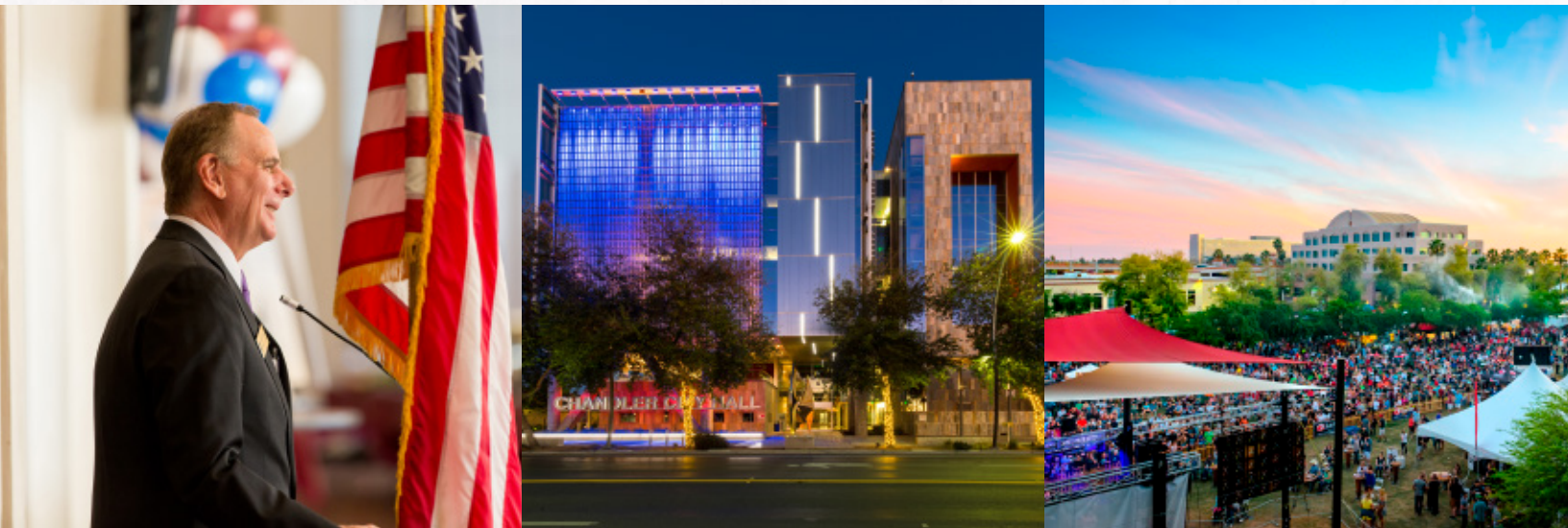


City of Chandler Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



**Chandler's Rock Solid
Fiscal Foundations**

CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Prepared by
Management Services Department
Dawn Lang, Management Services Director
Kristi Smith, Accounting Manager



CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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).....	15
Basic Financial Statements:	
Government-wide Financial Statements -	
Statement of Net Position.....	28
Statement of Activities.....	30
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	32
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide	
Statement of Net Position.....	33
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental	
Funds.....	34
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and	
Changes in Fund Balances to the Government-wide Statement of Activities.....	35
Statement of Net Position - Proprietary Funds.....	36
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	39
Statement of Cash Flows - Proprietary Funds.....	40
Notes to the Financial Statements.....	42
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -	
General Fund.....	89
Schedule of the Proportionate Share of the Net Pension Liability - Arizona State Retirement	
System.....	90
Schedule of Contributions - All Pension Plans.....	92
Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety	
Personnel Retirement System - Police.....	94
Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety	
Personnel Retirement System - Fire.....	96

CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS, continued

FINANCIAL SECTION, continued

Schedule of Changes in OPEB Liabilities and Related Ratios - Single Employer Plan.....	98
Notes to the Required Supplementary Information.....	99
Other Financial Statements:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Streets Capital Projects.....	103
General Obligation Bonds Debt Service.....	104
Non-Major Governmental Funds:	
Combining Balance Sheet.....	107
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	110
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Highway User Special Revenue.....	113
Local Transportation Assistance Special Revenue.....	114
Grants Special Revenue.....	115
Community Development Special Revenue.....	116
Police Confiscated Property Special Revenue.....	117
Parks and Recreation Special Revenue.....	118
Museum Special Revenue.....	119
Library Special Revenue.....	120
Special Assessment Bonds.....	121
General Government Capital Projects.....	122
Public Buildings Capital Projects.....	123
Grants Capital Projects.....	124
Community Services Capital Projects.....	125
Public Safety Buildings and Improvements Capital Projects.....	126
Vehicle and Capital Equipment Replacement Capital Projects.....	127
Technology Replacement Capital Projects.....	128
Municipal Arts Capital Projects.....	129
Non-Major Proprietary Funds:	
Combining Statement of Net Position.....	132
Combining Statement of Revenues, Expenses and Changes in Net Position.....	135
Combining Statement of Cash Flows.....	136

CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS, continued

STATISTICAL SECTION

Financial Trends

Schedule 1, Net Position by Component.....	140
Schedule 2a, Changes in Net Position.....	142
Schedule 2b, Changes in Net Position.....	144
Schedule 2c, Changes in Net Position.....	146
Schedule 3, Fund Balances of Governmental Funds.....	148
Schedule 4, Governmental Funds Revenues.....	150
Schedule 5, Governmental Funds Expenditures and Debt Service Ratio.....	152
Schedule 6, Other Financing Sources and Uses and Net Changes in Fund Balance - Governmental Funds.....	154

Revenue Capacity

Schedule 7, Taxable Revenue by Category.....	156
Schedule 8, Direct and Overlapping Sales and Use Tax Rates.....	158
Schedule 9, Principal Sales and Use Taxpayers.....	159

Debt Capacity

Schedule 10, Ratios of Outstanding Debt.....	160
Schedule 11, Direct and Overlapping Governmental Activities Debt.....	161
Schedule 12, Legal Debt Margin Information.....	162
Schedule 13a, Pledged-Revenue Coverage.....	164
Schedule 13b, Pledged-Revenue Coverage.....	165
Schedule 14, Property Tax Assessment Ratios.....	166
Schedule 15, Real and Secured Property Taxes Levied and Collected.....	167
Schedule 16, Direct and Overlapping Assessed Valuation and Total Tax Rates Per \$100 Assessed Valuation.....	168
Schedule 17, Secondary Assessed Valuation/Net Full Cash Value Assessed Valuation by Property Tax Classification.....	169
Schedule 18, Net Limited Property Assessed Value of Major Taxpayers.....	170
Schedule 19, Comparative Valuation Histories.....	171
Schedule 20, Direct and Overlapping General Obligation Bonded Debt Ratios.....	172
Schedule 21, Estimated Net Full Cash Value.....	173
Schedule 22, Monthly Highway User Tax Revenues - Calendar Year Cash Basis.....	174
Schedule 23, Population Statistics.....	175
Schedule 24, Actual and Projected Pledged Excise Taxes.....	176
Schedule 25, Transaction Privilege (Sales) Tax Rates by Category.....	177
Schedule 26, State Sales Tax Taxable Activities, Tax Rates and Distribution Share.....	178

CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

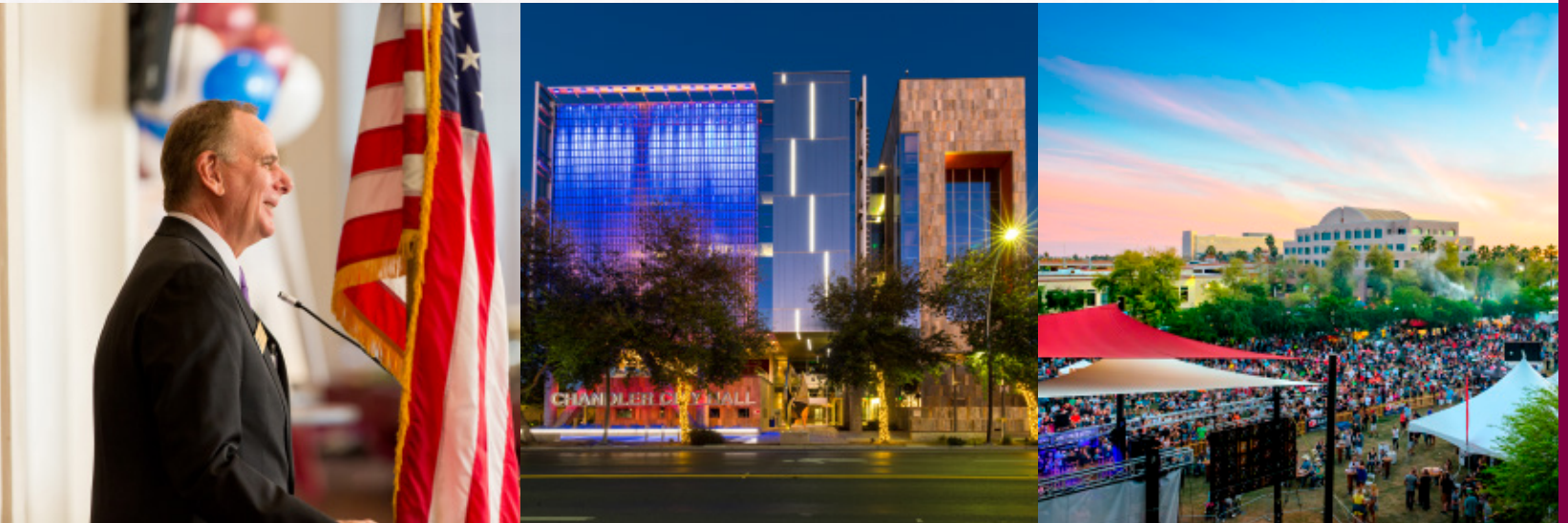
TABLE OF CONTENTS, continued

STATISTICAL SECTION, continued

Schedule 27, Combined Schedule of Water and Sewer System Revenues, Expenses, Net Revenues and Debt Service Coverage.....	179
Schedule 28, Utility Rate Increase History.....	180
Schedule 29, Top 10 Water and Wastewater Customers.....	181
Schedule 30, Number of Water and Wastewater Customers.....	182
Schedule 31, Special Assessment Delinquencies.....	184
Schedule 32, Direct and Overlapping General Obligation Bonded Debt Outstanding.....	185
Demographic and Economic Information	
Schedule 33, Demographic and Economic Statistics.....	186
Schedule 34, Principal Employers.....	187
Operating Information	
Schedule 35, Employees by Function.....	188
Schedule 36, Operating Indicators by Function/Program.....	190
Schedule 37, Capital Asset Statistics by Function/Program.....	192

Introductory Section

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



Chandler's Rock Solid Fiscal Foundations



The Chandler Center for the Arts celebrates its 30th anniversary this season. This unique facility is shared with the Chandler Unified School District and continues to be a cornerstone for art and culture in Downtown Chandler.



December 3, 2020

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

The Comprehensive Annual Financial Report of the City of Chandler, Arizona (the City), for the year ended June 30, 2020, 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 125 percent, from an estimated 115,900 in 1994 to more than 261,100 in 2019. The City's economic growth prior to the current decade was in large part attributable to its manufacturing sector, which is led by high-tech industrial companies such as Intel Corporation, Northrop Grumman, Microchip Technology, and NXP Semiconductors. These four companies combine to employ over 16,000 people in the City. A rapidly growing industry in recent years has been financial services with companies such as Wells Fargo, Bank of America, PayPal, GM Financial Services, and Liberty Mutual Insurance, together employing over 13,000 people.

Mailing Address
Mail Stop 609
PO Box 4008
Chandler, AZ 85244-4008

Management Services
Administration (480)782-2250
(480) 782-2253 Fax
chandleraz.gov

Location
Third Floor
175 S. Arizona Ave.
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 \$86,658. In addition, more than 75 percent of the adult population has a college degree or some college education. Nearly 25 percent of jobs in Chandler are in high technology fields while the national average is about 10 percent, according to data from the Maricopa Association of Governments and Bureau of Labor Statistics. The City's unemployment rate averaged 3.74 percent during fiscal year 2018-19 compared with 4.19 percent for Maricopa County and 4.90 percent for the State of Arizona.

The City's sales tax revenues, which comprise over 50 percent of its general fund, increased by 1.4 percent for fiscal year 2019-20 from the prior year actuals. The City continues to strengthen its financial position and has benefitted from one-time revenues created by new development. With only slow and steady operating revenue growth anticipated, managing costs of services and maintaining existing infrastructure continues to be critical even as the City navigates the impacts of the COVID-19 pandemic. Consistently applying sound financial practices, achieving notable economic development successes, and having a structured plan to pay-down its Public Safety Personnel Retirement System (PSPRS) unfunded liability have helped the City continue its strong financial position while maintaining its AAA General Obligation Bond credit rating from all three ratings agencies.

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

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

The City Council's strategic goals are:

- **Being the Most Connected City**

Connect our community using enhanced communication technologies to share information by increasing electronic availability of City information. Increase community connectivity through enhancing multimodal transportation.

- **Being a Leader in Trust and Transparency**

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

- **Maintaining Fiscal Sustainability**

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

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

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

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

Promote Chandler as an inclusive community that values its rich diversity, history, and culture. Support diversity through City employment practices. Invest in employees, support systems, and innovation strategies that ensure Chandler remains a leader in the delivery of high quality services.

- **Being Safe and Beautiful**

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

2019-2020 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 \$33 million GO Bond and \$15 million Excise Tax Revenue Obligation (ETRO) sales to fund City infrastructure projects;
- Implemented additional enhancements to the internally developed Transaction Privilege Tax (TPT) and Licensing System to manage taxpayer data from the State with historical taxpayer data, and developed an online licensing and registration portal to be deployed in the fall of 2020 to allow taxpayers to apply and renew online;
- Promoted public participation in the 2020 Census by working with the City's Complete Count Committee to educate residents about the importance of completing the census. Produced communication materials that explained the significance of the census;
- Provided communication support throughout the City's response to the COVID-19 pandemic by producing videos, broadcasting meetings, and creating digital content on the City's websites and social media platforms; creating graphics, signs, and printed materials to support the City's response; monitoring and responding to constituent and employee inquiries; and producing FAQ materials;
- Published the City Council Strategic Framework in print and digital formats as well as launched the City's new brand as part of the roll-out of the City Council vision. Published branding guidelines with an updated City logo, tagline, and brand elements, and launched videos and digital content to promote the Council vision and City brand;
- Economic Development's combined business attraction/retention efforts have supported projects that are anticipated to provide 4,900 jobs in Chandler within the next year and up to 5,800 jobs in the next three years. Three new hotels opened, including the City's first four-star hotel, the Marriott Phoenix Chandler, with significant meeting space to better serve the meetings market;
- Completed the Transportation Master Plan 2019 update;
- Nozomi Aquatic Center's Fun Run was recognized as the Best of Aquatics Training Program by the Association of Aquatic Professionals, and Chandler Aquatics is the first in the state to offer expanded aqua fitness programming, debuting Aqua Tone (AquaPole) and Aqua Boxing. Chandler Aquatics #WaterYouDoing water safety campaign has garnered over 2 million impressions and continues to make water safety a national everyday prevention effort;
- Chandler Public Library partnered with Economic Development for a unique program outside of the library walls, titled "Tapped: A conversation with Chandler's Craft Brew Pubs." The program highlighted Downtown Chandler's craft brew pubs: San Tan Brewery, Flix Brewhouse, Craft 64, The Sleepy Whale, and QuarHaus, and focused on how these local businesses are helping to spur Downtown Chandler's economic resurgence. The program also provided information on how to become a successful start-up;
- The Chandler Museum saw its first full year of operation with expanded family programs, exhibits, and rentals. New programming included a monthly speaker series called "History Bites," formation of the Chandler Museum Foundation, and opening the Museum Gift Shop;

- Downtown improvements included construction of Oregon Street Parking Garage bringing over 900 new parking spaces to Downtown, the widening of sidewalks, addition of a median, and pedestrian amenities on Arizona Avenue (Frye Road to Pecos Road);
- Implemented building permit text messaging service to provide contractors and homeowners the option to schedule inspections and receive inspection results through their smart phone, issued 3,481 construction permits with a construction value of \$907,394,806, and completed 19,584 building inspections and 4,000 plan reviews;
- Successfully enabled over 700 employees to work remote during the COVID-19 pandemic utilizing industry recognized solutions safely, securely, and effectively for collaboration and connectivity, and despite supply chain challenges, implemented infrastructure upgrades, rapid computing deployments, City COVID-19 Information Hotline, a dynamic/scalable/distributed call center environment, Employee COVID-19 Information Portal, and Online Appointment Scheduling based on resource availability;
- Information Technology successfully delivered over one hundred innovative solutions in alignment with the City's Strategic Framework. A few of those solutions include Event Management, Mobile Inspection Scheduling, Smart Parking, and an Artificial Intelligence (AI) data aggregation solution for data driven decision making;
- The Public Housing Division was acclaimed by Housing and Urban Development (HUD) as High Performing and an exemplary Public Housing Authority in the State;
- Completed Chandler Heights Road (Arizona Avenue to McQueen Road) and Queen Creek Road Improvements (McQueen Road to Gilbert Road), as well as 59 lane miles of asphalt repaving;
- Treated and reclaimed 11.2 billion gallons of wastewater at the Airport, Lone Butte, and Ocotillo Water Reclamation Facilities, 9.5 billion gallons of which were reused for irrigation and cooling;
- Pecos Treatment Plant treated and delivered 11.8 billion gallons of potable drinking water;
- Implemented online bulk collections for residents to schedule collections;
- Worked collaboratively with WAYMO engineers to test and better understand how their vehicles would react to emergency response vehicles and develop an emergency response guidebook for Fire and Police Departments responding to use in an emergency involving autonomous vehicles on a national level;
- Activated and staffed the Emergency Operations Center in response to the COVID-19 pandemic;
- Continued developing and maintaining community partnerships, which is the cornerstone of system of policing resulting in crime being down again in 2019, making it one of the safest years in Chandler's history. Chandler was rated the 9th safest City in the nation by WalletHub; and
- Completed construction of the 19,982 square foot Public Safety Training Center multi-purpose building which consists of an indoor 25-yard firing range, shoot house training room, range classroom, weapons cleaning room, armorer's work shop, storage, office space, and training space that will allow the Fire Department to more consistently perform training exercises during the summer months.

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 2019-20, \$927,046,172). 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 Comprehensive Annual Financial Report for the year ended June 30, 2019, marking the thirty-eighth consecutive year the City has received the GFOA Certificate of Achievement. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a municipal government financial report.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both 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, 2019 from the GFOA, marking the thirty-second consecutive year of receiving this award. The award reflects the commitment of staff to meeting the highest principles of governmental budgeting.

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


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

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

Acknowledgments

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

Respectfully submitted,

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

Dawn Lang
Management Services Director

CITY OF CHANDLER, ARIZONA
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2020

Kevin Hartke, Mayor

Rene' Lopez, Vice Mayor
Sam Huang, Councilmember
Jeremy McClymonds, Councilmember
Matt Orlando, Councilmember
Terry Roe, Councilmember
Mark Stewart, Councilmember

Executive Staff

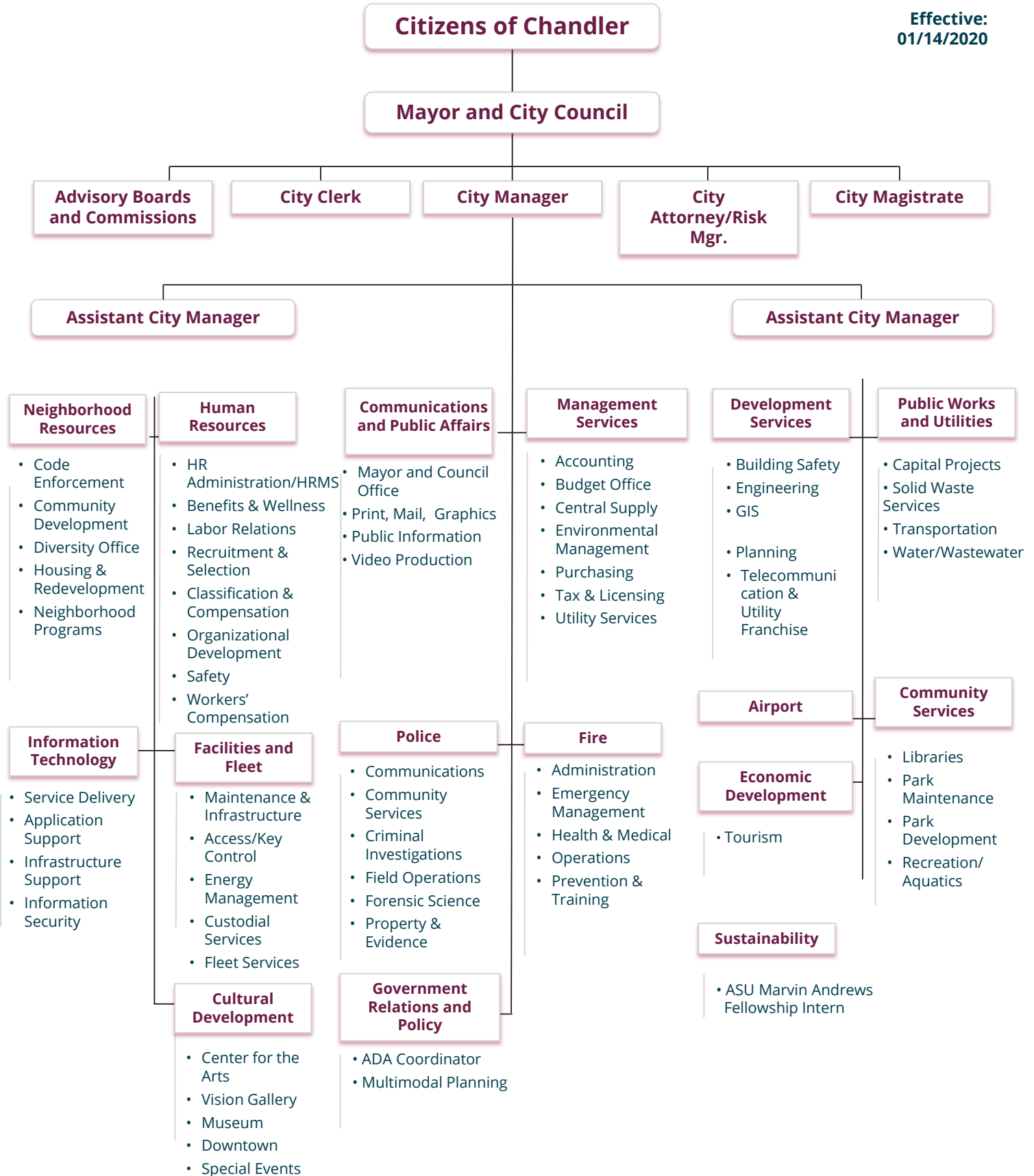
Marsha Reed, City Manager
Debra Stapleton, Assistant City Manager
Joshua H. Wright, Assistant City Manager

Department Heads and Directors

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

City of Chandler Organizational Chart

Effective:
01/14/2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chandler
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

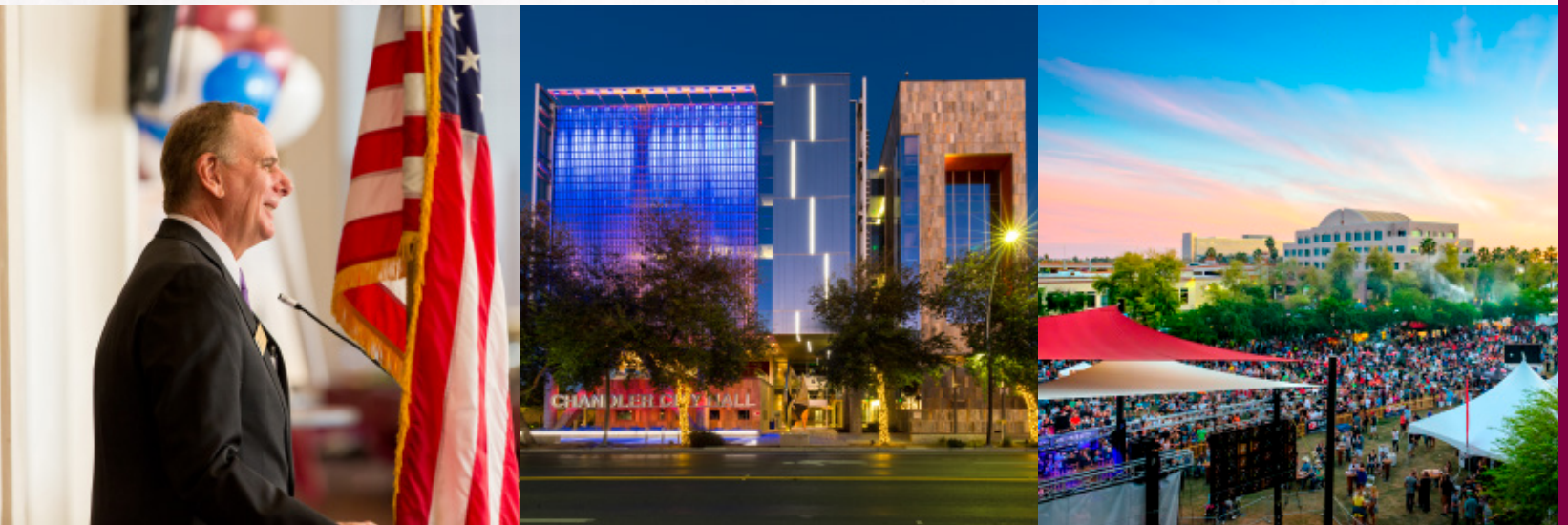
Christopher P. Morill

Executive Director/CEO



Financial Section

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



Chandler's Rock Solid Fiscal Foundations



The City's Budget Division has earned the Distinguished Budget Presentation Award from the Government Finance Officers Association for 31 consecutive years.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2020, 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Other Financial Statements, and the Statistical Section are presented for additional analysis and are not a required part of the financial statements.

The Other Financial Statements, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Financial Statements, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, 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.
Phoenix, Arizona
December 3, 2020

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, 2020

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, 2020. 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 2020 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 \$1.51 billion (net position) which represents an increase of \$69.4 million from the prior year primarily due to increases in due from other governments of \$27.3 million for AZCares funding, an increase in deferred outflows of OPEB and pension plan items and \$15.0 million of capital contributions in enterprise funds. Of this amount, \$258.3 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors. However, \$78.6 million is invested in a joint venture with the Town of Gilbert, which decreased \$2.9 million from the prior year, and is not available for obligations.
- At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$415.3 million, an increase of \$49.5 million in comparison with the prior year primarily due to AZCares funding, increases in property taxes, state shared revenues, fines and forfeitures and investment income. Approximately 53.6 percent of the total amount, \$222.5 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2020, total fund balance for the general fund was \$232.9 million which represents an increase of \$32.6 million from the prior year; this is primarily due to AZCares funding and an increase in state shared revenues.
- General revenues from governmental activities accounted for \$286.5 million, or 70.2 percent of all revenues from governmental activities as opposed to 76.3 percent in the prior year. Program specific revenues in the form of charges for services and grants and contributions accounted for \$121.5 million or 29.8 percent of total governmental activity revenues, as opposed to 23.7 percent in the prior year. The City had \$156.4 million of program revenues (\$152.2 million in the prior year) and \$13.8 million in general revenues and transfers (\$10.7 million in the prior year) related to business-type activities.
- At June 30, 2020, the City's proprietary funds reported combined total net position of \$778.1 million as compared to \$762.6 million in the prior year; an increase for the current year of \$15.5 million. This increase is primarily due to increases in service fee revenues and capital contributions and a reduction in long-term liabilities. This results in a total unrestricted net position of \$267.0 million, of which \$139.8 million of the unrestricted net position is in the water fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2020

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

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

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

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

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

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, streets capital projects 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.

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

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2020

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 \$1.51 billion as of June 30, 2020. This reflects continued strong operations in governmental activities, an increase in privilege license tax receivable in governmental activities and decreases in long-term liabilities within governmental and business-type activities.

A significant portion of the City's net position (67.9 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

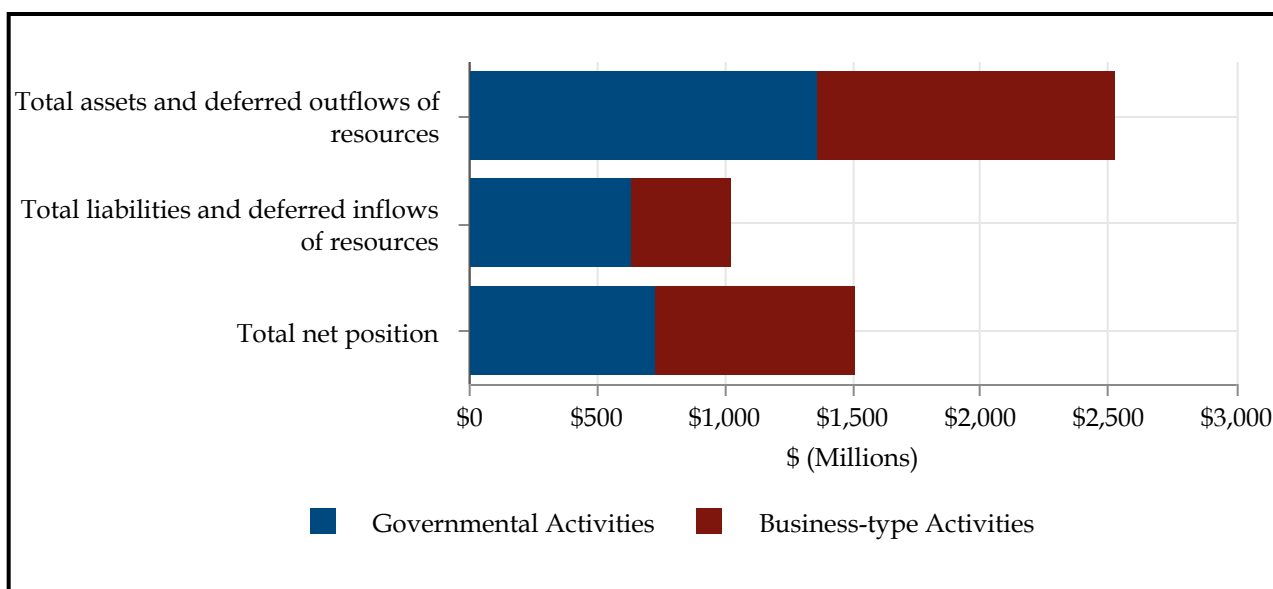
An additional portion of the City's net position (15.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (17.1 percent) includes \$78.6 million which is invested in a joint venture with the Town of Gilbert that may not be used to meet the City's obligations to citizens and creditors.

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

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2020

The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 513,542,103	\$ 465,370,449	\$ 295,098,831	\$ 262,716,865	\$ 808,640,934	\$ 728,087,314
Capital assets, net	755,678,611	754,138,521	787,509,917	806,195,465	1,543,188,528	1,560,333,986
Long-term assets	—	—	78,760,749	81,779,588	78,760,749	81,779,588
Total assets	1,269,220,714	1,219,508,970	1,161,369,497	1,150,691,918	2,430,590,211	2,370,200,888
Total deferred outflows of resources	93,134,294	71,366,897	9,443,309	10,798,709	102,577,603	82,165,606
Total assets and deferred outflows of resources	1,362,355,008	1,290,875,867	1,170,812,806	1,161,490,627	2,533,167,814	2,452,366,494
Current liabilities	55,896,207	60,048,014	39,535,670	37,067,826	95,431,877	97,115,840
Long-term liabilities	548,432,242	525,094,144	349,437,685	357,860,887	897,869,927	882,955,031
Total liabilities	604,328,449	585,142,158	388,973,355	394,928,713	993,301,804	980,070,871
Total deferred inflows of resources	27,331,136	28,882,440	3,754,051	3,995,003	31,085,187	32,877,443
Total liabilities and deferred inflows of resources	631,659,585	614,024,598	392,727,406	398,923,716	1,024,386,991	1,012,948,314
Net position:						
Net investment in capital assets	547,511,826	575,953,033	477,329,239	481,911,949	1,024,841,065	1,057,864,982
Restricted	191,839,529	173,490,725	33,750,526	31,523,149	225,590,055	205,013,874
Unrestricted	(8,655,932)	(72,592,489)	267,005,635	249,131,813	258,349,703	176,539,324
Total net position	\$ 730,695,423	\$ 676,851,269	\$ 778,085,400	\$ 762,566,911	\$1,508,780,823	\$1,439,418,180



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

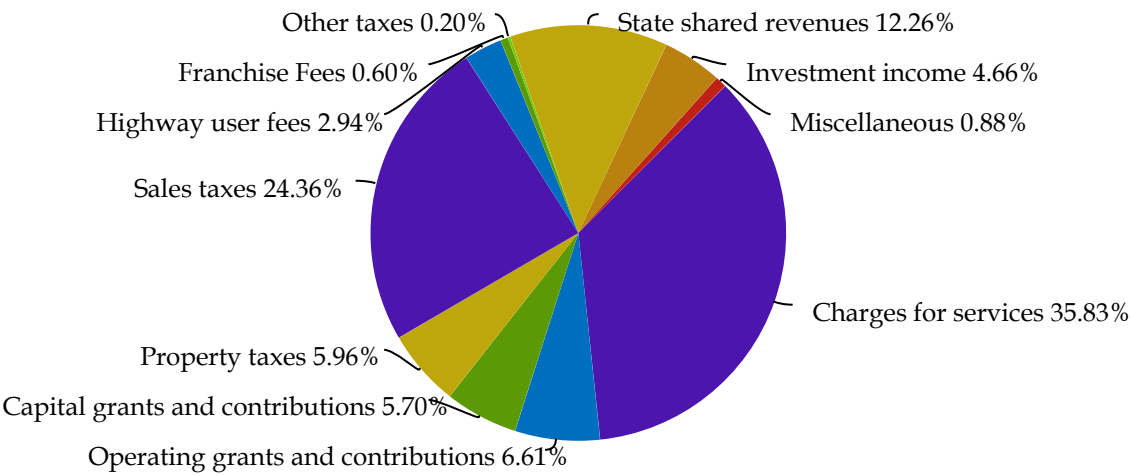
Year Ended June 30, 2020

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2020 were \$577.3 million. The total cost of all programs and services was \$508.0 million, which results in an increase in net position of \$69.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and 2019.

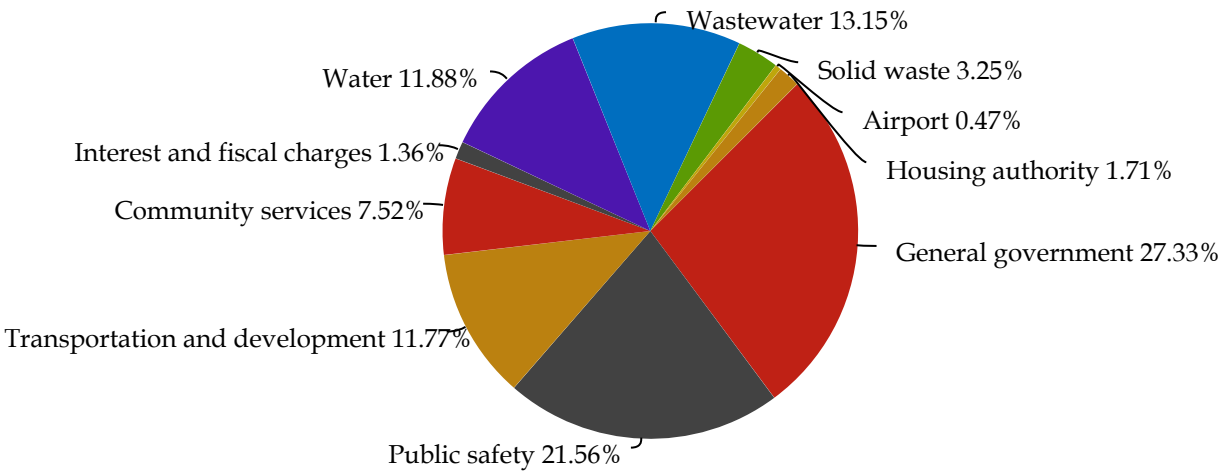
	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 71,760,315	\$ 71,074,769	\$ 135,080,838	\$ 126,684,760	\$ 206,841,153	\$ 197,759,529
Operating grants and contributions	31,052,185	4,522,345	7,137,950	7,224,669	38,190,135	11,747,014
Capital grants and contributions	18,714,457	10,510,464	14,190,016	18,335,155	32,904,473	28,845,619
General revenues						
Property taxes	34,419,182	32,550,250	—	—	34,419,182	32,550,250
Sales taxes	140,644,918	139,851,355	15,521	17,347	140,660,439	139,868,702
Highway user taxes	16,996,911	17,301,902	—	—	16,996,911	17,301,902
Other taxes	1,153,237	866,267	—	—	1,153,237	866,267
Franchise Fees	3,441,225	3,567,184	—	—	3,441,225	3,567,184
State shared revenues	70,769,943	67,156,430	—	—	70,769,943	67,156,430
Investment income	16,951,295	14,822,135	9,974,135	7,742,589	26,925,430	22,564,724
Miscellaneous	2,085,020	1,261,279	2,962,466	2,842,825	5,047,486	4,104,104
Total revenues	407,988,688	363,484,380	169,360,926	162,847,345	577,349,614	526,331,725
Expenses:						
General government	138,850,297	114,373,302	—	—	138,850,297	114,373,302
Public safety	109,544,169	124,906,187	—	—	109,544,169	124,906,187
Transportation and development	59,777,330	53,806,473	—	—	59,777,330	53,806,473
Community services	38,195,563	36,990,853	—	—	38,195,563	36,990,853
Interest and fiscal charges	6,885,184	7,046,655	—	—	6,885,184	7,046,655
Water	—	—	60,330,758	58,297,769	60,330,758	58,297,769
Wastewater	—	—	66,788,084	61,218,775	66,788,084	61,218,775
Solid waste	—	—	16,522,728	15,221,985	16,522,728	15,221,985
Airport	—	—	2,382,288	2,038,417	2,382,288	2,038,417
Housing authority	—	—	8,710,570	8,478,235	8,710,570	8,478,235
Total expenses	353,252,543	337,123,470	154,734,428	145,255,181	507,986,971	482,378,651
Excess (deficiency) before transfers	54,736,145	26,360,910	14,626,498	17,592,164	69,362,643	43,953,074
Transfers in (out)	(891,991)	(90,680)	891,991	90,680	—	—
Change in net position	53,844,154	26,270,230	15,518,489	17,682,844	69,362,643	43,953,074
Beginning net position	676,851,269	650,581,039	762,566,911	744,884,067	1,439,418,180	1,395,465,106
Ending net position	\$ 730,695,423	\$ 676,851,269	\$ 778,085,400	\$ 762,566,911	\$ 1,508,780,823	\$ 1,439,418,180

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2020

Revenue Sources - Fiscal Year 2020



Functional Expenses - Fiscal Year 2020



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2020

As evidenced in the previous graph, the largest financing source for the City is charges for services at 35.83 percent, associated with the user fees and charges for services. Sales taxes and state shared revenues also comprise a significant portion of the City's revenues at 24.36 percent and 12.26 percent, respectively, of the total revenues with property taxes accounting for an additional 5.96 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for general government functions at 27.33 percent of the total functional expenses of the City. The next largest users of resources are public safety and wastewater at 21.56 percent and 13.15 percent, respectively, with water accounting for 11.88 percent of the City's total expenses.

Governmental activities. The increase in governmental net position totaled \$53.8 million for the year ended June 30, 2020 compared with an increase of \$26.3 million in the prior year. The increase is primarily due to AZCares funding and increases in state shared revenues and investment income.

Business-type activities. The increase in business-type net position totaled \$15.5 million for the year ended June 30, 2020 compared with an increase of \$17.7 million in the prior year. This increase is primarily due to increases in water and wastewater service fee revenues and capital contributions and a reduction in long-term liabilities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$415.3 million, an increase of \$49.5 million in comparison with the prior year increase of \$5.9 million. Approximately \$222.5 million (53.6 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 \$191.5 million represents an increase of \$31.0 million.

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$192.8 million (46.4 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 \$174.4 million represents an increase of \$18.5 million. This increase is primarily due to unspent bond proceeds in the community services and streets capital projects funds, highway user tax revenues exceeding expenditures and transfers out in the highway user special revenue fund.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2020

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 \$230.2 million, while total fund balance reached \$232.9 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 0.96 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 and capital projects, compensated absences). The City's general fund balance increased by \$32.6 million during the current fiscal year primarily due to AZCares funding and an increase in state shared revenues.

The streets capital projects fund accounts for the acquisition, construction and improvements of the City's street projects. At the end of the current fiscal year total fund balance was \$81.7 million. The fund balance of the City's streets capital project fund increased by \$8.0 million during the current fiscal year due to unspent bond proceeds.

The general obligation bonds debt service fund accounts for the accumulation of resources for and payments of general obligation bonded debt. The fund balance restricted for general obligation debt service payments increased by \$0.1 million during the current fiscal year. The increase is due to higher than anticipated interest revenue for the year ended June 30, 2020.

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 \$778.1 million and \$44.9 million, respectively, compared to \$762.6 million and \$39.8 million in the prior fiscal year. The enterprise funds increase is primarily due to an increases in water and wastewater service fee revenues and capital contributions and a reduction in long-term liabilities.

The enterprise funds net position is 34.3 percent unrestricted compared to 32.7 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$139.8 million, and those for the wastewater fund amounted to \$108.2 million, compared to \$144.7 million and \$87.7 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

For the 2019-20 budget year, the City of Chandler continued to engage in fiscally responsible budgeting practices although potential State legislative actions continued to keep Chandler cautious. With steady economic growth in the City and the region, the City Council adopted a balanced budget for 2019-20 that included slightly higher planned operating expenditures based upon anticipated increases to the ongoing revenue streams from sustainable economic development. Overall planned capital expenditures increased slightly as additional projects were added to address our aging infrastructure. One-time revenues generated were applied to select capital projects and planned Public Safety Personnel Retirement System (PSPRS) liability pay down. Most local revenue sources were forecasted to improve and expectations were met or exceeded during the year despite the COVID-19 pandemic. The City's major sources of General Fund revenues include Local Sales Tax, State Shared Sales Tax and Urban Revenue Sharing (State Shared Income Tax). Continued increases in the largest General Fund revenue categories allowed the City Council to increase the General Fund budget by 6.6 percent from the previous year, and the total City budget increased by 5.9 percent from 2018-19.

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 2019-20 budget included various salary adjustments based on agreements between bargaining units and the City. Other ongoing costs, such as maintenance, utilities and supplies were managed closely to ensure they could be covered with ongoing revenues.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2020

Initially, the original budget projected some growth in revenues, however, the budget was revised mid-year to account for higher than actual revenues which exceeded projections based on the strong economy. Then by March of 2020, revenues were again revised based on anticipated impacts of COVID-19. In consideration of the business closures, reduced consumer confidence, and anticipated reductions that would be felt in the last quarter of the fiscal year, the budget was reduced by \$10.5 million. With the anticipated revenue shortfalls many cost reduction measures were put in place to limit spending in the final quarter of the year until the impacts to revenues were understood. Additionally, unanticipated state AZCares funds of \$29.9 million were awarded in May to assist the City with COVID-19 expenditures and impacts.

The actual COVID-19 impacts on revenue more negatively impacted specific Transaction Privilege Tax categories, such as restaurants and bars, hotel/motels, and amusements, but the City saw shifts in that spending which increased retail and other categories. Revenues ended up coming in only slightly under the originally revised revenues and with expenditure reduction measures in place, General Fund spending came in lower than anticipated. This resulted in increased General Fund balance of \$48.4 million including the AZCares revenue. Without these AZCares funds, the actual increase to fund balance for the year would have been \$21.1 million.

The FY 2019-20 budget continued to emphasize its strong financial policies and economic vitality, which allowed 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, 2020, the City had invested \$1.0 billion in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$102.8 million.

During fiscal year 2019-20, there were \$1 million of costs associated with construction of additional capacity at the joint venture water treatment plant with the Town of Gilbert. The additional capacity project was completed during the fiscal year. Additionally there was a purchase of 33 acres of land from the wastewater fund totaling \$5.5 million next to the Airport Water Reclamation Facility (AWRF) for future advanced water treatment possibilities at the AWRF. There were several governmental activities improvement projects including the completion of the new 10,000 square foot Chandler Museum building next to the McCullough-Price House totaling \$6.6 million, continued work on a new parking garage in downtown Chandler of \$5 million with anticipated final completion in early fiscal year 2020-21 and continued work on a new public safety training facility totaling \$7.2 million. There were also other various infrastructure and system improvement projects for parks, streets and water and wastewater infrastructure including work on Queen Creek road adding \$10 million to construction in progress on its own.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2020

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2020 and 2019:

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2020	2019	2020	2019	2020	2019
Land	\$ 92,528,517	\$ 92,482,104	\$ 51,669,315	\$ 46,148,899	\$ 144,197,832	\$ 138,631,003
Land improvements	—	—	198,852	230,828	198,852	230,828
Infrastructure	336,308,826	360,459,636	—	—	336,308,826	360,459,636
System improvements	—	—	665,926,957	693,613,670	665,926,957	693,613,670
Buildings and improvements	189,978,030	197,745,342	8,931,001	9,483,052	198,909,031	207,228,394
Vehicles, machinery and equipment	23,332,690	27,096,772	3,218,082	4,181,698	26,550,772	31,278,470
Construction in progress	113,530,548	76,354,667	57,565,710	52,537,318	171,096,258	128,891,985
Total	\$ 755,678,611	\$ 754,138,521	\$ 787,509,917	\$ 806,195,465	\$ 1,543,188,528	\$ 1,560,333,986

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

Long-term debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$535.4 million in long-term debt outstanding with \$42.2 million due within one year. The following table presents a summary of the City's outstanding long-term obligations for the fiscal years ended June 30, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 215,939,000	\$ 205,764,000	\$ 86,261,000	\$ 95,901,000	\$ 302,200,000	\$ 301,665,000
Revenue bonds	—	2,050,000	2,340,000	4,685,000	2,340,000	6,735,000
Excise tax revenue obligations	—	—	228,985,000	222,575,000	228,985,000	222,575,000
Special assessment bonds	1,830,000	2,395,000	—	—	1,830,000	2,395,000
Issuance premiums	19,789,672	19,141,899	25,623,807	26,080,737	45,413,479	45,222,636
Total bonds & obligations payable	\$ 237,558,672	\$ 229,350,899	\$ 343,209,807	\$ 349,241,737	\$ 580,768,479	\$ 578,592,636
Claims payable	7,258,294	6,718,226	—	—	7,258,294	6,718,226
Landfill closure/post closure	—	—	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	13,811,004	10,981,265	1,388,807	1,168,263	15,199,811	12,149,528
Net pension liability	275,257,904	265,163,827	18,637,376	19,007,535	293,895,280	284,171,362
Post employment benefits	47,361,614	46,161,607	5,751,113	5,590,249	53,112,727	51,751,856
Total long term liabilities	\$ 581,247,488	\$ 558,375,824	\$ 373,327,103	\$ 379,347,784	\$ 954,574,591	\$ 937,723,608

The City of Chandler's total long term liabilities increased by \$16.9 million during the current fiscal year, due mainly to the issuance of 2019 General Obligation bonds and ETRO debt. The City reported an increase in pension liability of \$9.7 million, post employment benefits of \$1.4 million and principal repayments of \$41.4 million.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2020

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 \$861.7 million. The City has \$304.0 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 \$258.5 million. The City has \$9.8 million of outstanding general obligation debt for this purpose.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for the next fiscal year (2020-21) required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. The City's overall budget is very different than anticipated at the start the budget process, as the impacts of the COVID-19 pandemic were not foreseen in the initial financial projections. With considerable thought and measured changes, next year's budget contains a variety of reductions to revenues and expenditures to help mitigate possible financial impacts of the pandemic while still maintaining service levels and quality infrastructure in the most cost effective way.

This year again included diligent monitoring of legislative bills that could impact our ongoing revenues, as well as focused review of expenditure impacts that could potentially cause higher costs if not contained. This included the Public Safety Personnel Retirement System (PSPRS) rates and its unfunded liability, minimum wage increases, retirement vacancies causing overtime in public safety, additional staff or contract needs, workers' compensation self-insurance claims, fleet and equipment sustainability, aging infrastructure, and addressing various capital needs under a higher construction cost environment. Monitoring the impacts of the COVID-19 pandemic both internal and external became a new focus, with quarterly financial updates to Mayor and Council and reduced spending through expenditure measures put in place beginning in 2019-20 and continuing into 2020-21.

Although general economic conditions are anticipated to show some recovery during the budget year, the City is operating in a more constrained financial environment and continues to look for efficiencies to manage expenditure growth. The budget increased from \$927 million in 2019-20 to \$931 million (an increase of 0.46 percent) in FY 2020-21, due mostly to grant funding received at the end of FY 2019-20 through AZCARES which added \$29.9 million in appropriation to the current year's budget. Prior to the announcement of this additional grant funding and the subsequent addition of appropriation, the budget showed a reduction of 2.8 percent or almost \$26 million. Even with this addition of appropriation, the total operating budget is decreasing 3.9 percent, while the total capital budget is increasing by 2.9 percent as the City continues a healthy capital improvement program to ensure existing infrastructure is well maintained and new facilities are planned when growth or need dictates.

With a 7.71 percent increase in Limited Property Values (including new growth), the City Council chose to reduce the primary property tax rate from \$0.2581 to \$0.2501, 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.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2020

The 2020-21 Budget does not include any anticipated bond sales, however, refunding opportunities for outstanding bonds are planned in 2021, as well as a potential bond election as the ongoing focus on ensuring strong debt management continues. Additionally, the City Council maintained the General Fund operating contingency at 15 percent of General Fund operating revenues to provide a further buffer for emergencies or to support new opportunities such as unanticipated grants or development agreements. 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 maintaining AAA bond ratings with all three rating agencies.

CONTACTING THE CITY'S FINANCE OFFICE

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Management Services Department, City of Chandler, P.O. Box 4008, MS 609, Chandler, AZ 85244-4008 or by calling (480) 782-2333.

BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Position
June 30, 2020

	Component Units				
	Governmental Activities	Business-Type Activities	Total Primary Government	Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 457,490,792	\$ 272,131,400	\$ 729,622,192	\$ —	\$ —
Cash and investments	—	—	—	912,762	2,673,727
Accounts receivable	1,907,789	20,272,145	22,179,934	2,000	451
Privilege license tax receivable	14,859,600	—	14,859,600	—	—
Property taxes receivable	498,552	—	498,552	—	—
Due from other governments	32,941,619	65,242	33,006,861	—	—
Inventories	979,664	108,126	1,087,790	—	—
Prepaid items	5,732	—	5,732	—	66,565
Accrued interest receivable	1,406,636	778,655	2,185,291	—	8,658
Special assessments receivable	1,661,634	—	1,661,634	—	—
Notes receivable	448,503	—	448,503	—	—
Other receivables	1,341,582	1,743,263	3,084,845	—	—
Total current assets	513,542,103	295,098,831	808,640,934	914,762	2,749,401
Long-term assets:					
Cash and investments - restricted	—	—	—	—	1,415,008
Notes receivable	—	154,750	154,750	—	—
Investment in joint venture	—	78,605,999	78,605,999	—	—
Capital assets:					
Non-depreciable	206,059,065	109,235,025	315,294,090	—	—
Depreciable, net	549,619,546	678,274,892	1,227,894,438	—	20,895
Total capital assets	755,678,611	787,509,917	1,543,188,528	—	20,895
Total long-term assets	755,678,611	866,270,666	1,621,949,277	—	1,435,903
Total assets	1,269,220,714	1,161,369,497	2,430,590,211	914,762	4,185,304
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	84,517,407	2,818,548	87,335,955	—	—
Deferred amounts on refundings	8,616,887	6,624,761	15,241,648	—	—
Total deferred outflows of resources	93,134,294	9,443,309	102,577,603	—	—

LIABILITIES

Current liabilities:					
Accounts payable	8,419,327	3,403,500	11,822,827	—	34,663
Accrued payroll	5,106,668	579,728	5,686,396	—	—
Trust liabilities and deposits	4,839,776	4,412,137	9,251,913	—	—
Accrued interest	4,334,789	6,665,888	11,000,677	—	—
Unearned revenue	380,401	—	380,401	—	378,043
Customer advances	—	584,999	584,999	—	—
Compensated absences payable	2,532,069	254,620	2,786,689	—	—
Bonds payable	23,600,684	23,540,352	47,141,036	—	—
Landfill closure and postclosure liability	—	94,446	94,446	—	—
Claims and judgements payable	6,682,493	—	6,682,493	—	—
Total current liabilities	55,896,207	39,535,670	95,431,877	—	412,706
Long-term liabilities:					—
Compensated absences payable	11,278,935	1,134,187	12,413,122	—	—
Bonds payable	213,957,988	319,669,455	533,627,443	—	—
Net pension liability	275,257,904	18,637,376	293,895,280	—	—
OPEB liability	47,361,614	5,751,113	53,112,727	—	—
Landfill closure and postclosure liability	—	4,245,554	4,245,554	—	—
Claims and judgements payable	575,801	—	575,801	—	—
Total long-term liabilities	548,432,242	349,437,685	897,869,927	—	—
Total liabilities	604,328,449	388,973,355	993,301,804	—	412,706
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of OPEB and pension plan items	27,331,136	3,754,051	31,085,187	—	—
NET POSITION					
Net investment in capital assets	547,511,826	477,329,239	1,024,841,065	—	20,895
Restricted for:					
Transportation and development	122,516,563	—	122,516,563	—	—
Capital improvements	17,037,460	—	17,037,460	—	—
Community services	45,236,846	—	45,236,846	—	—
Community development	545,715	—	545,715	—	—
Debt service	4,792,337	33,750,526	38,542,863	—	—
Legal restrictions	1,710,608	—	1,710,608	—	1,415,008
Family self sufficiency escrow accounts	—	—	—	—	—
Total restricted	191,839,529	33,750,526	225,590,055	—	1,415,008
Unrestricted	(8,655,932)	267,005,635	258,349,703	914,762	2,336,695
Total net position	\$ 730,695,423	\$ 778,085,400	\$ 1,508,780,823	\$ 914,762	\$ 3,772,598

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2020

Function/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$138,850,297	\$ 43,203,865	\$ 1,634,522	\$ 396,153	\$ 45,234,540
Public safety	109,544,169	6,512,002	28,380,398	—	34,892,400
Transportation and development	59,777,330	16,420,652	673,598	18,318,304	35,412,554
Community services	38,195,563	5,623,796	363,667	—	5,987,463
Interest on long-term debt	6,885,184	—	—	—	—
Total governmental activities	<u>353,252,543</u>	<u>71,760,315</u>	<u>31,052,185</u>	<u>18,714,457</u>	<u>121,526,957</u>
Business-type activities:					
Water	60,330,758	54,722,296	—	6,128,036	60,850,332
Wastewater	66,788,084	61,531,949	—	8,061,980	69,593,929
Solid waste	16,522,728	16,757,829	—	—	16,757,829
Airport	2,382,288	880,194	—	—	880,194
Chandler housing authority	8,710,570	1,188,570	7,137,950	—	8,326,520
Total business-type activities	<u>154,734,428</u>	<u>135,080,838</u>	<u>7,137,950</u>	<u>14,190,016</u>	<u>156,408,804</u>
Total primary government	<u><u>\$507,986,971</u></u>	<u><u>\$206,841,153</u></u>	<u><u>\$ 38,190,135</u></u>	<u><u>\$ 32,904,473</u></u>	<u><u>\$277,935,761</u></u>
Component units					
Chandler Industrial Development Authority	\$ 153,865	\$ 101,039	\$ —	\$ —	\$ 101,039
Chandler Cultural Foundation	2,320,623	2,210,494	364,923	—	2,575,417
Total component units	<u>\$ 2,474,488</u>	<u>\$ 2,311,533</u>	<u>\$ 364,923</u>	<u>\$ —</u>	<u>\$ 2,676,456</u>

General revenues and transfers:

General revenues:

Property taxes, levied for general purposes

Sales taxes

Highway user taxes

Other taxes

Franchise fees

State shared revenues (unrestricted)

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to the Financial Statements.

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

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ (93,615,757)	\$ —	\$ (93,615,757)	\$ —	\$ —
(74,651,769)	—	(74,651,769)	—	—
(24,364,776)	—	(24,364,776)	—	—
(32,208,100)	—	(32,208,100)	—	—
(6,885,184)	—	(6,885,184)	—	—
(231,725,586)	—	(231,725,586)	—	—
—	519,574	519,574	—	—
—	2,805,845	2,805,845	—	—
—	235,101	235,101	—	—
—	(1,502,094)	(1,502,094)	—	—
—	(384,050)	(384,050)	—	—
—	1,674,376	1,674,376	—	—
(231,725,586)	1,674,376	(230,051,210)	—	—
—	—	—	(52,826)	—
—	—	—	—	254,794
—	—	—	(52,826)	254,794
34,419,182	—	34,419,182	—	—
140,644,918	15,521	140,660,439	—	—
16,996,911	—	16,996,911	—	—
1,153,237	—	1,153,237	—	—
3,441,225	—	3,441,225	—	—
70,769,943	—	70,769,943	—	—
16,951,295	9,974,135	26,925,430	23,148	108,595
2,085,020	2,962,466	5,047,486	—	—
(891,991)	891,991	—	—	—
285,569,740	13,844,113	299,413,853	23,148	108,595
53,844,154	15,518,489	69,362,643	(29,678)	363,389
676,851,269	762,566,911	1,439,418,180	944,440	3,409,209
\$ 730,695,423	\$ 778,085,400	\$ 1,508,780,823	\$ 914,762	\$ 3,772,598

City of Chandler
Balance Sheet -
Governmental Funds
June 30, 2020

	Major Funds				
	General	Streets Capital Projects	General Obligation Bonds Debt Service	Other Governmental Funds	Total
ASSETS					
Equity in pooled cash and investments	\$188,160,813	\$ 82,426,030	\$ 29,617,291	\$ 105,100,517	\$ 405,304,651
Accounts receivable	1,804,458	—	—	23,975	1,828,433
Privilege license tax receivable	14,859,600	—	—	—	14,859,600
Property taxes receivable	120,569	—	377,983	—	498,552
Advances to other funds	9,735,859	—	—	—	9,735,859
Due from other funds	191,438	—	—	—	191,438
Due from other governments	29,208,225	130,440	—	3,602,954	32,941,619
Inventories	979,664	—	—	—	979,664
Prepaid Items	5,732	—	—	—	5,732
Accrued interest receivable	637,689	207,870	55,880	310,774	1,212,213
Special assessments receivable	—	—	—	1,661,634	1,661,634
Notes receivable	—	—	—	448,503	448,503
Other receivables	1,341,582	—	—	—	1,341,582
Total assets	\$247,045,629	\$ 82,764,340	\$ 30,051,154	\$ 111,148,357	\$ 471,009,480
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,292,711	\$ 1,055,330	\$ —	\$ 2,981,414	\$ 8,329,455
Accrued payroll	4,905,710	10,178	—	139,058	5,054,946
Trust liabilities and deposits	4,478,712	—	—	361,064	4,839,776
Accrued interest	—	—	4,298,189	36,600	4,334,789
Due to other funds	—	—	—	191,438	191,438
Advances from other funds	—	—	—	9,735,859	9,735,859
Unearned revenue	362,610	—	—	2,186	364,796
Bonds payable	—	—	20,775,000	—	20,775,000
Total liabilities	14,039,743	1,065,508	25,073,189	13,447,619	53,626,059
Deferred inflows of resources					
Unavailable revenues - special assessments	—	—	—	1,661,634	1,661,634
Unavailable revenues - property taxes	95,164	—	284,772	—	379,936
Total deferred inflows of resources	95,164	—	284,772	1,661,634	2,041,570
Fund balances:					
Nonspendable	985,396	—	—	—	985,396
Restricted	1,710,608	81,698,832	4,693,193	103,736,896	191,839,529
Assigned	139,326,860	—	—	—	139,326,860
Unassigned	90,887,858	—	—	(7,697,792)	83,190,066
Total fund balances	232,910,722	81,698,832	4,693,193	96,039,104	415,341,851
Total liabilities, deferred inflows and fund balances	\$247,045,629	\$ 82,764,340	\$ 30,051,154	\$ 111,148,357	\$ 471,009,480

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, 2020

Total Fund Balances - Total Governmental Funds**\$ 415,341,851**

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	\$ 206,059,065	
Depreciable buildings, property, equipment and infrastructure, net	<u>549,619,546</u>	
Total capital assets		755,678,611

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	2,041,564
---	-----------

Deferred amounts on refundings are not financial resources and, therefore, are not reported in the funds.	8,616,887
---	-----------

Deferred outflows related to pensions and OPEB are not financial resources and, therefore, are not reported in the funds.	84,517,407
---	------------

Deferred inflows related to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.	(27,331,136)
---	--------------

The internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-wide Statement of Net Position.	44,945,874
---	------------

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds amounts of \$6,796,429 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(216,783,672)	
Net pension liability	(275,257,904)	
OPEB liability	(47,361,614)	
Compensated absences	<u>(13,712,445)</u>	
Total long-term liabilities		(553,115,635)

Net Position of Governmental Activities**\$ 730,695,423**

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, 2020

	Major Funds				
	Streets		General Obligation	Other	
	General	Capital Projects	Bonds	Governmental	
			Debt Service	Funds	Total
REVENUES:					
Property taxes	\$ 7,851,085	\$ —	\$ 26,483,131	\$ —	\$ 34,334,216
Sales taxes	140,644,918	—	—	—	140,644,918
Highway user taxes	—	—	—	16,996,911	16,996,911
Regional transportation taxes	—	1,153,237	—	—	1,153,237
Franchise fees	3,441,225	—	—	—	3,441,225
State shared	70,769,943	—	—	—	70,769,943
Grants and entitlements	27,468,966	—	—	22,250,449	49,719,415
System development fees	—	5,576,240	—	3,154,733	8,730,973
Special assessments	—	—	—	508,485	508,485
Licenses and permits	7,760,403	—	—	—	7,760,403
Charges for services	19,886,072	—	—	469,630	20,355,702
Fines and forfeitures	3,321,253	—	—	2,250,069	5,571,322
Rentals	213,345	—	—	—	213,345
Contributions	200,000	—	—	—	200,000
Interest revenue	7,289,643	3,000,534	652,639	4,074,536	15,017,352
Miscellaneous	360,246	467,441	—	644,290	1,471,977
Total revenues	289,207,099	10,197,452	27,135,770	50,349,103	376,889,424
EXPENDITURES:					
Current:					
General government	74,898,568	—	—	4,725,606	79,624,174
Public safety	112,062,422	—	—	1,104,178	113,166,600
Transportation and development	20,129,549	747,983	—	9,240,203	30,117,735
Community services	27,261,577	—	—	1,083,088	28,344,665
Capital outlay	5,034,358	20,118,282	—	51,871,773	77,024,413
Debt service:					
Principal	—	—	20,775,000	565,000	21,340,000
Bond issuance costs	—	182,821	—	136,810	319,631
Interest and fiscal charges	—	—	7,988,820	84,500	8,073,320
Total expenditures	239,386,474	21,049,086	28,763,820	68,811,158	358,010,538
Excess (deficiency) of revenues over (under) expenditures	49,820,625	(10,851,634)	(1,628,050)	(18,462,055)	18,878,886
OTHER FINANCING SOURCES (USES):					
Capital contributions	—	—	—	396,153	396,153
Proceeds from disposal of capital assets	—	—	—	396,924	396,924
Bond premium	—	1,674,610	—	1,253,294	2,927,904
Face amount of bonds issued	—	17,387,233	—	13,012,767	30,400,000
Transfers in	11,835,859	—	1,734,681	25,711,756	39,282,296
Transfers out	(29,041,742)	(200,000)	—	(13,546,522)	(42,788,264)
Total other financing sources (uses)	(17,205,883)	18,861,843	1,734,681	27,224,372	30,615,013
NET CHANGE IN FUND BALANCE	32,614,742	8,010,209	106,631	8,762,317	49,493,899
FUND BALANCES:					
Beginning of year	200,295,980	73,688,623	4,586,562	87,276,787	365,847,952
End of year	\$ 232,910,722	\$ 81,698,832	\$ 4,693,193	\$ 96,039,104	\$ 415,341,851

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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$49,493,899
Governmental activities in the Statement of Activities were reported differently because:	
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Net Position and Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded and transferred in the current period.	54,873,794
Depreciation expense on capital assets is reported in the Government-wide Statement of Net Position and Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(54,227,540)
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	\$21,340,000
Face amount of bonds issued	(30,400,000)
Bond premium	(2,927,904)
Pension related items	12,686,454
Other post employment benefits obligation	<u>430,159</u>
	1,128,709
Accrued interest payable related to long-term debt is recognized as an expense in the Statement of Activities, however, it is not recognized in the governmental funds because it is not payable from current financial resources.	1,188,136
Certain revenues in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	(466,000)
Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(2,809,383)
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.	(1,851,645)
Capital assets contributed by developers to the City are not recorded in the governmental funds as they do not provide current financial resources but are recognized in the Statement of Activities as program revenues.	1,359,830
The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The change in financial position of the internal service fund is reported with governmental activities.	<u>5,154,354</u>
Change in Net Position of Governmental Activities	<u>\$53,844,154</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Net Position -
Proprietary Funds
June 30, 2020

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 97,659,558	\$ 146,109,413	\$ 28,362,429	\$ 272,131,400	\$ 52,186,141
Accounts receivable	9,020,257	8,820,264	2,431,624	20,272,145	79,356
Due from other governments	—	—	65,242	65,242	—
Inventories	100,636	—	7,490	108,126	—
Accrued interest receivable	261,149	420,954	96,552	778,655	194,423
Other receivables	—	1,743,230	33	1,743,263	—
Total current assets	107,041,600	157,093,861	30,963,370	295,098,831	52,459,920
Long-term assets:					
Notes receivable	—	—	154,750	154,750	—
Advances to other funds	3,900,000	—	—	3,900,000	—
Investment in joint venture	78,605,999	—	—	78,605,999	—
Capital assets:					
Non-depreciable	56,109,587	25,932,775	27,192,663	109,235,025	—
Depreciable, net	191,607,016	458,241,406	28,426,470	678,274,892	—
Total capital assets	247,716,603	484,174,181	55,619,133	787,509,917	—
Total long-term assets	330,222,602	484,174,181	55,773,883	870,170,666	—
Total assets	437,264,202	641,268,042	86,737,253	1,165,269,497	52,459,920
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	1,400,706	700,328	717,514	2,818,548	—
Deferred amounts on refundings	3,491,933	3,132,828	—	6,624,761	—
Total deferred outflow of resources	4,892,639	3,833,156	717,514	9,443,309	—

LIABILITIES

Current liabilities:

Accounts payable	1,299,010	939,641	1,164,849	3,403,500	89,866
Accrued payroll	265,076	207,329	107,323	579,728	51,722
Trust liabilities and deposits	3,621,543	167,436	623,158	4,412,137	—
Accrued interest	2,588,347	4,077,541	—	6,665,888	—
Unearned revenue	—	—	—	—	15,605
Customer advances	214,346	200,056	170,597	584,999	—
Compensated absences payable	132,589	82,368	39,663	254,620	18,070
Bonds payable	11,021,050	12,519,302	—	23,540,352	—
Landfill closure and postclosure liability	—	—	94,446	94,446	—
Claims and judgements payable	—	—	—	—	6,682,493
Total current liabilities	19,141,961	18,193,673	2,200,036	39,535,670	6,857,756

Long-term liabilities:

Compensated absences payable	590,618	366,903	176,666	1,134,187	80,489
Advances from other funds	—	3,900,000	—	3,900,000	—
Bonds payable	121,349,537	198,319,918	—	319,669,455	—
Net pension liability	9,424,709	4,949,091	4,263,576	18,637,376	—
OPEB liability	2,649,276	2,034,163	1,067,674	5,751,113	—
Landfill closure and postclosure liability	—	—	4,245,554	4,245,554	—
Claims and judgements payable	—	—	—	—	575,801
Total long-term liabilities	134,014,140	209,570,075	9,753,470	353,337,685	656,290
Total liabilities	153,156,101	227,763,748	11,953,506	392,873,355	7,514,046

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	1,796,607	1,119,630	837,814	3,754,051	—
---	-----------	-----------	---------	-----------	---

NET POSITION

Net investment in capital assets	132,610,984	289,099,122	55,619,133	477,329,239	—
Restricted for:					
Debt service	14,798,141	18,952,385	—	33,750,526	—
Unrestricted	139,795,008	108,166,313	19,044,314	267,005,635	44,945,874
Total net position	\$ 287,204,133	\$ 416,217,820	\$ 74,663,447	\$ 778,085,400	\$ 44,945,874

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, 2020

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
OPERATING REVENUES:					
Service fees	\$ 54,722,296	\$ 61,531,949	\$ 17,638,173	\$ 133,892,418	\$ 97,911
Grants and entitlements	—	—	7,137,950	7,137,950	—
Rentals	—	—	1,188,420	1,188,420	—
Sales taxes	—	—	15,521	15,521	—
Self insurance premiums	—	—	—	—	28,550,029
Miscellaneous	50,009	47,643	123,888	221,540	613,042
Total operating revenues	54,772,305	61,579,592	26,103,952	142,455,849	29,260,982
OPERATING EXPENSES:					
General and administrative	3,470,499	3,040,584	1,135,590	7,646,673	551
Personnel services	9,863,441	7,750,353	4,188,574	21,802,368	2,151,502
Contractual services	7,853,958	5,386,720	13,279,625	26,520,303	2,420,851
Commodities	12,368,609	12,915,208	1,833,819	27,117,636	2,094,268
Claims expense	—	—	—	—	22,803,678
Housing assistance payments	—	—	4,914,609	4,914,609	—
Depreciation and amortization expense	17,194,951	29,126,514	2,246,369	48,567,834	—
Total operating expenses	50,751,458	58,219,379	27,598,586	136,569,423	29,470,850
OPERATING INCOME (LOSS)	4,020,847	3,360,213	(1,494,634)	5,886,426	(209,868)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	3,356,943	5,415,367	1,201,825	9,974,135	1,933,950
Interest and fiscal charges	(5,430,744)	(8,442,201)	—	(13,872,945)	—
Accretion of bond premiums	1,258,771	1,482,155	—	2,740,926	—
Bond issuance costs	(129,374)	(81,504)	—	(210,878)	—
Gain (loss) on disposal of capital assets	(63,345)	(45,000)	(17,000)	(125,345)	—
Equity interest in joint venture	(3,955,837)	—	—	(3,955,837)	—
Total Nonoperating revenues (expenses)	(4,963,586)	(1,671,183)	1,184,825	(5,449,944)	1,933,950
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(942,739)	1,689,030	(309,809)	436,482	1,724,082
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	6,128,036	8,061,980	816,295	15,006,311	—
Transfers in	—	6,500	739,474	745,974	3,450,000
Transfers out	(326,584)	(219,929)	(123,765)	(670,278)	(19,728)
Total capital contributions and transfers	5,801,452	7,848,551	1,432,004	15,082,007	3,430,272
CHANGE IN NET POSITION	4,858,713	9,537,581	1,122,195	15,518,489	5,154,354
NET POSITION:					
Beginning of year	282,345,420	406,680,239	73,541,252	762,566,911	39,791,520
End of year	<u>\$ 287,204,133</u>	<u>\$ 416,217,820</u>	<u>\$ 74,663,447</u>	<u>\$ 778,085,400</u>	<u>\$ 44,945,874</u>

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Cash Flows -
Proprietary Funds
For the year ended June 30, 2020

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 55,244,501	\$ 60,702,149	\$ 19,008,248	\$ 134,954,898	\$ 29,262,072
Cash received from grantors	—	—	7,165,403	7,165,403	—
Cash payments to suppliers	(24,251,682)	(21,206,180)	(21,105,056)	(66,562,918)	(26,753,734)
Cash payments to employees for services	(9,655,944)	(7,605,976)	(4,132,472)	(21,394,392)	(2,110,084)
Net cash provided (used) by operating activities	21,336,875	31,889,993	936,123	54,162,991	398,254
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	—	6,500	739,474	745,974	3,450,000
Transfers out	(326,584)	(219,929)	(123,765)	(670,278)	(19,728)
Net cash provided (used) by noncapital financing activities	(326,584)	(213,429)	615,709	75,696	3,430,272
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(20,946,221)	(7,415,391)	(258,979)	(28,620,591)	—
Proceeds from sale of excise tax bonds	7,845,626	4,943,496	—	12,789,122	—
Principal paid on bond maturities	(7,462,021)	(7,910,213)	—	(15,372,234)	—
Interest paid on bonds	(5,363,806)	(8,483,584)	—	(13,847,390)	—
Cash received from capital contributions	5,410,398	7,188,125	—	12,598,523	—
Net cash provided (used) by capital and related financing activities	(20,516,024)	(11,677,567)	(258,979)	(32,452,570)	—
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	3,442,818	5,464,095	1,222,911	10,129,824	1,944,106
Net cash provided (used) by investing activities	3,442,818	5,464,095	1,222,911	10,129,824	1,944,106
Net increase (decrease) in cash and cash equivalents	3,937,085	25,463,092	2,515,764	31,915,941	5,772,632
CASH AND CASH EQUIVALENTS:					
Beginning of year	93,722,473	120,646,321	25,846,665	240,215,459	46,413,509
End of year	<u>\$ 97,659,558</u>	<u>\$ 146,109,413</u>	<u>\$ 28,362,429</u>	<u>\$ 272,131,400</u>	<u>\$ 52,186,141</u>

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

Operating income (loss)	\$ 4,020,847	\$ 3,360,213	\$ (1,494,634)	\$ 5,886,426	\$ (209,868)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	17,194,951	29,126,514	2,246,369	48,567,834	—
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	199,569	(796,629)	71,996	(525,064)	(2,256)
(Increase) decrease in inventories	(5,345)	—	22,681	17,336	—
(Increase) decrease in other assets	—	—	38,570	38,570	—
Increase (decrease) in payables	(553,271)	136,332	35,906	(381,033)	25,546
Increase (decrease) in accrued payroll and compensated absences	213,454	149,023	59,116	421,593	41,418
Increase (decrease) in deposits	245,169	(114,296)	1,680	132,553	—
Increase (decrease) in claims payable	—	—	—	—	540,068
Increase (decrease) in unearned revenue	—	—	—	—	3,346
Increase (decrease) in customer advances	27,458	33,482	(3,977)	56,963	—
Increase (decrease) in net pension items	(77,605)	(61,905)	(73,541)	(213,051)	—
Increase (decrease) in OPEB liability	71,648	57,259	31,957	160,864	—
Total adjustments	17,316,028	28,529,780	2,430,757	48,276,565	608,122
Net cash provided (used) by operating activities	\$ 21,336,875	\$ 31,889,993	\$ 936,123	\$ 54,162,991	\$ 398,254

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 717,638	\$ 873,855	\$ —	\$ 1,591,493	\$ —
Contributions of capital assets from city government	—	—	816,295	816,295	—
Gain (loss) on disposal of capital assets	(63,345)	(45,000)	(17,000)	(125,345)	—
Accretion of bond premiums	1,258,771	1,482,155	—	2,740,926	—

See accompanying Notes to the Financial Statements.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2020

The City of Chandler (City) was incorporated on February 17, 1920. On May 25, 1964, voters ratified a City charter providing for a Council-Manager form of government. The government of the City is operated by authority of its charter, as limited by the state legislature. A seven-member council, including a separately elected mayor, governs the City.

The following notes to the financial statements are an integral part of the City's financial statements.

NOTE 1 - Summary of Significant Accounting Policies

The accounting policies and procedures of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

A. Reporting Entity

As required by GAAP, these financial statements present the City and its component units, i.e., entities for which the City is considered to be financially accountable and/or exercise significant influence over operations. Blended component units, although legally separate entities, are in substance part of the City's operations, and therefore data from these units are combined with data of the City. The City's discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements, to emphasize that they are legally separate from the City. The component units discussed below are included in the City's reporting entity because of the significance of their operational and/or financial relationships with the City. Each component unit has a June 30 year-end.

1. Blended Component Unit

The City of Chandler Municipal Property Corporation (Corporation) is a nonprofit corporation which exists solely for the purpose of constructing or otherwise acquiring or equipping buildings, structures, or improvements on land owned by the City for the benefit, common good, and general welfare of the City and its citizens. The Chandler City Council appoints the five members of the Board, who are responsible for approving the Corporation's bond sales. Additionally, all bond sales must be submitted to and approved by the City Council. All financial activities are reported within the enterprise funds of the City. Unaudited financial statements for the Corporation are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

2. Discretely Presented Component Units

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 1 - Summary of Significant Accounting Policies, continued

The Foundation oversees the operations of the Chandler Center for the Arts for the selection and scheduling of performances, other facility use, and general policy setting activities. The City is able to significantly influence its operations. Specifically, the Foundation's budget is annually reviewed and approved by the City Council and the Foundation's nine-member Board is appointed by the City Council. Financial statements for the Foundation are available from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds. 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, 2020

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.

Streets Capital Projects Fund - This fund is used to account for the acquisition, construction, reconstruction, improvement, and and renovation of street projects.

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, 2020

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 \$9,109,210 were transferred from the contingency reserves within the general, special revenue, capital projects 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 \$8,299,618, for the streets capital projects fund are \$10,207,692, for water enterprise fund are \$6,185,632, for wastewater enterprise fund are \$8,414,896, and for non-major governmental funds are \$24,123,589.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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 28, 2018, the City of Chandler voters approved to continue under Home Rule for the next four years.

E. Pooled Cash and Investments

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

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

Cash resources of the City are combined to form a pool of cash and investments. Excluded from this pool are the cash and investments of the Chandler Health Care Benefits Trust, Workers' Compensation and Employer Liability Trust, Chandler Industrial Development Authority and the Chandler Cultural Foundation. Interest earned on the pooled cash and investments is distributed each month on the basis of average monthly equity in the pool.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

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

Amounts due from other governments include receivables from other governmental entities including, but not limited to federal, state, or county entities. At year-end the receivables included \$29.3 million due from federal government for AZCares and other grants and \$3.4 million from the State of Arizona for shared revenues and grants.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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 the various industry standards. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building improvements	20
Infrastructure	12-50
Machinery and equipment	5-15
System improvements	25
Vehicles	4-7

J. 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. It is 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, 2020

NOTE 1 - Summary of Significant Accounting Policies, continued

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

K. Compensated Absences

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

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

L. Long-Term Obligations

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 1 - Summary of Significant Accounting Policies, continued

M. Fund Equity

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

N. Capital Contributions - Enterprise Funds

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

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, 2020

NOTE 2 - Cash and Investments

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

Deposits

At year-end, cash on hand was \$45,765, the carrying amount of the City deposits was \$11,367,517, and the bank balance was \$11,591,962. Of the bank balance, \$250,000 was covered by federal depository insurance and \$11,341,962 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at June 30, 2020, the City had \$121,187,477 of restricted cash held by paying agent consisting of \$52,645,677 in July 1, 2020 debt service payments, \$27,009,098 in unspent bond proceeds from the 2017 & 2019 Excise Tax Revenue Obligation issuances, and \$41,532,702 from the 2017 & 2019 General Obligation Bond issuances. The cash held by paying agent is in money market funds invested primarily in short-term U.S. Treasury securities.

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 2 - Cash and Investments, continued

At June 30, 2020, 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	\$228,568,499	\$ 13,784,400	\$214,784,099	38.27 %	
U.S. Agencies:						
Fannie Mae	Level 2	34,292,288	6,307,093	27,985,195	5.74	AA+/Aaa/AAA
Federal Farm Credit Banks Funding Corp	Level 2	36,704,916	4,000,000	32,704,916	6.15	AA+/Aaa/AAA
Federal Home Loan Bank	Level 2	21,874,710	7,000,000	14,874,710	3.66	AA+/Aaa/AAA
Freddie Mac	Level 2	22,977,627	60,824	22,916,803	3.85	AA+/Aaa/AAA
Supra-National Agency:						
African Development Bank	Level 2	1,805,040	1,805,040	—	0.30	AAA/Aaa
Asian Development Bank	Level 2	121,300	121,300	—	0.02	AAA/Aaa
Inter-American Development Bank	Level 2	152,802	152,802	—	0.03	AAA/Aaa
International Finance Corp	Level 2	5,766,515	5,766,515	—	0.97	AAA/Aaa
Intl Bank of Reconstruction & Dev	Level 2	3,648,593	—	3,648,593	0.61	AAA/Aaa
Corporate Bonds:						
Adobe Inc Corp	Level 2	725,115	—	725,115	0.12	A/A2
Amazon.com Inc Corp	Level 2	4,281,836	—	4,281,836	0.72	AA-/A2
American Honda Finance	Level 2	2,760,087	—	2,760,087	0.46	A-/A3
Apple Inc Corp	Level 2	7,990,562	—	7,990,562	1.34	AA+/Aa1
Bank of America Corp	Level 2	2,337,267	2,337,267	—	0.39	A-/A2
Bank of New York Mellon Corp	Level 2	7,780,846	3,649,004	4,131,842	1.30	A/A1/AA-
Berkshire Hathaway	Level 2	3,195,868	3,195,868	—	0.54	AA/Aa2/A+
Branch Banking & Trust	Level 2	1,164,777	1,164,777	—	0.20	A-/A3
Burlingtn North Santa Fe Corp	Level 2	787,157	—	787,157	0.13	A+/A3
Caterpillar Finl Service	Level 2	6,399,530	1,784,580	4,614,950	1.07	A/A3/A
Charles Schwab Corp	Level 2	4,092,351	4,092,351	—	0.69	A/A2/A
Cisco Systems Inc Corp	Level 2	3,104,025	—	3,104,025	0.52	AA-/A1
Citibank Na	Level 2	4,016,347	926,881	3,089,466	0.67	A+/Aa3/A+
Exxon Mobil Corp	Level 2	4,622,588	364,044	4,258,544	0.77	AA/Aa1
Hershey Company	Level 2	270,048	—	270,048	0.05	A/A1
Intercontinental Exchange Inc	Level 2	4,154,280	—	4,154,280	0.70	A/A2/NA
John Deere Capital	Level 2	4,714,697	—	4,714,697	0.79	A/A2/A
JP Morgan Chase & Co Corp	Level 2	5,865,860	2,176,804	3,689,056	0.98	A-/A2/AA-
Massmutual Global Funding	Level 2	2,330,644	2,330,644	—	0.39	AA+/Aa3/AA+
Mastercard Inc Corp	Level 2	3,315,114	—	3,315,114	0.56	A+/A1
Microsoft Corp	Level 2	307,039	307,039	—	0.05	AAA/Aaa
Northern Trust	Level 2	4,078,962	—	4,078,962	0.68	A+/A2/AA-
Oracle Corp	Level 2	2,532,133	—	2,532,133	0.42	A/A3
Paccar Financial Corp	Level 2	4,564,042	1,124,603	3,439,439	0.76	A+/A1
PNC Bank Na	Level 2	4,529,881	3,030,403	1,499,478	0.76	A/A2/A+
Toyota Motor Credit Corp	Level 2	4,698,862	2,548,391	2,150,471	0.79	A+/A1/A+
United Parcel Service	Level 2	2,758,454	—	2,758,454	0.46	A-/A2
US Bank Na	Level 2	3,242,782	3,242,782	—	0.54	AA-/A1/AA-
US Bank Na Cincinnati	Level 2	3,209,636	—	3,209,636	0.54	A+/A1
USAA Capital Corp	Level 2	1,684,346	1,684,346	—	0.28	AA/Aa1/NA
Wal Mart Stores Inc Global	Level 2	2,295,067	—	2,295,067	0.38	AA/Aa2

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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		
Walt Disney Company	Level 2	2,740,911	2,566,953	173,958	0.46	A-/A2
Wells Fargo & Company Corp	Level 2	234,259	—	234,259	0.04	A-/A2
Municipal Bond:						
AZ Tran Board TXBL REV Bonds	Level 2	1,604,959	—	1,604,959	0.27	AA+/Aa1
Asset Backed:						
Ally Abs 2017-2 A3	Level 2	24,015	—	24,015	0.00	NR/Aaa
Ally 2017-5 A3	Level 2	466,538	—	466,538	0.08	AAA/Aaa
Ally 2019-3 A3	Level 2	2,552,433	—	2,552,433	0.43	AAA/Aaa/NA
Amxca 2019-2 A	Level 2	2,061,353	—	2,061,353	0.35	NA/Aaa/AAA
Bacct 2018-2 A	Level 2	3,152,987	—	3,152,987	0.53	AAA/Aaa/NA
Bmwot 2019-A A3	Level 2	3,378,385	—	3,378,385	0.57	AAA/NA/AAA
Carmx 2018-4 A3	Level 2	5,567,679	—	5,567,679	0.93	AAA/NA/AAA
Carmx 2019-2 A3	Level 2	897,089	—	897,089	0.15	AAA/NR
Carmx 2020-1 A3	Level 2	879,699	—	879,699	0.15	AAA/NR
Chait 2014-2 A	Level 2	2,520,333	2,520,333	—	0.42	AAA/NR/AAA
Comet 2019-2 A	Level 2	2,055,623	—	2,055,623	0.34	AAA/NA/AAA
Copar 2019-1 A3	Level 2	4,115,123	—	4,115,123	0.69	AAA/Aaa/AAA
Fordo 2019-A A3	Level 2	2,994,945	—	2,994,945	0.50	NA/Aaa/AAA
Gmcar 2020-1 A3	Level 2	1,611,787	—	1,611,787	0.27	AAA/Aaa/NA
Harot 2017-4 A3	Level 2	344,433	—	344,433	0.06	NR/Aaa
Harot 2019-1 A3	Level 2	688,392	—	688,392	0.12	AAA/NR
Harot 2019-2 A3	Level 2	1,405,964	—	1,405,964	0.24	NR/Aaa
Hart 2018-A A3	Level 2	607,940	—	607,940	0.10	AAA/Aaa
Honda Abs 2017-1 A3	Level 2	70,237	—	70,237	0.01	NR/Aaa
Honda Abs 2017-2 A3	Level 2	338,966	—	338,966	0.06	AAA/Aaa
Hyundai Abs 2017-A A3	Level 2	49,646	—	49,646	0.01	AAA/NR
Hyundai Abs 2017-B A3	Level 2	444,471	—	444,471	0.07	AAA/Aaa
Hyundai Auto	Level 2	1,076,256	—	1,076,256	0.18	AAA/NR
John Deere Abs 2017-B A3	Level 2	70,177	—	70,177	0.01	NR/Aaa
Mbart 2018-1 A3	Level 2	2,126,924	—	2,126,924	0.36	AAA/Aaa
Narot 2017-C A3	Level 2	366,023	—	366,023	0.06	NR/Aaa
Narot 2018-B A3	Level 2	1,241,021	—	1,241,021	0.21	AAA/Aaa
Narot 2019-A A3	Level 2	1,653,340	—	1,653,340	0.28	NR/Aaa
Narot 2019-B A3	Level 2	1,502,539	—	1,502,539	0.25	NR/Aaa
Taot 2017-D A3	Level 2	604,762	—	604,762	0.10	AAA/Aaa
Taot 2018-A A3	Level 2	667,317	—	667,317	0.11	AAA/Aaa
Taot 2020-A A3	Level 2	1,826,460	—	1,826,460	0.31	AAA/Aaa
Usaot 2019-1 A3	Level 2	3,047,647	—	3,047,647	0.51	AAA/Aaa/NA
Woart 2019-B A3	Level 2	5,547,921	—	5,547,921	0.93	AAA/NA/AAA
Money Market - Certificates of Deposit	Level 2	34,090,205	21,713,879	12,376,326	5.71	A-1/P-1
Money Market Fund	Level 1	38,658,611	38,658,611	—	6.48	AAA/NR
Cash and cash equivalents	Level 1	11,570	11,570	—	0.00	AAA/Aaa/AAA
Total		<u>\$597,021,433</u>	<u>\$138,429,104</u>	<u>\$458,592,329</u>	<u>100.00 %</u>	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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 A1 or P1, 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, A- and AAAM by Standard & Poor's, respectively, as of June 30, 2020.

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 issues by the United States of America or its agencies are exempt from this provision. More than 5 percent of the City's investments are in U.S. Agencies, 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, 2020

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 2019-20, current property tax collections were \$33,597,189 or 99 percent of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days is recognized as revenue and recorded as a receivable. Property taxes levied in August 2020 are not available for fiscal year 2019-20; accordingly, such taxes will not be recognized as revenue until fiscal year 2020-21.

NOTE 4 - Capital Assets

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

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 92,482,104	\$ 46,413	\$ —	\$ —	\$ 92,528,517
Construction in progress	76,354,667	69,855,058	(32,679,177)	—	113,530,548
Total capital assets not being depreciated	168,836,771	69,901,471	(32,679,177)	—	206,059,065
Capital assets, being depreciated:					
Infrastructure	739,598,534	3,549,111	—	—	743,147,645
Building and improvements	399,450,754	10,620,852	—	(62,483)	410,009,123
Machinery and equipment	99,552,800	4,842,102	(7,500,646)	62,483	96,956,739
Total capital assets being depreciated	1,238,602,088	19,012,065	(7,500,646)	—	1,250,113,507
Less accumulated depreciation for:					
Infrastructure	(379,138,898)	(27,699,921)	—	—	(406,838,819)
Building and improvements	(201,705,412)	(18,340,260)	—	14,579	(220,031,093)
Machinery and equipment	(72,456,028)	(8,187,359)	7,033,917	(14,579)	(73,624,049)
Total accumulated depreciation	(653,300,338)	(54,227,540)	7,033,917	—	(700,493,961)
Total capital assets, being depreciated, net	585,301,750	(35,215,475)	(466,729)	—	549,619,546
Governmental activities capital assets, net	\$ 754,138,521	\$ 34,685,996	\$ (33,145,906)	\$ —	\$ 755,678,611

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 4 - Capital Assets, continued

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

	Expended to June 30, 2020	Remaining Commitments
Streets	\$ 45,927,897	\$ 5,855,153
Parks and recreation	8,332,925	2,935,433
Buildings and related improvements	59,269,726	22,846,494
Total	<u>\$ 113,530,548</u>	<u>\$ 31,637,080</u>

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

Business-Type Activities	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 46,148,899	\$ 5,520,416	\$ —	\$ 51,669,315
Construction in progress	52,537,318	33,016,814	(27,988,422)	57,565,710
Total capital assets not being depreciated	<u>98,686,217</u>	<u>38,537,230</u>	<u>(27,988,422)</u>	<u>109,235,025</u>
Capital assets, being depreciated:				
System improvements	1,371,023,407	18,840,563	—	1,389,863,970
Building and improvements	26,125,514	219,889	—	26,345,403
Vehicles, machinery and equipment	20,267,211	388,525	(430,936)	20,224,800
Land improvements	2,482,034	13,500	—	2,495,534
Total capital assets being depreciated	<u>1,419,898,166</u>	<u>19,462,477</u>	<u>(430,936)</u>	<u>1,438,929,707</u>
Less accumulated depreciation for:				
System improvements	(677,409,737)	(46,527,276)	—	(723,937,013)
Buildings and improvements	(16,642,462)	(771,940)	—	(17,414,402)
Vehicles, machinery and equipment	(16,085,513)	(1,223,142)	301,937	(17,006,718)
Land improvements	(2,251,206)	(45,476)	—	(2,296,682)
Total accumulated depreciation	<u>(712,388,918)</u>	<u>(48,567,834)</u>	<u>301,937</u>	<u>(760,654,815)</u>
Total capital assets, being depreciated, net	<u>707,509,248</u>	<u>(29,105,357)</u>	<u>(128,999)</u>	<u>678,274,892</u>
Business-type activities capital assets, net	<u>\$ 806,195,465</u>	<u>\$ 9,431,873</u>	<u>\$ (28,117,421)</u>	<u>\$ 787,509,917</u>

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

	Expended to June 30, 2020	Remaining Commitments
Sewer system improvements	\$ 6,802,835	\$ 5,536,766
Water system improvements	50,607,745	3,053,914
Solid waste system improvements	106,468	12,092
Airport improvements	48,662	558,156
Total	<u>\$ 57,565,710</u>	<u>\$ 9,160,928</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 7,330,320
Public safety	7,111,380
Community services	10,433,252
Transportation and development	29,352,588
Total depreciation expense - governmental activities	<u>\$ 54,227,540</u>
Business-type activities:	
Water	\$ 17,194,951
Wastewater	29,126,514
Solid waste	610,112
Airport	1,045,038
Chandler housing authority	591,219
Total depreciation expense - business-type activities	<u>\$ 48,567,834</u>

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

NOTE 5 - Long-Term Liabilities

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. Bonds issued for business-type activities are reported in the enterprise funds as they are to be repaid from enterprise revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10 to 15 year serial bonds, except for refunding issues, with varying amounts of principal maturing each year. The City has pledged future ad valorem tax revenues and net enterprise revenues to repay a total of \$363,577,084 in outstanding general obligation bonds and are payable through July 1, 2035. Proceeds of the bonds were used for governmental and business-type activities.

Governmental Activities General Obligation Bonds

Annual principal and interest payments on the government activities bonds were approximately 81 percent of total ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$260,586,239. Principal and interest paid for the current year and total ad valorem property taxes were \$27,957,760 and \$34,334,216 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2020 were as follows:

	Outstanding June 30, 2020
Governmental Activities General Obligation Bonds:	
\$9,925,000 Capital Improvement Bonds, Series 2011A, due in an annual installment of \$3,300,000 on 7/1/20; interest at 4 percent.	\$ 3,300,000
\$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.	109,449,000
\$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.	47,290,000
\$30,400,000 Capital Improvement Bonds, Series 2019, due in annual installments of \$1,000,000 to \$2,325,000 through 7/1/35; interest at 2.3 percent to 4 percent.	30,400,000
	<u>\$ 215,939,000</u>
Total Governmental Activities General Obligation Bonds	

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds were approximately 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 \$102,990,845. Principal and interest paid for the current year and total net water system, wastewater system revenues were \$13,364,050 and \$53,147,817 respectively.

	Outstanding June 30, 2020
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.	\$ 72,711,000
\$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
	<u>\$ 86,261,000</u>
Total Business-Type Activities General Obligation Bonds	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 5 - Long-Term Liabilities, continued

B. Street and Highway Revenue Bonds

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

The City pledged highway user revenues to repay street and highway user revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's streets and highways. The bonds were payable solely from state shared gasoline tax revenues. The total principal and interest was paid off July 1, 2019. Annual principal and interest payments on the bonds were approximately 12 percent of eligible revenues. Principal and interest paid for the current year and street and highway user revenue taxes were \$2,089,600 and \$16,996,911, respectively.

C. Water and Sewer Revenue Bonds

Water and sewer revenue bonds are issued as authorized by the voters to provide funds to acquire and construct certain improvements to the water and sewer systems of the City and to pay the costs incurred in connection with the issuance of the bonds. These bonds are secured by a pledge of revenues from these systems, and do not constitute a general obligation of the City backed by the general taxing authority.

The City has pledged future water and wastewater system revenues, net of operating expenses, to repay a total of \$2,340,000 in outstanding water and wastewater system revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's water and wastewater systems. The bonds are payable solely from net water and wastewater system revenues and are payable through July 1, 2020.

Annual principal and interest payments on the bonds were less than 5 percent of net water and wastewater system revenues. The total principal and interest remaining to be paid on the bonds is \$2,386,800. Principal and interest paid for the current year and net water and wastewater system revenues were \$2,485,500 and \$53,604,873, respectively.

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2020 were as follows:

	<u>Outstanding June 30, 2020</u>
Business-Type Activities Revenue Bonds:	
\$15,400,000 Water & Sewer Refunding Bonds, Series 2014, due in an annual installment of \$2,340,000 on 7/1/20; interest at 4 percent.	<u>\$ 2,340,000</u>
Total Business-Type Activities Revenue Bonds	<u><u>\$ 2,340,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 5 - Long-Term Liabilities, continued

D. Excise Tax Revenue Obligations

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

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

Annual principal and interest payments on the obligations are being repaid from net water and wastewater system revenues and were approximately 29% percent of net system revenues. The total principal and interest to be paid on the obligations is \$306,035,338. Principal and interest paid for the current year and net water and wastewater system revenues were \$15,647,610 and \$53,604,873 respectively. Total excise tax revenues during the fiscal year were \$225,937,742. Principal and interest payments were less than 7 percent of total excise tax revenues.

	<u>Outstanding June 30, 2020</u>
Business-Type Activities Excise Tax Revenue Obligations:	
\$15,000,000 Water & Sewer Excise Tax Revenue Obligations, Series 2011, due in annual installments of \$835,000 to \$905,000 through 7/1/22; interest at 3 percent to 4 percent.	\$ 2,610,000
\$104,500,000 Water & Sewer Excise Tax Revenue Obligations, Series 2013, due in annual installments of \$3,100,000 to \$12,000,000 through 7/1/33; interest at 4 percent to 5 percent.	97,400,000
\$66,660,000 Water & Sewer Excise Tax Revenue Obligations, Series 2015, due in annual installments of \$2,635,000 to \$5,620,000 through 7/1/35; interest at 3 percent to 5 percent.	61,245,000
\$19,510,000 Water & Sewer Excise Tax Revenue Refunding Obligations, Series 2016, due in annual installments of \$1,180,000 to \$3,050,000 beginning 7/1/20 through 7/1/28; interest at 4 percent to 5 percent.	19,510,000
\$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.	35,220,000
\$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.	<u>13,000,000</u>
Total Business-Type Activities Excise Tax Revenue Obligations	<u>\$ 228,985,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 5 - Long-Term Liabilities, continued

E. Special Assessment Bonds with Governmental Commitment

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 2020, 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, 2020 were as follows:

	Outstanding June 30, 2020
Special Assessment Bonds with Governmental Commitment:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$585,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 1,830,000
Total Special Assessment Bonds with Governmental Commitment	\$ 1,830,000

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due within One Year
Governmental Activities:					
Compensated absences	\$ 10,981,265	\$ 4,561,840	\$ (1,732,101)	\$ 13,811,004	\$ 2,532,069
Bonds payable:					
General obligation bonds	205,764,000	30,400,001	(20,225,000)	215,939,001	20,775,000
Revenue bonds	2,050,000	—	(2,050,000)	—	—
Special assessment bonds	2,395,000	—	(565,000)	1,830,000	585,000
Issuance premiums	19,141,899	2,927,905	(2,280,132)	19,789,672	2,240,684
Total bonds payable	229,350,899	33,327,906	(25,120,132)	237,558,673	23,600,684
Claims payable	6,718,226	22,762,653	(22,222,585)	7,258,294	6,682,493
Net pension liability	265,163,827	10,094,077	—	275,257,904	—
OPEB liability	46,161,607	1,200,007	—	47,361,614	—
Totals	\$ 558,375,824	\$ 71,946,483	\$ (49,074,818)	\$ 581,247,489	\$ 32,815,246
	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Business-Type Activities:					
Compensated absences	\$ 1,168,263	\$ 394,720	\$ (174,176)	\$ 1,388,807	\$ 254,620
Bonds & obligations payable:					
General obligation bonds	95,901,000	—	(9,640,000)	86,261,000	9,325,000
Revenue bonds	4,685,000	—	(2,345,000)	2,340,000	2,340,000
Excise tax revenue obligations	222,575,000	13,000,000	(6,590,000)	228,985,000	9,205,000
Issuance premiums	26,080,737	2,283,996	(2,740,926)	25,623,807	2,670,352
Total bonds & obligations payable	349,241,737	15,283,996	(21,315,926)	343,209,807	23,540,352
Net pension liability	19,007,535	—	(370,159)	18,637,376	—
OPEB liability	5,590,249	160,864	—	5,751,113	—
Landfill closure/post closure	4,340,000	—	—	4,340,000	94,446
Totals	\$ 379,347,784	\$ 15,839,580	\$ (21,860,261)	\$ 373,327,103	\$ 23,889,418

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, 2020

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, 2020, the 6 percent debt limitation was \$258,505,031, providing a debt margin of \$248,732,453 and the 20 percent debt limitation was \$861,683,439, providing a debt margin of \$557,727,307. The assessed valuation method used was changed in fiscal year 2015-16 from secondary assessed valuation to the full cash valuation based on advice of bond council.

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, 2020 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, 2020:

GOVERNMENTAL ACTIVITIES					
Years Ended June 30	General Obligation Principal	General Obligation Interest	Improvement Districts Principal	Improvement Districts Interest	Total
2021	\$ 20,775,000	\$ 8,168,382	\$ 585,000	\$ 73,200	\$ 29,601,582
2022	19,395,000	7,370,030	610,000	49,800	27,424,830
2023	20,060,000	6,598,475	635,000	25,400	27,318,875
2024	20,860,000	5,702,900	—	—	26,562,900
2025	21,610,000	4,695,275	—	—	26,305,275
2026-2030	88,829,000	10,683,378	—	—	99,512,378
2031-2035	22,285,000	1,402,237	—	—	23,687,237
2036-2040	2,125,000	26,562	—	—	2,151,562
Total	<u>\$ 215,939,000</u>	<u>\$ 44,647,239</u>	<u>\$ 1,830,000</u>	<u>\$ 148,400</u>	<u>\$ 262,564,639</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 5 - Long-Term Liabilities, concluded

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2021	\$ 9,325,000	\$ 3,439,575	\$ 2,340,000	\$ 46,800	\$ 9,205,000	\$ 9,394,151	\$ 33,750,526
2022	9,525,000	3,120,630	—	—	10,630,000	8,878,475	32,154,105
2023	9,650,000	2,748,560	—	—	11,375,000	8,353,925	32,127,485
2024	9,555,000	2,316,685	—	—	11,940,000	7,781,975	31,593,660
2025	9,475,000	1,840,935	—	—	12,865,000	7,161,850	31,342,785
2026-2030	38,731,000	3,263,460	—	—	73,740,000	25,931,725	141,666,185
2031-2035	—	—	—	—	84,965,000	9,052,100	94,017,100
2036-2040	—	—	—	—	14,265,000	496,137	14,761,137
Total	<u>\$ 86,261,000</u>	<u>\$ 16,729,845</u>	<u>\$ 2,340,000</u>	<u>\$ 46,800</u>	<u>\$ 228,985,000</u>	<u>\$ 77,050,338</u>	<u>\$ 411,412,983</u>

NOTE 6 - Defeased Debt

Prior Year Defeasance

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

Bonds and obligations that have been advance refunded (defeased) as of June 30, 2020:

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

NOTE 7 - Landfill Closure and Postclosure Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. In addition to operating expenses related to landfill activities through its closure date (October 1, 2005), an expense provision and related liability has been recognized based on the future closure and postclosure care costs to be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. As of June 30, 2020, the City estimates total costs related to landfill closure and postclosure care is \$16,016,869 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,676,869 has been paid. The remaining balance of \$4,340,000 consists of a current liability of \$94,446 and \$4,245,554 recorded as a long-term liability on the City's financial statements.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 7 - Landfill Closure and Postclosure Costs, concluded

The estimated total current cost of the landfill closure and postclosure, \$16,016,869, 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, 2020. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The City is required by state and federal regulations to comply with local government financial test requirements that assure the City can meet the costs of landfill closure, postclosure care and, if necessary, corrective action when needed. The City complied with all local government financial test requirements for the year ended June 30, 2019. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, i.e., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

NOTE 8 - Capital Contributions

Capital contributions in the Water, Wastewater, Solid Waste 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	\$ 5,410,398	\$ 717,638	\$ —	\$ 6,128,036
Wastewater	7,188,125	873,855	—	8,061,980
Solid Waste	—	—	1,557	1,557
Airport	—	—	814,738	814,738
Total	<u>\$ 12,598,523</u>	<u>\$ 1,591,493</u>	<u>\$ 816,295</u>	<u>\$ 15,006,311</u>

NOTE 9 - Fund Equity

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

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 9 - Fund Equity, continued

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

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

As of June 30, 2020 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, 2020

NOTE 9 - Fund Equity, concluded

	General	Streets Capital Projects	General Obligation Bonds Debt Service	Other Governmental	Total
Nonspendable:					
Inventories	\$ 979,664	\$ —	\$ —	\$ —	\$ 979,664
Prepaid items	5,732	—	—	—	5,732
Total nonspendable	985,396	—	—	—	985,396
Restricted for:					
Court enhancement	1,090,615	—	—	—	1,090,615
Judicial enhancement	461,942	—	—	—	461,942
Weapons proceeds	113,084	—	—	—	113,084
Citing agency	44,967	—	—	—	44,967
Transportation and development	—	81,698,832	—	40,817,731	122,516,563
Debt service reserve	—	—	4,693,193	99,144	4,792,337
Community development	—	—	—	545,715	545,715
Community services	—	—	—	45,236,846	45,236,846
Other capital projects	—	—	—	17,037,460	17,037,460
Total restricted	1,710,608	81,698,832	4,693,193	103,736,896	191,839,529
Assigned to:					
Domestic violence prevention	74,294	—	—	—	74,294
Self-insurance purposes	1,396,555	—	—	—	1,396,555
Traffic safety reserve	447,885	—	—	—	447,885
PSPRS contribution	20,500,000	—	—	—	20,500,000
Capital improvement projects	81,187,948	—	—	—	81,187,948
Economic development projects	5,736,722	—	—	—	5,736,722
AZCares projects	29,983,456	—	—	—	29,983,456
Total assigned	139,326,860	—	—	—	139,326,860
Unassigned	90,887,858	—	—	(7,697,792)	83,190,066
Total unassigned	90,887,858	—	—	(7,697,792)	83,190,066
Total fund balances	<u>\$ 232,910,722</u>	<u>\$ 81,698,832</u>	<u>\$ 4,693,193</u>	<u>\$ 96,039,104</u>	<u>\$ 415,341,851</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 2019-20. This amounts to \$34,833,900 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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, 2020, 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	\$ 275,257,904	\$ 18,637,376	\$ 293,895,280
Pension deferred outflows of resources	79,391,929	2,171,653	81,563,582
Pension deferred inflows of resources	12,907,482	1,983,447	14,890,929
Pension expense	31,993,522	7,998,380	39,991,902

	OPEB Plans		
	Governmental Activities	Business-type Activities	Total
Net OPEB liability	\$ 47,361,614	\$ 5,751,113	\$ 53,112,727
OPEB deferred outflows of resources	5,125,478	646,895	5,772,373
OPEB deferred inflows of resources	14,423,654	1,770,604	16,194,258
OPEB expense	1,629,138	222,155	1,851,293

The City of Chandler reported \$51,376,646 and \$1,749,089 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, 2020

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	30 years, age 55
	10 years, age 62	25 years, age 60
	5 years, age 50*	10 years, age 62
	Any years, age 65	5 years, age 50*
Final average salary is based on	Highest 36 months of last 120 months	Any years, age 65
		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 12.11 percent (11.94 percent for retirement and 0.17 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 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 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 10.41 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, 2020, 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, 2020, were \$8,844,068. 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, 2020

NOTE 10 - Retirement and Pension Plans, continued

D. Pension Liability

At June 30, 2020, the City of Chandler reported a liability of \$104,541,379 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019, the City of Chandler's proportion was 0.72 percent, which was a decrease of 0.04 percent from its proportion measured as of June 30, 2018.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2020, the City of Chandler recognized pension expense for ASRS of \$9,066,793 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	\$ 1,888,568	\$ 19,655
Changes of assumptions or other inputs	441,900	4,163,043
Net difference between projected and actual earnings on pension plan investments	—	2,349,729
Changes in proportion and differences between contributions and proportionate share of contributions	1,062,443	4,449,203
Contributions subsequent to the measurement date	8,844,068	—
Total	<u>\$ 12,236,979</u>	<u>\$ 10,981,630</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, 2021. 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:	
2020	\$(2,924,764)
2021	(4,842,028)
2022	(451,248)
2023	629,321

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Discount rate	7.5%
Projected salary increases	2.7 - 7.2%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 5.45 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Real Rate of Return
Equity	50%	6.09%
Credit	20%	5.36%
Interest Rate Sensitive Bond	10%	1.62%
Real estate	20%	5.85%
Total	100%	

G. Discount Rate

The discount rate used to measure the ASRS total pension liability was 7.5 percent, which was not changed from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 - Retirement and Pension Plans, continued

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City of Chandler's proportionate share of the net pension liability	\$ 148,786,597	\$104,541,379	\$67,563,764

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Public Safety Personnel Retirement System

A. Plan Description

City of Chandler public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 10 - Retirement and Pension Plans, continued

B. Benefits Provided

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

	Retirement Initial Membership Date:		
	Before January 1, 2012	On or After January 1, 2012	On or After July 1, 2017
Years of service and age required to receive benefit	20 years, any age 15 years age 62	15 years and age 52.5	15 years and age 55
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years	Highest 60 months of last 15 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	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 earning. 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, 2020, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	164	71
Inactive employees entitled to but not yet receiving benefits	51	30
Active employees	294	189
Total	509	290

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension		
Tier 1	7.65 %	7.65 %
Tier 2	11.65 %	11.65 %
Tier 3 DB	10.12 %	10.76 %
Tier 3 DC	10.51 %	10.51 %
Employer rates - pension		
Tier 1	46.79 %	40.12 %
Tier 2	46.79 %	40.12 %
Tier 3 DB	41.66 %	34.87 %
Tier 3 DC	42.05 %	34.62 %

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 31.54 percent for police and 24.11 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	\$ 28,715,343	\$ 15,566,324

E. Pension Liability

At June 30, 2020, the City of Chandler reported \$123,025,114 in net pension liability for police and \$66,328,787 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2019, 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, 2019, 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, 2020

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, 2019
Actuarial cost method	Entry age normal
Investment rate of return Tier 1/2	6.7%
Investment rate of return Tier 3	7.3%
Price inflation	2.5% - 2.7%
Wage inflation	3.5%
Projected salary increases including inflation	2.7% - 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 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
Short-term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Real estate	10%	4.50%
Private equity	12%	8.40%
Private credit	16%	5.36%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
Total	100%	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 10 - Retirement and Pension Plans, continued

G. Pension Discount Rates

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

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Police			
Balances at June 30, 2019	\$ 258,481,997	\$ 142,778,746	\$ 115,703,251
Changes for the year:			
Service cost	6,149,336	—	6,149,336
Interest on the total pension liability	19,203,025	—	19,203,025
Changes of benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the pension liability	1,302,509	—	1,302,509
Changes of assumptions or other inputs	6,562,499	—	6,562,499
Contributions - employer	—	15,572,686	(15,572,686)
Contributions - employee	—	2,206,379	(2,206,379)
Net investment income	—	8,365,394	(8,365,394)
Benefit payments, including refunds of employee contributions	(10,261,998)	(10,261,998)	—
Administrative expense	—	(146,042)	146,042
Other changes	—	(102,911)	102,911
Net changes	22,955,371	15,633,508	7,321,863
Balances at June 30, 2020	\$ 281,437,368	\$ 158,412,254	\$ 123,025,114

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 10 - Retirement and Pension Plans, continued

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2019	\$ 156,503,512	\$ 94,448,444	\$ 62,055,068
Changes for the year:			
Service cost	4,353,346	—	4,353,346
Interest on the total pension liability	11,689,082	—	11,689,082
Changes of benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the pension liability	(171,678)	—	(171,678)
Changes of assumptions or other inputs	3,122,509	—	3,122,509
Contributions - employer	—	8,004,060	(8,004,060)
Contributions - employee	—	1,462,348	(1,462,348)
Net investment income	—	5,389,738	(5,389,738)
Benefit payments, including refunds of employee contributions	(5,792,594)	(5,792,594)	—
Administrative expense	—	(94,355)	94,355
Other changes	—	(42,251)	42,251
Net changes	13,200,665	8,926,946	4,273,719
Balances at June 30, 2020	<u>\$ 169,704,177</u>	<u>\$ 103,375,390</u>	<u>\$ 66,328,787</u>

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

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

	Tier 1-2/Tier 3 1% Decrease	Current Discount Rate	Tier 1-2/Tier 3 1% Increase
PSPRS - Police:			
Rate	6.3/6.0	7.3/7.0	8.3/8.0
Net pension liability	\$ 163,595,210	\$ 123,025,114	\$ 90,154,025
PSPRS - Fire:			
Rate	6.3/6.0	7.3/7.0	8.3/8.0
Net pension liability	\$ 90,714,349	\$ 66,328,787	\$ 46,435,336

I. Pension Plan Fiduciary Net Position

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 10 - Retirement and Pension Plans, continued

J. Pension Expense

For the year ended June 30, 2020, the City of Chandler recognized the following as pension expense:

	Pension Expense
PSPRS - Police	\$ 19,552,827
PSPRS - Fire	11,371,925

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2020, the City of Chandler reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 1,852,214	\$ 3,346,087
Changes of assumptions or other inputs	11,061,934	—
Net difference between projected and actual earnings on pension plan investments	1,676,096	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	28,715,343	—
Total	<u>\$ 43,305,587</u>	<u>\$ 3,346,087</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Fire		
Differences between expected and actual experience	\$ 1,330,327	\$ 563,212
Changes of assumptions or other inputs	7,868,281	—
Net difference between projected and actual earnings on pension plan investments	1,256,084	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	15,566,324	—
Total	<u>\$ 26,021,016</u>	<u>\$ 563,212</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 10 - Retirement and Pension Plans, concluded

The amounts reported as deferred outflows of resources related to pension are resulting from contributions made subsequent to the measurement date but before the end of the City's fiscal year and will be recognized as a reduction of the net pension liability in the subsequent year ended June 30, 2021. 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
2021	\$ 4,357,390	\$ 3,186,103
2022	1,524,884	1,646,267
2023	1,639,144	2,080,357
2024	1,512,429	1,604,468
2025	1,086,737	581,805
Thereafter	1,123,573	792,480

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

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

A. Plan Description

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

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

B. Benefits Provided

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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

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

C. Contributions

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

D. Employees Covered by Benefit Terms

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

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

E. Total OPEB Liability

The City's total OPEB liability of \$53,112,727 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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

Measurement date	June 30, 2019
Actuarial valuation date	June 30, 2019
Discount Rate	3.5%
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 2019/20, then 7.75% graded down to an ultimate rate of 4.5% over 13 years
Medical and prescription drug	Consistent with medical/drug trends.
Retiree contribution increase	100% share of benefit related costs

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

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

G. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 51,751,856
Changes for the year:	
Service cost	2,585,397
Interest	2,059,914
Differences between expected and actual experience	(5,086,575)
Changes in assumptions or other inputs	4,021,143
Benefit payments	(2,219,008)
Net changes	<u>1,360,871</u>
Total OPEB liability - end of year	<u>\$ 53,112,727</u>

Changes in assumptions reflect the following:

1. The discount rate decreased from 3.87% to 3.5% based on the changes in the Bond Buyer 20 index municipal bond rate from June 30, 2018 to June 30, 2019.
2. The per capita health costs were updated based on more recent data.
3. The future trend on per capita health costs were updated. The first year of which was updated to reflect actual premiums for calendar year 2020.
4. The percentage of active participants that elect spouse coverage at retirement decreased from 75% male and 50% female to 70% male and 45% female.
5. The relative age difference between future retirees and their spouses decreased from 3 years to 2.
6. The percentage of active participants that elect medical coverage decreased from 55% to 50%.
7. The percentage of active participants that elect life insurance decreased from 90% to 85%.
8. The Safety mortality tables were updated based on Arizona PSPRS actuarial valuation report as of June 30, 2019 dated November 22, 2019.
9. The General salary scale assumptions were updated based on the ASRS actuarial valuation funding report as of June 30, 2019 dated December 13, 2019.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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

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

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 60,241,457	\$ 53,112,727	\$ 47,371,538

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

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

	1% Decrease (5.75%)	Current Healthcare Cost Trend Rates (6.75%)	1% Increase (7.75%)
Total OPEB liability	\$ 49,760,179	\$ 53,112,727	\$ 57,066,534

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$1,851,293. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 10,052,858
Changes of assumptions or other inputs	3,443,257	6,141,400
Contributions subsequent to measurement date	2,339,116	—
Total	\$ 5,782,373	\$ 16,194,258

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, 2021. 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:	
2021	\$ (2,794,018)
2022	(2,794,018)
2023	(2,794,018)
2024	(2,794,018)
2025	(1,438,899)
Thereafter	(146,030)

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 12 - Commitments and Contingencies

The City is subject to a number of lawsuits, investigations, and other claims (some of which involve alleged damages in substantial amounts) that are incidental to the ordinary course of its operations, including those related to property damage and personal injury matters as well as alleged civil rights violations. All cases are being vigorously defended by the City of Chandler both as to liability as well as the amount of damages claimed. Although the City Attorney cannot reasonably estimate the actual results upon disposition of the outstanding cases, some could be significant to the City's operations, which is why the City not only self-insures with a \$1,750,000 liability retention, but carries an additional \$50,000,000 in liability insurance policies which are in excess of its self-insured retention. While the ultimate resolution of such lawsuits, investigations and claims cannot be determined at this time, in the opinion of City management (based on the advice of the City Attorney), the resolution of these matters will not have a material adverse effect on the City's financial position.

NOTE 13 - Risk Management

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

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

In fiscal year 2019-20, 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 \$1,250,000 in Public Safety and up to \$600,000 in all other classifications of workers' compensation. The City purchases commercial insurance for claims in excess of coverage provided by the Self-Insurance Fund and for all other risks of loss. During fiscal year 2019-20, 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 13 - Risk Management, concluded

The claims liability of \$7,258,294 reported as claims payable in the Self-Insurance Fund at June 30, 2020, 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 2019 and 2020 were:

Year Ended June 30,	Risk of Loss	Beginning of Fiscal Year Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2019	Workers' compensation	\$ 1,869,023	\$ 3,222,254	\$ (2,278,587)	\$ 2,812,690
	Property and liability	1,687,414	(164,683)	(214,776)	1,307,955
	Health	2,713,763	18,987,679	(19,255,993)	2,445,449
	Dental	151,089	1,995,048	(1,994,005)	152,132
		<u>\$ 6,421,289</u>	<u>\$ 24,040,298</u>	<u>\$ (23,743,361)</u>	<u>\$ 6,718,226</u>
2020	Workers' compensation	\$ 2,812,690	\$ 2,049,391	\$ (1,922,409)	\$ 2,939,672
	Property and liability	1,307,955	211,609	(229,171)	1,290,393
	Health	2,445,449	18,731,377	(18,304,860)	2,871,966
	Dental	152,132	1,770,276	(1,766,145)	156,263
		<u>\$ 6,718,226</u>	<u>\$ 22,762,653</u>	<u>\$ (22,222,585)</u>	<u>\$ 7,258,294</u>

NOTE 14 - Interfund Transfers

Interfund transfers are made from various funds and cost centers to fund costs including property and liability insurance, technology replacement, vehicle replacement, debt service, streets capital projects, and general government capital projects. The interfund transfers in and out at June 30, 2020 are as follows:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 14 - Interfund Transfers

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Non-major governmental	\$ 11,835,859	\$ 24,852,268
	Non-major enterprise	—	739,474
	Internal service	—	3,450,000
	Total general fund	11,835,859	29,041,742
Capital projects - streets	Debt service - general obligation	—	200,000
	Total capital projects - streets	—	200,000
Debt service - general obligation	Capital projects - streets	200,000	—
	Non-major governmental	1,534,681	—
	Total debt service - general obligation	1,734,681	—
Non-major governmental	General	24,852,268	11,835,859
	Debt service - general obligation	—	1,534,681
	Non-major governmental	175,982	175,982
	Enterprise - water	320,084	—
	Enterprise - wastewater	219,929	—
	Non-major enterprise	123,765	—
	Internal service	19,728	—
	Total non-major governmental funds	25,711,756	13,546,522
Water	Enterprise - wastewater	—	6,500
	Non-major governmental	—	320,084
	Total water fund	—	326,584
Wastewater	Enterprise - water	6,500	—
	Non-major governmental	—	219,929
	Total wastewater fund	6,500	219,929
Non-major enterprise	General	739,474	—
	Non-major governmental	—	123,765
	Total non-major enterprise funds	739,474	123,765
Internal service	General	3,450,000	—
	Non-major governmental	—	19,728
	Total internal service funds	3,450,000	19,728
Total		\$ 43,478,270	\$ 43,478,270

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 \$816,295 (see Note 8).

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

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	\$ 7,546,432
	Capital projects - public buildings	2,189,427
	Total governmental funds	<u>9,735,859</u>
Enterprise funds:		
Water	Enterprise - wastewater	<u>3,900,000</u>
	Total all funds	<u><u>\$ 13,635,859</u></u>

Interfund advances were made from governmental funds to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$1,350,000 of the public safety buildings and improvements capital projects fund advances and \$100,000 of the public buildings capital projects fund advance will be repaid within one year.

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

B. Interfund Due To/Due From

Due from other funds	Due to other funds	Total
General	Special revenue - community development	\$ 191,438

Interfund balances at June 30, 2020 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2020

NOTE 16 - Joint Venture, concluded

Total investment in joint venture as of June 30, 2020, is:

City of Chandler's Share	\$ 78,605,999
Town of Gilbert's Share	85,347,711
	<u>\$163,953,710</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property special revenue fund had a deficit fund balance of \$36,316. The deficit will be covered by future revenues. The public buildings capital projects fund had deficit fund balance of \$2,113,164. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues. The public safety buildings and improvement capital projects fund had deficit fund balance of \$5,548,312. The deficit will be covered 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 2019-2020 is \$540,766. Detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002, Disclosure of Confidential Information Prohibited, and City of Chandler Code, 62-510 Divulging of Information Prohibited.

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

For the fiscal year ended June 30, 2020, the City abated property taxes totaling \$154,640 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 \$120,857 of property tax abated.

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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 7,821,800	\$ 7,821,800	\$ 7,851,085	\$ 29,285
Sales taxes	134,823,900	134,823,900	140,644,918	5,821,018
Franchise fees	3,308,200	3,308,200	3,441,225	133,025
State shared	67,800,000	67,800,000	70,769,943	2,969,943
Grants and entitlements	328,212	328,212	27,468,966	27,140,754
Licenses and permits	6,905,500	6,905,500	7,760,403	854,903
Charges for services	20,541,594	20,541,594	19,886,072	(655,522)
Fines and forfeitures	3,763,650	3,763,650	3,317,940	(445,710)
Rentals	130,000	130,000	213,345	83,345
Contributions	200,000	200,000	200,000	—
Interest revenue	3,259,000	3,259,000	7,289,634	4,030,634
Miscellaneous	184,000	184,000	360,246	176,246
Total Revenues	249,065,856	249,065,856	289,203,777	40,137,921
EXPENDITURES:				
City clerk	749,869	1,180,676	1,098,686	81,990
City magistrate	4,607,201	4,667,631	4,494,305	173,326
City manager	16,863,061	19,278,363	17,695,249	1,583,114
Communications and public affairs	2,544,801	2,936,424	2,444,083	492,341
Community services	26,812,696	27,695,942	25,767,343	1,928,599
Cultural development	3,647,316	3,860,360	3,602,056	258,304
Development services	8,816,282	9,004,542	8,101,391	903,151
Fire	36,458,192	37,673,157	37,373,414	299,743
Information technology	11,655,399	12,658,945	10,988,148	1,670,797
Law	3,795,202	3,862,945	3,818,046	44,899
Management services	96,211,691	79,562,427	35,893,496	43,668,931
Mayor and council	1,047,902	1,057,235	988,683	68,552
Neighborhood Resources	3,973,852	4,228,434	3,366,253	862,181
Police	75,354,272	77,638,553	76,082,558	1,555,995
Public works	11,169,250	14,493,716	13,507,439	986,277
Total expenditures	303,706,986	299,799,350	245,221,150	54,578,200
REVENUES OVER (UNDER) EXPENDITURES	(54,641,130)	(50,733,494)	43,982,627	94,716,121
OTHER FINANCING SOURCES (USES):				
Transfers in	71,215,157	71,215,157	11,835,859	(59,379,298)
Transfers out	(7,551,592)	(7,551,592)	(29,041,742)	(21,490,150)
Total other financing sources (uses)	63,663,565	63,663,565	(17,205,883)	(80,869,448)
Net change in fund balance	9,022,435	12,930,071	26,776,744	13,846,673
Fund balance, July 1, 2019	200,295,980	200,295,980	200,295,980	—
Fund balance, June 30, 2020	\$ 209,318,415	\$ 213,226,051	\$ 227,072,724	\$ 13,846,673

See accompanying notes to this schedule.

City of Chandler
Schedule of the Proportionate Share of the Net Pension Liability -
Arizona State Retirement System
For the year ended June 30, 2020

	2020	2019	2018	2017
City's proportion of the net pension liability (asset)	0.72 %	0.76 %	0.74 %	0.75 %
City's proportionate share of the net pension liability (asset)	\$104,541,379	\$106,413,043	\$115,691,952	\$121,549,835
City's covered payroll	\$ 75,407,689	\$ 75,579,140	\$ 72,284,183	\$ 70,362,938
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	138.63 %	140.80 %	160.05 %	172.75 %
Plan fiduciary net position as a percentage of the total pension liability	73.24 %	73.00 %	69.92 %	67.06 %

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

2016		2015	
0.73 %		0.71 %	
\$ 113,885,153		\$ 105,661,552	
\$ 67,230,465		\$ 64,263,236	
169.40 %		164.42 %	
68.35 %		69.49 %	

City of Chandler
Schedule of Contributions -
All Pension Plans
For the year ended June 30, 2020

	2020	2019	2018	2017
Arizona State Retirement System:				
Actuarially determined contribution	\$ 8,844,068	\$ 8,470,741	\$ 8,268,029	\$ 7,793,041
Contributions in relation to the actuarially determined contribution	8,844,068	8,470,741	8,268,029	7,793,041
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
 City's covered payroll	 \$ 76,880,601	 \$ 75,407,689	 \$ 75,579,140	 \$ 72,284,183
Contributions as a percentage of covered payroll	11.50 %	11.23 %	10.94 %	10.78 %
 Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 15,572,686	\$ 12,267,559	\$ 10,950,501	\$ 8,470,411
Contributions in relation to the actuarially determined contribution ¹	28,715,343	15,398,196	14,300,501	10,145,411
Contribution deficiency (excess)	<u>\$(13,142,657)</u>	<u>\$ (3,130,637)</u>	<u>\$ (3,350,000)</u>	<u>\$ (1,675,000)</u>
 City's covered payroll	 \$ 28,589,014	 \$ 28,848,732	 \$ 28,294,661	 \$ 27,058,086
Contributions as a percentage of covered payroll	54.47 %	42.52 %	38.70 %	31.30 %
 Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 8,004,060	\$ 7,021,133	\$ 6,392,313	\$ 4,616,587
Contributions in relation to the actuarially determined contribution ¹	15,566,324	8,670,333	8,042,313	5,441,587
Contribution deficiency (excess)	<u>\$ (7,562,264)</u>	<u>\$ (1,649,200)</u>	<u>\$ (1,650,000)</u>	<u>\$ (825,000)</u>
 City's covered payroll	 \$ 19,154,805	 \$ 19,025,780	 \$ 18,200,175	 \$ 17,275,940
Contributions as a percentage of covered payroll	41.79 %	36.90 %	35.12 %	26.72 %

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.

2016	2015
\$ 7,634,805	\$ 7,323,872
7,634,805	7,323,872
\$ —	\$ —
\$ 70,362,938	67,230,465
10.85 %	10.89 %
\$ 8,561,143	\$ 6,083,333
8,561,143	6,083,333
\$ —	\$ —
\$ 27,946,237	\$ 26,187,641
30.63 %	23.23 %
\$ 4,438,495	\$ 3,193,139
4,438,495	3,193,139
\$ —	\$ —
\$ 16,874,362	\$ 15,671,133
26.30 %	20.38 %

City of Chandler
Schedule of Changes in the Net Pension Liability and Related Ratios -
Public Safety Personnel Retirement System - Police
For the year ended June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 6,149,336	\$ 5,737,868	\$ 6,092,332	\$ 5,337,103
Interest	19,203,025	17,999,842	17,064,596	14,964,498
Changes of benefit terms	—	—	1,501,042	17,456,919
Differences between expected and actual experience	1,302,509	(671,252)	(6,211,672)	858,761
Changes of assumptions	6,562,499	—	6,528,203	8,537,784
Benefit payments, including refunds	(10,261,998)	(9,913,263)	(8,254,947)	(13,015,625)
Net change in total pension liability	22,955,371	13,153,195	16,719,554	34,139,440
Total pension liability - beginning	258,481,997	245,328,802	228,609,248	194,469,808
Total pension liability - ending	\$ 281,437,368	\$ 258,481,997	\$ 245,328,802	\$ 228,609,248
Plan fiduciary net position				
Contributions - employer	\$ 15,572,686	\$ 10,296,409	\$ 10,247,877	\$ 8,728,082
Contributions - employee	2,206,379	2,765,932	3,244,412	3,633,359
Net investment income	8,365,394	9,301,979	14,017,325	677,501
Benefit payments, including refunds	(10,261,998)	(9,913,263)	(8,254,947)	(13,015,625)
Administrative expense	(146,042)	(142,274)	(124,430)	(97,889)
Other	(102,911)	24,215	(167,280)	238,667
Net change in plan fiduciary net position	15,633,508	12,332,998	18,962,957	164,095
Plan fiduciary net position - beginning	142,778,746	130,445,748	111,482,791	111,318,696
Plan fiduciary net position - ending	\$ 158,412,254	\$ 142,778,746	\$ 130,445,748	\$ 111,482,791
Net pension liability - ending	\$ 123,025,114	\$ 115,703,251	\$ 114,883,054	\$ 117,126,457
Plan fiduciary net position as a percentage of the total pension liability	56.29 %	55.24 %	53.17 %	48.77 %
Covered payroll	\$ 28,848,732	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237
Net pension liability as a percentage of covered payroll	426.45 %	408.92 %	424.58 %	419.11 %

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

2016	2015
\$ 4,583,770	\$ 4,602,603
13,839,509	11,841,118
—	1,741,535
4,879,849	567,380
—	13,082,165
(5,681,836)	(7,054,499)
17,621,292	24,780,302
176,848,516	152,068,214
<u>\$ 194,469,808</u>	<u>\$ 176,848,516</u>
\$ 6,155,142	\$ 5,465,059
3,308,265	2,675,724
3,873,466	12,329,319
(5,681,836)	(7,054,499)
(94,891)	—
(70,777)	(2,733,237)
7,489,369	10,682,366
103,829,327	93,146,961
<u>\$ 111,318,696</u>	<u>\$ 103,829,327</u>
<u>\$ 83,151,112</u>	<u>\$ 73,019,189</u>
57.24 %	58.71 %
\$ 26,187,641	\$ 24,290,497
317.52 %	300.61 %

City of Chandler
Schedule of Changes in the Net Pension Liability and Related Ratios -
Public Safety Personnel Retirement System - Fire
For the year ended June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 4,353,346	\$ 4,014,526	\$ 3,863,571	\$ 3,174,665
Interest	11,689,082	10,794,299	9,983,423	8,707,808
Changes of benefit terms	—	—	753,382	10,272,193
Differences between expected and actual experience	(171,678)	1,014,752	941,823	96,063
Changes of assumptions	3,122,509	—	2,845,297	4,937,927
Benefit payments, including refunds	(5,792,594)	(6,363,418)	(5,049,317)	(5,647,270)
Net change in total pension liability	13,200,665	9,460,159	13,338,179	21,541,386
Total pension liability - beginning	156,503,512	147,043,353	133,705,174	112,163,788
Total pension liability - ending	\$ 169,704,177	\$ 156,503,512	\$ 147,043,353	\$ 133,705,174
Plan fiduciary net position				
Contributions - employer	\$ 8,004,060	\$ 5,956,704	\$ 5,514,825	\$ 4,672,177
Contributions - employee	1,462,348	1,633,743	2,312,753	2,140,037
Net investment income	5,389,738	6,174,093	9,228,731	440,223
Benefit payments, including refunds	(5,792,594)	(6,363,418)	(5,049,317)	(5,647,270)
Administrative expense	(94,355)	(94,669)	(82,059)	(63,746)
Other	(42,251)	1,035	50,502	38,948
Net change in plan fiduciary net position	8,926,946	7,307,488	11,975,435	1,580,369
Plan fiduciary net position - beginning	94,448,444	87,140,956	75,165,521	73,585,152
Plan fiduciary net position - ending	\$ 103,375,390	\$ 94,448,444	\$ 87,140,956	\$ 75,165,521
Net pension liability - ending	\$ 66,328,787	\$ 62,055,068	\$ 59,902,397	\$ 58,539,653
Plan fiduciary net position as a percentage of the total pension liability	60.92 %	60.35 %	59.26 %	56.22 %
Covered payroll	\$ 19,025,780	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362
Net pension liability as a percentage of covered payroll	348.63 %	340.96 %	346.74 %	346.91 %

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

2016		2015	
\$	2,915,603	\$	2,949,507
	8,264,915		7,191,487
	—		930,663
	(1,037,307)		(409,426)
	—		6,465,545
	(3,614,319)		(3,258,846)
	6,528,892		13,868,930
	105,634,896		91,765,966
\$	112,163,788	\$	105,634,896
\$	3,222,291	\$	3,152,694
	1,837,291		1,775,319
	2,568,880		8,217,832
	(3,614,319)		(3,258,846)
	(63,063)		—
	(55,142)		(1,798,718)
	3,895,938		8,088,281
	69,689,214		61,600,933
\$	73,585,152	\$	69,689,214
\$	38,578,636	\$	35,945,682
	65.61 %		65.97 %
\$	15,671,133	\$	15,691,213
	246.18 %		229.08 %

City of Chandler
Schedule of Changes in OPEB Liabilities and Related Ratios -
Single Employer Plan
For the year ended June 30, 2020

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

NOTE 1 - Budgetary Basis of Accounting

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

	<u>Changes in Fund Balances</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 32,614,742
Reserved encumbrances at June 30, 2020 recognized as budgetary expenditures in fiscal year ended June 30, 2020	<u>(5,837,998)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ 26,776,744</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, 2018 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, 2019 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, 2019 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, 2020

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, 2019 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 Balance - Budget and Actual - Streets Capital Projects For the year ended June 30, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Regional transportation taxes	\$ 664,000	\$ 664,000	\$ 1,153,237	\$ 489,237
System development fees	5,999,600	5,999,600	5,576,240	(423,360)
Interest revenue	1,156,000	1,156,000	3,000,534	1,844,534
Miscellaneous	—	—	467,441	467,441
Total revenues	<u>7,819,600</u>	<u>7,819,600</u>	<u>10,197,452</u>	<u>2,377,852</u>
EXPENDITURES:				
General government	8,830,253	14,589,926	—	14,589,926
Transportation and development	37,750,465	4,148,583	1,019,030	3,129,553
Capital outlay	12,499,530	44,086,447	30,054,925	14,031,522
Bond issuance costs	—	—	182,821	(182,821)
Total expenditures	<u>59,080,248</u>	<u>62,824,956</u>	<u>31,256,776</u>	<u>31,568,180</u>
Excess (deficiency) of revenues over expenditures	<u>(51,260,648)</u>	<u>(55,005,356)</u>	<u>(21,059,324)</u>	<u>33,946,032</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	1,674,610	1,674,610
Face amount of bonds issued	18,775,000	18,775,000	17,387,232	(1,387,768)
Transfers in	664,000	664,000	—	(664,000)
Transfers out	(1,664,000)	(1,664,000)	(200,000)	1,464,000
Total other financing sources (uses)	<u>17,775,000</u>	<u>17,775,000</u>	<u>18,861,842</u>	<u>1,086,842</u>
Net change in fund balance	<u>(33,485,648)</u>	<u>(37,230,356)</u>	<u>(2,197,482)</u>	<u>35,032,874</u>
Fund balance, July 1, 2019	<u>73,688,623</u>	<u>73,688,623</u>	<u>73,688,623</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 40,202,975</u>	<u>\$ 36,458,267</u>	<u>\$ 71,491,141</u>	<u>\$ 35,032,874</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Obligation Bonds Debt Service For the year ended June 30, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 26,347,000	\$ 26,347,000	\$ 26,483,131	\$ 136,131
Interest revenue	226,000	226,000	652,639	426,639
Total revenues	<u>26,573,000</u>	<u>26,573,000</u>	<u>27,135,770</u>	<u>562,770</u>
EXPENDITURES:				
General government	2,500,000	1,892,440	—	(1,892,440)
Principal	20,775,000	20,775,000	20,775,000	—
Interest and fiscal charges	7,381,261	7,988,821	7,988,820	(1)
Total expenditures	<u>30,656,261</u>	<u>30,656,261</u>	<u>28,763,820</u>	<u>(1,892,441)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,083,261)</u>	<u>(4,083,261)</u>	<u>(1,628,050)</u>	<u>2,455,211</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,500,000	2,500,000	1,734,681	(765,319)
Total other financing sources (uses)	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,734,681</u>	<u>(765,319)</u>
Net change in fund balance	<u>(1,583,261)</u>	<u>(1,583,261)</u>	<u>106,631</u>	<u>1,689,892</u>
Fund balance, July 1, 2019	<u>4,586,562</u>	<u>4,586,562</u>	<u>4,586,562</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 3,003,301</u>	<u>\$ 3,003,301</u>	<u>\$ 4,693,193</u>	<u>\$ 1,689,892</u>

City of Chandler

Non-Major Governmental Funds

NON-MAJOR SPECIAL REVENUE FUNDS

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

Highway User

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

Local Transportation Assistance

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

Grants

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

Community Development

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

Police Confiscated Property

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

Parks and Recreation

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

Museum

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

Library

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

City of Chandler

Non-Major Governmental Funds

NON-MAJOR DEBT SERVICE FUNDS

Special Assessment Bonds

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

NON-MAJOR CAPITAL PROJECTS FUNDS

General Government

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

Public Buildings

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

Grants

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

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, 2020

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Museum
ASSETS							
Equity in pooled cash and investments	\$ 30,507,061	\$ 4,398,709	\$ 2,426,702	\$ —	\$ 328,879	\$ 285,249	\$ 43,314
Receivables (net of allowance for uncollectible):							
Accounts	—	—	5,751	—	—	—	—
Special assessments	—	—	—	—	—	—	—
Notes	—	—	—	448,503	—	—	—
Accrued interest	95,829	13,939	8,966	—	970	975	148
Due from other governments	1,317,683	—	206,773	343,778	—	—	—
Total assets	\$ 31,920,573	\$ 4,412,648	\$ 2,648,192	\$ 792,281	\$ 329,849	\$ 286,224	\$ 43,462
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 524,198	\$ 541	\$ 71,062	\$ 38,660	\$ 5,101	\$ —	\$ —
Accrued payroll	113,291	275	8,065	16,468	—	—	—
Trust liabilities and deposits	—	—	—	—	361,064	—	—
Accrued interest	—	—	—	—	—	—	—
Due to other funds	—	—	—	191,438	—	—	—
Advances from other funds	—	—	—	—	—	—	—
Unearned revenue	—	—	2,186	—	—	—	—
Total liabilities	637,489	816	81,313	246,566	366,165	—	—
Deferred inflows of resources:							
Unavailable revenues - special assessments	—	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—	—
Fund balances (deficits):							
Restricted	31,283,084	4,411,832	2,566,879	545,715	—	286,224	43,462
Unassigned	—	—	—	—	(36,316)	—	—
Total fund balances (deficits)	31,283,084	4,411,832	2,566,879	545,715	(36,316)	286,224	43,462
Total liabilities, deferred inflows and fund balances	\$ 31,920,573	\$ 4,412,648	\$ 2,648,192	\$ 792,281	\$ 329,849	\$ 286,224	\$ 43,462

(Continued)

City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2020

	Special Revenue	Debt Service	Capital Projects		
		Special			
	Library	Assessment	General	Public	Grants
		Bonds	Government	Buildings	
ASSETS					
Equity in pooled cash and investments	\$ 49,116	\$ 135,744	\$ 941,504	\$ 75,664	\$ 1,082,204
Receivables (net of allowance for uncollectible):					
Accounts	—	—	18,224	—	—
Special assessments	—	1,661,634	—	—	—
Notes	—	—	—	—	—
Accrued interest	195	—	—	599	—
Due from other governments	—	—	70,178	—	1,664,542
Total assets	\$ 49,311	\$ 1,797,378	\$ 1,029,906	\$ 76,263	\$ 2,746,746
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ —	\$ —	\$ 1,028,239	\$ —	\$ 191,781
Accrued payroll	—	—	—	—	696
Trust liabilities and deposits	—	—	—	—	—
Accrued interest	—	36,600	—	—	—
Due to other funds	—	—	—	—	—
Advances from other funds	—	—	—	2,189,427	—
Unearned revenue	—	—	—	—	—
Total liabilities	—	36,600	1,028,239	2,189,427	192,477
Deferred inflows of resources:					
Unavailable revenues - special assessments	—	1,661,634	—	—	—
Total deferred inflows of resources	—	1,661,634	—	—	—
Fund balances (deficits):					
Restricted	49,311	99,144	1,667	—	2,554,269
Unassigned	—	—	—	(2,113,164)	—
Total fund balances (deficits)	49,311	99,144	1,667	(2,113,164)	2,554,269
Total liabilities, deferred inflows and fund balances	\$ 49,311	\$ 1,797,378	\$ 1,029,906	\$ 76,263	\$ 2,746,746

Capital Projects					
Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ 44,953,926	\$ 2,009,522	\$ 11,380,641	\$ 5,818,231	\$ 664,051	\$ 105,100,517
—	—	—	—	—	23,975
—	—	—	—	—	1,661,634
—	—	—	—	—	448,503
122,509	3,608	40,739	20,023	2,274	310,774
—	—	—	—	—	3,602,954
<u>\$ 45,076,435</u>	<u>\$ 2,013,130</u>	<u>\$ 11,421,380</u>	<u>\$ 5,838,254</u>	<u>\$ 666,325</u>	<u>\$ 111,148,357</u>
\$ 884,648	\$ 15,010	\$ 56,319	\$ 165,855	\$ —	\$ 2,981,414
263	—	—	—	—	139,058
—	—	—	—	—	361,064
—	—	—	—	—	36,600
—	—	—	—	—	191,438
—	7,546,432	—	—	—	9,735,859
—	—	—	—	—	2,186
<u>884,911</u>	<u>7,561,442</u>	<u>56,319</u>	<u>165,855</u>	<u>—</u>	<u>13,447,619</u>
—	—	—	—	—	1,661,634
—	—	—	—	—	1,661,634
44,191,524	—	11,365,061	5,672,399	666,325	103,736,896
—	(5,548,312)	—	—	—	(7,697,792)
<u>44,191,524</u>	<u>(5,548,312)</u>	<u>11,365,061</u>	<u>5,672,399</u>	<u>666,325</u>	<u>96,039,104</u>
<u>\$ 45,076,435</u>	<u>\$ 2,013,130</u>	<u>\$ 11,421,380</u>	<u>\$ 5,838,254</u>	<u>\$ 666,325</u>	<u>\$ 111,148,357</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, 2020

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Museum
REVENUES:							
Highway user taxes	\$ 16,996,911	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grants and entitlements	—	673,598	1,735,564	1,261,085	—	80,386	5,543
System development fees	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	—
Charges for services	—	217,875	—	—	—	—	—
Fines and forfeitures	—	—	—	—	2,250,069	—	—
Interest revenue	1,119,028	176,277	114,289	4	2	12,093	1,827
Miscellaneous	47,070	—	—	—	—	—	—
Total revenues	18,163,009	1,067,750	1,849,853	1,261,089	2,250,071	92,479	7,370
EXPENDITURES:							
Current:							
General government	—	—	333,390	1,280,368	—	—	—
Public safety	—	—	809,292	—	31,248	—	—
Transportation and development	7,465,372	1,190,961	—	—	—	—	—
Community services	—	—	105,446	—	—	64,645	1,159
Capital outlay	35,416	95,963	75,338	—	2,215,079	—	—
Debt service:							
Principal	—	—	—	—	—	—	—
Bond issuance costs	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—
Total expenditures	7,500,788	1,286,924	1,323,466	1,280,368	2,246,327	64,645	1,159
EXCESS (DEFICIENCY) OF							
REVENUES OVER EXPENDITURES	10,662,221	(219,174)	526,387	(19,279)	3,744	27,834	6,211
OTHER FINANCING SOURCES (USES):							
Capital Contributions	—	—	—	—	—	—	—
Proceeds from disposal of capital assets	—	—	—	—	—	—	—
Bond premium	—	—	—	—	—	—	—
Face amount of bonds issued	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—	—
Transfers out	(171,770)	(4,212)	—	—	—	—	—
Total other financing sources (uses)	(171,770)	(4,212)	—	—	—	—	—
NET CHANGE IN FUND BALANCE	10,490,451	(223,386)	526,387	(19,279)	3,744	27,834	6,211
FUND BALANCES (DEFICITS):							
Beginning of year	20,792,633	4,635,218	2,040,492	564,994	(40,060)	258,390	37,251
End of year	<u>\$ 31,283,084</u>	<u>\$ 4,411,832</u>	<u>\$ 2,566,879</u>	<u>\$ 545,715</u>	<u>\$ (36,316)</u>	<u>\$ 286,224</u>	<u>\$ 43,462</u>

Special Revenue		Debt Service		Capital Projects		
Library	Special Assessment Bonds	General Government	Public Buildings	Grants	Community Services	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
42,816	—	—	—	18,451,457	—	
—	—	—	237,020	—	2,116,308	
—	508,485	—	—	—	—	
—	—	—	—	118,762	—	
—	—	—	—	—	—	
2,874	—	—	6,151	1	1,684,612	
—	—	481,272	—	—	—	
45,690	508,485	481,272	243,171	18,570,220	3,800,920	
—	—	2,109,030	—	33,513	—	
—	—	145,024	—	—	—	
—	—	525,416	—	58,454	—	
28,917	—	362,632	—	108,526	401,479	
—	—	16,603,566	—	15,596,903	6,073,689	
—	565,000	—	—	—	—	
—	—	—	—	—	136,810	
—	84,500	—	—	—	—	
28,917	649,500	19,745,668	—	15,797,396	6,611,978	
16,773	(141,015)	(19,264,396)	243,171	2,772,824	(2,811,058)	
—	—	396,153	—	—	—	
—	—	—	—	—	—	
—	—	—	—	—	1,253,294	
—	—	—	—	—	13,012,767	
—	—	19,011,858	—	—	—	
—	—	(11,835,859)	—	—	(1,534,681)	
—	—	7,572,152	—	—	12,731,380	
16,773	(141,015)	(11,692,244)	243,171	2,772,824	9,920,322	
32,538	240,159	11,693,911	(2,356,335)	(218,555)	34,271,202	
\$ 49,311	\$ 99,144	\$ 1,667	\$ (2,113,164)	\$ 2,554,269	\$ 44,191,524	

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2020

	Capital Projects				
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
REVENUES:					
Highway user taxes	\$ —	\$ —	\$ —	\$ —	\$ 16,996,911
Grants and entitlements	—	—	—	—	22,250,449
System development fees	801,405	—	—	—	3,154,733
Special assessments	—	—	—	—	508,485
Charges for services	—	—	—	132,993	469,630
Fines and forfeitures	—	—	—	—	2,250,069
Interest revenue	71,091	550,977	308,708	26,602	4,074,536
Miscellaneous	—	115,948	—	—	644,290
Total revenues	<u>872,496</u>	<u>666,925</u>	<u>308,708</u>	<u>159,595</u>	<u>50,349,103</u>
EXPENDITURES:					
Current:					
General government	—	—	969,305	—	4,725,606
Public safety	118,614	—	—	—	1,104,178
Transportation and development	—	—	—	—	9,240,203
Community services	—	—	—	10,284	1,083,088
Capital outlay	3,158,158	4,124,342	3,893,319	—	51,871,773
Debt service:					
Principal	—	—	—	—	565,000
Bond issuance costs	—	—	—	—	136,810
Interest and fiscal charges	—	—	—	—	84,500
Total expenditures	<u>3,276,772</u>	<u>4,124,342</u>	<u>4,862,624</u>	<u>10,284</u>	<u>68,811,158</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	<u>(2,404,276)</u>	<u>(3,457,417)</u>	<u>(4,553,916)</u>	<u>149,311</u>	<u>(18,462,055)</u>
OTHER FINANCING SOURCES (USES):					
Capital Contributions	—	—	—	—	396,153
Proceeds from disposal of capital assets	—	396,924	—	—	396,924
Bond premium	—	—	—	—	1,253,294
Face amount of bonds issued	—	—	—	—	13,012,767
Transfers in	—	3,405,200	3,294,698	—	25,711,756
Transfers out	—	—	—	—	(13,546,522)
Total other financing sources (uses)	<u>—</u>	<u>3,802,124</u>	<u>3,294,698</u>	<u>—</u>	<u>27,224,372</u>
NET CHANGE IN FUND BALANCE	<u>(2,404,276)</u>	<u>344,707</u>	<u>(1,259,218)</u>	<u>149,311</u>	<u>8,762,317</u>
FUND BALANCES (DEFICITS):					
Beginning of year	(3,144,036)	11,020,354	6,931,617	517,014	87,276,787
End of year	<u>\$ (5,548,312)</u>	<u>\$ 11,365,061</u>	<u>\$ 5,672,399</u>	<u>\$ 666,325</u>	<u>\$ 96,039,104</u>

(Concluded)

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Highway User Special Revenue For the year ended June 30, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Highway user taxes	\$ 16,500,000	\$ 16,500,000	\$ 16,996,911	\$ 496,911
Interest revenue	329,000	329,000	1,119,026	790,026
Miscellaneous	—	—	47,070	47,070
Total revenues	<u>16,829,000</u>	<u>16,829,000</u>	<u>18,163,007</u>	<u>1,334,007</u>
EXPENDITURES:				
General government	4,042,000	3,504,519	—	3,504,519
Transportation and development	12,611,430	8,864,534	7,996,459	868,075
Capital outlay	4,777,969	4,286,095	3,351,669	934,426
Total expenditures	<u>21,431,399</u>	<u>16,655,148</u>	<u>11,348,128</u>	<u>5,307,020</u>
Excess (deficiency) of revenues over expenditures	<u>(4,602,399)</u>	<u>173,852</u>	<u>6,814,879</u>	<u>6,641,027</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(173,852)	(173,852)	(171,770)	2,082
Total other financing sources (uses)	<u>(173,852)</u>	<u>(173,852)</u>	<u>(171,770)</u>	<u>2,082</u>
Net change in fund balance	<u>(4,776,251)</u>	<u>—</u>	<u>6,643,109</u>	<u>6,643,109</u>
Fund balance, July 1, 2019	<u>20,792,633</u>	<u>20,792,633</u>	<u>20,792,633</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 16,016,382</u>	<u>\$ 20,792,633</u>	<u>\$ 27,435,742</u>	<u>\$ 6,643,109</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 700,000	\$ 700,000	\$ 673,598	\$ (26,402)
Charges for services	221,000	221,000	217,875	(3,125)
Interest revenue	80,000	80,000	176,277	96,277
Total revenues	<u>1,001,000</u>	<u>1,001,000</u>	<u>1,067,750</u>	<u>66,750</u>
EXPENDITURES:				
General government	2,012,200	1,363,589	—	1,363,589
Transportation and development	1,899,512	2,133,266	1,231,185	902,081
Capital outlay	172,000	586,857	161,137	425,720
Total expenditures	<u>4,083,712</u>	<u>4,083,712</u>	<u>1,392,322</u>	<u>2,691,390</u>
Excess (deficiency) of revenues over expenditures	<u>(3,082,712)</u>	<u>(3,082,712)</u>	<u>(324,572)</u>	<u>2,758,140</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,409)	(4,409)	(4,212)	197
Total other financing sources (uses)	<u>(4,409)</u>	<u>(4,409)</u>	<u>(4,212)</u>	<u>197</u>
Net change in fund balance	<u>(3,087,121)</u>	<u>(3,087,121)</u>	<u>(328,784)</u>	<u>2,758,337</u>
Fund balance, July 1, 2019	<u>4,635,218</u>	<u>4,635,218</u>	<u>4,635,218</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 1,548,097</u>	<u>\$ 1,548,097</u>	<u>\$ 4,306,434</u>	<u>\$ 2,758,337</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Grants Special Revenue For the year ended June 30, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 5,009,478	\$ 5,009,478	\$ 1,735,564	\$ (3,273,914)
Interest revenue	43,000	43,000	114,287	71,287
Total revenues	<u>5,052,478</u>	<u>5,052,478</u>	<u>1,849,851</u>	<u>(3,202,627)</u>
EXPENDITURES:				
General government	5,000,000	2,660,341	337,606	2,322,735
Public safety	52,478	1,855,750	876,060	979,690
Community services	—	337,553	107,946	229,607
Capital outlay	—	200,000	279,082	(79,082)
Total expenditures	<u>5,052,478</u>	<u>5,053,644</u>	<u>1,600,694</u>	<u>3,452,950</u>
Net change in fund balance	—	(1,166)	249,157	250,323
Fund balance, July 1, 2019	<u>2,040,492</u>	<u>2,040,492</u>	<u>2,040,492</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 2,040,492</u>	<u>\$ 2,039,326</u>	<u>\$ 2,289,649</u>	<u>\$ 250,323</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Development Special Revenue For the year ended June 30, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 2,730,000	\$ 2,730,000	\$ 1,261,085	\$ (1,468,915)
Total revenues	<u>2,730,000</u>	<u>2,730,000</u>	<u>1,261,085</u>	<u>(1,468,915)</u>
EXPENDITURES:				
General government	3,293,200	3,525,260	1,574,455	1,950,805
Capital outlay	240,000	10,000	—	10,000
Total expenditures	<u>3,533,200</u>	<u>3,535,260</u>	<u>1,574,455</u>	<u>1,960,805</u>
Excess (deficiency) of revenues over expenditures	<u>(803,200)</u>	<u>(805,260)</u>	<u>(313,370)</u>	<u>491,890</u>
Net change in fund balance	<u>(803,200)</u>	<u>(805,260)</u>	<u>(313,370)</u>	<u>491,890</u>
Fund balance, July 1, 2019	<u>564,994</u>	<u>564,994</u>	<u>564,994</u>	<u>—</u>
Fund balance (deficit), June 30, 2020	<u>\$ (238,206)</u>	<u>\$ (240,266)</u>	<u>\$ 251,624</u>	<u>\$ 491,890</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Police Confiscated Property Special Revenue For the year ended June 30, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual Amounts	(Under) Final Budget
REVENUES:				
Fines and forfeitures	\$ 965,000	\$ 965,000	\$ 2,250,070	\$ 1,285,070
Total revenues	<u>965,000</u>	<u>965,000</u>	<u>2,250,070</u>	<u>1,285,070</u>
EXPENDITURES:				
General government	30,000	29,999	—	29,999
Public safety	2,507,897	645,000	31,248	613,752
Capital outlay	320,000	2,182,898	2,215,079	(32,181)
Total expenditures	<u>2,857,897</u>	<u>2,857,897</u>	<u>2,246,327</u>	<u>611,570</u>
Net change in fund balance	(1,892,897)	(1,892,897)	3,743	1,896,640
Fund balance (deficit), July 1, 2019	<u>(40,060)</u>	<u>(40,060)</u>	<u>(40,060)</u>	<u>—</u>
Fund balance (deficit), June 30, 2020	<u>\$ (1,932,957)</u>	<u>\$ (1,932,957)</u>	<u>\$ (36,317)</u>	<u>\$ 1,896,640</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 111,600	\$ 111,600	\$ 80,165	\$ (31,435)
Interest revenue	5,000	5,000	12,090	7,090
Total revenues	<u>116,600</u>	<u>116,600</u>	<u>92,255</u>	<u>(24,345)</u>
EXPENDITURES:				
General government	17,000	17,000	—	17,000
Community services	194,011	194,011	64,645	129,366
Total expenditures	<u>211,011</u>	<u>211,011</u>	<u>64,645</u>	<u>146,366</u>
Net change in fund balance	(94,411)	(94,411)	27,610	122,021
Fund balance, July 1, 2019	<u>258,390</u>	<u>258,390</u>	<u>258,390</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 163,979</u>	<u>\$ 163,979</u>	<u>\$ 286,000</u>	<u>\$ 122,021</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, 2020

	Budgeted Amounts		Non-GAAP Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 2,800	\$ 2,800	\$ 5,543	\$ 2,743
Interest revenue	1,000	1,000	1,827	827
Miscellaneous	400	400	—	(400)
Total revenues	<u>4,200</u>	<u>4,200</u>	<u>7,370</u>	<u>3,170</u>
EXPENDITURES:				
General government	4,000	4,000	—	4,000
Community services	35,295	35,295	1,159	34,136
Total expenditures	<u>39,295</u>	<u>39,295</u>	<u>1,159</u>	<u>38,136</u>
Net change in fund balance	(35,095)	(35,095)	6,211	41,306
Fund balance, July 1, 2019	<u>37,251</u>	<u>37,251</u>	<u>37,251</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 2,156</u>	<u>\$ 2,156</u>	<u>\$ 43,462</u>	<u>\$ 41,306</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Special Revenue For the year ended June 30, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 80,000	\$ 80,000	\$ 42,816	\$ (37,184)
Interest revenue	1,000	1,000	2,878	1,878
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>45,694</u>	<u>(35,306)</u>
EXPENDITURES:				
General government	1,000	1,000	—	1,000
Community services	81,215	81,215	28,917	52,298
Total expenditures	<u>82,215</u>	<u>82,215</u>	<u>28,917</u>	<u>53,298</u>
Net change in fund balance	(1,215)	(1,215)	16,777	17,992
Fund balance, July 1, 2019	<u>32,538</u>	<u>32,538</u>	<u>32,538</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 31,323</u>	<u>\$ 31,323</u>	<u>\$ 49,315</u>	<u>\$ 17,992</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Special assessments	\$ —	\$ —	\$ 508,485	\$ 508,485
Total revenues	—	—	508,485	508,485
EXPENDITURES:				
Principal	—	—	565,000	(565,000)
Interest and fiscal charges	—	—	84,500	(84,500)
Total expenditures	—	—	649,500	(649,500)
Net change in fund balance	—	—	(141,015)	(141,015)
Fund balance, July 1, 2019	—	—	240,159	240,159
Fund balance, June 30, 2020	\$ —	\$ —	\$ 99,144	\$ 99,144

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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Miscellaneous	\$ 450,000	\$ 450,000	\$ 481,272	\$ 31,272
Total revenues	450,000	450,000	481,272	31,272
EXPENDITURES:				
General government	32,501,863	15,738,504	3,086,364	12,652,140
Public safety	5,546,992	806,972	227,860	579,112
Transportation and development	11,411,694	1,905,478	808,281	1,097,197
Community services	4,534,027	491,616	543,047	(51,431)
Capital outlay	8,558,069	45,996,951	20,701,195	25,295,756
Total expenditures	62,552,645	64,939,521	25,366,747	39,572,774
Excess (deficiency) of revenues over expenditures	(62,102,645)	(64,489,521)	(24,885,475)	39,604,046
OTHER FINANCING SOURCES (USES):				
Capital Contributions	—	—	396,153	396,153
Transfers in	62,102,645	62,102,645	19,011,858	(43,090,787)
Transfers out	—	—	(11,835,859)	(11,835,859)
Total other financing sources (uses)	62,102,645	62,102,645	7,572,152	(54,530,493)
Net change in fund balance	—	(2,386,876)	(17,313,323)	(14,926,447)
Fund balance, July 1, 2019	11,693,911	11,693,911	11,693,911	—
Fund balance (deficit), June 30, 2020	\$ 11,693,911	\$ 9,307,035	\$ (5,619,412)	\$ (14,926,447)

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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 254,700	\$ 254,700	\$ 237,020	\$ (17,680)
Interest revenue	5,500	5,500	6,151	651
Total revenues	<u>260,200</u>	<u>260,200</u>	<u>243,171</u>	<u>(17,029)</u>
EXPENDITURES:				
General government	169,700	169,700	—	169,700
Total expenditures	<u>169,700</u>	<u>169,700</u>	<u>—</u>	<u>169,700</u>
Excess (deficiency) of revenues over expenditures	<u>90,500</u>	<u>90,500</u>	<u>243,171</u>	<u>152,671</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	—	100,000
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>—</u>	<u>100,000</u>
Net change in fund balance	(9,500)	(9,500)	243,171	252,671
Fund balance (deficit), July 1, 2019	<u>(2,356,335)</u>	<u>(2,356,335)</u>	<u>(2,356,335)</u>	<u>—</u>
Fund balance (deficit), June 30, 2020	<u>\$ (2,365,835)</u>	<u>\$ (2,365,835)</u>	<u>\$ (2,113,164)</u>	<u>\$ 252,671</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 13,043,262	\$ 13,043,262	\$ 18,451,457	\$ 5,408,195
Charges for services	—	—	118,762	118,762
Total revenues	<u>13,043,262</u>	<u>13,043,262</u>	<u>18,570,219</u>	<u>5,526,957</u>
EXPENDITURES:				
General government	5,037,440	5,265,684	33,513	5,232,171
Transportation and development	32,816,400	2,141,149	58,454	2,082,695
Community services	1,513,347	—	108,526	(108,526)
Capital outlay	10,545,218	42,385,572	23,133,088	19,252,484
Total expenditures	<u>49,912,405</u>	<u>49,792,405</u>	<u>23,333,581</u>	<u>26,458,824</u>
Excess (deficiency) of revenues over expenditures	<u>(36,869,143)</u>	<u>(36,749,143)</u>	<u>(4,763,362)</u>	<u>31,985,781</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	—	(120,000)	—	120,000
Total other financing sources (uses)	<u>—</u>	<u>(120,000)</u>	<u>—</u>	<u>120,000</u>
Net change in fund balance	<u>(36,869,143)</u>	<u>(36,869,143)</u>	<u>(4,763,362)</u>	<u>32,105,781</u>
Fund balance (deficit), July 1, 2019	<u>(218,555)</u>	<u>(218,555)</u>	<u>(218,555)</u>	<u>—</u>
Fund balance (deficit), June 30, 2020	<u>\$ (37,087,698)</u>	<u>\$ (37,087,698)</u>	<u>\$ (4,981,917)</u>	<u>\$ 32,105,781</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 1,618,200	\$ 1,618,200	\$ 2,116,308	\$ 498,108
Interest revenue	642,600	642,600	1,684,613	1,042,013
Total revenues	<u>2,260,800</u>	<u>2,260,800</u>	<u>3,800,921</u>	<u>1,540,121</u>
EXPENDITURES:				
General government	9,075,281	10,013,961	—	10,013,961
Community services	1,982,072	504,230	461,259	42,971
Capital outlay	12,448,548	12,987,710	8,027,470	4,960,240
Bond issuance costs	—	—	136,810	(136,810)
Total expenditures	<u>23,505,901</u>	<u>23,505,901</u>	<u>8,625,539</u>	<u>14,880,362</u>
Excess (deficiency) of revenues over expenditures	<u>(21,245,101)</u>	<u>(21,245,101)</u>	<u>(4,824,618)</u>	<u>16,420,483</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	—	—	1,253,294	1,253,294
Face amount of bonds issued	14,200,000	14,200,000	13,012,767	(1,187,233)
Transfers out	(1,500,000)	(1,500,000)	(1,534,681)	(34,681)
Total other financing sources (uses)	<u>12,700,000</u>	<u>12,700,000</u>	<u>12,731,380</u>	<u>31,380</u>
Net change in fund balance	<u>(8,545,101)</u>	<u>(8,545,101)</u>	<u>7,906,762</u>	<u>16,451,863</u>
Fund balance, July 1, 2019	<u>34,271,202</u>	<u>34,271,202</u>	<u>34,271,202</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 25,726,101</u>	<u>\$ 25,726,101</u>	<u>\$ 42,177,964</u>	<u>\$ 16,451,863</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 880,900	\$ 880,900	\$ 801,405	\$ (79,495)
Interest revenue	89,000	89,000	71,091	(17,909)
Total revenues	<u>969,900</u>	<u>969,900</u>	<u>872,496</u>	<u>(97,404)</u>
EXPENDITURES:				
General government	175,012	5,332,438	—	5,332,438
Public safety	8,522,200	154,885	157,276	(2,391)
Capital outlay	—	3,209,889	3,160,334	49,555
Total expenditures	<u>8,697,212</u>	<u>8,697,212</u>	<u>3,317,610</u>	<u>5,379,602</u>
Excess (deficiency) of revenues over expenditures	<u>(7,727,312)</u>	<u>(7,727,312)</u>	<u>(2,445,114)</u>	<u>5,282,198</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,000,000)	(2,000,000)	—	2,000,000
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>—</u>	<u>2,000,000</u>
Net change in fund balance	<u>(9,727,312)</u>	<u>(9,727,312)</u>	<u>(2,445,114)</u>	<u>7,282,198</u>
Fund balance (deficit), July 1, 2019	<u>(3,144,036)</u>	<u>(3,144,036)</u>	<u>(3,144,036)</u>	<u>—</u>
Fund balance (deficit), June 30, 2020	<u>\$ (12,871,348)</u>	<u>\$ (12,871,348)</u>	<u>\$ (5,589,150)</u>	<u>\$ 7,282,198</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 275,000	\$ 275,000	\$ 550,977	\$ 275,977
Miscellaneous	—	—	115,948	115,948
Total revenues	<u>275,000</u>	<u>275,000</u>	<u>666,925</u>	<u>391,925</u>
EXPENDITURES:				
General government	1,699,066	1,852,166	—	1,852,166
Public safety	5,377,910	—	—	—
Capital outlay	6,475,950	11,699,517	8,352,677	3,346,840
Total expenditures	<u>13,552,926</u>	<u>13,551,683</u>	<u>8,352,677</u>	<u>5,199,006</u>
Excess (deficiency) of revenues over expenditures	<u>(13,277,926)</u>	<u>(13,276,683)</u>	<u>(7,685,752)</u>	<u>5,590,931</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	300,000	300,000	396,924	96,924
Transfers in	3,291,200	3,291,200	3,405,200	114,000
Total other financing sources (uses)	<u>3,591,200</u>	<u>3,591,200</u>	<u>3,802,124</u>	<u>210,924</u>
Net change in fund balance	<u>(9,686,726)</u>	<u>(9,685,483)</u>	<u>(3,883,628)</u>	<u>5,801,855</u>
Fund balance, July 1, 2019	<u>11,020,354</u>	<u>11,020,354</u>	<u>11,020,354</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 1,333,628</u>	<u>\$ 1,334,871</u>	<u>\$ 7,136,726</u>	<u>\$ 5,801,855</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 168,000	\$ 168,000	\$ 308,707	\$ 140,707
Total revenues	<u>168,000</u>	<u>168,000</u>	<u>308,707</u>	<u>140,707</u>
EXPENDITURES:				
General government	1,610,000	1,462,452	987,265	475,187
Capital outlay	4,343,761	4,492,552	4,034,681	457,871
Total expenditures	<u>5,953,761</u>	<u>5,955,004</u>	<u>5,021,946</u>	<u>933,058</u>
Excess (deficiency) of revenues over expenditures	<u>(5,785,761)</u>	<u>(5,787,004)</u>	<u>(4,713,239)</u>	<u>1,073,765</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,285,586	3,285,586	3,294,698	9,112
Total other financing sources (uses)	<u>3,285,586</u>	<u>3,285,586</u>	<u>3,294,698</u>	<u>9,112</u>
Net change in fund balance	<u>(2,500,175)</u>	<u>(2,501,418)</u>	<u>(1,418,541)</u>	<u>1,082,877</u>
Fund balance, July 1, 2019	<u>6,931,617</u>	<u>6,931,617</u>	<u>6,931,617</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 4,431,442</u>	<u>\$ 4,430,199</u>	<u>\$ 5,513,076</u>	<u>\$ 1,082,877</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, 2020

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Charges for services	\$ 136,663	\$ 136,663	\$ 132,993	\$ (3,670)
Interest revenue	4,500	4,500	26,602	22,102
Total revenues	<u>141,163</u>	<u>141,163</u>	<u>159,595</u>	<u>18,432</u>
EXPENDITURES:				
General government	20,000	20,000	—	20,000
Community services	230,000	230,000	10,284	219,716
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>10,284</u>	<u>239,716</u>
Net change in fund balance	(108,837)	(108,837)	149,311	258,148
Fund balance, July 1, 2019	<u>517,014</u>	<u>517,014</u>	<u>517,014</u>	<u>—</u>
Fund balance, June 30, 2020	<u>\$ 408,177</u>	<u>\$ 408,177</u>	<u>\$ 666,325</u>	<u>\$ 258,148</u>



City of Chandler

Non-Major Proprietary Funds

Solid Waste

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

Airport

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

Chandler Housing Authority

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

City of Chandler
Combining Statement of Net Position -
Non-Major Proprietary Funds
June 30, 2020

		Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
	ASSETS				
Current assets:					
Equity in pooled cash and investments		\$20,989,367	\$ 98,469	\$ 7,274,593	\$28,362,429
Accounts receivable		2,414,631	740	16,253	2,431,624
Due from other governments		—	—	65,242	65,242
Inventories		—	7,490	—	7,490
Accrued interest receivable		71,670	—	24,882	96,552
Other receivables		33	—	—	33
Total current assets		<u>23,475,701</u>	<u>106,699</u>	<u>7,380,970</u>	<u>30,963,370</u>
Long-term assets:					
Notes receivable		—	—	154,750	154,750
Capital assets:					
Non-depreciable		6,514,032	18,927,094	1,751,537	27,192,663
Depreciable, net		7,256,469	13,736,359	7,433,642	28,426,470
Total capital assets		<u>13,770,501</u>	<u>32,663,453</u>	<u>9,185,179</u>	<u>55,619,133</u>
Total long-term assets		<u>13,770,501</u>	<u>32,663,453</u>	<u>9,339,929</u>	<u>55,773,883</u>
Total assets		<u>37,246,202</u>	<u>32,770,152</u>	<u>16,720,899</u>	<u>86,737,253</u>
	DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of OPEB and pension plan items		<u>157,463</u>	<u>154,185</u>	<u>405,866</u>	<u>717,514</u>

LIABILITIES

Current liabilities:

Accounts payable	1,074,510	29,204	61,135	1,164,849
Accrued payroll	47,165	14,099	46,059	107,323
Trust liabilities and deposits	—	47,760	575,398	623,158
Customer advances	74,322	29,733	66,542	170,597
Compensated absences payable	16,249	4,934	18,480	39,663
Landfill closure and postclosure liability	94,446	—	—	94,446
Total current liabilities	<u>1,306,692</u>	<u>125,730</u>	<u>767,614</u>	<u>2,200,036</u>

Long-term liabilities:

Compensated absences payable	72,376	21,979	82,311	176,666
Net pension liability	989,791	1,094,463	2,179,322	4,263,576
OPEB liability	422,175	149,265	496,234	1,067,674
Landfill closure and postclosure liability	4,245,554	—	—	4,245,554
Total long-term liabilities	<u>5,729,896</u>	<u>1,265,707</u>	<u>2,757,867</u>	<u>9,753,470</u>
Total liabilities	<u>7,036,588</u>	<u>1,391,437</u>	<u>3,525,481</u>	<u>11,953,506</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	<u>256,010</u>	<u>143,376</u>	<u>438,428</u>	<u>837,814</u>
---	----------------	----------------	----------------	----------------

NET POSITION

Net investment in capital assets	13,770,501	32,663,453	9,185,179	55,619,133
Unrestricted	16,340,566	(1,273,929)	3,977,677	19,044,314
Total net position	<u>\$30,111,067</u>	<u>\$31,389,524</u>	<u>\$13,162,856</u>	<u>\$74,663,447</u>



City of Chandler
Combining Statement of Revenues, Expenses and Changes in Net Position -
Non-Major Proprietary Funds
For the year ended June 30, 2020

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 16,757,829	\$ 880,194	\$ 150	\$ 17,638,173
Grants and entitlements	—	—	7,137,950	7,137,950
Rentals	—	—	1,188,420	1,188,420
Sales taxes	—	15,521	—	15,521
Miscellaneous	15	15,232	108,641	123,888
Total operating revenues	16,757,844	910,947	8,435,161	26,103,952
OPERATING EXPENSES:				
General and administrative	1,033,249	102,341	—	1,135,590
Personnel services	1,811,285	532,998	1,844,291	4,188,574
Contractual services	12,414,140	49,517	815,968	13,279,625
Commodities	636,942	652,394	544,483	1,833,819
Housing assistance payments	—	—	4,914,609	4,914,609
Depreciation and amortization expense	610,112	1,045,038	591,219	2,246,369
Total operating expenses	16,505,728	2,382,288	8,710,570	27,598,586
OPERATING INCOME (LOSS)	252,116	(1,471,341)	(275,409)	(1,494,634)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	891,684	1	310,140	1,201,825
Gain (loss) on disposal of capital assets	(17,000)	—	—	(17,000)
Total nonoperating revenues (expenses)	874,684	1	310,140	1,184,825
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,126,800	(1,471,340)	34,731	(309,809)
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	1,557	814,738	—	816,295
Transfers in	—	454,474	285,000	739,474
Transfers out	(98,512)	(25,253)	—	(123,765)
Total capital contributions and transfers	(96,955)	1,243,959	285,000	1,432,004
CHANGE IN NET POSITION	1,029,845	(227,381)	319,731	1,122,195
NET POSITION				
Beginning of year	29,081,222	31,616,905	12,843,125	73,541,252
End of year	<u>\$ 30,111,067</u>	<u>\$ 31,389,524</u>	<u>\$ 13,162,856</u>	<u>\$ 74,663,447</u>

City of Chandler
Combining Statement of Cash Flows -
Non-Major Proprietary Funds
For the year ended June 30, 2020

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 16,659,416	\$ 914,079	\$ 1,434,753	\$ 19,008,248
Cash received from grantors	—	—	7,165,403	7,165,403
Cash payments to suppliers	(14,009,634)	(780,233)	(6,315,189)	(21,105,056)
Cash payments to employees for services	(1,789,367)	(519,999)	(1,823,106)	(4,132,472)
Net cash provided (used) by operating activities	<u>860,415</u>	<u>(386,153)</u>	<u>461,861</u>	<u>936,123</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	—	454,474	285,000	739,474
Transfers out	(98,512)	(25,253)	—	(123,765)
Net cash provided (used) by noncapital financing activities	<u>(98,512)</u>	<u>429,221</u>	<u>285,000</u>	<u>615,709</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(103,249)	(15,918)	(139,812)	(258,979)
Net cash provided (used) by capital and related financing activities	<u>(103,249)</u>	<u>(15,918)</u>	<u>(139,812)</u>	<u>(258,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	908,655	1	314,255	1,222,911
Net cash provided (used) by investing activities	<u>908,655</u>	<u>1</u>	<u>314,255</u>	<u>1,222,911</u>
Net increase (decrease) in cash and cash equivalents	1,567,309	27,151	921,304	2,515,764
CASH AND CASH EQUIVALENTS:				
Beginning of year	19,422,058	71,318	6,353,289	25,846,665
End of year	<u>\$ 20,989,367</u>	<u>\$ 98,469</u>	<u>\$ 7,274,593</u>	<u>\$ 28,362,429</u>

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

Operating income (loss)	\$ 252,116	\$ (1,471,341)	\$ (275,409)	\$ (1,494,634)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	610,112	1,045,038	591,219	2,246,369
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	(37,434)	419	109,011	71,996
(Increase) decrease in inventories	—	22,681	—	22,681
(Increase) decrease in other assets	—	—	38,570	38,570
Increase (decrease) in payables	74,697	1,338	(40,129)	35,906
Increase (decrease) in accrued payroll and compensated absences	23,477	13,308	22,331	59,116
Increase (decrease) in deposits	—	3,490	(1,810)	1,680
Increase (decrease) in customer advances	(60,994)	(777)	57,794	(3,977)
Increase (decrease) in net pension items	(15,220)	(4,648)	(53,673)	(73,541)
Increase (decrease) in OPEB liability	13,661	4,339	13,957	31,957
Total adjustments	608,299	1,085,188	737,270	2,430,757
Net cash provided (used) by operating activities	\$ 860,415	\$ (386,153)	\$ 461,861	\$ 936,123

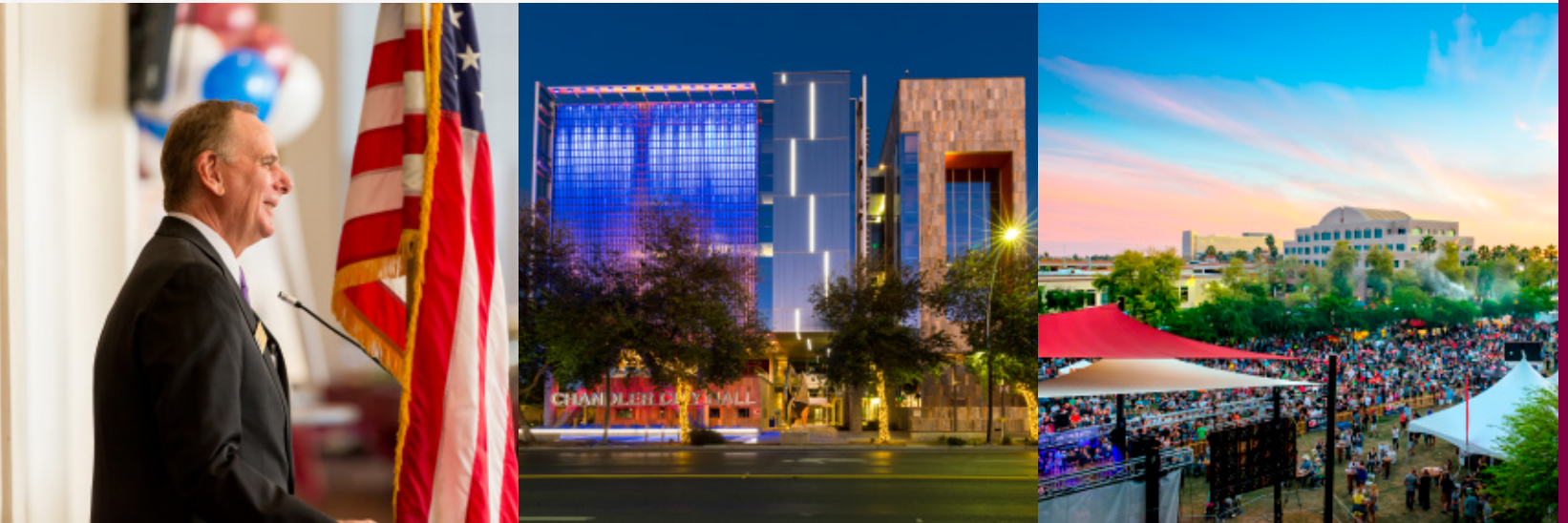
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ 1,557	\$ 814,738	\$ —	\$ 816,295
Gain (loss) on disposal of capital assets	(17,000)	—	—	(17,000)



Statistical Section

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



Chandler's Rock Solid Fiscal Foundations



Libraries, parks, and recreational programs are a vital part of enjoying the Chandler lifestyle and leisure time from resident's busy lives.

CITY OF CHANDLER, ARIZONA
Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	140
Schedules 1-6 contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	156
Schedules 7-9 contain information to help the reader assess the factors affecting the City’s ability to generate its sales and use tax.	
Debt Capacity	160
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 14-32 provide additional information for continuing disclosure purposes.	
Demographic and Economic Information	186
Schedules 33-34 offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	188
Schedules 35-37 contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	

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

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 534,292,488	\$ 545,926,100	\$ 558,279,485	\$ 563,033,503
Restricted	41,906,129	44,047,942	112,307,412	105,723,768
Unrestricted	260,307,288	259,783,598	179,518,042	183,088,676
Total governmental activities net position	836,505,905	849,757,640	850,104,939	851,845,947
Business-type activities				
Net investment in capital assets	281,936,017	280,440,445	355,015,004	388,837,444
Restricted	—	—	—	—
Unrestricted	168,164,942	179,339,498	176,961,822	206,284,498
Total business-type activities net position	450,100,959	459,779,943	531,976,826	595,121,942
Primary government				
Net investment in capital assets	816,228,505	826,366,545	913,294,489	951,870,947
Restricted	41,906,129	44,047,942	112,307,412	105,723,768
Unrestricted	428,472,230	439,123,096	356,479,864	389,373,174
Total primary government net position	\$ 1,286,606,864	\$ 1,309,537,583	\$ 1,382,081,765	\$ 1,446,967,889

Schedule 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 567,041,560	\$ 579,591,241	\$ 587,213,640	\$ 536,086,249	\$ 575,953,033	\$ 547,511,826
108,965,994	121,767,847	122,006,140	168,510,855	173,490,725	191,839,529
7,709,550	(5,872,464)	(36,358,845)	(65,575,548)	(72,592,489)	(8,655,932)
683,717,104	695,486,624	672,860,935	639,021,556	676,851,269	730,695,423
380,427,606	342,252,306	439,823,546	467,799,036	481,911,949	477,329,239
119,075	31,365,801	32,977,926	33,447,434	31,523,149	33,750,526
217,824,645	258,806,679	176,390,803	243,735,547	249,131,813	267,005,635
598,371,326	632,424,786	649,192,275	744,982,017	762,566,911	778,085,400
947,469,166	921,843,547	1,027,037,186	1,003,885,285	1,057,864,982	1,024,841,065
109,085,069	153,133,648	155,184,734	201,958,289	205,013,874	225,590,055
225,534,195	252,934,215	139,831,290	178,159,999	176,539,324	258,349,703
<u>\$ 1,282,088,430</u>	<u>\$ 1,327,911,410</u>	<u>\$ 1,322,053,210</u>	<u>\$ 1,384,003,573</u>	<u>\$ 1,439,418,180</u>	<u>\$ 1,508,780,823</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 67,808,567	\$ 88,876,901	\$ 90,143,339	\$ 99,231,501
Public safety	90,738,477	89,141,559	95,974,126	94,738,371
Transportation and development	50,909,361	52,111,019	55,846,316	52,183,052
Community services	28,919,560	28,966,271	30,979,208	32,331,286
Interest and fiscal charges	12,767,934	12,425,819	11,777,701	10,044,363
Total governmental activities expenses	251,143,899	271,521,569	284,720,690	288,528,573
Business-type activities:				
Water	57,452,876	56,277,327	55,440,712	55,877,774
Wastewater	37,896,180	38,804,360	40,401,849	41,969,764
Solid waste	13,443,102	13,756,352	13,974,858	14,131,202
Airport	2,107,354	1,941,752	1,960,788	1,980,706
Chandler housing authority	7,580,783	7,642,503	7,473,891	7,616,301
Total business-type activities expenses	118,480,295	118,422,294	119,252,098	121,575,747
Total primary government expenses	\$ 369,624,194	\$ 389,943,863	\$ 403,972,788	\$ 410,104,320

Schedule 2a

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 104,456,315	\$ 112,514,903	\$ 104,998,802	\$ 113,587,478	\$ 114,373,302	\$ 138,850,297
102,050,425	111,568,323	149,366,614	112,371,723	124,906,187	109,544,169
51,714,085	55,012,081	56,752,197	55,287,494	53,806,473	59,777,330
31,784,321	31,441,019	32,599,549	36,824,102	36,990,853	38,195,563
6,986,490	7,884,146	6,623,830	6,716,119	7,046,655	6,885,184
296,991,636	318,420,472	350,340,992	324,786,916	337,123,470	353,252,543
55,470,724	54,075,742	63,236,746	61,513,990	58,297,769	60,330,758
50,823,497	51,034,921	58,112,931	60,605,779	61,218,775	66,788,084
14,087,780	13,925,017	14,380,178	14,531,558	15,221,985	16,522,728
1,860,057	2,011,880	1,893,830	1,841,718	2,038,417	2,382,288
7,433,284	7,267,806	7,728,876	8,109,635	8,478,235	8,710,570
129,675,342	128,315,366	145,352,561	146,602,680	145,255,181	154,734,428
<u>\$ 426,666,978</u>	<u>\$ 446,735,838</u>	<u>\$ 495,693,553</u>	<u>\$ 471,389,596</u>	<u>\$ 482,378,651</u>	<u>\$ 507,986,971</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 22,548,679	\$ 31,381,062	\$ 35,898,378	\$ 38,832,217
Public safety	5,658,628	5,794,329	7,375,050	5,861,044
Transportation and development	11,884,554	27,905,311	10,150,102	16,145,692
Community services	4,079,359	4,136,285	8,240,732	7,744,507
Operating grants and contributions	5,890,147	6,162,320	3,999,536	4,744,636
Capital grants and contributions	16,041,213	11,016,136	9,116,635	10,170,236
Total governmental activities program revenues	66,102,580	86,395,443	74,780,433	83,498,332
Business-type activities:				
Charges for services:				
Water	43,708,974	49,565,071	48,258,282	49,588,376
Wastewater	31,610,009	35,907,085	37,690,400	40,509,289
Solid waste	13,277,403	13,890,957	13,836,363	14,034,894
Airport	995,307	996,605	976,102	961,067
Chandler housing authority	457,781	466,556	637,329	806,540
Operating grants and contributions	6,297,200	6,341,087	5,785,335	5,457,991
Capital grants and contributions	8,659,772	19,118,567	81,572,568	72,176,582
Total business-type activities program revenues	105,006,446	126,285,928	188,756,379	183,534,739
Total primary government program revenues	<u>\$ 171,109,026</u>	<u>\$ 212,681,371</u>	<u>\$ 263,536,812</u>	<u>\$ 267,033,071</u>
Net (expense)/revenue				
Governmental activities	\$(185,041,319)	\$(185,126,126)	\$(209,940,257)	\$(205,030,041)
Business-type activities	(13,473,849)	7,863,634	69,504,281	61,958,992
Total primary government net (expense)	<u>\$(198,515,168)</u>	<u>\$(177,262,492)</u>	<u>\$(140,435,976)</u>	<u>\$(143,071,049)</u>

Schedule 2b

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 39,207,061	\$ 42,021,638	\$ 41,400,079	\$ 43,089,930	\$ 43,622,807	\$ 43,203,865
6,469,215	7,471,344	6,561,052	6,100,584	4,998,779	6,512,002
14,438,138	16,538,175	16,333,273	17,145,894	14,869,670	16,420,652
7,551,166	10,792,114	10,732,351	9,180,276	7,583,513	5,623,796
3,514,714	5,188,787	4,481,750	3,988,629	4,522,345	31,052,185
13,133,637	16,725,462	9,702,683	9,340,818	10,510,464	18,714,457
84,313,931	98,737,520	89,211,188	88,846,131	86,107,578	121,526,957
48,045,103	50,483,097	53,251,020	54,031,592	52,459,720	54,722,296
45,666,777	51,321,346	53,563,934	56,367,650	56,055,131	61,531,949
14,140,246	14,940,591	15,648,992	16,307,409	16,107,922	16,757,829
1,010,288	946,419	950,294	963,827	906,557	880,194
877,380	946,408	954,070	1,085,013	1,155,430	1,188,570
5,862,477	5,784,021	6,198,797	6,350,858	7,224,669	7,137,950
35,357,741	32,690,364	27,645,932	22,360,158	18,335,155	14,190,016
150,960,012	157,112,246	158,213,039	157,466,507	152,244,584	156,408,804
<u>\$ 235,273,943</u>	<u>\$ 255,849,766</u>	<u>\$ 247,424,227</u>	<u>\$ 246,312,638</u>	<u>\$ 238,352,162</u>	<u>\$ 277,935,761</u>
\$ (212,677,705)	\$ (219,682,952)	\$ (261,129,804)	\$ (235,940,785)	\$ (251,015,892)	\$ (231,725,586)
21,284,670	28,796,880	12,860,478	10,863,827	6,989,403	1,674,376
<u>\$ (191,393,035)</u>	<u>\$ (190,886,072)</u>	<u>\$ (248,269,326)</u>	<u>\$ (225,076,958)</u>	<u>\$ (244,026,489)</u>	<u>\$ (230,051,210)</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 36,158,574	\$ 31,877,716	\$ 29,656,415	\$ 28,348,952
Sales taxes	86,523,295	97,485,387	102,200,517	103,880,801
Highway user taxes	13,287,878	11,823,280	12,929,504	13,352,622
Other taxes	88,561	5,979,715	6,295,212	3,243,937
Franchise fees	2,819,521	2,988,456	2,936,533	3,145,449
State shared	47,732,614	45,958,627	51,347,206	55,423,759
Investment income	1,841,244	1,221,923	2,843,417	1,869,128
Miscellaneous	3,071,588	1,116,832	2,181,627	819,766
Transfers in (out)	(244,702)	(74,075)	(102,875)	(132,082)
Total governmental activities	<u>191,278,573</u>	<u>198,377,861</u>	<u>210,287,556</u>	<u>209,952,332</u>
Business-type activities:				
Sales taxes	—	—	—	70,065
Investment income	533,313	389,446	1,180,290	788,025
Miscellaneous	946,507	1,351,829	1,409,437	1,683,332
Transfers in (out)	244,702	74,075	102,875	132,082
Total business-type activities:	<u>1,724,522</u>	<u>1,815,350</u>	<u>2,692,602</u>	<u>2,673,504</u>
Total primary government	<u>\$ 193,003,095</u>	<u>\$ 200,193,211</u>	<u>\$ 212,980,158</u>	<u>\$ 212,625,836</u>
Change in Net Position				
Governmental activities	\$ 6,237,254	\$ 13,251,735	\$ 347,299	\$ 4,922,291
Business-type activities	(11,749,327)	9,678,984	72,196,883	64,632,496
Total primary government	<u>\$ (5,512,073)</u>	<u>\$ 22,930,719</u>	<u>\$ 72,544,182</u>	<u>\$ 69,554,787</u>

Schedule 2c

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 28,708,033	\$ 29,214,103	\$ 29,837,763	\$ 30,816,495	\$ 32,550,250	\$ 34,419,182
108,657,130	112,250,883	120,189,651	127,584,410	139,851,355	140,644,918
14,633,470	15,303,635	16,683,743	16,135,949	17,301,902	16,996,911
10,106,891	6,100,475	664,616	940,203	866,267	1,153,237
3,300,129	3,344,817	3,285,267	3,571,744	3,567,184	3,441,225
59,236,588	60,712,442	65,924,228	64,723,211	67,156,430	70,769,943
1,763,585	3,834,840	1,063,997	1,531,766	14,822,135	16,951,295
1,197,215	1,124,559	1,014,665	1,502,418	1,261,279	2,085,020
(123,350)	(433,282)	(159,815)	(4,175,579)	(90,680)	(891,991)
227,479,691	231,452,472	238,504,115	242,630,617	277,286,122	285,569,740
10,865	10,391	10,682	13,769	17,347	15,521
819,556	2,180,447	938,491	854,848	7,742,589	9,974,135
2,475,760	2,632,460	2,798,023	14,923,212	2,842,825	2,962,466
123,350	433,282	159,815	4,175,579	90,680	891,991
3,429,531	5,256,580	3,907,011	19,967,408	10,693,441	13,844,113
\$ 230,909,222	\$ 236,709,052	\$ 242,411,126	\$ 262,598,025	\$ 287,979,563	\$ 299,413,853
\$ 14,801,986	\$ 11,769,520	\$ (22,625,689)	\$ 6,689,832	\$ 26,270,230	\$ 53,844,154
24,714,201	34,053,460	16,767,489	30,831,235	17,682,844	15,518,489
\$ 39,516,187	\$ 45,822,980	\$ (5,858,200)	\$ 37,521,067	\$ 43,953,074	\$ 69,362,643

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

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 893,067	\$ 947,804	\$ 938,549	\$ 892,533
Restricted	844,754	939,867	939,867	1,166,105
Assigned	61,733,537	102,635,587	101,115,766	95,185,696
Unassigned	98,872,954	69,223,074	66,077,714	82,453,462
Total general fund	<u>\$ 162,344,312</u>	<u>\$ 173,746,332</u>	<u>\$ 169,071,896</u>	<u>\$ 179,697,796</u>
All other governmental funds				
Nonspendable	—	—	—	—
Restricted	105,756,072	111,378,788	111,367,545	104,557,663
Unassigned	(12,315,197)	(12,798,348)	(13,646,428)	(11,034,021)
Total all other governmental funds	<u>\$ 93,440,875</u>	<u>\$ 98,580,440</u>	<u>\$ 97,721,117</u>	<u>\$ 93,523,642</u>

Schedule 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 941,359	\$ 907,594	\$ 979,446	\$ 813,143	\$ 866,239	\$ 985,396
1,792,180	1,566,618	1,451,061	1,980,807	2,179,767	1,710,608
102,222,466	109,958,162	101,620,277	116,359,633	131,214,214	139,326,860
80,152,269	68,567,835	87,492,981	65,182,337	66,035,760	90,887,858
<u>\$ 185,108,274</u>	<u>\$ 181,000,209</u>	<u>\$ 191,543,765</u>	<u>\$ 184,335,920</u>	<u>\$ 200,295,980</u>	<u>\$ 232,910,722</u>
\$ —	\$ —	\$ 7,422	\$ —	\$ —	\$ —
107,173,814	120,201,229	120,640,190	166,570,330	171,310,958	190,128,921
(15,322,260)	(11,877,159)	(11,350,383)	(2,555,420)	(5,758,986)	(7,697,792)
<u>\$ 91,851,554</u>	<u>\$ 108,324,070</u>	<u>\$ 109,297,229</u>	<u>\$ 164,014,910</u>	<u>\$ 165,551,972</u>	<u>\$ 182,431,129</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Property taxes	\$ 36,301,709	\$ 32,329,560	\$ 29,841,739	\$ 28,442,823
Sales taxes	86,523,295	97,485,387	102,200,517	103,880,801
Highway user taxes	13,287,878	11,823,280	12,929,504	13,352,622
Other taxes	88,561	5,979,715	6,295,212	3,243,937
Franchise fees	2,819,521	2,988,456	2,936,533	3,145,449
State shared revenues	47,732,614	45,958,627	51,347,206	55,423,759
Grants and entitlements	14,759,620	13,826,606	9,480,090	10,187,895
System development fees	6,739,920	11,724,823	7,781,083	11,846,275
Special assessments	673,064	678,027	676,127	678,843
Licenses and permits	3,208,944	6,955,605	4,887,466	5,479,384
Charges for services	18,002,168	19,938,566	19,786,513	20,269,976
Fines and forfeitures	4,697,317	4,700,430	5,825,098	4,622,215
Rentals	387,952	455,842	570,638	732,807
Contributions	100,000	100,000	100,000	100,000
Interest revenue	1,635,258	1,034,895	2,529,078	1,623,973
Miscellaneous	4,593,104	1,392,691	1,384,123	650,117
Total revenues	<u>\$ 241,550,925</u>	<u>\$ 257,372,510</u>	<u>\$ 258,570,927</u>	<u>\$ 263,680,876</u>

Schedule 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 28,899,684	\$ 29,237,607	\$ 29,692,846	\$ 30,819,812	\$ 32,526,357	\$ 34,334,216
108,657,130	112,250,883	120,189,651	127,584,410	139,851,355	140,644,918
14,633,470	15,303,635	16,683,743	16,135,949	17,301,902	16,996,911
10,106,891	6,100,475	664,616	940,203	866,267	1,153,237
3,300,129	3,344,817	3,285,267	3,571,744	3,567,184	3,441,225
59,236,588	60,712,442	65,924,228	64,723,211	67,156,430	70,769,943
10,638,831	16,159,064	12,677,860	12,111,857	11,911,639	49,719,415
10,585,623	16,217,004	14,683,327	13,982,674	9,023,678	8,730,973
573,438	606,757	607,191	611,499	610,501	508,485
5,146,556	6,634,161	7,075,996	6,394,322	7,268,592	7,760,403
20,110,036	19,705,786	20,869,517	21,827,375	21,512,737	20,355,702
4,601,501	4,828,174	3,908,387	4,865,783	4,234,286	5,571,322
751,163	974,192	678,387	127,575	127,206	213,345
150,000	200,000	200,000	200,000	200,000	200,000
1,562,241	3,409,065	921,195	1,398,729	13,268,020	15,017,352
572,252	897,102	494,984	974,107	923,369	1,471,977
<u>\$ 279,525,533</u>	<u>\$ 296,581,164</u>	<u>\$ 298,557,195</u>	<u>\$ 306,269,250</u>	<u>\$ 330,349,523</u>	<u>\$ 376,889,424</u>

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

	Fiscal Year			
	2011	2012	2013	2014
General government	\$ 43,636,784	\$ 48,894,811	\$ 44,512,533	\$ 46,807,747
Public safety	84,007,752	82,820,106	89,587,613	90,068,218
Transportation and development	22,126,233	25,532,739	24,807,578	23,418,175
Community services	22,836,317	23,255,568	23,554,854	23,771,925
Capital improvements	67,299,941	29,787,069	41,793,319	45,657,265
Debt service:				
Principal retirement	15,090,000	15,970,000	26,870,000	15,955,000
Interest and fiscal charges	12,901,616	12,550,323	11,908,025	10,682,206
Bond issuance costs	278,512	—	—	145,970
Total expenditures	<u>\$ 268,177,155</u>	<u>\$ 238,810,616</u>	<u>\$ 263,033,922</u>	<u>\$ 256,506,506</u>
Debt service as a percentage of noncapital expenditures	13.3 %	13.5 %	16.4 %	11.6 %

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

Schedule 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 46,895,106	\$ 52,138,384	\$ 50,892,490	\$ 55,706,708	\$ 58,070,201	\$ 79,624,174
93,773,306	104,605,663	103,167,906	109,736,277	111,496,663	113,166,600
24,769,553	25,471,154	28,294,221	27,750,365	25,871,080	30,117,735
24,569,283	24,988,844	26,605,279	27,088,640	27,712,871	28,344,665
56,539,116	50,009,243	44,712,255	71,268,257	69,006,722	77,024,413
21,490,000	17,465,000	25,240,000 (1)	20,264,000	22,820,000	21,340,000
7,737,974	8,635,631	7,689,305	7,918,081	8,270,161	8,073,320
722,293	—	249,838	252,611	—	319,631
<u>\$ 276,496,631</u>	<u>\$ 283,313,919</u>	<u>\$ 286,851,294</u>	<u>\$ 319,984,939</u>	<u>\$ 323,247,698</u>	<u>\$ 358,010,538</u>
11.7 %	10.2 %	12.9 %	10.4 %	11.3 %	9.5 %

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			
	2011	2012	2013	2014
Other Financing Sources (Uses)				
Bond premium	\$ 1,047,424	\$ —	\$ —	\$ 562,052
Face amount of bonds issued	20,285,000	—	—	8,660,000
Proceeds from disposal of capital assets	108,929	89,007	76,381	161,126
Payment to escrow agent	(10,816,839)	—	—	(9,061,800)
Capital contributions	—	—	—	—
Transfers in	41,605,646	20,576,188	32,849,979	24,586,418
Transfers out	(56,040,439)	(22,685,504)	(33,997,394)	(25,653,741)
Total other financing sources (uses)	(3,810,279)	(2,020,309)	(1,071,034)	(745,945)
Net change in fund balance	\$ (30,436,509)	\$ 16,541,585	\$ (5,533,759)	\$ 6,428,425

Schedule 6

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 17,045,635	\$ —	\$ 6,339,230	\$ 3,609,365	\$ —	\$ 2,927,904
128,254,000	—	25,500,000	58,740,000	—	30,400,000
103,964	463,709	652,882	213,829	1,356,796	396,924
(143,635,520)	—	(31,589,392)	—	—	—
—	—	—	—	—	396,153
28,717,990	27,885,557	28,116,369	46,032,351	45,484,505	39,282,296
(29,776,581)	(29,252,060)	(29,208,275)	(47,370,020)	(48,005,487)	(42,788,264)
709,488	(902,794)	(189,186)	61,225,525	(1,164,186)	30,615,013
<u>\$ 3,738,390</u>	<u>\$ 12,364,451</u>	<u>\$ 11,516,715</u>	<u>\$ 47,509,836</u>	<u>\$ 5,937,639</u>	<u>\$ 49,493,899</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Amusements	\$ 673,666	\$ 714,641	\$ 717,442	\$ 728,110
Contracting	6,380,957	10,869,566	10,408,518	9,780,645
General Retail	38,741,270	42,844,871	45,331,307	47,454,682
Hotel/Motel	1,973,790	2,255,786	2,288,989	2,472,754
Miscellaneous Related Revenue (1)	2,551,354	2,334,179	2,937,426	2,660,201
Publishing	351,250	352,550	334,981	258,547
Rentals - Personal Property	2,462,219	2,606,371	2,884,618	2,949,421
Rentals - Real Property	9,479,850	10,025,726	10,817,611	11,058,203
Restaurant/Bar	7,971,183	8,670,199	9,069,109	9,542,714
Telecommunications	3,524,076	3,628,007	3,731,350	3,533,636
Use Tax	1,000,342	1,054,968	1,315,599	1,090,428
Utilities	11,413,338	12,128,475	12,363,565	12,421,526
Total Sales and Use Taxes	<u>\$ 86,523,295</u>	<u>\$ 97,485,339</u>	<u>\$ 102,200,515</u>	<u>\$ 103,950,867</u>
City Direct Sales Tax Rate (2)	1.77%	1.76%	1.75%	1.75%

Source: City of Chandler, Management Services Department

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

Schedule 7

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 895,730	\$ 1,019,939	\$ 1,019,938	\$ 1,083,161	\$ 1,318,195	\$ 972,105
8,870,092	8,855,057	11,496,791	12,388,978	17,228,786	12,824,214
49,740,000	51,191,162	53,137,169	56,605,561	60,029,293	64,911,529
2,892,470	2,957,685	3,424,279	3,712,085	4,099,450	3,560,787
2,815,040	2,745,130	2,527,981	2,328,030	1,757,235	1,710,004
260,712	248,433	186,862	182,820	207,462	177,542
3,261,716	3,125,459	3,611,180	3,676,196	4,076,298	4,282,451
11,967,509	13,217,561	13,647,156	15,134,275	16,506,671	18,184,361
10,188,718	10,752,479	11,341,714	11,872,941	12,773,198	11,978,625
3,435,949	3,234,369	2,796,065	2,395,673	2,191,747	2,337,375
1,145,534	1,127,257	3,619,340	4,394,129	5,461,771	5,335,557
13,194,526	13,786,741	13,391,857	13,824,331	14,218,596	14,385,889
<u>\$ 108,667,996</u>	<u>\$ 112,261,272</u>	<u>\$ 120,200,332</u>	<u>\$ 127,598,180</u>	<u>\$ 139,868,702</u>	<u>\$ 140,660,439</u>
1.76%	1.76%	1.75%	1.74%	1.74%	1.73%

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

Schedule 8

Fiscal Year	City Direct Tax Rate (1)	Overlapping Rates		
		Maricopa County Tax Rate (2)	State of Arizona Tax Rate (3)	Tourism & Sports Authority Tax Rate (4)
2011	1.77%	0.67%	5.85%	0.02%
2012	1.76%	0.67%	5.90%	0.02%
2013	1.75%	0.67%	5.80%	0.02%
2014	1.75%	0.67%	4.99%	0.02%
2015	1.76%	0.67%	4.96%	0.03%
2016	1.76%	0.67%	4.92%	0.03%
2017	1.75%	0.66%	4.95%	0.03%
2018	1.74%	0.65%	4.92%	0.03%
2019	1.74%	0.65%	4.92%	0.03%
2020	1.73%	0.65%	4.86%	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 2020			Fiscal Year 2011		
		Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments	Sales and Use Tax Payments	Rank	Percentage of Total Sales and Use Tax Payments
Taxpayer A	Utility	\$11,161,762	1	7.94%	\$ 8,553,000	1	9.89%
Taxpayer B	Department Store	4,754,630	2	3.38%	2,632,948	2	3.04%
Taxpayer C	Grocery Store	3,454,253	3	2.46%	2,200,339	3	2.54%
Taxpayer D	Department Store	2,672,365	4	1.90%	1,579,991	4	1.83%
Taxpayer E	Construction	2,313,129	5	1.64%			
Taxpayer F	Retailer	2,253,970	6	1.60%	1,242,538	6	1.44%
Taxpayer G	Retailer	1,821,423	7	1.29%			
Taxpayer H	Vehicle Dealer	1,697,588	8	1.21%	905,145	10	1.05%
Taxpayer I	Construction Contracting	1,645,644	9	1.17%			
Taxpayer J	Commercial Leasing	1,624,306	10	1.15%			
Taxpayer K	Telecommunications				1,317,922	5	1.52%
Taxpayer L	Department Store				1,183,404	7	1.37%
Taxpayer M	Utility				1,060,554	8	1.23%
Taxpayer N	Department Store				1,041,631	9	1.20%
		<u>\$33,399,070</u>		<u>23.74%</u>	<u>\$ 21,717,472</u>		<u>25.11%</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
2011	\$ 279,968,000	\$ 28,620,000	\$ 6,190,000	\$ —	\$ —	\$ —
2012	268,148,000	25,745,000	5,780,000	—	—	—
2013	256,288,000	22,045,000	5,350,000	—	—	—
2014	233,678,000	18,000,000	4,905,000	3,539,600	707,337	99,258
2015	222,143,000	14,025,000	4,440,000	17,244,108	565,869	88,230
2016	205,088,000	10,055,000	3,960,000	15,663,687	424,402	77,201
2017	186,873,000	6,685,000	3,460,000	19,829,438	282,935	66,172
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

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
2011	\$ 179,747,000	\$ 60,280,000	\$ 48,540,000	\$ —	\$ —	\$ —
2012	170,987,000	52,670,000	47,440,000	—	—	—
2013	161,567,000	44,740,000	45,695,000	—	—	—
2014	150,972,000	36,095,000	148,380,000	2,220,807	1,705,732	8,502,636
2015	140,072,000	31,610,000	142,200,000	11,567,086	1,324,131	8,040,688
2016	127,782,000	24,850,000	204,090,000	10,630,056	832,855	11,447,974
2017	115,722,000	9,595,000	198,520,000	12,263,924	624,642	15,075,185
2018	105,707,000	7,845,000	230,635,000	11,025,887	416,428	17,271,299
2019	95,901,000	4,685,000	222,575,000	9,898,570	202,401	15,979,766
2020	86,261,000	2,340,000	228,985,000	8,773,210	—	16,850,597

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)
2011	\$ 459,715,000	\$ 18,321,538	\$ 441,393,462	\$22,396,334,191	1.97%	\$ 603,345,000	9.22%	2,535
2012	439,135,000	19,258,684	419,876,316	21,102,582,630	1.99%	570,770,000	7.84%	2,383
2013	417,855,000	16,419,386	401,435,614	21,502,506,694	1.87%	535,685,000	6.71%	2,213
2014	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%	2,191

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 33.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	None	4.55 %	None
Maricopa County	None	6.97	None
Maricopa County Community College District	\$ 312,450,000	6.97	\$ 21,781,441
Maricopa County Special Healthcare District	437,000,000	6.97	30,464,041
Chandler Unified School District No. 80	274,941,668	6.97	19,166,669
Kyrene Elementary School District No. 28	186,920,000	6.97	13,030,523
Mesa Unified School District No. 4	316,135,000	6.97	22,038,329
Gilbert Unified School District No. 41	117,425,000	6.97	8,185,904
East Valley Institute of Technology	None	6.97	None
Subtotal, overlapping debt			114,666,907
City direct debt	237,558,672	100.00	237,558,672
Total direct and overlapping debt			<u><u>\$ 352,225,579</u></u>

Source: Piper Sandler Companies

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2019-20 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			
	2011	2012	2013	2014
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 148,117,597	\$ 135,310,758	\$ 130,522,600	\$ 142,895,404
Total net debt applicable to limit	<u>13,361,000</u>	<u>11,840,000</u>	<u>10,869,000</u>	<u>10,198,000</u>
Legal debt margin	<u>\$ 134,756,597</u>	<u>\$ 123,470,758</u>	<u>\$ 119,653,600</u>	<u>\$ 132,697,404</u>
Total net debt applicable to the limit as a percentage of the debt limit	9.02%	8.75%	8.33%	7.14%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 493,725,323	\$ 451,035,860	\$ 435,075,335	\$ 476,318,016
Total net debt applicable to limit	<u>446,354,000</u>	<u>427,295,000</u>	<u>406,986,000</u>	<u>374,452,000</u>
Legal debt margin	<u>\$ 47,371,323</u>	<u>\$ 23,740,860</u>	<u>\$ 28,089,335</u>	<u>\$ 101,866,016</u>
Total net debt applicable to the limit as a percentage of the debt limit	90.41%	94.74%	93.54%	78.61%

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

Fiscal Year 2019-20: 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 2020

Full Cash Assessed Valuation as of June 30, 2020	\$ 4,308,417,196
Debt limit (6% of assessed value)	258,505,031
Debt applicable to limit:	
6% general obligation bonds	9,507,600
Excess premium on bonds outstanding	264,978
Legal 6% debt margin	<u>\$ 248,732,453</u>
Debt limit (20% of assessed value)	\$ 861,683,439
Debt applicable to limit:	
20% general obligation bonds	292,692,400
Excess premium on bonds outstanding	11,263,732
Legal 20% debt margin	<u>\$ 557,727,307</u>

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 142,827,478	\$ 190,024,847	\$ 198,432,895	\$ 209,370,282	\$ 232,258,669	\$ 258,505,031
9,848,400	9,427,250	8,952,650	14,974,350	12,511,300	9,772,578
<u>\$ 132,979,078</u>	<u>\$ 180,597,597</u>	<u>\$ 189,480,245</u>	<u>\$ 194,395,932</u>	<u>\$ 219,747,369</u>	<u>\$ 248,732,453</u>
6.90%	4.96%	4.51%	7.15%	5.39%	3.78%
\$ 476,091,596	\$ 633,416,159	\$ 661,442,986	\$ 697,900,943	\$ 774,195,564	\$ 861,683,439
352,366,600	323,442,750	300,592,650	324,166,628	298,881,202	303,956,132
<u>\$ 123,724,996</u>	<u>\$ 309,973,409</u>	<u>\$ 360,850,336</u>	<u>\$ 373,734,315</u>	<u>\$ 475,314,362</u>	<u>\$ 557,727,307</u>
74.01%	51.06%	45.44%	46.45%	38.61%	35.27%

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

Schedule 13a

Street & Highway Revenue Bonds

Fiscal Year	Highway User Taxes	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 13,287,878	\$ 9,336,554	\$ 3,951,324	\$ 2,875,000	\$ 1,176,009	0.98
2012	11,823,280	7,895,663	3,927,617	3,700,000	936,975	0.85
2013	12,929,504	10,893,216	2,036,288	3,830,000	833,475	0.44
2014	13,352,622	10,547,032	2,805,590	3,975,000	515,175	0.62
2015	14,633,470	8,257,078	6,376,392	3,970,000	462,047	1.44
2016	15,303,635	11,951,019	3,352,616	3,370,000	375,650	0.90
2017	16,683,743	10,887,942	5,795,801	2,415,000	256,438	2.17
2018	16,135,949	12,073,072	4,062,877	2,220,000	163,988	1.70
2019	17,301,902	10,724,907	6,576,995	2,050,000	79,200	3.09
2020 (1)	16,996,911	7,500,788	9,496,123	—	—	—

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 43,708,974	\$ 26,834,274	\$ 16,874,700	\$ 6,007,332	\$ 1,875,330	2.14
2012	49,556,831	26,351,735	23,205,096	6,498,090	1,641,612	2.85
2013	48,258,282	26,890,219	21,368,063	6,062,435	1,375,854	2.87
2014	49,588,376	27,840,478	21,747,898	3,300,000	869,064	5.22
2015	48,045,103	27,645,076	20,400,027	3,205,000	730,854	5.18
2016	50,483,097	26,907,780	23,575,317	8,408,500	566,680	2.63
2017	53,251,020	34,188,323	19,062,697	1,750,000	307,160	9.27
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

Excise Tax Revenue Obligations

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 136,164,353	\$ —	\$ 136,164,353	\$ 1,100,000	\$ 1,118,063	61.39
2012	148,885,867	—	148,885,867	1,745,000	1,703,358	43.18
2013	156,621,139	—	156,621,139	1,815,000	1,584,863	46.07
2014	162,664,325	—	162,664,325	6,180,000	4,483,662	15.25
2015	170,432,597	—	170,432,597	4,770,000	6,044,175	15.76
2016	175,820,443	—	175,820,443	2,805,000	7,193,019	17.59
2017	188,910,693	—	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	8,525,000	8,911,325	12.31

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.

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		
2011	\$ 31,610,009	\$ 15,759,431	\$ 15,850,578	\$ 1,602,668	\$ 947,148	6.22	
2012	35,907,085	16,752,467	19,154,618	1,431,910	874,363	8.31	
2013	37,690,400	18,879,022	18,811,378	2,197,565	809,286	6.26	
2014	40,509,289	18,780,034	21,729,255	1,185,000	585,029	12.28	
2015	45,666,777	22,907,111	22,759,666	3,555,000	548,545	5.55	
2016	51,321,346	23,054,518	28,266,828	6,846,500	368,470	3.92	
2017	53,563,934	23,470,067	30,093,867	—	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	

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

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

Schedule 14

Property Classification	Tax Year 2016	Tax Year 2017	Tax Year 2018	Tax Year 2019	Tax Year 2020
Mining, Utility, Commercial, and Industrial	18.00 %	18.00 %	18.00 %	18.00 %	18.00 %
Agriculture and Vacant Land	15.00	15.00	15.00	15.00	15.00
Owner-Occupied Residential	10.00	10.00	10.00	10.00	10.00
Leased or Rented Residential	10.00	10.00	10.00	10.00	10.00
Railroad, Private Car, and Airline Flight Property	14.00	15.00	14.00	15.00	15.00

Tax Year 2016 through 2019 Source: Piper Jaffray Inc. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

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

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

Schedule 15

	Tax Rate	Adjusted Tax Levy	to 30 June of Initial Fiscal Year	
			Collections	% of Levy
FY 2019-20	\$ 1.1281	\$ 34,039,034	\$ 33,597,309	98.70 %
FY 2018-19	1.1386	31,655,843	31,714,236	100.00
FY 2017-18	1.1400	30,612,579	30,321,360	99.05
FY 2016-17	1.1600	29,626,073	29,273,316	98.81
FY 2015-16	1.1792	28,972,604	28,693,845	99.04

Fiscal Year 2015-16 through 2018-19 Source: Piper Jaffray Inc. as compiled from County Department of Finance.

Fiscal Year 2020 Source: Piper Sandler Companies as compiled from County Department of Finance.

CITY OF CHANDLER, ARIZONA

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

JUNE 30, 2020

Schedule 16

	FY 2019-20 Net Limited Property Assessed Valuation	FY 2019-20 Total Tax Rate per \$100 Assessed Valuation
State of Arizona (1)	\$ 66,157,223,639	\$ 0.4566
Maricopa County	43,194,326,395	1.4009
Maricopa County Community College District	43,194,326,395	1.3285
Maricopa County Library District	43,194,326,395	0.0556
Maricopa County Flood Control District	39,558,003,840	0.1792
Maricopa County Fire District	43,194,326,395	0.0095
Maricopa County Special Health Care District	43,194,326,395	0.3333
Central Arizona Water Conservation District	43,194,326,395	0.1400
East Valley Institute of Technology District No. 401 (2)	19,868,037,167	0.0500
Chandler Unified School District No. 80	2,918,163,525	6.4698
Tempe Union High School District No. 213	3,746,807,002	2.5631
Kyrene Elementary School District No. 28	2,179,588,085	3.8650
Mesa Unified School District No. 4	3,205,267,510	6.9816
Gilbert Unified School District No. 41	2,066,469,120	5.9023
City of Chandler	3,011,152,689	1.1281

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

- (1) Includes the State Equalization Assistance Property Tax. This rate has been set at \$0.4741 for fiscal year 2018-19 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
SECONDARY ASSESSED VALUATION/NET FULL CASH ASSESSED VALUATION BY
PROPERTY TAX CLASSIFICATION
LAST FIVE FISCAL YEARS

Schedule 17

	FY 2015-16 Net Full Cash Assessed Valuation	FY 2016-17 Net Full Cash Assessed Valuation	FY 2017-18 Net Full Cash Assessed Valuation	FY 2018-19 Net Full Cash Assessed Valuation	FY 2019-20 Net Full Cash Assessed Valuation	FY 2019-20 Annual Percentage Change
Mining, Utility, Commercial, and Industrial	\$ 784,201,124	\$ 929,870,699	\$1,027,345,765	\$1,102,515,089	\$1,246,170,328	13.03%
Agriculture and Vacant Land	80,816,673	80,660,011	74,055,978	75,266,539	78,888,739	4.81%
Owner-Occupied Residential	1,316,995,223	1,424,368,802	1,472,336,280	1,574,405,659	1,681,112,768	6.78%
Leased or Rented Residential	474,177,840	537,827,158	574,699,602	646,538,541	738,411,405	14.21%
Railroad, Private Car, and Airline Flight Property	1,910,025	1,782,690	1,910,025	1,782,690	1,910,025	7.14%
Historical Property	161,203,221	192,089,070	156,435,042	88,612,464	124,084,500	40.03%
Commercial Historic Property	440,664	482,365	432,241	383,733	400,055	4.25%
TOTAL	\$2,819,744,770	\$3,167,080,795	\$3,307,214,933	\$3,489,504,715	\$3,870,977,820	10.93%

Fiscal Year 2015-16 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 Source: Piper Sandler Companies as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

CITY OF CHANDLER, ARIZONA
NET LIMITED PROPERTY ASSESSED VALUE OF MAJOR TAXPAYERS
JUNE 30, 2020

Schedule 18

Taxpayer	Description	FY 2019-20 Net Limited Property Assessed Value	As % of Total FY 2019-20 Net Limited Property Assessed Value
Intel Corporation	Manufacturing Plant	\$ 155,572,256	5.17%
Cyrusone LLC	Manufacturing Plant	26,198,240	0.87
Wells Fargo Bank NA	Financial Services	23,272,604	0.77
TWC-Chandler LLC	Enclosed Mall	20,338,866	0.68
Bank of America NA	Financial Services	14,611,815	0.49
Microchip Technology Incorporated	Manufacturing Plant	13,188,105	0.44
NXP USA, Inc.	Manufacturing Plant	12,619,511	0.42
CAZ 1 DE LLC	Office Building	10,718,449	0.36
Digital 2121 South Price LLC	Office Building	9,286,105	0.31
SWVP Continuum Office LLC	Business Park	8,359,957	0.28
		<u>\$ 294,165,908</u>	<u>9.79%</u>
Total City Net Limited Property Assessed Valuation		\$ 3,011,152,689	

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
COMPARATIVE VALUATION HISTORIES
LAST FIVE FISCAL YEARS

Schedule 19

Comparative Net Limited Property Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
FY 2019-20	\$ 3,011,152,689	\$ 43,194,326,395	\$ 66,157,223,639
FY 2018-19	2,783,830,922	40,423,232,423	62,328,439,592
FY 2017-18	2,675,480,112	38,251,891,249	59,404,007,785
FY 2016-17	2,553,971,787	36,135,494,474	56,564,116,707
FY 2015-16	2,380,457,981	34,623,670,323	54,838,548,929

Comparative Net Full Cash Assessed Value History

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
FY 2019-20	\$ 3,870,977,820	\$ 56,588,192,576	\$ 82,730,928,616
FY 2018-19	3,489,504,715	51,944,549,119	76,437,036,352
FY 2017-18	3,307,214,933	48,351,864,363	71,673,967,461
FY 2016-17	3,167,080,795	44,850,741,762	67,262,138,649
FY 2015-16	2,819,667,969	41,125,604,014	62,635,586,917

Fiscal Year 2015-16 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 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, 2020

Schedule 20

			Per Capital Bonded Debt Population Estimates @ 266,804 (1)	As % of City's 2019-20 Net Full Cash Assessed Value	As % of City's 2019-20 Estimated Net Full Cash Value
Direct General Obligation Bond Debt	\$ 302,200,000	\$	1,132.67	7.81	0.91
Direct Overlapping General Obligation Bond Debt	\$ 631,514,162	\$	2,366.96	16.31	1.90

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

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

Schedule 21

Fiscal Year	Estimated Net Full Cash Value
2019-20	\$ 33,312,389,044
2018-19	29,847,787,490
2017-18	28,994,768,811
2016-17	28,297,114,500
2015-16	25,007,403,208

Fiscal Year 2015-16 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 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).

CITY OF CHANDLER, ARIZONA
MONTHLY HIGHWAY USER TAX REVENUES - CALENDAR YEAR CASH BASIS
LAST SEVEN YEARS

Schedule 22

Month	2013	2014	2015	2016	2017	2018	2019	2020
January	\$ 1,033,980	\$ 1,048,496	\$ 1,158,689	\$ 1,215,671	\$ 1,296,536	\$ 1,266,830	\$ 1,446,371	\$1,524,413
February	1,002,875	1,098,559	1,192,313	1,231,841	1,945,977	1,233,000	1,455,486	1,475,878
March	1,059,191	1,060,205	1,198,428	1,242,204	1,280,990	1,272,234	1,419,880	1,489,729
April	1,205,917	1,230,836	1,318,157	1,449,212	1,439,986	1,353,119	1,411,903	1,354,146
May	1,297,009	1,352,359	1,454,506	1,472,271	1,583,971	1,516,006	1,584,927	1,082,446
June	1,210,511	1,212,824	1,316,155	1,346,463	1,421,037	1,350,636	1,383,030	1,317,683
July	1,222,725	1,255,302	1,367,068	1,434,908	1,427,236	1,469,617	1,680,966	
August	1,069,168	1,166,518	1,198,488	1,303,240	1,202,282	1,358,741	1,293,772	
September	985,799	1,109,334	1,150,953	1,211,218	1,746,522	1,353,880	1,468,761	
October	1,043,023	1,128,913	1,190,930	1,279,912	1,299,346	1,451,988	1,434,844	
November	1,001,552	1,107,485	1,193,359	1,273,531	1,217,745	1,488,542	1,463,921	
December	994,499	1,115,903	1,177,335	1,220,109	1,208,612	1,401,808	1,410,353	
TOTAL	<u>\$13,126,249</u>	<u>\$13,886,734</u>	<u>\$14,916,381</u>	<u>\$15,680,580</u>	<u>\$17,070,240</u>	<u>\$16,516,401</u>	<u>\$17,454,214</u>	

CITY OF CHANDLER, ARIZONA

POPULATION STATISTICS

Schedule 23

Year	City of Chandler	Maricopa County	State of Arizona
2020 estimate	265,075 (1)	4,439,863 (2)	7,189,020 (2)
2019 estimate	261,173 (1)	4,367,835 (2)	7,187,990 (2)
2018 estimate	257,853 (1)	4,294,460 (2)	7,076,199 (2)
2017 estimate	254,239 (1)	4,221,684 (2)	6,965,897 (2)
2016 estimate	248,332 (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)
2012 estimate	238,040 (1)	3,884,705 (2)	6,498,569 (2)
2010 Census	236,479 (3)	3,825,191 (3)	6,407,774 (3)
2005 Special Census	230,845 (3)	3,700,516 (3)	5,924,476 (2)
2000 Census	174,061 (3)	2,930,153 (3)	4,882,966 (3)
1990 Census	91,149 (3)	2,132,249 (3)	3,679,118 (3)
1980 Census	29,673 (1)	1,521,597 (3)	2,735,840 (3)

Sources:

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

CITY OF CHANDLER, ARIZONA
ACTUAL AND PROJECTED PLEDGED EXCISE TAXES

Schedule 24

	2015-16 (1)	2016-17 (1)	2017-18 (1)	2018-19 (1)	2019-20 (2)	Adopted 2020-21
Transaction Privilege Tax	\$ 112,250,883	\$ 120,189,651	\$ 127,584,410	\$ 138,888,825	\$ 140,798,389	\$ 123,562,552
State Shared Sales Tax	22,471,132	23,768,564	23,821,248	25,525,595	26,597,361	23,410,000
State Shared Income Tax	28,453,619	31,910,426	30,652,381	30,693,731	33,255,159	37,000,000
Franchise Fees	3,333,938	3,272,104	3,560,770	3,556,211	3,432,995	3,375,000
Licenses and Permits	6,761,791	7,209,693	6,512,930	7,398,669	7,908,291	6,781,000
Fines and Forfeitures	2,549,080	2,560,255	3,368,445	3,196,843	2,714,065	3,011,908
Totals	<u>\$ 175,820,443</u>	<u>\$ 188,910,693</u>	<u>\$ 195,500,184</u>	<u>\$ 209,259,874</u>	<u>\$ 214,706,260</u>	<u>\$ 197,140,460</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).

(2) Unaudited FY 2019-20 revenues.

CITY OF CHANDLER, ARIZONA
TRANSACTION PRIVILEGE (SALES) TAX RATES BY CATEGORY
JUNE 30, 2020

Schedule 25

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, 2020

Schedule 26

Taxable Activities	State Transaction Privilege (Sales) Tax Rates	
	State Tax Rate	Distribution Share
Transporting	5.600 %	20.000 %
Utilities	5.600	20.000
Telecommunications	5.600	20.000
Pipeline	5.600	20.000
Private Car Line	5.600	20.000
Publication	5.600	20.000
Job Printing	5.600	20.000
Prime Contracting	5.600	20.000
Owner Builder Sales	5.600	20.000
Amusement	5.600	40.000
Restaurant	5.600	40.000
Personal Property Rental	5.600	40.000
Retail (excluding food sales)	5.600	40.000
Transient Lodging	5.600	50.000
Mining - non-metal, oil/gas	3.125	32.000
Commercial Lease	0.500	53.330
Severance - Metalliferous Mining	2.500	80.000
Use Tax Utilities	5.600	20.000
Jet Fuel Use Tax	(1)	40.000

Source: City of Chandler, Management Services Department

(1) 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 27

	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>
System Revenues:					
Service Fees	\$101,804,443	\$106,814,954	\$110,399,242	\$108,514,851	\$116,254,245
Miscellaneous	351,169	63,411	953,964	130,001	97,652
Interest Income	1,978,389	875,983	780,250	6,817,699	8,772,310
Total System Revenues	<u>\$104,134,001</u>	<u>\$107,754,348</u>	<u>\$112,133,456</u>	<u>\$115,462,551</u>	<u>\$125,124,207</u>
System Expenditures:					
General and Administration	\$ 6,157,415	\$ 6,065,965	\$ 6,219,983	\$ 6,400,086	\$ 6,511,083
Personnel Services	15,159,966	15,489,373	16,343,098	16,548,508	17,613,794
Contractual Services	10,437,077	17,153,121	11,774,018	12,919,313	13,240,678
Commodities	18,207,840	18,949,931	30,463,463	23,034,508	25,283,817
Total System Expenditures	<u>\$ 49,962,298</u>	<u>\$ 57,658,390</u>	<u>\$ 64,800,562</u>	<u>\$ 58,902,415</u>	<u>\$ 62,649,372</u>
Net Income Available for Debt Service	<u>\$ 54,171,703</u>	<u>\$ 50,095,958</u>	<u>\$ 47,332,894</u>	<u>\$ 56,560,136</u>	<u>\$ 62,474,835</u>
Water and Sewer Revenues Bond (Senior Obligation) Debt Service	\$ 16,190,150	\$ 2,998,630	\$ 3,473,800	\$ 3,410,600	\$ 2,485,500
Approximate Debt Service Coverage for Senior Obligations	3.35x	16.71x	13.63x	16.58x	25.14x

CITY OF CHANDLER, ARIZONA

UTILITY RATE INCREASE HISTORY

Schedule 28

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, 2020

Schedule 29

Water	
Customer name	Amount
INTEL CORP	\$ 7,076,665
NXP USA, INC.	1,163,349
CHANDLER UNIFIED SCHOOL	568,624
AIR PRODUCTS & CHEMICAL	298,195
DIGITAL 2121 SOUTH PRICE, LLC	173,273
TOWNSQUARE APARTMENTS	137,027
CHANDLER REGIONAL HOSPITAL	102,664
KYRENE SCHOOL DIST #28	96,128
BKEP TERMINALLING, LLC	95,044
BMF IV AZ LAGUNA VILLAGE LLC	88,394

Wastewater	
Customer name	Amount
INTEL CORP	\$ 14,305,766
NXP USA, INC.	1,681,247
DIGITAL 2121 SOUTH PRICE, LLC	277,421
GILA RIVER COMMUNITY (LONE BUTTE)	251,887
CHANDLER UNIFIED SCHOOL	155,916
AIR PRODUCTS & CHEMICAL	139,979
CHANDLER REGIONAL HOSPITAL	130,948
PIMALCO	127,696
BKEP TERMINALLING, LLC	119,032
MICROCHIP TECHNOLOGY IN	94,779

Source: City of Chandler, Management Services Department

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

	2011	2012	2013	2014
WATER				
Residential	72,195	72,867	73,551	74,319
Commercial	4,369	4,387	4,406	4,158
Multi-Unit	986	988	991	1,032
Industrial	49	49	50	56
Other	196	206	226	1,317
WASTEWATER				
Residential	70,736	71,508	72,067	72,862
Commercial	2,268	2,312	2,358	2,012
Multi-Unit	817	811	811	878
Industrial	38	38	39	37
Other	233	239	252	470

Source: City of Chandler, Management Services Department

Schedule 30

2015	2016	2017	2018	2019	2020
75,035	75,883	77,062	77,674	78,244	78,928
4,243	4,309	4,535	4,550	4,927	2,546
1,043	1,087	1,107	1,128	1,134	1,115
58	61	63	66	67	63
1,536	1,640	2,034	2,116	2,389	647
73,363	74,346	75,761	76,517	77,089	77,797
2,033	2,201	2,138	2,329	2,371	2,420
887	920	915	952	956	965
37	34	38	48	48	48
477	475	590	592	598	603

CITY OF CHANDLER, ARIZONA
SPECIAL ASSESSMENT DELINQUENCIES
JUNE 30, 2020

Schedule 31

There were no delinquencies on payments for the assessment.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT OUTSTANDING
JUNE 30, 2020

Schedule 32

Overlapping Jurisdiction	2019-20 Overlapping General Obligation Bonded Debt	2019-20 Proportion Applicable to City of Chandler Approximate Percent	Net Debt Amount
State of Arizona	None	4.551 %	None
Maricopa County	None	6.971	None
Maricopa County Community College District	\$ 312,450,000	6.971	\$ 21,781,441
Maricopa County Special Healthcare District	437,000,000	6.971	30,464,041
Chandler Unified School District No. 80	274,941,668	6.971	19,166,669
Kyrene Elementary School District No. 28	186,920,000	6.971	13,030,523
Mesa Unified School District No. 4	316,135,000	6.971	22,038,329
Gilbert Unified School District No. 41	117,425,000	6.971	8,185,904
East Valley Institute of Technology District No. 401	None	6.971	None
City of Chandler	302,200,000	100.000	302,200,000
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$ 416,866,907</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>\$ 10.9840</u>
Inside Mesa Unified School District No. 4	<u>\$ 12.0633</u>
Inside Tempe Union High School District No. 213 and	
Kyrene Elementary School District No. 28	<u>\$ 11.5098</u>
Inside Chandler Unified School District No. 80	<u>\$ 11.5515</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 2019-20 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 33

Fiscal Year	Population (1)	Total Personal Income (2)	Median Age (2)	Unemployment Rate (3)	Per Capita Personal Income (2)
2011	237,145	\$6,518,878,905	31.7	6.6%	\$27,489
2012	238,040	7,233,559,520	32.4	6.1	30,388
2013	240,364	7,925,281,808	34.9	6.0	32,972
2014	241,264	7,840,356,208	35.0	5.5	32,497
2015	243,679 (4)	8,168,120,080	34.9	4.7	33,520
2016	248,332	8,324,088,640	34.9	4.5	33,520
2017	254,239	8,731,329,977	35.2	3.9	34,343
2018	257,853	9,360,321,753	35.3	3.6	36,301
2019	261,173	10,101,649,294	36.0	4.0	38,678
2020	265,075	10,650,183,350	36.0	8.7	40,178

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 34

Employer	2020		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,000	1	7.95%
Wells Fargo	5,500	2	3.97%
Chandler Unified School District	4,900	3	3.54%
Bank of America	3,600	4	2.6%
Chandler Regional Medical Center/Dignity Health	2,500	5	1.81%
Northrop Grumman	2,150	6	1.55%
NXP	1,700	7	1.23%
PayPal	1,700	7	1.23%
City of Chandler	1,617	8	1.17%
Microchip Technology	1,500	9	1.08%
Verizon Wireless	1,400	10	1.01%
Total	36,167		26.13%

Employer	2011		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	9,700	1	7.94%
Bank of America	3,500	2	2.86%
Chandler Unified School District	3,000	3	2.46%
Wells Fargo Ocotillo Corporate Campus	2,600	4	2.13%
Ebay/Paypal	2,000	5	1.64%
Chandler Regional Hospital	1,600	6	1.31%
Microchip Technology	1,538	7	1.26%
City of Chandler	1,511	8	1.24%
Verizon Wireless	1,500	9	1.23%
Freescale Semiconductor	1,450	10	1.19%
Total	28,399		23.26%

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

	Fiscal Year			
	2011	2012	2013	2014
Full Time Equivalent Personnel				
Mayor and council	5	6	4	4
City clerk	5	4	5	6
City manager	122	124	178	174
Communications/public affairs	12	14	19	13
City magistrate	40	38	39	35
Law	27	30	29	29
Management services	85	72	72	66
Total General Government	296	288	346	327
Total Transportation and Development	172	170	163	159
Total Community Services	229	231	192	199
Police	467	467	468	467
Fire	218	238	234	224
Total Public Safety	685	705	702	691
Municipal utilities administration	5	5	4	5
Water	88	89	85	87
Wastewater	42	42	46	46
Solid waste	20	19	18	16
Total Municipal Utilities	155	155	153	154
Municipal utilities administration	—	—	—	—
Water	—	—	—	—
Wastewater	—	—	—	—
Solid waste	—	—	—	—
Public works administration	—	—	—	—
Streets	—	—	—	—
Total Public Works and Utilities	—	—	—	—
Total Primary Government	1,537	1,549	1,556	1,530

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 35

Fiscal Year								
2015	2016	(1)	2017	(2)	2018	2019	(3)	2020
4	4		11		4	5		5
6	6		7		6	6		6
176	240		206		199	193		194
13	15		15		15	14		15
37	39		38		40	37		40
31	31		31		30	32		32
69	67		64		67	68		67
336	402		372		361	355		359
165	150		152		160	84		77
198	156		199		202	195		199
483	490		491		501	485		488
237	240		222		233	233		229
720	730		713		734	718		717
5	8		7		7	—		—
87	87		89		90	—		—
62	65		69		74	—		—
20	21		20		18	—		—
174	181		185		189	—		—
—	—		—		—	6		6
—	—		—		—	90		90
—	—		—		—	66		68
—	—		—		—	19		21
—	—		—		—	1		2
—	—		—		—	70		78
—	—		—		—	252		265
1,593	1,619	(1)	1,621	(2)	1,646	1,604	(3)	1,617

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

Function/Program	Fiscal Year			
	2011	2012	2013	2014
General Government				
Privilege tax licenses	23,821	25,726	27,387	27,467
Meeting notices posted	506	599	584	564
City council actions and agenda items prepared	848	908	834	780
Grant awards received	43	26	43	53
Inventory turnover ratio	2.22	2.07	1.89	2.10
Transportation & Development				
Building permits issued	2,330	5,462	3,785	5,490
Community Services				
Library circulation	2,494,009	2,489,741	2,395,192	2,332,758
Center for the Arts events & exhibits	1,050	1,000	1,003	938
Public Safety				
Crime rate (per 1,000 population)	34	33	28	27
Total calls for police services (estimated)	141,279	137,170	137,485	145,400
Total calls for fire services	17,892	17,950	18,474	18,865
Fire inspections	4,424	5,188	5,029	5,442
Fire investigations	46	34	22	16
Municipal Utilities				
Water connections	77,408	77,626	79,278	79,766
Operating wells	30	28	26	27
Daily pumping capacity - wells (gallons)	64,460,000	61,920,000	64,790,000	64,710,000
Daily pumping capacity - plants (gallons)	72,000,000	72,000,000	72,000,000	72,000,000
Sewer connections	73,118	73,712	74,606	75,564
Sanitary sewer (miles)	866	868	869	890
Solid waste customers served	69,480	70,179	70,667	71,269
Solid waste refuse collected (tons)	88,466	85,257	86,557	83,950
Solid waste refuse recycled (tons)	20,832	21,096	20,680	21,046

Source: City of Chandler Departments

Schedule 36

Fiscal Year					
2015	2016	2017	2018	2019	2020
28,224	29,582	28,321	28,046	37,404	41,290
544	565	535	681	666	542
867	844	860	838	789	739
51	46	43	27	24	33
1.57	1.74	1.81	1.79	2.04	2.40
5,170	5,142	4,635	3,944	4,011	4,091
2,163,076	2,101,421	2,059,429	2,041,574	1,801,237	1,415,291
939	985	1,048	1,177	825	537
23	26	26	25	22	23
139,177	145,466	156,186	159,301	154,736	146,859
22,785	23,966	25,072	25,185	26,818	26,371
4,692	5,814	4,635	5,135	6,698	6,641
27	30	27	41	18	23
80,401	83,089	84,670	84,338	85,416	86,098
28	28	31	32	31	31
64,400,000	66,300,000	74,400,000	74,100,000	71,300,000	71,800,000
72,000,000	72,000,000	72,000,000	84,000,000	84,000,000	84,000,000
76,492	78,144	78,972	79,841	81,033	81,796
911	917	928	933	935	941
71,860	73,162	73,288	75,018	75,675	76,773
84,209	81,653	80,069	83,004	84,500	86,950
22,442	22,102	22,305	22,101	22,887	21,800

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

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Community Services				
Developed parks	61	61	61	62
Developed acres	1,192	1,196	1,198	1,208
Undeveloped acres	342	338	336	325
Swimming pools	6	6	6	6
Lighted fields	34	34	39	39
Library bookstock	429,604	555,924	550,857	595,969
Transportation and Development				
Total miles streets (center line)	829	829	831	838
Street lights	26,600	26,600	26,900	27,100
Signalized intersections	208	212	216	216
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	10	10
General Government				
Based aircraft	437	399	388	415
Municipal Utilities				
Water mains (miles)	1,223	1,227	1,227	1,227
Fire hydrants	12,925	10,877	12,553	12,717
Average daily treatment (mgd)	24	24	26	26

Source: City of Chandler Departments

Fiscal Year					
2015	2016	2017	2018	2019	2020
64	65	65	65	67	67
1,232	1,236	1,244	1,244	1,281	1,281
309	302	299	299	231	231
6	6	6	6	6	6
41	41	43	43	41	43
396,773	341,073	360,618	359,445	310,888	310,812
841	855	855	857	857	858
27,700	27,700	27,800	27,199	29,500	29,500
218	218	218	220	225	226
3	3	3	3	3	3
10	10	10	11	11	11
425	427	455	457	523	440
1,278	1,196	1,283	1,212	1,218	1,228
13,118	13,207	15,708	15,970	16,159	16,296
28	29	29	28	54	31



Phone (480) 782-2333
chandleraz.gov/Accounting

Mailing Address
Mail Stop 702
P.O. Box 4008
Chandler, Arizona 85244-4008

Accounting Division
Fourth Floor
175 S Arizona Avenue
Chandler, Arizona 85225

