	(2,710,674)
Miscellaneous	275,200	275,200	588,941	313,741
Total Revenues	239,871,828	239,871,828	287,352,351	47,480,523
EXPENDITURES:				
City clerk	926,189	950,107	923,681	26,426
City magistrate	4,684,074	4,663,063	4,557,833	105,230
City manager	16,864,709	17,630,076	15,509,399	2,120,677
Communications and public affairs	2,585,755	3,060,922	2,414,165	646,757
Community services	26,635,790	28,024,040	26,661,370	1,362,670
Cultural development	3,632,045	3,899,162	3,681,021	218,141
Development services	9,046,078	9,427,885	8,693,879	734,006
Fire	38,097,872	41,144,169	40,743,812	400,357
Information technology	11,784,758	13,485,847	12,390,794	1,095,053
Law	3,884,306	3,981,221	3,955,805	25,416
Management services	104,732,292	34,340,895	24,912,918	9,427,977
Mayor and council	1,019,324	1,022,547	942,925	79,622
Neighborhood resources	3,518,657	3,998,991	3,379,383	619,608
Police	76,537,609	80,518,870	78,786,463	1,732,407
Public works	10,083,511	11,618,697	10,972,729	645,968
Total expenditures	314,032,969	257,766,492	238,526,177	19,240,315
REVENUES OVER (UNDER) EXPENDITURES	(74,161,141)	(17,894,664)	48,826,174	66,720,838
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	—	—	1,876	1,876
Transfers in	9,073,586	9,073,586	—	(9,073,586)
Transfers out	(61,740,561)	(61,728,954)	(47,094,820)	14,634,134
Total other financing sources (uses)	(52,666,975)	(52,655,368)	(47,092,944)	5,562,424
Net change in fund balance	(126,828,116)	(70,550,032)	1,733,230	72,283,262
Fund balance, July 1, 2020	232,910,722	232,910,722	232,910,722	—
Fund balance, June 30, 2021	\$ 106,082,606	\$ 162,360,690	\$ 234,643,952	\$ 72,283,262

See accompanying notes to this schedule.

City of Chandler
Schedule of the Proportionate Share of the Net Pension Liability -
Arizona State Retirement System
June 30, 2021

	2021	2020	2019	2018
City's proportion of the net pension liability (asset)	0.71 %	0.72 %	0.76 %	0.74 %
City's proportionate share of the net pension liability (asset)	\$122,547,011	\$104,541,379	\$106,413,043	\$115,691,952
City's covered payroll	\$ 76,880,601	\$ 75,407,689	\$ 75,579,140	\$ 72,284,183
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	159.40 %	138.63 %	140.80 %	160.05 %
Plan fiduciary net position as a percentage of the total pension liability	69.33 %	73.24 %	73.00 %	69.92 %

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

2017	2016	2015
0.75 %	0.73 %	0.71 %
\$121,549,835	\$113,885,153	\$105,661,552
\$ 70,362,938	\$ 67,230,465	\$ 64,263,236
172.75 %	169.40 %	164.42 %
67.06 %	68.35 %	69.49 %

City of Chandler
Schedule of Contributions -
All Pension Plans
June 30, 2021

	2021	2020	2019	2018
Arizona State Retirement System:				
Actuarially determined contribution	\$ 9,267,255	\$ 8,844,068	\$ 8,470,741	\$ 8,268,029
Contributions in relation to the actuarially determined contribution	9,267,255	8,844,068	8,470,741	8,268,029
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
 City's covered payroll	 \$ 79,544,042	 \$ 76,880,601	 \$ 75,407,689	 \$ 75,579,140
Contributions as a percentage of covered payroll	11.65 %	11.50 %	11.23 %	10.94 %
 Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 19,026,392	\$ 15,572,686	\$ 12,267,559	\$ 10,950,501
Contributions in relation to the actuarially determined contribution ¹	22,619,456	28,715,343	15,398,196	14,300,501
Contribution deficiency (excess)	<u>\$ (3,593,064)</u>	<u>\$ (13,142,657)</u>	<u>\$ (3,130,637)</u>	<u>\$ (3,350,000)</u>
 City's covered payroll	 \$ 26,480,082	 \$ 28,589,014	 \$ 28,848,732	 \$ 28,294,661
Contributions as a percentage of covered payroll	85.42 %	100.44 %	53.38 %	50.54 %
 Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 10,427,865	\$ 8,004,060	\$ 7,021,133	\$ 6,392,313
Contributions in relation to the actuarially determined contribution ¹	13,054,192	15,566,324	8,670,333	8,042,313
Contribution deficiency (excess)	<u>\$ (2,626,327)</u>	<u>\$ (7,562,264)</u>	<u>\$ (1,649,200)</u>	<u>\$ (1,650,000)</u>
 City's covered payroll	 \$ 18,187,540	 \$ 19,154,805	 \$ 19,025,780	 \$ 18,200,175
Contributions as a percentage of covered payroll	71.78 %	81.27 %	45.57 %	44.19 %

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

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

2017	2016	2015
\$ 7,793,041	\$ 7,634,805	\$ 7,323,872
7,793,041	7,634,805	7,323,872
\$ —	\$ —	\$ —
\$ 72,284,183	\$ 67,230,465	\$ 67,230,465
10.78 %	11.36 %	10.89 %
\$ 8,470,411	\$ 8,561,143	\$ 6,083,333
10,145,411	8,561,143	6,083,333
\$ (1,675,000)	\$ —	\$ —
\$ 27,058,086	\$ 27,946,237	\$ 26,187,641
37.49 %	30.63 %	23.23 %
\$ 4,616,587	\$ 4,438,495	\$ 3,193,139
5,441,587	4,438,495	3,193,139
\$ (825,000)	\$ —	\$ —
\$ 17,275,940	\$ 16,874,362	\$ 15,671,133
31.50 %	26.30 %	20.38 %

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Police June 30, 2021

	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 5,696,125	\$ 6,149,336	\$ 5,737,868	\$ 6,092,332
Interest	20,504,731	19,203,025	17,999,842	17,064,596
Changes of benefit terms	—	—	—	1,501,042
Differences between expected and actual experience	12,866,840	1,302,509	(671,252)	(6,211,672)
Changes of assumptions	—	6,562,499	—	6,528,203
Benefit payments, including refunds	(12,493,545)	(10,261,998)	(9,913,263)	(8,254,947)
Net change in total pension liability	26,574,151	22,955,371	13,153,195	16,719,554
Total pension liability - beginning	281,437,368	258,481,997	245,328,802	228,609,248
Total pension liability - ending	<u>\$ 308,011,519</u>	<u>\$ 281,437,368</u>	<u>\$ 258,481,997</u>	<u>\$ 245,328,802</u>
Plan fiduciary net position				
Contributions - employer	\$ 28,799,919	\$ 15,572,686	\$ 10,296,409	\$ 10,247,877
Contributions - employee	2,909,915	2,206,379	2,765,932	3,244,412
Net investment income	2,344,516	8,365,394	9,301,979	14,017,325
Benefit payments, including refunds	(12,493,545)	(10,261,998)	(9,913,263)	(8,254,947)
Administrative expense	(191,143)	(146,042)	(142,274)	(124,430)
Other	(2,317)	(102,911)	24,215	(167,280)
Net change in plan fiduciary net position	21,367,345	15,633,508	12,332,998	18,962,957
Plan fiduciary net position - beginning	158,412,254	142,778,746	130,445,748	111,482,791
Plan fiduciary net position - ending	<u>\$ 179,779,599</u>	<u>\$ 158,412,254</u>	<u>\$ 142,778,746</u>	<u>\$ 130,445,748</u>
Net pension liability - ending	<u>\$ 128,231,920</u>	<u>\$ 123,025,114</u>	<u>\$ 115,703,251</u>	<u>\$ 114,883,054</u>
Plan fiduciary net position as a percentage of the total pension liability	58.37 %	56.29 %	55.24 %	53.17 %
Covered payroll	\$ 25,916,774	\$ 28,848,732	\$ 28,294,661	\$ 27,058,086
Net pension liability as a percentage of covered payroll	494.78 %	426.45 %	408.92 %	424.58 %

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

2017	2016	2015
\$ 5,337,103	\$ 4,583,770	\$ 4,602,603
14,964,498	13,839,509	11,841,118
17,456,919	—	1,741,535
858,761	4,879,849	567,380
8,537,784	—	13,082,165
(13,015,625)	(5,681,836)	(7,054,499)
34,139,440	17,621,292	24,780,302
194,469,808	176,848,516	152,068,214
<u>\$ 228,609,248</u>	<u>\$ 194,469,808</u>	<u>\$ 176,848,516</u>
\$ 8,728,082	\$ 6,155,142	\$ 5,465,059
3,633,359	3,308,265	2,675,724
677,501	3,873,466	12,329,319
(13,015,625)	(5,681,836)	(7,054,499)
(97,889)	(94,891)	—
238,667	(70,777)	(2,733,237)
164,095	7,489,369	10,682,366
111,318,696	103,829,327	93,146,961
<u>\$ 111,482,791</u>	<u>\$ 111,318,696</u>	<u>\$ 103,829,327</u>
<u>\$ 117,126,457</u>	<u>\$ 83,151,112</u>	<u>\$ 73,019,189</u>
48.77 %	57.24 %	58.71 %
\$ 27,946,237	\$ 26,187,641	\$ 24,290,497
419.11 %	317.52 %	300.61 %

City of Chandler

Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Fire June 30, 2021

	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 4,025,473	\$ 4,353,346	\$ 4,014,526	\$ 3,863,571
Interest	12,453,112	11,689,082	10,794,299	9,983,423
Changes of benefit terms	—	—	—	753,382
Differences between expected and actual experience	1,086,650	(171,678)	1,014,752	941,823
Changes of assumptions	—	3,122,509	—	2,845,297
Benefit payments, including refunds	(6,278,162)	(5,792,594)	(6,363,418)	(5,049,317)
Net change in total pension liability	11,287,073	13,200,665	9,460,159	13,338,179
Total pension liability - beginning	169,704,177	156,503,512	147,043,353	133,705,174
Total pension liability - ending	\$ 180,991,250	\$ 169,704,177	\$ 156,503,512	\$ 147,043,353
Plan fiduciary net position				
Contributions - employer	\$ 15,654,338	\$ 8,004,060	\$ 5,956,704	\$ 5,514,825
Contributions - employee	1,432,043	1,462,348	1,633,743	2,312,753
Net investment income	1,488,011	5,389,738	6,174,093	9,228,731
Benefit payments, including refunds	(6,278,162)	(5,792,594)	(6,363,418)	(5,049,317)
Administrative expense	(121,320)	(94,355)	(94,669)	(82,059)
Other	5	(42,251)	1,035	50,502
Net change in plan fiduciary net position	12,174,915	8,926,946	7,307,488	11,975,435
Plan fiduciary net position - beginning	103,375,390	94,448,444	87,140,956	75,165,521
Plan fiduciary net position - ending	\$ 115,550,305	\$ 103,375,390	\$ 94,448,444	\$ 87,140,956
Net pension liability - ending	\$ 65,440,945	\$ 66,328,787	\$ 62,055,068	\$ 59,902,397
Plan fiduciary net position as a percentage of the total pension liability	63.84 %	60.92 %	60.35 %	59.26 %
Covered payroll	\$ 19,025,780	\$ 19,025,780	\$ 18,200,175	\$ 17,275,940
Net pension liability as a percentage of covered payroll	343.96 %	348.63 %	340.96 %	346.74 %

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

2017	2016	2015
\$ 3,174,665	\$ 2,915,603	\$ 2,949,507
8,707,808	8,264,915	7,191,487
10,272,193	—	930,663
96,063	(1,037,307)	(409,426)
4,937,927	—	6,465,545
(5,647,270)	(3,614,319)	(3,258,846)
21,541,386	6,528,892	13,868,930
112,163,788	105,634,896	91,765,966
<u>\$ 133,705,174</u>	<u>\$ 112,163,788</u>	<u>\$ 105,634,896</u>
\$ 4,672,177	\$ 3,222,291	\$ 3,152,694
2,140,037	1,837,291	1,775,319
440,223	2,568,880	8,217,832
(5,647,270)	(3,614,319)	(3,258,846)
(63,746)	(63,063)	—
38,948	(55,142)	(1,798,718)
1,580,369	3,895,938	8,088,281
73,585,152	69,689,214	61,600,933
<u>\$ 75,165,521</u>	<u>\$ 73,585,152</u>	<u>\$ 69,689,214</u>
<u>\$ 58,539,653</u>	<u>\$ 38,578,636</u>	<u>\$ 35,945,682</u>
56.22 %	65.61 %	65.97 %
\$ 16,874,362	\$ 15,671,133	\$ 15,691,213
346.91 %	246.18 %	229.08 %

City of Chandler
Schedule of Changes in OPEB Liabilities and Related Ratios -
Single Employer Plan
June 30, 2021

	2021	2020	2019	2018
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability - beginning of year	\$ 53,112,727	\$ 51,751,856	\$ 52,838,811	\$ 66,519,700
Changes for the year				
Service cost	2,940,955	2,585,397	3,020,484	3,962,284
Interest	1,921,296	2,059,914	1,939,376	1,967,447
Differences between expected and actual experience	—	(5,086,575)	(883,708)	(8,539,064)
Changes in assumptions or other inputs	7,368,121	4,021,143	(1,789,527)	(8,174,073)
Benefit payments	(2,339,116)	(2,219,008)	(3,373,580)	(2,897,483)
Net changes	9,891,256	1,360,871	(1,086,955)	(13,680,889)
Total OPEB liability - end of year	<u>\$ 63,003,983</u>	<u>\$ 53,112,727</u>	<u>\$ 51,751,856</u>	<u>\$ 52,838,811</u>
Total covered employee payroll	\$116,931,839	\$113,713,741	\$108,862,317	\$106,207,139
Total OPEB liability as percentage of covered employee payroll	53.88 %	46.71 %	47.54 %	49.75 %

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Required Supplementary Information
June 30, 2021

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>Changes in Fund Balances</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 9,681,677
Reserved encumbrances at June 30, 2021 recognized as budgetary expenditures in fiscal year ended June 30, 2021	<u>(7,948,447)</u>
Budgetary Comparison Schedule for the General Fund	<u><u>\$ 1,733,230</u></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, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017 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, 2020 valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. 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, 2020 reflects changes of benefit terms and actuarial assumptions for funding assumed future permanent benefit increases.

CITY OF CHANDLER, ARIZONA
Notes to the Required Supplementary Information
June 30, 2021

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

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

Actuarial Assumptions for Valuations Performed

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

Factors that Affect Trends

The actuarial assumptions used in the June 30, 2020 valuation were made for the purposes of fulfilling plan accounting requirements. Factors such as retiree group program experience, changes in assumptions and changes in retiree group benefits program provisions or applicable law may differ from future actuarial measurements.

OTHER FINANCIAL STATEMENTS



City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Obligation Bonds Debt Service For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 28,367,900	\$ 28,367,900	\$ 28,281,540	\$ (86,360)
Interest revenue	185,000	185,000	(80,954)	(265,954)
Total revenues	<u>28,552,900</u>	<u>28,552,900</u>	<u>28,200,586</u>	<u>(352,314)</u>
EXPENDITURES:				
General government	1,835,030	1,835,030	—	(1,835,030)
Principal	19,395,000	19,395,000	19,395,000	—
Interest and fiscal charges	7,740,385	7,740,385	7,740,385	—
Total expenditures	<u>28,970,415</u>	<u>28,970,415</u>	<u>27,135,385</u>	<u>(1,835,030)</u>
Net change in fund balance	(417,515)	(417,515)	1,065,201	1,482,716
Fund balance, July 1, 2020	<u>4,693,193</u>	<u>4,693,193</u>	<u>4,693,193</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 4,275,678</u>	<u>\$ 4,275,678</u>	<u>\$ 5,758,394</u>	<u>\$ 1,482,716</u>

City of Chandler

Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

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

Highway User

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

Local Transportation Assistance

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

Grants

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

Community Development

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

Police Confiscated Property

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

Parks and Recreation

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

Museum

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

Library

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

City of Chandler

Non-Major Governmental Funds

NON-MAJOR DEBT SERVICE FUNDS

Special Assessment Bonds

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

NON-MAJOR CAPITAL PROJECTS FUNDS

General Government

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

Public Buildings

Used to account for 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.

Streets

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

Community Services

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

Public Safety Buildings and Improvements

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

Vehicle and Capital Equipment Replacement

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

Technology Replacement

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

Municipal Arts

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



City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2021

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Museum
ASSETS							
Equity in pooled cash and investments	\$ 32,641,580	\$ 5,152,402	\$ 35,849,600	\$ —	\$ 277,782	\$ 298,913	\$ 48,814
Receivables (net of allowance for uncollectible):							
Accounts	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	—
Notes	—	—	—	448,503	—	—	—
Accrued interest	63,536	10,072	81,239	—	547	584	95
Other	—	—	—	—	—	—	—
Due from other governments	1,642,169	—	378,865	770,391	—	—	—
Total assets	\$ 34,347,285	\$ 5,162,474	\$ 36,309,704	\$ 1,218,894	\$ 278,329	\$ 299,497	\$ 48,909
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 212,217	\$ —	\$ 2,961,722	\$ 286,040	\$ —	\$ —	\$ —
Accrued payroll	131,145	—	10,382	22,413	—	—	—
Trust liabilities and deposits	—	—	—	—	313,634	—	—
Accrued interest	—	—	—	—	—	—	—
Due to other funds	—	—	—	224,353	—	—	—
Advances from other funds	—	—	—	—	—	—	—
Unearned revenue	—	—	17,081,877	—	—	—	—
Total liabilities	343,362	—	20,053,981	532,806	313,634	—	—
Deferred inflows of resources:							
Unavailable revenues - special assessments	—	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—	—
Fund balances (deficits):							
Restricted	34,003,923	5,162,474	16,255,723	686,088	—	299,497	48,909
Unassigned	—	—	—	—	(35,305)	—	—
Total fund balances (deficits)	34,003,923	5,162,474	16,255,723	686,088	(35,305)	299,497	48,909
Total liabilities, deferred inflows and fund balances	\$ 34,347,285	\$ 5,162,474	\$ 36,309,704	\$ 1,218,894	\$ 278,329	\$ 299,497	\$ 48,909

(Continued)

City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2021

	Special Revenue	Debt Service	Capital Projects		
		Special			
	Library	Assessment	General	Public	Grants
		Bonds	Government	Buildings	
ASSETS					
Equity in pooled cash and investments	\$ 62,412	\$ 64,564	\$ —	\$ 95,649	\$ —
Receivables (net of allowance for uncollectible):					
Accounts	—	—	11,244	—	12,874
Special assessments	—	1,130,456	—	—	—
Notes	—	—	—	—	—
Accrued interest	127	—	—	609	—
Other	—	—	10,329	—	—
Due from other governments	—	—	1,161,251	—	4,447,823
Total assets	\$ 62,539	\$ 1,195,020	\$ 1,182,824	\$ 96,258	\$ 4,460,697
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 480	\$ —	\$ 797,183	\$ —	\$ 3,099,586
Accrued payroll	—	—	—	—	2,856
Trust liabilities and deposits	—	—	—	—	—
Accrued interest	—	24,900	—	—	—
Due to other funds	—	—	755,677	—	1,183,748
Advances from other funds	—	—	—	2,014,427	—
Unearned revenue	—	—	—	—	12,874
Total liabilities	480	24,900	1,552,860	2,014,427	4,299,064
Deferred inflows of resources:					
Unavailable revenues - special assessments	—	1,130,456	—	—	—
Total deferred inflows of resources	—	1,130,456	—	—	—
Fund balances (deficits):					
Restricted	62,059	39,664	—	—	161,633
Unassigned	—	—	(370,036)	(1,918,169)	—
Total fund balances (deficits)	62,059	39,664	(370,036)	(1,918,169)	161,633
Total liabilities, deferred inflows and fund balances	\$ 62,539	\$ 1,195,020	\$ 1,182,824	\$ 96,258	\$ 4,460,697

Capital Projects						
Streets	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$69,109,208	\$43,627,625	\$ 1,391,097	\$ 9,690,729	\$ 4,978,143	\$ 708,740	\$ 203,997,258
—	—	—	—	—	—	24,118
—	—	—	—	—	—	1,130,456
—	—	—	—	—	—	448,503
149,438	96,821	2,268	19,143	9,784	1,385	435,648
—	—	—	—	—	—	10,329
—	—	—	—	—	—	8,400,499
<u>\$69,258,646</u>	<u>\$43,724,446</u>	<u>\$ 1,393,365</u>	<u>\$ 9,709,872</u>	<u>\$ 4,987,927</u>	<u>\$ 710,125</u>	<u>\$ 214,446,811</u>
\$ 1,854,674	\$ 1,043,375	\$ —	\$ 197,870	\$ 4,068	\$ 100	\$ 10,457,315
9,280	531	—	—	—	—	176,607
5	—	—	—	—	—	313,639
—	—	—	—	—	—	24,900
—	—	—	—	—	—	2,163,778
—	—	6,296,432	—	—	—	8,310,859
—	—	—	—	—	—	17,094,751
<u>1,863,959</u>	<u>1,043,906</u>	<u>6,296,432</u>	<u>197,870</u>	<u>4,068</u>	<u>100</u>	<u>38,541,849</u>
—	—	—	—	—	—	1,130,456
—	—	—	—	—	—	1,130,456
67,394,687	42,680,540	—	9,512,002	4,983,859	710,025	182,001,083
—	—	(4,903,067)	—	—	—	(7,226,577)
<u>67,394,687</u>	<u>42,680,540</u>	<u>(4,903,067)</u>	<u>9,512,002</u>	<u>4,983,859</u>	<u>710,025</u>	<u>174,774,506</u>
<u>\$69,258,646</u>	<u>\$43,724,446</u>	<u>\$ 1,393,365</u>	<u>\$ 9,709,872</u>	<u>\$ 4,987,927</u>	<u>\$ 710,125</u>	<u>\$ 214,446,811</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, 2021

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Museum
REVENUES:							
Highway user taxes	\$ 18,108,310	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Regional transportation taxes	—	—	—	—	—	—	—
Grants and entitlements	—	809,091	7,786,935	2,490,263	—	53,773	5,429
System development fees	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	—
Charges for services	—	186,198	—	—	—	—	—
Fines and forfeitures	—	—	—	—	66,390	—	—
Contributions	—	—	—	—	—	—	—
Interest revenue	63,531	10,085	624,408	1	—	(127)	18
Miscellaneous	63,902	176,830	254,078	—	—	—	—
Total revenues	18,235,743	1,182,204	8,665,421	2,490,264	66,390	53,646	5,447
EXPENDITURES:							
Current:							
General government	—	—	21,258,861	2,349,891	—	—	—
Public safety	—	—	1,521,963	—	24,159	—	—
Transportation and development	7,459,636	339,199	207,041	—	—	—	—
Community services	—	—	147,506	—	—	40,373	—
Capital outlay	7,791,745	88,151	1,824,662	—	41,220	—	—
Debt service:							
Principal	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—
Total expenditures	15,251,381	427,350	24,960,033	2,349,891	65,379	40,373	—
EXCESS (DEFICIENCY) OF							
REVENUES OVER EXPENDITURES	2,984,362	754,854	(16,294,612)	140,373	1,011	13,273	5,447
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	2,326	—	—	—	—	—	—
Transfers in	—	—	29,983,456	—	—	—	—
Transfers out	(265,849)	(4,212)	—	—	—	—	—
Total other financing sources (uses)	(263,523)	(4,212)	29,983,456	—	—	—	—
NET CHANGE IN FUND BALANCE	2,720,839	750,642	13,688,844	140,373	1,011	13,273	5,447
FUND BALANCES (DEFICITS):							
Beginning of year	31,283,084	4,411,832	2,566,879	545,715	(36,316)	286,224	43,462
End of year	<u>\$ 34,003,923</u>	<u>\$ 5,162,474</u>	<u>\$ 16,255,723</u>	<u>\$ 686,088</u>	<u>\$ (35,305)</u>	<u>\$ 299,497</u>	<u>\$ 48,909</u>

Special Revenue		Debt Service		Capital Projects			
Library		Special Assessment Bonds	General Government	Public Buildings	Grants	Streets	Community Services
\$	—	\$	—	\$	—	\$	—
	—		—		—	2,226,568	—
	32,149		—		10,522,461	—	—
	—		—	193,846	—	4,882,337	2,369,341
	—	587,020	—	—	—	—	—
	—	—	—	—	249,256	—	—
	—	—	—	—	—	—	—
	—	—	5,201,737	—	—	—	—
	226	—	4	2,349	5	(21,403)	(17,386)
	—	—	—	—	—	—	—
	32,375	587,020	5,201,741	196,195	10,771,722	7,087,502	2,351,955
	—	—	1,880,081	1,200	23,708	1,200	2,400
	—	—	201,880	—	—	—	—
	—	—	883,587	—	1,880,748	3,377,034	—
	19,627	—	478,511	—	1	—	146,213
	—	—	10,129,129	—	11,259,901	18,013,413	3,714,326
	—	585,000	—	—	—	—	—
	—	61,500	—	—	—	—	—
	19,627	646,500	13,573,188	1,200	13,164,358	21,391,647	3,862,939
	12,748	(59,480)	(8,371,447)	194,995	(2,392,636)	(14,304,145)	(1,510,984)
	—	—	—	—	—	—	—
	—	—	7,999,744	—	—	—	—
	—	—	—	—	—	—	—
	—	—	7,999,744	—	—	—	—
	12,748	(59,480)	(371,703)	194,995	(2,392,636)	(14,304,145)	(1,510,984)
	49,311	99,144	1,667	(2,113,164)	2,554,269	81,698,832	44,191,524
\$	62,059	\$ 39,664	\$ (370,036)	\$ (1,918,169)	\$ 161,633	\$ 67,394,687	\$ 42,680,540

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2021

	Capital Projects				
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
REVENUES:					
Highway user taxes	\$ —	\$ —	\$ —	\$ —	\$ 18,108,310
Regional transportation taxes	—	—	—	—	2,226,568
Grants and entitlements	—	—	—	—	21,700,101
System development fees	618,768	—	—	—	8,064,292
Special assessments	—	—	—	—	587,020
Charges for services	—	—	—	57,455	492,909
Fines and forfeitures	—	—	—	—	66,390
Contributions	—	—	—	—	5,201,737
Interest revenue	46,918	(18,712)	5,854	257	696,028
Miscellaneous	—	21,319	—	—	516,129
Total revenues	<u>665,686</u>	<u>2,607</u>	<u>5,854</u>	<u>57,712</u>	<u>57,659,484</u>
EXPENDITURES:					
Current:					
General government	2,400	—	3,759,922	—	29,279,663
Public safety	—	—	—	—	1,748,002
Transportation and development	—	—	—	—	14,147,245
Community services	—	—	—	14,012	846,243
Capital outlay	18,041	5,393,528	596,076	—	58,870,192
Debt service:					
Principal	—	—	—	—	585,000
Interest and fiscal charges	—	—	—	—	61,500
Total expenditures	<u>20,441</u>	<u>5,393,528</u>	<u>4,355,998</u>	<u>14,012</u>	<u>105,537,845</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	<u>645,245</u>	<u>(5,390,921)</u>	<u>(4,350,144)</u>	<u>43,700</u>	<u>(47,878,361)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	—	220,879	—	—	223,205
Transfers in	—	3,316,983	3,661,604	—	44,961,787
Transfers out	—	—	—	—	(270,061)
Total other financing sources (uses)	<u>—</u>	<u>3,537,862</u>	<u>3,661,604</u>	<u>—</u>	<u>44,914,931</u>
NET CHANGE IN FUND BALANCE	645,245	(1,853,059)	(688,540)	43,700	(2,963,430)
FUND BALANCES (DEFICITS):					
Beginning of year	(5,548,312)	11,365,061	5,672,399	666,325	177,737,936
End of year	<u>\$ (4,903,067)</u>	<u>\$ 9,512,002</u>	<u>\$ 4,983,859</u>	<u>\$ 710,025</u>	<u>\$ 174,774,506</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, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Highway user taxes	\$ 16,500,000	\$ 16,500,000	\$ 18,108,310	\$ 1,608,310
Interest revenue	372,000	372,000	63,532	(308,468)
Miscellaneous	—	—	63,902	63,902
Total revenues	<u>16,872,000</u>	<u>16,872,000</u>	<u>18,235,744</u>	<u>1,363,744</u>
EXPENDITURES:				
General government	3,986,700	3,037,803	—	3,037,803
Transportation and development	12,074,436	8,787,500	7,893,720	893,780
Capital outlay	5,853,569	9,889,296	9,543,570	345,726
Total expenditures	<u>21,914,705</u>	<u>21,714,599</u>	<u>17,437,290</u>	<u>4,277,309</u>
Excess (deficiency) of revenues over expenditures	<u>(5,042,705)</u>	<u>(4,842,599)</u>	<u>798,454</u>	<u>5,641,053</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	—	—	2,326	2,326
Transfers out	(287,841)	(287,841)	(265,849)	21,992
Total other financing sources (uses)	<u>(287,841)</u>	<u>(287,841)</u>	<u>(263,523)</u>	<u>24,318</u>
Net change in fund balance	<u>(5,330,546)</u>	<u>(5,130,440)</u>	<u>534,931</u>	<u>5,665,371</u>
Fund balance, July 1, 2020	<u>31,283,084</u>	<u>31,283,084</u>	<u>31,283,084</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 25,952,538</u>	<u>\$ 26,152,644</u>	<u>\$ 31,818,015</u>	<u>\$ 5,665,371</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Local Transportation Assistance Special Revenue For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 700,000	\$ 700,000	\$ 809,091	\$ 109,091
Charges for services	180,000	180,000	186,198	6,198
Interest revenue	75,000	75,000	10,086	(64,914)
Miscellaneous	—	—	176,830	176,830
Total revenues	<u>955,000</u>	<u>955,000</u>	<u>1,182,205</u>	<u>227,205</u>
EXPENDITURES:				
General government	1,015,200	1,000,450	—	1,000,450
Transportation and development	1,743,918	1,289,571	363,235	926,336
Capital outlay	392,000	881,322	171,700	709,622
Total expenditures	<u>3,151,118</u>	<u>3,171,343</u>	<u>534,935</u>	<u>2,636,408</u>
Excess (deficiency) of revenues over expenditures	<u>(2,196,118)</u>	<u>(2,216,343)</u>	<u>647,270</u>	<u>2,863,613</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,409)	(4,409)	(4,212)	197
Total other financing sources (uses)	<u>(4,409)</u>	<u>(4,409)</u>	<u>(4,212)</u>	<u>197</u>
Net change in fund balance	<u>(2,200,527)</u>	<u>(2,220,752)</u>	<u>643,058</u>	<u>2,863,810</u>
Fund balance, July 1, 2020	<u>4,411,832</u>	<u>4,411,832</u>	<u>4,411,832</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 2,211,305</u>	<u>\$ 2,191,080</u>	<u>\$ 5,054,890</u>	<u>\$ 2,863,810</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Grants Special Revenue For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 5,000,000	\$ 5,000,000	\$ 7,786,935	\$ 2,786,935
Interest revenue	43,000	43,000	624,398	581,398
Miscellaneous	—	—	254,078	254,078
Total revenues	<u>5,043,000</u>	<u>5,043,000</u>	<u>8,665,411</u>	<u>3,622,411</u>
EXPENDITURES:				
General government	5,000,000	40,597,376	26,107,763	14,489,613
Public safety	54,257	3,170,548	1,562,553	1,607,995
Transportation and development	—	207,044	207,041	3
Community services	—	349,382	147,506	201,876
Capital outlay	—	384,455	1,939,471	(1,555,016)
Total expenditures	<u>5,054,257</u>	<u>44,708,805</u>	<u>29,964,334</u>	<u>14,744,471</u>
Excess (deficiency) of revenues over expenditures	<u>(11,257)</u>	<u>(39,665,805)</u>	<u>(21,298,923)</u>	<u>18,366,882</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	—	—	29,983,456	(29,983,456)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>29,983,456</u>	<u>(29,983,456)</u>
Net change in fund balance	(11,257)	(39,665,805)	8,684,533	(11,616,574)
Fund balance, July 1, 2020	<u>2,566,879</u>	<u>2,566,879</u>	<u>2,566,879</u>	<u>—</u>
Fund balance (deficit), June 30, 2021	<u>\$ 2,555,622</u>	<u>\$ (37,098,926)</u>	<u>\$ 11,251,412</u>	<u>\$ (11,616,574)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Development Special Revenue For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 2,805,950	\$ 2,805,950	\$ 2,490,263	\$ (315,687)
Total revenues	<u>2,805,950</u>	<u>2,805,950</u>	<u>2,490,263</u>	<u>(315,687)</u>
EXPENDITURES:				
General government	<u>3,297,014</u>	<u>3,329,455</u>	<u>2,598,240</u>	<u>731,215</u>
Total expenditures	<u>3,297,014</u>	<u>3,329,455</u>	<u>2,598,240</u>	<u>731,215</u>
Net change in fund balance	(491,064)	(523,505)	(107,977)	415,528
Fund balance, July 1, 2020	<u>545,715</u>	<u>545,715</u>	<u>545,715</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 54,651</u>	<u>\$ 22,210</u>	<u>\$ 437,738</u>	<u>\$ 415,528</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Police Confiscated Property Special Revenue For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Fines and forfeitures	\$ 750,000	\$ 750,000	\$ 66,390	\$ (683,610)
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>66,390</u>	<u>(683,610)</u>
EXPENDITURES:				
General government	29,000	29,000	—	29,000
Public safety	645,000	645,000	24,159	620,841
Capital outlay	105,000	105,000	41,220	63,780
Total expenditures	<u>779,000</u>	<u>779,000</u>	<u>65,379</u>	<u>713,621</u>
Net change in fund balance	(29,000)	(29,000)	1,011	30,011
Fund balance (deficit), July 1, 2020	<u>(36,316)</u>	<u>(36,316)</u>	<u>(36,316)</u>	<u>—</u>
Fund balance (deficit), June 30, 2021	<u><u>\$ (65,316)</u></u>	<u><u>\$ (65,316)</u></u>	<u><u>\$ (35,305)</u></u>	<u><u>\$ 30,011</u></u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Parks and Recreation Special Revenue For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 93,900	\$ 93,900	\$ 53,773	\$ (40,127)
Interest revenue	5,000	5,000	(126)	(5,126)
Total revenues	<u>98,900</u>	<u>98,900</u>	<u>53,647</u>	<u>(45,253)</u>
EXPENDITURES:				
General government	15,000	15,000	—	15,000
Community services	103,559	103,559	40,373	63,186
Total expenditures	<u>118,559</u>	<u>118,559</u>	<u>40,373</u>	<u>78,186</u>
Net change in fund balance	(19,659)	(19,659)	13,274	32,933
Fund balance, July 1, 2020	<u>286,224</u>	<u>286,224</u>	<u>286,224</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 266,565</u>	<u>\$ 266,565</u>	<u>\$ 299,498</u>	<u>\$ 32,933</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Museum Special Revenue For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 200	\$ 200	\$ 5,429	\$ 5,229
Interest revenue	1,000	1,000	18	(982)
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>5,447</u>	<u>4,247</u>
EXPENDITURES:				
General government	4,000	4,000	—	4,000
Community services	31,410	31,410	—	31,410
Total expenditures	<u>35,410</u>	<u>35,410</u>	<u>—</u>	<u>35,410</u>
Net change in fund balance	(34,210)	(34,210)	5,447	39,657
Fund balance, July 1, 2020	<u>43,462</u>	<u>43,462</u>	<u>43,462</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 9,252</u>	<u>\$ 9,252</u>	<u>\$ 48,909</u>	<u>\$ 39,657</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Special Revenue For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 80,000	\$ 80,000	\$ 32,149	\$ (47,851)
Interest revenue	1,000	1,000	225	(775)
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>32,374</u>	<u>(48,626)</u>
EXPENDITURES:				
General government	1,197	1,197	—	1,197
Community services	79,803	79,803	19,627	60,176
Total expenditures	<u>81,000</u>	<u>81,000</u>	<u>19,627</u>	<u>61,373</u>
Net change in fund balance	—	—	12,747	12,747
Fund balance, July 1, 2020	<u>49,311</u>	<u>49,311</u>	<u>49,311</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 49,311</u>	<u>\$ 49,311</u>	<u>\$ 62,058</u>	<u>\$ 12,747</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Assessment Bonds For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Special assessments	\$ —	\$ —	\$ 587,020	\$ 587,020
Total revenues	<u>—</u>	<u>—</u>	<u>587,020</u>	<u>587,020</u>
EXPENDITURES:				
Principal	—	—	585,000	(585,000)
Interest and fiscal charges	—	—	61,500	(61,500)
Total expenditures	<u>—</u>	<u>—</u>	<u>646,500</u>	<u>(646,500)</u>
Net change in fund balance	—	—	(59,480)	(59,480)
Fund balance, July 1, 2020	<u>99,144</u>	<u>99,144</u>	<u>99,144</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 99,144</u>	<u>\$ 99,144</u>	<u>\$ 39,664</u>	<u>\$ (59,480)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Government Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Contributions	\$ —	\$ —	\$ 5,201,737	\$ 5,201,737
Miscellaneous	250,000	250,000	—	(250,000)
Total revenues	250,000	250,000	5,201,737	4,951,737
EXPENDITURES:				
General government	16,401,391	6,556,146	2,909,100	3,647,046
Public safety	5,210,950	1,479,612	740,626	738,986
Transportation and development	14,459,906	2,239,815	939,071	1,300,744
Community services	3,324,565	1,106,329	545,380	560,949
Capital outlay	11,777,485	39,803,043	21,150,445	18,652,598
Total expenditures	51,174,297	51,184,945	26,284,622	24,900,323
Excess (deficiency) of revenues over expenditures	(50,924,297)	(50,934,945)	(21,082,885)	29,852,060
OTHER FINANCING SOURCES (USES):				
Transfers in	50,924,297	50,924,297	7,999,744	(42,924,553)
Total other financing sources (uses)	50,924,297	50,924,297	7,999,744	(42,924,553)
Net change in fund balance	—	(10,648)	(13,083,141)	(13,072,493)
Fund balance, July 1, 2020	1,667	1,667	1,667	—
Fund balance (deficit), June 30, 2021	\$ 1,667	\$ (8,981)	\$ (13,081,474)	\$ (13,072,493)

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Buildings Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 145,000	\$ 145,000	\$ 193,846	\$ 48,846
Interest revenue	1,500	1,500	2,350	850
Total revenues	<u>146,500</u>	<u>146,500</u>	<u>196,196</u>	<u>49,696</u>
EXPENDITURES:				
General government	<u>42,000</u>	<u>42,000</u>	<u>1,500</u>	<u>40,500</u>
Total expenditures	<u>42,000</u>	<u>42,000</u>	<u>1,500</u>	<u>40,500</u>
Excess (deficiency) of revenues over expenditures	<u>104,500</u>	<u>104,500</u>	<u>194,696</u>	<u>90,196</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(175,000)</u>	<u>(175,000)</u>	<u>—</u>	<u>175,000</u>
Total other financing sources (uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>—</u>	<u>175,000</u>
Net change in fund balance	<u>(70,500)</u>	<u>(70,500)</u>	<u>194,696</u>	<u>265,196</u>
Fund balance (deficit), July 1, 2020	<u>(2,113,164)</u>	<u>(2,113,164)</u>	<u>(2,113,164)</u>	<u>—</u>
Fund balance (deficit), June 30, 2021	<u>\$ (2,183,664)</u>	<u>\$ (2,183,664)</u>	<u>\$ (1,918,468)</u>	<u>\$ 265,196</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grants Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 27,673,134	\$ 27,673,134	\$ 10,522,461	\$ (17,150,673)
Charges for services	270,718	270,718	249,256	(21,462)
Total revenues	<u>27,943,852</u>	<u>27,943,852</u>	<u>10,771,717</u>	<u>(17,172,135)</u>
EXPENDITURES:				
General government	1,663,604	1,338,589	96,546	1,242,043
Transportation and development	27,187,322	1,872,687	2,298,752	635,187
Community services	660,097	47,393	1	47,392
Capital outlay	25,037,296	55,864,436	24,257,485	31,606,951
Total expenditures	<u>54,548,319</u>	<u>59,123,105</u>	<u>26,652,784</u>	<u>33,531,573</u>
Excess (deficiency) of revenues over expenditures	<u>(26,604,467)</u>	<u>(31,179,253)</u>	<u>(15,881,067)</u>	<u>16,359,438</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	—	(120,000)	—	120,000
Total other financing sources (uses)	<u>—</u>	<u>(120,000)</u>	<u>—</u>	<u>120,000</u>
Net change in fund balance	<u>(26,604,467)</u>	<u>(31,299,253)</u>	<u>(15,881,067)</u>	<u>16,479,438</u>
Fund balance, July 1, 2020	<u>2,554,269</u>	<u>2,554,269</u>	<u>2,554,269</u>	<u>—</u>
Fund balance (deficit), June 30, 2021	<u>\$ (24,050,198)</u>	<u>\$ (28,744,984)</u>	<u>\$ (13,326,798)</u>	<u>\$ 16,479,438</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Streets Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Regional transportation taxes	\$ —	\$ —	\$ 2,226,568	\$ 2,226,568
System development fees	4,133,600	4,133,600	4,882,337	748,737
Interest revenue	1,023,000	1,023,000	(21,408)	(1,044,408)
Total revenues	<u>5,156,600</u>	<u>5,156,600</u>	<u>7,087,497</u>	<u>1,930,897</u>
EXPENDITURES:				
General government	2,501,500	6,427,392	1,500	6,425,892
Transportation and development	35,841,038	3,075,802	4,119,777	(1,043,975)
Capital outlay	31,797,681	59,440,321	32,333,991	27,106,330
Total expenditures	<u>70,140,219</u>	<u>68,943,515</u>	<u>36,455,268</u>	<u>32,488,247</u>
Net change in fund balance	(64,983,619)	(63,786,915)	(29,367,771)	34,419,144
Fund balance, July 1, 2020	<u>81,698,832</u>	<u>81,698,832</u>	<u>81,698,832</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 16,715,213</u>	<u>\$ 17,911,917</u>	<u>\$ 52,331,061</u>	<u>\$ 34,419,144</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Services Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 1,994,200	\$ 1,994,200	\$ 2,369,341	\$ 375,141
Interest revenue	610,200	610,200	(17,387)	(627,587)
Total revenues	<u>2,604,400</u>	<u>2,604,400</u>	<u>2,351,954</u>	<u>(252,446)</u>
EXPENDITURES:				
General government	5,624,800	6,027,446	3,000	6,024,446
Community services	11,851,649	2,096,729	163,284	1,933,445
Capital outlay	6,191,868	14,402,988	7,866,725	6,536,263
Total expenditures	<u>23,668,317</u>	<u>22,527,163</u>	<u>8,033,009</u>	<u>14,494,154</u>
Net change in fund balance	(21,063,917)	(19,922,763)	(5,681,055)	14,241,708
Fund balance, July 1, 2020	<u>44,191,524</u>	<u>44,191,524</u>	<u>44,191,524</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 23,127,607</u>	<u>\$ 24,268,761</u>	<u>\$ 38,510,469</u>	<u>\$ 14,241,708</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Safety Buildings and Improvements Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 792,000	\$ 792,000	\$ 618,768	\$ (173,232)
Interest revenue	27,000	27,000	46,917	19,917
Total revenues	<u>819,000</u>	<u>819,000</u>	<u>665,685</u>	<u>(153,315)</u>
EXPENDITURES:				
General government	283,000	416,135	3,000	413,135
Public safety	163,970	13,566	—	13,566
Capital outlay	—	17,269	19,944	(2,675)
Total expenditures	<u>446,970</u>	<u>446,970</u>	<u>22,944</u>	<u>424,026</u>
Excess (deficiency) of revenues over expenditures	<u>372,030</u>	<u>372,030</u>	<u>642,741</u>	<u>270,711</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,350,000)	(1,350,000)	—	1,350,000
Total other financing sources (uses)	<u>(1,350,000)</u>	<u>(1,350,000)</u>	<u>—</u>	<u>1,350,000</u>
Net change in fund balance	<u>(977,970)</u>	<u>(977,970)</u>	<u>642,741</u>	<u>1,620,711</u>
Fund balance (deficit), July 1, 2020	<u>(5,548,312)</u>	<u>(5,548,312)</u>	<u>(5,548,312)</u>	<u>—</u>
Fund balance (deficit), June 30, 2021	<u>\$ (6,526,282)</u>	<u>\$ (6,526,282)</u>	<u>\$ (4,905,571)</u>	<u>\$ 1,620,711</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Vehicle and Capital Equipment Replacement Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 239,000	\$ 239,000	\$ (18,712)	\$ (257,712)
Miscellaneous	—	—	21,319	21,319
Total revenues	<u>239,000</u>	<u>239,000</u>	<u>2,607</u>	<u>(236,393)</u>
EXPENDITURES:				
General government	2,744,000	3,829,796	—	3,829,796
Public safety	5,325,735	—	432,516	(432,516)
Capital outlay	1,717,280	6,244,609	5,470,986	773,623
Total expenditures	<u>9,787,015</u>	<u>10,074,405</u>	<u>5,903,502</u>	<u>4,170,903</u>
Excess (deficiency) of revenues over expenditures	<u>(9,548,015)</u>	<u>(9,835,405)</u>	<u>(5,900,895)</u>	<u>3,934,510</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	300,000	300,000	220,879	(79,121)
Transfers in	3,316,983	3,316,983	3,316,983	—
Total other financing sources (uses)	<u>3,616,983</u>	<u>3,616,983</u>	<u>3,537,862</u>	<u>(79,121)</u>
Net change in fund balance	<u>(5,931,032)</u>	<u>(6,218,422)</u>	<u>(2,363,033)</u>	<u>3,855,389</u>
Fund balance, July 1, 2020	<u>11,365,061</u>	<u>11,365,061</u>	<u>11,365,061</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 5,434,029</u>	<u>\$ 5,146,639</u>	<u>\$ 9,002,028</u>	<u>\$ 3,855,389</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Technology Replacement Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 178,000	\$ 178,000	\$ 5,854	\$ (172,146)
Total revenues	<u>178,000</u>	<u>178,000</u>	<u>5,854</u>	<u>(172,146)</u>
EXPENDITURES:				
General government	2,017,000	1,261,379	3,859,370	(2,597,991)
Capital outlay	4,306,271	4,386,210	622,957	3,763,253
Total expenditures	<u>6,323,271</u>	<u>5,647,589</u>	<u>4,482,327</u>	<u>1,165,262</u>
Excess (deficiency) of revenues over expenditures	<u>(6,145,271)</u>	<u>(5,469,589)</u>	<u>(4,476,473)</u>	<u>993,116</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,638,571	3,638,571	3,661,604	23,033
Total other financing sources (uses)	<u>3,638,571</u>	<u>3,638,571</u>	<u>3,661,604</u>	<u>23,033</u>
Net change in fund balance	<u>(2,506,700)</u>	<u>(1,831,018)</u>	<u>(814,869)</u>	<u>1,016,149</u>
Fund balance, July 1, 2020	<u>5,672,399</u>	<u>5,672,399</u>	<u>5,672,399</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 3,165,699</u>	<u>\$ 3,841,381</u>	<u>\$ 4,857,530</u>	<u>\$ 1,016,149</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Municipal Arts Capital Projects For the year ended June 30, 2021

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Charges for services	\$ 57,400	\$ 57,400	\$ 57,455	\$ 55
Interest revenue	9,300	9,300	257	(9,043)
Total revenues	<u>66,700</u>	<u>66,700</u>	<u>57,712</u>	<u>(8,988)</u>
EXPENDITURES:				
General government	23,000	23,000	—	23,000
Community services	512,385	512,385	14,012	498,373
Total expenditures	<u>535,385</u>	<u>535,385</u>	<u>14,012</u>	<u>521,373</u>
Net change in fund balance	(468,685)	(468,685)	43,700	512,385
Fund balance, July 1, 2020	<u>666,325</u>	<u>666,325</u>	<u>666,325</u>	<u>—</u>
Fund balance, June 30, 2021	<u>\$ 197,640</u>	<u>\$ 197,640</u>	<u>\$ 710,025</u>	<u>\$ 512,385</u>

City of Chandler

Non-Major Proprietary Funds

Solid Waste

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

Airport

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

Chandler Housing Authority

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

City of Chandler
Combining Statement of Net Position -
Non-Major Proprietary Funds
June 30, 2021

		Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS					
Current assets:					
Equity in pooled cash and investments		\$21,693,051	\$ 29,744	\$ 8,242,401	\$29,965,196
Accounts receivable		2,365,776	388	41,322	2,407,486
Due from other governments		—	33,600	49,456	83,056
Inventories		—	36,608	—	36,608
Accrued interest receivable		42,089	—	15,879	57,968
Other receivables		33	—	—	33
Total current assets		<u>24,100,949</u>	<u>100,340</u>	<u>8,349,058</u>	<u>32,550,347</u>
Long-term assets:					
Notes receivable		—	—	154,750	154,750
Capital assets:					
Non-depreciable		6,622,659	19,092,852	1,751,537	27,467,048
Depreciable, net		<u>7,054,942</u>	<u>12,744,676</u>	<u>7,035,155</u>	<u>26,834,773</u>
Total capital assets		<u>13,677,601</u>	<u>31,837,528</u>	<u>8,786,692</u>	<u>54,301,821</u>
Total long-term assets		<u>13,677,601</u>	<u>31,837,528</u>	<u>8,941,442</u>	<u>54,456,571</u>
Total assets		<u>37,778,550</u>	<u>31,937,868</u>	<u>17,290,500</u>	<u>87,006,918</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items		<u>411,989</u>	<u>272,820</u>	<u>556,721</u>	<u>1,241,530</u>

LIABILITIES

Current liabilities:

Accounts payable	1,256,784	53,213	49,944	1,359,941
Accrued payroll	55,651	18,194	49,038	122,883
Trust liabilities and deposits	—	57,530	618,103	675,633
Customer advances	81,021	26,640	215,097	322,758
Compensated absences payable	17,536	6,485	19,535	43,556
Landfill closure and postclosure liability	94,446	—	—	94,446
Total current liabilities	<u>1,505,438</u>	<u>162,062</u>	<u>951,717</u>	<u>2,619,217</u>

Long-term liabilities:

Compensated absences payable	79,104	29,256	88,118	196,478
Net pension liability	1,349,904	1,274,519	2,359,378	4,983,801
OPEB liability	516,026	181,563	583,163	1,280,752
Landfill closure and postclosure liability	4,245,554	—	—	4,245,554
Total long-term liabilities	<u>6,190,588</u>	<u>1,485,338</u>	<u>3,030,659</u>	<u>10,706,585</u>
Total liabilities	<u>7,696,026</u>	<u>1,647,400</u>	<u>3,982,376</u>	<u>13,325,802</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	<u>67,858</u>	<u>54,301</u>	<u>330,674</u>	<u>452,833</u>
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NET POSITION

Net investment in capital assets	13,677,601	31,837,528	8,786,692	54,301,821
Unrestricted	16,749,054	(1,328,541)	4,747,479	20,167,992
Total net position	<u>\$30,426,655</u>	<u>\$30,508,987</u>	<u>\$13,534,171</u>	<u>\$74,469,813</u>



City of Chandler
Combining Statement of Revenues, Expenses and Changes in Net Position -
Non-Major Proprietary Funds
For the year ended June 30, 2021

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 17,480,050	\$ 893,268	\$ 200	\$ 18,373,518
Grants and entitlements	—	—	7,965,078	7,965,078
Rentals	—	—	1,262,766	1,262,766
Sales taxes	—	16,516	—	16,516
Miscellaneous	—	71,839	62,182	134,021
Total operating revenues	<u>17,480,050</u>	<u>981,623</u>	<u>9,290,226</u>	<u>27,751,899</u>
OPERATING EXPENSES:				
General and administrative	1,033,310	102,341	—	1,135,651
Personnel services	1,821,489	599,585	1,645,073	4,066,147
Contractual services	12,724,981	60,184	1,054,880	13,840,045
Commodities	849,188	352,904	434,276	1,636,368
Housing assistance payments	—	—	5,475,829	5,475,829
Depreciation and amortization expense	611,341	1,071,710	597,473	2,280,524
Total operating expenses	<u>17,040,309</u>	<u>2,186,724</u>	<u>9,207,531</u>	<u>28,434,564</u>
OPERATING INCOME (LOSS)	<u>439,741</u>	<u>(1,205,101)</u>	<u>82,695</u>	<u>(682,665)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	(18,732)	2	3,620	(15,110)
Total nonoperating revenues (expenses)	<u>(18,732)</u>	<u>2</u>	<u>3,620</u>	<u>(15,110)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>421,009</u>	<u>(1,205,099)</u>	<u>86,315</u>	<u>(697,775)</u>
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	—	91,512	—	91,512
Transfers in	—	262,006	285,000	547,006
Transfers out	(105,421)	(28,956)	—	(134,377)
Total capital contributions and transfers	<u>(105,421)</u>	<u>324,562</u>	<u>285,000</u>	<u>504,141</u>
CHANGE IN NET POSITION	<u>315,588</u>	<u>(880,537)</u>	<u>371,315</u>	<u>(193,634)</u>
NET POSITION				
Beginning of year	30,111,067	31,389,524	13,162,856	74,663,447
End of year	<u>\$ 30,426,655</u>	<u>\$ 30,508,987</u>	<u>\$ 13,534,171</u>	<u>\$ 74,469,813</u>

City of Chandler
Combining Statement of Cash Flows -
Non-Major Proprietary Funds
For the year ended June 30, 2021

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 17,535,604	\$ 988,652	\$ 1,491,339	\$ 20,015,595
Cash received from grantors	—	(33,600)	7,980,864	7,947,264
Cash payments to suppliers	(14,425,205)	(520,538)	(6,976,176)	(21,921,919)
Cash payments to employees for services	(1,793,702)	(582,018)	(1,626,856)	(4,002,576)
Net cash provided (used) by operating activities	1,316,697	(147,504)	869,171	2,038,364
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	—	262,006	285,000	547,006
Transfers out	(105,421)	(28,956)	—	(134,377)
Net cash provided (used) by noncapital financing activities	(105,421)	233,050	285,000	412,629
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(518,441)	(154,273)	(198,986)	(871,700)
Net cash provided (used) by capital and related financing activities	(518,441)	(154,273)	(198,986)	(871,700)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	10,849	2	12,623	23,474
Net cash provided (used) by investing activities	10,849	2	12,623	23,474
Net increase (decrease) in cash and cash equivalents	703,684	(68,725)	967,808	1,602,767
CASH AND CASH EQUIVALENTS:				
Beginning of year	20,989,367	98,469	7,274,593	28,362,429
End of year	<u>\$ 21,693,051</u>	<u>\$ 29,744</u>	<u>\$ 8,242,401</u>	<u>\$ 29,965,196</u>

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

Operating income (loss)	\$ 439,741	\$ (1,205,101)	\$ 82,695	\$ (682,665)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	611,341	1,071,710	597,473	2,280,524
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	48,855	352	(9,283)	39,924
(Increase) decrease in due from other governments	—	(33,600)	—	(33,600)
(Increase) decrease in inventories	—	(29,118)	—	(29,118)
(Increase) decrease in other assets	—	—	(150,855)	(150,855)
Increase (decrease) in payables	182,274	24,009	(11,191)	195,092
Increase (decrease) in accrued payroll and compensated absences	16,501	12,923	9,841	39,265
Increase (decrease) in deposits	—	9,770	42,705	52,475
Increase (decrease) in customer advances	6,699	(3,093)	148,555	152,161
Increase (decrease) in net pension items	(82,565)	(27,654)	72,302	(37,917)
Increase (decrease) in OPEB liability	93,851	32,298	86,929	213,078
Total adjustments	876,956	1,057,597	786,476	2,721,029
Net cash provided (used) by operating activities	<u>\$ 1,316,697</u>	<u>\$ (147,504)</u>	<u>\$ 869,171</u>	<u>\$ 2,038,364</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ —	\$ 91,512	\$ —	\$ 91,512
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Statistical Section

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



“The Future’s in Sight”

Chandler’s employees are passionate about serving the community and businesses. This team of professionals bring innovation and quality to the customer service experience.

CITY OF CHANDLER, ARIZONA
Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	142
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	158
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	162
Schedules 10-13b present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. Schedules 14-30 provide additional information for continuing disclosure purposes.	
Demographic and Economic Information	186
Schedules 31-32 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	188
Schedules 33-35 contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	

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

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 545,926,100	\$ 558,279,485	\$ 563,033,503	\$ 567,041,560
Restricted	44,047,942	112,307,412	105,723,768	108,965,994
Unrestricted	259,783,598	179,518,042	183,088,676	7,709,550
Total governmental activities net position	849,757,640	850,104,939	851,845,947	683,717,104
Business-type activities				
Net investment in capital assets	280,440,445	355,015,004	388,837,444	380,427,606
Restricted	—	—	—	119,075
Unrestricted	179,339,498	176,961,822	206,284,498	217,824,645
Total business-type activities net position	459,779,943	531,976,826	595,121,942	598,371,326
Primary government				
Net investment in capital assets	826,366,545	913,294,489	951,870,947	947,469,166
Restricted	44,047,942	112,307,412	105,723,768	109,085,069
Unrestricted	439,123,096	356,479,864	389,373,174	225,534,195
Total primary government net position	\$ 1,309,537,583	\$ 1,382,081,765	\$ 1,446,967,889	\$ 1,282,088,430

Schedule 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 579,591,241	\$ 587,213,640	\$ 536,086,249	\$ 575,953,033	\$ 547,511,826	\$ 555,107,220
121,767,847	122,006,140	168,510,855	173,490,725	191,839,529	189,214,016
(5,872,464)	(36,358,845)	(65,575,548)	(72,592,489)	(8,655,932)	(6,761,531)
695,486,624	672,860,935	639,021,556	676,851,269	730,695,423	737,559,705
342,252,306	439,823,546	467,799,036	481,911,949	477,329,239	458,616,595
31,365,801	32,977,926	33,447,434	31,523,149	33,750,526	32,154,205
258,806,679	176,390,803	243,735,547	249,131,813	267,005,635	299,755,652
632,424,786	649,192,275	744,982,017	762,566,911	778,085,400	790,526,452
921,843,547	1,027,037,186	1,003,885,285	1,057,864,982	1,024,841,065	1,013,723,815
153,133,648	155,184,734	201,958,289	205,013,874	225,590,055	221,368,221
252,934,215	139,831,290	178,159,999	176,539,324	258,349,703	292,994,121
<u>\$ 1,327,911,410</u>	<u>\$ 1,322,053,210</u>	<u>\$ 1,384,003,573</u>	<u>\$ 1,439,418,180</u>	<u>\$ 1,508,780,823</u>	<u>\$ 1,528,086,157</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 88,876,901	\$ 90,143,339	\$ 99,231,501	\$ 104,456,315
Public safety	89,141,559	95,974,126	94,738,371	102,050,425
Transportation and development	52,111,019	55,846,316	52,183,052	51,714,085
Community services	28,966,271	30,979,208	32,331,286	31,784,321
Interest and fiscal charges	12,425,819	11,777,701	10,044,363	6,986,490
Total governmental activities expenses	271,521,569	284,720,690	288,528,573	296,991,636
Business-type activities:				
Water	56,277,327	55,440,712	55,877,774	55,470,724
Wastewater	38,804,360	40,401,849	41,969,764	50,823,497
Solid waste	13,756,352	13,974,858	14,131,202	14,087,780
Airport	1,941,752	1,960,788	1,980,706	1,860,057
Chandler housing authority	7,642,503	7,473,891	7,616,301	7,433,284
Total business-type activities expenses	118,422,294	119,252,098	121,575,747	129,675,342
Total primary government expenses	\$ 389,943,863	\$ 403,972,788	\$ 410,104,320	\$ 426,666,978

Schedule 2a

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 112,514,903	\$ 104,998,802	\$ 113,587,478	\$ 114,373,302	\$ 138,850,297	\$ 162,849,542
111,568,323	149,366,614	112,371,723	124,906,187	109,544,169	122,146,366
55,012,081	56,752,197	55,287,494	53,806,473	59,777,330	58,847,053
31,441,019	32,599,549	36,824,102	36,990,853	38,195,563	39,565,719
7,884,146	6,623,830	6,716,119	7,046,655	6,885,184	6,653,197
318,420,472	350,340,992	324,786,916	337,123,470	353,252,543	390,061,877
54,075,742	63,236,746	61,513,990	58,297,769	60,330,758	62,049,102
51,034,921	58,112,931	60,605,779	61,218,775	66,788,084	62,753,454
13,925,017	14,380,178	14,531,558	15,221,985	16,522,728	17,040,309
2,011,880	1,893,830	1,841,718	2,038,417	2,382,288	2,186,724
7,267,806	7,728,876	8,109,635	8,478,235	8,710,570	9,207,531
128,315,366	145,352,561	146,602,680	145,255,181	154,734,428	153,237,120
<u>\$ 446,735,838</u>	<u>\$ 495,693,553</u>	<u>\$ 471,389,596</u>	<u>\$ 482,378,651</u>	<u>\$ 507,986,971</u>	<u>\$ 543,298,997</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 31,381,062	\$ 35,898,378	\$ 38,832,217	\$ 39,207,061
Public safety	5,794,329	7,375,050	5,861,044	6,469,215
Transportation and development	27,905,311	10,150,102	16,145,692	14,438,138
Community services	4,136,285	8,240,732	7,744,507	7,551,166
Operating grants and contributions	6,162,320	3,999,536	4,744,636	3,514,714
Capital grants and contributions	11,016,136	9,116,635	10,170,236	13,133,637
Total governmental activities program revenues	<u>86,395,443</u>	<u>74,780,433</u>	<u>83,498,332</u>	<u>84,313,931</u>
Business-type activities:				
Charges for services:				
Water	49,565,071	48,258,282	49,588,376	48,045,103
Wastewater	35,907,085	37,690,400	40,509,289	45,666,777
Solid waste	13,890,957	13,836,363	14,034,894	14,140,246
Airport	996,605	976,102	961,067	1,010,288
Chandler housing authority	466,556	637,329	806,540	877,380
Operating grants and contributions	6,341,087	5,785,335	5,457,991	5,862,477
Capital grants and contributions	19,118,567	81,572,568	72,176,582	35,357,741
Total business-type activities program revenues	<u>126,285,928</u>	<u>188,756,379</u>	<u>183,534,739</u>	<u>150,960,012</u>
Total primary government program revenues	<u>\$ 212,681,371</u>	<u>\$ 263,536,812</u>	<u>\$ 267,033,071</u>	<u>\$ 235,273,943</u>
Net (expense)/revenue				
Governmental activities	\$(185,126,126)	\$(209,940,257)	\$(205,030,041)	\$(212,677,705)
Business-type activities	<u>7,863,634</u>	<u>69,504,281</u>	<u>61,958,992</u>	<u>21,284,670</u>
Total primary government net (expense)	<u>\$(177,262,492)</u>	<u>\$(140,435,976)</u>	<u>\$(143,071,049)</u>	<u>\$(191,393,035)</u>

Schedule 2b

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 42,021,638	\$ 41,400,079	\$ 43,089,930	\$ 43,622,807	\$ 43,203,865	\$ 42,011,670
7,471,344	6,561,052	6,100,584	4,998,779	6,512,002	5,073,984
16,538,175	16,333,273	17,145,894	14,869,670	16,420,652	14,266,302
10,792,114	10,732,351	9,180,276	7,583,513	5,623,796	5,437,401
5,188,787	4,481,750	3,988,629	4,522,345	31,052,185	18,694,567
16,725,462	9,702,683	9,340,818	10,510,464	18,714,457	16,573,341
98,737,520	89,211,188	88,846,131	86,107,578	121,526,957	102,057,265
50,483,097	53,251,020	54,031,592	52,459,720	54,722,296	58,755,999
51,321,346	53,563,934	56,367,650	56,055,131	61,531,949	61,971,940
14,940,591	15,648,992	16,307,409	16,107,922	16,757,829	17,480,050
946,419	950,294	963,827	906,557	880,194	893,268
946,408	954,070	1,085,013	1,155,430	1,188,570	1,262,966
5,784,021	6,198,797	6,350,858	7,224,669	7,137,950	7,965,078
32,690,364	27,645,932	22,360,158	18,335,155	14,190,016	14,355,873
157,112,246	158,213,039	157,466,507	152,244,584	156,408,804	162,685,174
\$ 255,849,766	\$ 247,424,227	\$ 246,312,638	\$ 238,352,162	\$ 277,935,761	\$ 264,742,439
\$ (219,682,952)	\$ (261,129,804)	\$ (235,940,785)	\$ (251,015,892)	\$ (231,725,586)	\$ (288,004,612)
28,796,880	12,860,478	10,863,827	6,989,403	1,674,376	9,448,054
\$ (190,886,072)	\$ (248,269,326)	\$ (225,076,958)	\$ (244,026,489)	\$ (230,051,210)	\$ (278,556,558)

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 31,877,716	\$ 29,656,415	\$ 28,348,952	\$ 28,708,033
Sales taxes	97,485,387	102,200,517	103,880,801	108,657,130
Highway user taxes	11,823,280	12,929,504	13,352,622	14,633,470
Other taxes	5,979,715	6,295,212	3,243,937	10,106,891
Franchise fees	2,988,456	2,936,533	3,145,449	3,300,129
State shared	45,958,627	51,347,206	55,423,759	59,236,588
Investment income	1,221,923	2,843,417	1,869,128	1,763,585
Miscellaneous	1,116,832	2,181,627	819,766	1,197,215
Transfers in (out)	(74,075)	(102,875)	(132,082)	(123,350)
Total governmental activities	<u>198,377,861</u>	<u>210,287,556</u>	<u>209,952,332</u>	<u>227,479,691</u>
Business-type activities:				
Sales taxes	—	—	70,065	10,865
Investment income	389,446	1,180,290	788,025	819,556
Miscellaneous	1,351,829	1,409,437	1,683,332	2,475,760
Transfers in (out)	74,075	102,875	132,082	123,350
Total business-type activities:	<u>1,815,350</u>	<u>2,692,602</u>	<u>2,673,504</u>	<u>3,429,531</u>
Total primary government	<u>\$ 200,193,211</u>	<u>\$ 212,980,158</u>	<u>\$ 212,625,836</u>	<u>\$ 230,909,222</u>
Change in Net Position				
Governmental activities	\$ 13,251,735	\$ 347,299	\$ 4,922,291	\$ 14,801,986
Business-type activities	<u>9,678,984</u>	<u>72,196,883</u>	<u>64,632,496</u>	<u>24,714,201</u>
Total primary government	<u>\$ 22,930,719</u>	<u>\$ 72,544,182</u>	<u>\$ 69,554,787</u>	<u>\$ 39,516,187</u>

Schedule 2c

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 29,214,103	\$ 29,837,763	\$ 30,816,495	\$ 32,550,250	\$ 34,419,182	\$ 36,371,978
112,250,883	120,189,651	127,584,410	139,851,355	140,644,918	157,513,686
15,303,635	16,683,743	16,135,949	17,301,902	16,996,911	18,108,310
6,100,475	664,616	940,203	866,267	1,153,237	2,226,568
3,344,817	3,285,267	3,571,744	3,567,184	3,441,225	3,823,524
60,712,442	65,924,228	64,723,211	67,156,430	70,769,943	80,699,253
3,834,840	1,063,997	1,531,766	14,822,135	16,951,295	584,026
1,124,559	1,014,665	1,502,418	1,261,279	2,085,020	1,820,520
(433,282)	(159,815)	(4,175,579)	(90,680)	(891,991)	105,991
231,452,472	238,504,115	242,630,617	277,286,122	285,569,740	301,253,856
10,391	10,682	13,769	17,347	15,521	16,516
2,180,447	938,491	854,848	7,742,589	9,974,135	249,448
2,632,460	2,798,023	14,923,212	2,842,825	2,962,466	2,833,025
433,282	159,815	4,175,579	90,680	891,991	(105,991)
5,256,580	3,907,011	19,967,408	10,693,441	13,844,113	2,992,998
\$ 236,709,052	\$ 242,411,126	\$ 262,598,025	\$ 287,979,563	\$ 299,413,853	\$ 304,246,854
\$ 11,769,520	\$ (22,625,689)	\$ 6,689,832	\$ 26,270,230	\$ 53,844,154	\$ 13,249,244
34,053,460	16,767,489	30,831,235	17,682,844	15,518,489	12,441,052
\$ 45,822,980	\$ (5,858,200)	\$ 37,521,067	\$ 43,953,074	\$ 69,362,643	\$ 25,690,296

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

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 947,804	\$ 938,549	\$ 892,533	\$ 941,359
Restricted	939,867	939,867	1,166,105	1,792,180
Assigned	102,635,587	101,115,766	95,185,696	102,222,466
Unassigned	69,223,074	66,077,714	82,453,462	80,152,269
Total general fund	<u>\$ 173,746,332</u>	<u>\$ 169,071,896</u>	<u>\$ 179,697,796</u>	<u>\$ 185,108,274</u>
All other governmental funds				
Nonspendable	—	—	—	—
Restricted	111,378,788	111,367,545	104,557,663	107,173,814
Unassigned	(12,798,348)	(13,646,428)	(11,034,021)	(15,322,260)
Total all other governmental funds	<u>\$ 98,580,440</u>	<u>\$ 97,721,117</u>	<u>\$ 93,523,642</u>	<u>\$ 91,851,554</u>

Schedule 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 907,594	\$ 979,446	\$ 813,143	\$ 866,239	\$ 985,396	\$ 1,051,638
1,566,618	1,451,061	1,980,807	2,179,767	1,710,608	1,711,242
109,958,162	101,620,277	116,359,633	131,214,214	139,326,860	143,763,585
68,567,835	87,492,981	65,182,337	66,035,760	90,887,858	96,065,934
<u>\$ 181,000,209</u>	<u>\$ 191,543,765</u>	<u>\$ 184,335,920</u>	<u>\$ 200,295,980</u>	<u>\$ 232,910,722</u>	<u>\$ 242,592,399</u>
\$ —	\$ 7,422	\$ —	\$ —	\$ —	\$ —
120,201,229	120,640,190	166,570,330	171,310,958	190,128,921	187,759,476
(11,877,159)	(11,350,383)	(2,555,420)	(5,758,986)	(7,697,792)	(7,226,577)
<u>\$ 108,324,070</u>	<u>\$ 109,297,229</u>	<u>\$ 164,014,910</u>	<u>\$ 165,551,972</u>	<u>\$ 182,431,129</u>	<u>\$ 180,532,899</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Property taxes	\$ 32,329,560	\$ 29,841,739	\$ 28,442,823	\$ 28,899,684
Sales taxes	97,485,387	102,200,517	103,880,801	108,657,130
Highway user taxes	11,823,280	12,929,504	13,352,622	14,633,470
Other taxes	5,979,715	6,295,212	3,243,937	10,106,891
Franchise fees	2,988,456	2,936,533	3,145,449	3,300,129
State shared revenues	45,958,627	51,347,206	55,423,759	59,236,588
Grants and entitlements	13,826,606	9,480,090	10,187,895	10,638,831
System development fees	11,724,823	7,781,083	11,846,275	10,585,623
Special assessments	678,027	676,127	678,843	573,438
Licenses and permits	6,955,605	4,887,466	5,479,384	5,146,556
Charges for services	19,938,566	19,786,513	20,269,976	20,110,036
Fines and forfeitures	4,700,430	5,825,098	4,622,215	4,601,501
Rentals	455,842	570,638	732,807	751,163
Contributions	100,000	100,000	100,000	150,000
Interest revenue	1,034,895	2,529,078	1,623,973	1,562,241
Miscellaneous	1,392,691	1,384,123	650,117	572,252
Total revenues	<u>\$ 257,372,510</u>	<u>\$ 258,570,927</u>	<u>\$ 263,680,876</u>	<u>\$ 279,525,533</u>

Schedule 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 29,237,607	\$ 29,692,846	\$ 30,819,812	\$ 32,526,357	\$ 34,334,216	\$ 36,409,345
112,250,883	120,189,651	127,584,410	139,851,355	140,644,918	157,513,686
15,303,635	16,683,743	16,135,949	17,301,902	16,996,911	18,108,310
6,100,475	664,616	940,203	866,267	1,153,237	2,226,568
3,344,817	3,285,267	3,571,744	3,567,184	3,441,225	3,823,524
60,712,442	65,924,228	64,723,211	67,156,430	70,769,943	80,699,253
16,159,064	12,677,860	12,111,857	11,911,639	49,719,415	29,417,028
16,217,004	14,683,327	13,982,674	9,023,678	8,730,973	8,207,728
606,757	607,191	611,499	610,501	508,485	587,020
6,634,161	7,075,996	6,394,322	7,268,592	7,760,403	6,656,737
19,705,786	20,869,517	21,827,375	21,512,737	20,355,702	19,631,389
4,828,174	3,908,387	4,865,783	4,234,286	5,571,322	2,920,173
974,192	678,387	127,575	127,206	213,345	174,766
200,000	200,000	200,000	200,000	596,153	5,201,737
3,409,065	921,195	1,398,729	13,268,020	15,017,352	533,383
897,102	494,984	974,107	923,369	1,471,977	1,105,070
<u>\$ 296,581,164</u>	<u>\$ 298,557,195</u>	<u>\$ 306,269,250</u>	<u>\$ 330,349,523</u>	<u>\$ 377,285,577</u>	<u>\$ 373,215,717</u>

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

	Fiscal Year			
	2012	2013	2014	2015
General government	\$ 48,894,811	\$ 44,512,533	\$ 46,807,747	\$ 46,895,106
Public safety	82,820,106	89,587,613	90,068,218	93,773,306
Transportation and development	25,532,739	24,807,578	23,418,175	24,769,553
Community services	23,255,568	23,554,854	23,771,925	24,569,283
Capital improvements	29,787,069	41,793,319	45,657,265	56,539,116
Debt service:				
Principal retirement	15,970,000	26,870,000	15,955,000	21,490,000
Interest and fiscal charges	12,550,323	11,908,025	10,682,206	7,737,974
Bond issuance costs	—	—	145,970	722,293
Total expenditures	<u>\$ 238,810,616</u>	<u>\$ 263,033,922</u>	<u>\$ 256,506,506</u>	<u>\$ 276,496,631</u>
Debt service as a percentage of noncapital expenditures	13.5 %	16.4 %	11.6 %	11.7 %

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

Schedule 5

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 52,138,384	\$ 50,892,490	\$ 55,706,708	\$ 58,070,201	\$ 79,624,174	\$ 93,482,842
104,605,663	103,167,906	109,736,277	111,496,663	113,166,600	119,357,759
25,471,154	28,294,221	27,750,365	25,871,080	30,117,735	31,640,566
24,988,844	26,605,279	27,088,640	27,712,871	28,344,665	29,084,081
50,009,243	44,712,255	71,268,257	69,006,722	77,024,413	61,907,124
17,465,000	25,240,000	(1) 20,264,000	22,820,000	21,340,000	19,980,000
8,635,631	7,689,305	7,918,081	8,270,161	8,073,320	7,801,885
—	249,838	252,611	—	319,631	—
\$ 283,313,919	\$ 286,851,294	\$ 319,984,939	\$ 323,247,698	\$ 358,010,538	\$ 363,254,257
10.2 %	12.9 %	10.4 %	11.3 %	9.5 %	8.0 %

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			
	2012	2013	2014	2015
Other Financing Sources (Uses)				
Bond premium	\$ —	\$ —	\$ 562,052	\$ 17,045,635
Face amount of bonds issued	—	—	8,660,000	128,254,000
Proceeds from disposal of capital assets	89,007	76,381	161,126	103,964
Payment to escrow agent	—	—	(9,061,800)	(143,635,520)
Transfers in	20,576,188	32,849,979	24,586,418	28,717,990
Transfers out	(22,685,504)	(33,997,394)	(25,653,741)	(29,776,581)
Total other financing sources (uses)	(2,020,309)	(1,071,034)	(745,945)	709,488
Net change in fund balance	\$ 16,541,585	\$ (5,533,759)	\$ 6,428,425	\$ 3,738,390

Schedule 6

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ —	\$ 6,339,230	\$ 3,609,365	\$ —	\$ 2,927,904	\$ —
—	25,500,000	58,740,000	—	30,400,000	—
463,709	652,882	213,829	1,356,796	396,924	225,081
—	(31,589,392)	—	—	—	—
27,885,557	28,116,369	46,032,351	45,484,505	39,282,296	44,961,787
(29,252,060)	(29,208,275)	(47,370,020)	(48,005,487)	(42,788,264)	(47,364,881)
(902,794)	(189,186)	61,225,525	(1,164,186)	30,218,860	(2,178,013)
<u>\$ 12,364,451</u>	<u>\$ 11,516,715</u>	<u>\$ 47,509,836</u>	<u>\$ 5,937,639</u>	<u>\$ 49,493,899</u>	<u>\$ 7,783,447</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Amusements	\$ 714,641	\$ 717,442	\$ 728,110	\$ 895,730
Contracting	10,869,566	10,408,518	9,780,645	8,870,092
General Retail	42,844,871	45,331,307	47,454,682	49,740,000
Hotel/Motel	2,255,786	2,288,989	2,472,754	2,892,470
Miscellaneous Related Revenue (1)	2,334,179	2,937,426	2,660,201	2,815,040
Publishing	352,550	334,981	258,547	260,712
Rentals - Personal Property	2,606,371	2,884,618	2,949,421	3,261,716
Rentals - Real Property	10,025,726	10,817,611	11,058,203	11,967,509
Restaurant/Bar	8,670,199	9,069,109	9,542,714	10,188,718
Telecommunications	3,628,007	3,731,350	3,533,636	3,435,949
Use Tax	1,054,968	1,315,599	1,090,428	1,145,534
Proposition 207	—	—	—	—
Utilities	12,128,475	12,363,565	12,421,526	13,194,526
Total Sales and Use Taxes	<u>\$ 97,485,339</u>	<u>\$ 102,200,515</u>	<u>\$ 103,950,867</u>	<u>\$ 108,667,996</u>
City Direct Sales Tax Rate (2)	1.76%	1.75%	1.75%	1.76%

Source: City of Chandler, Management Services Department

- (1) Includes license application fees, annual license fees, audit assessments, penalties and interest.
- (2) The direct tax rate was calculated using a weighted average of the actual revenues collected for each category. Tax rates vary by category, currently ranging from 1.5% to 4.4%.
- (3) In Fiscal Year 2018-19, the City did a restatement to record prior year privilege tax receivables not previously accrued; prior years have not been restated.

Schedule 7

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,019,939	\$ 1,019,938	\$ 1,083,161	\$ 1,318,195	\$ 972,105	\$ 789,411
8,855,057	11,496,791	12,388,978	17,228,786	12,824,214	14,446,470
51,191,162	53,137,169	56,605,561	60,029,293	64,911,529	75,590,425
2,957,685	3,424,279	3,712,085	4,099,450	3,560,787	3,215,504
2,745,130	2,527,981	2,328,030	1,757,235	1,710,004	2,152,443
248,433	186,862	182,820	207,462	177,542	197,578
3,125,459	3,611,180	3,676,196	4,076,298	4,282,451	3,760,815
13,217,561	13,647,156	15,134,275	16,506,671	18,184,361	19,214,217
10,752,479	11,341,714	11,872,941	12,773,198	11,978,625	13,099,159
3,234,369	2,796,065	2,395,673	2,191,747	2,337,375	1,751,284
1,127,257	3,619,340	4,394,129	5,461,771	5,335,557	7,636,473
—	—	—	—	—	256,702
13,786,741	13,391,857	13,824,331	14,218,596	14,385,889	15,419,721
<u>\$ 112,261,272</u>	<u>\$ 120,200,332</u>	<u>\$ 127,598,180</u>	<u>\$ 139,868,702</u>	<u>\$ 140,660,439</u>	<u>\$ 157,530,202</u>
1.76%	1.75%	1.74%	1.74%	1.73%	1.70%

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)
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%
2018	1.74%	0.65%	4.92%	0.03%
2019	1.74%	0.65%	4.93%	0.03%
2020	1.73%	0.65%	4.86%	0.03%
2021	1.70%	0.64%	4.90%	0.02%

Source: City of Chandler, Management Services Department

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

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

Schedule 9

Taxpayer	Business Type	Fiscal Year 2021		Fiscal Year 2012	
		Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments	Rank
Taxpayer A	Utility	\$12,051,030	1	7.66%	\$ 9,698,254
Taxpayer B	Department Store	5,012,264	2	3.19%	2,783,551
Taxpayer C	Grocery Store	3,504,521	3	2.23%	2,259,487
Taxpayer D	Department Store	3,195,811	4	2.03%	1,675,623
Taxpayer E	Retailer	3,050,251	5	1.94%	
Taxpayer F	Retailer	2,705,069	6	1.72%	1,307,482
Taxpayer G	Retailer	2,397,065	7	1.52%	
Taxpayer H	Vehicle Dealer	2,164,678	8	1.38%	
Taxpayer I	Commercial Leasing	1,749,006	9	1.11%	
Taxpayer J	Utility	1,591,028	10	1.01%	1,272,878
Taxpayer K	Construction				3,823,373
Taxpayer L	Telecommunications				1,306,045
Taxpayer M	Department Store				1,255,294
Taxpayer N	Department Store				1,157,789
		<u>\$37,420,723</u>		<u>23.79%</u>	<u>\$ 26,539,776</u>
					<u>27.22%</u>

Source: City of Chandler, Management Services Department

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

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

Schedule 10

Governmental Activities						
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	General Obligation Bond Issuance Premiums	Revenue Bonds Issuance Premiums	Special Assessment Bonds Issuance Premiums
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
2018	223,288,000	4,270,000	2,940,000	21,269,309	141,468	55,140
2019	205,764,000	2,050,000	2,395,000	19,097,787	—	44,112
2020	215,939,000	—	1,830,000	19,756,588	—	33,084
2021	195,164,000	—	1,245,000	17,526,932	—	22,056

Business-type Activities						
Fiscal Year	General Obligation Bonds	Revenue Bonds	Excise Tax Revenue Obligations	General Obligation Bond Issuance Premiums	Revenue Bonds Issuance Premiums	Excise Tax Revenue Obligations Issuance Premiums
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
2018	105,707,000	7,845,000	230,635,000	11,025,887	416,428	17,271,299
2019	95,901,000	4,685,000	222,575,000	9,898,570	202,401	15,979,766
2020	86,261,000	2,340,000	228,985,000	8,773,210	—	16,850,597
2021	76,936,000	—	219,780,000	7,647,850	—	15,312,526

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)
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	390,410,407	16,186,172	374,224,235	23,588,561,444	1.59%	608,805,370	7.76%	2,521
2015	391,026,194	14,910,017	376,116,177	29,230,173,658	1.29%	593,320,112	7.15%	2,397
2016	359,163,743	15,281,782	343,881,961	31,514,093,091	1.09%	614,901,176	7.35%	2,465
2017	334,688,362	8,981,699	325,706,663	32,319,847,780	1.01%	568,997,296	6.20%	2,128
2018	361,290,196	7,451,989	353,838,207	33,265,569,654	1.06%	624,864,531	6.24%	2,267
2019	330,661,357	4,586,562	326,074,795	36,899,750,596	0.88%	578,592,636	5.73%	2,215
2020	330,729,798	4,693,193	326,036,605	40,890,232,930	0.80%	580,768,479	5.45%	2,192
2021	297,274,782	5,758,393	291,516,389	44,808,678,880	0.65%	533,634,364	4.56%	1,905

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

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

(2) Population and personal income data can be found in Schedule 31.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	None	4.64 %	None
Maricopa County	None	7.10	None
Maricopa County Community College District	\$ 184,715,000	7.10	\$ 13,108,223
Maricopa County Special Healthcare District	640,269,000	7.10	45,436,424
Chandler Unified School District No. 80	385,946,000	27.82	50,905,198
Kyrene Elementary School District No. 28	182,955,000	4.27	11,773,993
Mesa Unified School District No. 4	275,525,000	2.60	2,925,713
Gilbert Unified School District No. 41	112,360,000	69.92	269,859,611
East Valley Institute of Technology	None	15.90	None
Subtotal, overlapping debt			394,009,162
City direct debt	213,957,988	100.00	<u>213,957,988</u>
Total direct and overlapping debt			<u><u>\$ 607,967,150</u></u>

Source: Piper Sandler Companies

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2020-21 for the overlapping jurisdiction to the amount of such valuation which lies within the City of Chandler.

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

	Fiscal Year			
	2012	2013	2014	2015
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 135,310,758	\$ 130,522,600	\$ 142,895,404	\$ 142,827,478
Total net debt applicable to limit	11,840,000	10,869,000	10,198,000	9,848,400
Legal debt margin	<u>\$ 123,470,758</u>	<u>\$ 119,653,600</u>	<u>\$ 132,697,404</u>	<u>\$ 132,979,078</u>
Total net debt applicable to the limit as a percentage of the debt limit	8.75%	8.33%	7.14%	6.90%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 451,035,860	\$ 435,075,335	\$ 476,318,016	\$ 476,091,596
Total net debt applicable to limit	427,295,000	406,986,000	374,452,000	352,366,600
Legal debt margin	<u>\$ 23,740,860</u>	<u>\$ 28,089,335</u>	<u>\$ 101,866,016</u>	<u>\$ 123,724,996</u>
Total net debt applicable to the limit as a percentage of the debt limit	94.74%	93.54%	78.61%	74.01%

Fiscal Year 2010-11 through Fiscal Year 2018-19: Piper Jaffray Inc.

Fiscal Year 2019-20 through Fiscal Year 2020-21: Piper Sandler Companies

Note: Under Arizona law, cities may issue general obligation bonds for purposes of water, wastewater, artificial light, open space preserves, parks, public safety and emergency services, streets, transportation, playgrounds and recreational facilities up to an amount not to exceed 20 percent of secondary assessed valuation. Cities may issue general obligation bonds for any other purpose up to an amount not to exceed 6 percent of secondary assessed valuation. Prior to Fiscal Year 2016, the Assessed Valuation was based on the Net Assessed Secondary Value. Due to a change in the legislation (Proposition 117), in Fiscal Year 2016, the City is required to use the Limited Property Value. The net (or excess) premium reflected was utilized for project fund purposes and is being amortized according to Arizona Revised Statutes, Title 35, Chapter 3, Article 3, 35-457 (E).

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2021

Full Cash Assessed Valuation as of June 30, 2021	\$ 4,682,558,944
Debt limit (6% of assessed value)	280,953,536
Debt applicable to limit:	
6% general obligation bonds	6,519,850
Excess premium on bonds outstanding	239,656
Legal 6% debt margin	<u>\$ 274,194,030</u>
Debt limit (20% of assessed value)	\$ 936,511,789
Debt applicable to limit:	
20% general obligation bonds	265,580,150
Excess premium on bonds outstanding	11,493,592
Legal 20% debt margin	<u>\$ 659,438,047</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 190,024,847	\$ 198,432,895	\$ 209,370,282	\$ 232,258,669	\$ 258,505,031	\$ 280,953,536
9,427,250	8,952,650	14,974,350	12,511,300	9,772,578	6,759,506
<u>\$ 180,597,597</u>	<u>\$ 189,480,245</u>	<u>\$ 194,395,932</u>	<u>\$ 219,747,369</u>	<u>\$ 248,732,453</u>	<u>\$ 274,194,030</u>
4.96%	4.51%	7.15%	5.39%	3.78%	2.41%
\$ 633,416,159	\$ 661,442,986	\$ 697,900,943	\$ 774,195,564	\$ 861,683,439	\$ 936,511,789
323,442,750	300,592,650	324,166,628	298,881,202	303,956,132	277,073,742
<u>\$ 309,973,409</u>	<u>\$ 360,850,336</u>	<u>\$ 373,734,315</u>	<u>\$ 475,314,362</u>	<u>\$ 557,727,307</u>	<u>\$ 659,438,047</u>
51.06%	45.44%	46.45%	38.61%	35.27%	29.59%

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

Schedule 13a

Street & Highway Revenue Bonds						
Fiscal Year	Highway User Taxes	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
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
2018	16,135,949	12,073,072	4,062,877	2,220,000	163,988	1.70
2019	17,301,902	10,724,907	6,576,995	2,050,000	79,200	3.09
2020 (1)	16,996,911	7,500,788	9,496,123	—	—	—
Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
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
2018	54,031,592	35,833,361	18,198,231	2,212,000	219,660	7.48
2019	52,459,720	32,395,325	20,064,395	1,641,500	131,180	11.32
2020	54,722,296	33,556,507	21,165,789	1,638,000	65,520	12.42
2021 (2)	58,755,999	35,088,440	23,667,559	—	—	—
Excise Tax Revenue Obligations						
Fiscal Year	Excise Tax Collections	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
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	188,910,693	—	188,910,693	4,105,000	8,097,704	15.48
2018	195,500,184	—	195,500,184	6,640,000	8,879,859	12.60
2019	209,259,874	—	209,259,874	6,590,000	9,248,264	13.21
2020	214,706,260	—	214,706,260	9,205,000	9,274,665	11.62
2021	236,712,500	—	236,712,500	10,630,000	9,129,575	11.98

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

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

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

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

Schedule 13b

Wastewater Revenue Bonds							
Fiscal Year	Less:		Net Available	Debt Service		Coverage	
	Utility Service	Operating		Principal	Interest		
	Charges	Expenses	Revenue				
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	—	94,140	319.67	
2018	56,367,650	28,967,201	27,400,449	948,000	94,140	26.29	
2019	56,055,131	26,507,090	29,548,041	703,500	56,220	38.89	
2020	61,531,949	29,092,865	32,439,084	702,000	28,020	44.44	
2021 (1)	61,971,940	25,540,769	36,431,171	—	—	—	

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

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

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

Schedule 14

Property Classification	Tax Year 2017	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021
Mining, Utility, Commercial, and Industrial	18.00 %	18.00 %	18.00 %	18.00 %	18.00 %
Agriculture and Vacant Land	15.00	15.00	15.00	15.00	15.00
Owner-Occupied Residential	10.00	10.00	10.00	10.00	10.00
Leased or Rented Residential	10.00	10.00	10.00	10.00	10.00
Railroad, Private Car, and Airline Flight Property	15.00	14.00	15.00	15.00	15.00

Tax Year 2017 through 2019 Source: Piper Jaffray Inc. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

Tax Year 2020 through 2021 Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

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

Schedule 15

	Tax Rate	Adjusted Tax Levy	to 30 June of Initial Fiscal Year	
			Collections	% of Levy
FY 2020-21	\$ 1.1201	\$ 36,379,535	\$ 36,041,018	99.07 %
FY 2019-20	1.1281	34,039,034	33,597,309	98.70
FY 2018-19	1.1386	31,655,843	31,714,236	100.00
FY 2017-18	1.1400	30,612,579	30,321,360	99.05
FY 2016-17	1.1600	29,626,073	29,272,301	98.81

Fiscal Year 2016-17 through 2018-19 Source: Piper Jaffray Inc. as compiled from County Department of Finance.

Fiscal Year 2019-20 through 2020-21 Source: Piper Sandler Companies as compiled from County Department of Finance.

CITY OF CHANDLER, ARIZONA

DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND TAX RATES PER \$100 ASSESSED VALUATION

JUNE 30, 2021

Schedule 16

	FY 2020-21 Net Limited Property Assessed Valuation	FY 2020-21 Total Tax Rate per \$100 Assessed Valuation
State of Arizona (1)	\$ 69,914,507,682	\$ —
Maricopa County	45,704,969,813	1.8435
Maricopa County Community College District	45,704,969,813	1.2881
Maricopa County Library District	45,704,969,813	0.0556
Maricopa County Flood Control District	42,084,633,673	0.1792
Maricopa County Fire District	45,704,969,813	0.0090
Maricopa County Special Health Care District	45,704,969,813	0.3046
Central Arizona Water Conservation District	45,704,969,813	0.1400
East Valley Institute of Technology District No. 401 (2)	20,400,195,945	0.5000
Chandler Unified School District No. 80	3,243,434,243	6.4111
Tempe Union High School District No. 213	3,965,462,859	2.4991
Kyrene Elementary School District No. 28	2,303,922,342	3.7820
Mesa Unified School District No. 4	3,358,470,654	7.3696
Gilbert Unified School District No. 41	2,201,483,124	6.2580
City of Chandler	3,243,434,243	1.1201

Source: Piper Sandler Companies as compiled from Property Tax Rates and Assessed Values, Arizona Tax Research Foundation, Maricopa County Levy, and Maricopa County, State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

- (1) Includes the State Equalization Assistance Property Tax. This rate has been set at \$0.4566 for fiscal year 2019-20 and is adjusted annually pursuant to Arizona Revised Statute, Section 41-1276.
- (2) Includes Net Limited Property Assessed Value for the East Valley Institute of Technology District No. 401 within Pinal County.

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

Schedule 17

	FY 2016-17 Net Full Cash Assessed Valuation	FY 2017-18 Net Full Cash Assessed Valuation	FY 2018-19 Net Full Cash Assessed Valuation	FY 2019-20 Net Full Cash Assessed Valuation	FY 2020-21 Net Full Cash Assessed Valuation	FY 2020-21 Annual Percentage Change
Mining, Utility, Commercial, and Industrial	\$ 929,870,699	\$1,027,345,765	\$1,102,515,089	\$1,246,170,328	\$1,412,928,374	11.80%
Agriculture and Vacant Land	80,660,011	74,055,978	75,266,539	78,888,739	77,850,859	(1.33)%
Owner-Occupied Residential	1,424,368,802	1,472,336,280	1,574,405,659	1,681,112,768	1,837,472,779	8.51%
Leased or Rented Residential	537,827,158	574,699,602	646,538,541	738,411,405	847,104,454	12.83%
Railroad, Private Car, and Airline Flight Property	1,782,690	1,910,025	1,782,690	1,910,025	2,011,500	5.04%
Historical Property	192,089,070	156,435,042	88,612,464	124,084,500	130,572,188	4.97%
Commercial Historic Property	482,365	432,241	383,733	400,055	477,042	16.14%
TOTAL	\$3,167,080,795	\$3,307,214,933	\$3,489,504,715	\$3,870,977,820	\$4,308,417,196	11.30%

Fiscal Year 2016-17 through 2018-19 Source: Piper Jaffray Inc. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

Fiscal Year 2019-20 through 2020-21 Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

CITY OF CHANDLER, ARIZONA**NET ASSESSED LIMITED PROPERTY ASSESSED VALUE OF MAJOR TAXPAYERS****JUNE 30, 2021****Schedule 18**

Taxpayer	Description	FY 2020-21 Net Limited Property Assessed Value	As % of Total FY 2020-21 Net Limited Property Assessed Value
Intel Corporation	Manufacturing Plant	\$ 125,568,010	3.87%
CyrusOne LLC	Data Center	34,049,244	1.05
Wells Fargo Bank NA	Financial Services	24,695,824	0.76
Microchip Technology Incorporated	Manufacturing Plant	13,734,297	0.42
Bank of America NA	Financial Services	13,284,211	0.41
NXP USA, Inc.	Manufacturing Plant	12,567,436	0.39
Southwest Gas Corporation (T&D)	Utilities	11,487,974	0.35
CAZ 1 DE LLC	Commercial Rental Property	11,284,973	0.35
Digital 2121 South Price LLC	Data Center	9,750,410	0.30
SWVP Continuum Office LLC	Corporation Service Company	9,164,060	0.28
		<u>\$ 265,586,439</u>	<u>8.18%</u>
Total City Net Limited Property Assessed Valuation		\$ 3,243,434,243	

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

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

Schedule 19

Estimated Net Full Cash Value

Fiscal Year	City of Chandler
2020-21	\$36,949,424,457
2019-20	33,312,389,044
2018-19	29,847,787,490
2017-18	28,994,768,811
2016-17	28,297,114,500

Fiscal Year 2016-17 through 2018-19 Source: Piper Jaffray Inc. as compiled from Property Tax Rates and Assessed Values, Arizona Tax Research Foundation, and the State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

Fiscal Year 2019-20 through 2020-21 Source: Piper Sandler Companies as compiled from Property Tax Rates and Assessed Values, Arizona Tax Research Foundation, and the State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

Comparative Net Limited Property Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
FY 2020-21	\$ 3,243,434,243	\$ 45,704,969,813	\$ 69,914,521,042
FY 2019-20	3,011,152,689	43,194,326,395	66,154,632,834
FY 2018-19	2,783,830,922	40,423,232,423	62,328,439,592
FY 2017-18	2,675,480,112	38,251,891,249	59,404,007,785
FY 2016-17	2,553,971,787	36,135,494,474	56,564,116,707

Comparative Net Full Cash Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
FY 2020-21	\$ 4,308,417,196	\$ 61,824,712,434	\$ 90,007,317,461
FY 2019-20	3,870,977,820	56,588,192,576	82,730,928,616
FY 2018-19	3,489,504,715	51,944,549,119	76,437,036,352
FY 2017-18	3,307,214,933	48,351,864,363	71,673,967,461
FY 2016-17	3,167,080,795	44,850,741,762	67,262,138,649

Fiscal Year 2016-17 through 2018-19 Source: Piper Jaffray Inc. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue) and Arizona Tax Research Association.

Fiscal Year 2019-20 through 2020-21 Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue) and Arizona Tax Research Association.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS
JUNE 30, 2021

				Schedule 20
		Per Capital Bonded Debt Population Estimates @ 280,178 (1)	As % of City's 2020-21 Net Full Cash Assessed Value	As % of City's 2020-21 Estimated Net Full Cash Value
Direct General Obligation Bond Debt	\$ 272,100,000	\$ 971.17	6.32	0.74
Direct Overlapping General Obligation Bond Debt	\$ 688,117,247	\$ 2,456.00	15.97	1.86

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

CITY OF CHANDLER, ARIZONA

POPULATION STATISTICS

Schedule 21

Year	City of Chandler	Maricopa County	State of Arizona
2021 estimate	280,178 (1)	4,506,505 (2)	7,387,800 (2)
2020 Census	275,987 (3)	4,420,568 (3)	7,151,502 (3)
2019 estimate	261,173 (1)	4,367,835 (2)	7,187,990 (2)
2018 estimate	257,853 (1)	4,294,460 (2)	7,076,199 (2)
2017 estimate	254,239 (1)	4,221,684 (2)	6,965,897 (2)
2016 estimate	248,332 (1)	4,155,302 (2)	6,866,195 (2)
2015 mid-decade	243,679 (3)	4,175,049 (3)	6,833,596 (3)
2014 estimate	241,264 (1)	4,008,651 (2)	6,662,486 (2)
2013 estimate	240,364 (1)	3,944,859 (2)	6,581,054 (2)
2010 Census	236,479 (3)	3,825,191 (3)	6,407,774 (3)
2005 Special Census	230,845 (3)	3,700,516 (3)	5,924,476 (2)
2000 Census	174,061 (3)	2,930,153 (3)	4,882,966 (3)
1990 Census	91,149 (3)	2,132,249 (3)	3,679,118 (3)
1980 Census	29,673 (1)	1,521,597 (3)	2,735,840 (3)

Sources:

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

CITY OF CHANDLER, ARIZONA

EXCISE TAX COLLECTIONS

Schedule 22

	2016-17 (1)	2017-18 (1)	2018-19 (1)	2019-20 (1)	2020-21 (1)	Adopted 2021-22
Transaction Privilege Tax	\$ 120,189,651	\$ 127,584,410	\$ 138,888,825	\$ 140,798,389	\$ 155,638,444	\$ 148,370,000
State Shared Sales Tax	23,768,564	23,821,248	25,525,595	26,597,361	30,982,818	28,790,000
State Shared Income Tax	31,910,426	30,652,381	30,693,731	33,255,159	37,324,127	33,500,000
Franchise Fees	3,272,104	3,560,770	3,556,211	3,432,995	3,615,294	2,980,000
Licenses and Permits	7,209,693	6,512,930	7,398,669	7,908,291	6,835,817	6,299,000
Fines and Forfeitures	2,560,255	3,368,445	3,196,843	2,714,065	2,316,000	2,939,100
Totals	<u>\$ 188,910,693</u>	<u>\$ 195,500,184</u>	<u>\$ 209,259,874</u>	<u>\$ 214,706,260</u>	<u>\$ 236,712,500</u>	<u>\$ 222,878,100</u>

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

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

CITY OF CHANDLER, ARIZONA
TRANSACTION PRIVILEGE (SALES) TAX RATES BY CATEGORY
JUNE 30, 2021

Schedule 23

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

Source: City of Chandler, Management Services Department

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

CITY OF CHANDLER, ARIZONA
STATE SALES TAX TAXABLE ACTIVITIES, TAX RATES AND DISTRIBUTION SHARE
JUNE 30, 2021

Schedule 24

State Transaction Privilege (Sales) Tax Rates			
Taxable Activities	State Tax Rate	Education Tax Rate (1)	Distribution Share
Transporting	5.600 %	0.600 %	20.000 %
Utilities	5.600	0.600	20.000
Telecommunications	5.600	0.600	20.000
Pipeline	5.600	0.600	20.000
Private Car Line	5.600	0.600	20.000
Publication	5.600	0.600	20.000
Job Printing	5.600	0.600	20.000
Prime Contracting	5.600	0.600	20.000
Owner Builder Sales	5.600	0.600	20.000
Amusement	5.600	0.600	40.000
Restaurant	5.600	0.600	40.000
Personal Property Rental	5.600	0.600	40.000
Retail (excluding food sales)	5.600	0.600	40.000
Transient Lodging	5.500	N/A	50.000
Mining - non-metal, oil/gas	3.125	N/A	32.000
Commercial Lease	—	N/A	53.330
Severance - Metalliferous Mining	2.500	N/A	80.000
Use Tax Utilities	5.600	0.600	20.000
Jet Fuel Use Tax	(2)	N/A	40.000

Source: Arizona Department of Revenue

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

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

Schedule 25

	2016-17	2017-18	2018-19	2019-20	2020-21
System Revenues:					
Service Fees	\$106,814,954	\$110,399,242	\$108,514,851	\$116,254,245	\$120,727,939
Miscellaneous	63,411	953,964	130,001	97,652	35,573
Interest Income	875,983	780,250	6,817,699	8,772,310	264,558
Total System Revenues	<u>\$107,754,348</u>	<u>\$112,133,456</u>	<u>\$115,462,551</u>	<u>\$125,124,207</u>	<u>\$121,028,070</u>
System Expenditures:					
General and Administration	\$ 6,065,965	\$ 6,219,983	\$ 6,400,086	\$ 6,511,083	\$ 6,510,382
Personnel Services	15,489,373	16,343,098	16,548,508	17,613,794	17,923,155
Contractual Services	17,153,121	11,774,018	12,919,313	13,240,678	14,338,257
Commodities	18,949,931	30,463,463	23,034,508	25,283,817	21,857,415
Total System Expenditures	<u>\$ 57,658,390</u>	<u>\$ 64,800,562</u>	<u>\$ 58,902,415</u>	<u>\$ 62,649,372</u>	<u>\$ 60,629,209</u>
Net Income Available for Debt Service	<u>\$ 50,095,958</u>	<u>\$ 47,332,894</u>	<u>\$ 56,560,136</u>	<u>\$ 62,474,835</u>	<u>\$ 60,398,861</u>
Water and Sewer Revenues Bond (Senior Obligation) Debt Service	\$ 2,151,300	\$ 3,473,800	\$ 2,532,400	\$ 2,433,600	\$ —
Approximate Debt Service Coverage for Senior Obligations	23.29x	13.63x	22.33x	20.39x	N/A

CITY OF CHANDLER, ARIZONA

UTILITY RATE INCREASE HISTORY

Schedule 26

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

Source: City of Chandler, Management Services Department

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

CITY OF CHANDLER, ARIZONA
TOP 10 WATER AND WASTEWATER CUSTOMERS
JUNE 30, 2021

Schedule 27

Water	
Customer name	Amount
INTEL CORP	\$ 9,727,843
NXP USA INC.	1,110,766
CHANDLER UNIFIED SCHOOL	586,060
AIR PRODUCTS & CHEMICAL	362,509
DIGITAL 2121 SOUTH PRICE, LLC	161,705
TOWNSQUARE APARTMENTS	137,551
CHANDLER REGIONAL HOSPITAL	116,640
GLEIBERMAN PROPERTY INC	103,796
KYRENE SCHOOL DISTRICT #28	92,404
BMF IV AZ LAGUNA VILLAGE LLC	90,754

Wastewater	
Customer name	Amount
INTEL CORP	\$ 15,654,785
NXP USA INC.	1,579,924
DIGITAL 2121 SOUTH PRICE, LLC	259,985
CHANDLER UNIFIED SCHOOL	177,836
GILA RIVER INDIAN COMMUNITY (LONE BUTTE)	149,033
AIR PRODUCTS & CHEMICAL	142,934
CHANDLER REGIONAL HOSPITAL	140,011
MICROCHIP TECHNOLOGY INC	94,694
BMF IV AZ LAGUNA VILLAGE LLC	89,597
ERGON ASPHALT AND EMULSION	78,640

Source: City of Chandler, Management Services Department

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

	2012	2013	2014	2015
WATER				
Residential	72,867	73,551	74,319	75,035
Commercial	4,387	4,406	4,158	4,243
Multi-Unit	988	991	1,032	1,043
Industrial	49	50	56	58
Other	206	226	1,317	1,536
WASTEWATER				
Residential	71,508	72,067	72,862	73,363
Commercial	2,312	2,358	2,012	2,033
Multi-Unit	811	811	878	887
Industrial	38	39	37	37
Other	239	252	470	477

Source: City of Chandler, Management Services Department

Schedule 28

2016	2017	2018	2019	2020	2021
75,883	77,062	77,674	78,244	78,928	79,961
4,309	4,535	4,550	4,927	2,546	2,577
1,087	1,107	1,128	1,134	1,115	1,124
61	63	66	67	63	63
1,640	2,034	2,116	2,389	647	647
74,346	75,761	76,517	77,089	77,797	78,794
2,201	2,138	2,329	2,371	2,420	2,450
920	915	952	956	965	974
34	38	48	48	48	48
475	590	592	598	603	603

CITY OF CHANDLER, ARIZONA
DELINQUENCIES ON PAYMENTS FOR THE ASSESSMENTS
JUNE 30, 2021

Schedule 29

There were no delinquencies on payments for the assessment.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT OUTSTANDING
JUNE 30, 2021

Schedule 30

	2020-21 Overlapping General Obligation Bonded Debt	2020-21 Proportion Applicable to City of Chandler Approximate Percent	Net Debt Amount
Overlapping Jurisdiction			
State of Arizona	None	4.639 %	None
Maricopa County	None	7.096	None
Maricopa County Community College District	\$ 184,715,000	7.096	\$ 13,108,223
Maricopa County Special Healthcare District	640,269,000	7.096	45,436,424
Chandler Unified School District No. 80	385,946,000	27.824	50,905,198
Kyrene Elementary School District No. 28	182,955,000	4.273	11,773,993
Mesa Unified School District No. 4	275,525,000	2.604	2,925,713
Gilbert Unified School District No. 41	112,360,000	69.922	269,859,611
Tempe Union High School District No. 213	7,675,500,000	15.977	12,263,084
East Valley Institute of Technology District No. 401	None	15.899	None
City of Chandler	281,845,000	100.000	281,845,000
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$ 688,117,246</u>

Direct and Overlapping Tax Rates Per \$100 Assessed Valuation

Inside the City, East Valley Institute of Technology and

Inside Gilbert Unified School District No. 41	<u>\$ 11.6981</u>
Inside Mesa Unified School District No. 4	<u>\$ 11.6896</u>

Inside Tempe Union High School District No. 213 and

Kyrene Elementary School District No. 28	<u>\$ 11.7212</u>
Inside Chandler Unified School District No. 80	<u>\$ 11.8512</u>

Source: Piper Sandler Companies

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2020-21 for the overlapping jurisdiction to the amount of such valuation which lies within the City of Chandler.

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

Schedule 31

Fiscal Year	Population (1)	Total Personal Income (2)	Median Age (2)	Unemployment Rate (3)	Per Capita Personal Income (2)
2011-12	238,040	\$7,233,559,520	32.4	6.1%	\$30,388
2012-13	240,364	7,925,281,808	34.9	6.0	32,972
2013-14	241,264	7,840,356,208	35.0	5.5	32,497
2014-15	243,679	(4) 8,168,120,080	34.9	4.7	33,520
2015-16	248,332	8,324,088,640	34.9	4.5	33,520
2016-17	254,239	8,731,329,977	35.2	3.9	34,343
2017-18	257,853	9,360,321,753	35.3	3.6	36,301
2018-19	261,173	10,101,649,294	36.0	4.0	38,678
2019-20	275,987	11,088,605,686	36.0	8.7	40,178
2020-21	280,178	(4) 11,693,509,008	36.0	5.6	41,736

Sources:

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

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

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

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

Schedule 32

Employer	2021		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	12,000	1	8.01%
Wells Fargo Bank	5,500	2	3.67%
Chandler Unified School District	4,900	3	3.27%
Bank of America	3,800	4	2.54%
Chandler Regional Medical Center/Dignity Health	2,500	5	1.67%
Northrop Grumman	2,150	6	1.44%
NXP	1,700	7	1.14%
Paypal	1,700	7	1.14%
City of Chandler	1,586	8	1.06%
Microchip Technology - HQ	1,500	9	1.00%
Verizon Wireless	1,400	10	0.94%
Total	37,336		24.94%

Employer	2012		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	10,300	1	8.32%
Bank of America	3,600	2	2.91%
Chandler Unified School District	3,000	3	2.42%
Wells Fargo Ocotillo Corporate Campus	2,600	4	2.10%
Chandler Regional Medical Center	2,100	5	1.70%
Ebay/Paypal	2,000	6	1.62%
Verizon Wireless	1,695	7	1.37%
City of Chandler	1,567	8	1.27%
Microchip Technology	1,540	9	1.24%
Freescale Semiconductor	1,450	10	1.17%
Total	29,852		24.12%

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

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

	2011-12	2012-13	2013-14	2014-15
Full Time Equivalent Personnel				
Mayor and council	6	4	4	4
City clerk	4	5	6	6
City manager	124	178	174	176
Communications/public affairs	14	19	13	13
City magistrate	38	39	35	37
Law	30	29	29	31
Management services	72	72	66	69
Total General Government	288	346	327	336
Total Transportation and Development	170	163	159	165
Total Community Services	231	192	199	198
Police	467	468	467	483
Fire	238	234	224	237
Total Public Safety	705	702	691	720
Municipal utilities administration	5	4	5	5
Water	89	85	87	87
Wastewater	42	46	46	62
Solid waste	19	18	16	20
Total Municipal Utilities	155	153	154	174
Municipal utilities administration	—	—	—	—
Water	—	—	—	—
Wastewater	—	—	—	—
Solid waste	—	—	—	—
Public works administration	—	—	—	—
Streets	—	—	—	—
Total Public Works and Utilities	—	—	—	—
Total Primary Government	1,549	1,556	1,530	1,593

Source: City of Chandler, Human Resources Department

- (1) The significant changes between 2015 and 2016 are a result of Library, Museum and Center for the Arts moving from Community Services to City Manager Department.
- (2) The significant changes between 2016 and 2017 are a result of Library, Museum and Center for the Arts moving from City Manager Department to Community Services.
- (3) The significant changes between 2018 and 2019 are a result of the Streets Division and Municipal Utilities consolidating into the Public Works and Utilities Department.

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

Schedule 33

2015-16 (1)	2016-17 (2)	2017-18	2018-19 (3)	2019-20	2020-21
4	11	4	5	5	5
6	7	6	6	6	6
240	206	199	193	194	198
15	15	15	14	15	14
39	38	40	37	40	33
31	31	30	32	32	31
67	64	67	68	67	66
402	372	361	355	359	353
150	152	160	84	77	76
156	199	202	195	199	194
490	491	501	485	488	477
240	222	233	233	229	228
730	713	734	718	717	705
8	7	7	—	—	—
87	89	90	—	—	—
65	69	74	—	—	—
21	20	18	—	—	—
181	185	189	—	—	—
—	—	—	6	6	7
—	—	—	90	90	89
—	—	—	66	68	71
—	—	—	19	21	21
—	—	—	1	2	2
—	—	—	70	78	79
—	—	—	252	265	269
1,619 (1)	1,621 (2)	1,646	1,604 (3)	1,617	1,597

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

Function/Program	2011-12	2012-13	2013-14	2014-15
General Government				
Privilege tax licenses	25,726	27,387	27,467	28,224
Meeting notices posted	599	584	564	544
City council actions and agenda items prepared	908	834	780	867
Grant awards received	26	43	53	51
Inventory turnover ratio	2.07	1.89	2.10	1.57
Transportation & Development				
Building permits issued	5,462	3,785	5,490	5,170
Community Services				
Library circulation	2,489,741	2,395,192	2,332,758	2,163,076
Center for the Arts events & exhibits	1,000	1,003	938	939
Public Safety				
Crime rate (per 1,000 population)	33	28	27	23
Total calls for police services (estimated)	137,170	137,485	145,400	139,177
Total calls for fire services	17,950	18,474	18,865	22,785
Fire inspections	5,188	5,029	5,442	4,692
Fire investigations	34	22	16	27
Municipal Utilities				
Water connections	77,626	79,278	79,766	80,401
Operating wells	28	26	27	28
Daily pumping capacity - wells (gallons)	61,920,000	64,790,000	64,710,000	64,400,000
Daily pumping capacity - plants (gallons)	72,000,000	72,000,000	72,000,000	72,000,000
Sewer connections	73,712	74,606	75,564	76,492
Sanitary sewer (miles)	868	869	890	911
Solid waste customers served	70,179	70,667	71,269	71,860
Solid waste refuse collected (tons)	85,257	86,557	83,950	84,209
Solid waste refuse recycled (tons)	21,096	20,680	21,046	22,442

Source: City of Chandler Departments

Schedule 34

2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
29,582	28,321	28,046	37,404	41,290	45,590
565	535	681	666	542	395
844	860	838	789	739	460
46	43	27	24	33	40
1.74	1.81	1.79	2.04	2.40	1.73
5,142	4,635	3,944	4,011	4,091	4,601
2,101,421	2,059,429	2,041,574	1,801,237	1,415,291	1,356,695
985	1,048	1,177	825	537	389
26	26	25	22	23	19
145,466	156,186	159,301	154,736	146,859	139,236
23,966	25,072	25,185	26,818	26,371	26,676
5,814	4,635	5,135	6,698	6,641	3,257
30	27	41	18	23	17
83,089	84,670	84,338	85,416	86,098	87,251
28	31	32	31	31	30
66,300,000	74,400,000	74,100,000	71,300,000	71,800,000	71,800,000
72,000,000	72,000,000	84,000,000	84,000,000	84,000,000	84,000,000
78,144	78,972	79,841	81,033	81,796	82,895
917	928	933	935	941	945
73,162	73,288	75,018	75,675	76,773	77,297
81,653	80,069	83,004	84,500	86,950	94,218
22,102	22,305	22,101	22,887	21,800	22,775

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

Function/Program	2011-12	2012-13	2013-14	2014-15
Community Services				
Developed parks	61	61	62	64
Developed acres	1,196	1,198	1,208	1,232
Undeveloped acres	338	336	325	309
Swimming pools	6	6	6	6
Lighted fields	34	39	39	41
Library bookstock	555,924	550,857	595,969	396,773 (1)
Transportation and Development				
Total miles streets (center line)	829	831	838	841
Street lights	26,600	26,900	27,100	27,700
Signalized intersections	212	216	216	218
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	10	10
General Government				
Based aircraft	399	388	415	425
Municipal Utilities				
Water mains (miles)	1,227	1,227	1,227	1,278
Fire hydrants	10,877	12,553	12,717	13,118
Average daily treatment (mgd)	24	26	26	28

Source: City of Chandler Departments

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

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

Schedule 35

2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
65	65	65	67	67	67
1,236	1,244	1,244	1,281	1,281	1,301
302	299	299	231	231	219
6	6	6	6	6	6
41	43	43	41	43	50
341,073	360,618	359,445	310,888	310,812	294,276
855	855	857	857	858	858
27,700	27,800	27,199	29,500	29,500	29,731
218	218	220	225	226	232
3	3	3	3	3	3
10	10	11	11	11	11
427	455	457	523	440	448
1,196 (2)	1,283	1,212	1,218	1,228	1,232
13,207	15,708	15,970	16,159	16,296	16,492
29	29	28	54	31	31



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