



City of Chandler Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

“Moving Forward Together”



CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

Prepared by

Management Services Department
Dawn Lang, Deputy City Manager | CFO
Kristi Smith, Financial Services Officer
Robert Steele, Accounting Manager



**CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1
Elected and Appointed Officials	7
Organizational Chart	8
Certificate of Achievement for Excellence in Financial Reporting	9

FINANCIAL SECTION

Independent Auditor’s Report	11
Management’s Discussion and Analysis (MD&A)	17
Basic Financial Statements:	
Government-wide Financial Statements -	
Statement of Net Position	30
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet - Governmental Funds	34
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	36
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities	37
Statement of Net Position - Proprietary Funds	38
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	41
Statement of Cash Flows - Proprietary Funds	42
Notes to the Financial Statements	44
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	89
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Grants Special Revenue	91
Schedule of the Proportionate Share of the Net Pension Liability - Arizona State Retirement System	92
Schedule of Contributions - All Pension Plans	94
Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Police	96
Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Fire	98
Schedule of Changes in OPEB Liabilities and Related Ratios - Single Employer Plan	100
Notes to the Required Supplementary Information	101

**CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS, continued

FINANCIAL SECTION, continued

Other Financial Statements:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Obligation Bonds Debt Service	105
Non-Major Governmental Funds:	
Combining Balance Sheet	109
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	112
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Highway User Special Revenue	115
Local Transportation Assistance Special Revenue	116
Community Development Special Revenue	117
Police Confiscated Property Special Revenue	118
Parks and Recreation Special Revenue	119
Museum Special Revenue	120
Library Special Revenue	121
Special Assessment Bonds	122
General Government Capital Projects	123
Public Buildings Capital Projects	124
Grants Capital Projects	125
Streets Capital Projects	126
Community Services Capital Projects	127
Public Safety Buildings and Improvements Capital Projects	128
Vehicle and Capital Equipment Replacement Capital Projects	129
Technology Replacement Capital Projects	130
Municipal Arts Capital Projects	131
Non-Major Proprietary Funds:	
Combining Statement of Net Position	134
Combining Statement of Revenues, Expenses and Changes in Net Position	137
Combining Statement of Cash Flows	138

STATISTICAL SECTION

Financial Trends

Schedule 1, Net Position by Component	142
Schedule 2a, Changes in Net Position	144
Schedule 2b, Changes in Net Position	146
Schedule 2c, Changes in Net Position	148
Schedule 3, Fund Balances of Governmental Funds	150
Schedule 4, Governmental Funds Revenues	152
Schedule 5, Governmental Funds Expenditures and Debt Service Ratio	154

**CITY OF CHANDLER, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS, continued

STATISTICAL SECTION, continued

Financial Trends, Continued	
Schedule 6, Other Financing Sources and Uses and Net Changes in Fund Balance - Governmental Funds	156
Revenue Capacity	
Schedule 7, Taxable Revenue by Category	158
Schedule 8, Direct and Overlapping Sales and Use Tax Rates	160
Schedule 9, Principal Sales and Use Taxpayers	161
Debt Capacity	
Schedule 10, Ratios of Outstanding Debt	162
Schedule 11, Direct and Overlapping Governmental Activities Debt	163
Schedule 12, Legal Debt Margin Information	164
Schedule 13a, Pledged-Revenue Coverage	166
Schedule 13b, Pledged-Revenue Coverage	167
Schedule 14, Property Tax Assessment Ratios	168
Schedule 15, Property Taxes Levied and Collected	169
Schedule 16, Direct and Overlapping Assessed Valuations and Tax Rates Per \$100 Assessed Valuation	170
Schedule 17, Property Value by Property Classification	171
Schedule 18, Net Assessed Limited Property Assessed Value of Major Taxpayers	172
Schedule 19, Estimated Net Full Cash Value and Assessed Values	173
Schedule 20, Direct and Overlapping General Obligation Bonded Debt Ratios	174
Schedule 21, Population Statistics	175
Schedule 22, Excise Tax Collections	176
Schedule 23, Transaction Privilege (Sales) Tax Rates by Category	177
Schedule 24, State Sales Tax Taxable Activities, Tax Rates and Distribution Share	178
Schedule 25, Combined Schedule of Water and Sewer System Revenues, Expenses, Net Revenues and Debt Service Coverage	179
Schedule 26, Utility Rate Increase History	180
Schedule 27, Top 10 Water and Wastewater Customers	181
Schedule 28, Number of Water and Wastewater Customers	182
Schedule 29, Delinquencies on Payments for the Assessments	184
Schedule 30, Direct and Overlapping General Obligation Bonded Debt Outstanding	185
Demographic and Economic Information	
Schedule 31, Demographic and Economic Statistics	186
Schedule 32, Principal Employers	187
Operating Information	
Schedule 33, Employees by Function	188
Schedule 34, Operating Indicators by Function/Program	190
Schedule 35, Capital Asset Statistics by Function/Program	192

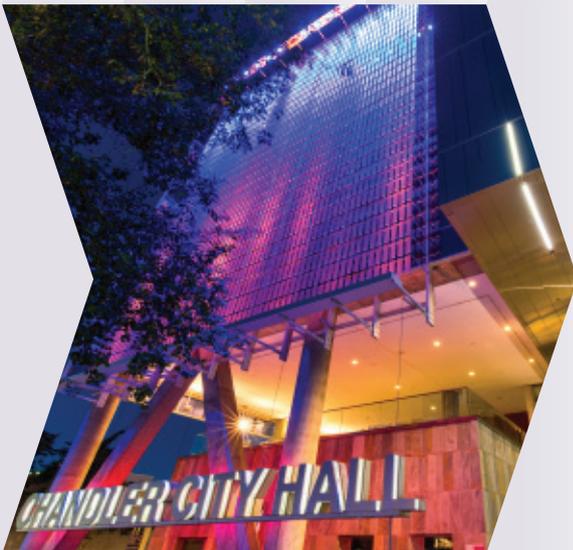


1 - Introductory Section



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

“Moving Forward Together”



Chandler’s commitment to innovation, thoughtful planning, and wise investment enables our businesses and residents to receive quality services at some of the lowest tax and utility rates in the Valley.



December 16, 2022

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, 2022, is hereby submitted in accordance with City Charter and State statutes. Both the City Charter and State statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent certified public accountant. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the City.

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

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

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

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

Chandler is the fourth largest city in Arizona and is one of several major cities comprising the greater Phoenix metropolitan area, which is the economic, political, and population center of the State of Arizona. The City's population has experienced remarkable growth over the past 25 years, increasing by 99 percent, from an estimated 142,486 in 1997 to 282,873 in 2022, based on intercensal population estimates published by the State of Arizona. The City's manufacturing sector has been a major driver of economic growth during this time and includes high-tech industrial companies such as Intel Corporation, Northrop Grumman, Microchip Technology, and NXP Semiconductors. These four companies combine to employ over 17,000 people in the City. Total manufacturing employment is over 25,000 with many companies in the supply chain also operating in Chandler. Another industry that has experienced strong growth is financial services with companies such as Wells Fargo, Bank of America, GM Financial Services and Allstate establishing corporate offices in Chandler. Information technology is another growth industry with Insight Enterprises Inc., a Fortune 500 company, recently relocating its corporate headquarters to Chandler.

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Chandler, AZ 85225

The City boasts a strong labor market serving the high technology field's demand for skilled workers. Chandler's median age is 36 years, and the median household income is \$96,948. In addition, 77 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 2.8 percent during fiscal year 2021-22 compared with 3.0 percent for Maricopa County and 3.7 percent for the State of Arizona.

The City's sales tax revenues, which comprise over 55 percent of its general fund, increased by 14 percent for fiscal year 2021-22 from the prior year actuals. The City continues to strengthen its financial position and has benefitted from ongoing and one-time revenues created by increased retail spending and new development, including the \$20 billion Intel expansion that kicked off in February 2022. With increased operating revenue growth anticipated, managing costs of services during a time of inflation and higher cost of personnel in the market is critical. As the City ages, maintaining existing infrastructure is also a focus to ensure quality amenities for residents and businesses. Consistently applying sound financial practices, achieving notable economic development successes, and having a structured plan to pay-down its Public Safety Personnel Retirement System (PSPRS) unfunded liability have helped the City continue its strong financial position while maintaining its AAA General Obligation Bond credit rating from all three ratings agencies.

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

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

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.

2021-2022 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;
- Completed refundings of GO Bonds (\$48.2 million) and Excise Tax Revenue Obligations (\$85.46 million), generating \$9.1million in present value savings, and issued new GO Bonds (\$31.295 million) with a historic low True Interest Cost (TIC) of 0.327643%;
- Held a successful 2021 bond election with extensive public involvement and education that added needed authorization for multiple capital projects with no planned increase to the secondary property tax rate;
- Implemented a Cost-of-Service study and related public outreach for Water, Wastewater, Reclaimed Water, and Solid Waste rate adjustments designed to re-allocate revenue requirements across all customer classes and updated the Citywide Fee Schedule and Chapters 44 and 50 of the City Code;
- Worked with the Human Relations Commission to fund 11 Diversity Mini-Grant applications that foster diversity education for youth ages 5-18, in which a total of over 3,886 Chandler students benefited;
- Established a Military and Veterans Affairs Commission and completed the Veteran's Memorial Field of Honor;
- Prepared agreement and helped obtain Arizona Corporation Commission approval with Salt River Project (SRP) for High-Tech Interconnect Project to serve Intel Corporation's Chandler Campus, and negotiated a development agreement with Intel Corporation for additional water and wastewater infrastructure to support their Ocotillo campus expansion which qualifies for the state's Transaction Privilege Tax (TPT) statute, allowing for reimbursement from Intel Corporation and the Arizona Department of Revenue (ADOR);
- Actively monitored federal, state, and local legislation for impacts on City revenue, and secured \$8 million in state funding for the Loop 101/202 water main repair and \$1 million in federal funding for the advanced metering infrastructure;
- Tracked total Airport take-offs and landings of 225,303 in calendar year 2021, making it the 13th busiest general aviation airport in the U.S. and the 38th busiest U.S. airport overall;
- Economic Development's combined business attraction/retention efforts have supported projects that are anticipated to provide 1,849 jobs in Chandler within the next year and up to 3,164 jobs within three years. Key Economic Development assisted business locate projects include Cirrus Aircraft, EMD Electronics, Edwards, NEHP, Stryker, and VirTra, and retention and expansion projects include Applied Materials, GM IT Innovation Center, Mr. Cooper, Optima Tax Relief, Port Plastics, and Vensure;
- The Parks Strategic Master Plan was completed, as well as the development of phase 1 of Lantana Ranch Park, Hoopes Park playground, and Homestead North Park began construction;
- The Chandler Library implemented a dynamic digital experience with a new website, catalog, mobile app, email, and events calendar, and opened the Makery at the Downtown Library October 2021;
- The Chandler Center for the Arts (CCA) served over 120,000 people and continued its commitment to diverse and inclusive programming with a focused reach to Black, Spanish/Hispanic/Latino, and family

audiences. Free programs were offered to over 7,500 attendees and over 50 nonprofit and cultural institutions utilized the CCA for their activities;

- The Vision Gallery hosted 90 free events that included opening receptions, Vision Kids classes, and special events with more than 4,300 attendees. The gallery was recognized as one of the ten best art galleries in metro Phoenix;
- The Chandler Museum accepted a \$250,000 donation from the Chandler Historical Society that created the Chandler Museum Foundation Endowment Fund and an additional \$80,000 for the oral history program, supporting public programs and new exhibits. The Museum offered 256 programs on Chandler culture, history, and art that had an attendance of 10,596;
- Facilitated ongoing downtown Chandler development and redevelopment projects to include the Shops on Frye, The Topsy Egg, The Uncommon, Recreo, The Religion Store, Acqua di Mare, DC Heights, ImprovMania, and space on Boston Street;
- Issued 4,600 building permits for over \$1.2 billion in construction in calendar year 2021 and conducted 23,790 building inspections;
- Created an online open data portal to share City GIS data with residents and the online performance measure dashboards displaying various metrics across all departments;
- Municipal Court implemented Community Support Court in partnership with criminal justice and the legal community, giving defendants experiencing homelessness facing criminal charges a specialized court calendar;
- Created campaigns and materials for the Neighborhood Resources Department to promote grant and housing programs for residents in need, and the Chandler Cares Team assisted over 1,400 residents seeking resources for rent, utilities, food, and other crisis services to connect to potential resources;
- Neighborhood Programs awarded 36 neighborhood grants totaling over \$64,000 for cleanup events, common wall, and landscaping improvements, and to humanely address the overpopulation of feral cats;
- Received and administered the distribution of \$7.6 million of reallocated Emergency Rental Assistance (ERA) Program funds to assist Chandler residents impacted by COVID-19 with rent and utility payments;
- The Fire Department responded to 29,000 emergency incidents, including a significant battery storage facility fire mitigated through the coordination and collaboration of public safety, City staff, state, federal, tribal, and private sector resources;
- Treated and reclaimed 10.9 billion gallons of wastewater at the Airport, Lone Butte, and Ocotillo Water Reclamation Facilities, 10.2 billion gallons of which were reused for irrigation and cooling;
- Treated and delivered over 23.7 billion gallons of potable drinking water;
- Completed 256 miles of asphalt repaving, surface seal, and slurry rehabilitation treatments, and completed ADA upgrades to 708 sidewalk/driveway locations and 726 corner ramps;
- Successfully achieved law enforcement accreditation for the 9th consecutive time demonstrating that Chandler is a modern, transparent, and community focused agency utilizing the best practices in policing; and
- Continued developing and maintaining community partnerships, which is the cornerstone of system of policing resulting in overall Part One crime being down again in 2021, making it one of the safest years in Chandler's history.

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 2021-22, \$1.058 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, 2021, marking the fortieth 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, 2021 from the GFOA, marking the thirty-fourth consecutive year of receiving this award. The award reflects the commitment of staff to meeting the highest principles of governmental budgeting.

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

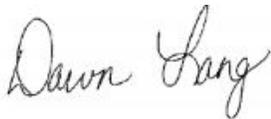
The Certificate of Achievement and Distinguished Budget Presentation Awards are valid for a period of one year only.

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

Acknowledgments

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Dawn Lang".

Dawn Lang
Deputy City Manager | CFO

**CITY OF CHANDLER, ARIZONA
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2022**

Kevin Hartke, Mayor

Terry Roe, Vice Mayor

Christine Ellis, Councilmember

OD Harris, Councilmember

Rene' Lopez, Councilmember

Matt Orlando, Councilmember

Mark Stewart, Councilmember

Executive Staff

Joshua H. Wright, City Manager

Tadd Wille, Assistant City Manager

Dawn Lang, Deputy City Manager

Andy Bass, Deputy City Manager

Department Heads and Directors

Kelly Schwab, City Attorney

Dana DeLong, City Clerk

Alicia M. Skupin, Presiding City Magistrate

Matt Burdick, Communications and Public Affairs Director

John Sefton, Community Services Director

Kim Moyers, Cultural Development Director

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

Citizens of Chandler

Mayor and City Council

City Manager **City Clerk** **City Magistrate** **City Attorney/Risk Mgr.** **Advisory Boards and Commissions**

Assistant City Manager **Deputy City Manager | CFO** **Deputy City Manager**

Police

- Communications
- Community Services
- Criminal Investigations
- Field Operations
- Forensic Science
- Property & Evidence

Fire

- Administration
- Emergency Management
- Health & Medical
- Operations
- Prevention & Training

Community Services

- Libraries
- Park Maintenance
- Park Development
- Recreation/Aquatics

Assistant to the City Manager

- Performance Management
- Sustainability

Airport

Development Services

- Building Safety
- Engineering
- GIS
- Planning
- Telecommunication & Utility Franchise

Human Resources

- HR Administration/HRMS
- Benefits & Wellness
- Labor Relations
- Recruitment & Selection
- Classification & Compensation
- Organizational Development
- Safety
- Workers' Compensation

Neighborhood Resources

- Code Enforcement
- Community Development
- Diversity Office
- Housing & Redevelopment
- Neighborhood Programs
- Diversity, Equity & Inclusion

Management Services

- Accounting
- Budget Office
- Central Supply
- Environmental Management
- Purchasing
- Tax & Licensing
- Utility Services

Economic Development

- Tourism

Information Technology

- Service Delivery
- Application Support
- Infrastructure Support
- Information Security

Public Works and Utilities

- Capital Projects
- Solid Waste Services
- Transportation
- Water/Wastewater

Communications and Public Affairs

- Mayor and Council Office
- Print, Mail, Graphics
- Public Information
- Video Production

Cultural Development

- Center for the Arts
- Vision Gallery
- Museum
- Downtown
- Special Events

Facilities and Fleet

- Maintenance & Infrastructure
- Access/Key Control
- Energy Management
- Custodial Services
- Fleet Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chandler
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



2 - Financial Section



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

“Moving Forward Together”



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

Independent Auditor's Report

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

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona (the "City"), as of and for the year ended June 30, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, 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 16, 2022



**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, 2022

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, 2022. 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 2022 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 \$1.58 billion (net position). This represents an increase of \$58.0 million from the prior year. Factors that have contributed to this are increases in equity in pooled cash and investments due to higher sales taxes and state shared revenue collections from strong development and consumer spending, as well as related inflation impacts, the recognition of new lease receivables based on the new GASB statement 87, and an increase in deferred outflows of OPEB and pension plan items. These items are offset by increases to total bonds outstanding after selling bonds at the end of 2021, an increase in the City's recognized OPEB liability, and higher unearned revenue amounts. Of this amount, \$347.1 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors. However, \$69.4 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, 2022, the City's governmental funds reported combined ending fund balances of \$472.7 million, an increase of \$49.7 million in comparison with the prior year primarily due to increases in sales taxes and state shared revenue collections. Much of this change is attributed to healthy development and retail sales combined with inflationary pressures leading to higher average sales which increases tax receipts. The largest driver is the \$20 billion expansion of Intel Corporation and other related development within Chandler. This has created significant increases in transaction privilege taxes in many tax categories. Approximately 58.6 percent of the total amount, \$277.2 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2022, total fund balance for the general fund was \$282.0 million which represents an increase of \$39.4 million from the prior year; again this is primarily due to increases in sales taxes and state shared revenues as noted previously.
- General revenues from governmental activities accounted for \$320.1 million, or 75.5 percent of all revenues from governmental activities as opposed to 74.7 percent in the prior year. Program specific revenues in the form of charges for services and grants and contributions accounted for \$104.1 million or 24.5 percent of total governmental activity revenues, as opposed to 25.3 percent in the prior year. The City had \$157.4 million of program revenues (\$162.7 million in the prior year) and \$(3.7) million in general revenues and transfers (\$3.0 million in the prior year) related to business-type activities.
- At June 30, 2022, the City's proprietary funds reported combined total net position of \$789.2 million as compared to \$788.4 million in the prior year, as restated; an increase for the current year of \$0.7 million. The increase in net position is a result of keeping expenses in check year over year to offset a reduction in revenue and transfers received in the business type funds. This results in a total unrestricted net position of \$283.5 million, of which \$144.9 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.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2022

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

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

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

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

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

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

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, grants special revenue fund and general obligation bonds debt service fund, which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the financial section of this report.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2022

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 \$1.58 billion as of June 30, 2022. 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 (63.8 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.

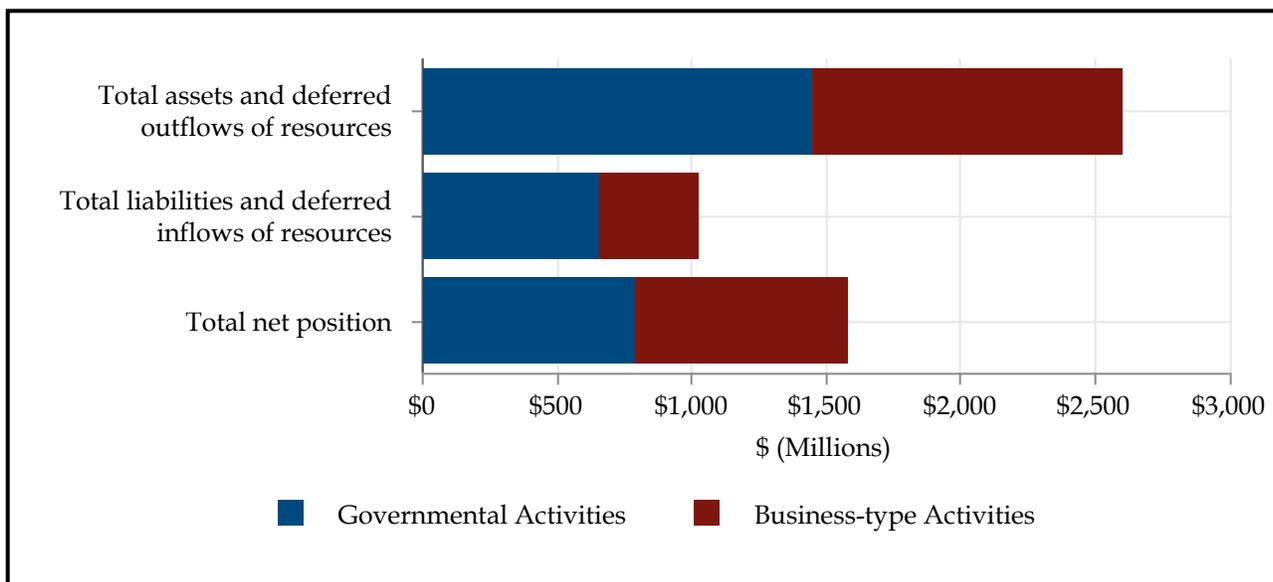
An additional portion of the City's net position (14.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (21.9 percent) includes \$69.4 million which is invested in a joint venture with the Town of Gilbert 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, 2022

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, 2022 and 2021.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 612,717,247	\$ 542,856,043	\$ 302,795,831	\$ 318,881,326	\$ 915,513,078	\$ 861,737,369
Capital assets, net	723,527,045	742,145,317	764,904,850	759,679,559	1,488,431,895	1,501,824,876
Long-term assets	2,055,996	—	73,608,096	74,142,431	75,664,092	74,142,431
Total assets	1,338,300,288	1,285,001,360	1,141,308,777	1,152,703,316	2,479,609,065	2,437,704,676
Total deferred outflows of resources	116,486,358	112,346,305	14,771,734	11,193,113	131,258,092	123,539,418
Total assets and deferred outflows of resources	1,454,786,646	1,397,347,665	1,156,080,511	1,163,896,429	2,610,867,157	2,561,244,094
Current liabilities	105,896,083	83,422,091	50,090,319	40,175,076	155,986,402	123,597,167
Long-term liabilities	476,139,376	559,698,199	305,507,307	331,393,867	781,646,683	891,092,066
Total liabilities	582,035,459	643,120,290	355,597,626	371,568,943	937,633,085	1,014,689,233
Total deferred inflows of resources	77,936,899	16,667,670	11,320,643	1,801,034	89,257,542	18,468,704
Total liabilities and deferred inflows of resources	659,972,358	659,787,960	366,918,269	373,369,977	1,026,890,627	1,033,157,937
Net position:						
Net investment in capital assets	536,775,941	555,107,220	473,953,519	458,616,595	1,010,729,460	1,013,723,815
Restricted	194,380,531	189,214,016	31,745,566	32,154,205	226,126,097	221,368,221
Unrestricted	63,657,816	(6,761,531)	283,463,157	299,755,652	347,120,973	292,994,121
Total net position	\$ 794,814,288	\$ 737,559,705	\$ 789,162,242	\$ 790,526,452	\$1,583,976,530	\$1,528,086,157



CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2022 were \$576.8 million. The total cost of all programs and services was \$518.7 million, which results in an increase in net position of \$58.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and 2021.

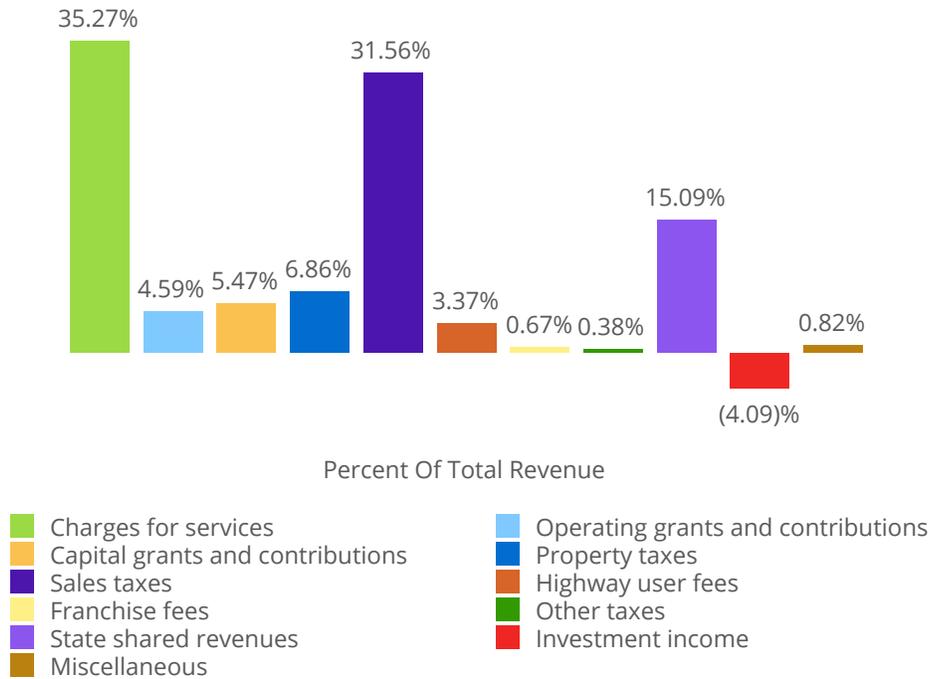
	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 67,526,392	\$ 66,789,357	\$ 135,879,375	\$ 140,364,223	\$ 203,405,767	\$ 207,153,580
Operating grants and contributions	17,863,747	18,694,567	8,598,756	7,965,078	26,462,503	26,659,645
Capital grants and contributions	18,678,027	16,573,341	12,887,544	14,355,873	31,565,571	30,929,214
General revenues						
Property taxes	39,560,904	36,371,978	—	—	39,560,904	36,371,978
Sales taxes	182,028,630	157,513,686	21,379	16,516	182,050,009	157,530,202
Highway user taxes	19,460,326	18,108,310	—	—	19,460,326	18,108,310
Other taxes	2,210,634	2,226,568	—	—	2,210,634	2,226,568
Franchise Fees	3,861,042	3,823,524	—	—	3,861,042	3,823,524
State shared revenues	87,038,075	80,699,253	—	—	87,038,075	80,699,253
Investment income	(15,954,424)	584,026	(7,617,417)	249,448	(23,571,841)	833,474
Miscellaneous	1,916,550	1,820,520	2,811,515	2,833,025	4,728,065	4,653,545
Total revenues	<u>424,189,903</u>	<u>403,205,130</u>	<u>152,581,152</u>	<u>165,784,163</u>	<u>576,771,055</u>	<u>568,989,293</u>
Expenses:						
General government	157,127,919	162,849,542	—	—	157,127,919	162,849,542
Public safety	104,673,550	122,146,366	—	—	104,673,550	122,146,366
Transportation and development	56,403,523	58,847,053	—	—	56,403,523	58,847,053
Community services	41,563,661	39,565,719	—	—	41,563,661	39,565,719
Interest and fiscal charges	6,014,168	6,653,197	—	—	6,014,168	6,653,197
Water	—	—	61,264,619	62,049,102	61,264,619	62,049,102
Wastewater	—	—	63,037,577	62,753,454	63,037,577	62,753,454
Solid waste	—	—	16,727,814	17,040,309	16,727,814	17,040,309
Airport	—	—	1,956,786	2,186,724	1,956,786	2,186,724
Housing authority	—	—	9,955,131	9,207,531	9,955,131	9,207,531
Total expenses	<u>365,782,821</u>	<u>390,061,877</u>	<u>152,941,927</u>	<u>153,237,120</u>	<u>518,724,748</u>	<u>543,298,997</u>
Excess (deficiency) before transfers	58,407,082	13,143,253	(360,775)	12,547,043	58,046,307	25,690,296
Transfers in (out)	(1,103,279)	105,991	1,103,279	(105,991)	—	—
Change in net position	<u>57,303,803</u>	<u>13,249,244</u>	<u>742,504</u>	<u>12,441,052</u>	<u>58,046,307</u>	<u>25,690,296</u>
Beginning net position, as restated	737,510,485	724,310,461	788,419,738	778,085,400	1,525,930,223	1,502,395,861
Ending net position	<u>\$ 794,814,288</u>	<u>\$ 737,559,705</u>	<u>\$ 789,162,242</u>	<u>\$ 790,526,452</u>	<u>\$ 1,583,976,530</u>	<u>\$ 1,528,086,157</u>

CITY OF CHANDLER, ARIZONA

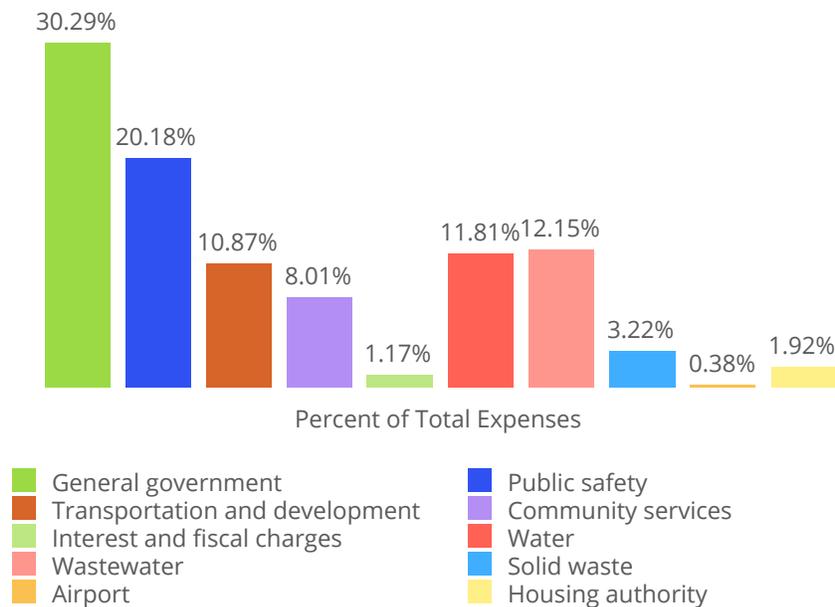
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2022

Revenue Sources - Fiscal Year 2022



Functional Expenses - Fiscal Year 2022



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2022

As evidenced in the previous graph, the largest financing source for the City is charges for services at 35.27 percent, associated with the user fees (i.e., water, wastewater) and charges for services. Sales taxes and state shared revenues (i.e., sales tax, urban revenue sharing) also comprise a significant portion of the City's revenues at 31.56 percent and 15.09 percent, respectively, of the total revenues with property taxes accounting for an additional 6.86 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for general government functions (i.e. cultural development, information technology, neighborhood resources, law, etc.) at 30.29 percent of the total functional expenses of the City. The next largest users of resources are public safety and wastewater at 20.18 percent and 12.15 percent, respectively, with water accounting for 11.81 percent of the City's total expenses.

Governmental activities. The increase in governmental net position totaled \$57.3 million for the year ended June 30, 2022 compared with an increase of \$13.2 million in the prior year. This increase is primarily in the sales tax and state shared revenues, mainly due to healthy development and retail sales combined with inflationary pressures leading to higher average sales which increases tax receipts. The largest driver is the \$20 billion expansion of Intel Corporation and other developments within Chandler, which has created significant increases in transaction privilege taxes in many tax categories. Additionally, overall expenditures have decreased.

Business-type activities. The increase in business-type net position totaled \$0.7 million for the year ended June 30, 2022 compared with an increase of \$12.4 million in the prior year. This increase is a result of keeping expenses in check offset by a reduction in revenue and transfers from the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$472.7 million, an increase of \$49.7 million in comparison with the prior year increase of \$7.8 million. Approximately \$277.2 million (58.6 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 \$232.6 million represents an increase of \$44.6 million.

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$195.5 million (41.4 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 \$190.5 million represents an increase of \$5.0 million. This increase is primarily due to the issuance of \$31.3 million in General Obligation bonds in December 2021, combined with continued spending of bond proceeds in the general government, community services and streets capital projects funds netting to the increase of \$5.0 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$279.6 million, while total fund balance reached \$282.0 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2022

fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 1.14 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 \$39.4 million during the current fiscal year primarily due to increases in sales taxes and state shared revenues received mainly due to healthy development and consumer spending, compounded by inflation. The largest driver is the \$20 billion expansion of Intel Corporation and related development within Chandler, which has driven significant increases in transaction privilege taxes in many tax categories. Interest revenue has a large loss due to the increased interest rates rising steadily throughout the fiscal year and the associated realized and unrealized losses on long term investments held by the city. Transfers from the general fund to other funds also decreased in the current fiscal year due to the one-time nature of the transfers in FY 2020-21 and spending of federal grant funds received.

The grants special revenue fund accounts for the receipt and expenditure of miscellaneous federal, state and local grants awarded to the City for various specific operational purposes. The fund balance restricted for grants special revenue fund activities decreased by \$4.3 million during the current fiscal year. This change represents the usage of grant funding (i.e., AZ Cares and American Rescue Plan Act) that has been received in prior fiscal years.

The general obligation bonds debt service fund accounts for the accumulation of resources for and payments of general obligation bonded debt. The fund balance restricted for general obligation debt service payments decreased by \$1.5 million during the current fiscal year. The decrease is due to increased debt service payments made during the fiscal year based on the defined debt service payment schedules and offset by repayment of interfund transfers of \$7.5 million and lower debt interest payments due to bond refunding for the year ended June 30, 2022.

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 \$789.2 million and \$31.8 million, respectively, compared to \$788.4 million, as restated and \$33.4 million in the prior fiscal year. The enterprise funds increase is primarily due to a reduction of overall expenditures compared to prior year and combined with revenues that fell to a larger degree against prior year revenues,

The enterprise funds net position is 35.9 percent unrestricted compared to 38.0 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$144.9 million, and those for the wastewater fund amounted to \$117.4 million, compared to \$152.0 million and \$127.6 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

For the 2021-22 budget year, the City of Chandler continued to engage in fiscally responsible budgeting practices, adhered to financial policies, and used conservative budgeting as the anticipated economic impacts of the COVID-19 pandemic were removed from the budget to show actual economic activity in the City. With a continued conservative mindset, the City Council adopted a balanced budget for 2021-22 that removed the reductions added to mitigate any COVID-19 impacts, and added back in spending for a variety of operating and capital needs. Overall planned capital expenditures increased as additional projects were added to address our aging infrastructure and one-time revenues were applied to select capital projects and planned Public Safety Personnel Retirement System (PSPRS) unfunded liability pay down. The City's major sources of General Fund revenues include Local Sales Tax (Transaction Privilege Tax), Voter Approved Local Revenue (also known as State Shared Revenue) and Urban Revenue Sharing (State Shared Income Tax).

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 2021-22 budget included various salary

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2022

adjustments based on agreements between bargaining units and the City, and merit and market adjustments for general employees. Other ongoing costs, such as maintenance, utilities and supplies were managed closely to ensure they could be covered with ongoing revenues.

The FY 2021-22 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, 2022, the City had invested over \$1.0 billion in capital assets net of related debt, including buildings, system improvements, vehicles, machinery and equipment, water rights and infrastructure assets. Total depreciation expense for the year was \$101.7 million.

During fiscal year 2021-22, the City completed several street improvements projects, most notably a project totaling \$3.4 million on Old Price Road near the Intel Corporation FAB 42 plant. It should be noted that the City infrastructure needed to support the \$20 billion Intel Corporation expansion is being offset through reimbursements by Intel Corporation and the Arizona Department of Revenue under A.R.S. Title 42. The City also purchased several public safety equipment assets totaling \$467 thousand dollars and remodeled space in the Neighborhood Resources Department to add a new bathroom facility for the un-housed in Chandler. Work has also begun, or continues, on a number of governmental activity projects including street projects to improve Cooper Road (\$8.9 million added in FY 22) and Alma School Road (\$2.3 million added in FY 22), parks projects including costs accrued to complete Phase 2 of the Veterans Memorial (\$3.7 million added in FY 22) and Lantana Ranch Park (\$2.3 million added in FY 22). Business-type activities have seen an increase in construction in progress due to work that has been started to relocate utilities along Chandler Heights Road totaling \$3.8 million in FY 22 and \$22.3 million in work to increase the capacity of the wastewater facility servicing the Intel Corporation FAB 42 plant.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2022 and 2021:

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2022	2021	2022	2021	2022	2021
Land	\$ 92,208,938	\$ 92,528,517	\$ 57,189,731	\$ 57,189,731	\$ 149,398,669	\$ 149,718,248
Land improvements	—	—	255,657	317,087	255,657	317,087
Infrastructure	318,148,649	341,516,567	—	—	318,148,649	341,516,567
System improvements	—	—	589,322,175	630,911,926	589,322,175	630,911,926
Buildings and improvements	158,211,441	176,774,747	7,438,261	8,049,845	165,649,702	184,824,592
Vehicles, machinery and equipment	20,030,874	25,315,499	2,135,294	2,541,320	22,166,168	27,856,819
Water rights	—	—	42,217,346	42,645,949	42,217,346	42,645,949
Construction in progress	134,927,143	106,009,987	66,346,386	18,023,701	201,273,529	124,033,688
Total	\$ 723,527,045	\$ 742,145,317	\$ 764,904,850	\$ 759,679,559	\$ 1,488,431,895	\$ 1,501,824,876

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, 2022

Long-term debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$495.1 million in long-term debt outstanding with \$55.8 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, 2022 and 2021.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 208,979,909	\$ 195,164,000	\$ 70,380,091	\$ 76,936,000	\$ 279,360,000	\$ 272,100,000
Excise tax revenue obligations	—	—	215,105,000	219,780,000	215,105,000	219,780,000
Special assessment bonds	635,000	1,245,000	—	—	635,000	1,245,000
Issuance premiums	15,054,239	17,548,988	14,522,022	22,960,376	29,576,261	40,509,364
Total bonds & obligations payable	\$ 224,669,148	\$ 213,957,988	\$ 300,007,113	\$ 319,676,376	\$ 524,676,261	\$ 533,634,364
Claims payable (as restated)	16,911,130	18,885,862	—	—	16,911,130	18,885,862
Landfill closure/post closure	—	—	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	13,153,929	13,679,502	1,282,749	1,408,776	14,436,678	15,088,278
Net pension liability	196,423,432	293,981,374	16,117,058	22,238,502	212,540,490	316,219,876
Post-employment benefits	72,805,954	56,105,261	9,115,841	6,898,722	81,921,795	63,003,983
Total long-term liabilities	\$ 523,963,593	\$ 596,609,987	\$ 330,862,761	\$ 354,562,376	\$ 854,826,354	\$ 951,172,363

The City of Chandler's total long-term liabilities decreased by \$96.3 million during the current fiscal year. The City reported a decrease in pension liability of \$103.7 million, an increase in post-employment benefits of \$18.9 million and a net increase of \$2.0 million in bonds due to the impact of new bonds issued, bonds refunded and regularly scheduled payments being made as planned.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, artificial lighting, open space, parks, public safety and emergency services, streets, transportation and recreational facilities. The current debt limitation for the City is \$1.0 billion. The City has \$285.9 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 \$300.8 million. The City has \$6.1 million of outstanding general obligation debt for this purpose.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2022-23) 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 2021-22 budget year were stronger than anticipated, additional considerable thought and measured change was incorporated into the Fiscal Year 2022-23 budget. The budget contains a variety of increases to revenues and expenditures to mitigate inflationary pressures being felt across all departments, and allows for a continued focus on providing high service levels and quality infrastructure in a cost effective way.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2022

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 which have become increasingly harder to fill, additional staff or contract needs, workers' compensation self-insurance claims, fleet and equipment sustainability, aging infrastructure, and addressing various capital needs under a higher construction cost environment.

Even though general economic conditions are anticipated to continue at their current levels, and potentially 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 \$1.058 billion in 2021-22 to \$1.35 billion (an increase of 27.8 percent) in 2022-23, due to appropriation remaining for grant funding received during FY 2021-22, significant carryforward of capital projects, and new capital projects identified to aid in the expansion of a large regional employment partner, Intel Corporation. With the addition of appropriation, the total operating budget is increasing from \$412 million to \$493 million. The total new capital appropriation is increasing from \$113 million to \$310 million, as the City continues a healthy capital improvement program to ensure existing infrastructure is well maintained and the needs of residents can be met, and added projects related to development agreements.

With a 6.9 percent increase in Limited Property Values (including 5.4% of that from new growth), the City Council chose to reduce the primary property tax rate from \$0.2426 to \$0.2326, 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 2022-23 Budget does not include bond sales as we plan sales every-other year. 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 which were reaffirmed in November of 2021.

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, 2022

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units		
				Industrial Development Authority	Chandler Cultural Foundation	Chandler Museum Foundation
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 571,092,547	\$ 281,641,620	\$ 852,734,167	\$ —	\$ —	\$ —
Cash and investments	—	—	—	978,789	5,073,002	102,602
Accounts receivable	1,819,385	18,502,243	20,321,628	2,000	4,855	257
Privilege license tax receivable	21,864,077	—	21,864,077	—	—	—
Property taxes receivable	510,535	—	510,535	—	—	—
Due from other governments	11,250,571	706,297	11,956,868	—	—	—
Inventories	1,099,330	125,255	1,224,585	—	—	18,212
Prepaid items	4,475	—	4,475	—	144,731	—
Accrued interest receivable	1,057,267	536,734	1,594,001	—	10,964	—
Special assessments receivable	576,578	—	576,578	—	—	—
Notes receivable	318,929	—	318,929	—	—	—
Other receivables	3,123,553	1,283,682	4,407,235	—	—	—
Total current assets	612,717,247	302,795,831	915,513,078	980,789	5,233,552	121,071
Long-term assets:						
Cash and investments - restricted	—	—	—	—	1,422,755	280,000
Leases Receivable	2,055,996	4,083,983	6,139,979	—	—	—
Notes receivable	—	154,750	154,750	—	—	—
Investment in joint venture	—	69,369,363	69,369,363	—	—	—
Capital assets:						
Non-depreciable	227,136,081	123,536,117	350,672,198	—	—	—
Depreciable, net	496,390,964	641,368,733	1,137,759,697	—	13,410	—
Total capital assets	723,527,045	764,904,850	1,488,431,895	—	13,410	—
Total long-term assets	725,583,041	838,512,946	1,564,095,987	—	1,436,165	280,000
Total assets	1,338,300,288	1,141,308,777	2,479,609,065	980,789	6,669,717	401,071
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of OPEB and pension plan items	110,846,030	7,444,539	118,290,569	—	—	—
Deferred amounts on refundings	5,640,328	7,327,195	12,967,523	—	—	—
Total deferred outflows of resources	116,486,358	14,771,734	131,258,092	—	—	—

LIABILITIES

Current liabilities:

Accounts payable	10,690,034	12,954,483	23,644,517	—	60,167	231
Accrued payroll	6,738,817	781,297	7,520,114	—	—	—
Trust liabilities and deposits	4,478,984	5,572,131	10,051,115	—	—	—
Accrued interest	4,058,651	4,678,583	8,737,234	—	—	—
Unearned revenue	32,105,380	—	32,105,380	—	1,016,438	380
Customer advances	—	748,371	748,371	—	—	—
Compensated absences payable	2,477,891	241,640	2,719,531	—	—	—
Bonds payable	35,141,069	25,019,368	60,160,437	—	—	—
Landfill closure and postclosure liability	—	94,446	94,446	—	—	—
Claims and judgements payable	10,205,257	—	10,205,257	—	—	—
Total current liabilities	105,896,083	50,090,319	155,986,402	—	1,076,605	611

Long-term liabilities:

Compensated absences payable	10,676,038	1,041,109	11,717,147	—	—	—
Bonds payable	189,528,079	274,987,745	464,515,824	—	—	—
Net pension liability	196,423,432	16,117,058	212,540,490	—	—	—
OPEB liability	72,805,954	9,115,841	81,921,795	—	—	—
Landfill closure and postclosure liability	—	4,245,554	4,245,554	—	—	—
Claims and judgements payable	6,705,873	—	6,705,873	—	—	—
Total long-term liabilities	476,139,376	305,507,307	781,646,683	—	—	—
Total liabilities	582,035,459	355,597,626	937,633,085	—	1,076,605	611

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	75,983,201	7,278,025	83,261,226	—	—	—
Deferred inflows of leases	1,953,698	4,042,618	5,996,316	—	—	—
Total deferred inflows of resources	77,936,899	11,320,643	89,257,542	—	—	—

NET POSITION

Net investment in capital assets	536,775,941	473,953,519	1,010,729,460	—	13,410	—
Restricted for:						
Transportation and development	128,817,388	—	128,817,388	—	—	—
Capital improvements	21,445,156	—	21,445,156	—	—	—
Community services	37,977,867	—	37,977,867	—	—	—
Community development	522,644	—	522,644	—	—	—
Debt service	4,292,937	31,745,566	36,038,503	—	—	—
Legal restrictions	1,324,539	—	1,324,539	—	1,422,755	280,000
Total restricted	194,380,531	31,745,566	226,126,097	—	1,422,755	280,000
Unrestricted	63,657,816	283,463,157	347,120,973	980,789	4,156,947	120,460
Total net position	\$ 794,814,288	\$ 789,162,242	\$ 1,583,976,530	\$ 980,789	\$ 5,593,112	\$ 400,460

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2022

Function/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$157,127,919	\$ 42,734,281	\$ 11,985,162	\$ 1,302,964	\$ 56,022,407
Public safety	104,673,550	5,714,382	3,194,756	—	8,909,138
Transportation and development	56,403,523	13,044,002	1,539,712	17,375,063	31,958,777
Community services	41,563,661	6,033,727	1,144,117	—	7,177,844
Interest on long-term debt	6,014,168	—	—	—	—
Total governmental activities	<u>365,782,821</u>	<u>67,526,392</u>	<u>17,863,747</u>	<u>18,678,027</u>	<u>104,068,166</u>
Business-type activities:					
Water	61,264,619	54,911,138	—	4,451,743	59,362,881
Wastewater	63,037,577	61,109,393	—	8,435,801	69,545,194
Solid waste	16,727,814	17,629,367	—	—	17,629,367
Airport	1,956,786	813,683	—	—	813,683
Chandler housing authority	9,955,131	1,415,794	8,598,756	—	10,014,550
Total business-type activities	<u>152,941,927</u>	<u>135,879,375</u>	<u>8,598,756</u>	<u>12,887,544</u>	<u>157,365,675</u>
Total primary government	<u><u>\$518,724,748</u></u>	<u><u>\$203,405,767</u></u>	<u><u>\$ 26,462,503</u></u>	<u><u>\$ 31,565,571</u></u>	<u><u>\$261,433,841</u></u>
Component units					
Chandler Industrial Development Authority	\$ 2,055	\$ 101,039	\$ —	\$ —	\$ 101,039
Chandler Cultural Foundation	2,168,569	2,020,266	1,977,146	—	3,997,412
Chandler Museum Foundation	431	29,904	370,987	—	400,891
Total component units	<u>\$ 2,171,055</u>	<u>\$ 2,151,209</u>	<u>\$ 2,348,133</u>	<u>\$ —</u>	<u>\$ 4,499,342</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	Chandler Museum Foundation
\$ (101,105,512)	\$ —	\$ (101,105,512)	\$ —	\$ —	\$ —
(95,764,412)	—	(95,764,412)	—	—	—
(24,444,746)	—	(24,444,746)	—	—	—
(34,385,817)	—	(34,385,817)	—	—	—
(6,014,168)	—	(6,014,168)	—	—	—
(261,714,655)	—	(261,714,655)	—	—	—
—	(1,901,738)	(1,901,738)	—	—	—
—	6,507,617	6,507,617	—	—	—
—	901,553	901,553	—	—	—
—	(1,143,103)	(1,143,103)	—	—	—
—	59,419	59,419	—	—	—
—	4,423,748	4,423,748	—	—	—
(261,714,655)	4,423,748	(257,290,907)	—	—	—
—	—	—	98,984	—	—
—	—	—	—	1,828,843	—
—	—	—	—	—	400,460
—	—	—	98,984	1,828,843	400,460
39,560,904	—	39,560,904	—	—	—
182,028,630	21,379	182,050,009	—	—	—
19,460,326	—	19,460,326	—	—	—
2,210,634	—	2,210,634	—	—	—
3,861,042	—	3,861,042	—	—	—
87,038,075	—	87,038,075	—	—	—
(15,954,424)	(7,617,417)	(23,571,841)	(17,283)	(64,179)	—
1,916,550	2,811,515	4,728,065	—	—	—
(1,103,279)	1,103,279	—	—	—	—
319,018,458	(3,681,244)	315,337,214	(17,283)	(64,179)	—
57,303,803	742,504	58,046,307	81,701	1,764,664	400,460
737,510,485	788,419,738	1,525,930,223	899,088	3,828,448	—
\$ 794,814,288	\$ 789,162,242	\$ 1,583,976,530	\$ 980,789	\$ 5,593,112	\$ 400,460

**City of Chandler
Balance Sheet -
Governmental Funds
June 30, 2022**

	Major Funds				Total
	General	Grants Special Revenue	General Obligation Bonds Debt Service	Other Governmental Funds	
ASSETS					
Equity in pooled cash and investments	\$257,079,960	\$ 43,159,639	\$ 40,462,732	\$ 181,679,634	\$ 522,381,965
Accounts receivable	1,703,811	—	—	5,710	1,709,521
Privilege license tax receivable	21,864,077	—	—	—	21,864,077
Property taxes receivable	117,882	—	392,653	—	510,535
Advances to other funds	7,360,859	—	—	—	7,360,859
Due from other funds	4,796,096	—	—	—	4,796,096
Due from other governments	1,941,808	49,658	—	9,259,105	11,250,571
Inventories	1,099,330	—	—	—	1,099,330
Prepaid items	4,475	—	—	—	4,475
Accrued interest receivable	527,132	76,975	36,190	322,306	962,603
Special assessments receivable	—	—	—	576,578	576,578
Notes receivable	—	—	—	318,929	318,929
Leases receivable	2,055,996	—	—	—	2,055,996
Other receivables	2,770,708	—	—	116,466	2,887,174
Total assets	\$301,322,134	\$ 43,286,272	\$ 40,891,575	\$ 192,278,728	\$ 577,778,709
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,666,626	\$ 63,597	\$ —	\$ 4,714,947	\$ 10,445,170
Accrued payroll	6,405,802	78,253	—	182,052	6,666,107
Trust liabilities and deposits	4,228,155	—	—	250,829	4,478,984
Accrued interest	—	—	4,045,951	12,700	4,058,651
Due to other funds	—	—	—	4,796,096	4,796,096
Advances from other funds	—	—	—	7,360,859	7,360,859
Unearned revenue	944,112	31,147,201	—	—	32,091,313
Bonds payable	—	—	32,277,716	—	32,277,716
Total liabilities	17,244,695	31,289,051	36,323,667	17,317,483	102,174,896
Deferred inflows of resources					
Unavailable revenues - special assessments	—	—	—	553,878	553,878
Unavailable revenues - property taxes	85,162	—	277,754	—	362,916
Unavailable revenues - leases	1,953,698	—	—	—	1,953,698
Total deferred inflows of resources	2,038,860	—	277,754	553,878	2,870,492
Fund balances:					
Nonspendable	1,103,805	—	—	—	1,103,805
Restricted	1,324,539	11,997,221	4,290,154	176,768,617	194,380,531
Assigned	192,983,983	—	—	—	192,983,983
Unassigned	86,626,252	—	—	(2,361,250)	84,265,002
Total fund balances	282,038,579	11,997,221	4,290,154	174,407,367	472,733,321
Total liabilities, deferred inflows and fund balances	\$301,322,134	\$ 43,286,272	\$ 40,891,575	\$ 192,278,728	\$ 577,778,709

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, 2022

Total Fund Balances - Total Governmental Funds		\$ 472,733,321
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	\$ 227,136,081	
Depreciable buildings, vehicles, machinery and equipment and infrastructure, net	<u>496,390,964</u>	
Total capital assets		723,527,045
Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		916,794
Deferred amounts on refundings are not financial resources and, therefore, are not reported in the funds.		5,640,328
Deferred outflows related to pensions and OPEB are not financial resources and, therefore, are not reported in the funds.		110,846,030
Deferred inflows related to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.		(75,983,201)
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.		31,781,797
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 \$17,038,051 which are included above, the long-term liabilities were adjusted as follows:		
Bonds payable	(192,391,432)	
Net pension liability	(196,423,432)	
OPEB liability	(72,805,954)	
Compensated absences	<u>(13,027,008)</u>	
Total long-term liabilities		<u>(474,647,826)</u>
Net Position of Governmental Activities		<u><u>\$ 794,814,288</u></u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the year ended June 30, 2022

	Major Funds				
	Grants		General	Other	
	General	Special Revenue	Obligation Debt Service	Governmental Funds	Total
REVENUES:					
Property taxes	\$ 8,622,918	\$ —	\$ 30,917,639	\$ —	\$ 39,540,557
Sales taxes	182,028,630	—	—	—	182,028,630
Highway user taxes	—	—	—	19,460,326	19,460,326
Regional transportation taxes	—	—	—	2,210,634	2,210,634
Franchise fees	3,861,042	—	—	—	3,861,042
State shared	87,038,075	—	—	—	87,038,075
Grants and entitlements	181,869	14,918,829	—	20,921,372	36,022,070
System development fees	—	—	—	5,031,031	5,031,031
Special assessments	—	—	—	610,719	610,719
Licenses and permits	6,915,745	—	—	—	6,915,745
Charges for services	22,245,251	—	—	319,821	22,565,072
Fines and forfeitures	3,365,892	—	—	73,886	3,439,778
Rentals	119,710	—	—	—	119,710
Contributions	—	—	—	254,874	254,874
Interest revenue	(7,832,935)	(1,177,656)	(548,004)	(5,129,011)	(14,687,606)
Miscellaneous	703,417	1,637	—	605,875	1,310,929
Total revenues	307,249,614	13,742,810	30,369,635	44,359,527	395,721,586
EXPENDITURES:					
Current:					
General government	72,907,160	12,679,188	—	4,825,885	90,412,233
Public safety	119,891,551	3,456,698	—	642,949	123,991,198
Transportation and development	17,230,227	651,592	—	10,113,658	27,995,477
Community services	29,170,793	879,807	—	804,414	30,855,014
Capital outlay	5,667,999	259,746	—	57,904,613	63,832,358
Debt service:					
Principal	—	—	32,277,716	610,000	32,887,716
Bond issuance costs	—	—	228,393	172,891	401,284
Interest and fiscal charges	—	—	7,064,929	37,600	7,102,529
Total expenditures	244,867,730	17,927,031	39,571,038	75,112,010	377,477,809
Excess (deficiency) of revenues over (under) expenditures	62,381,884	(4,184,221)	(9,201,403)	(30,752,483)	18,243,777
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	1,273,075	—	—	293,380	1,566,455
Bond premium	—	—	—	2,160,918	2,160,918
Face amount of bonds issued	—	—	26,949,909	31,295,000	58,244,909
Payment to escrow agent	—	—	(26,716,745)	—	(26,716,745)
Transfers in	—	—	7,500,000	20,749,623	28,249,623
Transfers out	(24,245,503)	(74,281)	—	(7,771,916)	(32,091,700)
Total other financing sources (uses)	(22,972,428)	(74,281)	7,733,164	46,727,005	31,413,460
NET CHANGE IN FUND BALANCE	39,409,456	(4,258,502)	(1,468,239)	15,974,522	49,657,237
FUND BALANCES:					
Beginning of year, as restated	242,629,123	16,255,723	5,758,393	158,432,845	423,076,084
End of year	\$ 282,038,579	\$ 11,997,221	\$ 4,290,154	\$ 174,407,367	\$ 472,733,321

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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$49,657,237
Governmental activities in the Statement of Activities were reported differently because:	
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Net Position and Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	35,394,963
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.	(53,895,688)
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	32,887,716
Face amount of bonds issued	(58,244,909)
Bond premium	(2,160,918)
Bond payment to escrow agent	26,716,745
Pension related items	30,237,509
Other post employment benefits related items	<u>(2,671,175)</u>
	26,764,968
Accrued interest payable, bond premium allocation and allocation of deferred outflows from bond refundings related to long-term debt is recognized as an expense in the Statement of Activities, however is not recognized in the governmental funds because it is not payable from current financial resources.	1,088,361
Gain or Loss on sale of capital assets in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds	(564,242)
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.	538,850
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.	(556,231)
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.	446,699
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>(1,571,114)</u>
Change in Net Position of Governmental Activities	<u><u>\$57,303,803</u></u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Net Position -
Proprietary Funds
June 30, 2022

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 104,556,608	\$ 145,144,446	\$ 31,940,566	\$ 281,641,620	\$ 48,710,581
Accounts receivable	8,197,007	7,979,234	2,326,002	18,502,243	109,864
Due from other governments	—	601,435	104,862	706,297	—
Inventories	107,892	—	17,363	125,255	—
Accrued interest receivable	192,652	280,758	63,324	536,734	94,664
Other receivables	—	1,283,649	33	1,283,682	236,379
Total current assets	113,054,159	155,289,522	34,452,150	302,795,831	49,151,488
Long-term assets:					
Notes receivable	—	—	154,750	154,750	—
Leases receivable	—	—	4,083,983	4,083,983	—
Investment in joint venture	69,369,363	—	—	69,369,363	—
Capital assets:					
Non-depreciable	29,510,835	64,817,763	29,207,519	123,536,117	—
Depreciable, net	206,114,297	410,289,375	24,965,061	641,368,733	—
Total capital assets	235,625,132	475,107,138	54,172,580	764,904,850	—
Total long-term assets	304,994,495	475,107,138	58,411,313	838,512,946	—
Total assets	418,048,654	630,396,660	92,863,463	1,141,308,777	49,151,488
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	3,464,548	2,347,405	1,632,586	7,444,539	—
Deferred amounts on refundings	3,545,331	3,781,864	—	7,327,195	—
Total deferred outflow of resources	7,009,879	6,129,269	1,632,586	14,771,734	—

LIABILITIES

Current liabilities:

Accounts payable	3,593,122	7,023,674	2,337,687	12,954,483	244,862
Accrued payroll	335,286	293,091	152,921	781,298	72,711
Trust liabilities and deposits	4,479,921	258,768	833,442	5,572,131	—
Accrued interest	1,764,857	2,913,726	—	4,678,583	—
Unearned revenue	—	—	—	—	14,067
Customer advances	251,857	235,067	261,447	748,371	—
Compensated absences payable	122,329	79,699	39,612	241,640	23,910
Bonds payable	11,169,079	13,850,289	—	25,019,368	—
Landfill closure and postclosure liability	—	—	94,446	94,446	—
Claims and judgements payable	—	—	—	—	10,205,257
Total current liabilities	21,716,451	24,654,314	3,719,555	50,090,320	10,560,807

Long-term liabilities:

Compensated absences payable	527,065	343,384	170,660	1,041,109	103,011
Bonds payable	101,254,940	173,732,805	—	274,987,745	—
Net pension liability	8,421,740	4,169,004	3,526,314	16,117,058	—
OPEB liability	4,148,403	3,257,702	1,709,736	9,115,841	—
Landfill closure and postclosure liability	—	—	4,245,554	4,245,554	—
Claims and judgements payable	—	—	—	—	6,705,873
Total long-term liabilities	114,352,148	181,502,895	9,652,264	305,507,307	6,808,884
Total liabilities	136,068,599	206,157,209	13,371,819	355,597,627	17,369,691

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	3,261,506	2,251,553	1,764,966	7,278,025	—
Deferred inflows of leases	—	—	4,042,618	4,042,618	—
Total deferred inflow of resources	3,261,506	2,251,553	5,807,584	11,320,643	—

NET POSITION

Net investment in capital assets	127,292,091	292,488,848	54,172,580	473,953,519	—
Restricted for:					
Debt service	13,553,743	18,191,823	—	31,745,566	—
Unrestricted	144,882,594	117,436,496	21,144,066	283,463,156	31,781,797
Total net position	\$ 285,728,428	\$ 428,117,167	\$ 75,316,646	\$ 789,162,241	\$ 31,781,797

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, 2022

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 54,911,138	\$ 61,109,393	\$ 18,430,024	\$ 134,450,555	\$ 102,018
Grants and entitlements	—	—	8,598,756	8,598,756	10,251
Rentals	—	—	1,428,819	1,428,819	—
Sales taxes	—	—	21,379	21,379	—
Self insurance premiums	—	—	—	—	29,126,777
Miscellaneous	482,122	86,449	48,964	617,535	605,621
Total operating revenues	55,393,260	61,195,842	28,527,942	145,117,044	29,844,667
OPERATING EXPENSES:					
General and administrative	3,478,857	3,054,355	1,129,562	7,662,774	551
Personnel services	9,652,357	7,980,280	4,166,134	21,798,771	2,295,284
Contractual services	10,377,908	6,220,018	13,424,137	30,022,063	2,981,934
Commodities	12,085,477	10,765,909	1,869,930	24,721,316	3,839,085
Claims expense	—	—	—	—	24,555,740
Housing assistance payments	—	—	5,803,477	5,803,477	—
Depreciation and amortization expense	16,946,752	28,605,729	2,246,491	47,798,972	—
Total operating expenses	52,541,351	56,626,291	28,639,731	137,807,373	33,672,594
OPERATING INCOME (LOSS)	2,851,909	4,569,551	(111,789)	7,309,671	(3,827,927)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	(2,767,835)	(4,042,852)	(806,730)	(7,617,417)	(1,266,824)
Interest and fiscal charges	(3,777,257)	(5,921,971)	—	(9,699,228)	—
Accretion of bond premiums	954,085	1,239,895	—	2,193,980	—
Bond issuance costs	(327,693)	(489,315)	—	(817,008)	—
Equity interest in joint venture	(4,618,318)	—	—	(4,618,318)	—
Total Nonoperating revenues (expenses)	(10,537,018)	(9,214,243)	(806,730)	(20,557,991)	(1,266,824)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(7,685,109)	(4,644,692)	(918,519)	(13,248,320)	(5,094,751)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	4,451,743	8,435,801	784,839	13,672,383	—
Transfers in	—	—	1,126,340	1,126,340	3,554,405
Transfers out	(372,512)	(289,561)	(145,827)	(807,900)	(30,768)
Total capital contributions and transfers	4,079,231	8,146,240	1,765,352	13,990,823	3,523,637
CHANGE IN NET POSITION	(3,605,878)	3,501,548	846,833	742,503	(1,571,114)
NET POSITION:					
Beginning of year, as restated	289,334,306	424,615,619	74,469,813	788,419,738	33,352,911
End of year	\$ 285,728,428	\$ 428,117,167	\$ 75,316,646	\$ 789,162,241	\$ 31,781,797

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Cash Flows -
Proprietary Funds
For the year ended June 30, 2022

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 54,611,545	\$ 59,978,847	\$ 20,065,803	\$ 134,656,195	\$ 29,502,763
Cash received from grantors	—	—	8,576,950	8,576,950	—
Cash payments to suppliers	(23,993,541)	(14,488,145)	(21,230,115)	(59,711,801)	(33,236,255)
Cash payments to employees for services	(9,829,131)	(8,139,270)	(4,273,284)	(22,241,685)	(2,262,915)
Net cash provided (used) by operating activities	20,788,873	37,351,432	3,139,354	61,279,659	(5,996,407)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	—	—	1,126,340	1,126,340	3,554,405
Transfers out	(372,512)	(289,561)	(145,827)	(807,900)	(30,768)
Net cash provided (used) by noncapital financing activities	(372,512)	(289,561)	980,513	318,440	3,523,637
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(15,641,324)	(32,906,876)	(1,332,411)	(49,880,611)	—
Proceeds from sale of excise tax bonds	(327,693)	(489,315)	—	(817,008)	—
Principal paid on bond maturities	(8,506,671)	(10,589,817)	—	(19,096,488)	—
Interest paid on bonds	(4,394,693)	(6,840,589)	—	(11,235,282)	—
Cash payments from other funds	3,900,000	—	—	3,900,000	—
Cash payments to other funds	—	(3,900,000)	—	(3,900,000)	—
Cash received from capital contributions	4,239,339	6,289,392	—	10,528,731	—
Net cash provided (used) by capital and related financing activities	(20,731,042)	(48,437,205)	(1,332,411)	(70,500,658)	—
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	(2,767,564)	(4,032,828)	(812,086)	(7,612,478)	(1,268,921)
Net cash provided (used) by investing activities	(2,767,564)	(4,032,828)	(812,086)	(7,612,478)	(1,268,921)
Net increase (decrease) in cash and cash equivalents	(3,082,245)	(15,408,162)	1,975,370	(16,515,037)	(3,741,691)
CASH AND CASH EQUIVALENTS:					
Beginning of year	107,638,853	160,552,608	29,965,196	298,156,657	52,452,272
End of year	\$ 104,556,608	\$ 145,144,446	\$ 31,940,566	\$ 281,641,620	\$ 48,710,581

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

Operating income (loss)	\$ 2,851,909	\$ 4,569,551	\$ (111,789)	\$ 7,309,671	\$ (3,827,927)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	16,946,752	28,605,729	2,246,491	47,798,972	—
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	(1,262,466)	(738,993)	(4,057,905)	(6,059,364)	(253,754)
(Increase) decrease in due from other governments	—	(601,435)	33,600	(567,835)	—
(Increase) decrease in inventories	(17,224)	—	19,245	2,021	—
(Increase) decrease in other assets	—	—	(168,375)	(168,375)	—
Increase (decrease) in payables	1,965,925	5,552,137	977,746	8,495,808	115,787
Increase (decrease) in accrued payroll and compensated absences	(16,549)	(41,891)	276	(58,164)	32,369
Increase (decrease) in deposits	466,428	110,065	157,809	734,302	—
Increase (decrease) in claims payable	—	—	—	—	(1,974,732)
Increase (decrease) in unearned revenue	—	—	—	—	(88,150)
Increase (decrease) in customer advances	14,323	13,368	(61,311)	(33,620)	—
Increase (decrease) in net pension and OPEB items	(1,139,600)	(925,859)	(368,035)	(2,433,494)	—
Increase (decrease) in OPEB liability	979,375	808,760	428,984	2,217,119	—
Increase (decrease) in deferred inflow leases	—	—	4,042,618	4,042,618	—
Total adjustments	17,936,964	32,781,881	3,251,143	53,969,988	(2,168,480)
Net cash provided (used) by operating activities	\$ 20,788,873	\$ 37,351,432	\$ 3,139,354	\$ 61,279,659	\$ (5,996,407)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Proceeds Received from Refunding Bond	\$ 29,056,400	\$ 56,403,600		\$ 85,460,000	
Bond Principal Retired from Refunding Bond	(26,724,000)	(51,876,000)		(78,600,000)	
Contributions of capital assets from developers	212,404	2,146,409	\$ —	2,358,813	\$ —
Contributions of capital assets from city government	—	—	784,839	784,839	—
Accretion of bond premiums	954,085	1,239,895	—	2,193,980	—

See accompanying Notes to the Financial Statements.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies, continued

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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.

Grants Special Revenue Fund - This fund is used to account for the receipt and expenditure of miscellaneous federal, state and local grants awarded to the City for various specific operational purposes.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies, continued

Additionally, the City reports the following fund type:

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

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

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

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

D. Budgeting and Budgetary Control

The City Council formally adopts an annual operating budget for the general, special revenue, debt service, capital projects, enterprise and internal service funds, 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 \$33,321,565 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 \$8,028,012, for grant special revenue fund are \$7,251,308, for water enterprise fund are \$25,369,465, for wastewater enterprise fund are \$55,086,537, and for non-major governmental funds are \$68,981,089.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies, continued

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

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

E. Pooled Cash and Investments

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

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

Cash resources of the City are combined to form a pool of cash and investments. Excluded from this pool are the cash and investments of the Chandler Health Care Benefits Trust, Workers' Compensation and Employer Liability Trust, Chandler Industrial Development Authority, Chandler Museum Foundation 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 \$7,312,893 due from the federal government for grants and \$4,586,980 due from the State of Arizona for shared revenues and grants, \$43,260 due from Maricopa County for grants and \$13,735 due from other governmental agencies.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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, 2022

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 three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statement the City reports deferred amounts related to OPEB and pension plan items and leases.

K. Compensated Absences

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

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

L. Long-Term Obligations

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies, continued

M. Fund Balance

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

N. Capital Contributions

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

O. Pensions

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

P. Post-Employment Health Care and Life Insurance Benefits

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

Q. Statements of Cash Flows

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

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, 2022

NOTE 1 - Summary of Significant Accounting Policies, concluded

T. Leases

As lessor, the City of Chandler recognizes lease receivables with an initial, individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables.

U. Implementation of New Accounting Standards

During the year ended June 30, 2022, the City implemented the provisions of Governmental Accounting Standards Board Statements No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City's analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

NOTE 2 - Cash and Investments

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

Deposits

At year-end, cash on hand was \$45,675, the carrying amount of the City deposits was \$378,132, and the bank balance was \$4,804,773. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,554,773 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at June 30, 2022, the City had \$96,568,535 of restricted cash held by paying agent consisting of \$63,857,234 in July 1, 2022 debt service payments, \$1,728,587 in unspent bond proceeds from the 2019 Excise Tax Revenue Obligation issuances, and \$30,982,714 from the 2017, 2019 and 2021 General Obligation Bond issuances. The cash held by paying agent is in money market funds invested primarily in short-term U.S. Treasury securities.

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 2 - Cash and Investments, continued

At June 30, 2022, 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	\$347,715,212	\$ 73,874,005	\$273,841,207	46.01 %	
U.S. Agencies:						
Fannie Mae	Level 2	53,584,316	6,144,459	47,439,857	7.09	AA+/Aaa/AAA
Federal Farm Credit Banks	Level 2	13,645,606	—	13,645,606	1.81	AA+/Aaa/AAA
Federal Home Loan Bank	Level 2	6,251,892	6,251,892	—	0.83	AA+/Aaa/AAA
Freddie Mac	Level 2	65,161,073	27,004,744	38,156,329	8.62	AA+/Aaa/AAA
Corporate Bonds:						
Adobe Inc Corp	Level 2	693,823	693,823	—	0.09	A+/A2
Amazon.com Inc Corp	Level 2	5,441,163	2,300,771	3,140,392	0.72	AA/A1
American Honda Finance Corp	Level 2	1,790,588	1,790,588	—	0.24	A-/A3
Apple Inc Corp	Level 2	2,722,413	2,722,413	—	0.36	AA+/Aaa/NA
Athene Global Funding	Level 2	4,974,325	—	4,974,325	0.66	A+/NA/A+
Bank Of America Corp	Level 2	10,186,963	—	10,186,963	1.35	A-/A2/AA-
Bank Of New York Mellon Corp	Level 2	9,033,600	—	9,033,600	1.20	A/A1/AA-
Brighthouse Financial Global Funding	Level 2	1,416,057	—	1,416,057	0.19	A+/A3/NA
Caterpillar Finl Service	Level 2	2,221,092	226,246	1,994,846	0.29	A/A2/A
Charles Schwab Corp	Level 2	3,548,670	—	3,548,670	0.47	A/A2/A
Exxon Mobil Corp	Level 2	3,192,873	3,192,873	—	0.42	AA-/Aa2/NA
Hershey Company	Level 2	251,785	251,785	—	0.03	A/A1
Home Depot Inc Corp	Level 2	264,251	—	264,251	0.03	A/A2
John Deere Captial Corp	Level 2	3,359,428	1,971,432	1,387,996	0.44	A/A2/A
JPMorgan Chase & CO Corporate	Level 2	7,791,672	3,483,659	4,308,013	1.03	A-/A2/AA-
Mastercard Inc Corp	Level 2	3,036,909	—	3,036,909	0.40	A+/A1
Metropolitan Life Global Funding I	Level 2	4,389,427	—	4,389,427	0.58	AA-/Aa3/AA-
Microsoft Corp	Level 2	2,789,466	—	2,789,466	0.37	AAA/Aaa
Morgan Stanley Corp	Level 2	1,693,204	—	1,693,204	0.22	A-/A1
National Rural Utilities Cooperative	Level 2	5,836,164	—	5,836,164	0.77	A-/A2/A
National Securities Clearing Corp	Level 2	4,304,205	—	4,304,205	0.57	AA+/Aaa/NA
New York Life Global Funding	Level 2	4,259,407	—	4,259,407	0.56	AA+/Aaa/AAA
Novartis Capital Corp	Level 2	1,641,830	—	1,641,830	0.22	AA-/A1
Nvidia Corp	Level 2	1,944,902	1,944,902	—	0.26	A/A2/NA
PNC Bank Na	Level 2	974,344	—	974,344	0.13	A/A2/A+
Qualcomm Inc Corp	Level 2	1,627,089	—	1,627,089	0.22	A/A2
State Street Corp Corporate	Level 2	441,849	—	441,849	0.06	A/A1
Target corp	Level 2	2,036,929	—	2,036,929	0.27	A/A2
Texas Instruments Inc Corp	Level 2	140,690	—	140,690	0.02	A+/Aa3
Toyota Motor Credit Corp	Level 2	6,297,176	—	6,297,176	0.83	A+/A1/A+
Truist Financial Corp	Level 2	4,972,845	4,972,845	—	0.66	A-/A3/A
US Bancorp	Level 2	3,990,892	—	3,990,892	0.53	A+/A2/A+
USAA Capital Corp	Level 2	3,799,712	—	3,799,712	0.50	AA/Aa1/NA
Wal-Mart Store Inc Corp	Level 2	2,173,728	2,173,728	—	0.29	AA/Aa2
Walt Disney Company	Level 2	169,813	169,813	—	0.02	BBB+/A2
Municipal Bonds:						
AZ Tran Board TXBL REV Bonds	Level 2	1,560,000	1,560,000	—	0.21	AA+/Aa1
Scottsdale, AZ TXBL GO Bonds	Level 2	1,524,602	—	1,524,602	0.20	AAA/Aaa
Tempe Ariz Ctfs Partn	Level 2	1,186,913	—	1,186,913	0.16	AA+/NA/AA+

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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:						
AMCAR 2022-1 A2	Level 2	6,629,426	—	6,629,426	0.88	NA/Aaa/AAA
BMWOT 2019-A A3	Level 2	510,638	—	510,638	0.07	AAA/NA/AAA
BMWOT 2022-A A2A	Level 2	738,891	—	738,891	0.10	AAA/Aaa/NA
BMWOT 2022-A A3	Level 2	1,399,111	—	1,399,111	0.19	AAA/Aaa/NA
CARMX 2019-2 A3	Level 2	161,007	—	161,007	0.02	AAA/NR
CARMX 2020-1 A3	Level 2	498,242	—	498,242	0.07	AAA/NR
CARMX 2021-1 A3	Level 2	472,780	—	472,780	0.06	AAA/NR
CARMX 2021-2 A3	Level 2	965,912	—	965,912	0.13	AAA/NR
CARMX 2022-2 A3	Level 2	1,392,240	—	1,392,240	0.18	AAA/Aaa/NA
CCCIT 2018-A3 A3	Level 2	5,003,649	5,003,649	—	0.66	AAA/Aaa/NA
CNH 2021-A A3	Level 2	799,073	—	799,073	0.11	AAA/NR
COMET 2019-2 A	Level 2	2,000,100	2,000,100	—	0.26	AAA/NA/AAA
COPAR 2019-1 A3	Level 2	59,431	—	59,431	0.01	AAA/Aaa
DCENT 2021-A1 A1	Level 2	782,150	—	782,150	0.10	AAA/Aaa
GMCAR 2020-4 A3	Level 2	1,742,828	—	1,742,828	0.23	AAA/NA/AAA
HAROT 2019-2 A3	Level 2	128,772	128,772	—	0.02	NR/Aaa
HAROT 2021-1 A3	Level 2	810,537	—	810,537	0.11	NR/Aaa
HAROT 2021-3 A2	Level 2	1,337,927	—	1,337,927	0.18	AAA/NA/AAA
HART 2020-A A3	Level 2	3,377,824	—	3,377,824	0.45	AAA/NA/AAA
HART 2021-A A3	Level 2	619,854	—	619,854	0.08	AAA/Aaa
HART 2021-C A3	Level 2	472,238	—	472,238	0.06	AAA/NR
HART 2022-A A2A	Level 2	989,358	—	989,358	0.13	AAA/NA/AAA
MBART 2021-1 A3	Level 2	3,927,823	—	3,927,823	0.52	AAA/Aaa/NA
NAROT 2019-A A3	Level 2	105,043	—	105,043	0.01	NR/Aaa
NAROT 2019-B A3	Level 2	216,982	—	216,982	0.03	NR/Aaa
NAROT 2021-A A3	Level 2	5,272,736	—	5,272,736	0.70	AAA/Aaa/NA
SDART 2021-2 A3	Level 2	1,733,752	—	1,733,752	0.23	NA/Aaa/AAA
TAOT 2020-A A3	Level 2	857,804	—	857,804	0.11	AAA/Aaa
TAOT 2020-C A3	Level 2	993,092	—	993,092	0.13	AAA/Aaa/NA
TAOT 2021-A A3	Level 2	2,245,874	—	2,245,874	0.30	NA/Aaa/AAA
TAOT 2021-C A3	Level 2	995,307	—	995,307	0.13	AAA/Aaa
WOART 2019-A A4	Level 2	3,052,114	—	3,052,114	0.40	AAA/NA/AAA
WOART 2019-B A3	Level 2	717,495	—	717,495	0.09	AAA/NA/AAA
WOART 2022-A A2	Level 2	443,371	—	443,371	0.06	AAA/NA/AAA
Money Market - Certificates of Deposit	Level 2	12,091,026	12,091,026	—	1.60	A-1/P-1
Money Market Fund	Level 1	83,309,224	83,309,224	—	11.02	AAA/NR
Cash and cash equivalents	Level 1	4,849,296	4,849,296	—	0.64	AAA/Aaa/AAA
Total		\$755,741,825	\$248,112,045	\$507,629,780	100.00 %	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 2 - Cash and Investments, concluded

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

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

Credit Risk. The City's investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of AA+ or Aaa, commercial paper with a minimum short-term rating of A-1 or P-1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of 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, 2022.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 3 - Property Taxes, concluded

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

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

In fiscal year 2021-22, current property tax collections were \$38,437,603 or 100 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 2022 are not available for fiscal year 2021-22; accordingly, such taxes will not be recognized as revenue until fiscal year 2022-23.

NOTE 4 - Capital Assets

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

Governmental Activities	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 92,528,517	\$ —	\$ (319,579)	\$ 92,208,938
Construction in progress	106,009,987	33,393,584	(4,476,428)	134,927,143
Total capital assets not being depreciated	<u>198,538,504</u>	<u>33,393,584</u>	<u>(4,796,007)</u>	<u>227,136,081</u>
Capital assets, being depreciated:				
Infrastructure	775,946,670	4,324,026	—	780,270,696
Building and improvements	415,436,331	130,957	—	415,567,288
Vehicles, machinery and equipment	101,075,411	2,470,255	(2,058,688)	101,486,978
Total capital assets being depreciated	<u>1,292,458,412</u>	<u>6,925,238</u>	<u>(2,058,688)</u>	<u>1,297,324,962</u>
Less accumulated depreciation for:				
Infrastructure	(434,430,103)	(27,691,944)	—	(462,122,047)
Building and improvements	(238,661,584)	(18,694,263)	—	(257,355,847)
Vehicles, machinery and equipment	(75,759,912)	(7,509,481)	1,813,289	(81,456,104)
Total accumulated depreciation	<u>(748,851,599)</u>	<u>(53,895,688)</u>	<u>1,813,289</u>	<u>(800,933,998)</u>
Total capital assets, being depreciated, net	<u>543,606,813</u>	<u>(46,970,450)</u>	<u>(245,399)</u>	<u>496,390,964</u>
Governmental activities capital assets, net	<u>\$ 742,145,317</u>	<u>\$ (13,576,866)</u>	<u>\$ (5,041,406)</u>	<u>\$ 723,527,045</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 4 - Capital Assets, continued

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

	Expended to June 30, 2022	Remaining Commitments
Streets	\$ 58,150,500	\$ 48,049,663
Parks and recreation	17,230,478	6,402,755
Buildings and related improvements	59,546,165	8,646,715
Total	<u>\$ 134,927,143</u>	<u>\$ 63,099,133</u>

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

Business-Type Activities	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 57,189,731	\$ —	\$ —	\$ 57,189,731
Construction in progress	18,023,701	51,754,155	(3,431,470)	66,346,386
Total capital assets not being depreciated	<u>75,213,432</u>	<u>51,754,155</u>	<u>(3,431,470)</u>	<u>123,536,117</u>
Capital assets, being depreciated:				
System improvements	1,401,070,404	3,770,898	—	1,404,841,302
Building and improvements	26,438,539	376,779	—	26,815,318
Vehicles, machinery and equipment	20,487,727	553,901	(58,000)	20,983,628
Water rights	42,860,250	—	—	42,860,250
Land improvements	2,668,237	—	—	2,668,237
Total capital assets being depreciated	<u>1,493,525,157</u>	<u>4,701,578</u>	<u>(58,000)</u>	<u>1,498,168,735</u>
Less accumulated depreciation for:				
System improvements	(770,158,478)	(45,360,649)	—	(815,519,127)
Buildings and improvements	(18,388,694)	(988,363)	—	(19,377,057)
Vehicles, machinery and equipment	(17,946,407)	(959,927)	58,000	(18,848,334)
Water rights	(214,301)	(428,603)	—	(642,904)
Land improvements	(2,351,150)	(61,430)	—	(2,412,580)
Total accumulated depreciation	<u>(809,059,030)</u>	<u>(47,798,972)</u>	<u>58,000</u>	<u>(856,800,002)</u>
Total capital assets, being depreciated, net	<u>684,466,127</u>	<u>(43,097,394)</u>	<u>—</u>	<u>641,368,733</u>
Business-type activities capital assets, net	<u>\$ 759,679,559</u>	<u>\$ 8,656,761</u>	<u>\$ (3,431,470)</u>	<u>\$ 764,904,850</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 4 - Capital Assets, concluded

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

	Expended to <u>June 30, 2022</u>	Remaining <u>Commitments</u>
Sewer system improvements	\$ 40,167,407	\$ 48,422,895
Water system improvements	24,008,993	22,112,732
Solid waste system improvements	436,538	197,932
Airport improvements	1,733,448	312,597
Total	<u>\$ 66,346,386</u>	<u>\$ 71,046,156</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 7,058,701
Public safety	7,464,590
Community services	10,413,693
Transportation and development	28,958,704
Total depreciation expense - governmental activities	<u>\$ 53,895,688</u>
Business-type activities:	
Water	\$ 16,946,752
Wastewater	28,605,729
Solid waste	615,023
Airport	1,014,173
Chandler housing authority	617,295
Total depreciation expense - business-type activities	<u>\$ 47,798,972</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, 2022

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 \$315,304,307 in outstanding general obligation bonds and are payable through July 1, 2035. Proceeds of the bonds were used for governmental and business-type activities.

Governmental Activities General Obligation Bonds

Annual principal and interest payments on the government activities bonds were less than 69 percent of total ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$237,113,595. Principal and interest paid for the current year and total ad valorem property taxes were \$27,170,399 and \$39,540,557 respectively.

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2022 were as follows:

	<u>Outstanding June 30, 2022</u>
Governmental Activities General Obligation Bonds:	
\$214,540,000 Refunding Bonds, Series 2014, due in annual installments of \$10,370,000 to \$16,210,000 through 7/1/28; interest at 3 percent to 5 percent.	\$ 56,795,000
\$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.	39,040,000
\$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.	29,400,000
\$48,205,000 Refunding Bonds, Series 2021, due in annual installments of \$117,390 to \$14,781,390 beginning 7/1/22 through 7/1/28; interest at 0.4 percent to 1.75 percent.	26,949,909
\$31,295,000 Capital Improvement Bonds, Series 2021, due in annual installments of \$250,000 to \$13,120,000 beginning 7/1/22 through 7/1/28; interest at 5 percent.	<u>31,295,000</u>
Total Governmental Activities General Obligation Bonds	<u>\$ 208,979,909</u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds were less than 25 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 \$78,190,712. Principal and interest paid for the current year and total net water system, wastewater system revenues were \$12,851,192 and \$52,405,370 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 5 - Long-Term Liabilities, continued

	Outstanding June 30, 2022
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.	\$ 35,575,000
\$39,050,000 Refunding Bonds, Series 2016, due in annual installments of \$2,395,000 to \$8,650,000 beginning 7/1/25 through 7/1/27; interest at 3 percent to 5 percent.	13,550,000
\$48,205,000 Refunding Bonds, Series 2021, due in annual installments of \$68,064 to \$11,123,610 beginning 7/1/22 through 7/1/28; interest at 0.4 percent to 1.75 percent.	<u>21,255,091</u>
Total Business-Type Activities General Obligation Bonds	<u>\$ 70,380,091</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 approximately 36% percent of net system revenues. The total principal and interest to be paid on the obligations is \$259,993,807. Principal and interest paid for the current year and net water and wastewater system revenues were \$19,020,495 and \$52,405,370 respectively. Total excise tax revenues during the fiscal year were \$283,209,384. Principal and interest payments were less than 7 percent of total excise tax revenues.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 5 - Long-Term Liabilities, continued

	Outstanding June 30, 2022
Business-Type Activities Excise Tax Revenue Obligations:	
\$104,500,000 Water & Sewer Excise Tax Revenue Obligations, Series 2013, due in annual installments of \$3,100,000 to \$12,000,000 through 7/1/33; interest at 4 percent to 5 percent.	\$ 12,200,000
\$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.	55,835,000
\$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.	17,140,000
\$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.	33,420,000
\$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.	11,050,000
\$85,460,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2021, due in annual installments of \$1,040,000 to \$11,965,000 beginning 7/1/22 through 7/1/33; interest at 0.42 percent to 2.3 percent.	<u>85,460,000</u>
Total Business-Type Activities Excise Tax Revenue Obligations	<u>\$ 215,105,000</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, 2022, 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, 2022 were as follows:

	Outstanding June 30, 2022
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.	<u>\$ 635,000</u>
Total Special Assessment Bonds with Governmental Commitment	<u>\$ 635,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

	Balance			Balance June 30, 2022	Due within One Year
	June 30, 2021	Additions	Reductions		
Governmental Activities:					
Compensated absences	\$ 13,679,502	\$ 1,886,315	\$ (2,411,888)	\$ 13,153,929	\$ 2,477,891
Bonds payable:					
General obligation bonds	195,164,000	58,244,909	(44,429,000)	208,979,909	32,277,716
Special assessment bonds	1,245,000	—	(610,000)	635,000	635,000
Issuance premiums	17,548,988	2,160,919	(4,655,668)	15,054,239	2,228,353
Total bonds payable	213,957,988	60,405,828	(49,694,668)	224,669,148	35,141,069
Claims payable	18,885,862	22,769,700	(24,744,432)	16,911,130	10,205,257
Net pension liability	293,981,374	—	(97,557,942)	196,423,432	—
OPEB liability	56,105,261	16,700,693	—	72,805,954	—
Totals	<u>\$ 596,609,987</u>	<u>\$ 101,762,536</u>	<u>\$ (174,408,930)</u>	<u>\$ 523,963,593</u>	<u>\$ 47,824,217</u>

	Balance			Balance June 30, 2022	Due Within One Year
	June 30, 2021	Additions	Reductions		
Business-Type Activities:					
Compensated absences	\$ 1,408,776	\$ 109,177	\$ (235,204)	\$ 1,282,749	\$ 241,640
Bonds & obligations payable:					
General obligation bonds	76,936,000	21,255,091	(27,811,000)	70,380,091	10,667,284
Excise tax revenue obligations	219,780,000	85,460,000	(90,135,000)	215,105,000	12,175,000
Issuance premiums	22,960,376	—	(8,438,354)	14,522,022	2,177,084
Total bonds & obligations payable	319,676,376	106,715,091	(126,384,354)	300,007,113	25,019,368
Net pension liability	22,238,502	—	(6,121,444)	16,117,058	—
OPEB liability	6,898,722	2,217,119	—	9,115,841	—
Landfill closure/post closure	4,340,000	—	—	4,340,000	94,446
Totals	<u>\$ 354,562,376</u>	<u>\$ 109,041,387</u>	<u>\$ (132,741,002)</u>	<u>\$ 330,862,761</u>	<u>\$ 25,355,454</u>

Compensated Absences

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 5 - Long-Term Liabilities, continued

Statutory Debt Limitation

In the absence of more restrictive bond authorization ballot limitations, the City is subject to state limitations on the amount of net bonded debt (exclusive of revenue bonds, excise tax revenue obligations, and improvement district bonds) it may have outstanding. The statutory debt limitation is 20 percent of the full cash property assessed valuation for purposes of water, wastewater, artificial light, acquisition and development of land for open space preserves, recreation facilities, public safety and emergency services, streets and transportation and 6 percent of the full cash property assessed valuation for all other purposes (e.g., library, museum, center for the arts). At June 30, 2022, the 6 percent debt limitation was \$300,769,253, providing a debt margin of \$294,648,031 and the 20 percent debt limitation was \$1,002,564,178, providing a debt margin of \$716,689,746.

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, 2022 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, 2022:

Years Ended June 30	GOVERNMENTAL ACTIVITIES				
	General Obligation Principal	General Obligation Interest	Improvement Districts Principal	Improvement Districts Interest	Total
2023	\$ 32,277,716	\$ 7,320,146	\$ 635,000	\$ 25,400	\$ 40,258,262
2024	34,108,034	5,725,632	—	—	39,833,666
2025	26,351,936	4,286,099	—	—	30,638,035
2026	22,350,023	3,242,012	—	—	25,592,035
2027	21,638,420	2,548,473	—	—	24,186,893
2028-2032	59,818,780	4,550,980	—	—	64,369,760
2033-2037	12,435,000	460,343	—	—	12,895,343
Total	<u>\$ 208,979,909</u>	<u>\$ 28,133,685</u>	<u>\$ 635,000</u>	<u>\$ 25,400</u>	<u>\$ 237,773,994</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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
2023	\$ 10,667,284	\$ 2,315,661	\$ 12,175,000	\$ 6,587,619	\$ 31,745,564
2024	10,231,966	1,879,720	12,980,000	6,027,054	31,118,740
2025	9,543,064	1,401,616	13,910,000	5,398,961	30,253,641
2026	9,979,977	986,281	14,570,000	4,816,525	30,352,783
2027	10,096,580	718,376	13,785,000	4,344,559	28,944,515
2028-2032	19,861,220	508,968	86,595,000	14,282,030	121,247,218
2033-2037	—	—	58,130,000	3,385,810	61,515,810
2038-2042	—	—	2,960,000	46,250	3,006,250
Total	<u>\$ 70,380,091</u>	<u>\$ 7,810,622</u>	<u>\$ 215,105,000</u>	<u>\$ 44,888,808</u>	<u>\$ 338,184,521</u>

NOTE 6 - Defeased Debt

Current Year Defeasance

On December 1, 2021, the City issued \$48,205,000 in General Obligation Refunding Bonds with an average interest rate of 1.68 percent. This issuance was used to advance refund \$43,320,000 of Series 2014 General Obligation Refunding Bonds with an average interest rate of 4.25%. The advanced refunding portion of the total net proceeds totaling \$47,787,943 (after payment of \$417,057 in underwriting fees, insurance, and other issuance costs) was used to purchase \$47,787,078 in U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2014 General Obligation Refunding Bonds. As a result the liability for these bonds has been removed from the government-wide and statement of net assets. The refunding issuance resulted in a deferred outflow of \$3,552,964. This difference will be allocated to operations through the fiscal year 2028 using the straight-line amortization method. The City completed the refunding to decrease its total debt service payments over the next 7 years by \$1,583,329 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,510,831.

On December 1, 2021, the City also issued \$85,460,000 in Excise Tax Revenue Refunding Bonds with an average interest rate of 2.06 percent. This issuance was used to advance refund \$78,600,000 of Series 2013 Excise Tax Revenue Bonds with an average interest rate of 4.46 percent. The advanced refunding portion of the total net proceeds totaling \$84,816,508 (after payment of \$643,492 in underwriting fees, insurance, and other issuance costs) was used to purchase \$84,815,823 in U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2013 Excise Tax Revenue Bonds. As a result the liability for these bonds has been removed from the government-wide and statement of net assets. The refunding issuance resulted in a deferred outflow of \$1,918,671. This difference will be allocated to operations through the fiscal year 2033 using the straight-line amortization method. The City completed the refunding to decrease its total debt service payments over the next 12 years by \$8,554,041 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$7,621,519.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 6 - Defeased Debt, concluded

Bonds and obligations that have been advance refunded (defeased) as of June 30, 2022:

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

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, 2022, the City estimates total costs related to landfill closure and postclosure care is 16,588,256 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$12,248,256 has been paid. The remaining balance of \$4,340,000 consists of a current liability of \$94,446 and \$4,245,554 recorded as a long-term liability on the City's financial statements.

The estimated total current cost of the landfill closure and postclosure, \$16,588,256, 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, 2022. 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, 2021. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, i.e., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

NOTE 8 - Capital Contributions

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

	System Development Fees	Developer Contributions	Government Contributions	Total
Water	\$ 4,239,339	\$ 212,404	\$ —	\$ 4,451,743
Wastewater	6,289,392	2,146,409	—	8,435,801
Airport	—	—	784,839	784,839
Total	<u>\$ 10,528,731</u>	<u>\$ 2,358,813</u>	<u>\$ 784,839</u>	<u>\$ 13,672,383</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9 - Fund Balance

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

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

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

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

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

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

As of June 30, 2022 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, 2022

NOTE 9 - Fund Balance, concluded

	General	Grant Special Revenue	General Obligation Bonds Debt Service	Other Governmental	Total
Nonspendable:					
Inventories	\$ 1,099,330	\$ —	\$ —	\$ —	\$ 1,099,330
Prepaid items	4,475	—	—	—	4,475
Total nonspendable	1,103,805	—	—	—	1,103,805
Restricted for:					
Court enhancement	493,793	—	—	—	493,793
Judicial enhancement	507,212	—	—	—	507,212
Weapons proceeds	151,636	—	—	—	151,636
Citing agency	45,922	—	—	—	45,922
Smart and Safe AZ	125,976	—	—	—	125,976
Transportation and development	—	11,997,221	—	116,820,167	128,817,388
Debt service reserve	—	—	4,290,154	2,783	4,292,937
Community development	—	—	—	522,644	522,644
Community services	—	—	—	37,977,867	37,977,867
Other capital projects	—	—	—	21,445,156	21,445,156
Total restricted	1,324,539	11,997,221	4,290,154	176,768,617	194,380,531
Assigned to:					
Domestic violence prevention	81	—	—	—	81
Self-insurance purposes	3,000,000	—	—	—	3,000,000
Traffic safety reserve	212,000	—	—	—	212,000
PSPRS contribution	50,000,000	—	—	—	50,000,000
Capital improvement projects	130,124,529	—	—	—	130,124,529
Economic development projects	5,982,500	—	—	—	5,982,500
ARPA related projects	3,664,873	—	—	—	3,664,873
Total assigned	192,983,983	—	—	—	192,983,983
Unassigned	86,626,252	—	—	(2,361,250)	84,265,002
Total unassigned	86,626,252	—	—	(2,361,250)	84,265,002
Total fund balances	<u>\$ 282,038,579</u>	<u>\$ 11,997,221</u>	<u>\$ 4,290,154</u>	<u>\$ 174,407,367</u>	<u>\$ 472,733,321</u>

The City's General Fund Reserve Policy requires an amount equal to 15 percent of adopted General Fund operating revenues, excluding one-time transfers in, for fiscal year 2021-22. This amounts to \$45,454,300 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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, 2022, 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	\$ 196,423,432	\$ 16,117,058	\$ 212,540,490
Pension deferred outflows of resources	87,899,955	4,439,613	92,339,568
Pension deferred inflows of resources	65,914,761	6,081,100	71,995,861
Pension expense	17,508,032	4,377,008	21,885,040

	OPEB Plans		
	Governmental Activities	Business-type Activities	Total
Net OPEB liability	\$ 72,805,954	\$ 9,115,841	\$ 81,921,795
OPEB deferred outflows of resources	22,946,075	3,004,926	25,951,001
OPEB deferred inflows of resources	10,068,440	1,196,925	11,265,365
OPEB expense	5,121,484	679,908	5,801,392

The City of Chandler reported \$50,585,898 and \$2,011,875 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, 2022

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 12.41 percent (12.22 percent for retirement and 0.19 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 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 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 10.22 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, 2022, 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, 2022, were \$9,580,356. 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, 2022

NOTE 10 - Retirement and Pension Plans, continued

D. Pension Liability

At June 30, 2022, the City of Chandler reported a liability of \$93,397,278 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. 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, 2021, the City of Chandler’s proportion was 0.71 percent, which was no change from its proportion measured as of June 30, 2020.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the City of Chandler recognized pension expense for ASRS of \$6,059,571 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	\$ 1,423,755	\$ —
Changes of assumptions or other inputs	12,156,402	—
Net difference between projected and actual earnings on pension plan investments	—	29,591,543
Changes in proportion and differences between contributions and proportionate share of contributions	350,501	531,142
Contributions subsequent to the measurement date	9,580,356	—
Total	<u>\$ 23,511,014</u>	<u>\$ 30,122,685</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, 2023. 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:	
2022	\$ 27,446
2023	501,414
2024	(6,523,419)
2025	(10,197,468)

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Discount rate	7%
Projected salary increases	2.9%-8.4%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 4.70 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%	4.90%
Fixed Income - Credit	20%	5.20%
Fixed Income - Interest Rate Sensitive	10%	0.70%
Real estate	20%	5.70%
Total	<u>100%</u>	

G. Discount Rate

The discount rate used to measure the ASRS total pension liability was 7.0 percent, which decreased by 0.5 percent from the discount rate used as of June 30, 2020. 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, 2022

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City of Chandler's proportionate share of the net pension liability	\$ 146,906,096	\$ 93,397,278	\$48,785,729

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.

B. Benefits Provided

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 10 - Retirement and Pension Plans, continued

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

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

C. Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	201	82
Inactive employees entitled to but not yet receiving benefits	74	34
Active employees	272	181
Total	547	297

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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, 2022, 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 %	9.56 %
Tier 2	7.65 %	9.56 %
Tier 3 DB	10.12 %	10.76 %
Tier 3 DC	9.88 %	9.88 %
Employer rates - pension		
Tier 1	49.12 %	41.67 %
Tier 2	49.12 %	41.67 %
Tier 3 DB	45.46 %	36.78 %
Tier 3 DC	45.22 %	35.90 %

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 35.34 percent for police and 26.02 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	\$ 28,025,675	\$ 14,991,742

E. Pension Liability

At June 30, 2022, the City of Chandler reported \$81,695,357 in net pension liability for police and \$37,447,855 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2021, 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, 2021, 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, 2022

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, 2021
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%	0.42%
International Public Equity	16%	5.20%
Other Assets (Capital Appreciation)	7%	5.43%
Cash - Mellon	1%	(0.31)%
Diversifying Strategies	10%	3.99%
Global Private Equity	20%	7.67%
Private Credit	20%	5.74%
U.S. Public Equity	24%	4.08%
Total	<u>100%</u>	

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 10 - Retirement and Pension Plans, continued

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Police			
Balances at June 30, 2021	\$ 308,011,519	\$ 179,779,599	\$ 128,231,920
Changes for the year:			
Service cost	5,440,836	—	5,440,836
Interest on the total pension liability	22,385,115	—	22,385,115
Changes of benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the pension liability	3,894,134	—	3,894,134
Changes of assumptions or other inputs	—	—	—
Contributions - employer	—	22,596,733	(22,596,733)
Contributions - employee	—	2,424,870	(2,424,870)
Net investment income	—	53,483,321	(53,483,321)
Benefit payments, including refunds of employee contributions	(13,613,884)	(13,613,884)	—
Administrative expense	—	(250,715)	250,715
Other changes	—	2,439	(2,439)
Net changes	18,106,201	64,642,764	(46,536,563)
Balances at June 30, 2022	<u>\$ 326,117,720</u>	<u>\$ 244,422,363</u>	<u>\$ 81,695,357</u>

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2021	\$ 180,991,250	\$ 115,550,305	\$ 65,440,945
Changes for the year:			
Service cost	3,923,796	—	3,923,796
Interest on the total pension liability	13,243,975	—	13,243,975
Differences between expected and actual experience in the measurement of the pension liability	4,097,391	—	4,097,391
Contributions - employer	—	13,299,020	(13,299,020)
Contributions - employee	—	1,778,804	(1,778,804)
Net investment income	—	34,335,848	(34,335,848)
Benefit payments, including refunds of employee contributions	(6,981,473)	(6,981,473)	—
Administrative expense	—	(160,215)	160,215
Other changes	—	4,795	(4,795)
Net changes	14,283,689	42,276,779	(27,993,090)
Balances at June 30, 2022	<u>\$ 195,274,939</u>	<u>\$ 157,827,084</u>	<u>\$ 37,447,855</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 10 - Retirement and Pension Plans, continued

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

The following presents the City 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	\$ 127,388,510	\$ 81,695,357	\$ 44,587,678
PSPRS - Fire:			
Rate	6.30	7.30	8.30
Net pension liability	\$ 64,705,674	\$ 37,447,855	\$ 15,145,161

I. Pension Plan Fiduciary Net Position

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

J. Pension Expense

For the year ended June 30, 2022, the City of Chandler recognized the following as pension expense:

	Pension Expense
PSPRS - Police	\$ 10,428,960
PSPRS - Fire	5,354,473

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2022, the City of Chandler reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 10 - Retirement and Pension Plans, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 12,567,294	\$ 917,705
Changes of assumptions or other inputs	4,453,508	—
Net difference between projected and actual earnings on pension plan investments	—	24,931,559
Contributions subsequent to the measurement date	28,025,675	—
Total	<u>\$ 45,046,477</u>	<u>\$ 25,849,264</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Fire		
Differences between expected and actual experience	\$ 5,093,143	\$ 160,176
Changes of assumptions or other inputs	3,697,192	—
Net difference between projected and actual earnings on pension plan investments	—	15,863,736
Contributions subsequent to the measurement date	14,991,742	—
Total	<u>\$ 23,782,077</u>	<u>\$ 16,023,912</u>

The amounts reported as deferred outflows of resources related to pension are resulting from contributions made subsequent to the measurement date but before the end of the City's fiscal year and will be recognized as a reduction of the net pension liability in the subsequent year ended June 30, 2023. 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
2023	\$ (1,574,998)	\$ (1,030,978)
2024	(1,701,713)	(1,506,867)
2025	(2,127,405)	(2,529,530)
2026	(4,073,368)	(3,977,402)
2027	649,022	1,090,027
Thereafter	—	721,173

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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

A. Plan Description

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

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

A. Benefits Provided

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

Upon retirement, the City deposits a one-time payment of \$800 per year of City service in the retiree's RHSP account. The retiree must have a minimum of five years of City service to receive this contribution.

B. Contributions

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

C. Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries	
currently receiving benefits	705
Active members	1,632
Total	<u>2,337</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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

D. Total OPEB Liability

The City's total OPEB liability of \$81,921,795 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2021
Actuarial valuation date	June 30, 2021
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.

F. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 63,003,983
Changes for the year:	
Service cost	3,414,033
Interest	1,440,322
Differences between expected and actual experience	(2,181,125)
Changes in assumptions or other inputs	18,748,388
Estimated benefit payments	(2,503,806)
Net changes	<u>18,917,812</u>
Total OPEB liability - end of year	<u>\$ 81,921,795</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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

Changes in assumptions reflect the following:

1. The discount rate decreased from 2.21% to 2.16% based on the changes in the Bond Buyer 20 GO index municipal bond rate from June 30, 2020 to June 30, 2021.
2. The per capita health costs were updated based on recent experience.
3. The life insurance premium was updated to current rates.
4. The mortality, withdrawal, disability, retirement rates and salary scales for General employees were updated based on the results of the recent ASRS experience study.
5. The mortality projection scale for public safety employees was updated based on the recent PSPRS valuation.
6. The percentage of future retirees assumed to cover their spouse was decreased from 70% to 65% for males and 45% to 40% for females based on recent experience.

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

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

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability \$	93,689,930	\$ 81,921,795	\$ 72,410,422

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

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

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rates (7.50%)	1% Increase (8.50%)
Total OPEB liability \$	76,492,373	\$ 81,921,795	\$ 88,396,541

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$5,801,392. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 7,841,561
Changes of assumptions or other inputs	23,175,399	3,423,804
Contributions subsequent to measurement date	2,775,602	—
Total	<u>\$ 25,951,001</u>	<u>\$ 11,265,365</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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources

related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2023	\$ 947,037
2024	947,037
2025	2,302,156
2026	3,595,025
2027	3,329,866
Thereafter	788,913

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 13 - Risk Management, concluded

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 2021-22, 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 \$3,000,000 in Public Safety and up to \$1,000,000 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 2021-22, there were no significant reductions in the amounts of excess coverage purchased, nor has the City experienced any settlements in excess of insurance coverage over the past three fiscal years.

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

The claims liability of \$16,911,130 reported as claims payable in the Self-Insurance Fund at June 30, 2022, 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 2021 and 2022 were:

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>

Year Ended June 30,	Risk of Loss	Beginning of Fiscal Year Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2022	Workers' compensation	\$ 10,493,303	\$ 2,255,779	\$ (2,204,720)	\$ 10,544,362
	Property and liability	2,114,853	(161,929)	(180,364)	1,772,560
	Health	6,088,219	18,732,049	(20,401,678)	4,418,590
	Dental	189,487	1,943,801	(1,957,670)	175,618
		<u>\$ 18,885,862</u>	<u>\$ 22,769,700</u>	<u>\$ (24,744,432)</u>	<u>\$ 16,911,130</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

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, \$10,448,641. The General Fund provides funding for various capital projects, \$13,696,106, as well as annual subsidies for the Airport and Public Housing Authority, \$1,126,340. Bond payments totaling \$7,500,000 to General Obligation Bonds Debt Service Fund from Non-Major Governmental Funds for bond repayments. \$74,281 from Grants Capital Project Fund to Non-major Governmental Funds for AZCARES funding. \$85,000 from Grants Capital Project Fund to General Fund for AZCARES funding as well. The interfund transfers in and out at June 30, 2022 are as follows:

	Transfers In:				Total
	General Obligation Bonds Debt Service Fund	Non-Major Govern- mental Funds	Non-Major Enterprise Funds	Internal Service Fund	
Transfers out:					
General Fund	\$ —	\$19,655,985	\$ 1,126,340	\$ 3,463,178	\$24,245,503
Grants Special Revenue Fund	—	74,281	—	—	74,281
Non-Major Governmental Funds	7,500,000	180,689	—	91,227	7,771,916
Water Enterprise Fund	—	372,512	—	—	372,512
Wastewater Enterprise Fund	—	289,561	—	—	289,561
Non-Major Enterprise Funds	—	145,827	—	—	145,827
Internal Service Fund	—	30,768	—	—	30,768
Total	<u>\$ 7,500,000</u>	<u>\$20,749,623</u>	<u>\$ 1,126,340</u>	<u>\$ 3,554,405</u>	<u>\$32,930,368</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 \$784,839 (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	\$ 5,596,432
	Capital projects - public buildings	1,764,427
	Total governmental funds	<u>\$ 7,360,859</u>

Interfund advances were made from governmental funds to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$900,000 of the public safety buildings and improvements capital projects fund advances and \$350,000 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, 2022

NOTE 15 - Interfund Receivables and Payables, concluded

B. Interfund Due To/Due From

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Total</u>
General	Capital projects - grants	\$ 4,720,581
	Special revenue - community development	68,298
	Debt service - special assessment bonds	<u>7,217</u>
	Total general fund	<u>\$ 4,796,096</u>

Interfund balances at June 30, 2022 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, 2022, is:

City of Chandler's Share	\$ 69,369,363
Town of Gilbert's Share	<u>75,878,049</u>
	<u>\$145,247,412</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property special revenue fund had a deficit fund balance of \$69,394. The deficit will be covered by future revenues. The general government capital project fund had a deficit fund balance of \$561,607. The deficit will be covered by future revenues. The public buildings capital projects fund had deficit fund balance of \$1,730,249. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues.

NOTE 18 - Tax Abatements

The City has made commitments as part of our economic development programs to reimburse certain public improvement costs through transaction privilege taxes generated out of the respective development area. The total amount rebated in the fiscal year 2021-22 is \$719,689. Detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002, Disclosure of Confidential Information Prohibited, and City of Chandler Code, 62-510 Divulging of Information Prohibited.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 18 - Tax Abatements, concluded

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

For the fiscal year ended June 30, 2022, the City abated property taxes totaling \$203,291 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 \$133,245 of property tax abated.

NOTE 19 - Leases

As lessor, the City of Chandler has entered into lease agreements involving land for wireless towers and airport land and facilities. The City recognizes lease receivables with an initial, individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The City's estimated incremental borrowing rate is calculated at 2.41%. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$471,132.

NOTE 20 - Prior Period Adjustments

Prior year financial statements did not reverse a receivable in the Water Fund timely, adjust notes receivable timely within the Community Services Capital Project Fund, and a utility account was overcharged impacting the General Fund and Wastewater Fund. As a result of the restatement of beginning balances, the following reconciles the previously reported July 1, 2021 balances.

	Fund Balance July 1, 2021 as previously reported	Prior Period Adjustment	Fund Balance July 1, 2021 as Restated
General Fund	\$ 242,592,399	\$ 36,724	\$ 242,629,123
Non-Major Governmental Funds	\$ 158,518,783	\$ (85,938)	\$ 158,432,845
	Net Position July 1, 2021 as previously reported	Prior Period Adjustment	Net Position July 1, 2021 as Restated
Water Fund	\$ 290,669,734	\$ (1,335,428)	\$ 289,334,306
Wastewater Fund	\$ 425,386,905	\$ (771,286)	\$ 424,615,619

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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Property taxes	\$ 8,453,200	\$ 8,453,200	\$ 8,622,918	\$ 169,718
Sales taxes	148,370,000	148,370,000	182,028,630	33,658,630
Franchise fees	3,188,200	3,188,200	3,861,042	672,842
State shared	74,390,000	74,390,000	87,038,075	12,648,075
Grants and entitlements	163,500	163,500	181,869	18,369
Licenses and permits	6,129,000	6,129,000	6,915,745	786,745
Charges for services	19,221,841	19,221,841	22,245,251	3,023,410
Fines and forfeitures	3,581,300	3,581,300	3,365,892	(215,408)
Rentals	116,700	116,700	119,710	3,010
Interest revenue	2,316,000	2,316,000	(7,832,935)	(10,148,935)
Miscellaneous	175,000	175,000	703,417	528,417
Total Revenues	266,104,741	266,104,741	307,249,614	41,144,873
EXPENDITURES:				
City clerk	1,197,666	1,326,170	1,239,371	86,799
City magistrate	4,996,699	5,109,053	3,768,895	1,340,158
City manager	17,590,588	18,202,743	15,658,744	2,543,999
Communications and public affairs	2,859,066	3,333,382	2,860,837	472,545
Community services	27,423,841	29,615,479	27,848,906	1,766,573
Cultural development	3,777,181	4,004,665	3,920,694	83,971
Development services	9,394,217	9,853,187	8,583,994	1,269,193
Fire	38,151,332	41,989,720	41,903,161	86,559
Information technology	12,623,995	14,748,313	12,921,149	1,827,164
Law	3,915,729	4,076,974	4,082,717	(5,743)
Management services	88,438,420	70,529,039	31,044,022	39,485,017
Mayor and council	1,039,756	1,064,708	906,161	158,547
Neighborhood resources	3,991,049	9,859,474	5,077,941	4,781,533
Police	77,498,767	83,854,448	79,719,410	4,135,038
Public works	10,694,700	13,422,352	12,454,205	968,147
Total expenditures	303,593,006	310,989,707	251,990,207	58,999,500
REVENUES OVER (UNDER) EXPENDITURES	(37,488,265)	(44,884,966)	55,259,407	100,144,373
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	(400,000)	(400,000)	1,273,075	1,673,075
Transfers in	8,521,086	8,521,086	—	(8,521,086)
Transfers out	(67,953,676)	(67,953,676)	(24,245,503)	43,708,173
Total other financing sources (uses)	(59,832,590)	(59,832,590)	(22,972,428)	36,860,162
Net change in fund balance	(97,320,855)	(104,717,556)	32,286,979	137,004,535
Fund balance, July 1, 2021	242,629,123	242,629,123	242,629,123	—
Fund balance, June 30, 2022	\$ 145,308,268	\$ 137,911,567	\$ 274,916,102	\$ 137,004,535

See accompanying notes to this schedule.



City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
- Grants Special Revenue
For the year ended June 30, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 57,650,000	\$ 35,211,827	\$ 14,918,829	\$ (20,292,998)
Interest revenue	190,000	190,000	(1,177,661)	(1,367,661)
Miscellaneous	—	—	1,637	1,637
Total revenues	57,840,000	35,401,827	13,742,805	(21,659,022)
EXPENDITURES:				
General government	74,762,956	26,819,935	17,592,739	9,227,196
Public safety	56,464	8,654,321	3,457,311	5,197,010
Transportation and development	—	2,651,675	2,540,249	111,426
Community services	—	1,030,352	939,474	90,878
Capital outlay	—	307,115	648,561	(341,446)
Total expenditures	74,819,420	39,463,398	25,178,334	14,285,064
Excess (deficiency) of revenues over expenditures	(16,979,420)	(4,061,571)	(11,435,529)	(7,373,958)
OTHER FINANCING SOURCES (USES):				
Transfers Out	—	—	(74,281)	74,281
Total other financing sources (uses)	—	—	(74,281)	74,281
Net change in fund balance	(16,979,420)	(4,061,571)	(11,509,810)	(7,299,677)
Fund balance, July 1, 2021	16,255,723	16,255,723	16,255,723	—
Fund balance (deficit), June 30, 2022	\$ (723,697)	\$ 12,194,152	\$ 4,745,913	\$ (7,299,677)

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.71 %	0.71 %	0.72 %	0.76 %
City's proportionate share of the net pension liability (asset)	\$ 93,397,278	\$ 122,547,011	\$ 104,541,379	\$ 106,413,043
City's covered payroll	\$ 79,544,042	\$ 76,880,601	\$ 75,407,689	\$ 75,579,140
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	117.42 %	159.40 %	138.63 %	140.80 %
Plan fiduciary net position as a percentage of the total pension liability	78.58 %	69.33 %	73.24 %	73.00 %

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

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

City of Chandler
Schedule of Contributions -
All Pension Plans
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 9,580,356	\$ 9,267,255	\$ 8,844,068	\$ 8,470,741
Contributions in relation to the actuarially determined contribution	9,580,356	9,267,255	8,844,068	8,470,741
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered payroll	\$ 79,760,571	\$ 79,544,042	\$ 76,880,601	\$ 75,407,689
Contributions as a percentage of covered payroll	12.01 %	11.65 %	11.50 %	11.23 %
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 22,596,733	\$ 19,026,392	\$ 15,572,686	\$ 12,267,559
Contributions in relation to the actuarially determined contribution ¹	28,025,675	22,619,456	28,715,343	15,398,196
Contribution deficiency (excess)	<u>\$ (5,428,942)</u>	<u>\$ (3,593,064)</u>	<u>\$ (13,142,657)</u>	<u>\$ (3,130,637)</u>
City's covered payroll	\$ 27,383,139	\$ 26,480,082	\$ 28,589,014	\$ 28,848,732
Contributions as a percentage of covered payroll	102.35 %	85.42 %	100.44 %	53.38 %
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 13,299,020	\$ 10,427,865	\$ 8,004,060	\$ 7,021,133
Contributions in relation to the actuarially determined contribution ¹	14,991,742	13,054,192	15,566,324	8,670,333
Contribution deficiency (excess)	<u>\$ (1,692,722)</u>	<u>\$ (2,626,327)</u>	<u>\$ (7,562,264)</u>	<u>\$ (1,649,200)</u>
City's covered payroll	\$ 18,946,241	\$ 18,187,540	\$ 19,154,805	\$ 19,025,780
Contributions as a percentage of covered payroll	79.13 %	71.78 %	81.27 %	45.57 %

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.

2018	2017	2016	2015
\$ 8,268,029	\$ 7,793,041	\$ 7,634,805	\$ 7,323,872
8,268,029	7,793,041	7,634,805	7,323,872
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 75,579,140	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465
10.94 %	10.78 %	10.85 %	10.89 %
\$ 10,950,501	\$ 8,470,411	\$ 8,561,143	\$ 6,083,333
14,300,501	10,145,411	8,561,143	6,083,333
<u>\$ (3,350,000)</u>	<u>\$ (1,675,000)</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641
50.54 %	37.49 %	30.63 %	23.23 %
\$ 6,392,313	\$ 4,616,587	\$ 4,438,495	\$ 3,193,139
8,042,313	5,441,587	4,438,495	3,193,139
<u>\$ (1,650,000)</u>	<u>\$ (825,000)</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133
44.19 %	31.50 %	26.30 %	20.38 %

City of Chandler
Schedule of Changes in the Net Pension Liability and Related Ratios -
Public Safety Personnel Retirement System - Police
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 5,440,836	\$ 5,696,125	\$ 6,149,336	\$ 5,737,868
Interest	22,385,115	20,504,731	19,203,025	17,999,842
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	3,894,134	12,866,840	1,302,509	(671,252)
Changes of assumptions	—	—	6,562,499	—
Benefit payments, including refunds	(13,613,884)	(12,493,545)	(10,261,998)	(9,913,263)
Net change in total pension liability	18,106,201	26,574,151	22,955,371	13,153,195
Total pension liability - beginning	308,011,519	281,437,368	258,481,997	245,328,802
Total pension liability - ending	\$ 326,117,720	\$ 308,011,519	\$ 281,437,368	\$ 258,481,997
Plan fiduciary net position				
Contributions - employer	\$ 22,596,733	\$ 28,799,919	\$ 15,572,686	\$ 10,296,409
Contributions - employee	2,424,870	2,909,915	2,206,379	2,765,932
Net investment income	53,483,321	2,344,516	8,365,394	9,301,979
Benefit payments, including refunds	(13,613,884)	(12,493,545)	(10,261,998)	(9,913,263)
Administrative expense	(250,715)	(191,143)	(146,042)	(142,274)
Other	2,439	(2,317)	(102,911)	24,215
Net change in plan fiduciary net position	64,642,764	21,367,345	15,633,508	12,332,998
Plan fiduciary net position - beginning	179,779,599	158,412,254	142,778,746	130,445,748
Plan fiduciary net position - ending	\$ 244,422,363	\$ 179,779,599	\$ 158,412,254	\$ 142,778,746
Net pension liability - ending	\$ 81,695,357	\$ 128,231,920	\$ 123,025,114	\$ 115,703,251
Plan fiduciary net position as a percentage of the total pension liability	74.95 %	58.37 %	56.29 %	55.24 %
Covered payroll	\$ 26,480,082	\$ 28,859,014	\$ 28,848,732	\$ 28,294,661
Net pension liability as a percentage of covered payroll	308.52 %	444.34 %	426.45 %	408.92 %

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

	2018	2017	2016	2015
\$	6,092,332	\$ 5,337,103	\$ 4,583,770	\$ 4,602,603
	17,064,596	14,964,498	13,839,509	11,841,118
	1,501,042	17,456,919	—	1,741,535
	(6,211,672)	858,761	4,879,849	567,380
	6,528,203	8,537,784	—	13,082,165
	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
	16,719,554	34,139,440	17,621,292	24,780,302
	228,609,248	194,469,808	176,848,516	152,068,214
	<u>\$ 245,328,802</u>	<u>\$ 228,609,248</u>	<u>\$ 194,469,808</u>	<u>\$ 176,848,516</u>
\$	10,247,877	\$ 8,728,082	\$ 6,155,142	\$ 5,465,059
	3,244,412	3,633,359	3,308,265	2,675,724
	14,017,325	677,501	3,873,466	12,329,319
	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
	(124,430)	(97,889)	(94,891)	—
	(167,280)	238,667	(70,777)	(2,733,237)
	18,962,957	164,095	7,489,369	10,682,366
	111,482,791	111,318,696	103,829,327	93,146,961
	<u>\$ 130,445,748</u>	<u>\$ 111,482,791</u>	<u>\$ 111,318,696</u>	<u>\$ 103,829,327</u>
	<u>\$ 114,883,054</u>	<u>\$ 117,126,457</u>	<u>\$ 83,151,112</u>	<u>\$ 73,019,189</u>
	53.17 %	48.77 %	57.24 %	58.71 %
\$	27,058,086	\$ 27,946,237	\$ 26,187,641	\$ 24,290,497
	424.58 %	419.11 %	317.52 %	300.61 %

City of Chandler
Schedule of Changes in the Net Pension Liability and Related Ratios -
Public Safety Personnel Retirement System - Fire
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 3,923,796	\$ 4,025,473	\$ 4,353,346	\$ 4,014,526
Interest	13,243,975	12,453,112	11,689,082	10,794,299
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	4,097,391	1,086,650	(171,678)	1,014,752
Changes of assumptions	—	—	3,122,509	—
Benefit payments, including refunds	(6,981,473)	(6,278,162)	(5,792,594)	(6,363,418)
Net change in total pension liability	<u>14,283,689</u>	<u>11,287,073</u>	<u>13,200,665</u>	<u>9,460,159</u>
Total pension liability - beginning	<u>180,991,250</u>	<u>169,704,177</u>	<u>156,503,512</u>	<u>147,043,353</u>
Total pension liability - ending	<u>\$ 195,274,939</u>	<u>\$ 180,991,250</u>	<u>\$ 169,704,177</u>	<u>\$ 156,503,512</u>
Plan fiduciary net position				
Contributions - employer	\$ 13,299,020	\$ 15,654,338	\$ 8,004,060	\$ 5,956,704
Contributions - employee	1,778,804	1,432,043	1,462,348	1,633,743
Net investment income	34,335,848	1,488,011	5,389,738	6,174,093
Benefit payments, including refunds	(6,981,473)	(6,278,162)	(5,792,594)	(6,363,418)
Administrative expense	(160,215)	(121,320)	(94,355)	(94,669)
Other	4,795	5	(42,251)	1,035
Net change in plan fiduciary net position	<u>42,276,779</u>	<u>12,174,915</u>	<u>8,926,946</u>	<u>7,307,488</u>
Plan fiduciary net position - beginning	<u>115,550,305</u>	<u>103,375,390</u>	<u>94,448,444</u>	<u>87,140,956</u>
Plan fiduciary net position - ending	<u>\$ 157,827,084</u>	<u>\$ 115,550,305</u>	<u>\$ 103,375,390</u>	<u>\$ 94,448,444</u>
Net pension liability - ending	<u>\$ 37,447,855</u>	<u>\$ 65,440,945</u>	<u>\$ 66,328,787</u>	<u>\$ 62,055,068</u>
Plan fiduciary net position as a percentage of the total pension liability	80.82 %	63.84 %	60.92 %	60.35 %
Covered payroll	\$ 18,187,540	\$ 19,154,805	\$ 19,025,780	\$ 18,200,175
Net pension liability as a percentage of covered payroll	205.90 %	341.64 %	348.63 %	340.96 %

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

	2018	2017	2016	2015
\$	3,863,571	\$ 3,174,665	\$ 2,915,603	\$ 2,949,507
	9,983,423	8,707,808	8,264,915	7,191,487
	753,382	10,272,193	—	930,663
	941,823	96,063	(1,037,307)	(409,426)
	2,845,297	4,937,927	—	6,465,545
	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
	13,338,179	21,541,386	6,528,892	13,868,930
	133,705,174	112,163,788	105,634,896	91,765,966
\$	<u>147,043,353</u>	<u>\$ 133,705,174</u>	<u>\$ 112,163,788</u>	<u>\$ 105,634,896</u>
\$	5,514,825	\$ 4,672,177	\$ 3,222,291	\$ 3,152,694
	2,312,753	2,140,037	1,837,291	1,775,319
	9,228,731	440,223	2,568,880	8,217,832
	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
	(82,059)	(63,746)	(63,063)	—
	50,502	38,948	(55,142)	(1,798,718)
	11,975,435	1,580,369	3,895,938	8,088,281
	75,165,521	73,585,152	69,689,214	61,600,933
\$	<u>87,140,956</u>	<u>\$ 75,165,521</u>	<u>\$ 73,585,152</u>	<u>69,689,214</u>
\$	<u>59,902,397</u>	<u>\$ 58,539,653</u>	<u>\$ 38,578,636</u>	<u>\$ 35,945,682</u>
	59.26 %	56.22 %	65.61 %	65.97 %
\$	17,275,940	\$ 16,874,362	\$ 15,671,133	\$ 15,691,213
	346.74 %	346.91 %	246.18 %	229.08 %

City of Chandler
Schedule of Changes in OPEB Liabilities and Related Ratios -
Single Employer Plan
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability - beginning of year	\$ 63,003,983	\$ 53,112,727	\$ 51,751,856	\$ 52,838,811	\$ 66,519,700
Changes for the year					
Service cost	3,414,033	2,940,955	2,585,397	3,020,484	3,962,284
Interest	1,440,322	1,921,296	2,059,914	1,939,376	1,967,447
Differences between expected and actual experience	(2,181,125)	—	(5,086,575)	(883,708)	(8,539,064)
Changes in assumptions or other inputs	18,748,388	7,368,121	4,021,143	(1,789,527)	(8,174,073)
Benefit payments	(2,503,806)	(2,339,116)	(2,219,008)	(3,373,580)	(2,897,483)
Net changes	<u>18,917,812</u>	<u>9,891,256</u>	<u>1,360,871</u>	<u>(1,086,955)</u>	<u>(13,680,889)</u>
Total OPEB liability - end of year	<u>\$ 81,921,795</u>	<u>\$ 63,003,983</u>	<u>\$ 53,112,727</u>	<u>\$ 51,751,856</u>	<u>\$ 52,838,811</u>
Total covered employee payroll	\$130,254,557	\$116,931,839	\$113,713,741	\$108,862,317	\$106,207,139
Total OPEB liability as percentage of covered employee payroll	62.89 %	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, 2022

NOTE 1 - Budgetary Basis of Accounting

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

	<u>General Fund</u>	<u>Grants Special Revenue Fund</u>
Statement of Revenues, Expenditures and Changes in Fund Balances- Net change in fund balance	\$ 39,409,456	\$ (4,258,502)
Reserved encumbrances at June 30, 2022 recognized as budgetary expenditures in fiscal year ended June 30, 2022	<u>(7,122,477)</u>	<u>(7,251,308)</u>
Budgetary Comparison Schedule- Net change in fund balance	<u>\$ 32,286,979</u>	<u>\$ (11,509,810)</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, 2020 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, 2021 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, 2021 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, 2022

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, 2021 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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Property taxes	\$ 30,310,000	\$ 30,310,000	\$ 30,917,639	\$ 607,639
Interest revenue	169,500	169,500	(548,003)	(717,503)
Total revenues	30,479,500	30,479,500	30,369,636	(109,864)
EXPENDITURES:				
General government	334,584	334,584	—	(334,584)
Principal	33,145,240	33,145,240	32,277,716	(867,524)
Bond issuance costs	—	—	228,393	228,393
Interest and fiscal charges	6,999,676	6,999,676	7,064,929	65,253
Total expenditures	40,479,500	40,479,500	39,571,038	(908,462)
Excess (deficiency) of revenues over expenditures	(10,000,000)	(10,000,000)	(9,201,402)	798,598
OTHER FINANCING SOURCES (USES):				
Transfers in	10,000,000	10,000,000	7,500,000	(2,500,000)
Total other financing sources (uses)	10,000,000	10,000,000	7,500,000	(2,500,000)
Net change in fund balance	—	—	(1,701,402)	(1,701,402)
Fund balance, July 1, 2021	5,758,393	5,758,393	5,758,393	—
Fund balance, June 30, 2022	\$ 5,758,393	\$ 5,758,393	\$ 4,056,991	\$ (1,701,402)

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.

Community Development

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

Police Confiscated Property

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

Parks and Recreation

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

Museum

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

Library

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

NON-MAJOR DEBT SERVICE FUNDS

Special Assessment Bonds

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

City of Chandler

Non-Major Governmental Funds

NON-MAJOR CAPITAL PROJECTS FUNDS

General Government

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

Public Buildings

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

Grants

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

Streets

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

Community Services

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

Public Safety Buildings and Improvements

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

Vehicle and Capital Equipment Replacement

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

Technology Replacement

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

Municipal Arts

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



**City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2022**

	Special Revenue					
	Highway User	Local	Community Development	Police	Parks and Recreation	Museum
		Transportation Assistance		Confiscated Property		
ASSETS						
Equity in pooled cash and investments	\$ 36,547,493	\$ 5,491,022	\$ —	\$ 180,998	\$ 308,828	\$ 48,083
Receivables (net of allowance for uncollectible):						
Accounts	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—
Notes	—	—	318,929	—	—	—
Accrued interest	75,140	10,669	—	432	636	98
Other	—	—	—	—	—	—
Due from other governments	2,008,825	—	351,030	—	—	—
Total assets	\$38,631,458	\$ 5,501,691	\$ 669,959	\$ 181,430	\$ 309,464	\$ 48,181
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 137,133	\$ 1,604	\$ 48,602	\$ —	\$ —	\$ —
Accrued payroll	136,025	—	30,415	—	—	—
Trust liabilities and deposits	—	—	—	250,824	—	—
Accrued interest	—	—	—	—	—	—
Due to other funds	—	—	68,298	—	—	—
Advances from other funds	—	—	—	—	—	—
Total liabilities	273,158	1,604	147,315	250,824	—	—
Deferred inflows of resources:						
Unavailable revenues - special assessments	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances (deficits):						
Restricted	38,358,300	5,500,087	522,644	—	309,464	48,181
Unassigned	—	—	—	(69,394)	—	—
Total fund balances (deficits)	38,358,300	5,500,087	522,644	(69,394)	309,464	48,181
Total liabilities, deferred inflows and fund balances	\$38,631,458	\$ 5,501,691	\$ 669,959	\$ 181,430	\$ 309,464	\$ 48,181

(Continued)

**City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2022**

	Special Revenue	Debt Service	Capital Projects		
		Special			
		Assessment	General	Public	
	Library	Bonds	Government	Buildings	Grants
ASSETS					
Equity in pooled cash and investments	\$ 76,385	\$ —	\$ 782,025	\$ 33,589	\$ —
Receivables (net of allowance for uncollectible):					
Accounts	—	—	5,710	—	—
Special assessments	—	576,578	—	—	—
Notes	—	—	—	—	—
Accrued interest	156	—	—	589	—
Other	—	—	116,466	—	—
Due from other governments	—	—	—	—	6,634,089
Total assets	\$ 76,541	\$ 576,578	\$ 904,201	\$ 34,178	\$ 6,634,089
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 980	\$ —	\$ 1,465,808	\$ —	\$ 1,072,211
Accrued payroll	—	—	—	—	3,523
Trust liabilities and deposits	—	—	—	—	—
Accrued interest	—	12,700	—	—	—
Due to other funds	—	7,217	—	—	4,720,581
Advances from other funds	—	—	—	1,764,427	—
Total liabilities	980	19,917	1,465,808	1,764,427	5,796,315
Deferred inflows of resources:					
Unavailable revenues - special assessments	—	553,878	—	—	—
Total deferred inflows of resources	—	553,878	—	—	—
Fund balances (deficits):					
Restricted	75,561	2,783	—	—	837,774
Unassigned	—	—	(561,607)	(1,730,249)	—
Total fund balances (deficits)	75,561	2,783	(561,607)	(1,730,249)	837,774
Total liabilities, deferred inflows and fund balances	\$ 76,541	\$ 576,578	\$ 904,201	\$ 34,178	\$ 6,634,089

Capital Projects							Total Other Governmental Funds
Streets	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts		
\$ 73,616,087	\$ 37,467,780	\$ 7,578,064	\$ 11,117,545	\$ 7,682,256	\$ 749,479	\$ 181,679,634	
—	—	—	—	—	—	5,710	
—	—	—	—	—	—	576,578	
—	—	—	—	—	—	318,929	
125,955	66,678	1,977	22,721	15,704	1,551	322,306	
—	—	—	—	—	—	116,466	
265,161	—	—	—	—	—	9,259,105	
<u>\$ 74,007,203</u>	<u>\$ 37,534,458</u>	<u>\$ 7,580,041</u>	<u>\$ 11,140,266</u>	<u>\$ 7,697,960</u>	<u>\$ 751,030</u>	<u>\$ 192,278,728</u>	
\$ 1,036,849	\$ 737,761	\$ 83,150	\$ 33,148	\$ 97,401	\$ 300	\$ 4,714,947	
8,569	2,766	754	—	—	—	182,052	
5	—	—	—	—	—	250,829	
—	—	—	—	—	—	12,700	
—	—	—	—	—	—	4,796,096	
—	—	5,596,432	—	—	—	7,360,859	
<u>1,045,423</u>	<u>740,527</u>	<u>5,680,336</u>	<u>33,148</u>	<u>97,401</u>	<u>300</u>	<u>17,317,483</u>	
—	—	—	—	—	—	553,878	
—	—	—	—	—	—	553,878	
72,961,780	36,793,931	1,899,705	11,107,118	7,600,559	750,730	176,768,617	
—	—	—	—	—	—	(2,361,250)	
<u>72,961,780</u>	<u>36,793,931</u>	<u>1,899,705</u>	<u>11,107,118</u>	<u>7,600,559</u>	<u>750,730</u>	<u>174,407,367</u>	
<u>\$ 74,007,203</u>	<u>\$ 37,534,458</u>	<u>\$ 7,580,041</u>	<u>\$ 11,140,266</u>	<u>\$ 7,697,960</u>	<u>\$ 751,030</u>	<u>\$ 192,278,728</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, 2022

	Special Revenue					
	Highway User	Local Transportation Assistance	Community Development	Police Confiscated Property	Parks and Recreation	Museum
REVENUES:						
Highway user taxes	\$ 19,460,326	\$ —	\$ —	\$ —	\$ —	\$ —
Regional transportation taxes	—	—	—	—	—	—
Grants and entitlements	—	697,052	2,118,430	—	75,044	1,939
System development fees	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—
Charges for services	—	188,675	—	—	—	—
Fines and forfeitures	—	—	—	73,886	—	—
Contributions	—	—	—	—	—	—
Interest revenue	(1,074,885)	(155,448)	(2)	(1)	(9,209)	(1,427)
Miscellaneous	58,814	84,854	—	—	—	—
Total revenues	18,444,255	815,133	2,118,428	73,885	65,835	512
EXPENDITURES:						
Current:						
General government	—	—	2,195,934	—	—	—
Public safety	—	—	—	58,247	—	—
Transportation and development	7,320,610	180,479	—	—	—	—
Community services	—	—	—	—	55,868	1,240
Capital outlay	6,501,564	292,829	—	49,727	—	—
Debt service:						
Principal	—	—	—	—	—	—
Bond issuance costs	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—
Total expenditures	13,822,174	473,308	2,195,934	107,974	55,868	1,240
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,622,081	341,825	(77,506)	(34,089)	9,967	(728)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	—	—	—	—	—	—
Bond premium	—	—	—	—	—	—
Face amount of bonds issued	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Transfers out	(267,704)	(4,212)	—	—	—	—
Total other financing sources (uses)	(267,704)	(4,212)	—	—	—	—
NET CHANGE IN FUND BALANCE	4,354,377	337,613	(77,506)	(34,089)	9,967	(728)
FUND BALANCES (DEFICITS):						
Beginning of year, as restated	34,003,923	5,162,474	600,150	(35,305)	299,497	48,909
End of year	\$ 38,358,300	\$ 5,500,087	\$ 522,644	\$ (69,394)	\$ 309,464	\$ 48,181

Special Revenue		Debt Service		Capital Projects			
Library	Special Assessment Bonds	General Government	Public Buildings	Grants	Streets	Community Services	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
—	—	—	—	—	2,210,634	—	
52,453	—	—	—	17,976,454	—	—	
—	—	—	196,850	—	2,701,703	1,502,613	
—	610,719	—	—	—	—	—	
—	—	—	—	13,735	—	—	
—	—	—	—	—	—	—	
—	—	254,874	—	—	—	—	
(2,074)	—	—	(8,416)	(3)	(2,128,778)	(1,075,790)	
—	—	441,740	—	—	—	—	
50,379	610,719	696,614	188,434	17,990,186	2,783,559	426,823	
—	—	1,594,070	514	81,281	1,550	4,087	
—	—	49,428	—	—	—	—	
—	—	625,188	—	655,413	1,331,968	—	
36,847	—	336,928	—	13,735	—	305,050	
30	—	12,088,156	—	16,722,897	14,609,284	6,158,554	
—	610,000	—	—	—	—	—	
—	—	—	—	—	112,889	24,084	
—	37,600	—	—	—	—	—	
36,877	647,600	14,693,770	514	17,473,326	16,055,691	6,491,775	
13,502	(36,881)	(13,997,156)	187,920	516,860	(13,272,132)	(6,064,952)	
—	—	109,479	—	—	—	—	
—	—	—	—	—	1,412,281	300,489	
—	—	—	—	—	20,453,040	4,351,758	
—	—	13,696,106	—	159,281	—	—	
—	—	—	—	—	(3,026,096)	(4,473,904)	
—	—	13,805,585	—	159,281	18,839,225	178,343	
13,502	(36,881)	(191,571)	187,920	676,141	5,567,093	(5,886,609)	
62,059	39,664	(370,036)	(1,918,169)	161,633	67,394,687	42,680,540	
\$ 75,561	\$ 2,783	\$ (561,607)	\$ (1,730,249)	\$ 837,774	\$ 72,961,780	\$ 36,793,931	

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2022

	Capital Projects				Total Other Governmental Funds
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	
REVENUES:					
Highway user taxes	\$ —	\$ —	\$ —	\$ —	\$ 19,460,326
Regional transportation taxes	—	—	—	—	2,210,634
Grants and entitlements	—	—	—	—	20,921,372
System development fees	629,865	—	—	—	5,031,031
Special assessments	—	—	—	—	610,719
Charges for services	—	—	—	117,411	319,821
Fines and forfeitures	—	—	—	—	73,886
Contributions	—	—	—	—	254,874
Interest revenue	(154,348)	(289,459)	(207,211)	(21,960)	(5,129,011)
Miscellaneous	—	20,467	—	—	605,875
Total revenues	475,517	(268,992)	(207,211)	95,451	44,359,527
EXPENDITURES:					
Current:					
General government	3,100	—	945,349	—	4,825,885
Public safety	535,274	—	—	—	642,949
Transportation and development	—	—	—	—	10,113,658
Community services	—	—	—	54,746	804,414
Capital outlay	36,803	1,360,083	84,686	—	57,904,613
Debt service:					
Principal	—	—	—	—	610,000
Bond issuance costs	35,918	—	—	—	172,891
Interest and fiscal charges	—	—	—	—	37,600
Total expenditures	611,095	1,360,083	1,030,035	54,746	75,112,010
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	(135,578)	(1,629,075)	(1,237,246)	40,705	(30,752,483)
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	—	183,901	—	—	293,380
Bond premium	448,148	—	—	—	2,160,918
Face amount of bonds issued	6,490,202	—	—	—	31,295,000
Transfers in	—	3,040,290	3,853,946	—	20,749,623
Transfers out	—	—	—	—	(7,771,916)
Total other financing sources (uses)	6,938,350	3,224,191	3,853,946	—	46,727,005
NET CHANGE IN FUND BALANCE	6,802,772	1,595,116	2,616,700	40,705	15,974,522
FUND BALANCES (DEFICITS):					
Beginning of year, as restated	(4,903,067)	9,512,002	4,983,859	710,025	158,432,845
End of year	\$ 1,899,705	\$ 11,107,118	\$ 7,600,559	\$ 750,730	\$ 174,407,367

(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, 2022

	Budgeted Amounts		Non-GAAP	Over
	<u>Original</u>	<u>Final</u>	Actual Amounts	(Under) Final Budget
REVENUES:				
Highway user taxes	\$ 17,373,409	\$ 17,373,409	\$ 19,460,326	\$ 2,086,917
Interest revenue	415,000	415,000	(1,074,881)	(1,489,881)
Miscellaneous	—	—	58,814	58,814
Total revenues	<u>17,788,409</u>	<u>17,788,409</u>	<u>18,444,259</u>	<u>655,850</u>
EXPENDITURES:				
General government	1,693,400	3,505,351	—	3,505,351
Transportation and development	16,018,368	9,202,036	8,500,607	701,429
Capital outlay	5,981,065	8,078,304	7,468,926	609,378
Total expenditures	<u>23,692,833</u>	<u>20,785,691</u>	<u>15,969,533</u>	<u>4,816,158</u>
Excess (deficiency) of revenues over expenditures	<u>(5,904,424)</u>	<u>(2,997,282)</u>	<u>2,474,726</u>	<u>5,472,008</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(297,286)	(297,286)	(267,704)	29,582
Total other financing sources (uses)	<u>(297,286)</u>	<u>(297,286)</u>	<u>(267,704)</u>	<u>29,582</u>
Net change in fund balance	(6,201,710)	(3,294,568)	2,207,022	5,501,590
Fund balance, July 1, 2021	<u>34,003,923</u>	<u>34,003,923</u>	<u>34,003,923</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 27,802,213</u>	<u>\$ 30,709,355</u>	<u>\$ 36,210,945</u>	<u>\$ 5,501,590</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 673,600	\$ 673,600	\$ 697,052	\$ 23,452
Charges for services	153,600	153,600	188,675	35,075
Interest revenue	60,000	60,000	(155,448)	(215,448)
Miscellaneous	—	—	84,854	84,854
Total revenues	887,200	887,200	815,133	(72,067)
EXPENDITURES:				
General government	54,200	36,744	—	36,744
Transportation and development	2,012,719	1,217,331	328,460	888,871
Capital outlay	172,000	954,879	533,933	420,946
Total expenditures	2,238,919	2,208,954	862,393	1,346,561
Excess (deficiency) of revenues over expenditures	(1,351,719)	(1,321,754)	(47,260)	1,274,494
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,409)	(4,409)	(4,212)	197
Total other financing sources (uses)	(4,409)	(4,409)	(4,212)	197
Net change in fund balance	(1,356,128)	(1,326,163)	(51,472)	1,274,691
Fund balance, July 1, 2021	5,162,474	5,162,474	5,162,474	—
Fund balance, June 30, 2022	\$ 3,806,346	\$ 3,836,311	\$ 5,111,002	\$ 1,274,691

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, 2022

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 2,975,950	\$ 2,975,950	\$ 2,118,430	\$ (857,520)
Interest Revenue	29,000	29,000	—	(29,000)
Total revenues	3,004,950	3,004,950	2,118,430	(886,520)
EXPENDITURES:				
General government	3,253,325	6,575,399	2,858,764	3,716,635
Capital outlay	—	—	163,617	(163,617)
Total expenditures	3,253,325	6,575,399	3,022,381	3,553,018
Net change in fund balance	(248,375)	(3,570,449)	(903,951)	2,666,498
Fund balance, July 1, 2021	600,150	600,150	600,150	—
Fund balance (deficit), June 30, 2022	\$ 351,775	\$ (2,970,299)	\$ (303,801)	\$ 2,666,498

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, 2022

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 750,000	\$ 750,000	\$ 73,886	\$ (676,114)
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>73,886</u>	<u>(676,114)</u>
EXPENDITURES:				
General government	22,000	—	—	—
Public safety	645,000	645,000	95,196	549,804
Capital outlay	105,000	105,000	49,727	55,273
Total expenditures	<u>772,000</u>	<u>750,000</u>	<u>144,923</u>	<u>605,077</u>
Net change in fund balance	(22,000)	—	(71,037)	(71,037)
Fund balance (deficit), July 1, 2021	<u>(35,305)</u>	<u>(35,305)</u>	<u>(35,305)</u>	<u>—</u>
Fund balance (deficit), June 30, 2022	<u><u>\$ (57,305)</u></u>	<u><u>\$ (35,305)</u></u>	<u><u>\$ (106,342)</u></u>	<u><u>\$ (71,037)</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, 2022

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 85,900	\$ 85,900	\$ 75,044	\$ (10,856)
Interest revenue	4,000	4,000	(9,209)	(13,209)
Total revenues	<u>89,900</u>	<u>89,900</u>	<u>65,835</u>	<u>(24,065)</u>
EXPENDITURES:				
Community services	151,036	151,036	55,868	95,168
Total expenditures	<u>151,036</u>	<u>151,036</u>	<u>55,868</u>	<u>95,168</u>
Net change in fund balance	(61,136)	(61,136)	9,967	71,103
Fund balance, July 1, 2021	<u>299,497</u>	<u>299,497</u>	<u>299,497</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 238,361</u>	<u>\$ 238,361</u>	<u>\$ 309,464</u>	<u>\$ 71,103</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ —	\$ —	\$ 1,939	\$ 1,939
Interest revenue	1,000	1,000	(1,428)	(2,428)
Total revenues	1,000	1,000	511	(489)
EXPENDITURES:				
General government	4,000	4,000	—	4,000
Community services	24,710	24,710	8,659	16,051
Total expenditures	28,710	28,710	8,659	20,051
Net change in fund balance	(27,710)	(27,710)	(8,148)	19,562
Fund balance, July 1, 2021	48,909	48,909	48,909	—
Fund balance, June 30, 2022	\$ 21,199	\$ 21,199	\$ 40,761	\$ 19,562

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Library Special Revenue
For the year ended June 30, 2022

	Budgeted Amounts		Non-GAAP	Over
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>(Under)</u> <u>Final Budget</u>
REVENUES:				
Grants and entitlements	\$ 80,000	\$ 80,000	\$ 52,453	\$ (27,547)
Interest revenue	1,000	1,000	(2,073)	(3,073)
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>50,380</u>	<u>(30,620)</u>
EXPENDITURES:				
General government	8,000	8,000	—	8,000
Community services	80,000	80,000	36,847	43,153
Capital outlay	—	—	30	(30)
Total expenditures	<u>88,000</u>	<u>88,000</u>	<u>36,877</u>	<u>51,123</u>
Net change in fund balance	(7,000)	(7,000)	13,503	20,503
Fund balance, July 1, 2021	<u>62,059</u>	<u>62,059</u>	<u>62,059</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 55,059</u>	<u>\$ 55,059</u>	<u>\$ 75,562</u>	<u>\$ 20,503</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Special assessments	\$ —	\$ —	\$ 610,719	\$ 610,719
Total revenues	<u>—</u>	<u>—</u>	<u>610,719</u>	<u>610,719</u>
EXPENDITURES:				
Principal	—	—	610,000	(610,000)
Interest and fiscal charges	—	—	37,600	(37,600)
Total expenditures	<u>—</u>	<u>—</u>	<u>647,600</u>	<u>(647,600)</u>
Net change in fund balance	—	—	(36,881)	(36,881)
Fund balance, July 1, 2021	<u>39,664</u>	<u>39,664</u>	<u>39,664</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 39,664</u>	<u>\$ 39,664</u>	<u>\$ 2,783</u>	<u>\$ (36,881)</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Miscellaneous	\$ —	\$ —	\$ 441,740	\$ 441,740
Total revenues	<u>—</u>	<u>—</u>	<u>441,740</u>	<u>441,740</u>
EXPENDITURES:				
General government	19,095,249	10,622,705	2,064,477	8,558,228
Public safety	5,578,513	1,448,627	91,537	1,357,090
Transportation and development	12,794,049	3,084,562	668,144	2,416,418
Community services	6,290,985	2,021,840	1,408,382	613,458
Capital outlay	11,243,819	48,482,461	22,186,982	26,295,479
Total expenditures	<u>55,002,615</u>	<u>65,660,195</u>	<u>26,419,522</u>	<u>39,240,673</u>
Excess (deficiency) of revenues over expenditures	<u>(55,002,615)</u>	<u>(65,660,195)</u>	<u>(25,977,782)</u>	<u>39,682,413</u>
OTHER FINANCING SOURCES (USES):				
Capital contributions	—	—	254,874	254,874
Proceeds from sale of capital assets	—	—	109,479	109,479
Transfers in	55,002,615	55,002,615	13,696,106	(41,306,509)
Total other financing sources (uses)	<u>55,002,615</u>	<u>55,002,615</u>	<u>14,060,459</u>	<u>(40,942,156)</u>
Net change in fund balance	—	(10,657,580)	(11,917,323)	(1,259,743)
Fund balance, July 1, 2021	<u>(370,036)</u>	<u>(370,036)</u>	<u>(370,036)</u>	<u>—</u>
Fund balance (deficit), June 30, 2022	<u>\$ (370,036)</u>	<u>\$ (11,027,616)</u>	<u>\$ (12,287,359)</u>	<u>\$ (1,259,743)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Public Buildings Capital Projects For the year ended June 30, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 184,300	\$ 184,300	\$ 196,850	\$ 12,550
Interest revenue	3,400	3,400	(8,417)	(11,817)
Total revenues	<u>187,700</u>	<u>187,700</u>	<u>188,433</u>	<u>733</u>
EXPENDITURES:				
General government	17,000	17,000	13,700	3,300
Total expenditures	<u>17,000</u>	<u>17,000</u>	<u>13,700</u>	<u>3,300</u>
Excess (deficiency) of revenues over expenditures	<u>170,700</u>	<u>170,700</u>	<u>174,733</u>	<u>4,033</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(250,000)	(250,000)	—	250,000
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>—</u>	<u>250,000</u>
Net change in fund balance	(79,300)	(79,300)	174,733	254,033
Fund balance (deficit), July 1, 2021	<u>(1,918,169)</u>	<u>(1,918,169)</u>	<u>(1,918,169)</u>	<u>—</u>
Fund balance (deficit), June 30, 2022	<u>\$ (1,997,469)</u>	<u>\$ (1,997,469)</u>	<u>\$ (1,743,436)</u>	<u>\$ 254,033</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Grants and entitlements	\$ 14,700,224	\$ 14,700,224	\$ 17,976,454	\$ 3,276,230
Charges for services	—	—	13,735	13,735
Total revenues	<u>14,700,224</u>	<u>14,700,224</u>	<u>17,990,189</u>	<u>3,289,965</u>
EXPENDITURES:				
General government	2,879,122	1,838,965	81,281	1,757,684
Transportation and development	27,788,694	8,344,816	1,970,495	7,672,178
Community services	2,001,041	27,983	13,735	14,248
Capital outlay	11,977,382	56,692,567	32,790,496	23,902,071
Total expenditures	<u>44,646,239</u>	<u>66,904,331</u>	<u>34,856,007</u>	<u>33,346,181</u>
Excess (deficiency) of revenues over expenditures	<u>(29,946,015)</u>	<u>(52,204,107)</u>	<u>(16,865,818)</u>	<u>36,636,146</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	—	—	159,281	159,281
Transfers out	—	(120,000)	—	120,000
Total other financing sources (uses)	<u>—</u>	<u>(120,000)</u>	<u>159,281</u>	<u>279,281</u>
Net change in fund balance	<u>(29,946,015)</u>	<u>(52,324,107)</u>	<u>(16,706,537)</u>	<u>36,915,427</u>
Fund balance, July 1, 2021	<u>161,633</u>	<u>161,633</u>	<u>161,633</u>	<u>—</u>
Fund balance (deficit), June 30, 2022	<u>\$ (29,784,382)</u>	<u>\$ (52,162,474)</u>	<u>\$ (16,544,904)</u>	<u>\$ 36,915,427</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Regional transportation taxes	\$ 200,000	\$ 200,000	\$ 2,210,634	\$ 2,010,634
System development fees	4,440,700	4,440,700	2,701,703	(1,738,997)
Interest revenue	932,000	932,000	(2,128,790)	(3,060,790)
Total revenues	<u>5,572,700</u>	<u>5,572,700</u>	<u>2,783,547</u>	<u>(2,789,153)</u>
EXPENDITURES:				
General government	47,799	2,539,625	15,300	2,524,325
Transportation and development	44,964,305	3,836,889	1,537,979	2,298,910
Capital outlay	10,978,702	49,614,292	42,830,190	6,784,102
Bond issuance costs	—	—	112,889	(112,889)
Total expenditures	<u>55,990,806</u>	<u>55,990,806</u>	<u>44,496,358</u>	<u>11,494,448</u>
Excess (deficiency) of revenues over expenditures	<u>(50,418,106)</u>	<u>(50,418,106)</u>	<u>(41,712,811)</u>	<u>8,705,295</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	1,412,281	1,412,281
Face amount of bonds issued	23,480,000	23,480,000	20,453,040	(3,026,960)
Transfers in	200,000	200,000	—	(200,000)
Transfers out	(8,450,000)	(4,218,415)	(3,026,096)	1,192,319
Total other financing sources (uses)	<u>15,230,000</u>	<u>19,461,585</u>	<u>18,839,225</u>	<u>(622,360)</u>
Net change in fund balance	<u>(35,188,106)</u>	<u>(30,956,521)</u>	<u>(22,873,586)</u>	<u>8,082,935</u>
Fund balance, July 1, 2021	<u>67,394,687</u>	<u>67,394,687</u>	<u>67,394,687</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 32,206,581</u>	<u>\$ 36,438,166</u>	<u>\$ 44,521,101</u>	<u>\$ 8,082,935</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 2,177,200	\$ 2,177,200	\$ 1,502,613	\$ (674,587)
Interest revenue	595,000	595,000	(1,075,792)	(1,670,792)
Total revenues	<u>2,772,200</u>	<u>2,772,200</u>	<u>426,821</u>	<u>(2,345,379)</u>
EXPENDITURES:				
General government	36,600	1,616,452	29,000	1,587,452
Community services	13,837,656	2,074,678	982,955	1,091,723
Capital outlay	3,862,376	14,039,738	9,650,734	4,389,004
Bond issuance costs	—	—	24,084	(24,084)
Total expenditures	<u>17,736,632</u>	<u>17,730,868</u>	<u>10,686,773</u>	<u>7,044,095</u>
Excess (deficiency) of revenues over expenditures	<u>(14,964,432)</u>	<u>(14,958,668)</u>	<u>(10,259,952)</u>	<u>4,698,716</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	300,489	300,489
Face amount of bonds issued	4,700,000	4,700,000	4,351,758	(348,242)
Transfers out	(1,750,000)	(5,981,585)	(4,473,904)	1,507,681
Total other financing sources (uses)	<u>2,950,000</u>	<u>(1,281,585)</u>	<u>178,343</u>	<u>1,459,928</u>
Net change in fund balance	<u>(12,014,432)</u>	<u>(16,240,253)</u>	<u>(10,081,609)</u>	<u>6,158,644</u>
Fund balance, July 1, 2021	<u>42,680,540</u>	<u>42,680,540</u>	<u>42,680,540</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 30,666,108</u>	<u>\$ 26,440,287</u>	<u>\$ 32,598,931</u>	<u>\$ 6,158,644</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
System development fees	\$ 608,000	\$ 608,000	\$ 629,865	\$ 21,865
Interest revenue	20,000	20,000	(154,346)	(174,346)
Total revenues	<u>628,000</u>	<u>628,000</u>	<u>475,519</u>	<u>(152,481)</u>
EXPENDITURES:				
General government	247,600	265,640	30,600	235,040
Public safety	1,772,835	1,750,714	1,019,657	731,057
Capital outlay	5,993,000	5,997,081	82,490	5,914,591
Bond issuance costs	—	—	35,918	(35,918)
Total expenditures	<u>8,013,435</u>	<u>8,013,435</u>	<u>1,168,665</u>	<u>6,844,770</u>
Excess (deficiency) of revenues over expenditures	<u>(7,385,435)</u>	<u>(7,385,435)</u>	<u>(693,146)</u>	<u>6,692,289</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	448,148	448,148
Face amount of bonds issued	6,980,000	6,980,000	6,490,202	(489,798)
Transfers out	(700,000)	(700,000)	—	700,000
Total other financing sources (uses)	<u>6,280,000</u>	<u>6,280,000</u>	<u>6,938,350</u>	<u>658,350</u>
Net change in fund balance	(1,105,435)	(1,105,435)	6,245,204	7,350,639
Fund balance (deficit), July 1, 2021	<u>(4,903,067)</u>	<u>(4,903,067)</u>	<u>(4,903,067)</u>	<u>—</u>
Fund balance (deficit), June 30, 2022	<u>\$ (6,008,502)</u>	<u>\$ (6,008,502)</u>	<u>\$ 1,342,137</u>	<u>\$ 7,350,639</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 171,000	\$ 171,000	\$ (289,460)	\$ (460,460)
Miscellaneous	—	—	20,467	20,467
Total revenues	<u>171,000</u>	<u>171,000</u>	<u>(268,993)</u>	<u>(439,993)</u>
EXPENDITURES:				
General government	1,102,977	622,296	—	622,296
Capital outlay	2,705,683	3,364,587	2,777,772	586,815
Total expenditures	<u>3,808,660</u>	<u>3,986,883</u>	<u>2,777,772</u>	<u>1,209,111</u>
Excess (deficiency) of revenues over expenditures	<u>(3,637,660)</u>	<u>(3,815,883)</u>	<u>(3,046,765)</u>	<u>769,118</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	300,000	300,000	183,901	(116,099)
Transfers in	3,040,289	3,040,289	3,040,290	1
Total other financing sources (uses)	<u>3,340,289</u>	<u>3,340,289</u>	<u>3,224,191</u>	<u>(116,098)</u>
Net change in fund balance	<u>(297,371)</u>	<u>(475,594)</u>	<u>177,426</u>	<u>653,020</u>
Fund balance, July 1, 2021	<u>9,512,002</u>	<u>9,512,002</u>	<u>9,512,002</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 9,214,631</u>	<u>\$ 9,036,408</u>	<u>\$ 9,689,428</u>	<u>\$ 653,020</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Interest revenue	\$ 103,000	\$ 103,000	\$ (207,211)	\$ (310,211)
Total revenues	<u>103,000</u>	<u>103,000</u>	<u>(207,211)</u>	<u>(310,211)</u>
EXPENDITURES:				
General government	2,716,495	2,029,153	995,033	1,034,120
Capital outlay	1,253,240	1,911,769	1,876,282	35,487
Total expenditures	<u>3,969,735</u>	<u>3,940,922</u>	<u>2,871,315</u>	<u>1,069,607</u>
Excess (deficiency) of revenues over expenditures	<u>(3,866,735)</u>	<u>(3,837,922)</u>	<u>(3,078,526)</u>	<u>759,396</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,837,922	3,837,922	3,853,946	16,024
Total other financing sources (uses)	<u>3,837,922</u>	<u>3,837,922</u>	<u>3,853,946</u>	<u>16,024</u>
Net change in fund balance	(28,813)	—	775,420	775,420
Fund balance, July 1, 2021	<u>4,983,859</u>	<u>4,983,859</u>	<u>4,983,859</u>	<u>—</u>
Fund balance, June 30, 2022	<u>\$ 4,955,046</u>	<u>\$ 4,983,859</u>	<u>\$ 5,759,279</u>	<u>\$ 775,420</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, 2022

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Charges for services	\$ 115,400	\$ 115,400	\$ 117,411	\$ 2,011
Interest revenue	9,400	9,400	(21,960)	(31,360)
Total revenues	124,800	124,800	95,451	(29,349)
EXPENDITURES:				
General government	51,000	—	—	—
Community services	650,000	650,000	59,746	590,254
Total expenditures	701,000	650,000	59,746	590,254
Net change in fund balance	(576,200)	(525,200)	35,705	560,905
Fund balance, July 1, 2021	710,025	710,025	710,025	—
Fund balance, June 30, 2022	\$ 133,825	\$ 184,825	\$ 745,730	\$ 560,905



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, 2022

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$23,114,467	\$ 276,773	\$ 8,549,326	\$31,940,566
Accounts receivable	2,289,693	119	36,190	2,326,002
Due from other governments	—	—	104,862	104,862
Inventories	—	17,363	—	17,363
Accrued interest receivable	45,790	—	17,534	63,324
Other receivables	33	—	—	33
Total current assets	<u>25,449,983</u>	<u>294,255</u>	<u>8,707,912</u>	<u>34,452,150</u>
Long-term assets:				
Notes receivable	—	—	154,750	154,750
Leases receivable	—	4,083,983	—	4,083,983
Capital assets:				
Non-depreciable	6,844,102	20,611,880	1,751,537	29,207,519
Depreciable, net	6,439,919	11,730,503	6,794,639	24,965,061
Total capital assets	<u>13,284,021</u>	<u>32,342,383</u>	<u>8,546,176</u>	<u>54,172,580</u>
Total long-term assets	<u>13,284,021</u>	<u>36,426,366</u>	<u>8,700,926</u>	<u>58,411,313</u>
Total assets	<u>38,734,004</u>	<u>36,720,621</u>	<u>17,408,838</u>	<u>92,863,463</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of OPEB and pension plan items	<u>576,589</u>	<u>330,901</u>	<u>725,096</u>	<u>1,632,586</u>

LIABILITIES

Current liabilities:

Accounts payable	2,101,357	220,580	15,750	2,337,687
Accrued payroll	64,505	25,158	63,258	152,921
Trust liabilities and deposits	—	62,955	770,487	833,442
Customer advances	113,059	29,376	119,012	261,447
Compensated absences payable	16,013	7,732	15,867	39,612
Landfill closure and postclosure liability	94,446	—	—	94,446
Total current liabilities	<u>2,389,380</u>	<u>345,801</u>	<u>984,374</u>	<u>3,719,555</u>

Long-term liabilities:

Compensated absences payable	68,992	33,313	68,355	170,660
Net pension liability	766,909	983,022	1,776,383	3,526,314
OPEB liability	698,404	240,813	770,519	1,709,736
Landfill closure and postclosure liability	4,245,554	—	—	4,245,554
Total long-term liabilities	<u>5,779,859</u>	<u>1,257,148</u>	<u>2,615,257</u>	<u>9,652,264</u>
Total liabilities	<u>8,169,239</u>	<u>1,602,949</u>	<u>3,599,631</u>	<u>13,371,819</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	591,829	318,899	854,238	1,764,966
Deferred inflows of leases	—	4,042,618	—	4,042,618
Total deferred inflows of resources	<u>591,829</u>	<u>4,361,517</u>	<u>854,238</u>	<u>5,807,584</u>

NET POSITION

Net investment in capital assets	13,284,021	32,342,383	8,546,176	54,172,580
Unrestricted	17,265,504	(1,255,327)	5,133,889	21,144,066
Total net position	<u>\$30,549,525</u>	<u>\$31,087,056</u>	<u>\$13,680,065</u>	<u>\$75,316,646</u>



City of Chandler
Combining Statement of Revenues, Expenses and Changes in Net Position -
Non-Major Proprietary Funds
For the year ended June 30, 2022

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 17,629,367	\$ 800,482	\$ 175	\$ 18,430,024
Grants and entitlements	—	—	8,598,756	8,598,756
Rentals	—	13,200	1,415,619	1,428,819
Sales taxes	—	21,379	—	21,379
Miscellaneous	520	5,880	42,564	48,964
Total operating revenues	<u>17,629,887</u>	<u>840,941</u>	<u>10,057,114</u>	<u>28,527,942</u>
OPERATING EXPENSES:				
General and administrative	1,027,221	102,341	—	1,129,562
Personnel services	1,789,679	554,368	1,822,087	4,166,134
Contractual services	12,426,796	95,169	902,172	13,424,137
Commodities	869,095	190,735	810,100	1,869,930
Housing assistance payments	—	—	5,803,477	5,803,477
Depreciation and amortization expense	615,023	1,014,173	617,295	2,246,491
Total operating expenses	<u>16,727,814</u>	<u>1,956,786</u>	<u>9,955,131</u>	<u>28,639,731</u>
OPERATING INCOME (LOSS)	<u>902,073</u>	<u>(1,115,845)</u>	<u>101,983</u>	<u>(111,789)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	(665,372)	99,731	(241,089)	(806,730)
Total nonoperating revenues (expenses)	<u>(665,372)</u>	<u>99,731</u>	<u>(241,089)</u>	<u>(806,730)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>236,701</u>	<u>(1,016,114)</u>	<u>(139,106)</u>	<u>(918,519)</u>
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	—	784,839	—	784,839
Transfers in	—	841,340	285,000	1,126,340
Transfers out	(113,831)	(31,996)	—	(145,827)
Total capital contributions and transfers	<u>(113,831)</u>	<u>1,594,183</u>	<u>285,000</u>	<u>1,765,352</u>
CHANGE IN NET POSITION	122,870	578,069	145,894	846,833
NET POSITION				
Beginning of year	30,426,655	30,508,987	13,534,171	74,469,813
End of year	<u>\$ 30,549,525</u>	<u>\$ 31,087,056</u>	<u>\$ 13,680,065</u>	<u>\$ 75,316,646</u>

City of Chandler
Combining Statement of Cash Flows -
Non-Major Proprietary Funds
For the year ended June 30, 2022

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 17,738,008	\$ 808,006	\$ 1,519,789	\$ 20,065,803
Cash received from grantors	—	33,600	8,543,350	8,576,950
Cash payments to suppliers	(13,478,539)	(201,633)	(7,549,943)	(21,230,115)
Cash payments to employees for services	(1,833,706)	(567,830)	(1,871,748)	(4,273,284)
Net cash provided (used) by operating activities	<u>2,425,763</u>	<u>72,143</u>	<u>641,448</u>	<u>3,139,354</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	—	841,340	285,000	1,126,340
Transfers out	(113,831)	(31,996)	—	(145,827)
Net cash provided (used) by noncapital financing activities	<u>(113,831)</u>	<u>809,344</u>	<u>285,000</u>	<u>980,513</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(221,443)	(734,189)	(376,779)	(1,332,411)
Net cash provided (used) by capital and related financing activities	<u>(221,443)</u>	<u>(734,189)</u>	<u>(376,779)</u>	<u>(1,332,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	(669,073)	99,731	(242,744)	(812,086)
Net cash provided (used) by investing activities	<u>(669,073)</u>	<u>99,731</u>	<u>(242,744)</u>	<u>(812,086)</u>
Net increase (decrease) in cash and cash equivalents	1,421,416	247,029	306,925	1,975,370
CASH AND CASH EQUIVALENTS:				
Beginning of year	21,693,051	29,744	8,242,401	29,965,196
End of year	<u>\$ 23,114,467</u>	<u>\$ 276,773</u>	<u>\$ 8,549,326</u>	<u>\$ 31,940,566</u>

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

Operating income (loss)	\$ 902,073	\$ (1,115,845)	\$ 101,983	\$ (111,789)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	615,023	1,014,173	617,295	2,246,491
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	76,083	(4,083,714)	(50,274)	(4,057,905)
(Increase) decrease in due from other governments	—	33,600	—	33,600
(Increase) decrease in inventories	—	19,245	—	19,245
(Increase) decrease in other assets	—	—	(168,375)	(168,375)
Increase (decrease) in payables	844,573	167,367	(34,194)	977,746
Increase (decrease) in accrued payroll and compensated absences	(2,781)	12,268	(9,211)	276
Increase (decrease) in deposits	—	5,425	152,384	157,809
Increase (decrease) in customer advances	32,038	2,736	(96,085)	(61,311)
Increase (decrease) in net pension items	(223,624)	(84,980)	(59,431)	(368,035)
Increase (decrease) in OPEB liability	182,378	59,250	187,356	428,984
Increase (decrease) in lease deferred inflows		4,042,618		4,042,618
Total adjustments	1,523,690	1,187,988	539,465	3,251,143
Net cash provided (used) by operating activities	\$ 2,425,763	\$ 72,143	\$ 641,448	\$ 3,139,354

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ —	\$ 784,839	\$ —	\$ 784,839
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3 - Statistical Section



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

“Moving Forward Together”



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

CITY OF CHANDLER, ARIZONA

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends Schedules 1-6 contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	142
Revenue Capacity Schedules 7-9 contain information to help the reader assess the factors affecting the City’s ability to generate its sales and use tax.	158
Debt Capacity Schedules 10-13b present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. Schedules 14-30 provide additional information for continuing disclosure purposes.	162
Demographic and Economic Information 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.	186
Operating Information 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.	188

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			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 558,279,485	\$ 563,033,503	\$ 567,041,560	\$ 579,591,241
Restricted	112,307,412	105,723,768	108,965,994	121,767,847
Unrestricted	179,518,042	183,088,676	7,709,550	(5,872,464)
Total governmental activities net position	<u>850,104,939</u>	<u>851,845,947</u>	<u>683,717,104</u>	<u>695,486,624</u>
Business-type activities				
Net investment in capital assets	355,015,004	388,837,444	380,427,606	342,252,306
Restricted	—	—	119,075	31,365,801
Unrestricted	176,961,822	206,284,498	217,824,645	258,806,679
Total business-type activities net position	<u>531,976,826</u>	<u>595,121,942</u>	<u>598,371,326</u>	<u>632,424,786</u>
Primary government				
Net investment in capital assets	913,294,489	951,870,947	947,469,166	921,843,547
Restricted	112,307,412	105,723,768	109,085,069	153,133,648
Unrestricted	356,479,864	389,373,174	225,534,195	252,934,215
Total primary government net position	<u>\$ 1,382,081,765</u>	<u>\$ 1,446,967,889</u>	<u>\$ 1,282,088,430</u>	<u>\$ 1,327,911,410</u>

Schedule 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 587,213,640	\$ 536,086,249	\$ 575,953,033	\$ 547,511,826	\$ 555,107,220	\$ 536,775,941
122,006,140	168,510,855	173,490,725	191,839,529	189,214,016	194,380,531
(36,358,845)	(65,575,548)	(72,592,489)	(8,655,932)	(6,761,531)	63,657,816
672,860,935	639,021,556	676,851,269	730,695,423	737,559,705	794,814,288
439,823,546	467,799,036	481,911,949	477,329,239	458,616,595	473,953,519
32,977,926	33,447,434	31,523,149	33,750,526	32,154,205	31,745,566
176,390,803	243,735,547	249,131,813	267,005,635	299,755,652	283,463,157
649,192,275	744,982,017	762,566,911	778,085,400	790,526,452	789,162,242
1,027,037,186	1,003,885,285	1,057,864,982	1,024,841,065	1,013,723,815	1,010,729,460
155,184,734	201,958,289	205,013,874	225,590,055	221,368,221	226,126,097
139,831,290	178,159,999	176,539,324	258,349,703	292,994,121	347,120,973
\$ 1,322,053,210	\$ 1,384,003,573	\$ 1,439,418,180	\$ 1,508,780,823	\$ 1,528,086,157	\$ 1,583,976,530

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 90,143,339	\$ 99,231,501	\$ 104,456,315	\$ 112,514,903
Public safety	95,974,126	94,738,371	102,050,425	111,568,323
Transportation and development	55,846,316	52,183,052	51,714,085	55,012,081
Community services	30,979,208	32,331,286	31,784,321	31,441,019
Interest and fiscal charges	11,777,701	10,044,363	6,986,490	7,884,146
Total governmental activities expenses	<u>284,720,690</u>	<u>288,528,573</u>	<u>296,991,636</u>	<u>318,420,472</u>
Business-type activities:				
Water	55,440,712	55,877,774	55,470,724	54,075,742
Wastewater	40,401,849	41,969,764	50,823,497	51,034,921
Solid waste	13,974,858	14,131,202	14,087,780	13,925,017
Airport	1,960,788	1,980,706	1,860,057	2,011,880
Chandler housing authority	7,473,891	7,616,301	7,433,284	7,267,806
Total business-type activities expenses	<u>119,252,098</u>	<u>121,575,747</u>	<u>129,675,342</u>	<u>128,315,366</u>
Total primary government expenses	<u>\$ 403,972,788</u>	<u>\$ 410,104,320</u>	<u>\$ 426,666,978</u>	<u>\$ 446,735,838</u>

Schedule 2a

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 104,998,802	\$ 113,587,478	\$ 114,373,302	\$ 138,850,297	\$ 162,849,542	\$ 157,127,919
149,366,614	112,371,723	124,906,187	109,544,169	122,146,366	104,673,550
56,752,197	55,287,494	53,806,473	59,777,330	58,847,053	56,403,523
32,599,549	36,824,102	36,990,853	38,195,563	39,565,719	41,563,661
6,623,830	6,716,119	7,046,655	6,885,184	6,653,197	6,014,168
<u>350,340,992</u>	<u>324,786,916</u>	<u>337,123,470</u>	<u>353,252,543</u>	<u>390,061,877</u>	<u>365,782,821</u>
63,236,746	61,513,990	58,297,769	60,330,758	62,049,102	61,264,619
58,112,931	60,605,779	61,218,775	66,788,084	62,753,454	63,037,577
14,380,178	14,531,558	15,221,985	16,522,728	17,040,309	16,727,814
1,893,830	1,841,718	2,038,417	2,382,288	2,186,724	1,956,786
7,728,876	8,109,635	8,478,235	8,710,570	9,207,531	9,955,131
<u>145,352,561</u>	<u>146,602,680</u>	<u>145,255,181</u>	<u>154,734,428</u>	<u>153,237,120</u>	<u>152,941,927</u>
<u>\$ 495,693,553</u>	<u>\$ 471,389,596</u>	<u>\$ 482,378,651</u>	<u>\$ 507,986,971</u>	<u>\$ 543,298,997</u>	<u>\$ 518,724,748</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 35,898,378	\$ 38,832,217	\$ 39,207,061	\$ 42,021,638
Public safety	7,375,050	5,861,044	6,469,215	7,471,344
Transportation and development	10,150,102	16,145,692	14,438,138	16,538,175
Community services	8,240,732	7,744,507	7,551,166	10,792,114
Operating grants and contributions	3,999,536	4,744,636	3,514,714	5,188,787
Capital grants and contributions	9,116,635	10,170,236	13,133,637	16,725,462
Total governmental activities program revenues	<u>74,780,433</u>	<u>83,498,332</u>	<u>84,313,931</u>	<u>98,737,520</u>
Business-type activities:				
Charges for services:				
Water	48,258,282	49,588,376	48,045,103	50,483,097
Wastewater	37,690,400	40,509,289	45,666,777	51,321,346
Solid waste	13,836,363	14,034,894	14,140,246	14,940,591
Airport	976,102	961,067	1,010,288	946,419
Chandler housing authority	637,329	806,540	877,380	946,408
Operating grants and contributions	5,785,335	5,457,991	5,862,477	5,784,021
Capital grants and contributions	81,572,568	72,176,582	35,357,741	32,690,364
Total business-type activities program revenues	<u>188,756,379</u>	<u>183,534,739</u>	<u>150,960,012</u>	<u>157,112,246</u>
Total primary government program revenues	<u>\$ 263,536,812</u>	<u>\$ 267,033,071</u>	<u>\$ 235,273,943</u>	<u>\$ 255,849,766</u>
Net (expense)/revenue				
Governmental activities	\$(209,940,257)	\$(205,030,041)	\$(212,677,705)	\$(219,682,952)
Business-type activities	69,504,281	61,958,992	21,284,670	28,796,880
Total primary government net (expense)	<u>\$(140,435,976)</u>	<u>\$(143,071,049)</u>	<u>\$(191,393,035)</u>	<u>\$(190,886,072)</u>

Schedule 2b

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 41,400,079	\$ 43,089,930	\$ 43,622,807	\$ 43,203,865	\$ 42,011,670	\$ 42,734,281
6,561,052	6,100,584	4,998,779	6,512,002	5,073,984	5,714,382
16,333,273	17,145,894	14,869,670	16,420,652	14,266,302	13,044,002
10,732,351	9,180,276	7,583,513	5,623,796	5,437,401	6,033,727
4,481,750	3,988,629	4,522,345	31,052,185	18,694,567	17,863,747
9,702,683	9,340,818	10,510,464	18,714,457	16,573,341	18,678,027
89,211,188	88,846,131	86,107,578	121,526,957	102,057,265	104,068,166
53,251,020	54,031,592	52,459,720	54,722,296	58,755,999	54,911,138
53,563,934	56,367,650	56,055,131	61,531,949	61,971,940	61,109,393
15,648,992	16,307,409	16,107,922	16,757,829	17,480,050	17,629,367
950,294	963,827	906,557	880,194	893,268	813,683
954,070	1,085,013	1,155,430	1,188,570	1,262,966	1,415,794
6,198,797	6,350,858	7,224,669	7,137,950	7,965,078	8,598,756
27,645,932	22,360,158	18,335,155	14,190,016	14,355,873	12,887,544
158,213,039	157,466,507	152,244,584	156,408,804	162,685,174	157,365,675
<u>\$ 247,424,227</u>	<u>\$ 246,312,638</u>	<u>\$ 238,352,162</u>	<u>\$ 277,935,761</u>	<u>\$ 264,742,439</u>	<u>\$ 261,433,841</u>
\$ (261,129,804)	\$ (235,940,785)	\$ (251,015,892)	\$ (231,725,586)	\$ (288,004,612)	\$ (261,714,655)
12,860,478	10,863,827	6,989,403	1,674,376	9,448,054	4,423,748
<u>\$ (248,269,326)</u>	<u>\$ (225,076,958)</u>	<u>\$ (244,026,489)</u>	<u>\$ (230,051,210)</u>	<u>\$ (278,556,558)</u>	<u>\$ (257,290,907)</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 29,656,415	\$ 28,348,952	\$ 28,708,033	\$ 29,214,103
Sales taxes	102,200,517	103,880,801	108,657,130	112,250,883
Highway user taxes	12,929,504	13,352,622	14,633,470	15,303,635
Other taxes	6,295,212	3,243,937	10,106,891	6,100,475
Franchise fees	2,936,533	3,145,449	3,300,129	3,344,817
State shared	51,347,206	55,423,759	59,236,588	60,712,442
Investment income	2,843,417	1,869,128	1,763,585	3,834,840
Miscellaneous	2,181,627	819,766	1,197,215	1,124,559
Transfers in (out)	(102,875)	(132,082)	(123,350)	(433,282)
Total governmental activities	<u>210,287,556</u>	<u>209,952,332</u>	<u>227,479,691</u>	<u>231,452,472</u>
Business-type activities:				
Sales taxes	—	70,065	10,865	10,391
Investment income	1,180,290	788,025	819,556	2,180,447
Miscellaneous	1,409,437	1,683,332	2,475,760	2,632,460
Transfers in (out)	102,875	132,082	123,350	433,282
Total business-type activities:	<u>2,692,602</u>	<u>2,673,504</u>	<u>3,429,531</u>	<u>5,256,580</u>
Total primary government	<u>\$ 212,980,158</u>	<u>\$ 212,625,836</u>	<u>\$ 230,909,222</u>	<u>\$ 236,709,052</u>
Change in Net Position				
Governmental activities	\$ 347,299	\$ 4,922,291	\$ 14,801,986	\$ 11,769,520
Business-type activities	72,196,883	64,632,496	24,714,201	34,053,460
Total primary government	<u>\$ 72,544,182</u>	<u>\$ 69,554,787</u>	<u>\$ 39,516,187</u>	<u>\$ 45,822,980</u>

Schedule 2c

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 29,837,763	\$ 30,816,495	\$ 32,550,250	\$ 34,419,182	\$ 36,371,978	\$ 39,560,904
120,189,651	127,584,410	139,851,355	140,644,918	157,513,686	182,028,630
16,683,743	16,135,949	17,301,902	16,996,911	18,108,310	19,460,326
664,616	940,203	866,267	1,153,237	2,226,568	2,210,634
3,285,267	3,571,744	3,567,184	3,441,225	3,823,524	3,861,042
65,924,228	64,723,211	67,156,430	70,769,943	80,699,253	87,038,075
1,063,997	1,531,766	14,822,135	16,951,295	584,026	(15,954,424)
1,014,665	1,502,418	1,261,279	2,085,020	1,820,520	1,916,550
(159,815)	(4,175,579)	(90,680)	(891,991)	105,991	(1,103,279)
<u>238,504,115</u>	<u>242,630,617</u>	<u>277,286,122</u>	<u>285,569,740</u>	<u>301,253,856</u>	<u>319,018,458</u>
10,682	13,769	17,347	15,521	16,516	21,379
938,491	854,848	7,742,589	9,974,135	249,448	(7,617,417)
2,798,023	14,923,212	2,842,825	2,962,466	2,833,025	2,811,515
159,815	4,175,579	90,680	891,991	(105,991)	1,103,279
<u>3,907,011</u>	<u>19,967,408</u>	<u>10,693,441</u>	<u>13,844,113</u>	<u>2,992,998</u>	<u>(3,681,244)</u>
<u>\$ 242,411,126</u>	<u>\$ 262,598,025</u>	<u>\$ 287,979,563</u>	<u>\$ 299,413,853</u>	<u>\$ 304,246,854</u>	<u>\$ 315,337,214</u>
\$ (22,625,689)	\$ 6,689,832	\$ 26,270,230	\$ 53,844,154	\$ 13,249,244	\$ 57,303,803
16,767,489	30,831,235	17,682,844	15,518,489	12,441,052	742,504
<u>\$ (5,858,200)</u>	<u>\$ 37,521,067</u>	<u>\$ 43,953,074</u>	<u>\$ 69,362,643</u>	<u>\$ 25,690,296</u>	<u>\$ 58,046,307</u>

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

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable	\$ 938,549	\$ 892,533	\$ 941,359	\$ 907,594
Restricted	939,867	1,166,105	1,792,180	1,566,618
Assigned	101,115,766	95,185,696	102,222,466	109,958,162
Unassigned	66,077,714	82,453,462	80,152,269	68,567,835
Total general fund	<u>\$ 169,071,896</u>	<u>\$ 179,697,796</u>	<u>\$ 185,108,274</u>	<u>\$ 181,000,209</u>
All other governmental funds				
Nonspendable	—	—	—	—
Restricted	111,367,545	104,557,663	107,173,814	120,201,229
Unassigned	(13,646,428)	(11,034,021)	(15,322,260)	(11,877,159)
Total all other governmental funds	<u>\$ 97,721,117</u>	<u>\$ 93,523,642</u>	<u>\$ 91,851,554</u>	<u>\$ 108,324,070</u>

Schedule 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 979,446	\$ 813,143	\$ 866,239	\$ 985,396	\$ 1,051,638	\$ 1,103,805
1,451,061	1,980,807	2,179,767	1,710,608	1,711,242	1,324,539
101,620,277	116,359,633	131,214,214	139,326,860	143,763,585	192,983,983
87,492,981	65,182,337	66,035,760	90,887,858	96,065,934	86,626,252
<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>	<u>\$ 282,038,579</u>
\$ 7,422	\$ —	\$ —	\$ —	\$ —	\$ —
120,640,190	166,570,330	171,310,958	190,128,921	187,759,476	193,055,992
(11,350,383)	(2,555,420)	(5,758,986)	(7,697,792)	(7,226,577)	(2,361,250)
<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>	<u>\$ 190,694,742</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Property taxes	\$ 29,841,739	\$ 28,442,823	\$ 28,899,684	\$ 29,237,607
Sales taxes	102,200,517	103,880,801	108,657,130	112,250,883
Highway user taxes	12,929,504	13,352,622	14,633,470	15,303,635
Other taxes	6,295,212	3,243,937	10,106,891	6,100,475
Franchise fees	2,936,533	3,145,449	3,300,129	3,344,817
State shared revenues	51,347,206	55,423,759	59,236,588	60,712,442
Grants and entitlements	9,480,090	10,187,895	10,638,831	16,159,064
System development fees	7,781,083	11,846,275	10,585,623	16,217,004
Special assessments	676,127	678,843	573,438	606,757
Licenses and permits	4,887,466	5,479,384	5,146,556	6,634,161
Charges for services	19,786,513	20,269,976	20,110,036	19,705,786
Fines and forfeitures	5,825,098	4,622,215	4,601,501	4,828,174
Rentals	570,638	732,807	751,163	974,192
Contributions	100,000	100,000	150,000	200,000
Interest revenue	2,529,078	1,623,973	1,562,241	3,409,065
Miscellaneous	1,384,123	650,117	572,252	897,102
Total revenues	\$ 258,570,927	\$ 263,680,876	\$ 279,525,533	\$ 296,581,164

Schedule 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 29,692,846	\$ 30,819,812	\$ 32,526,357	\$ 34,334,216	\$ 36,409,345	\$ 39,540,557
120,189,651	127,584,410	139,851,355	140,644,918	157,513,686	182,028,630
16,683,743	16,135,949	17,301,902	16,996,911	18,108,310	19,460,326
664,616	940,203	866,267	1,153,237	2,226,568	2,210,634
3,285,267	3,571,744	3,567,184	3,441,225	3,823,524	3,861,042
65,924,228	64,723,211	67,156,430	70,769,943	80,699,253	87,038,075
12,677,860	12,111,857	11,911,639	49,719,415	29,417,028	36,022,070
14,683,327	13,982,674	9,023,678	8,730,973	8,207,728	5,031,031
607,191	611,499	610,501	508,485	587,020	610,719
7,075,996	6,394,322	7,268,592	7,760,403	6,656,737	6,915,745
20,869,517	21,827,375	21,512,737	20,355,702	19,631,389	22,565,072
3,908,387	4,865,783	4,234,286	5,571,322	2,920,173	3,439,778
678,387	127,575	127,206	213,345	174,766	119,710
200,000	200,000	200,000	596,153	5,201,737	254,874
921,195	1,398,729	13,268,020	15,017,352	533,383	(14,687,606)
494,984	974,107	923,369	1,471,977	1,105,070	1,310,929
<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>	<u>\$ 395,721,586</u>

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

	Fiscal Year			
	2013	2014	2015	2016
General government	\$ 44,512,533	\$ 46,807,747	\$ 46,895,106	\$ 52,138,384
Public safety	89,587,613	90,068,218	93,773,306	104,605,663
Transportation and development	24,807,578	23,418,175	24,769,553	25,471,154
Community services	23,554,854	23,771,925	24,569,283	24,988,844
Capital improvements	41,793,319	45,657,265	56,539,116	50,009,243
Debt service:				
Principal retirement	26,870,000	15,955,000	21,490,000	17,465,000
Interest and fiscal charges	11,908,025	10,682,206	7,737,974	8,635,631
Bond issuance costs	—	145,970	722,293	—
Total expenditures	\$ 263,033,922	\$ 256,506,506	\$ 276,496,631	\$ 283,313,919
Debt service as a percentage of noncapital expenditures	16.4 %	11.7 %	12.3 %	10.2 %

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

Schedule 5

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 50,892,490	\$ 55,706,708	\$ 58,070,201	\$ 79,624,174	\$ 93,482,842	\$ 90,412,233	
103,167,906	109,736,277	111,496,663	113,166,600	119,357,759	123,991,198	
28,294,221	27,750,365	25,871,080	30,117,735	63,281,132	27,995,477	
26,605,279	27,088,640	27,712,871	28,344,665	29,084,081	30,855,014	
44,712,255	71,268,257	69,006,722	77,024,413	61,907,124	63,832,358	
25,240,000 (1)	20,264,000	22,820,000	21,340,000	19,980,000	32,887,716	
7,689,305	7,918,081	8,270,161	8,073,320	7,801,885	7,102,529	
249,838	252,611	—	319,631	—	401,284	
<u>\$ 286,851,294</u>	<u>\$ 319,984,939</u>	<u>\$ 323,247,698</u>	<u>\$ 358,010,538</u>	<u>\$ 394,894,823</u>	<u>\$ 377,477,809</u>	
12.9 %	10.4 %	11.2 %	9.7 %	7.8 %	10.8 %	

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

	Fiscal Year			
	2013	2014	2015	2016
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	76,381	161,126	103,964	463,709
Payment to escrow agent	—	(9,061,800)	(143,635,520)	—
Transfers in	32,849,979	24,586,418	28,717,990	27,885,557
Transfers out	(33,997,394)	(25,653,741)	(29,776,581)	(29,252,060)
Total other financing sources (uses)	(1,071,034)	(745,945)	709,488	(902,794)
Net change in fund balance	<u>\$ (5,533,759)</u>	<u>\$ 6,428,425</u>	<u>\$ 3,738,390</u>	<u>\$ 12,364,451</u>

Schedule 6

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 6,339,230	\$ 3,609,365	\$ —	\$ 2,927,904	\$ —	\$ 2,160,918
25,500,000	58,740,000	—	30,400,000	—	58,244,909
652,882	213,829	1,356,796	396,924	225,081	1,566,455
(31,589,392)	—	—	—	—	(26,716,745)
28,116,369	46,032,351	45,484,505	39,282,296	44,961,787	28,249,623
(29,208,275)	(47,370,020)	(48,005,487)	(42,788,264)	(47,364,881)	(32,091,700)
(189,186)	61,225,525	(1,164,186)	30,218,860	(2,178,013)	31,413,460
<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>	<u>\$ 49,657,237</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Amusements	\$ 717,442	\$ 728,110	\$ 895,730	\$ 1,019,939
Contracting	10,408,518	9,780,645	8,870,092	8,855,057
General Retail	45,331,307	47,454,682	49,740,000	51,191,162
Hotel/Motel	2,288,989	2,472,754	2,892,470	2,957,685
Miscellaneous Related Revenue (1)	2,937,426	2,660,201	2,815,040	2,745,130
Publishing	334,981	258,547	260,712	248,433
Rentals - Personal Property	2,884,618	2,949,421	3,261,716	3,125,459
Rentals - Real Property	10,817,611	11,058,203	11,967,509	13,217,561
Restaurant/Bar	9,069,109	9,542,714	10,188,718	10,752,479
Telecommunications	3,731,350	3,533,636	3,435,949	3,234,369
Use Tax	1,315,599	1,090,428	1,145,534	1,127,257
Proposition 207	—	—	—	—
Utilities	12,363,565	12,421,526	13,194,526	13,786,741
Total Sales and Use Taxes	\$ 102,200,515	\$ 103,950,867	\$ 108,667,996	\$ 112,261,272
City Direct Sales Tax Rate (2)	1.75%	1.75%	1.76%	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.
- (4) In Fiscal Year 2021-22, the City did a restatement due to a utility customer being overbilled; prior years have not been restated.

Schedule 7

Fiscal Year						
2017	2018	2019	(3)	2020	2021	2022
\$ 1,019,938	\$ 1,083,161	\$ 1,318,195		\$ 972,105	\$ 789,411	\$ 1,348,862
11,496,791	12,388,978	17,228,786		12,824,214	14,446,470	17,894,817
53,137,169	56,605,561	60,029,293		64,911,529	75,590,425	85,823,599
3,424,279	3,712,085	4,099,450		3,560,787	3,215,504	5,980,467
2,527,981	2,328,030	1,757,235		1,710,004	2,152,443	3,983,534
186,862	182,820	207,462		177,542	197,578	204,025
3,611,180	3,676,196	4,076,298		4,282,451	3,760,815	4,207,664
13,647,156	15,134,275	16,506,671		18,184,361	19,214,217	20,876,574
11,341,714	11,872,941	12,773,198		11,978,625	13,099,159	16,324,360
2,796,065	2,395,673	2,191,747		2,337,375	1,751,284	1,571,877
3,619,340	4,394,129	5,461,771		5,335,557	7,636,473	6,966,021
—	—	—		—	256,702	1,276,846
13,391,857	13,824,331	14,218,596		14,385,889	15,419,721	15,591,363 (4)
<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>	<u>\$ 182,050,009</u>
1.75%	1.74%	1.74%		1.73%	1.70%	1.70%

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

Schedule 8

Fiscal Year	Overlapping Rates			
	City Direct Tax Rate (1)	Maricopa County Tax Rate (2)	State of Arizona Tax Rate (3)	Tourism & Sports Authority Tax Rate (4)
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%
2022	1.70%	0.65%	4.94%	0.03%

Source: City of Chandler, Management Services Department

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

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

Schedule 9

Taxpayer	Business Type	Fiscal Year 2022		Fiscal Year 2013		Rank	Percentage of Total Sales and Use Tax Payments
		Sales and Use Tax Payments	Rank	Sales and Use Tax Payments	Rank		
Taxpayer A	Utility	\$12,391,436	1	6.85%	\$ 9,485,155	1	9.28%
Taxpayer B	Department Store	5,026,561	2	2.78%	3,026,748	2	2.96%
Taxpayer C	Grocery Store	3,480,849	3	1.93%	2,318,356	3	2.27%
Taxpayer D	Department Store	3,453,166	4	1.91%	1,872,702	4	1.83%
Taxpayer E	Retailer	3,429,997	5	1.90%			
Taxpayer F	Construction	3,006,417	6	1.66%	1,359,768	6	1.33%
Taxpayer G	Retailer	2,890,231	7	1.60%	1,442,618	5	1.41%
Taxpayer H	Retailer	2,366,238	8	1.31%			
Taxpayer I	Vehicle Dealer	2,139,093	9	1.18%			
Taxpayer J	Commercial Leasing	1,622,400	10	0.90%			
Taxpayer K	Telecommunications				1,325,562	7	1.30%
Taxpayer L	Department Store				1,315,231	8	1.29%
Taxpayer M	Utility				1,288,135	9	1.26%
Taxpayer N	Department Store				1,198,573	10	1.17%
		<u>\$39,806,388</u>		<u>22.02%</u>	<u>\$ 24,632,848</u>		<u>24.10%</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	
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	
2022	208,979,909	—	635,000	15,043,211	—	11,028	

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	
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	—	
2015	140,072,000	31,610,000	142,200,000	11,567,086	1,324,131	8,502,636	
2016	127,782,000	24,850,000	204,090,000	10,630,056	832,855	8,040,688	
2017	115,722,000	9,595,000	198,520,000	12,263,924	624,642	11,447,974	
2018	105,707,000	7,845,000	230,635,000	11,025,887	416,428	15,075,185	
2019	95,901,000	4,685,000	222,575,000	9,898,570	202,401	17,271,299	
2020	86,261,000	2,340,000	228,985,000	8,773,210	—	15,979,766	
2021	76,936,000	—	219,780,000	7,647,850	—	15,312,526	
2022	70,380,091	—	215,105,000	4,854,030	—	9,667,992	

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)
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
2022	299,257,241	4,290,154	294,967,087	48,805,511,338	0.60%	524,676,261	3.95%	1,855

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, 2022

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	None	4.67 %	None
Maricopa County	None	7.09	None
Maricopa County Community College District	\$ 184,715,000	7.09	\$ 13,099,988
Maricopa County Special Healthcare District	640,695,000	7.09	45,438,089
Chandler Unified School District No. 80	385,946,112	75.35	290,818,114
Kyrene Elementary School District No. 28	213,060,000	28.96	61,706,437
Mesa Unified School District No. 4	358,660,000	4.46	15,989,063
Gilbert Unified School District No. 41	156,110,000	2.74	4,271,170
Tempe Union High School District No. 213	76,755,000	16.63	12,764,357
East Valley Institute of Technology	None	14.43	None
Subtotal, overlapping debt			444,087,218
City direct debt	224,669,148	100.00	224,669,148
Total direct and overlapping debt			<u>\$ 668,756,366</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 2021-22 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			
	2013	2014	2015	2016
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 130,522,600	\$ 142,895,404	\$ 142,827,478	\$ 190,024,847
Total net debt applicable to limit	<u>10,869,000</u>	<u>10,198,000</u>	<u>9,848,400</u>	<u>9,427,250</u>
Legal debt margin	<u>\$ 119,653,600</u>	<u>\$ 132,697,404</u>	<u>\$ 132,979,078</u>	<u>\$ 180,597,597</u>
Total net debt applicable to the limit as a percentage of the debt limit	8.33%	7.14%	6.90%	4.96%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 435,075,335	\$ 476,318,016	\$ 476,091,596	\$ 633,416,159
Total net debt applicable to limit	<u>406,986,000</u>	<u>374,452,000</u>	<u>352,366,600</u>	<u>323,442,750</u>
Legal debt margin	<u>\$ 28,089,335</u>	<u>\$ 101,866,016</u>	<u>\$ 123,724,996</u>	<u>\$ 309,973,409</u>
Total net debt applicable to the limit as a percentage of the debt limit	93.54%	78.61%	74.01%	51.06%

Fiscal Year 2012-13 through Fiscal Year 2018-19: Piper Jaffray Inc.

Fiscal Year 2019-20 through Fiscal Year 2021-22: Piper Sandler Companies

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

Legal Debt Margin Calculation for Fiscal Year 2022

Full Cash Assessed Valuation as of June 30, 2022	\$ 5,012,820,890
Debt limit (6% of assessed value)	300,769,253
Debt applicable to limit:	
6% general obligation bonds	5,900,750
Excess premium on bonds outstanding	220,472
Legal 6% debt margin	<u>\$ 294,648,031</u>
Debt limit (20% of assessed value)	\$ 1,002,564,178
Debt applicable to limit:	
20% general obligation bonds	273,459,250
Excess premium on bonds outstanding	12,415,182
Legal 20% debt margin	<u>\$ 716,689,746</u>

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 198,432,895	\$ 209,370,282	\$ 232,258,669	\$ 258,505,031	\$ 280,953,536	\$ 300,769,253
8,952,650	14,974,350	12,511,300	9,772,578	6,759,506	6,121,222
<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>	<u>\$ 294,648,031</u>
4.51%	7.15%	5.39%	3.78%	2.41%	2.04%
\$ 661,442,986	\$ 697,900,943	\$ 774,195,564	\$ 861,683,439	\$ 936,511,789	\$ 1,002,564,178
300,592,650	324,166,628	298,881,202	303,956,132	277,073,742	285,874,432
<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>	<u>\$ 716,689,746</u>
45.44%	46.45%	38.61%	35.27%	29.59%	28.51%

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

Schedule 13a

Street & Highway Revenue Bonds						
Fiscal Year	Less:		Net Available Revenue	Debt Service		Coverage
	Highway User Taxes	Operating Expenses		Principal	Interest	
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	Less:		Net Available Revenue	Debt Service		Coverage
	Utility Service Charges	Operating Expenses		Principal	Interest	
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	Less:		Net Available Revenue	Debt Service		Coverage
	Excise Tax Collections	Operating Expenses		Principal	Interest	
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
2022	266,906,299	—	266,906,299	12,175,000	7,326,414	13.69

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

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

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

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

Schedule 13b

Wastewater Revenue Bonds							
Fiscal Year	Less:		Net Available Revenue	Debt Service		Coverage	
	Utility Service Charges	Operating Expenses		Principal	Interest		
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	25,520,769	36,451,171	—	—	—	

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

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

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

Schedule 14

Property Classification	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022
Mining, Utility, Commercial, and Industrial	18.00 %	18.00 %	18.00 %	18.00 %	17.50 %
Agriculture and Vacant Land	15.00	15.00	15.00	15.00	15.00
Owner-Occupied Residential	10.00	10.00	10.00	10.00	10.00
Leased or Rented Residential	10.00	10.00	10.00	10.00	10.00
Railroad, Private Car, and Airline Flight Property	14.00	15.00	15.00	15.00	15.00

Tax Year 2018 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 2022 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
2021-22	\$ 1.1126	\$ 38,884,287	\$ 38,437,588	98.85 %
2020-21	1.1201	36,379,535	36,041,018	99.07
2019-20	1.1281	34,039,034	33,597,309	98.70
2018-19	1.1386	31,655,843	31,714,236	100.00
2017-18	1.1400	30,612,579	30,321,360	99.05

Fiscal Year 2017-18 through 2018-19 Source: Piper Jaffray Inc. as compiled from County Department of Finance.

Fiscal Year 2019-20 through 2021-22 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, 2022

Schedule 16

	FY 2021-22 Net Limited Property Assessed Valuation	FY 2021-22 Total Tax Rate per \$100 Assessed Valuation
State of Arizona (1)	\$ 74,200,233,397	\$ —
Maricopa County	48,724,126,672	1.7722
Maricopa County Community College District	48,724,126,672	1.2257
Maricopa County Library District	48,724,126,672	0.0556
Maricopa County Flood Control District	42,084,633,673	0.1792
Maricopa County Fire District	48,724,126,672	0.0086
Maricopa County Special Health Care District	48,724,126,672	0.2970
Central Arizona Water Conservation District	48,834,616,505	0.1400
East Valley Institute of Technology District No. 401 (2)	23,998,252,082	0.0500
Chandler Unified School District No. 80	3,374,230,827	6.0780
Tempe Union High School District No. 213	4,201,600,213	2.4466
Kyrene Elementary School District No. 28	2,412,625,402	3.6784
Mesa Unified School District No. 4	3,544,450,333	7.0635
Gilbert Unified School District No. 41	2,356,761,360	6.0292
City of Chandler	3,463,794,661	1.1126

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

- (1) Includes the State Equalization Assistance Property Tax. This rate has been set at \$0.4263 for fiscal year 2021-22 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 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 2021-22 Net Full Cash Assessed Valuation	FY 2021-22 Annual Percentage Change
Mining, Utility, Commercial, and Industrial	\$1,027,345,765	\$1,102,515,089	\$1,246,170,328	\$1,412,928,374	\$1,488,882,870	5.10%
Agriculture and Vacant Land	74,055,978	75,266,539	78,888,739	77,850,859	76,801,910	(1.37)%
Owner-Occupied Residential	1,472,336,280	1,574,405,659	1,681,112,768	1,837,472,779	1,990,237,285	7.68%
Leased or Rented Residential	574,699,602	646,538,541	738,411,405	847,104,454	946,787,996	10.53%
Railroad, Private Car, and Airline Flight Property	1,910,025	1,782,690	1,910,025	2,011,500	2,011,500	0.00%
Historical Property	156,435,042	88,612,464	124,084,500	130,572,188	177,317,246	26.36%
Commercial Historic Property	432,241	383,733	400,055	477,042	520,137	8.29%
TOTAL	\$3,307,214,933	\$3,489,504,715	\$3,870,977,820	\$4,308,417,196	\$4,682,558,944	8.68%

Fiscal Year 2017-18 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 2021-22 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, 2022

Schedule 18

Taxpayer	Description	FY 2021-22 Net Limited Property Assessed Value	As % of Total FY 2021-22 Net Limited Property Assessed Value
Intel Corporation	Manufacturing Plant	\$ 228,775,877	6.60%
CyrusOne LLC	Data Center	32,821,538	0.95
Wells Fargo	Financial Services	23,782,384	0.69
TWC-Chandler LLC	Commercial Rental Property	20,416,068	0.59
CAZ 7 LLC	Manufacturing Plant	16,254,315	0.47
Microchip Technology	Manufacturing Plant	14,386,637	0.42
Bank of America	Financial Services	13,937,934	0.40
CAZ 1 DE LLC	Commercial Rental Property	12,571,668	0.36
NXP Semiconductors	Manufacturing Plant	11,331,274	0.33
Digital 2121 South Price LLC	Data Center	10,237,930	0.30
		\$ 384,515,625	11.11%

Total City Net Limited Property Assessed Valuation \$ 3,463,794,661

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
2021-22	\$40,751,143,934
2020-21	36,949,424,457
2019-20	33,312,389,044
2018-19	29,847,787,490
2017-18	28,994,768,811

Fiscal Year 2017-18 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 2021-22 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 2021-22	\$ 3,463,794,661	\$ 48,724,126,672	\$ 74,200,233,397
FY 2020-21	3,243,434,243	45,704,969,813	69,914,521,042
FY 2019-20	3,011,152,689	43,194,326,395	66,154,632,834
FY 2018-19	2,783,830,922	40,423,232,423	62,328,439,592
FY 2017-18	2,675,480,112	38,251,891,249	59,404,007,785

Comparative Net Full Cash Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
FY 2021-22	\$ 4,682,558,944	\$ 67,535,008,138	\$ 97,282,221,465
FY 2020-21	4,308,417,196	61,824,712,434	90,007,317,461
FY 2019-20	3,870,977,820	56,588,192,576	82,730,928,616
FY 2018-19	3,489,504,715	51,944,549,119	76,437,036,352
FY 2017-18	3,307,214,933	48,351,864,363	71,673,967,461

Fiscal Year 2017-18 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 2021-22 Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue) and Arizona Tax Research Association.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS
JUNE 30, 2022

Schedule 20

		Per Capital Bonded Debt Population Estimates @ 282,873 (1)	As % of City's 2021-22 Net Full Cash Assessed Value	As % of City's 2021-22 Estimated Net Full Cash Value
Direct General Obligation Bond Debt	\$ 279,360,000	\$ 987.58	5.97	0.69
Direct Overlapping General Obligation Bond Debt	\$ 709,798,933	\$ 2,509.25	15.16	1.74

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
2022 estimate	282,873 (1)	4,575,603 (2)	7,489,121 (2)
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 and Arizona Commerce Authority
- (3) U.S. Census Bureau

**CITY OF CHANDLER, ARIZONA
EXCISE TAX COLLECTIONS**

Schedule 22

	2017-18 (1)	2018-19 (1)	2019-20 (1)	2020-21 (1)	2021-22 (1)	Adopted 2022-23
Transaction Privilege Tax	\$ 127,584,410	\$ 138,888,825	\$ 140,798,389	\$ 155,638,444	\$ 178,567,736	\$ 174,940,200
State Shared Sales Tax	23,821,248	25,525,595	26,597,361	30,982,818	38,801,443	32,000,000
State Shared Income Tax	30,652,381	30,693,731	33,255,159	37,324,127	36,011,056	42,720,000
Franchise Fees	3,560,770	3,556,211	3,432,995	3,615,294	3,652,812	3,451,000
Licenses and Permits	6,512,930	7,398,669	7,908,291	6,835,817	7,086,928	6,903,500
Fines and Forfeitures	3,368,445	3,196,843	2,714,065	2,316,000	2,791,624	2,827,400
Totals	<u>\$ 195,500,184</u>	<u>\$ 209,259,874</u>	<u>\$ 214,706,260</u>	<u>\$ 236,712,500</u>	<u>\$ 266,911,599</u>	<u>\$ 262,842,100</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, 2022

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, 2022

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

	2017-18	2018-19	2019-20	2020-21	2021-22
System Revenues:					
Service Fees	\$110,399,242	\$108,514,851	\$116,254,245	\$120,727,939	\$116,020,531
Miscellaneous	953,964	130,001	97,652	35,573	568,571
Interest Income	780,250	6,817,699	8,772,310	264,558	(6,810,687)
Total System Revenues	<u>\$112,133,456</u>	<u>\$115,462,551</u>	<u>\$125,124,207</u>	<u>\$121,028,070</u>	<u>\$109,778,415</u>
System Expenditures:					
General and Administration	\$ 6,219,983	\$ 6,400,086	\$ 6,511,083	\$ 6,510,382	\$ 6,533,212
Personnel Services	16,343,098	16,548,508	17,613,794	17,923,155	17,632,637
Contractual Services	11,774,018	12,919,313	13,240,678	14,338,257	16,597,926
Commodities	30,463,463	23,034,508	25,283,817	21,857,415	22,851,386
Total System Expenditures	<u>\$ 64,800,562</u>	<u>\$ 58,902,415</u>	<u>\$ 62,649,372</u>	<u>\$ 60,629,209</u>	<u>\$ 63,615,161</u>
Net Income Available for Debt Service	\$ 47,332,894	\$ 56,560,136	\$ 62,474,835	\$ 60,398,861	\$ 46,163,254
Water and Sewer Revenues Bond (Senior Obligation) Debt Service	\$ 3,473,800	\$ 2,532,400	\$ 2,433,600	\$ —	\$ —
Approximate Debt Service Coverage for Senior Obligations	13.63x	22.33x	20.39x	N/A	N/A

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

Schedule 26

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

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, 2022

Schedule 27

Water	
Customer name	Amount
Intel Corporation	\$ 7,539,451
NXP Semiconductors	1,170,537
Chandler Unified School District	568,916
Air Products & Chemical	384,589
Digital 2121 South Price, LLC	170,484
Townsquare Apartments	132,287
TWC Chandler, LLC	118,593
Chandler Regional Medical Center/Dignity Health	113,566
Gleiberman Property inc.	109,229
MG Country Brook Apartments, LLC	89,340

Wastewater	
Customer name	Amount
Intel Corporation	\$ 10,525,045
NXP Semiconductors	1,778,410
Air Products & Chemical	666,212
Digital 2121 South Price, LLC	276,528
Chandler Unified School District	258,237
Gila River Indian Community (Lone Butte)	179,142
Chandler Regional Medical Center/Dignity Health	155,765
Microchip Technology	98,838
Ergon Asphalt and Emulsions	89,922
BMF IV AZ Laguna Village LLC	89,597

Source: City of Chandler, Management Services Department

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

	2013	2014	2015	2016
WATER				
Residential	73,551	74,319	75,035	75,883
Commercial	4,406	4,158	4,243	4,309
Multi-Unit	991	1,032	1,043	1,087
Industrial	50	56	58	61
Other	226	1,317	1,536	1,640
WASTEWATER				
Residential	72,067	72,862	73,363	74,346
Commercial	2,358	2,012	2,033	2,201
Multi-Unit	811	878	887	920
Industrial	39	37	37	34
Other	252	470	477	475

Source: City of Chandler, Management Services Department

Schedule 28

2017	2018	2019	2020	2021	2022
77,062	77,674	78,244	78,928	79,961	79,873
4,535	4,550	4,927	2,546	2,577	4,919
1,107	1,128	1,134	1,115	1,124	1,151
63	66	67	63	63	54
2,034	2,116	2,389	647	647	800
75,761	76,517	77,089	77,797	78,794	79,294
2,138	2,329	2,371	2,420	2,450	2,540
915	952	956	965	974	999
38	48	48	48	48	49
590	592	598	603	603	604

**CITY OF CHANDLER, ARIZONA
DELINQUENCIES ON PAYMENTS FOR THE ASSESSMENTS
JUNE 30, 2022**

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, 2022

Schedule 30

Overlapping Jurisdiction	2021-22 Overlapping General Obligation Bonded Debt	2021-22 Proportion Applicable to City of Chandler Approximate Percent	Net Debt Amount
State of Arizona	None	4.668 %	None
Maricopa County	None	7.092	None
Maricopa County Community College District	\$ 184,715,000	7.092	\$ 13,099,988
Maricopa County Special Healthcare District	640,695,000	7.092	45,438,089
Chandler Unified School District No. 80	385,946,112	75.352	290,818,114
Kyrene Elementary School District No. 28	213,060,000	28.962	61,706,437
Mesa Unified School District No. 4	358,660,000	4.458	15,989,063
Gilbert Unified School District No. 41	156,110,000	2.736	4,271,170
Tempe Union High School District No. 213	7,675,500,000	16.630	12,764,357
East Valley Institute of Technology District No. 401	None	14.434	None
City of Chandler	279,360,000	100.000	<u>279,360,000</u>
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$ 723,447,218</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>\$ 10.8701</u>
Inside Mesa Unified School District No. 4	<u>\$ 11.9044</u>

Inside Tempe Union High School District No. 213 and

Kyrene Elementary School District No. 28	<u>\$ 10.9659</u>
Inside Chandler Unified School District No. 80	<u>\$ 10.9189</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 2021-22 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)
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
2021-22	282,873	13,284,564,699	36.0	3.0	46,963

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	2022		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	12,000	1	7.92%
Wells Fargo Bank	5,500	2	3.63%
Chandler Unified School District	4,900	3	3.24%
Bank of America	3,800	4	2.51%
Chandler Regional Medical Center/Dignity Health	2,600	5	1.72%
Northrup Grumman	2,150	6	1.42%
NXP Semiconductors	1,700	7	1.12%
City of Chandler	1,700	7	1.12%
Microchip Technology	1,500	8	0.99%
PayPal	1,500	8	0.99%
Verizon Wireless	1,400	9	0.92%
Bashas Corporation	1,100	10	0.73%
Total	39,850		25.58%

Employer	2013		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,000	1	8.77%
Bank of America	3,600	2	2.87%
Chandler Unified School District	3,000	3	2.39%
Wells Fargo	2,600	4	2.07%
Chandler Regional Medical Center/Dignity Health	2,100	5	1.67%
PayPal	2,000	6	1.59%
Verizon Wireless	1,695	7	1.35%
City of Chandler	1,567	8	1.25%
Microchip Technology	1,540	9	1.23%
Freescale Semiconductor	1,450	10	1.16%
Total	30,552		24.35%

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**

	2012-13	2013-14	2014-15	2015-16	(1)
Full Time Equivalent Personnel					
Mayor and council	4	4	4	4	
City clerk	5	6	6	6	
City manager	178	174	176	240	
Communications/public affairs	19	13	13	15	
City magistrate	39	35	37	39	
Law	29	29	31	31	
Management services	72	66	69	67	
Total General Government	346	327	336	402	
Total Transportation and Development	163	159	165	150	
Total Community Services	192	199	198	156	
Police	468	467	483	490	
Fire	234	224	237	240	
Total Public Safety	702	691	720	730	
Municipal utilities administration	4	5	5	8	
Water	85	87	87	87	
Wastewater	46	46	62	65	
Solid waste	18	16	20	21	
Total Municipal Utilities	153	154	174	181	
Municipal utilities administration	—	—	—	—	
Water	—	—	—	—	
Wastewater	—	—	—	—	
Solid waste	—	—	—	—	
Public works administration	—	—	—	—	
Streets	—	—	—	—	
Total Public Works and Utilities	—	—	—	—	
Total Primary Government	1,556	1,530	1,593	1,619	(1)

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

2016-17	(2)	2017-18	2018-19	(3)	2019-20	2020-21	2021-22
11		4	5		5	5	6
7		6	6		6	6	4
206		199	193		194	198	196
15		15	14		15	14	12
38		40	37		40	33	35
31		30	32		32	31	32
64		67	68		67	66	59
<u>372</u>		<u>361</u>	<u>355</u>		<u>359</u>	<u>353</u>	<u>344</u>
<u>152</u>		<u>160</u>	<u>84</u>		<u>77</u>	<u>76</u>	<u>77</u>
<u>199</u>		<u>202</u>	<u>195</u>		<u>199</u>	<u>194</u>	<u>194</u>
<u>491</u>		<u>501</u>	<u>485</u>		<u>488</u>	<u>477</u>	<u>476</u>
<u>222</u>		<u>233</u>	<u>233</u>		<u>229</u>	<u>228</u>	<u>235</u>
<u>713</u>		<u>734</u>	<u>718</u>		<u>717</u>	<u>705</u>	<u>711</u>
<u>7</u>		<u>7</u>	<u>—</u>		<u>—</u>	<u>—</u>	<u>—</u>
<u>89</u>		<u>90</u>	<u>—</u>		<u>—</u>	<u>—</u>	<u>—</u>
<u>69</u>		<u>74</u>	<u>—</u>		<u>—</u>	<u>—</u>	<u>—</u>
<u>20</u>		<u>18</u>	<u>—</u>		<u>—</u>	<u>—</u>	<u>—</u>
<u>185</u>		<u>189</u>	<u>—</u>		<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>		<u>—</u>	<u>6</u>		<u>6</u>	<u>7</u>	<u>5</u>
<u>—</u>		<u>—</u>	<u>90</u>		<u>90</u>	<u>89</u>	<u>28</u>
<u>—</u>		<u>—</u>	<u>66</u>		<u>68</u>	<u>71</u>	<u>47</u>
<u>—</u>		<u>—</u>	<u>19</u>		<u>21</u>	<u>21</u>	<u>21</u>
<u>—</u>		<u>—</u>	<u>1</u>		<u>2</u>	<u>2</u>	<u>2</u>
<u>—</u>		<u>—</u>	<u>70</u>		<u>78</u>	<u>79</u>	<u>58</u>
<u>—</u>		<u>—</u>	<u>252</u>		<u>265</u>	<u>269</u>	<u>161</u>
<u>1,621</u>	(2)	<u>1,646</u>	<u>1,604</u>	(3)	<u>1,617</u>	<u>1,597</u>	<u>1,487</u>

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

Function/Program	2012-13	2013-14	2014-15	2015-16
General Government				
Privilege tax licenses	27,387	27,467	28,224	29,582
Meeting notices posted	584	564	544	565
City council actions and agenda items prepared	834	780	867	844
Grant awards received	43	53	51	46
Inventory turnover ratio	1.89	2.10	1.57	1.74
Transportation & Development				
Building permits issued	3,785	5,490	5,170	5,142
Community Services				
Library circulation	2,395,192	2,332,758	2,163,076	2,101,421
Center for the Arts events & exhibits	1,003	938	939	985
Public Safety				
Crime rate (per 1,000 population)	28	27	23	26
Total calls for police services (estimated)	137,485	145,400	139,177	145,466
Total calls for fire services	18,474	18,865	22,785	23,966
Fire inspections	5,029	5,442	4,692	5,814
Fire investigations	22	16	27	30
Municipal Utilities				
Water connections	79,278	79,766	80,401	83,089
Operating wells	26	27	28	28
Daily pumping capacity - wells (gallons)	64,790,000	64,710,000	64,400,000	66,300,000
Daily pumping capacity - plants (gallons)	72,000,000	72,000,000	72,000,000	72,000,000
Sewer connections	74,606	75,564	76,492	78,144
Sanitary sewer (miles)	869	890	911	917
Solid waste customers served	70,667	71,269	71,860	73,162
Solid waste refuse collected (tons)	86,557	83,950	84,209	81,653
Solid waste refuse recycled (tons)	20,680	21,046	22,442	22,102

Source: City of Chandler Departments

Schedule 34

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
28,321	28,046	37,404	41,290	45,590	48,878
535	681	666	542	395	377
860	838	789	739	460	1,299
43	27	24	33	40	39
1.81	1.79	2.04	2.40	1.73	2.00
4,635	3,944	4,011	4,091	4,601	4,615
2,059,429	2,041,574	1,801,237	1,415,291	1,356,695	1,308,861
1,048	1,177	825	537	389	690
26	25	22	23	19	20
156,186	159,301	154,736	146,859	139,236	146,008
25,072	25,185	26,818	26,371	26,676	28,582
4,635	5,135	6,698	6,641	3,257	3,389
27	41	18	23	17	14
84,670	84,338	85,416	86,098	87,251	83,237
31	32	31	31	30	30
74,400,000	74,100,000	71,300,000	71,800,000	71,800,000	69,000,000
72,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000
78,972	79,841	81,033	81,796	82,895	81,419
928	933	935	941	945	947
73,288	75,018	75,675	76,773	77,297	76,249
80,069	83,004	84,500	86,950	94,218	93,487
22,305	22,101	22,887	21,800	22,775	20,876

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

Function/Program	2012-13	2013-14	2014-15	2015-16
Community Services				
Developed parks	61	62	64	65
Developed acres	1,198	1,208	1,232	1,236
Undeveloped acres	336	325	309	302
Swimming pools	6	6	6	6
Lighted fields	39	39	41	41
Library bookstock	550,857	595,969	396,773 (1)	341,073
Transportation and Development				
Total miles streets (center line)	831	838	841	855
Street lights	26,900	27,100	27,700	27,700
Signalized intersections	216	216	218	218
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	10	10
General Government				
Based aircraft	388	415	425	427
Municipal Utilities				
Water mains (miles)	1,227	1,227	1,278	1,196 (2)
Fire hydrants	12,553	12,717	13,118	13,207
Average daily treatment (mgd)	26	26	28	29

Source: City of Chandler Departments

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

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

Schedule 35

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
65	65	67	67	67	68
1,244	1,244	1,281	1,281	1,301	1,309
299	299	231	231	219	209
6	6	6	6	6	6
43	43	41	43	50	51
360,618	359,445	310,888	310,812	294,276	295,573
855	857	857	858	858	858
27,800	27,199	29,500	29,500	29,731	28,515
218	220	225	226	232	234
3	3	3	3	3	3
10	11	11	11	11	11
455	457	523	440	448	441
1,283	1,212	1,218	1,228	1,232	1,237
15,708	15,970	16,159	16,296	16,492	13,780
29	28	54	31	31	28



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