



Chandler - Rising Above

City of Chandler
**Comprehensive
Annual
Financial Report**
Fiscal Year Ended June 30, 2019



CHANDLER
arizona
Community of Innovation

CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019**

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).....	13
Basic Financial Statements:	
Government-wide Financial Statements -	
Statement of Net Position	26
Statement of Activities.....	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities	33
Statement of Net Position - Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	37
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Net Position - Fiduciary Funds	40
Notes to the Financial Statements.....	41
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund.	86
Schedule of the Proportionate Share of the Net Pension Liability - Arizona State Retirement System	87
Schedule of Contributions - All Pension Plans	88
Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Police	89
Schedule of Changes in the Net Pension Liability and Related Ratios - Public Safety Personnel Retirement System - Fire.....	90
Schedule of Changes in OPEB Liabilities and Related Ratios - Single Employer Plan	91
Notes to the Required Supplementary Information.....	92
Other Financial Statements:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Government Capital Projects	95
General Obligation Bonds Debt Service	96

**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS, continued

FINANCIAL SECTION, continued

Other Financial Statements, continued:

Non-Major Governmental Funds:

Combining Balance Sheet	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	102
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Highway User Special Revenue	105
Local Transportation Assistance Special Revenue	106
Grants Special Revenue	107
Community Development Special Revenue	108
Police Confiscated Property Special Revenue	109
Parks and Recreation Special Revenue	110
Museum Special Revenue	111
Library Special Revenue	112
Highway User Revenue Bonds	113
Special Assessment Bonds	114
Streets Capital Projects.....	115
Public Buildings Capital Projects.....	116
Grants Capital Projects.....	117
Community Services Capital Projects.....	118
Public Safety Buildings and Improvements Capital Projects.....	119
Vehicle and Capital Equipment Replacement Capital Projects.....	120
Technology Replacement Capital Projects.....	121
Municipal Arts Capital Projects	122

Non-Major Proprietary Funds:

Combining Statement of Net Position	124
Combining Statement of Revenues, Expenses and Changes in Net Position.....	127
Combining Statement of Cash Flows	128

Fiduciary Funds:

Statement of Changes in Assets and Liabilities - Agency Fund.....	130
---	-----

STATISTICAL SECTION

Financial Trends

Schedule 1, Net Position by Component.....	132
Schedule 2a, Changes in Net Position	134
Schedule 2b, Changes in Net Position.....	136
Schedule 2c, Changes in Net Position	138
Schedule 3, Fund Balances of Governmental Funds.....	140
Schedule 4, Governmental Funds Revenues	142
Schedule 5, Governmental Funds Expenditures and Debt Service Ratio	144
Schedule 6, Other Financial Sources and Uses and Net Changes in Fund Balance - Governmental Funds	146

**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS, continued

STATISTICAL SECTION, continued

Revenue Capacity

Schedule 7, Taxable Revenue by Category	148
Schedule 8, Direct and Overlapping Sales and Use Tax Rates	150
Schedule 9, Principal Sales and Use Taxpayers	151

Debt Capacity

Schedule 10, Ratios of Outstanding Debt	152
Schedule 11, Direct and Overlapping Governmental Activities Debt.....	153
Schedule 12, Legal Debt Margin Information.....	154
Schedule 13a, Pledged-Revenue Coverage	156
Schedule 13b, Pledged-Revenue Coverage.....	157
Schedule 14, Property Tax Assessment Ratios.....	158
Schedule 15, Real and Secured Property Taxes Levied and Collected	159
Schedule 16, Direct and Overlapping Assessed Valuation and Total Tax Rates Per \$100 Assessed Valuation.....	160
Schedule 17, Secondary Assessed Valuation/Net Full Cash Value Assessed Valuation by Property Tax Classification	161
Schedule 18, Net Limited Property Assessed Value of Major Taxpayers	162
Schedule 19, Comparative Valuation Histories.....	163
Schedule 20, Direct and Overlapping General Obligation Bonded Debt Ratios	164
Schedule 21, Estimated Net Full Cash Value.....	165
Schedule 22, Monthly Highway User Tax Revenues - Calendar Year Basis	166
Schedule 23, Population Statistics.....	167
Schedule 24, Actual and Projected Pledged Excise Taxes	168
Schedule 25, Transaction Privilege (Sales) Tax Rates by Category.....	169
Schedule 26, State Sales Tax Taxable Activities, Tax Rates and Distribution Share	170
Schedule 27, Combined Schedule of Water and Sewer System Revenues, Expenses, Net Revenues and Debt Service Coverage	171
Schedule 28, Utility Rate Increase History	172
Schedule 29, Top 10 Water and Wastewater Customers.....	173
Schedule 30, Number of Water and Wastewater Customers	174
Schedule 31, Special Assessment Delinquencies	176
Schedule 32, Direct and Overlapping General Obligation Bonded Debt Outstanding	177

Demographic and Economic Information

Schedule 33, Demographic and Economic Statistics	178
Schedule 34, Principal Employers.....	179

CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS, continued

STATISTICAL SECTION, continued

Operating Information

Schedule 35, Employees by Function	180
Schedule 36, Operating Indicators by Function/Program	182
Schedule 37, Capital Asset Statistics by Function/Program.....	184



Introductory Section

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



Chandler - Rising Above

Chandler City Hall continues as the core of strategic municipal planning and policy development. The "40,000 Foot vision," and the goals exercised by past and current elected leadership, continue to elevate a community that has long been the envy of the Valley.

Chandler City Hall



December 23, 2019

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, 2019, is hereby submitted in accordance with City Charter and state statutes. Both the City Charter and state statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent certified public accountant. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City.

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Chandler's MD&A can be found immediately following the 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 (the County), and encompasses approximately 65 square miles. The City has operated under a council-manager form of government since May 25, 1964, and is governed by the City Council, consisting of a mayor and a six member council. Councilmembers are elected at-large on a staggered basis; the mayor and councilmembers are elected for four-year terms 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 139 percent, from an estimated 108,000 in 1993 to more than 257,850 in 2018. 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 15,000 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, Toyota Financial Services, GM Financial Services, Liberty Mutual, Mr. Cooper, and Allstate, together employing over 14,000 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 \$84,089. 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 3.6 percent during fiscal year 2018 compared with 4.08 percent for Maricopa County and 4.78 percent for the State of Arizona.

The City's sales tax revenues, which comprise over 50 percent of its general fund, increased by 8.9 percent for 2018-19 from the prior year actuals. The City continues to strengthen its financial position and has benefitted from one-time revenues created by new developments. With only slow and steady operating revenue growth anticipated, managing costs of services and maintaining existing infrastructure continues to be critical. Consistently applying sound financial practices, 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.

2018-2019 Accomplishments

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

- Maintained AAA General Obligation Bond credit ratings with stable outlooks from all three rating agencies making Chandler 1 of 31 (as of February 2019) in the U.S. with this distinction;
- Conducted the eighth online budget meeting, "Budget Connect" enhancing citizen involvement in the budget process;
- Implemented a new online payment portal for Business Registrations, Specialty Licenses, and Liquor License renewals utilizing the City's third party online payment provider, as well as direct debit payment options for airport and housing customers;
- Issued more than 200 news releases, managed the City's online and social media platforms, and launched social media campaigns to communicate City services, programs, and events, as well as wrote Chandler Insider articles distributed to 35,000 households monthly, and published the Chandler News and Events pages monthly in two local newspapers that are distributed to 65,000 households to provide residents with information about City news, programs, and events;
- Launched the Mayor's Monday Minute, Focus on Chandler, and Around Town Tuesday videos to communicate news and events about the people and places of Chandler through social media;
- Maintained Chandler's regional influence in monitoring state and federal legislation affecting City operations;
- Opened Overstreet including Flix Brewhouse Cinema and Revint Solutions. Assisted in locating several businesses into Downtown Chandler including Flo Yoga & Cycle, Mingle + Graze, Civic Market, The Sleepy Whale, The Hidden House, and Craft 64;
- Initiated construction on the new Square mixed-use project that will include 50,000 square feet of office space, 8,700 square feet of retail space, and a 109 bed Hilton Garden Inn;
- Completed the Arizona Avenue Improvement Project from Frye to Pecos Roads. Improvements included widening sidewalks, new lighting, pedestrian-friendly features, and new monument signage identifying this area as the new front door to Downtown;
- Opened the new Chandler Museum as scheduled on December 8, 2018. The Museum received the American Association of State and Local History highest award, the "Leadership in History Award of Excellence" for the Museum's work on "Un-American: Engaging Our Community with the Story of Japanese Internment;"

- Implemented the following infrastructure projects: Public Safety Training Center, Police network refresh, Chandler Museum, Courts security upgrade, citywide infrastructure monitoring, and Voice Over Internet Protocol (VOIP) phone replacement;
- Completed the second year of ASPIRE Read to Succeed tutoring program to improve the academic achievement of at-risk readers ages 6-8 by developing and strengthening 6 public housing residents' oral language and early literacy skills;
- Continued receiving designation as a High Performance Public Housing Authority, providing affordable housing for low income residents, and implemented an online resident portal called RENTCafe for Public Housing residents, Section 8 participants, and those currently on Chandler's housing waitlist;
- Completed several facility improvements at Tumbleweed Recreation Center, including improved cable connectivity, resurfacing of the group exercise studios, gymnasiums, and racquetball courts; replacement of the gym divider; and redesign of the lobby including a welcoming Americans Disability Act (ADA) compliant Guest Service counter, centralized Reservation/Registration desk, and secured facility access;
- Completed the installation of the Aqua Rock Wall at Folley Pool and a shade structure at Nozomi Aquatic Center; completed construction of Meadowbrook and Homestead South Parks; completed renovations of Harter and Winn Parks playground and area lights; completed parking and park improvements at the Snedigar Sportsplex; and renovated 30 baseball fields and 14 multi-purpose fields to improve safety, playability, and enhance the aesthetics of the fields;
- Completed Ocotillo Road (Cooper Road to Gilbert Road) and Arizona Avenue (Frye Road to Pecos Road) projects; completed wall upgrades at Warner Road (Arrowhead to Pennington Drives) and Dobson Road (Galveston to Erie Streets); completed ADA upgrades to 620 sidewalks and 605 ramps;
- Completed an expansion of the Ocotillo Water Reclamation Facility which received the Arizona Water Association 2019 Wastewater Treatment Plant Project of the Year;
- Treated and reclaimed 10.4 billion gallons of wastewater at the Airport, Lone Butte, and Ocotillo Water Reclamation Facilities, 8.0 billion gallons of which were reused for irrigation;
- Adopted new zoning ordinance for autonomous vehicles and entertainment use permits;
- Created a new map library on the City website and added interactive maps for traffic restrictions and pavement cuts which are accessible to the public;
- Received the prestigious Insurance Services Office (ISO) Class 1 designation. Class 1 represents the highest rating given by the ISO and signifies that a department provides "superior property fire protection" which can lower citizen insurance costs;
- Completed Phase I of the Public Safety Training Center which included an administrative/academic building, classroom, and a joint auditorium. This facility represents the first joint training facility shared by the Fire and Police Departments and introduces new opportunities for collaboration and cooperation between these departments. Began construction on Phase II which includes a firing range and multi-purpose training building;
- Police training staff moved into the Public Safety Training Center, which increased the Department's classroom space and added a 250-seat auditorium for large speaking events. Also included is a fitness area with state of the art equipment and a much needed "use of force" training room;
- The Chandler Family Advocacy Center (FAC) opened and is a single location where comprehensive, investigative services take place. In the FAC, the Victim Services Unit works alongside patrol officers, detectives from the Special Victim's Unit and the Homicide Unit, Forensic Nurse Examiners, members of the Department of Child Safety and Office of Child Welfare, Crisis Interventionists, and Forensic Interviewers to aid in crime victims' healing and recovery; and
- Crime in Chandler continues to be near historic lows, recording a crime rate that remains below 24 Part I crimes per 1,000 population.

Strategic Goals

The City of Chandler's continued goal is to provide the highest quality services to the community in the most cost-effective manner. The Council's strategy to achieve these results is through goals to improve Chandler in a coordinated manner and to make fiscally responsible decisions that will continue to strengthen the City. The City Council's strategic goals are:

- **Being the Most Connected City**

Connect our community using enhanced communication technologies to share information by increasing electronic availability of City information. 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 rating agencies for all types of debt. Manage expenditure growth through periodic review of programs and services.

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

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

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 2018-19, \$875,686,342). 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., 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, 2018, marking the thirty-seventh 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, 2018 from the GFOA, marking the thirty-first 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.

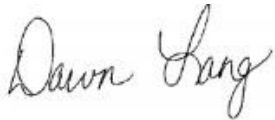
The Certificate of Achievement and Distinguished Budget Presentation Awards are valid for a period of one year only.

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; Joanne Chang, Senior Accountant; and Lucy Vazquez, Management Assistant. 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, 2019**

Kevin Hartke, Mayor

Terry Roe, Vice Mayor

Sam Huang, Councilmember

Rene' Lopez, Councilmember

Jeremy McClymonds, Councilmember

Matt Orlando, 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

Stephen Erno, Community Services Director, Acting

Derek Horn, Development Services Director

Micah Miranda, Economic Development Director

Tom Dwiggin, Fire Chief

Sandip Dholakia, Chief Information Officer

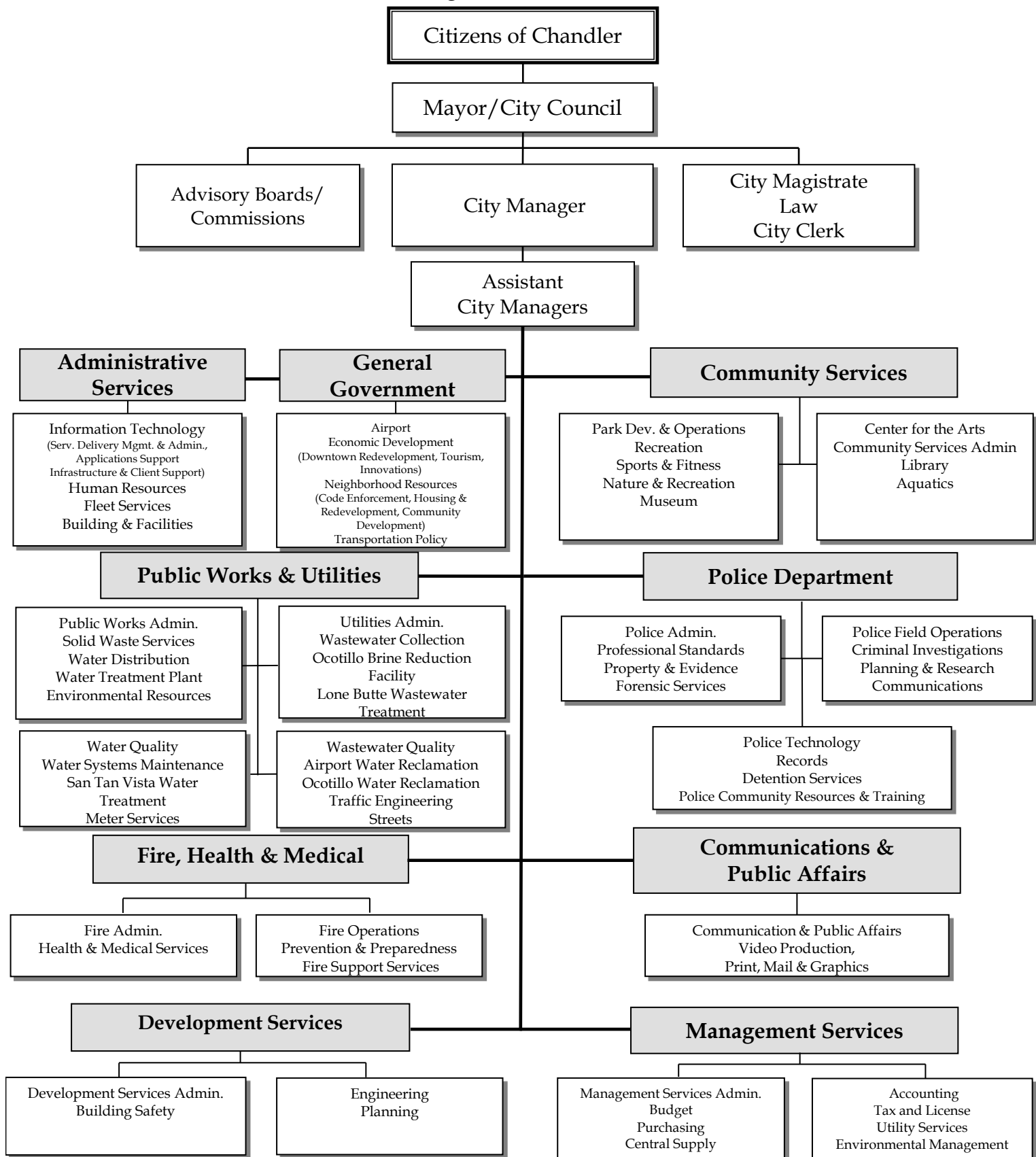
Dawn Lang, Management Services Director

Leah Powell, Neighborhood Resources Director

Sean Duggan, Chief of Police

John Knudson, Public Works & Utilities Director

City of Chandler, Arizona
Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Chandler
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

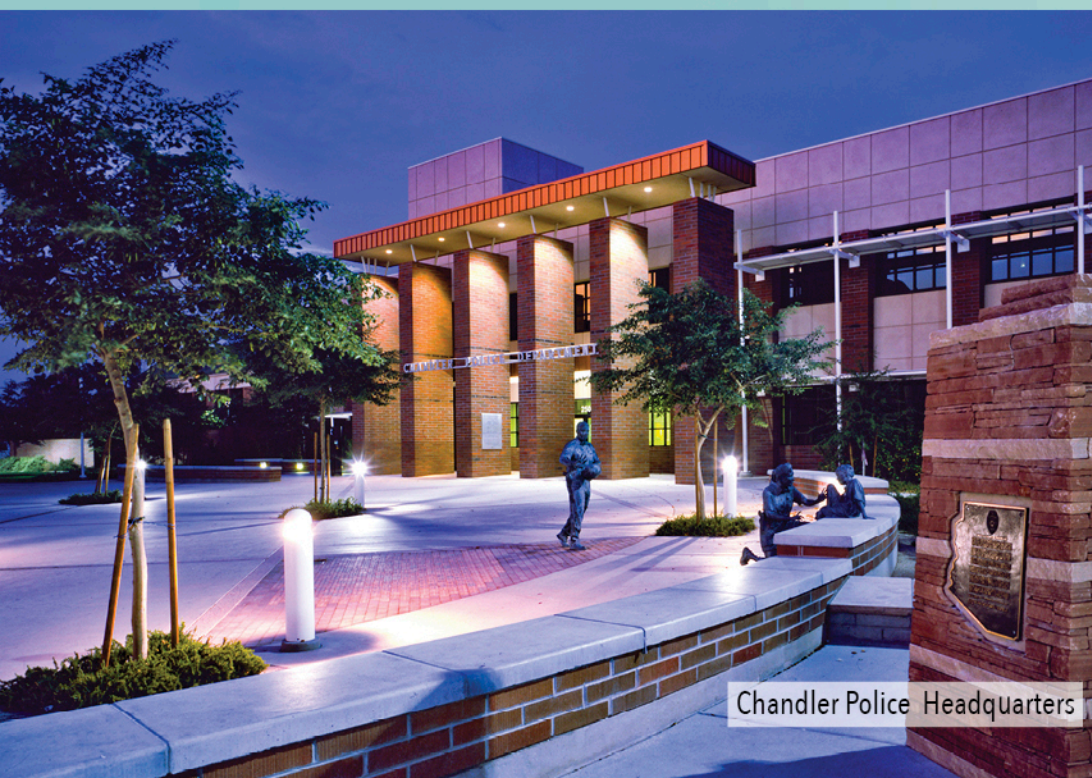




Financial Section

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

Financial Section



Chandler - Rising Above

Chandler continues to experience some of its lowest crime rates in decades due in part to the professionalism of the Chandler Police Department and its relentless endeavor to keep Chandler a safe community. Rising to the call, police personnel use technology, training, and compassion to keep residents safe, 24/7.

Chandler Police Headquarters

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, 2019, 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, 2019, 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 23, 2019, 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 23, 2019

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, 2019

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, 2019. 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 2019 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 \$1.44 billion (net position) which represents an increase of \$44.0 million from the prior year primarily due to capital contributions of \$19.5 million coupled with a decrease in long-term liabilities. Of this amount, \$176.5 million (unrestricted net position) may be used to meet the City's obligations to citizens and creditors. However, \$81.5 million is invested in a joint venture with the Town of Gilbert, which decreased \$1.7 million from the prior year, and is not available for obligations.
- At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$365.8 million, an increase of \$5.9 million in comparison with the prior year primarily due to increased property tax revenues, state shared revenues and investment income. Approximately 52.3 percent of the total amount, \$191.5 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2019, total fund balance for the general fund was \$200.3 million which represents an increase of \$4.4 million from the prior year; this is primarily due to an increase in privilege license tax receivable and interest revenue.
- General revenues from governmental activities accounted for \$277.4 million, or 76.3 percent of all revenues from governmental activities as opposed to 73.5 percent in the prior year. Program specific revenues in the form of charges for services and grants and contributions accounted for \$86.1 million or 23.7 percent of total governmental activity revenues, as opposed to 26.5 percent in the prior year. The City had \$152.2 million of program revenues (\$157.5 million in the prior year) and \$10.7 million in general revenues and transfers (\$20.0 million in the prior year) related to business-type activities.
- At June 30, 2019, the City's proprietary funds reported combined total net position of \$762.6 million after the restatement of beginning net position as compared to \$745.0 million in the prior year; an increase for the current year of \$17.7 million. This increase is primarily due to capital contributions of \$18.3 million and reduction in long-term liabilities. This results in a total unrestricted net position of \$249.1 million, of which \$144.7 million of the unrestricted net position is in the water fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

items that will only 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, solid waste, airport services and housing services. The services are financed through user fees and charges.
- **Component units** - The discretely presented component units are the Chandler Industrial Development Authority and the Chandler Cultural Foundation.

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

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

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

The City maintains 21 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, general government capital projects fund and general obligation bonds debt service fund, which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the financial section of this report.

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

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, 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.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.44 billion as of June 30, 2019. This reflects continued strong operations in governmental activities, increase in 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 (73.5 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 (14.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (12.3 percent) includes \$81.5 million which is invested in a joint venture with the Town of Gilbert that may not be used to meet the City's obligations to citizens and creditors.

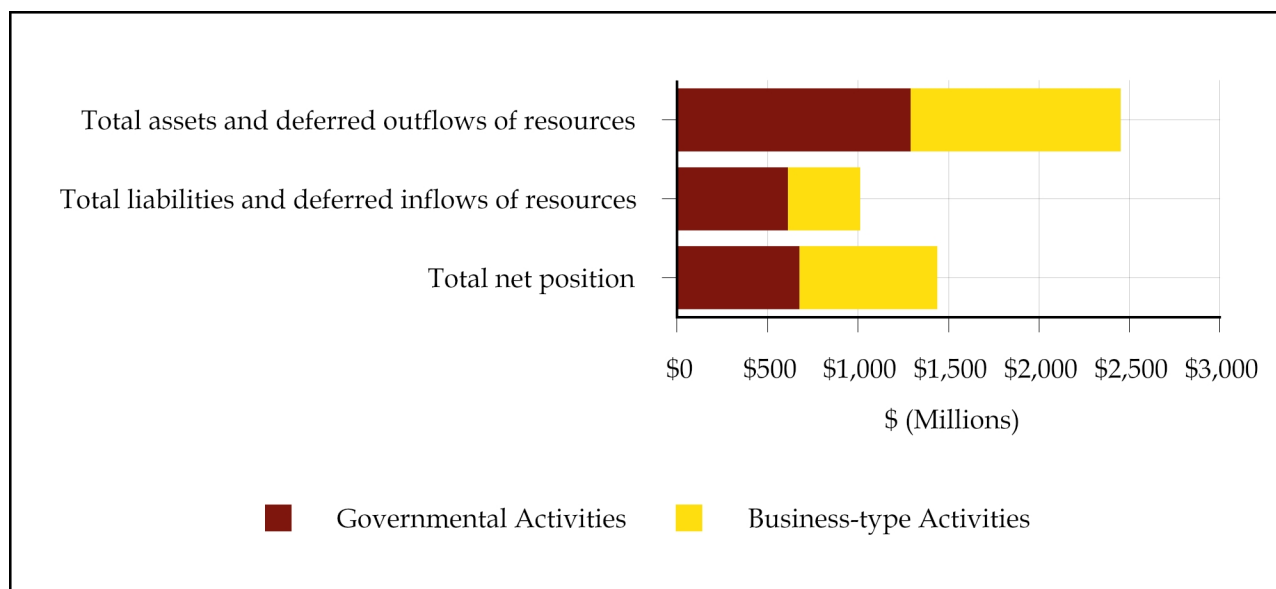
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position: net investment in capital assets, restricted and unrestricted. The same situation held true for the prior fiscal year.

There was an increase of \$5.4 million in unrestricted net position reported in connection with the City's business-type activities after the restatement of beginning fund balance. This was primarily due to increased levels of investable funds and reduction in long-term liabilities.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2019 and 2018.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 465,370,449	\$ 437,760,103	\$ 262,716,865	\$ 251,081,488	\$ 728,087,314	\$ 688,841,591
Capital assets, net	754,138,521	759,716,771	806,195,465	823,833,124	1,560,333,986	1,583,549,895
Long-term assets	—	—	81,779,588	83,588,005	81,779,588	83,588,005
Total assets	1,219,508,970	1,197,476,874	1,150,691,918	1,158,502,617	2,370,200,888	2,355,979,491
Total deferred outflows of resources	71,366,897	79,111,905	10,798,709	11,760,882	82,165,606	90,872,787
Total assets and deferred outflows of resources	1,290,875,867	1,276,588,779	1,161,490,627	1,170,263,499	2,452,366,494	2,446,852,278
Current liabilities	60,048,014	52,421,194	37,067,826	39,588,117	97,115,840	92,009,311
Long-term liabilities	525,094,144	558,550,679	357,860,887	382,619,746	882,955,031	941,170,425
Total liabilities	585,142,158	610,971,873	394,928,713	422,207,863	980,070,871	1,033,179,736
Total deferred inflows of resources	28,882,440	26,595,350	3,995,003	3,073,619	32,877,443	29,668,969
Total liabilities and deferred inflows of resources	614,024,598	637,567,223	398,923,716	425,281,482	1,012,948,314	1,062,848,705
Net position:						
Net investment in capital assets	575,953,033	536,086,249	481,911,949	467,799,036	1,057,864,982	1,003,885,285
Restricted	173,490,725	168,551,137	31,523,149	33,447,434	205,013,874	201,998,571
Unrestricted	(72,592,489)	(65,615,830)	249,131,813	243,735,547	176,539,324	178,119,717
Total net position	\$ 676,851,269	\$ 639,021,556	\$ 762,566,911	\$ 744,982,017	\$ 1,439,418,180	\$ 1,384,003,573

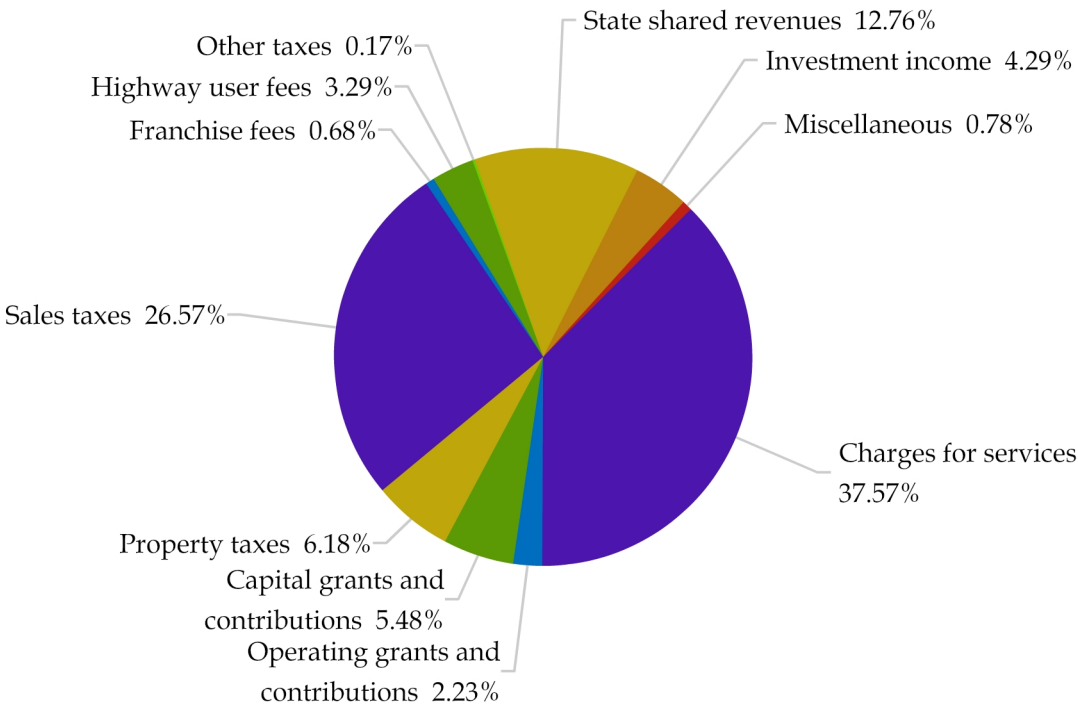


CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

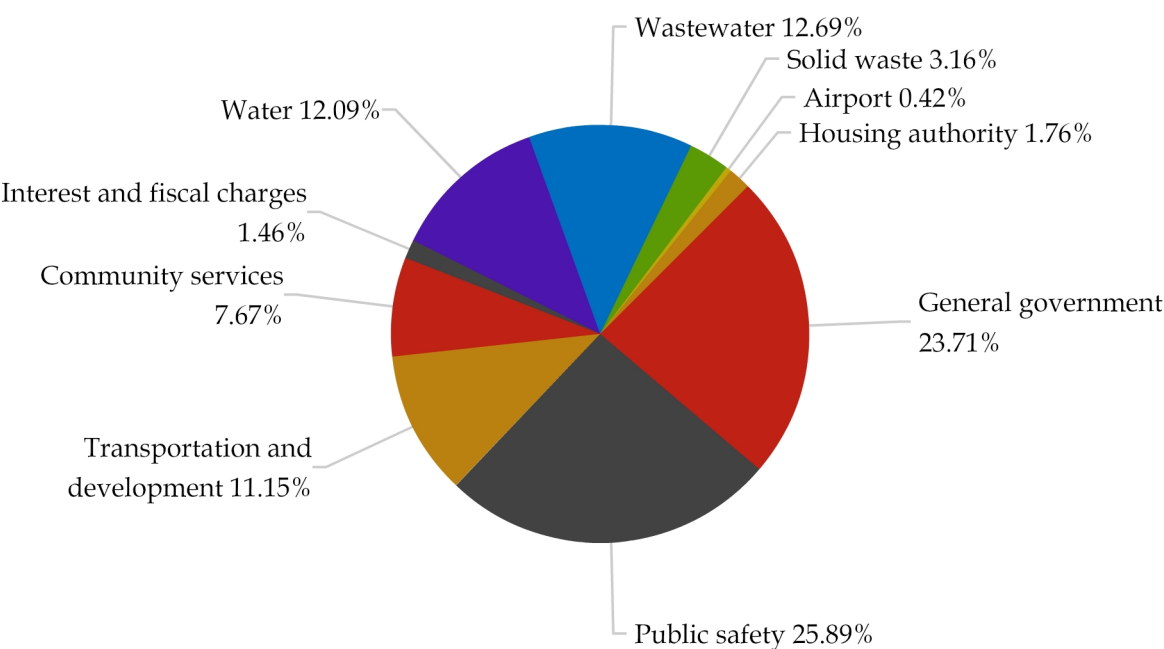
Changes in net position. The City's total revenues for the fiscal year ended June 30, 2019 were \$526.3 million. The total cost of all programs and services was \$482.4 million, which results in an increase in net position of \$44.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and 2018.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 71,074,769	\$ 75,516,684	\$ 126,684,760	\$ 128,755,491	\$ 197,759,529	\$ 204,272,175
Operating grants and contributions	4,522,345	3,988,629	7,224,669	6,350,858	11,747,014	10,339,487
Capital grants and contributions	10,510,464	9,340,818	18,335,155	22,360,158	28,845,619	31,700,976
General revenues						
Property taxes	32,550,250	30,816,495	—	—	32,550,250	30,816,495
Sales taxes	139,851,355	127,584,410	17,347	13,769	139,868,702	127,598,179
Franchise fees	3,567,184	3,571,744	—	—	3,567,184	3,571,744
Highway user taxes	17,301,902	16,135,949	—	—	17,301,902	16,135,949
Other taxes	866,267	940,203	—	—	866,267	940,203
State shared revenues	67,156,430	64,723,211	—	—	67,156,430	64,723,211
Investment income	14,822,135	1,531,766	7,742,589	854,848	22,564,724	2,386,614
Miscellaneous	1,261,279	1,502,418	2,842,825	3,743,026	4,104,104	5,245,444
Gain (loss) on sale of capital assets	—	—	—	11,180,186	—	11,180,186
Total revenues	363,484,380	335,652,327	162,847,345	173,258,336	526,331,725	508,910,663
Expenses:						
General government	114,373,302	113,587,478	—	—	114,373,302	113,587,478
Public safety	124,906,187	112,371,723	—	—	124,906,187	112,371,723
Transportation and development	53,806,473	55,287,494	—	—	53,806,473	55,287,494
Community services	36,990,853	36,824,102	—	—	36,990,853	36,824,102
Interest and fiscal charges	7,046,655	6,716,119	—	—	7,046,655	6,716,119
Water	—	—	58,297,769	61,513,990	58,297,769	61,513,990
Wastewater	—	—	61,218,775	60,605,779	61,218,775	60,605,779
Solid waste	—	—	15,221,985	14,531,558	15,221,985	14,531,558
Airport	—	—	2,038,417	1,841,718	2,038,417	1,841,718
Housing authority	—	—	8,478,235	8,109,635	8,478,235	8,109,635
Total expenses	337,123,470	324,786,916	145,255,181	146,602,680	482,378,651	471,389,596
Excess (deficiency) before transfers	26,360,910	10,865,411	17,592,164	26,655,656	43,953,074	37,521,067
Transfers in (out)	(90,680)	(4,175,579)	90,680	4,175,579	—	—
Change in net position	26,270,230	6,689,832	17,682,844	30,831,235	43,953,074	37,521,067
Beginning net position, restated	650,581,039	632,331,724	744,884,067	714,150,782	1,395,465,106	1,346,482,506
Ending net position	\$ 676,851,269	\$ 639,021,556	\$ 762,566,911	\$ 744,982,017	\$ 1,439,418,180	\$ 1,384,003,573

Revenue Sources - Fiscal Year 2019



Functional Expenses - Fiscal Year 2019



CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2019

As evidenced in the previous graph, the largest financing source for the City is charges for services at 37.57 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 26.57 percent and 12.76 percent, respectively, of the total revenues with property taxes accounting for an additional 6.18 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for public safety functions at 25.89 percent of the total functional expenses of the City. The next largest users of resources are general government and wastewater at 23.71 percent and 12.69 percent, respectively, with water accounting for 12.09 percent of the City's total expenses.

Governmental activities. The increase in governmental net position totaled \$26.3 million for the year ended June 30, 2019 compared with an increase of \$6.7 million in the prior year. An increase is reflected after the restatement of the beginning net position at July 1, 2018 by an \$11.6 million prior period adjustment for license privilege tax receivable. The increase is primarily due to increases in investable funds and privilege license tax receivable and a decrease in long-term liabilities.

Business-type activities. The increase in business-type net position totaled \$17.7 million for the year ended June 30, 2019 compared with an increase of \$30.8 million in the prior year. This increase is primarily an increase in investable funds and a decrease 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 \$365.8 million, an increase of \$5.9 million in comparison with the prior year increase of \$47.5 million. Approximately \$191.5 million (52.3 percent) of this amount is combined assigned and unassigned balances, all which may be spent at the City's discretion. The total compared to the prior years' assigned and unassigned balances of \$179.0 million represents an increase of \$12.5 million.

The remainder of the fund balance comprising of nonspendable and restricted balances amounts to \$174.4 million (47.7 percent of the total fund balance). The nonspendable balance consists of inventories and prepaid amounts. The restricted balance is constrained for specific purposes imposed by external parties or enabling legislation. The total compared to the prior years' nonspendable and restricted balances of \$169.4 million represents an increase of \$5.0 million. This increase is primarily due highway user tax revenues exceeding expenditures and transfer out in the highway user special revenue fund.

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 \$197.2 million, while total fund balance reached \$200.3 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 0.94 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 (i.e., economic development and capital projects, compensated absences). The City's general fund balance increased by \$4.4 million during the current fiscal year primarily due to increases in sales tax revenue and interest revenue.

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2019

The general government capital projects fund accounts for the acquisition, construction and improvements of the City's general government projects. At the end of the current fiscal year total fund balance was \$11.7 million. The fund balance of the City's general government capital project fund increased by \$2.5 million during the current fiscal year due to transfers in exceeding project costs.

The general obligation bonds debt service fund accounts for the accumulation of resources for and payments of general obligation bonded debt. The fund balance restricted for general obligation debt service payments decreased by \$2.9 million during the current fiscal year. The decrease is due to the total debt service expenditures exceeding property tax revenues for the year ended June 30, 2019.

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 \$762.6 million and \$39.8 million, respectively, compared to \$744.9 million and \$36.4 million in the prior fiscal year. The enterprise funds increase is primarily due to an increase in investable funds and decrease in long-term liabilities.

The enterprise funds net position is 32.7 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 \$144.7 million, and those for the wastewater fund amounted to \$87.7 million, compared to \$147.9 million and \$81.5 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

For the 2018-19 budget year, the City of Chandler continued to engage in fiscally responsible budgeting practices although potential State legislative actions continue to keep Chandler cautious. With steady economic growth in the City and the region, the City Council adopted a balanced budget for 2018-19 that included slightly higher planned operating expenditures based upon anticipated increases to the ongoing revenue streams from sustainable economic development. Overall planned capital expenditures decreased slightly as the projects being completed outweighed new adds in 2018-19. 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 during the year. The City's major sources of General Fund revenues include Local Sales Tax, State Shared Sales Tax and Urban Revenue Sharing (State Shared Income Tax). Continued increases in the largest General Fund revenue categories allowed the City Council to increase the General Fund budget by 4.1 percent from the previous year, and the total City budget decreased by 6.3 percent from 2017-18.

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 2018-19 budget included various salary adjustments based on agreements between bargaining units and the City. Other ongoing costs, such as maintenance, utilities and supplies were managed closely to ensure they could be covered with ongoing revenues. The City continued to emphasize its strong financial policies and higher revenues, 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 \$15 million to provide the opportunity to utilize the reserve to balance the General Fund budget in the future for no more than three consecutive years, should state legislation, operational changes in tax collections or unexpected decreases in property values cause revenues to suddenly decrease.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2019, the City had invested \$1.1 billion in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$98.6 million.

During fiscal year 2018-19, there were \$1.6 million of costs associated with construction of additional capacity at the joint venture water treatment plant with the Town of Gilbert. During the fiscal year the expansion project for the Ocotillo Water Reclamation facility was completed creating a new asset of more than \$146 million and reducing construction in progress, and \$4.9 million purchased as part of a water rights agreement in the business-type activities. There were several governmental activities improvement projects including the completion of several street improvement and expansions at a cost of \$49.5 million, the purchase of three new fire trucks at a cost of \$1.5 million, while also beginning work on a new parking garage in downtown Chandler of \$16.2 million and continued work on a new public safety training facility totaling \$5.1 million. There were also other various infrastructure and system improvement projects for parks, streets and water and wastewater infrastructure.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2019	2018	2019	2018	2019	2018
Land	\$ 92,482,104	\$ 92,168,183	\$ 46,148,899	\$ 46,148,898	\$ 138,631,003	\$ 138,317,081
Land improvements	—	—	230,828	274,129	230,828	274,129
Infrastructure	360,459,636	334,699,138	—	—	360,459,636	334,699,138
System improvements	—	—	693,613,670	571,922,432	693,613,670	571,922,432
Buildings and improvements	197,745,342	207,129,915	9,483,052	9,120,230	207,228,394	216,250,145
Vehicles, machinery and equipment	27,096,772	27,834,486	4,181,698	4,183,679	31,278,470	32,018,165
Construction in progress	76,354,667	97,885,049	52,537,318	192,183,756	128,891,985	290,068,805
Total	\$ 754,138,521	\$ 759,716,771	\$ 806,195,465	\$ 823,833,124	\$ 1,560,333,986	\$ 1,583,549,895

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

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

Long-term debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$533.4 million in long-term debt outstanding with \$41.4 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, 2019 and 2018.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 205,764,000	\$ 223,288,000	\$ 95,901,000	\$ 105,707,000	\$ 301,665,000	\$ 328,995,000
Revenue bonds	2,050,000	4,270,000	4,685,000	7,845,000	6,735,000	12,115,000
Excise tax revenue obligations	—	—	222,575,000	230,635,000	222,575,000	230,635,000
Special assessment bonds	2,395,000	2,940,000	—	—	2,395,000	2,940,000
Issuance premiums	19,141,899	21,465,917	26,080,737	28,713,614	45,222,636	50,179,531
Total bonds & obligations payable	\$ 229,350,899	\$ 251,963,917	\$ 349,241,737	\$ 372,900,614	\$ 578,592,636	\$ 624,864,531
Arbitrage payable	—	27,508	—	47,492	—	75,000
Claims payable	6,718,226	6,421,289	—	—	6,718,226	6,421,289
Landfill closure/post closure	—	—	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	10,981,265	10,659,857	1,168,263	1,132,763	12,149,528	11,792,620
Net pension liability	265,163,827	269,634,781	19,007,535	20,842,622	284,171,362	290,477,403
Post employment benefits	46,161,607	48,379,857	5,590,249	5,693,993	51,751,856	54,073,850
Total long term liabilities	\$ 558,375,824	\$ 587,087,209	\$ 379,347,784	\$ 404,957,484	\$ 937,723,608	\$ 992,044,693

The City of Chandler's total long term liabilities decreased by \$54.3 million during the current fiscal year, due mainly to debt service payments. The City reported decreases in pension liability of \$6.3 million, post employment benefits of \$2.3 million and principal repayments of \$41.3 million.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, artificial lighting, open space, parks, public safety and emergency services, streets, transportation and recreational facilities. The current debt limitation for the City is \$774.2 million. The City has \$298.9 million of outstanding general obligation debt for these purposes.

State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is \$232.3 million. The City has \$12.5 million of outstanding general obligation debt for this purpose.

As of year-end, the City's current bond ratings on general obligation bonds were Aaa from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings. 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 (2019-20) required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. The City's overall budget reflects continued steady economic growth for both the City and State, and also reflects some significant one-time revenue increases due to capital investments being made by developers and large industrial companies in the City. While the economy has had its longest period of growth in history, projections show a downturn is on the horizon. Maintaining service levels and

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

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

Although general economic conditions remain strong, the City is operating in a more constrained financial environment than in pre-recession years, continuing to look for efficiencies to manage expenditure growth. The budget increased from \$875.7 million in 2018-19 to \$927.0 million (an increase of 5.9 percent) in 2019-20, due mostly to higher expenditures for operating driven by a one-time payment increase of \$20.5 million to help accelerate the pay down of the PSPRS unfunded liability, and \$12.8 million in one-time maintenance and service enhancements. The City also continues a healthy capital improvement program to ensure existing infrastructure is well maintained and new facilities are planned when growth or need dictates. The Capital budget saw an increase of 5.6 percent, with \$12.3 million in new projects and increased maintenance and \$5.5 million in carryforward projects.

With an 8.17 percent increase in Limited Property Values (including new growth), the City Council chose to reduce the primary property tax rate from \$0.2686 to \$0.2581, and keep the secondary property tax rate at \$0.87 per \$100 of assessed valuation. The rate reduction will help minimize the impact of higher values on property owner's tax payment.

The 2019-20 Budget does include an anticipated bond sale, and refunding opportunities for outstanding bonds are evaluated continuously to ensure strong debt management. 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. Finally, Chandler continues to maintain strong financial policies and added a new Pension Funding Policy in 2019 to ensure ongoing focus on managing pension costs.

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, 2019

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 428,468,011	\$ 240,215,459	\$ 668,683,470	\$ —	\$ —
Cash and investments	—	—	—	942,440	2,799,570
Accounts receivable	1,500,023	19,992,451	21,492,474	2,000	12,807
Privilege license tax receivable	19,159,578	—	19,159,578	—	—
Property taxes receivable	356,240	—	356,240	—	—
Internal balances	30,236	(30,236)	—	—	—
Due from other governments	8,880,483	92,695	8,973,178	—	—
Inventories	866,239	125,462	991,701	—	—
Prepaid items	—	—	—	—	84,035
Accrued interest receivable	1,824,832	934,344	2,759,176	—	13,273
Special assessments receivable	2,186,521	—	2,186,521	—	—
Notes receivable - current	448,503	—	448,503	—	—
Other receivables	1,649,783	1,386,690	3,036,473	—	—
Total current assets	465,370,449	262,716,865	728,087,314	944,440	2,909,685
Long-term assets:					
Cash and investments - restricted	—	—	—	—	1,413,708
Notes receivable - long term	—	238,500	238,500	—	—
Investment in joint venture	—	81,541,088	81,541,088	—	—
Other assets	—	—	—	—	6,000
Capital assets:					
Non-depreciable	168,836,771	98,686,217	267,522,988	—	—
Depreciable, net	585,301,750	707,509,248	1,292,810,998	—	25,096
Total capital assets	754,138,521	806,195,465	1,560,333,986	—	25,096
Total long-term assets	754,138,521	887,975,053	1,642,113,574	—	1,444,804
Total assets	1,219,508,970	1,150,691,918	2,370,200,888	944,440	4,354,489
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	61,658,014	3,255,178	64,913,192	—	—
Deferred amounts on refundings	9,708,883	7,543,531	17,252,414	—	—
Total deferred outflows of resources	71,366,897	10,798,709	82,165,606	—	—

LIABILITIES

Current liabilities:					
Accounts payable	12,786,979	3,754,297	16,541,276	—	66,301
Accrued payroll	3,054,422	378,679	3,433,101	—	—
Trust liabilities and deposits	6,167,342	4,279,584	10,446,926	—	—
Accrued interest	4,129,630	6,640,333	10,769,963	—	—
Unearned revenue	627,961	—	627,961	—	878,979
Customer advances	—	528,036	528,036	—	—
Compensated absences payable	2,061,110	219,275	2,280,385	—	—
Bonds payable	25,022,535	21,173,176	46,195,711	—	—
Landfill closure and postclosure liability	—	94,446	94,446	—	—
Claims and judgements payable	6,198,035	—	6,198,035	—	—
Total current liabilities	60,048,014	37,067,826	97,115,840	—	945,280
Long-term liabilities:					—
Compensated absences payable	8,920,155	948,988	9,869,143	—	—
Bonds payable	204,328,364	328,068,561	532,396,925	—	—
Net pension liability	265,163,827	19,007,535	284,171,362	—	—
OPEB liability	46,161,607	5,590,249	51,751,856	—	—
Landfill closure and postclosure liability	—	4,245,554	4,245,554	—	—
Claims and judgements payable	520,191	—	520,191	—	—
Total long-term liabilities	525,094,144	357,860,887	882,955,031	—	—
Total liabilities	585,142,158	394,928,713	980,070,871	—	945,280
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of OPEB and pension plan items	28,882,440	3,995,003	32,877,443	—	—
NET POSITION					
Net investment in capital assets	575,953,033	481,911,949	1,057,864,982	—	31,096
Restricted for:					
Transportation and development	112,850,877	—	112,850,877	—	—
Capital improvements	17,951,971	—	17,951,971	—	—
Community services	35,116,395	—	35,116,395	—	—
Community development	564,994	—	564,994	—	—
Debt service	4,826,721	31,507,575	36,334,296	—	—
Legal restrictions	2,179,767	—	2,179,767	—	1,413,708
Family self sufficiency escrow accounts	—	15,574	15,574	—	—
Total restricted	173,490,725	31,523,149	205,013,874	—	1,413,708
Unrestricted	(72,592,489)	249,131,813	176,539,324	944,440	1,964,405
Total net position	\$ 676,851,269	\$ 762,566,911	\$ 1,439,418,180	\$ 944,440	\$ 3,409,209

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2019

Function/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government:					
Governmental activities:					
General government	\$ 114,373,302	\$ 43,622,807	\$ 2,415,394	\$ 2,595,176	\$ 48,633,377
Public safety	124,906,187	4,998,779	1,052,739	—	6,051,518
Transportation and development	53,806,473	14,869,670	673,598	7,915,288	23,458,556
Community services	36,990,853	7,583,513	380,614	—	7,964,127
Interest on long-term debt	7,046,655	—	—	—	—
Total governmental activities	337,123,470	71,074,769	4,522,345	10,510,464	86,107,578
Business-type activities:					
Water	58,297,769	52,459,720	—	7,096,657	59,556,377
Wastewater	61,218,775	56,055,131	—	8,179,505	64,234,636
Solid waste	15,221,985	16,107,922	—	151,414	16,259,336
Airport	2,038,417	906,557	—	2,907,579	3,814,136
Chandler housing authority	8,478,235	1,155,430	7,224,669	—	8,380,099
Total business-type activities	145,255,181	126,684,760	7,224,669	18,335,155	152,244,584
Total primary government	\$ 482,378,651	\$ 197,759,529	\$ 11,747,014	\$ 28,845,619	\$ 238,352,162
Component units					
Chandler Industrial Development Authority	\$ 30,047	\$ 62,039	\$ —	\$ —	\$ 62,039
Chandler Cultural Foundation	1,940,046	1,918,770	291,756	—	2,210,526
Total component units	\$ 1,970,093	\$ 1,980,809	\$ 291,756	\$ —	\$ 2,272,565

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Highway user taxes

Other taxes

Total taxes

Franchise fees

State shared revenues (unrestricted)

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year restated

Net position - end of year

See accompanying Notes to the Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ (65,739,925)	\$ —	\$ (65,739,925)	\$ —	\$ —
(118,854,669)	—	(118,854,669)	—	—
(30,347,917)	—	(30,347,917)	—	—
(29,026,726)	—	(29,026,726)	—	—
(7,046,655)	—	(7,046,655)	—	—
(251,015,892)	—	(251,015,892)	—	—
—	1,258,608	1,258,608	—	—
—	3,015,861	3,015,861	—	—
—	1,037,351	1,037,351	—	—
—	1,775,719	1,775,719	—	—
—	(98,136)	(98,136)	—	—
—	6,989,403	6,989,403	—	—
(251,015,892)	6,989,403	(244,026,489)	—	—
—	—	—	31,992	—
—	—	—	—	270,480
—	—	—	31,992	270,480
32,550,250	—	32,550,250	—	—
139,851,355	17,347	139,868,702	—	—
17,301,902	—	17,301,902	—	—
866,267	—	866,267	—	—
190,569,774	17,347	190,587,121	—	—
3,567,184	—	3,567,184	—	—
67,156,430	—	67,156,430	—	—
14,822,135	7,742,589	22,564,724	22,240	88,548
1,261,279	2,842,825	4,104,104	—	—
(90,680)	90,680	—	—	—
277,286,122	10,693,441	287,979,563	22,240	88,548
26,270,230	17,682,844	43,953,074	54,232	359,028
650,581,039	744,884,067	1,395,465,106	890,208	3,050,181
\$ 676,851,269	\$ 762,566,911	\$ 1,439,418,180	\$ 944,440	\$ 3,409,209

City of Chandler
Balance Sheet -
Governmental Funds
June 30, 2019

	Major Funds				
	General	General Government Capital Projects	General Obligation Bonds Debt Service	Other Governmental Funds	Total
ASSETS					
Equity in pooled cash and investments	\$ 185,117,625	\$ 2,956,737	\$ 28,732,773	\$ 165,247,367	\$ 382,054,502
Accounts receivable	1,398,999	—	—	23,924	1,422,923
Privilege license tax receivable	19,159,578	—	—	—	19,159,578
Property taxes receivable	89,530	—	266,710	—	356,240
Advances to other funds	—	11,835,859	—	—	11,835,859
Due from other funds	2,638,099	—	—	—	2,638,099
Due from other governments	1,300,919	—	—	7,579,564	8,880,483
Inventories	866,239	—	—	—	866,239
Accrued interest receivable	885,527	—	73,571	661,155	1,620,253
Special assessments receivable	—	—	—	2,186,521	2,186,521
Notes receivable	—	—	—	448,503	448,503
Other receivables	1,649,783	—	—	—	1,649,783
Total assets	<u>\$ 213,106,299</u>	<u>\$ 14,792,596</u>	<u>\$ 29,073,054</u>	<u>\$ 176,147,034</u>	<u>\$ 433,118,983</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,322,698	\$ 3,098,685	\$ —	\$ 6,301,275	\$ 12,722,658
Accrued payroll	2,928,003	—	—	95,759	3,023,762
Trust liabilities and deposits	5,875,054	—	—	292,288	6,167,342
Accrued interest	—	—	4,042,130	87,500	4,129,630
Due to other funds	—	—	—	2,607,863	2,607,863
Advances from other funds	—	—	—	11,835,859	11,835,859
Unearned revenue	608,956	—	—	6,746	615,702
Bonds payable	—	—	20,225,000	2,050,000	22,275,000
Total liabilities	<u>12,734,711</u>	<u>3,098,685</u>	<u>24,267,130</u>	<u>23,277,290</u>	<u>63,377,816</u>
Deferred inflows of resources					
Unavailable revenues - special assessments	—	—	—	2,105,262	2,105,262
Unavailable revenues - property taxes	75,608	—	219,362	—	294,970
Unavailable revenues - grants	—	—	—	1,492,983	1,492,983
Total deferred inflows of resources	<u>75,608</u>	<u>—</u>	<u>219,362</u>	<u>3,598,245</u>	<u>3,893,215</u>
Fund balances:					
Nonspendable	866,239	—	—	—	866,239
Restricted	2,179,767	11,693,911	4,586,562	155,030,485	173,490,725
Assigned	131,214,214	—	—	—	131,214,214
Unassigned	66,035,760	—	—	(5,758,986)	60,276,774
Total fund balances	<u>200,295,980</u>	<u>11,693,911</u>	<u>4,586,562</u>	<u>149,271,499</u>	<u>365,847,952</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 213,106,299</u>	<u>\$ 14,792,596</u>	<u>\$ 29,073,054</u>	<u>\$ 176,147,034</u>	<u>\$ 433,118,983</u>

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, 2019

Total Fund Balances - Total Governmental Funds	\$ 365,847,952
---	-----------------------

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	\$ 168,836,771	
Depreciable buildings, property, equipment and infrastructure, net	585,301,750	
Total capital assets		754,138,521

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	3,893,214
---	-----------

Deferred charges on refundings are not financial resources and, therefore, are not reported in the funds.	9,708,883
---	-----------

Deferred outflows related to pensions and OPEB are not financial resources and, therefore, are not reported in the funds.	61,658,014
---	------------

Deferred inflows related to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.	(28,882,440)
---	--------------

The internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Government-wide Statement of Net Position.	39,791,520
--	------------

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	(207,075,899)	
Net pension liability	(265,163,827)	
OPEB liability	(46,161,607)	
Compensated absences	(10,903,062)	
Total long-term liabilities		(529,304,395)

Net Position of Governmental Activities	\$ 676,851,269
--	-----------------------

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, 2019

	Major Funds				
	General		General Obligation	Other	
	Government	Bonds	Governmental		
	Capital Projects	Debt Service	Funds	Total	
	General				
REVENUES:					
Property taxes	\$ 7,666,777	\$ —	\$ 24,859,580	\$ —	\$ 32,526,357
Sales taxes	139,851,355	—	—	—	139,851,355
Highway user taxes	—	—	—	17,301,902	17,301,902
Regional transportation taxes	—	—	—	866,267	866,267
Franchise fees	3,567,184	—	—	—	3,567,184
State shared	67,156,430	—	—	—	67,156,430
Grants and entitlements	206,182	—	—	11,705,457	11,911,639
System development fees	—	—	—	9,023,678	9,023,678
Special assessments	—	—	—	610,501	610,501
Licenses and permits	7,268,592	—	—	—	7,268,592
Charges for services	20,682,104	—	—	830,633	21,512,737
Fines and forfeitures	3,883,157	—	—	351,129	4,234,286
Rentals	127,206	—	—	—	127,206
Contributions	200,000	—	—	—	200,000
Interest revenue	7,020,220	12	584,254	5,663,534	13,268,020
Miscellaneous	815,358	25,095	—	82,916	923,369
Total revenues	258,444,565	25,107	25,443,834	46,436,017	330,349,523
EXPENDITURES:					
Current:					
General government	53,059,785	2,593,343	—	2,417,073	58,070,201
Public safety	110,125,351	195,423	—	1,175,889	111,496,663
Transportation and development	16,236,733	1,245,218	—	8,389,129	25,871,080
Community services	26,858,998	212,987	—	640,886	27,712,871
Capital outlay	3,127,746	30,420,318	—	35,458,658	69,006,722
Debt service:					
Principal	—	—	20,225,000	2,595,000	22,820,000
Interest and fiscal charges	—	—	8,084,261	185,900	8,270,161
Total expenditures	209,408,613	34,667,289	28,309,261	50,862,535	323,247,698
Excess (deficiency) of revenues over (under) expenditures	49,035,952	(34,642,182)	(2,865,427)	(4,426,518)	7,101,825
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	986,370	—	—	370,426	1,356,796
Transfers in	—	37,111,863	—	8,372,642	45,484,505
Transfers out	(45,621,745)	—	—	(2,383,742)	(48,005,487)
Total other financing sources (uses)	(44,635,375)	37,111,863	—	6,359,326	(1,164,186)
NET CHANGE IN FUND BALANCE	4,400,577	2,469,681	(2,865,427)	1,932,808	5,937,639
FUND BALANCES:					
Beginning of year, as restated	195,895,403	9,224,230	7,451,989	147,338,691	359,910,313
End of year	\$ 200,295,980	\$ 11,693,911	\$ 4,586,562	\$ 149,271,499	\$ 365,847,952

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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 5,937,639
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.	46,644,582
Depreciation expense on capital assets is reported in the Government-wide Statement of Net Position and Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(53,541,469)
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	\$ 22,820,000
Pension related items	(3,883,002)
Other post employment benefits obligation	1,640,620
	20,577,618
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.	1,223,506
Arbitrage liability expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	19,519
Certain revenues in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	(489,450)
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.	(311,486)
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.	1,003,258
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.	1,808,083
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.	3,398,430
Change in Net Position of Governmental Activities	\$ 26,270,230

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Net Position -
Proprietary Funds
June 30, 2019

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 93,722,473	\$ 120,646,321	\$ 25,846,665	\$ 240,215,459	\$ 46,413,509
Accounts receivable	9,219,826	8,380,208	2,392,417	19,992,451	77,100
Due from other governments	—	—	92,695	92,695	—
Inventories	95,291	—	30,171	125,462	—
Accrued interest receivable	347,024	469,682	117,638	934,344	204,579
Other receivables	—	1,386,657	33	1,386,690	—
Total current assets	103,384,614	130,882,868	28,479,619	262,747,101	46,695,188
Long-term assets:					
Notes receivable	—	—	238,500	238,500	—
Advances to other funds	3,900,000	—	—	3,900,000	—
Investment in joint venture	81,541,088	—	—	81,541,088	—
Capital assets:					
Non-depreciable	40,284,502	28,093,805	30,307,910	98,686,217	—
Depreciable, net	204,047,286	476,962,644	26,499,318	707,509,248	—
Total capital assets	244,331,788	505,056,449	56,807,228	806,195,465	—
Total long-term assets	329,772,876	505,056,449	57,045,728	891,875,053	—
Total assets	433,157,490	635,939,317	85,525,347	1,154,622,154	46,695,188
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items	1,597,262	859,648	798,268	3,255,178	—
Deferred amounts on refundings	3,973,773	3,569,758	—	7,543,531	—
Total deferred outflow of resources	5,571,035	4,429,406	798,268	10,798,709	—

LIABILITIES

Current liabilities:

Accounts payable	1,852,281	803,309	1,098,707	3,754,297	64,320
Accrued payroll	166,132	144,718	67,829	378,679	30,660
Trust liabilities and deposits	3,376,374	281,732	621,478	4,279,584	—
Accrued interest	2,521,409	4,118,924	—	6,640,333	—
Due to other funds	—	—	30,236	30,236	—
Unearned revenue	—	—	—	—	12,259
Customer advances	186,888	166,574	174,574	528,036	—
Compensated absences payable	114,247	68,106	36,922	219,275	14,678
Bonds payable	10,513,387	10,659,789	—	21,173,176	—
Landfill closure and postclosure liability	—	—	94,446	94,446	—
Claims and judgements payable	—	—	—	—	6,198,035
Total current liabilities	18,730,718	16,243,152	2,124,192	37,098,062	6,319,952

Long-term liabilities:

Compensated absences payable	494,450	294,753	159,785	948,988	63,525
Advances from other funds	—	3,900,000	—	3,900,000	—
Bonds payable	123,084,832	204,983,729	—	328,068,561	—
Net pension liability	9,590,476	5,082,534	4,334,525	19,007,535	—
OPEB liability	2,577,628	1,976,904	1,035,717	5,590,249	—
Landfill closure and postclosure liability	—	—	4,245,554	4,245,554	—
Claims and judgements payable	—	—	—	—	520,191
Total long-term liabilities	135,747,386	216,237,920	9,775,581	361,760,887	583,716
Total liabilities	154,478,104	232,481,072	11,899,773	398,858,949	6,903,668

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of OPEB and pension plan items	1,905,001	1,207,412	882,590	3,995,003	—
---	-----------	-----------	---------	-----------	---

NET POSITION

Net investment in capital assets	123,375,323	301,729,398	56,807,228	481,911,949	—
Restricted for:					
Debt service	14,222,475	17,285,100	—	31,507,575	—
Housing assistance	—	—	15,574	15,574	—
Unrestricted	144,747,622	87,665,741	16,718,450	249,131,813	39,791,520
Total net position	\$ 282,345,420	\$ 406,680,239	\$ 73,541,252	\$ 762,566,911	\$ 39,791,520

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, 2019

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
OPERATING REVENUES:					
Service fees	\$ 52,459,720	\$ 56,055,131	\$ 17,014,929	\$ 125,529,780	\$ 95,790
Grants and entitlements	—	—	7,224,669	7,224,669	—
Rentals	—	—	1,154,980	1,154,980	—
Sales taxes	—	—	17,347	17,347	—
Self insurance premiums	—	—	—	—	28,309,414
Miscellaneous	128,663	1,338	79,946	209,947	337,910
Total operating revenues	52,588,383	56,056,469	25,491,871	134,136,723	28,743,114
OPERATING EXPENSES:					
General and administrative	3,412,262	2,987,824	1,107,204	7,507,290	—
Personnel services	9,026,914	7,521,594	3,792,125	20,340,633	2,095,185
Contractual services	8,276,027	4,643,286	12,112,353	25,031,666	2,535,639
Commodities	11,680,122	11,354,386	1,901,163	24,935,671	1,926,878
Claims expense	—	—	—	—	22,751,891
Housing assistance payments	—	—	4,706,410	4,706,410	—
Depreciation and amortization expense	16,993,600	25,953,501	2,110,482	45,057,583	—
Total operating expenses	49,388,925	52,460,591	25,729,737	127,579,253	29,309,593
OPERATING INCOME (LOSS)	3,199,458	3,595,878	(237,866)	6,557,470	(566,479)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	3,018,314	3,799,385	924,890	7,742,589	1,534,607
Interest and fiscal charges	(5,524,649)	(8,698,436)	—	(14,223,085)	—
Accretion of bond premiums	1,204,131	1,426,788	1,959	2,632,878	—
Amortization of deferred bond items	(33,339)	(23,748)	—	(57,087)	—
Gain (loss) on disposal of capital assets	(57,500)	(36,000)	(8,900)	(102,400)	—
Equity interest in joint venture	(3,293,356)	—	—	(3,293,356)	—
Total Nonoperating revenues (expenses)	(4,686,399)	(3,532,011)	917,949	(7,300,461)	1,534,607
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,486,941)	63,867	680,083	(742,991)	968,128
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	7,096,657	8,179,505	3,058,993	18,335,155	—
Transfers in	—	—	749,429	749,429	2,450,000
Transfers out	(317,357)	(217,627)	(123,765)	(658,749)	(19,698)
Total capital contributions and transfers	6,779,300	7,961,878	3,684,657	18,425,835	2,430,302
CHANGE IN NET POSITION	5,292,359	8,025,745	4,364,740	17,682,844	3,398,430
NET POSITION:					
Beginning of year, restated	277,053,061	398,654,494	69,176,512	744,884,067	36,393,090
End of year	\$ 282,345,420	\$ 406,680,239	\$ 73,541,252	\$ 762,566,911	\$ 39,791,520

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Cash Flows -
Proprietary Funds
For the year ended June 30, 2019

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 53,629,051	\$ 56,305,567	\$ 18,535,854	\$ 128,470,472	\$ 28,744,503
Cash received from grantors	—	—	7,228,407	7,228,407	—
Cash payments to suppliers	(23,091,325)	(20,724,870)	(19,652,070)	(63,468,265)	(26,968,233)
Cash payments to employees for services	(9,428,760)	(7,888,088)	(3,984,624)	(21,301,472)	(2,088,323)
Net cash provided (used) by operating activities	21,108,966	27,692,609	2,127,567	50,929,142	(312,053)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	—	—	749,429	749,429	2,450,000
Transfers out	(317,357)	(217,627)	(123,765)	(658,749)	(19,698)
Net cash provided (used) by noncapital financing activities	(317,357)	(217,627)	625,664	90,680	2,430,302
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(13,478,079)	(10,298,476)	(1,017,137)	(24,793,692)	—
Proceeds from sale/refunding of bonds	1,652,634	1,839,970	—	3,492,604	—
Principal paid on bond maturities	(10,670,631)	(12,960,287)	(26,000)	(23,656,918)	—
Interest paid on bonds	(5,709,320)	(8,969,954)	(406)	(14,679,680)	—
Cash received from capital contributions	6,524,799	7,441,748	—	13,966,547	—
Net cash provided (used) by capital and related financing activities	(21,680,597)	(22,946,999)	(1,043,543)	(45,671,139)	—
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	2,942,765	3,690,781	890,030	7,523,576	1,471,796
Net cash provided (used) by investing activities	2,942,765	3,690,781	890,030	7,523,576	1,471,796
Net increase (decrease) in cash and cash equivalents	2,053,777	8,218,764	2,599,718	12,872,259	3,590,045
CASH AND CASH EQUIVALENTS:					
Beginning of year	91,668,696	112,427,557	23,246,947	227,343,200	42,823,464
End of year	\$ 93,722,473	\$ 120,646,321	\$ 25,846,665	\$ 240,215,459	\$ 46,413,509

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

Operating income (loss)	\$ 3,199,458	\$ 3,595,878	\$ (237,866)	\$ 6,557,470	\$ (566,479)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	16,993,600	25,953,501	2,110,482	45,057,583	—
Changes in assets, liabilities and deferred items:					
(Increase) decrease in receivables	867,887	325,668	249,137	1,442,692	(1,549)
(Increase) decrease in inventories	(421)	—	(4,734)	(5,155)	—
(Increase) decrease in other assets	33,339	23,748	554	57,641	—
Increase (decrease) in payables	277,507	(1,739,374)	179,794	(1,282,073)	(50,762)
Increase (decrease) in accrued payroll and compensated absences	34,011	(15,619)	(5,185)	13,207	6,862
Increase (decrease) in deposits	187,844	(59,110)	49,862	178,596	—
Increase (decrease) in claims payable	—	—	—	—	296,937
Increase (decrease) in unearned revenue	—	—	—	—	2,938
Increase (decrease) in customer advances	(48,402)	(41,208)	(26,609)	(116,219)	—
Increase (decrease) in net pension items	(391,158)	(312,261)	(167,437)	(870,856)	—
Increase (decrease) in OPEB liability	(44,699)	(38,614)	(20,431)	(103,744)	—
Total adjustments	17,909,508	24,096,731	2,365,433	44,371,672	254,426
Net cash provided (used) by operating activities	\$ 21,108,966	\$ 27,692,609	\$ 2,127,567	\$ 50,929,142	\$ (312,053)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 510,456	\$ 687,094	\$ —	\$ 1,197,550	\$ —
Contributions of capital assets from city government	—	—	3,058,993	3,058,993	—
Gain (loss) on disposal of capital assets	(57,500)	(36,000)	(8,900)	(102,400)	—
Accretion of bond premiums	1,204,131	1,426,788	1,959	2,632,878	—
Amortization of deferred bond charges	33,339	23,748	—	57,087	—

See accompanying Notes to the Financial Statements.

City of Chandler
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2019

	Agency Funds
ASSETS	
Equity in pooled cash and investments	\$ 1,000
Total assets	<u>1,000</u>
LIABILITIES	
Due to others	\$ 1,000
Total liabilities	<u>1,000</u>
Total net position	<u>\$ —</u>

See accompanying Notes to the Financial Statements.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2019

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

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

NOTE 1 - Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

1. Blended Component Unit

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

2. Discretely Presented Component Units

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies, continued

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies, continued

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

The City reports the following major governmental funds:

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

General Government Capital Projects Fund - This fund is used to account for the acquisition, construction, reconstruction, improvement, and and renovation of general government 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.

Additionally, the City reports the following fund types:

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

Fiduciary Fund - Agency fund which accounts for resources held by the City in a custodial capacity for peddler bonds.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies, continued

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

D. Budgeting and Budgetary Control

The City Council formally adopts an annual operating budget for the general, special revenue, 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 \$9,782,284 were transferred from the contingency reserves within the general, enterprise, internal service and capital projects funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements carryforward appropriations. Encumbrance accounting, under which purchase orders, contracts and other commitments for the future expenditure of funds are recorded in order to reserve that portion of the related fund balance, is employed in the governmental and proprietary fund types. Encumbrances outstanding at year-end are reported as part of 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 \$7,984,615, for the general government capital projects fund are \$13,357,029, for water enterprise fund are \$21,023,237, for wastewater enterprise fund are \$6,255,308, and for non-major governmental funds are \$43,935,704.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies, continued

E. Pooled Cash and Investments

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

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

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

F. Receivables and Payables

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

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

G. Inventories

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

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items 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 \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The City defines general government infrastructure capital assets included in capital improvement projects completed at year's end in excess of \$100,000.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies, continued

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

Estimated useful lives for capital assets were determined based on the City's historical experience and the various industry standards. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

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

J. Compensated Absences

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

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

K. Long-Term Obligations

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

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 1 -Summary of Significant Accounting Policies, continued

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

L. Fund Equity

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

M. Capital Contributions - Enterprise Funds

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

N. Pensions

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

O. Post-Employment Health Care and Life Insurance Benefits

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

P. Statements of Cash Flows

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

Q. Interfund Activity

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 1 -Summary of Significant Accounting Policies, concluded

R. Use of Estimates

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

S. Implementation of New Accounting Standards

During the year ended June 30, 2019, the City implemented the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 83 requires governments to recognize and measure certain asset retirement obligations (AROs) and requires disclosures related to AROs. GASB Statement No. 88 requires governments to disclose additional information regarding resources used to liquidate debt and related risks. Both Statements are intended to provide better information to financial statement users.

NOTE 2 - Cash and Investments

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

Deposits

At year-end, cash on hand was \$47,150, the carrying amount of the City deposits was \$1,008,636, and the bank balance was \$1,910,192. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,660,192 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at June 30, 2019, the City had \$99,347,358 of restricted cash held by paying agent consisting of \$51,619,963 in July 1, 2019 debt service payments, \$21,460,479 in unspent bond proceeds from the 2017 Excise Tax Revenue Obligation issuance, and \$26,266,916 for the 2017 General Obligation Bond issuance. The cash held by paying agent is in money market funds invested primarily in short-term U.S. Treasury securities.

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 2 - Cash and Investments, continued

At June 30, 2019, 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	\$ 241,537,355	\$ 9,642,825	\$ 231,894,530	42.56 %	AA+/Aaa/AAA
U.S. Agencies:						
Fannie Mae	Level 2	10,704,534	3,157	10,701,377	1.88	AA+/Aaa/AAA
Federal Farm Credit Banks Funding Corp	Level 2	12,172,838	—	12,172,838	2.14	AA+/Aaa/AAA
Federal Home Loan Bank	Level 2	25,167,216	—	25,167,216	4.43	AA+/Aaa/AAA
Freddie Mac	Level 2	8,717,773	273,604	8,444,169	1.53	AA+/Aaa/AAA
Supra-National Agency:						
African Development Bank	Level 2	1,796,717	—	1,796,717	0.32	AAA/Aaa
Asian Development Bank	Level 2	2,310,161	—	2,310,161	0.41	AAA/Aaa
Inter-American Development Bank	Level 2	4,572,889	—	4,572,889	0.80	AAA/Aaa
International Finance Corp	Level 2	5,721,817	—	5,721,817	1.01	AAA/Aaa
Intl Bank of Reconstruction & Dev	Level 2	8,088,132	—	8,088,132	1.42	AAA/Aaa
Corporate Bonds:						
3M Co	Level 2	3,049,389	—	3,049,389	0.54	AA-/A1/NA
American Express Credit Corp	Level 2	3,345,139	3,345,139	—	0.59	A-/A2
American Honda Finance Corp	Level 2	2,471,265	—	2,471,265	0.43	A/A2
Apple Inc Corp	Level 2	3,117,012	—	3,117,012	0.55	AA+/Aa1
Automatic Data Processing Inc	Level 2	3,001,899	—	3,001,899	0.53	AA/Aa3/NA
Bank of America Corp	Level 2	2,392,533	—	2,392,533	0.42	A-/A2
Bank of New York Mellon Corp	Level 2	7,655,114	—	7,655,114	1.35	A/A1/AA-
Berkshire Hathaway Finance Corp	Level 2	3,166,748	—	3,166,748	0.56	AA/Aa2/A+
Branch Banking & Trust	Level 2	1,152,963	—	1,152,963	0.20	A-/A2
Caterpillar Finl Service	Level 2	1,773,731	—	1,773,731	0.31	A/A3
Charles Schwab Corp	Level 2	4,077,456	—	4,077,456	0.72	A/A2/A
Chevron Corp	Level 2	1,995,990	1,995,990	—	0.35	AA/Aa2
Cisco Systems Inc Corp	Level 2	3,032,090	—	3,032,090	0.53	AA-/A1
Citibank Na	Level 2	922,549	—	922,549	0.16	A+/Aa3/A+
Coca-Cola Co	Level 2	1,496,765	—	1,496,765	0.26	A+/A1/A
Exxon Mobil Corp	Level 2	360,998	—	360,998	0.06	AA+/Aaa
General Electric Co Corporate	Level 2	4,092,240	4,092,240	—	0.72	BBB+/Baa1
Home Depot Inc Corp	Level 2	1,036,389	1,036,389	—	0.18	A/A2
Honeywell International Corp	Level 2	623,901	623,901	—	0.11	A/A2
HSBC Bank Usa	Level 2	1,027,642	—	1,027,642	0.18	A/A1/A+
Jackson National Life Global Funding	Level 2	4,053,698	—	4,053,698	0.71	AA-/A1/AA-
JPMorgan Chase Bank Na	Level 2	4,254,671	—	4,254,671	0.75	A+/Aa2/AA
JPMorgan Chase & Co Corp	Level 2	2,157,506	—	2,157,506	0.38	A-/A2
Massmutual Global Funding	Level 2	2,292,171	—	2,292,171	0.40	AA+/Aa3/AA+
Microsoft Corp	Level 2	308,775	—	308,775	0.05	AAA/Aaa
Oracle Corp	Level 2	2,477,396	—	2,477,396	0.44	AA-/A1
Paccar Financial Corp	Level 2	3,151,075	—	3,151,075	0.55	A+/A1
PNC Bank Na	Level 2	3,010,035	—	3,010,035	0.53	A/A2/A+
The Walt Disney Company Corp	Level 2	2,563,089	—	2,563,089	0.45	A/A2
Toyota Motor Credit Corp	Level 2	6,487,582	—	6,487,582	1.14	AA-/Aa3
Unilever Capital Corp Bonds	Level 2	273,965	273,965	—	0.05	A+/A1
United Parcel Service	Level 2	2,681,067	—	2,681,067	0.47	A+/A1

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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		
US Bank Na	Level 2	4,245,847	—	4,245,847	0.75	AA-/A1/AA-
US Bank Na Cincinnati	Level 2	3,144,415	—	3,144,415	0.55	A+/A1
USAA Capital Corp	Level 2	1,663,825	—	1,663,825	0.29	AA/Aa1/NA
Wal-Mart Store Inc Corp	Level 2	109,802	—	109,802	0.02	AA/Aa2
Commercial Paper:						
JP Morgan Securities LLC	Level 2	249,362	249,362	—	0.04	A-1/P-1
Asset Backed:						
Ally Abs 2017-2 A3	Level 2	832,555	—	832,555	0.15	NR/Aaa
Ally 2017-5 A3	Level 2	1,642,104	—	1,642,104	0.29	AAA/Aaa
Bacot 18A2 A	Level 2	2,125,970	—	2,125,970	0.37	AAA/Aaa/NA
Carmx 184 A3	Level 2	5,524,606	—	5,524,606	0.97	AAA/NA/AAA
Carmx 2019-2 A3	Level 2	881,637	—	881,637	0.16	AAA/NR
Chait 142 A	Level 2	2,508,836	—	2,508,836	0.44	AAA/NR/AAA
Copar 191 A3	Level 2	3,307,046	—	3,307,046	0.58	AAA/Aaa/AAA
Copar 2019-1 A3	Level 2	748,384	—	748,384	0.13	AAA/Aaa
Harot 2017-4 A3	Level 2	1,117,737	—	1,117,737	0.20	NR/Aaa
Harot 2019-1 A3	Level 2	679,634	—	679,634	0.12	AAA/NR
Harot 2019-2 A3	Level 2	1,380,311	—	1,380,311	0.24	NR/Aaa
Hart 2018-A A3	Level 2	781,487	—	781,487	0.14	AAA/Aaa
Honda Abs 2017-1 A3	Level 2	464,552	—	464,552	0.08	NR/Aaa
Honda Abs 2017-2 A3	Level 2	1,414,187	—	1,414,187	0.25	AAA/Aaa
Hyundai Abs 2017-A A3	Level 2	574,155	—	574,155	0.10	AAA/NR
Hyundai Abs 2017-B A3	Level 2	1,643,477	—	1,643,477	0.29	AAA/Aaa
Hyundai Auto	Level 2	1,061,070	—	1,061,070	0.19	AAA/NR
John Deere Abs 2017-B A3	Level 2	468,895	—	468,895	0.08	NR/Aaa
Mbart 181 A3	Level 2	2,766,611	—	2,766,611	0.49	AAA/Aaa/NA
Mbart 2018-1 A3	Level 2	1,327,568	—	1,327,568	0.23	AAA/Aaa
Narot 2017-C A3	Level 2	754,788	—	754,788	0.13	NR/Aaa
Narot 2018-B A3	Level 2	1,249,891	—	1,249,891	0.22	AAA/Aaa
Narot 2019-A A3	Level 2	1,633,469	—	1,633,469	0.29	NR/Aaa
Narot 2019-B A3	Level 2	1,476,089	—	1,476,089	0.26	NR/Aaa
Taot 2017-D A3	Level 2	1,391,864	—	1,391,864	0.24	AAA/Aaa
Taot 2018-A A3	Level 2	1,162,130	—	1,162,130	0.20	AAA/Aaa
Wort 19B A3	Level 2	5,459,038	—	5,459,038	0.96	AAA/NA/AAA
Money Market - Certificates of Deposit	Level 2	37,809,338	15,799,091	22,010,247	6.65	AAAm/NR
Money Market Fund	Level 1	72,198,902	72,198,902	—	12.70	AAAm/NR
Cash and cash equivalents	Level 1	189,469	189,469	—	0.03	AAA/Aaa/AAA
Total		<u>\$ 568,281,326</u>	<u>\$ 109,724,034</u>	<u>\$ 458,557,292</u>	<u>100.00</u>	

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 2 - Cash and Investments, concluded

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 BBB+ or Baa1, repurchase agreements and the Local Government Investment Pool. The City's investment in U.S. Agencies, Corporate Bonds and Money Market Funds were rated no lower than AA+, BBB+ and AAAM by Standard & Poor's, respectively, as of June 30, 2019.

Concentration of Credit Risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the City's total investments. Securities issues by the United States of America or its agencies are exempt from this provision. More than 5 percent of the City's investments are in U.S. Agencies and U.S. Treasuries and Agencies money market funds. See percentages in table on preceding 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. As of fiscal year 2017, the levy is based upon the January 1 limited property tax value of property as determined by the Maricopa County Assessor. Under Arizona Revised Statutes (A.R.S.), two assessed valuations are used. One is for primary taxes (used to fund operating expenditures) and the other is for secondary taxes (used to meet general obligation debt service requirements). Taxes are due in two equal installments on October 1 and March 1 following the levy date and are delinquent on the first day of November and May, respectively. Delinquent amounts bear interest at the rate of 16 percent.

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

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

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

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

In fiscal year 2018-19, current property tax collections were \$31,714,150 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 2019 are not available for fiscal year 2018-19; accordingly, such taxes will not be recognized as revenue until fiscal year 2019-20.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 4 - Capital Assets

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

Governmental Activities	Balance June 30, 2018	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 92,168,183	\$ 313,921	\$ —	\$ 92,482,104
Construction in progress	97,885,049	64,851,207	(86,381,589)	76,354,667
Total capital assets not being depreciated	<u>190,053,232</u>	<u>65,165,128</u>	<u>(86,381,589)</u>	<u>168,836,771</u>
Capital assets, being depreciated:				
Infrastructure	686,849,181	52,749,353	—	739,598,534
Building and improvements	390,854,623	8,596,131	—	399,450,754
Machinery and equipment	94,334,290	9,797,029	(4,578,519)	99,552,800
Total capital assets being depreciated	<u>1,172,038,094</u>	<u>71,142,513</u>	<u>(4,578,519)</u>	<u>1,238,602,088</u>
Less accumulated depreciation for:				
Infrastructure	(352,150,043)	(26,988,855)	—	(379,138,898)
Building and improvements	(183,724,708)	(17,980,704)	—	(201,705,412)
Machinery and equipment	(66,499,804)	(9,628,184)	3,671,960	(72,456,028)
Total accumulated depreciation	<u>(602,374,555)</u>	<u>(54,597,743)</u>	<u>3,671,960</u>	<u>(653,300,338)</u>
Total capital assets, being depreciated, net	<u>569,663,539</u>	<u>16,544,770</u>	<u>(906,559)</u>	<u>585,301,750</u>
Governmental activities capital assets, net	<u>\$ 759,716,771</u>	<u>\$ 81,709,898</u>	<u>\$ (87,288,148)</u>	<u>\$ 754,138,521</u>

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

	Expended to June 30, 2019	Remaining Commitments
Streets	\$ 22,109,344	\$ 35,253,676
Parks and recreation	5,163,735	991,543
Buildings and related improvements	49,081,588	18,070,706
Total	<u>\$ 76,354,667</u>	<u>\$ 54,315,925</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 4 - Capital Assets, continued

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

Business-Type Activities	Balance June 30, 2018	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 46,148,898	\$ 1	\$ —	\$ 46,148,899
Construction in progress	192,183,756	28,244,467	(167,890,905)	52,537,318
Total capital assets not being depreciated	<u>238,332,654</u>	<u>28,244,468</u>	<u>(167,890,905)</u>	<u>98,686,217</u>
Capital assets, being depreciated:				
System improvements	1,206,183,651	164,839,756	—	1,371,023,407
Building and improvements	25,017,235	1,108,279	—	26,125,514
Vehicles, machinery and equipment	19,363,863	1,726,974	(823,626)	20,267,211
Land improvements	2,471,912	10,122	—	2,482,034
Total capital assets being depreciated	<u>1,253,036,661</u>	<u>167,685,131</u>	<u>(823,626)</u>	<u>1,419,898,166</u>
Less accumulated depreciation for:				
System improvements	(634,261,219)	(43,148,518)	—	(677,409,737)
Buildings and improvements	(15,897,005)	(745,457)	—	(16,642,462)
Vehicles, machinery and equipment	(15,180,184)	(1,496,145)	590,816	(16,085,513)
Land improvements	(2,197,783)	(53,423)	—	(2,251,206)
Total accumulated depreciation	<u>(667,536,191)</u>	<u>(45,443,543)</u>	<u>590,816</u>	<u>(712,388,918)</u>
Total capital assets, being depreciated, net	<u>585,500,470</u>	<u>122,241,588</u>	<u>(232,810)</u>	<u>707,509,248</u>
Business-type activities capital assets, net	<u>\$ 823,833,124</u>	<u>\$ 150,486,056</u>	<u>\$ (168,123,715)</u>	<u>\$ 806,195,465</u>

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

	Expended to June 30, 2019	Remaining Commitments
Sewer system improvements	\$ 14,484,281	\$ 2,803,432
Water system improvements	34,782,660	17,767,235
Solid waste system improvements	180,348	128,822
Airport improvements	3,090,029	705,458
Total	<u>\$ 52,537,318</u>	<u>\$ 21,404,947</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 7,556,358
Public safety	7,349,539
Community services	10,008,915
Transportation and development	28,626,657
Total depreciation expense - governmental activities	<u>\$ 53,541,469</u>
Business-type activities:	
Water	\$ 16,993,600
Wastewater	25,953,501
Solid waste	591,819
Airport	944,989
Chandler housing authority	573,674
Total depreciation expense - business-type activities	<u>\$ 45,057,583</u>

NOTE 5 - Long-Term Liabilities

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. Bonds issued for business-type activities are reported in the enterprise funds as they are to be repaid from enterprise revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10 to 15 year serial bonds, except for refunding issues, with varying amounts of principal maturing each year. The City has pledged future ad valorem tax revenues and net enterprise revenues to repay a total of \$366,114,585 in outstanding general obligation bonds and are payable through July 1, 2032. Proceeds of the bonds were used for governmental and business-type activities.

Governmental Activities General Obligation Bonds

Annual principal and interest payments on the government activities bonds are expected to require less than 80 percent of total 2018-19 ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$249,759,690. Principal and interest paid for the current year and total ad valorem property taxes were \$25,932,979 and \$32,526,357 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2019 were as follows:

	Outstanding June 30, 2019
Governmental Activities General Obligation Bonds:	
\$9,925,000 Capital Improvement Bonds, Series 2011A, due in annual installments of \$2,500,000 to \$3,300,000 through 7/1/20; interest at 4 percent.	\$ 5,800,000
\$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.	120,049,000
\$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 \$7,125,000 through 7/1/32; interest at 2.3 percent to 4 percent.	54,415,000
Total Governmental Activities General Obligation Bonds	<u>\$ 205,764,000</u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds are expected to require less than 28 percent of total 2018-19 net water and wastewater system and airport revenues. The total principal and interest remaining to be paid on the business-type activities portion of the general obligation bonds is \$116,354,895. Principal and interest paid for the current year and total net water system, wastewater system, and airport revenues were \$13,810,156 and \$49,432,565 respectively.

	Outstanding June 30, 2019
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.	\$ 82,351,000
\$39,050,000 Refunding Bonds, Series 2016, due in annual installments of \$2,395,000 to \$8,650,000 beginning 7/1/25 through 7/1/27; interest at 3 percent to 5 percent.	13,550,000
Total Business-Type Activities General Obligation Bonds	<u>\$ 95,901,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 5 - Long-Term Liabilities, continued

B. Street and Highway Revenue Bonds

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

The City has pledged future highway user revenues to repay a total of \$2,050,000 in outstanding street and highway user revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's streets and highways. The bonds are payable solely from state shared gasoline tax revenues and are payable through July 1, 2019. Annual principal and interest payments on the bonds are expected to require less than 14 percent of total 2018-19 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$2,089,600. Principal and interest paid for the current year and street and highway user revenue taxes were \$2,341,594 and \$17,301,902, respectively.

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2019 were as follows:

	Outstanding June 30, 2019
Governmental Activities Revenue Bonds:	
\$10,450,000 Street & Highway User Refunding Bonds, Series 2010, due in an annual installment of \$560,000 through 7/1/19; interest at 3.5 percent.	\$ 560,000
\$8,660,000 Street & Highway User Refunding Bonds, Series 2014, due in an annual installment of \$1,490,000 through 7/1/19; interest at 4 percent.	1,490,000
	<hr/>
Total Governmental Activities Revenue Bonds	\$ 2,050,000

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 \$4,685,000 in outstanding water and wastewater system revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's water and wastewater systems. The bonds are payable solely from net water and wastewater system revenues and are payable through July 1, 2020. Annual principal and interest payments on the bonds are expected to require less than 7 percent of net 2018-19 water and wastewater system revenue.

The total principal and interest remaining to be paid on the bonds is \$4,872,300. Principal and interest paid for the current year and net water and wastewater system revenues were \$3,410,600 and \$49,612,436 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 5 - Long-Term Liabilities, continued

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2019 were as follows:

	Outstanding June 30, 2019
Business-Type Activities Revenue Bonds:	
\$15,400,000 Water & Sewer Refunding Bonds, Series 2014, due in annual installments of \$2,340,000 to \$2,345,000 through 7/1/20; interest at 4 percent.	\$ 4,685,000
Total Business-Type Activities Revenue Bonds	\$ 4,685,000

D. Excise Tax Revenue Obligations

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

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

Annual principal and interest payments on the obligations are being repaid from net water and wastewater system revenues and are expected to require less than 30 percent of net 2018-19 system revenues. The total principal and interest to be paid on the obligations is \$305,400,663. Principal and interest paid for the current year and net water and wastewater system revenues were \$17,518,659 and \$49,612,436 respectively. Total excise tax revenues during the fiscal year were \$221,726,718. Principal and interest paid in 2018-19 were less than 8 percent of total excise tax revenues.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 5 - Long-Term Liabilities, continued

	Outstanding June 30, 2019
Business-Type Activities Excise Tax Revenue Obligations:	
\$15,000,000 Water & Sewer Excise Tax Revenue Obligations, Series 2011, due in annual installments of \$805,000 to \$905,000 through 7/1/22; interest at 3 percent to 4 percent.	\$ 3,415,000
\$104,500,000 Water & Sewer Excise Tax Revenue Obligations, Series 2013, due in annual installments of \$2,750,000 to \$12,000,000 through 7/1/33; interest at 4 percent to 5 percent.	100,150,000
\$66,660,000 Water & Sewer Excise Tax Revenue Obligations, Series 2015, due in annual installments of \$1,750,000 to \$5,620,000 through 7/1/35; interest at 3 percent to 5 percent.	63,755,000
\$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 \$525,000 to \$4,045,000 through 7/1/37; interest at 3 percent to 5 percent.	35,745,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u>\$ 222,575,000</u>

E. Special Assessment Bonds with Governmental Commitment

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 2019, 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, 2019 were as follows:

	Outstanding June 30, 2019
Special Assessment Bonds with Governmental Commitment:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$565,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 2,395,000
Total Special Assessment Bonds with Governmental Commitment	<u>\$ 2,395,000</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

	Balance			Balance	Due within
	June 30, 2018	Additions	Reductions	June 30, 2019	One Year
Governmental Activities:					
Compensated absences	\$ 10,659,857	\$ 2,108,139	\$ (1,786,731)	\$ 10,981,265	\$ 2,061,110
Bonds payable:					
General obligation bonds	223,288,000	—	(17,524,000)	205,764,000	20,225,000
Revenue bonds	4,270,000	—	(2,220,000)	2,050,000	2,050,000
Special assessment bonds	2,940,000	—	(545,000)	2,395,000	565,000
Issuance premiums	21,465,917	—	(2,324,018)	19,141,899	2,182,535
Total bonds payable	251,963,917	—	(22,613,018)	229,350,899	25,022,535
Arbitrage liability	27,508	—	(27,508)	—	—
Claims payable	6,421,289	24,040,298	(23,743,361)	6,718,226	6,198,035
Net pension liability	269,634,781	—	(4,470,954)	265,163,827	—
Post employment benefits	48,379,857	—	(2,218,250)	46,161,607	—
Totals	<u>\$ 587,087,209</u>	<u>\$ 26,148,437</u>	<u>\$ (54,859,822)</u>	<u>\$ 558,375,824</u>	<u>\$ 33,281,680</u>

	Balance			Balance	Due Within
	June 30, 2018	Additions	Reductions	June 30, 2019	One Year
Business-Type Activities:					
Compensated absences	\$ 1,132,763	\$ 224,279	\$ (188,779)	\$ 1,168,263	\$ 219,275
Bonds & obligations payable:					
General obligation bonds	105,707,000	—	(9,806,000)	95,901,000	9,640,000
Revenue bonds	7,845,000	—	(3,160,000)	4,685,000	2,345,000
Excise tax revenue obligations	230,635,000	—	(8,060,000)	222,575,000	6,590,000
Issuance premiums	28,713,614	—	(2,632,877)	26,080,737	2,598,176
Total bonds & obligations payable	372,900,614	—	(23,658,877)	349,241,737	21,173,176
Arbitrage liability	47,492	—	(47,492)	—	—
Net pension liability	20,842,622	—	(1,835,087)	19,007,535	—
Post employment benefits	5,693,993	—	(103,744)	5,590,249	—
Landfill closure/post closure	4,340,000	—	—	4,340,000	94,446
Totals	<u>\$ 404,957,484</u>	<u>\$ 224,279</u>	<u>\$ (25,833,979)</u>	<u>\$ 379,347,784</u>	<u>\$ 21,486,897</u>

Compensated Absences

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

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, 2019, the 6 percent debt limitation was \$232,258,669, providing a debt margin of \$219,747,369 and the 20 percent debt limitation was \$774,195,564, providing a debt margin of \$475,314,362. The assessed valuation method used was changed in fiscal year 2015-16 from secondary assessed valuation to the full cash valuation based on advice of bond council.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 5 - Long-Term Liabilities, concluded

Bond Covenants

Pursuant to certain bond indenture agreements, the City is obligated to various limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The City is in compliance with all such significant limitations and restrictions in the opinion of City's management.

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 2019:

GOVERNMENTAL ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Highway Users Revenue Principal	Highway Users Revenue Interest	Improvement Districts Principal	Improvement Districts Interest	Total
2020	\$ 20,225,000	\$ 7,732,760	\$ 2,050,000	\$ 39,600	\$ 565,000	\$ 95,800	\$ 30,708,160
2021	20,775,000	7,032,510	—	—	585,000	73,200	28,465,710
2022	18,395,000	6,333,405	—	—	610,000	49,800	25,388,205
2023	17,760,000	5,627,850	—	—	635,000	25,400	24,048,250
2024	18,560,000	4,824,275	—	—	—	—	23,384,275
2025-2029	94,089,000	11,550,605	—	—	—	—	105,639,605
2030-2034	15,960,000	894,285	—	—	—	—	16,854,285
Total	<u>\$ 205,764,000</u>	<u>\$ 43,995,690</u>	<u>\$ 2,050,000</u>	<u>\$ 39,600</u>	<u>\$ 2,395,000</u>	<u>\$ 244,200</u>	<u>\$ 254,488,490</u>
BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2020	\$ 9,640,000	\$ 3,724,050	\$ 2,345,000	\$ 140,500	\$ 6,590,000	\$ 9,068,025	\$ 31,507,575
2021	9,325,000	3,439,575	2,340,000	46,800	8,525,000	8,712,450	32,388,825
2022	9,525,000	3,120,630	—	—	9,360,000	8,294,225	30,299,855
2023	9,650,000	2,748,560	—	—	10,035,000	7,834,925	30,268,485
2024	9,555,000	2,316,685	—	—	10,425,000	7,334,350	29,631,035
2025-2029	48,206,000	5,104,395	—	—	60,450,000	28,176,725	141,937,120
2030-2034	—	—	—	—	94,730,000	12,343,625	107,073,625
2035-2039	—	—	—	—	22,460,000	1,061,338	23,521,338
Total	<u>\$ 95,901,000</u>	<u>\$ 20,453,895</u>	<u>\$ 4,685,000</u>	<u>\$ 187,300</u>	<u>\$ 222,575,000</u>	<u>\$ 82,825,663</u>	<u>\$ 426,627,858</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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, 2019:

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, 2019, the City estimates total costs related to landfill closure and postclosure care is \$15,861,075 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,521,075 has been paid. The remaining balance of \$4,340,000 consists of a current liability of \$94,446 and \$4,245,554 recorded as a long-term liability on the City's financial statements.

The estimated total current cost of the landfill closure and postclosure, \$15,861,075, 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, 2019. 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, 2018. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, e.g., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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	\$ 6,524,799	\$ 510,456	\$ 61,402	\$ 7,096,657
Wastewater	7,441,748	687,094	50,663	8,179,505
Solid Waste	—	—	151,414	151,414
Airport	—	—	2,907,579	2,907,579
Total	<u>\$ 13,966,547</u>	<u>\$ 1,197,550</u>	<u>\$ 3,171,058</u>	<u>\$ 18,335,155</u>

NOTE 9 - Fund Equity

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

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

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

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

Assigned fund balance includes amounts intended to be used for a specific purpose. For 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 9 - Fund Equity, concluded

As of June 30, 2019 the constraints placed on fund balance for the major governmental funds and other non-major governmental funds are presented in the following table:

	General	General Government Capital Projects	General Obligation Bonds Debt Service	Other Governmental	Total
Nonspendable:					
Inventories	\$ 866,239	\$ —	\$ —	\$ —	\$ 866,239
Total non-spendable	866,239	—	—	—	866,239
Restricted for:					
Court enhancement	1,613,503	—	—	—	1,613,503
Judicial enhancement	431,009	—	—	—	431,009
Weapons proceeds	94,489	—	—	—	94,489
Citing agency	40,766	—	—	—	40,766
Transportation and development	—	11,693,911	—	101,156,966	112,850,877
Debt service reserve	—	—	4,586,562	240,159	4,826,721
Community development	—	—	—	564,994	564,994
Community services	—	—	—	35,116,395	35,116,395
Other capital projects	—	—	—	17,951,971	17,951,971
Total restricted	2,179,767	11,693,911	4,586,562	155,030,485	173,490,725
Assigned to:					
Domestic violence prevention	94,109	—	—	—	94,109
Self-insurance purposes	1,396,555	—	—	—	1,396,555
Traffic safety reserve	133,000	—	—	—	133,000
PSPRS contribution	35,954,072	—	—	—	35,954,072
Capital improvement projects	82,636,228	—	—	—	82,636,228
Economic development projects	11,000,250	—	—	—	11,000,250
Total assigned	131,214,214	—	—	—	131,214,214
Unassigned	66,035,760	—	—	(5,758,986)	60,276,774
Total unassigned	66,035,760	—	—	(5,758,986)	60,276,774
Total fund balances	<u>\$ 200,295,980</u>	<u>\$ 11,693,911</u>	<u>\$ 4,586,562</u>	<u>\$ 149,271,499</u>	<u>\$ 365,847,952</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 2018-19. This amounts to \$37,345,700 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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, 2019, 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	\$ 265,163,827	\$ 19,007,535	\$ 284,171,362
Pension deferred outflows of resources	59,665,869	3,028,315	62,694,184
Pension deferred inflows of resources	15,961,953	2,425,903	18,387,856
Pension expense	23,462,120	5,865,530	29,327,650

	OPEB Plans		
	Governmental Activities	Business-type Activities	Total
Net OPEB liability	\$ 46,161,607	\$ 5,590,249	\$ 51,751,856
OPEB deferred outflows of resources	1,992,145	226,863	2,219,008
OPEB deferred inflows of resources	12,920,487	1,569,100	14,489,587
OPEB expense	2,043,014	278,593	2,321,607

The City of Chandler reported \$30,864,015 and \$1,675,256 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, 2019

NOTE 10 - Retirement and Pension Plans, continued

B. Benefits Provided

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

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

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

C. Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.80 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the City of Chandler was required by statute to contribute at the actuarially determined rate of 11.80 percent (11.18 percent for retirement, 0.46 percent for health insurance premium benefit, and 0.16 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 10.53 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, 2019, 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, 2019, were \$8,470,741. 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, 2019

NOTE 10 - Retirement and Pension Plans, continued

D. Pension Liability

At June 30, 2019, the City of Chandler reported a liability of \$106,413,043 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. 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, 2018, the City of Chandler's proportion was 0.76 percent, which was an increase of 0.02 percent from its proportion measured as of June 30, 2017.

E. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2019, the City of Chandler recognized pension expense for ASRS of \$3,396,199 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	\$ 2,931,593	\$ 586,638
Changes of assumptions or other inputs	2,815,884	9,434,977
Net difference between projected and actual earnings on pension plan investments	—	2,558,982
Changes in proportion and differences between contributions and proportionate share of contributions	2,350,377	638,260
Contributions subsequent to the measurement date	8,470,741	—
Total	<u>\$ 16,568,595</u>	<u>\$ 13,218,857</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, 2020. 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:	
2019	\$ 1,598,949
2020	(1,690,561)
2021	(3,881,787)
2022	(1,147,604)

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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, 2017
Actuarial roll forward date	June 30, 2018
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, 2017 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 5.07 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%	5.50%
Fixed income	30%	3.83%
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 a decrease of 0.5 percent from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 10 - Retirement and Pension Plans, continued

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City of Chandler's proportionate share of the net pension liability	\$ 151,694,241	\$ 106,413,043	\$ 68,581,334

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, 2019

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	25 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%	2.5% per year of credited service, not to exceed 80%	1.5% to 2.5% per year of 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, 2019, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	149	67
Inactive employees entitled to but not yet receiving benefits	49	20
Active employees	305	196
Total	503	283

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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, 2019, 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	9.91%	10.55%
Employer rates - pension		
Tier 1	45.42%	40.68%
Tier 2	45.42%	40.68%
Tier 3	40.55%	35.59%

In addition, the City of Chandler was required by statute to contribute at the actuarially determined rate of 26.75 percent for police and 21.67 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	\$ 15,398,196	\$ 8,670,333

E. Pension Liability

At June 30, 2019, the City of Chandler reported \$115,703,251 in net pension liability for police and \$62,055,068 in net pension liability for fire. The net pension liabilities were measured as of June 30, 2018, 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, 2018, 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, 2019

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, 2018
Actuarial cost method	Entry age normal
Investment rate of return Tier 1/2	7.4%
Investment rate of return Tier 3	7.0%
Price inflation	2.5%
Wage inflation	3.5%
Projected salary increases including inflation	4.0 - 8.0%
Cost of living adjustment	Included for pensions
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.40 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%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Real estate	10%	3.75%
Private equity	12%	5.83%
Private Credit	16%	6.75%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

G. Pension Discount Rates

The discount rate of 7.40 percent was used to measure the total pension liability for Tier 1/2 members and 7.00 percent for Tier 3 members. The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 10 - Retirement and Pension Plans, continued

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Police			
Balances at June 30, 2018	\$ 245,328,802	\$ 130,445,748	\$ 114,883,054
Changes for the year:			
Service cost	5,737,868	—	5,737,868
Interest on the total pension liability	17,999,842	—	17,999,842
Changes of benefit terms	—	—	—
Differences between expected and actual experience in the measurement of the pension liability	(671,252)	—	(671,252)
Contributions - employer	—	10,296,409	(10,296,409)
Contributions - employee	—	2,765,932	(2,765,932)
Net investment income	—	9,301,979	(9,301,979)
Benefit payments, including refunds of employee contributions	(9,913,263)	(9,913,263)	—
Administrative expense	—	(142,274)	142,274
Other changes	—	24,215	(24,215)
Net changes	13,153,195	12,332,998	820,197
Balances at June 30, 2019	<u>\$ 258,481,997</u>	<u>\$ 142,778,746</u>	<u>\$ 115,703,251</u>
	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS - Fire			
Balances at June 30, 2018	\$ 147,043,353	\$ 87,140,956	\$ 59,902,397
Changes for the year:			
Service cost	4,014,526	—	4,014,526
Interest on the total pension liability	10,794,299	—	10,794,299
Differences between expected and actual experience in the measurement of the pension liability	1,014,752	—	1,014,752
Contributions - employer	—	5,956,704	(5,956,704)
Contributions - employee	—	1,633,743	(1,633,743)
Net investment income	—	6,174,093	(6,174,093)
Benefit payments, including refunds of employee contributions	(6,363,418)	(6,363,418)	—
Administrative expense	—	(94,669)	94,669
Other changes	—	1,035	(1,035)
Net changes	9,460,159	7,307,488	2,152,671
Balances at June 30, 2019	<u>\$ 156,503,512</u>	<u>\$ 94,448,444</u>	<u>\$ 62,055,068</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 10 - Retirement and Pension Plans, continued

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

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

		Tier1-2/Tier 3 1% Decrease	Current Discount Rate	Tier1-2/Tier 3 1% Increase
PSPRS - Police:				
Rate		6.4/6.0	7.4/7.0	8.4/8.0
Net pension liability	\$	152,998,049	\$ 115,703,251	\$ 85,518,290
PSPRS - Fire:				
Rate		6.4/6.0	7.4/7.0	8.4/8.0
Net pension liability	\$	84,706,344	\$ 62,055,068	\$ 43,610,167

I. Pension Expense

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

J. Pension Expense

For the year ended June 30, 2019, the City of Chandler recognized the following as pension expense:

	Pension Expense
PSPRS - Police	\$ 16,770,158
PSPRS - Fire	9,162,624

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 10 - Retirement and Pension Plans, concluded

K. Pension Deferred Outflows/Inflows of Resources

At June 30, 2019, the City of Chandler reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,824,218	\$ 4,560,278
Changes of assumptions or other inputs	9,450,307	—
Net difference between projected and actual earnings on pension plan investments	1,188,188	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	15,398,196	—
Total	\$ 27,860,909	\$ 4,560,278

PSPRS - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,612,438	\$ 608,721
Changes of assumptions or other inputs	7,078,805	—
Net difference between projected and actual earnings on pension plan investments	903,104	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	8,670,333	—
Total	\$ 18,264,680	\$ 608,721

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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
2020	\$ 5,378,084	\$ 3,061,632
2021	2,739,225	2,470,872
2022	(93,281)	931,036
2023	20,979	1,365,126
2024	(105,736)	889,237
Thereafter	(36,836)	267,723

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.

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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

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	437
Active members	1,595
Total	<u>2,032</u>

E. Total OPEB Liability

The City's total OPEB liability of \$51,751,856 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date. The total OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation date as of June 30, 2017 to the measurement date of June 30, 2018.

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, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2018
Actuarial valuation date	June 30, 2017
Discount Rate	3.87%
Inflation rate	2.70%
Projected salary increases	Vary depending on retirement plan and years of service from 2.7% - 7.5%
Health care cost trend rate:	
Medical and Prescription Drug	3.325% graded down to an ultimate rate of 4.5% over 9 years
Retiree contribution increase	Consistent with medical/drug trends. 100% share of benefit related costs

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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

G. Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 52,838,811
Changes for the year	
Service cost	3,020,484
Interest	1,939,376
Differences between expected and actual experience	(883,708)
Changes in assumptions or other inputs	(1,789,527)
Benefit payments	(3,373,580)
Net changes	<u>(1,086,955)</u>
Total OPEB liability - end of year	<u>\$ 51,751,856</u>

Changes in assumptions reflect the following:

1. The discount rate increased from 3.58% to 3.87% based on the changes in the 20 year municipal bond rate from June 30, 2017 to June 30, 2018.
2. Future health trend rates were updated.
3. Decrement rates and salary scale were updated based on recent actuarial experience studies.

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% Increase (4.87%)	Current Discount Rate (3.87%)	1% Decrease (2.87%)
Total OPEB liability	\$ 46,316,734	\$ 51,751,856	\$ 58,422,759

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% Increase (7.75%)	Current Healthcare Cost Trend Rates (6.75%)	1% Decrease (5.75%)
Total OPEB liability	\$ 55,721,178	\$ 51,751,856	\$ 48,370,935

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

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

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$2,321,607. At June 30, 2019, 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	\$ —	\$ 6,989,389
Changes of assumptions or other inputs	—	7,500,198
Contributions subsequent to measurement date	2,219,008	—
Total	<u>\$ 2,219,008</u>	<u>\$ 14,489,587</u>

The deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the previous table will be recognized as an adjustment of the net OPEB liability in the year ended June 30, 2020. 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:		
2020	\$	(2,638,253)
2021		(2,638,253)
2022		(2,638,253)
2023		(2,638,253)
2024		(2,638,253)
Thereafter		(1,298,322)

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 13 - Risk Management, concluded

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 2018-19, 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 2018-19, there were no significant reductions in the amounts of excess coverage purchased, nor has the City experienced any settlements in excess of insurance coverage over the past three fiscal years.

The City also has commercial stop loss insurance that provides specific (by individual member) coverage for health insurance claims incurred in excess of \$300,000 within the plan year, and aggregate (plan wide) coverage for health insurance claims incurred above 110 percent of total plan wide claims for the plan year. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The claims liability of \$6,718,226 reported as claims payable in the Self-Insurance Fund at June 30, 2019, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liabilities be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. This includes known future payments made for insurance as well as estimated IBNR calculations.

Changes in the Fund's claims liability amount in fiscal years 2018 and 2019 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
2018	Workers' compensation	\$ 1,854,501	\$ 3,020,423	\$ (3,005,901)	\$ 1,869,023
	Property and liability	1,620,383	2,402,138	(2,335,107)	1,687,414
	Health	2,400,953	19,816,326	(19,503,516)	2,713,763
	Dental	132,022	1,900,597	(1,881,530)	151,089
		<u>\$ 6,007,859</u>	<u>\$ 27,139,484</u>	<u>\$ (26,726,054)</u>	<u>\$ 6,421,289</u>
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>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 14 - Interfund Transfers

The interfund transfers in and out at June 30, 2019 are as follows:

Fund	Transfer Detail	Transfers In	Transfers Out
General	Capital projects - general government	\$ —	\$ 37,111,863
	Non-major governmental	—	5,620,867
	Non-major enterprise	—	439,015
	Internal service	—	2,450,000
	Total general fund	—	45,621,745
Capital projects - general government	General	37,111,863	—
		37,111,863	—
Non-major governmental	General	5,620,867	—
	Non-major governmental	2,073,328	2,073,328
	Enterprise - water	317,357	—
	Enterprise - wastewater	217,627	—
	Non-major enterprise	123,765	310,414
	Internal service	19,698	—
	Total non-major governmental funds	8,372,642	2,383,742
Water	Non-major governmental	—	317,357
	Total water fund	—	317,357
Wastewater	Non-major governmental	—	217,627
	Total wastewater fund	—	217,627
Non-major enterprise	General	439,015	—
	Non-major governmental	310,414	123,765
	Total non-major enterprise funds	749,429	123,765
Internal service	General	2,450,000	—
	Non-major governmental	—	19,698
	Total internal service fund	2,450,000	19,698
Total		\$ 48,683,934	\$ 48,683,934

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 15 - Interfund Receivables and Payables

A. Interfund Advances To/Advances From

Advances to other funds	Advances from other funds	Total
Governmental funds:		
Capital projects - general government	Capital projects - public safety buildings and improvements	\$ 9,546,432
	Capital projects - public buildings	2,289,427
	Total governmental funds	<u>11,835,859</u>
Enterprise funds:		
Water	Enterprise - wastewater	<u>3,900,000</u>
	Total all funds	<u>\$ 15,735,859</u>

Interfund advances were made from governmental funds to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$2,000,000 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	Capital projects - public buildings	\$ 67,209
	Capital projects - grants	2,470,522
	Special revenue - community development	70,132
	Chandler Housing Authority	<u>30,236</u>
	Total general fund	<u>\$ 2,638,099</u>

Interfund balances at June 30, 2019 are short-term loans used to cover temporary cash deficits in various funds and are expected to be repaid within one year.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 16 - Joint Venture

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

Total investment in joint venture as of June 30, 2019, is:

City of Chandler's Share	\$ 81,541,088
Town of Gilbert's Share	89,957,419
	<u>\$ 171,498,507</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property special revenue fund had a deficit fund balance of \$40,060. The deficit will be covered by future revenues. The public buildings capital projects fund had deficit fund balance of \$2,356,335. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues. The grants capital project fund had a deficit fund balance of \$218,555. The deficit will be covered by future revenues. Public safety buildings and improvement capital projects fund had deficit fund balance of \$3,144,036. 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 2018-2019 is \$526,942. Detailed information on such commitments is prohibited from disclosure under Arizona Revised Statute 42-2002, Disclosure of Confidential Information Prohibited, and City of Chandler Code, 62-510 Divulging of Information Prohibited.

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

For the fiscal year ended June 30, 2019, the City abated property taxes totaling \$144,941 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 \$115,102 of property tax abated.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2019

NOTE 19 - Prior Period Adjustments

The City restated the beginning net position for governmental activities and beginning General Fund fund balance to record prior year privilege tax receivables not previously accrued. This resulted in increases to beginning governmental activities net position and General Fund fund balance of \$11,559,483.

The City restated the beginning net position for the Chandler Housing Authority Fund, a non-major proprietary fund to record prior year collection of notes receivable. This resulted in a decrease to beginning net position of \$97,950.

NOTE 20 - Subsequent Events

On December 4, 2019, the City issued General Obligation Bonds, Series 2019 in the amount of \$30,400,000, maturing on July 1, 2035, with a true interest rate of 2.02 percent. Proceeds from the obligations will be used for acquiring and constructing improvements to parks and recreation facilities, a museum, streets, a police and fire training center and other public safety improvements, and to pay the costs incurred in connection with the issuance of the obligations.

On December 4, 2019, the City issued Excise Tax Revenue Obligation Bonds, Series 2019 in the amount of \$13,000,000, maturing on July 1, 2028, with a true interest rate of 1.42 percent. Proceeds from the obligations will be used for the purpose of paying costs associated with various capital improvements to the City water and wastewater system, and to pay costs incurred in connection with the issuance of the obligations.



REQUIRED SUPPLEMENTARY INFORMATION

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
General Fund
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 7,527,370	\$ 7,527,370	\$ 7,666,777	\$ 139,407
Sales taxes	122,770,000	122,770,000	139,851,355	17,081,355
Franchise fees	3,271,000	3,271,000	3,567,184	296,184
State shared	66,091,000	66,091,000	67,156,430	1,065,430
Grants and entitlements	335,155	335,155	206,182	(128,973)
Licenses and permits	6,043,000	6,043,000	7,268,592	1,225,592
Charges for services	19,610,756	19,610,756	20,682,104	1,071,348
Fines and forfeitures	3,825,200	3,825,200	3,880,467	55,267
Rentals	116,100	116,100	127,206	11,106
Contributions	200,000	200,000	200,000	—
Interest revenue	2,538,000	2,538,000	7,020,213	4,482,213
Miscellaneous	161,500	161,500	815,358	653,858
Total Revenues	232,489,081	232,489,081	258,441,868	25,952,787
EXPENDITURES:				
General government				
Administrative services	20,956,899	22,341,365	20,772,993	1,568,372
City manager	9,059,849	9,560,016	7,001,756	2,558,260
City clerk	863,007	892,939	805,135	87,804
Communications and public affairs	2,493,311	2,994,347	2,500,483	493,864
Law	3,812,952	3,858,227	3,804,950	53,277
City magistrate	4,601,954	4,620,519	4,513,409	107,110
Management services	65,014,772	45,766,442	15,199,184	30,567,258
Mayor and council	1,016,927	1,058,200	1,133,690	(75,490)
Public safety				
Fire	35,949,791	38,003,892	37,451,140	552,752
Police	73,658,545	75,966,097	74,769,891	1,196,206
Transportation and development				
Public works	11,025,323	13,136,714	12,496,018	640,696
Development services	8,369,451	8,491,582	7,812,358	679,224
Community services	27,880,249	28,728,600	27,838,558	890,042
Total expenditures	264,703,030	255,418,940	216,099,565	39,319,375
REVENUES OVER (UNDER) EXPENDITURES	(32,213,949)	(22,929,859)	42,342,303	65,272,162
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	—	—	986,370	986,370
Transfers out	(75,998,205)	(76,096,035)	(45,621,745)	30,474,290
Total other financing sources (uses)	(75,998,205)	(76,096,035)	(44,635,375)	31,460,660
Net change in fund balance	(108,212,154)	(99,025,894)	(2,293,072)	96,732,822
Fund balance, July 1, 2018, as restated	195,895,403	195,895,403	195,895,403	—
Fund balance, June 30, 2019	\$ 87,683,249	\$ 96,869,509	\$ 193,602,331	\$ 96,732,822

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, 2019

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.76%	0.74%	0.75%	0.73%	0.71%
City's proportionate share of the net pension liability (asset)	\$ 106,413,043	\$ 115,691,952	\$ 121,549,835	\$ 113,885,153	\$ 105,661,552
City's covered payroll	\$ 75,579,140	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465	\$ 64,263,236
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	140.80%	160.05%	172.75%	169.40%	164.42%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	69.92%	67.06%	68.35%	69.49%

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

City of Chandler
Schedule of Contributions -
All Pension Plans
For the year ended June 30, 2019

	2019	2018	2017	2016	2015
Arizona State Retirement System:					
Actuarially determined contribution	\$ 8,470,741	\$ 8,268,029	\$ 7,793,041	\$ 7,634,805	\$ 7,323,872
Contributions in relation to the actuarially determined contribution	8,470,741	8,268,029	7,793,041	7,634,805	7,323,872
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 75,407,689	\$ 75,579,140	\$ 72,284,183	\$ 70,362,938	\$ 67,230,465
Contributions as a percentage of covered payroll	11.23%	10.94%	10.78%	10.85%	10.89%
Public Safety Personnel Retirement System - Police:					
Actuarially determined contribution	\$ 12,267,559	\$ 10,950,501	\$ 8,470,411	\$ 8,561,143	\$ 6,083,333
Contributions in relation to the actuarially determined contribution ¹	15,398,196	14,300,501	10,145,411	8,561,143	6,083,333
Contribution deficiency (excess)	\$ (3,130,637)	\$ (3,350,000)	\$ (1,675,000)	\$ —	\$ —
City's covered payroll	\$ 28,848,732	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641
Contributions as a percentage of covered payroll	42.52%	38.70%	31.30%	30.63%	23.23%
Public Safety Personnel Retirement System - Fire:					
Actuarially determined contribution	\$ 7,021,133	\$ 6,392,313	\$ 4,616,587	\$ 4,438,495	\$ 3,193,139
Contributions in relation to the actuarially determined contribution ¹	8,670,333	8,042,313	5,441,587	4,438,495	3,193,139
Contribution deficiency (excess)	\$ (1,649,200)	\$ (1,650,000)	\$ (825,000)	\$ —	\$ —
City's covered payroll	\$ 19,025,780	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133
Contributions as a percentage of covered payroll	36.90%	35.12%	26.72%	26.30%	20.38%

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

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

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, 2019

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 5,737,868	\$ 6,092,332	\$ 5,337,103	\$ 4,583,770	\$ 4,602,603
Interest	17,999,842	17,064,596	14,964,498	13,839,509	11,841,118
Changes of benefit terms	—	1,501,042	17,456,919	—	1,741,535
Differences between expected and actual experience	(671,252)	(6,211,672)	858,761	4,879,849	567,380
Changes of assumptions	—	6,528,203	8,537,784	—	13,082,165
Benefit payments, including refunds	(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
Net change in total pension liability	13,153,195	16,719,554	34,139,440	17,621,292	24,780,302
Total pension liability - beginning	245,328,802	228,609,248	194,469,808	176,848,516	152,068,214
Total pension liability - ending	\$ 258,481,997	\$ 245,328,802	\$ 228,609,248	\$ 194,469,808	\$ 176,848,516
Plan fiduciary net position					
Contributions - employer	\$ 10,296,409	\$ 10,247,877	\$ 8,728,082	\$ 6,155,142	\$ 5,465,059
Contributions - employee	2,765,932	3,244,412	3,633,359	3,308,265	2,675,724
Net investment income	9,301,979	14,017,325	677,501	3,873,466	12,329,319
Benefit payments, including refunds	(9,913,263)	(8,254,947)	(13,015,625)	(5,681,836)	(7,054,499)
Administrative expense	(142,274)	(124,430)	(97,889)	(94,891)	—
Other	24,215	(167,280)	238,667	(70,777)	(2,733,237)
Net change in plan fiduciary net position	12,332,998	18,962,957	164,095	7,489,369	10,682,366
Plan fiduciary net position - beginning	130,445,748	111,482,791	111,318,696	103,829,327	93,146,961
Plan fiduciary net position - ending	\$ 142,778,746	\$ 130,445,748	\$ 111,482,791	\$ 111,318,696	\$ 103,829,327
Net pension liability - ending	\$ 115,703,251	\$ 114,883,054	\$ 117,126,457	\$ 83,151,112	\$ 73,019,189
Plan fiduciary net position as a percentage of the total pension liability	55.24%	53.17%	48.77%	57.24%	58.71%
Covered payroll	\$ 28,294,661	\$ 27,058,086	\$ 27,946,237	\$ 26,187,641	\$ 24,290,497
Net pension liability as a percentage of covered payroll	408.92%	424.58%	419.11%	317.52%	300.61%

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

City of Chandler
Schedule of Changes in the Net Pension Liability and Related Ratios -
Public Safety Personnel Retirement System - Fire
For the year ended June 30, 2019

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 4,014,526	\$ 3,863,571	\$ 3,174,665	\$ 2,915,603	\$ 2,949,507
Interest	10,794,299	9,983,423	8,707,808	8,264,915	7,191,487
Changes of benefit terms	—	753,382	10,272,193	—	930,663
Differences between expected and actual experience	1,014,752	941,823	96,063	(1,037,307)	(409,426)
Changes of assumptions	—	2,845,297	4,937,927	—	6,465,545
Benefit payments, including refunds	(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
Net change in total pension liability	9,460,159	13,338,179	21,541,386	6,528,892	13,868,930
Total pension liability - beginning	147,043,353	133,705,174	112,163,788	105,634,896	91,765,966
Total pension liability - ending	\$156,503,512	\$147,043,353	\$133,705,174	\$112,163,788	\$105,634,896
Plan fiduciary net position					
Contributions - employer	\$ 5,956,704	\$ 5,514,825	\$ 4,672,177	\$ 3,222,291	\$ 3,152,694
Contributions - employee	1,633,743	2,312,753	2,140,037	1,837,291	1,775,319
Net investment income	6,174,093	9,228,731	440,223	2,568,880	8,217,832
Benefit payments, including refunds	(6,363,418)	(5,049,317)	(5,647,270)	(3,614,319)	(3,258,846)
Administrative expense	(94,669)	(82,059)	(63,746)	(63,063)	—
Other	1,035	50,502	38,948	(55,142)	(1,798,718)
Net change in plan fiduciary net position	7,307,488	11,975,435	1,580,369	3,895,938	8,088,281
Plan fiduciary net position - beginning	87,140,956	75,165,521	73,585,152	69,689,214	61,600,933
Plan fiduciary net position - ending	\$ 94,448,444	\$ 87,140,956	\$ 75,165,521	\$ 73,585,152	\$ 69,689,214
Net pension liability - ending	\$ 62,055,068	\$ 59,902,397	\$ 58,539,653	\$ 38,578,636	\$ 35,945,682
Plan fiduciary net position as a percentage of the total pension liability	60.35%	59.26%	56.22%	65.61%	65.97%
Covered payroll	\$ 18,200,175	\$ 17,275,940	\$ 16,874,362	\$ 15,671,133	\$ 15,691,213
Net pension liability as a percentage of covered payroll	340.96%	346.74%	346.91%	246.18%	229.08%

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

City of Chandler
Schedule of Changes in OPEB Liabilities and Related Ratios -
Single Employer Plan
For the year ended June 30, 2019

	2019	2018
Measurement date	6/30/2018	6/30/2017
Total OPEB liability - beginning of year	\$ 52,838,811	\$ 66,519,700
Changes for the year		
Service cost	3,020,484	3,962,284
Interest	1,939,376	1,967,447
Differences between expected and actual experience	(883,708)	(8,539,064)
Changes in assumptions or other inputs	(1,789,527)	(8,174,073)
Benefit payments	(3,373,580)	(2,897,483)
Net changes	(1,086,955)	(13,680,889)
Total OPEB liability - end of year	\$ 51,751,856	\$ 52,838,811
Total covered payroll	\$ 108,862,317	\$ 106,207,139
Total OPEB liability as percentage of covered payroll	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.

Note 1: 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*.

Note 2: 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, 2019

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	\$ 4,400,577
Reserved encumbrances at June 30, 2019 recognized as budgetary expenditures in fiscal year ended June 30, 2019	<u>(6,693,649)</u>
Budgetary Comparison Schedule for the General Fund	<u><u>\$ (2,293,072)</u></u>

NOTE 2 - Pension Plan Schedules

Actuarial Assumptions for Valuations Performed

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

Factors that Affect Trends - Arizona State Retirement System (ASRS)

The actuarial assumptions used in the June 30, 2017 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, 2018 valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017. 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, 2018 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, 2019

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, 2018 valuation were made for the purposes of fulfilling plan accounting requirements. Factors such as retiree group program experience, changes in assumptions and changes in retiree group benefits program provisions or applicable law may differ from future actuarial measurements.

OTHER FINANCIAL STATEMENTS

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
General Government Capital Projects
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Miscellaneous	\$ 450,000	\$ 450,000	\$ 25,095	\$ (424,905)
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>25,095</u>	<u>(424,905)</u>
EXPENDITURES:				
General government	23,204,685	15,007,509	4,128,354	10,879,155
Public safety	3,771,100	816,070	306,616	509,454
Transportation and development	18,571,858	2,597,406	1,303,927	1,293,479
Community services	3,241,977	81,897	226,903	(145,006)
Capital outlay	30,577,289	68,905,448	42,058,517	26,846,931
Total expenditures	<u>79,366,909</u>	<u>87,408,330</u>	<u>48,024,317</u>	<u>39,384,013</u>
Excess (deficiency) of revenues over expenditures	<u>(78,916,909)</u>	<u>(86,958,330)</u>	<u>(47,999,222)</u>	<u>38,959,108</u>
Other financing sources (uses):				
Transfers in	78,916,909	78,916,909	37,111,863	(41,805,046)
Total other financing sources (uses)	<u>78,916,909</u>	<u>78,916,909</u>	<u>37,111,863</u>	<u>(41,805,046)</u>
Net change in fund balance	<u>—</u>	<u>(8,041,421)</u>	<u>(10,887,359)</u>	<u>(2,845,938)</u>
Fund balance, July 1, 2018	<u>9,224,230</u>	<u>9,224,230</u>	<u>9,224,230</u>	<u>—</u>
Fund balance (deficit), June 30, 2019	<u>\$ 9,224,230</u>	<u>\$ 1,182,809</u>	<u>\$ (1,663,129)</u>	<u>\$ (2,845,938)</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Property taxes	\$ 24,369,329	\$ 24,369,329	\$ 24,859,580	\$ 490,251
Interest revenue	196,000	196,000	584,252	388,252
Total revenues	<u>24,565,329</u>	<u>24,565,329</u>	<u>25,443,832</u>	<u>878,503</u>
EXPENDITURES:				
Principal	20,225,000	20,225,000	20,225,000	—
Interest and fiscal charges	8,084,261	8,084,261	8,084,261	—
Total expenditures	<u>28,309,261</u>	<u>28,309,261</u>	<u>28,309,261</u>	<u>—</u>
Net change in fund balance	(3,743,932)	(3,743,932)	(2,865,429)	878,503
Fund balance, July 1, 2018	<u>7,451,989</u>	<u>7,451,989</u>	<u>7,451,989</u>	<u>—</u>
Fund balance, June 30, 2019	<u>\$ 3,708,057</u>	<u>\$ 3,708,057</u>	<u>\$ 4,586,560</u>	<u>\$ 878,503</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.

NON-MAJOR DEBT SERVICE FUNDS

Highway User Revenue Bonds

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

City of Chandler

Non-Major Governmental 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

Streets

Used to account for the acquisition, construction and improvements of City streets 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, 2019

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Museum
ASSETS							
Equity in pooled cash and investments	\$ 19,615,465	\$ 4,675,247	\$ 1,866,367	\$ —	\$ 254,528	\$ 257,187	\$ 37,082
Receivables (net of allowance for uncollectible):							
Accounts	—	—	6,924	—	—	—	—
Special assessments	—	—	—	—	—	—	—
Notes	—	—	—	448,503	—	—	—
Accrued interest	92,276	19,808	9,412	—	555	1,203	169
Due from other governments	1,545,345	—	196,412	323,115	—	—	—
Total assets	\$ 21,253,086	\$ 4,695,055	\$ 2,079,115	\$ 771,618	\$ 255,083	\$ 258,390	\$ 37,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 396,289	\$ 59,763	\$ 17,392	\$ 128,262	\$ 2,855	\$ —	\$ —
Accrued payroll	64,164	74	14,485	8,230	—	—	—
Trust liabilities and deposits	—	—	—	—	292,288	—	—
Accrued interest	—	—	—	—	—	—	—
Due to other funds	—	—	—	70,132	—	—	—
Advances from other funds	—	—	—	—	—	—	—
Unearned revenue	—	—	6,746	—	—	—	—
Bonds payable - current	—	—	—	—	—	—	—
Total liabilities	460,453	59,837	38,623	206,624	295,143	—	—
Deferred inflows of resources:							
Unavailable revenues - special assessments	—	—	—	—	—	—	—
Unavailable revenues - grants	—	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—	—
Fund balances (deficits):							
Restricted	20,792,633	4,635,218	2,040,492	564,994	—	258,390	37,251
Unassigned	—	—	—	—	(40,060)	—	—
Total fund balances (deficits)	20,792,633	4,635,218	2,040,492	564,994	(40,060)	258,390	37,251
Total liabilities, deferred inflows and fund balances	\$ 21,253,086	\$ 4,695,055	\$ 2,079,115	\$ 771,618	\$ 255,083	\$ 258,390	\$ 37,251

(Continued)

City of Chandler
Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2019

	Special Revenue	Debt Service		Capital Projects	
			Special		
	Library	Highway User	Assessment	Streets	Public
		Revenue Bonds	Bonds		Buildings
ASSETS					
Equity in pooled cash and investments	\$ 32,529	\$ 2,089,600	\$ 206,800	\$ 73,843,369	\$ —
Receivables (net of allowance for uncollectible):					
Accounts	—	—	—	—	—
Special assessments	—	—	2,186,521	—	—
Notes	—	—	—	—	—
Accrued interest	159	—	—	276,403	301
Due from other governments	—	—	—	109,934	—
Total assets	\$ 32,688	\$ 2,089,600	\$ 2,393,321	\$ 74,229,706	\$ 301
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 150	\$ —	\$ —	\$ 533,205	\$ —
Accrued payroll	—	—	—	7,878	—
Trust liabilities and deposits	—	—	—	—	—
Accrued interest	—	39,600	47,900	—	—
Due to other funds	—	—	—	—	67,209
Advances from other funds	—	—	—	—	2,289,427
Unearned revenue	—	—	—	—	—
Bonds payable - current	—	2,050,000	—	—	—
Total liabilities	150	2,089,600	47,900	541,083	2,356,636
Deferred inflows of resources:					
Unavailable revenues - special assessments	—	—	2,105,262	—	—
Unavailable revenues - grants	—	—	—	—	—
Total deferred inflows of resources	—	—	2,105,262	—	—
Fund balances (deficits):					
Restricted	32,538	—	240,159	73,688,623	—
Unassigned	—	—	—	—	(2,356,335)
Total fund balances (deficits)	32,538	—	240,159	73,688,623	(2,356,335)
Total liabilities, deferred inflows and fund balances	\$ 32,688	\$ 2,089,600	\$ 2,393,321	\$ 74,229,706	\$ 301

(Continued)

Capital Projects						
Grants	Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ —	\$ 34,179,783	\$ 8,997,868	\$ 11,774,920	\$ 6,899,972	\$ 516,650	\$ 165,247,367
17,000	—	—	—	—	—	23,924
—	—	—	—	—	—	2,186,521
—	—	—	—	—	—	448,503
—	156,387	15,713	54,760	31,645	2,364	661,155
5,404,758	—	—	—	—	—	7,579,564
<u>\$ 5,421,758</u>	<u>\$ 34,336,170</u>	<u>\$ 9,013,581</u>	<u>\$ 11,829,680</u>	<u>\$ 6,931,617</u>	<u>\$ 519,014</u>	<u>\$ 176,147,034</u>
\$ 1,676,367	\$ 64,481	\$ 2,611,185	\$ 809,326	\$ —	\$ 2,000	\$ 6,301,275
441	487	—	—	—	—	95,759
—	—	—	—	—	—	292,288
—	—	—	—	—	—	87,500
2,470,522	—	—	—	—	—	2,607,863
—	—	9,546,432	—	—	—	11,835,859
—	—	—	—	—	—	6,746
—	—	—	—	—	—	2,050,000
<u>4,147,330</u>	<u>64,968</u>	<u>12,157,617</u>	<u>809,326</u>	<u>—</u>	<u>2,000</u>	<u>23,277,290</u>
—	—	—	—	—	—	2,105,262
1,492,983	—	—	—	—	—	1,492,983
<u>1,492,983</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,598,245</u>
—	34,271,202	—	11,020,354	6,931,617	517,014	155,030,485
(218,555)	—	(3,144,036)	—	—	—	(5,758,986)
<u>(218,555)</u>	<u>34,271,202</u>	<u>(3,144,036)</u>	<u>11,020,354</u>	<u>6,931,617</u>	<u>517,014</u>	<u>149,271,499</u>
<u>\$ 5,421,758</u>	<u>\$ 34,336,170</u>	<u>\$ 9,013,581</u>	<u>\$ 11,829,680</u>	<u>\$ 6,931,617</u>	<u>\$ 519,014</u>	<u>\$ 176,147,034</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, 2019

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Museum
REVENUES:							
Highway user taxes	\$ 17,301,902	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Regional transportation taxes	—	—	—	—	—	—	—
Grants and entitlements	—	673,598	1,707,575	1,965,722	—	102,428	4,603
System development fees	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	—
Charges for services	—	241,447	—	—	—	—	—
Fines and forfeitures	—	—	—	—	351,129	—	—
Interest revenue	686,764	155,457	77,609	4	—	9,762	1,350
Miscellaneous	19,424	3,000	—	—	—	—	90
Total revenues	18,008,090	1,073,502	1,785,184	1,965,726	351,129	112,190	6,043
EXPENDITURES:							
Current:							
General government	—	—	370,184	1,615,885	—	—	—
Public safety	—	—	890,325	—	67,182	—	—
Transportation and development	7,702,510	80,040	—	—	—	—	—
Community services	—	—	243,254	—	—	71,692	1,462
Capital outlay	3,022,397	243,424	59,282	34,633	291,258	8,083	749
Debt service:							
Principal	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—
Total expenditures	10,724,907	323,464	1,563,045	1,650,518	358,440	79,775	2,211
EXCESS (DEFICIENCY) OF							
REVENUES OVER EXPENDITURES	7,283,183	750,038	222,139	315,208	(7,311)	32,415	3,832
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—	—
Transfers out	(2,069,116)	(4,212)	—	(310,414)	—	—	—
Total other financing sources (uses)	(2,069,116)	(4,212)	—	(310,414)	—	—	—
NET CHANGE IN FUND BALANCE	5,214,067	745,826	222,139	4,794	(7,311)	32,415	3,832
FUND BALANCES (DEFICITS):							
Beginning of year	15,578,566	3,889,392	1,818,353	560,200	(32,749)	225,975	33,419
End of year	\$ 20,792,633	\$ 4,635,218	\$ 2,040,492	\$ 564,994	\$ (40,060)	\$ 258,390	\$ 37,251

(Continued)

Special Revenue		Debt Service		Capital Projects		
Library	Highway User Revenue Bonds	Special Assessment Bonds	Streets	Public Buildings	Grants	Community Services
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	866,267	—	—	—
20,421	—	—	—	—	7,231,110	—
—	—	—	4,819,431	163,724	—	2,904,225
—	—	610,501	—	—	—	—
—	—	—	—	—	285,277	—
—	—	—	—	—	—	—
1,454	5,001	1	2,447,261	5,550	—	1,261,578
—	—	—	8,592	—	—	—
21,875	5,001	610,502	8,141,551	169,274	7,516,387	4,165,803
—	—	—	10,533	2,938	25,273	33,162
—	—	—	—	—	—	—
—	—	—	590,336	—	16,243	—
17,949	—	—	—	—	106,140	180,949
—	—	—	9,195,509	—	7,844,039	3,225,177
—	2,050,000	545,000	—	—	—	—
—	79,200	106,700	—	—	—	—
17,949	2,129,200	651,700	9,796,378	2,938	7,991,695	3,439,288
3,926	(2,124,199)	(41,198)	(1,654,827)	166,336	(475,308)	726,515
—	—	—	—	—	—	—
—	1,897,346	—	—	—	—	—
—	—	—	—	—	—	—
—	1,897,346	—	—	—	—	—
3,926	(226,853)	(41,198)	(1,654,827)	166,336	(475,308)	726,515
28,612	226,853	281,357	75,343,450	(2,522,671)	256,753	33,544,687
\$ 32,538	\$ —	\$ 240,159	\$ 73,688,623	\$ (2,356,335)	\$ (218,555)	\$ 34,271,202

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the year ended June 30, 2019

	Capital Projects				
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Technology Replacement	Municipal Arts	Total Other Governmental Funds
REVENUES:					
Highway user taxes	\$ —	\$ —	\$ —	\$ —	\$ 17,301,902
Regional transportation taxes	—	—	—	—	866,267
Grants and entitlements	—	—	—	—	11,705,457
System development fees	1,136,298	—	—	—	9,023,678
Special assessments	—	—	—	—	610,501
Charges for services	—	—	—	303,909	830,633
Fines and forfeitures	—	—	—	—	351,129
Interest revenue	235,400	497,011	267,046	12,286	5,663,534
Miscellaneous	—	51,810	—	—	82,916
Total revenues	1,371,698	548,821	267,046	316,195	46,436,017
EXPENDITURES:					
Current:					
General government	13,470	—	345,628	—	2,417,073
Public safety	218,382	—	—	—	1,175,889
Transportation and development	—	—	—	—	8,389,129
Community services	—	—	—	19,440	640,886
Capital outlay	5,048,337	4,858,310	1,607,460	20,000	35,458,658
Debt service:					
Principal	—	—	—	—	2,595,000
Interest and fiscal charges	—	—	—	—	185,900
Total expenditures	5,280,189	4,858,310	1,953,088	39,440	50,862,535
EXCESS (DEFICIENCY) OF					
REVENUES OVER EXPENDITURES	(3,908,491)	(4,309,489)	(1,686,042)	276,755	(4,426,518)
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	—	370,426	—	—	370,426
Transfers in	—	3,320,599	3,154,697	—	8,372,642
Transfers out	—	—	—	—	(2,383,742)
Total other financing sources (uses)	—	3,691,025	3,154,697	—	6,359,326
NET CHANGE IN FUND BALANCE	(3,908,491)	(618,464)	1,468,655	276,755	1,932,808
FUND BALANCES (DEFICITS):					
Beginning of year	764,455	11,638,818	5,462,962	240,259	147,338,691
End of year	\$ (3,144,036)	\$ 11,020,354	\$ 6,931,617	\$ 517,014	\$ 149,271,499

(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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Highway user taxes	\$ 15,548,000	\$ 15,548,000	\$ 17,301,902	\$ 1,753,902
Interest revenue	222,000	222,000	686,758	464,758
Miscellaneous	—	—	19,424	19,424
Total revenues	<u>15,770,000</u>	<u>15,770,000</u>	<u>18,008,084</u>	<u>2,238,084</u>
EXPENDITURES:				
General government	3,864,300	6,296,323	—	6,296,323
Transportation and development	12,535,760	8,931,742	8,183,344	748,398
Capital outlay	4,601,069	5,883,016	6,025,230	(142,214)
Total expenditures	<u>21,001,129</u>	<u>21,111,081</u>	<u>14,208,574</u>	<u>6,902,507</u>
Excess (deficiency) of revenues over expenditures	<u>(5,231,129)</u>	<u>(5,341,081)</u>	<u>3,799,510</u>	<u>9,140,591</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,300,865)	(2,300,865)	(2,069,116)	231,749
Total other financing sources (uses)	<u>(2,300,865)</u>	<u>(2,300,865)</u>	<u>(2,069,116)</u>	<u>231,749</u>
Net change in fund balance	<u>(7,531,994)</u>	<u>(7,641,946)</u>	<u>1,730,394</u>	<u>9,372,340</u>
Fund balance, July 1, 2018	<u>15,578,566</u>	<u>15,578,566</u>	<u>15,578,566</u>	<u>—</u>
Fund balance, June 30, 2019	<u>\$ 8,046,572</u>	<u>\$ 7,936,620</u>	<u>\$ 17,308,960</u>	<u>\$ 9,372,340</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 692,821	\$ 692,821	\$ 673,598	\$ (19,223)
Charges for services	237,000	237,000	241,447	4,447
Interest revenue	56,000	56,000	155,460	99,460
Miscellaneous	—	—	3,000	3,000
Total revenues	985,821	985,821	1,073,505	87,684
EXPENDITURES:				
General government	2,044,200	1,879,845	—	1,879,845
Transportation and development	1,293,189	1,164,887	80,960	1,083,927
Capital outlay	405,200	662,201	412,963	249,238
Total expenditures	3,742,589	3,706,933	493,923	3,213,010
Excess (deficiency) of revenues over expenditures	(2,756,768)	(2,721,112)	579,582	3,300,694
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,212)	(4,212)	(4,212)	—
Total other financing sources (uses)	(4,212)	(4,212)	(4,212)	—
Net change in fund balance	(2,760,980)	(2,725,324)	575,370	3,300,694
Fund balance, July 1, 2018	3,889,392	3,889,392	3,889,392	—
Fund balance, June 30, 2019	\$ 1,128,412	\$ 1,164,068	\$ 4,464,762	\$ 3,300,694

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
Grants Special Revenue
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 5,033,858	\$ 5,033,858	\$ 1,707,575	\$ (3,326,283)
Interest revenue	29,000	29,000	77,615	48,615
Total revenues	<u>5,062,858</u>	<u>5,062,858</u>	<u>1,785,190</u>	<u>(3,277,668)</u>
EXPENDITURES:				
General government	5,012,333	2,903,881	370,684	2,533,197
Public safety	50,525	1,851,139	892,935	958,204
Community services	—	299,221	245,754	53,467
Capital outlay	—	8,617	75,212	(66,595)
Total expenditures	<u>5,062,858</u>	<u>5,062,858</u>	<u>1,584,585</u>	<u>3,478,273</u>
Net change in fund balance	—	—	200,605	200,605
Fund balance, July 1, 2018	<u>1,818,353</u>	<u>1,818,353</u>	<u>1,818,353</u>	<u>—</u>
Fund balance, June 30, 2019	<u>\$ 1,818,353</u>	<u>\$ 1,818,353</u>	<u>\$ 2,018,958</u>	<u>\$ 200,605</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 2,045,000	\$ 2,045,000	\$ 1,965,722	\$ (79,278)
Total revenues	<u>2,045,000</u>	<u>2,045,000</u>	<u>1,965,722</u>	<u>(79,278)</u>
EXPENDITURES:				
General government	2,602,915	3,088,801	1,797,197	1,291,604
Capital outlay	300,000	228,470	34,633	193,837
Total expenditures	<u>2,902,915</u>	<u>3,317,271</u>	<u>1,831,830</u>	<u>1,485,441</u>
Excess (deficiency) of revenues over expenditures	<u>(857,915)</u>	<u>(1,272,271)</u>	<u>133,892</u>	<u>1,406,163</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	—	—	(310,414)	(310,414)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(310,414)</u>	<u>(310,414)</u>
Net change in fund balance	<u>(857,915)</u>	<u>(1,272,271)</u>	<u>(176,522)</u>	<u>1,095,749</u>
Fund balance, July 1, 2018	<u>560,200</u>	<u>560,200</u>	<u>560,200</u>	<u>—</u>
Fund balance (deficit), June 30, 2019	<u>\$ (297,715)</u>	<u>\$ (712,071)</u>	<u>\$ 383,678</u>	<u>\$ 1,095,749</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Fines and forfeitures	\$ 2,165,100	\$ 2,165,100	\$ 351,129	\$ (1,813,971)
Total revenues	<u>2,165,100</u>	<u>2,165,100</u>	<u>351,129</u>	<u>(1,813,971)</u>
EXPENDITURES:				
General government	32,000	—	—	—
Public safety	947,000	783,108	67,182	715,926
Capital outlay	1,320,000	2,173,292	2,154,155	19,137
Total expenditures	<u>2,299,000</u>	<u>2,956,400</u>	<u>2,221,337</u>	<u>735,063</u>
Net change in fund balance	(133,900)	(791,300)	(1,870,208)	(1,078,908)
Fund balance (deficit), July 1, 2018	<u>(32,749)</u>	<u>(32,749)</u>	<u>(32,749)</u>	<u>—</u>
Fund balance (deficit), June 30, 2019	<u>\$ (166,649)</u>	<u>\$ (824,049)</u>	<u>\$ (1,902,957)</u>	<u>\$ (1,078,908)</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 106,300	\$ 106,300	\$ 102,208	\$ (4,092)
Interest revenue	4,000	4,000	9,759	5,759
Total revenues	110,300	110,300	111,967	1,667
EXPENDITURES:				
Community services	215,386	216,819	71,692	145,127
Capital outlay	—	—	8,083	(8,083)
Total expenditures	215,386	216,819	79,775	137,044
Net change in fund balance	(105,086)	(106,519)	32,192	138,711
Fund balance, July 1, 2018	225,975	225,975	225,975	—
Fund balance, June 30, 2019	\$ 120,889	\$ 119,456	\$ 258,167	\$ 138,711

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Museum Special Revenue
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 39,500	\$ 39,500	\$ 4,603	\$ (34,897)
Interest revenue	1,000	1,000	1,349	349
Miscellaneous	3,300	3,300	90	(3,210)
Total revenues	43,800	43,800	6,042	(37,758)
EXPENDITURES:				
General government	8,463	8,463	—	8,463
Community services	35,337	35,337	1,462	33,875
Capital outlay	—	—	749	(749)
Total expenditures	43,800	43,800	2,211	41,589
Net change in fund balance	—	—	3,831	3,831
Fund balance, July 1, 2018	33,419	33,419	33,419	—
Fund balance, June 30, 2019	\$ 33,419	\$ 33,419	\$ 37,250	\$ 3,831

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Library Special Revenue
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 80,000	\$ 80,000	\$ 20,421	\$ (59,579)
Interest revenue	1,000	1,000	1,452	452
Total revenues	81,000	81,000	21,873	(59,127)
EXPENDITURES:				
General government	1,000	1,000	—	1,000
Community services	80,000	80,000	17,949	62,051
Total expenditures	81,000	81,000	17,949	63,051
Net change in fund balance	—	—	3,924	3,924
Fund balance, July 1, 2018	28,612	28,612	28,612	—
Fund balance, June 30, 2019	\$ 28,612	\$ 28,612	\$ 32,536	\$ 3,924

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Highway User Revenue Bonds
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Miscellaneous	\$ —	\$ —	\$ 5,001	\$ 5,001
Total revenues	<u>—</u>	<u>—</u>	<u>5,001</u>	<u>5,001</u>
EXPENDITURES:				
Principal	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000	\$ —
Interest and fiscal charges	79,200	79,200	79,200	—
Total expenditures	<u>2,129,200</u>	<u>2,129,200</u>	<u>2,129,200</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	<u>(2,129,200)</u>	<u>(2,129,200)</u>	<u>(2,124,199)</u>	<u>5,001</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,129,200	2,129,200	1,897,346	(231,854)
Total other financing sources (uses)	<u>2,129,200</u>	<u>2,129,200</u>	<u>1,897,346</u>	<u>(231,854)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>(226,853)</u>	<u>(226,853)</u>
Fund balance, July 1, 2018	<u>226,853</u>	<u>226,853</u>	<u>226,853</u>	<u>—</u>
Fund balance, June 30, 2019	<u>\$ 226,853</u>	<u>\$ 226,853</u>	<u>\$ —</u>	<u>\$ (226,853)</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Special assessments	\$ —	\$ —	\$ 610,501	\$ 610,501
Interest revenue	—	—	1	1
Total revenues	<u>—</u>	<u>—</u>	<u>610,502</u>	<u>610,502</u>
EXPENDITURES:				
Principal	—	—	545,000	(545,000)
Interest and fiscal charges	—	—	106,700	(106,700)
Total expenditures	<u>—</u>	<u>—</u>	<u>651,700</u>	<u>(651,700)</u>
Net change in fund balance	—	—	(41,198)	(41,198)
Fund balance, July 1, 2018	<u>—</u>	<u>—</u>	<u>281,357</u>	<u>281,357</u>
Fund balance, June 30, 2019	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 240,159</u>	<u>\$ 240,159</u>

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Streets Capital Projects
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Regional transportation taxes	\$ 67,000	\$ 67,000	\$ 866,267	\$ 799,267
Grants and entitlements	6,000,000	6,000,000	4,819,431	(1,180,569)
Interest revenue	925,000	925,000	2,447,259	1,522,259
Miscellaneous	—	—	8,592	8,592
Total revenues	6,992,000	6,992,000	8,141,549	1,149,549
EXPENDITURES:				
General government	11,068,900	15,118,807	10,533	15,108,274
Transportation and development	43,198,735	1,913,059	634,400	1,278,659
Capital outlay	8,654,166	37,518,263	23,560,270	13,957,993
Total expenditures	62,921,801	54,550,129	24,205,203	30,344,926
Excess (deficiency) of revenues over expenditures	(55,929,801)	(47,558,129)	(16,063,654)	31,494,475
OTHER FINANCING SOURCES (USES):				
Transfers in	67,000	67,000	—	(67,000)
Transfers out	(2,381,300)	(2,381,300)	—	2,381,300
Total other financing sources (uses)	(2,314,300)	(2,314,300)	—	2,314,300
Net change in fund balance	(58,244,101)	(49,872,429)	(16,063,654)	33,808,775
Fund balance, July 1, 2018	75,343,450	75,343,450	75,343,450	—
Fund balance, June 30, 2019	\$ 17,099,349	\$ 25,471,021	\$ 59,279,796	\$ 33,808,775

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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 336,700	\$ 336,700	\$ 163,724	\$ (172,976)
Interest revenue	3,400	3,400	5,550	2,150
Total revenues	340,100	340,100	169,274	(170,826)
EXPENDITURES:				
General government	49,700	50,619	2,938	47,681
Total expenditures	49,700	50,619	2,938	47,681
Excess (deficiency) of revenues over expenditures	290,400	289,481	166,336	(123,145)
OTHER FINANCING SOURCES (USES):				
Transfers out	(300,000)	(300,000)	—	300,000
Total other financing sources (uses)	(300,000)	(300,000)	—	300,000
Net change in fund balance	(9,600)	(10,519)	166,336	176,855
Fund balance (deficit), July 1, 2018	(2,522,671)	(2,522,671)	(2,522,671)	—
Fund balance (deficit), June 30, 2019	\$ (2,532,271)	\$ (2,533,190)	\$ (2,356,335)	\$ 176,855

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Grants Capital Projects
For the year ended June 30, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Grants and entitlements	\$ 16,691,020	\$ 16,691,020	\$ 7,231,110	\$ (9,459,910)
Charges for services	—	—	285,277	285,277
Total revenues	<u>16,691,020</u>	<u>16,691,020</u>	<u>7,516,387</u>	<u>(9,174,633)</u>
EXPENDITURES:				
General government	1,133,060	974,849	35,315	939,534
Transportation and development	16,970,630	943,738	16,243	927,495
Community services	1,333,034	55,832	106,140	(50,308)
Capital outlay	15,278,048	40,533,062	23,010,249	17,522,813
Total expenditures	<u>34,714,772</u>	<u>42,507,481</u>	<u>23,167,947</u>	<u>19,339,534</u>
Excess (deficiency) of revenues over expenditures	<u>(18,023,752)</u>	<u>(25,816,461)</u>	<u>(15,651,560)</u>	<u>10,164,901</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>(18,023,752)</u>	<u>(25,936,461)</u>	<u>(15,651,560)</u>	<u>10,284,901</u>
Fund balance, July 1, 2018	<u>256,753</u>	<u>256,753</u>	<u>256,753</u>	<u>—</u>
Fund balance (deficit), June 30, 2019	<u>\$ (17,766,999)</u>	<u>\$ (25,679,708)</u>	<u>\$ (15,394,807)</u>	<u>\$ 10,284,901</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 5,586,000	\$ 5,586,000	\$ 2,904,225	\$ (2,681,775)
Interest revenue	471,300	471,300	1,261,576	790,276
Total revenues	<u>6,057,300</u>	<u>6,057,300</u>	<u>4,165,801</u>	<u>(1,891,499)</u>
EXPENDITURES:				
General government	9,699,700	13,889,032	33,162	13,855,870
Community services	8,060,694	631,106	318,520	312,586
Capital outlay	347,444	3,596,246	3,625,367	(29,121)
Total expenditures	<u>18,107,838</u>	<u>18,116,384</u>	<u>3,977,049</u>	<u>14,139,335</u>
Net change in fund balance	(12,050,538)	(12,059,084)	188,752	12,247,836
Fund balance, July 1, 2018	<u>33,544,687</u>	<u>33,544,687</u>	<u>33,544,687</u>	<u>—</u>
Fund balance, June 30, 2019	<u>\$ 21,494,149</u>	<u>\$ 21,485,603</u>	<u>\$ 33,733,439</u>	<u>\$ 12,247,836</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
System development fees	\$ 2,232,600	\$ 2,232,600	\$ 1,136,298	\$ (1,096,302)
Interest revenue	199,000	199,000	235,398	36,398
Total revenues	<u>2,431,600</u>	<u>2,431,600</u>	<u>1,371,696</u>	<u>(1,059,904)</u>
EXPENDITURES:				
General government	2,312,800	3,077,467	13,470	3,063,997
Public safety	4,357,329	1,880,472	373,265	1,507,207
Capital outlay	5,426,090	7,285,251	8,058,222	(772,971)
Total expenditures	<u>12,096,219</u>	<u>12,243,190</u>	<u>8,444,957</u>	<u>3,798,233</u>
Excess (deficiency) of revenues over expenditures	<u>(9,664,619)</u>	<u>(9,811,590)</u>	<u>(7,073,261)</u>	<u>2,738,329</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,235,650)	(2,235,650)	—	2,235,650
Total other financing sources (uses)	<u>(2,235,650)</u>	<u>(2,235,650)</u>	<u>—</u>	<u>2,235,650</u>
Net change in fund balance	<u>(11,900,269)</u>	<u>(12,047,240)</u>	<u>(7,073,261)</u>	<u>4,973,979</u>
Fund balance, July 1, 2018	<u>764,455</u>	<u>764,455</u>	<u>764,455</u>	<u>—</u>
Fund balance (deficit), June 30, 2019	<u>\$ (11,135,814)</u>	<u>\$ (11,282,785)</u>	<u>\$ (6,308,806)</u>	<u>\$ 4,973,979</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 209,000	\$ 209,000	\$ 497,010	\$ 288,010
Miscellaneous	—	—	51,810	51,810
Total revenues	209,000	209,000	548,820	339,820
EXPENDITURES:				
General government	1,563,310	150,000	—	150,000
Public safety	3,430,000	—	—	—
Capital outlay	6,169,500	10,871,770	9,540,064	1,331,706
Total expenditures	11,162,810	11,021,770	9,540,064	1,481,706
Excess (deficiency) of revenues over expenditures	(10,953,810)	(10,812,770)	(8,991,244)	1,821,526
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	300,000	300,000	370,426	70,426
Transfers in	3,215,546	3,215,546	3,320,599	105,053
Total other financing sources (uses)	3,515,546	3,515,546	3,691,025	175,479
Net change in fund balance	(7,438,264)	(7,297,224)	(5,300,219)	1,997,005
Fund balance, July 1, 2018	11,638,818	11,638,818	11,638,818	—
Fund balance, June 30, 2019	\$ 4,200,554	\$ 4,341,594	\$ 6,338,599	\$ 1,997,005

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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Interest revenue	\$ 82,000	\$ 82,000	\$ 267,047	\$ 185,047
Total revenues	<u>82,000</u>	<u>82,000</u>	<u>267,047</u>	<u>185,047</u>
EXPENDITURES:				
General government	1,374,668	1,215,668	443,080	772,588
Capital outlay	1,864,495	2,037,537	1,756,251	281,286
Total expenditures	<u>3,239,163</u>	<u>3,253,205</u>	<u>2,199,331</u>	<u>1,053,874</u>
Excess (deficiency) of revenues over expenditures	<u>(3,157,163)</u>	<u>(3,171,205)</u>	<u>(1,932,284)</u>	<u>1,238,921</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,147,163	3,147,163	3,154,697	7,534
Total other financing sources (uses)	<u>3,147,163</u>	<u>3,147,163</u>	<u>3,154,697</u>	<u>7,534</u>
Net change in fund balance	<u>(10,000)</u>	<u>(24,042)</u>	<u>1,222,413</u>	<u>1,246,455</u>
Fund balance, July 1, 2018	<u>5,462,962</u>	<u>5,462,962</u>	<u>5,462,962</u>	<u>—</u>
Fund balance, June 30, 2019	<u>\$ 5,452,962</u>	<u>\$ 5,438,920</u>	<u>\$ 6,685,375</u>	<u>\$ 1,246,455</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, 2019

	Budgeted Amounts		Non-GAAP	Over
	Original	Final	Actual	(Under)
			Amounts	Final Budget
REVENUES:				
Charges for services	\$ 50,000	\$ 50,000	\$ 303,909	\$ 253,909
Interest revenue	2,700	2,700	12,287	9,587
Total revenues	52,700	52,700	316,196	263,496
EXPENDITURES:				
Community services	200,500	200,500	19,440	181,060
Capital outlay	—	20,000	20,000	—
Total expenditures	200,500	220,500	39,440	181,060
Net change in fund balance	(147,800)	(167,800)	276,756	444,556
Fund balance, July 1, 2018	240,259	240,259	240,259	—
Fund balance, June 30, 2019	\$ 92,459	\$ 72,459	\$ 517,015	\$ 444,556

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, 2019

		Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS					
Current assets:					
Equity in pooled cash and investments		\$ 19,422,058	\$ 71,318	\$ 6,353,289	\$ 25,846,665
Accounts receivable		2,377,197	1,159	14,061	2,392,417
Due from other governments		—	—	92,695	92,695
Inventories		—	30,171	—	30,171
Accrued interest receivable		88,641	—	28,997	117,638
Other receivables		33	—	—	33
Total current assets		<u>21,887,929</u>	<u>102,648</u>	<u>6,489,042</u>	<u>28,479,619</u>
Long-term assets:					
Notes receivable		—	—	238,500	238,500
Capital assets:					
Non-depreciable		6,587,912	21,968,461	1,751,537	30,307,910
Depreciable, net		7,704,895	10,909,374	7,885,049	26,499,318
Total capital assets		<u>14,292,807</u>	<u>32,877,835</u>	<u>9,636,586</u>	<u>56,807,228</u>
Total long-term assets		<u>14,292,807</u>	<u>32,877,835</u>	<u>9,875,086</u>	<u>57,045,728</u>
Total assets		<u>36,180,736</u>	<u>32,980,483</u>	<u>16,364,128</u>	<u>85,525,347</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of OPEB and pension plan items		<u>186,715</u>	<u>167,117</u>	<u>444,436</u>	<u>798,268</u>

LIABILITIES				
Current liabilities:				
Accounts payable	999,813	27,866	71,028	1,098,707
Accrued payroll	28,553	7,878	31,398	67,829
Trust liabilities and deposits	—	44,270	577,208	621,478
Due to other funds	—	—	30,236	30,236
Customer advances	135,316	30,510	8,748	174,574
Compensated absences payable	15,722	3,721	17,479	36,922
Landfill closure and postclosure liability	94,446	—	—	94,446
Total current liabilities	<u>1,273,850</u>	<u>114,245</u>	<u>736,097</u>	<u>2,124,192</u>
Long-term liabilities:				
Compensated absences payable	68,038	16,105	75,642	159,785
Net pension liability	1,017,844	1,104,947	2,211,734	4,334,525
OPEB liability	408,514	144,926	482,277	1,035,717
Landfill closure and postclosure liability	4,245,554	—	—	4,245,554
Total long-term liabilities	<u>5,739,950</u>	<u>1,265,978</u>	<u>2,769,653</u>	<u>9,775,581</u>
Total liabilities	<u>7,013,800</u>	<u>1,380,223</u>	<u>3,505,750</u>	<u>11,899,773</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of OPEB and pension plan items	<u>272,429</u>	<u>150,472</u>	<u>459,689</u>	<u>882,590</u>
NET POSITION				
Net investment in capital assets	14,292,807	32,877,835	9,636,586	56,807,228
Restricted	—	—	15,574	15,574
Unrestricted	14,788,415	(1,260,930)	3,190,965	16,718,450
Total net position	<u>\$ 29,081,222</u>	<u>\$ 31,616,905</u>	<u>\$ 12,843,125</u>	<u>\$ 73,541,252</u>



City of Chandler
Combining Statement of Revenues, Expenses and Changes in Net Position -
Non-Major Proprietary Funds
For the year ended June 30, 2019

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 16,107,922	\$ 906,557	\$ 450	\$ 17,014,929
Grants and entitlements	—	—	7,224,669	7,224,669
Rentals	—	—	1,154,980	1,154,980
Sales taxes	—	17,347	—	17,347
Miscellaneous	51	16,952	62,943	79,946
Total operating revenues	16,107,973	940,856	8,443,042	25,491,871
OPERATING EXPENSES:				
General and administrative	1,007,204	100,000	—	1,107,204
Personnel services	1,537,651	546,975	1,707,499	3,792,125
Contractual services	11,252,200	32,886	827,267	12,112,353
Commodities	833,111	406,567	661,485	1,901,163
Housing assistance payments	—	—	4,706,410	4,706,410
Depreciation and amortization expense	591,819	944,989	573,674	2,110,482
Total operating expenses	15,221,985	2,031,417	8,476,335	25,729,737
OPERATING INCOME (LOSS)	885,988	(1,090,561)	(33,293)	(237,866)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	703,975	1	220,914	924,890
Accretion of bond premiums	—	1,959	—	1,959
Gain (loss) on disposal of capital assets	—	(7,000)	(1,900)	(8,900)
Total nonoperating revenues (expenses)	703,975	(5,040)	219,014	917,949
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,589,963	(1,095,601)	185,721	680,083
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	151,414	2,907,579	—	3,058,993
Transfers in	—	154,015	595,414	749,429
Transfers out	(98,512)	(25,253)	—	(123,765)
Total capital contributions and transfers	52,902	3,036,341	595,414	3,684,657
CHANGE IN NET POSITION	1,642,865	1,940,740	781,135	4,364,740
NET POSITION				
Beginning of year, restated	27,438,357	29,676,165	12,061,990	69,176,512
End of year	<u>\$ 29,081,222</u>	<u>\$ 31,616,905</u>	<u>\$ 12,843,125</u>	<u>\$ 73,541,252</u>

City of Chandler
Combining Statement of Cash Flows -
Non-Major Proprietary Funds
For the year ended June 30, 2019

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 16,336,775	\$ 941,257	\$ 1,257,822	\$ 18,535,854
Cash received from grantors	—	—	7,228,407	7,228,407
Cash payments to suppliers	(12,992,265)	(533,728)	(6,126,077)	(19,652,070)
Cash payments to employees for services	(1,605,201)	(591,624)	(1,787,799)	(3,984,624)
Net cash provided (used) by operating activities	1,739,309	(184,095)	572,353	2,127,567
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	—	154,015	595,414	749,429
Transfers out	(98,512)	(25,253)	—	(123,765)
Net cash provided (used) by noncapital financing activities	(98,512)	128,762	595,414	625,664
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(135,135)	69,467	(951,469)	(1,017,137)
Principal paid on bond maturities	—	(26,000)	—	(26,000)
Interest paid on bonds	—	(406)	—	(406)
Net cash provided (used) by capital and related financing activities	(135,135)	43,061	(951,469)	(1,043,543)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	679,309	1	210,720	890,030
Net cash provided (used) by investing activities	679,309	1	210,720	890,030
Net increase (decrease) in cash and cash equivalents	2,184,971	(12,271)	427,018	2,599,718
CASH AND CASH EQUIVALENTS:				
Beginning of year	17,237,087	83,589	5,926,271	23,246,947
End of year	\$ 19,422,058	\$ 71,318	\$ 6,353,289	\$ 25,846,665

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

Operating income (loss)	\$ 885,988	\$ (1,090,561)	\$ (33,293)	\$ (237,866)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	591,819	944,989	573,674	2,110,482
Changes in assets, liabilities and deferred items:				
(Increase) decrease in receivables	250,663	(97)	(1,429)	249,137
(Increase) decrease in inventories	—	(4,734)	—	(4,734)
(Increase) decrease in other assets	—	—	554	554
Increase (decrease) in payables	100,250	10,459	69,085	179,794
Increase (decrease) in accrued payroll and compensated absences	6,692	(17,491)	5,614	(5,185)
Increase (decrease) in deposits	—	1,734	48,128	49,862
Increase (decrease) in customer advances	(21,861)	(1,236)	(3,512)	(26,609)
Increase (decrease) in net pension items	(66,002)	(24,756)	(76,679)	(167,437)
Increase (decrease) in OPEB liability	(8,240)	(2,402)	(9,789)	(20,431)
Total adjustments	853,321	906,466	605,646	2,365,433
Net cash provided (used) by operating activities	\$ 1,739,309	\$ (184,095)	\$ 572,353	\$ 2,127,567

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Contributions of capital assets from city government	\$ 151,414	\$ 2,907,579	\$ —	\$ 3,058,993
Gain (loss) on disposal of capital assets	—	(7,000)	(1,900)	(8,900)
Accretion of bond premiums	—	1,959	—	1,959

City of Chandler
Statement of Changes in Assets and Liabilities - Agency Fund -
Fiduciary Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 6,000	\$ —	\$ 5,000	\$ 1,000
Total assets	<u>\$ 6,000</u>	<u>\$ —</u>	<u>\$ 5,000</u>	<u>\$ 1,000</u>
Liabilities				
Due to others	\$ 6,000	\$ —	\$ 5,000	\$ 1,000
Total liabilities	<u>\$ 6,000</u>	<u>\$ —</u>	<u>\$ 5,000</u>	<u>\$ 1,000</u>



Statistical Section

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



Arrowhead Pool

Chandler - Rising Above

Stretching our dollars and strengthening our community. A conditioning program that has rewarded us with the ability to build and maintain streets and other infrastructure, while providing new parks and other community amenities.

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	132
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	148
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	152
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	178
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	180
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			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 537,576,346	\$ 534,292,488	\$ 545,926,100	\$ 558,279,485
Restricted	94,440,806	41,906,129	44,047,942	112,307,412
Unrestricted	198,059,181	260,307,288	259,783,598	179,518,042
Total governmental activities net position	830,076,333	836,505,905	849,757,640	850,104,939
Business-type activities				
Net investment in capital assets	298,938,820	281,936,017	280,440,445	355,015,004
Restricted	—	—	—	—
Unrestricted	163,103,784	168,164,942	179,339,498	176,961,822
Total business-type activities net position	462,042,604	450,100,959	459,779,943	531,976,826
Primary government				
Net investment in capital assets	836,515,166	816,228,505	826,366,545	913,294,489
Restricted	94,440,806	41,906,129	44,047,942	112,307,412
Unrestricted	361,162,965	428,472,230	439,123,096	356,479,864
Total primary government net position	\$ 1,292,118,937	\$ 1,286,606,864	\$ 1,309,537,583	\$ 1,382,081,765

Schedule 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 563,033,503	\$ 567,041,560	\$ 579,591,241	\$ 587,213,640	\$ 536,086,249	\$ 575,953,033
105,723,768	108,965,994	121,767,847	122,006,140	168,510,855	173,490,725
183,088,676	7,709,550	(5,872,464)	(36,358,845)	(65,575,548)	(72,592,489)
851,845,947	683,717,104	695,486,624	672,860,935	639,021,556	676,851,269
388,837,444	380,427,606	342,252,306	439,823,546	467,799,036	481,911,949
—	119,075	31,365,801	32,977,926	33,447,434	31,523,149
206,284,498	217,824,645	258,806,679	176,390,803	243,735,547	249,131,813
595,121,942	598,371,326	632,424,786	649,192,275	744,982,017	762,566,911
951,870,947	947,469,166	921,843,547	1,027,037,186	1,003,885,285	1,057,864,982
105,723,768	109,085,069	153,133,648	155,184,734	201,958,289	205,013,874
389,373,174	225,534,195	252,934,215	139,831,290	178,159,999	176,539,324
\$ 1,446,967,889	\$ 1,282,088,430	\$ 1,327,911,410	\$ 1,322,053,210	\$ 1,384,003,573	\$ 1,439,418,180

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 48,920,813	\$ 67,808,567	\$ 88,876,901	\$ 90,143,339
Public safety	92,421,801	90,738,477	89,141,559	95,974,126
Community development	11,715,276	— (1)	—	—
Public works	56,155,939	— (1)	—	—
Transportation and development	—	50,909,361 (1)	52,111,019	55,846,316
Community services	35,299,676	28,919,560	28,966,271	30,979,208
Interest and fiscal charges	13,541,708	12,767,934	12,425,819	11,777,701
Total governmental activities expenses	<u>258,055,213</u>	<u>251,143,899</u>	<u>271,521,569</u>	<u>284,720,690</u>
Business-type activities:				
Water	62,556,496	57,452,876	56,277,327	55,440,712
Wastewater	38,227,999	37,896,180	38,804,360	40,401,849
Solid waste	14,605,448	13,443,102	13,756,352	13,974,858
Airport	1,797,991	2,107,354	1,941,752	1,960,788
Chandler housing authority	7,654,449	7,580,783	7,642,503	7,473,891
Total business-type activities expenses	<u>124,842,383</u>	<u>118,480,295</u>	<u>118,422,294</u>	<u>119,252,098</u>
Total primary government expenses	<u>\$ 382,897,596</u>	<u>\$ 369,624,194</u>	<u>\$ 389,943,863</u>	<u>\$ 403,972,788</u>

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

Schedule 2a

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 99,231,501	\$ 104,456,315	\$ 112,514,903	\$ 104,998,802	\$ 113,587,478	\$ 114,373,302	
94,738,371	102,050,425	111,568,323	149,366,614	112,371,723	124,906,187	
—	—	—	—	—	—	
—	—	—	—	—	—	
52,183,052	51,714,085	55,012,081	56,752,197	55,287,494	53,806,473	
32,331,286	31,784,321	31,441,019	32,599,549	36,824,102	36,990,853	
10,044,363	6,986,490	7,884,146	6,623,830	6,716,119	7,046,655	
288,528,573	296,991,636	318,420,472	350,340,992	324,786,916	337,123,470	
55,877,774	55,470,724	54,075,742	63,236,746	61,513,990	58,297,769	
41,969,764	50,823,497	51,034,921	58,112,931	60,605,779	61,218,775	
14,131,202	14,087,780	13,925,017	14,380,178	14,531,558	15,221,985	
1,980,706	1,860,057	2,011,880	1,893,830	1,841,718	2,038,417	
7,616,301	7,433,284	7,267,806	7,728,876	8,109,635	8,478,235	
121,575,747	129,675,342	128,315,366	145,352,561	146,602,680	145,255,181	
\$ 410,104,320	\$ 426,666,978	\$ 446,735,838	\$ 495,693,553	\$ 471,389,596	\$ 482,378,651	

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

	Fiscal Year			
	2010	2011	2012	2013
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 16,621,003	\$ 22,548,679	\$ 31,381,062	\$ 35,898,378
Public safety	7,110,304	5,658,628	5,794,329	7,375,050
Community development	3,336,188	— (1)	—	—
Public works	6,025,846	— (1)	—	—
Transportation and development	—	11,884,554 (1)	27,905,311	10,150,102
Community services	4,515,980	4,079,359	4,136,285	8,240,732
Operating grants and contributions	5,510,710	5,890,147	6,162,320	3,999,536
Capital grants and contributions	8,159,960	16,041,213	11,016,136	9,116,635
Total governmental activities program revenues	<u>51,279,991</u>	<u>66,102,580</u>	<u>86,395,443</u>	<u>74,780,433</u>
Business-type activities:				
Charges for services:				
Water	42,276,145	43,708,974	49,565,071	48,258,282
Wastewater	28,406,808	31,610,009	35,907,085	37,690,400
Solid waste	12,891,628	13,277,403	13,890,957	13,836,363
Airport	815,751	995,307	996,605	976,102
Chandler housing authority	521,404	457,781	466,556	637,329
Operating grants and contributions	6,367,024	6,297,200	6,341,087	5,785,335
Capital grants and contributions	8,484,239	8,659,772	19,118,567	81,572,568
Total business-type activities program revenues	<u>99,762,999</u>	<u>105,006,446</u>	<u>126,285,928</u>	<u>188,756,379</u>
Total primary government program revenues	<u>\$ 151,042,990</u>	<u>\$ 171,109,026</u>	<u>\$ 212,681,371</u>	<u>\$ 263,536,812</u>
Net (expense)/revenue				
Governmental activities	\$ (206,775,222)	\$ (185,041,319)	\$ (185,126,126)	\$ (209,940,257)
Business-type activities	(25,079,384)	(13,473,849)	7,863,634	69,504,281
Total primary government net (expense)	<u>\$ (231,854,606)</u>	<u>\$ (198,515,168)</u>	<u>\$ (177,262,492)</u>	<u>\$ (140,435,976)</u>

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

Schedule 2b

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 38,832,217	\$ 39,207,061	\$ 42,021,638	\$ 41,400,079	\$ 43,089,930	\$ 43,622,807
5,861,044	6,469,215	7,471,344	6,561,052	6,100,584	4,998,779
—	—	—	—	—	—
—	—	—	—	—	—
16,145,692	14,438,138	16,538,175	16,333,273	17,145,894	14,869,670
7,744,507	7,551,166	10,792,114	10,732,351	9,180,276	7,583,513
4,744,636	3,514,714	5,188,787	4,481,750	3,988,629	4,522,345
10,170,236	13,133,637	16,725,462	9,702,683	9,340,818	10,510,464
83,498,332	84,313,931	98,737,520	89,211,188	88,846,131	86,107,578
49,588,376	48,045,103	50,483,097	53,251,020	54,031,592	52,459,720
40,509,289	45,666,777	51,321,346	53,563,934	56,367,650	56,055,131
14,034,894	14,140,246	14,940,591	15,648,992	16,307,409	16,107,922
961,067	1,010,288	946,419	950,294	963,827	906,557
806,540	877,380	946,408	954,070	1,085,013	1,155,430
5,457,991	5,862,477	5,784,021	6,198,797	6,350,858	7,224,669
72,176,582	35,357,741	32,690,364	27,645,932	22,360,158	18,335,155
183,534,739	150,960,012	157,112,246	158,213,039	157,466,507	152,244,584
\$ 267,033,071	\$ 235,273,943	\$ 255,849,766	\$ 247,424,227	\$ 246,312,638	\$ 238,352,162
\$ (205,030,041)	\$ (212,677,705)	\$ (219,682,952)	\$ (261,129,804)	\$ (235,940,785)	\$ (251,015,892)
61,958,992	21,284,670	28,796,880	12,860,478	10,863,827	6,989,403
\$ (143,071,049)	\$ (191,393,035)	\$ (190,886,072)	\$ (248,269,326)	\$ (225,076,958)	\$ (244,026,489)

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 40,617,269	\$ 36,158,574	\$ 31,877,716	\$ 29,656,415
Sales taxes	83,019,726	86,523,295	97,485,387	102,200,517
Highway user taxes	13,116,481	13,287,878	11,823,280	12,929,504
Other taxes	13,965,973	88,561	5,979,715	6,295,212
Franchise fees	3,174,390	2,819,521	2,988,456	2,936,533
State shared	54,492,427	47,732,614	45,958,627	51,347,206
Investment income	3,487,145	1,841,244	1,221,923	2,843,417
Miscellaneous	850,191	3,071,588	1,116,832	2,181,627
Transfers in (out)	873,357	(244,702)	(74,075)	(102,875)
Total governmental activities	213,596,959	191,278,573	198,377,861	210,287,556
Business-type activities:				
Sales taxes	—	—	—	—
Investment income	756,641	533,313	389,446	1,180,290
Miscellaneous	1,422,790	946,507	1,351,829	1,409,437
Transfers in (out)	(873,357)	244,702	74,075	102,875
Total business-type activities:	1,306,074	1,724,522	1,815,350	2,692,602
Total primary government	\$ 214,903,033	\$ 193,003,095	\$ 200,193,211	\$ 212,980,158
Change in Net Position				
Governmental activities	\$ 6,821,737	\$ 6,237,254	\$ 13,251,735	\$ 347,299
Business-type activities	(23,773,310)	(11,749,327)	9,678,984	72,196,883
Total primary government	\$ (16,951,573)	\$ (5,512,073)	\$ 22,930,719	\$ 72,544,182

Schedule 2c

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 28,348,952	\$ 28,708,033	\$ 29,214,103	\$ 29,837,763	\$ 30,816,495	\$ 32,550,250
103,880,801	108,657,130	112,250,883	120,189,651	127,584,410	139,851,355
13,352,622	14,633,470	15,303,635	16,683,743	16,135,949	17,301,902
3,243,937	10,106,891	6,100,475	664,616	940,203	866,267
3,145,449	3,300,129	3,344,817	3,285,267	3,571,744	3,567,184
55,423,759	59,236,588	60,712,442	65,924,228	64,723,211	67,156,430
1,869,128	1,763,585	3,834,840	1,063,997	1,531,766	14,822,135
819,766	1,197,215	1,124,559	1,014,665	1,502,418	1,261,279
(132,082)	(123,350)	(433,282)	(159,815)	(4,175,579)	(90,680)
209,952,332	227,479,691	231,452,472	238,504,115	242,630,617	277,286,122
70,065	10,865	10,391	10,682	13,769	17,347
788,025	819,556	2,180,447	938,491	854,848	7,742,589
1,683,332	2,475,760	2,632,460	2,798,023	14,923,212	2,842,825
132,082	123,350	433,282	159,815	4,175,579	90,680
2,673,504	3,429,531	5,256,580	3,907,011	19,967,408	10,693,441
\$ 212,625,836	\$ 230,909,222	\$ 236,709,052	\$ 242,411,126	\$ 262,598,025	\$ 287,979,563
\$ 4,922,291	\$ 14,801,986	\$ 11,769,520	\$ (22,625,689)	\$ 6,689,832	\$ 26,270,230
64,632,496	24,714,201	34,053,460	16,767,489	30,831,235	17,682,844
\$ 69,554,787	\$ 39,516,187	\$ 45,822,980	\$ (5,858,200)	\$ 37,521,067	\$ 43,953,074

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

	Fiscal Year			
	2010	2011	2012	2013
General fund				
Reserved	\$ 62,149,646	\$ — (1)	\$ —	\$ —
Unreserved	137,041,044	— (1)	—	—
Nondspendable	—	893,067 (1)	947,804	938,549
Restricted	—	844,754 (1)	939,867	939,867
Assigned	—	61,733,537 (1)	102,635,587	101,115,766
Unassigned	—	98,872,954 (1)	69,223,074	66,077,714
Total general fund	<u>\$ 199,190,690</u>	<u>\$ 162,344,312</u>	<u>\$ 173,746,332</u>	<u>\$ 169,071,896</u>
All other governmental funds				
Reserved	\$ 61,355,662	\$ — (1)	\$ —	\$ —
Unreserved, reported in:				
Special revenue funds	18,103,651	— (1)	—	—
Capital projects funds	7,379,375	— (1)	—	—
Nondspendable	—	— (1)	—	—
Restricted	—	105,756,072 (1)	111,378,788	111,367,545
Unassigned	—	(12,315,197) (1)	(12,798,348)	(13,646,428)
Total all other governmental funds	<u>\$ 86,838,688</u>	<u>\$ 93,440,875</u>	<u>\$ 98,580,440</u>	<u>\$ 97,721,117</u>

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

Schedule 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
892,533	941,359	907,594	979,446	813,143	866,239
1,166,105	1,792,180	1,566,618	1,451,061	1,980,807	2,179,767
95,185,696	102,222,466	109,958,162	101,620,277	116,359,633	131,214,214
82,453,462	80,152,269	68,567,835	87,492,981	65,182,337	66,035,760
<u>\$ 179,697,796</u>	<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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	7,422	—	—
104,557,663	107,173,814	120,201,229	120,640,190	166,570,330	171,310,958
(11,034,021)	(15,322,260)	(11,877,159)	(11,350,383)	(2,555,420)	(5,758,986)
<u>\$ 93,523,642</u>	<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>

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

	Fiscal Year			
	2010	2011	2012	2013
Property taxes	\$ 40,259,579	\$ 36,301,709	\$ 32,329,560	\$ 29,841,739
Sales taxes	83,019,726	86,523,295	97,485,387	102,200,517
Highway user taxes	13,116,481	13,287,878	11,823,280	12,929,504
Other taxes	13,965,973	88,561	5,979,715	6,295,212
Franchise fees	3,174,390	2,819,521	2,988,456	2,936,533
State shared revenues	54,492,427	47,732,614	45,958,627	51,347,206
Grants and entitlements	10,377,502	14,759,620	13,826,606	9,480,090
System development fees	4,768,306	6,739,920	11,724,823	7,781,083
Special assessments	663,209	673,064	678,027	676,127
Licenses and permits	2,758,392	3,208,944	6,955,605	4,887,466
Charges for services	19,420,434	18,002,168	19,938,566	19,786,513
Fines and forfeitures	5,336,294	4,697,317	4,700,430	5,825,098
Rentals	101,322	387,952	455,842	570,638
Contributions	50,000	100,000	100,000	100,000
Interest revenue	3,171,308	1,635,258	1,034,895	2,529,078
Miscellaneous	1,913,571	4,593,104	1,392,691	1,384,123
Total revenues	\$ 256,588,914	\$ 241,550,925	\$ 257,372,510	\$ 258,570,927

Schedule 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 28,442,823	\$ 28,899,684	\$ 29,237,607	\$ 29,692,846	\$ 30,819,812	\$ 32,526,357
103,880,801	108,657,130	112,250,883	120,189,651	127,584,410	139,851,355
13,352,622	14,633,470	6,100,475	16,683,743	16,135,949	17,301,902
3,243,937	10,106,891	3,344,817	664,616	940,203	866,267
3,145,449	3,300,129	15,303,635	3,285,267	3,571,744	3,567,184
55,423,759	59,236,588	60,712,442	65,924,228	64,723,211	67,156,430
10,187,895	10,638,831	16,159,064	12,677,860	12,111,857	11,911,639
11,846,275	10,585,623	16,217,004	14,683,327	13,982,674	9,023,678
678,843	573,438	606,757	607,191	611,499	610,501
5,479,384	5,146,556	6,634,161	7,075,996	6,394,322	7,268,592
20,269,976	20,110,036	19,705,786	20,869,517	21,827,375	21,512,737
4,622,215	4,601,501	4,828,174	3,908,387	4,865,783	4,234,286
732,807	751,163	974,192	678,387	127,575	127,206
100,000	150,000	200,000	200,000	200,000	200,000
1,623,973	1,562,241	3,409,065	921,195	1,398,729	13,268,020
650,117	572,252	897,102	494,984	974,107	923,369
\$ 263,680,876	\$ 279,525,533	\$ 296,581,164	\$ 298,557,195	\$ 306,269,250	\$ 330,349,523

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

	Fiscal Year			
	2010	2011	2012	2013
General government	\$ 44,663,091	\$ 43,636,784	\$ 48,894,811	\$ 44,512,533
Public safety	85,390,303	84,007,752	82,820,106	89,587,613
Community development	11,614,214	— (1)	—	—
Public works	17,664,633	— (1)	—	—
Transportation and development	—	22,126,233 (1)	25,532,739	24,807,578
Community services	30,078,856	22,836,317	23,255,568	23,554,854
Capital improvements	106,366,737	67,299,941	29,787,069	41,793,319
Debt service:				
Principal retirement	17,260,000	15,090,000	15,970,000	26,870,000
Interest and fiscal charges	13,646,479	12,901,616	12,550,323	11,908,025
Bond issuance costs	183,969	278,512	—	—
Total expenditures	<u>\$ 326,868,282</u>	<u>\$ 268,177,155</u>	<u>\$ 238,810,616</u>	<u>\$ 263,033,922</u>
Debt service as a percentage of noncapital expenditures	13.3%	13.3%	13.5%	16.4%

- (1) In FY 2011 the City changed its functional categories to eliminate "Community development" and "Public works" and add "Transportation and development."
- (2) In FY 2017 the City called the remaining payments for the 2007 GO Refunding issuance totaling \$8,110,000.

Schedule 5

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 46,807,747	\$ 46,895,106	\$ 52,138,384	\$ 50,892,490	\$ 55,706,708	\$ 58,070,201
90,068,218	93,773,306	104,605,663	103,167,906	109,736,277	111,496,663
—	—	—	—	—	—
—	—	—	—	—	—
23,418,175	24,769,553	25,471,154	28,294,221	27,750,365	25,871,080
23,771,925	24,569,283	24,988,844	26,605,279	27,088,640	27,712,871
45,657,265	56,539,116	50,009,243	44,712,255	71,268,257	69,006,722
15,955,000	21,490,000	17,465,000	25,240,000 (2)	20,264,000	22,820,000
10,682,206	7,737,974	8,635,631	7,689,305	7,918,081	8,270,161
145,970	722,293	—	249,838	252,611	—
\$ 256,506,506	\$ 276,496,631	\$ 283,313,919	\$ 286,851,294	\$ 319,984,939	\$ 323,247,698
11.6%	11.7%	10.2%	12.9%	10.4%	11.3%

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			
	2010	2011	2012	2013
Other Financing Sources (Uses)				
Bond premium	\$ 290,569	\$ 1,047,424	\$ —	\$ —
Face amount of bonds issued	10,450,000	20,285,000	—	—
Proceeds from disposal of capital assets	97,609	108,929	89,007	76,381
Payment to escrow agent	(10,556,600)	(10,816,839)	—	—
Transfers in	46,309,016	41,605,646	20,576,188	32,849,979
Transfers out	(39,144,322)	(56,040,439)	(22,685,504)	(33,997,394)
Total other financing sources (uses)	7,446,272	(3,810,279)	(2,020,309)	(1,071,034)
Net change in fund balance	\$ (62,833,096)	\$ (30,436,509)	\$ 16,541,585	\$ (5,533,759)

Schedule 6

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 562,052	\$ 17,045,635	\$ —	\$ 6,339,230	\$ 3,609,365	\$ —
8,660,000	128,254,000	—	25,500,000	58,740,000	—
161,126	103,964	463,709	652,882	213,829	1,356,796
(9,061,800)	(143,635,520)	—	(31,589,392)	—	—
24,586,418	28,717,990	27,885,557	28,116,369	46,032,351	45,484,505
(25,653,741)	(29,776,581)	(29,252,060)	(29,208,275)	(47,370,020)	(48,005,487)
(745,945)	709,488	(902,794)	(189,186)	61,225,525	(1,164,186)
\$ 6,428,425	\$ 3,738,390	\$ 12,364,451	\$ 11,516,715	\$ 47,509,836	\$ 5,937,639

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

	Fiscal Year			
	2010	2011	2012	2013
Amusements	\$ 602,027	\$ 673,666	\$ 714,641	\$ 717,442
Contracting	6,573,348	6,380,957	10,869,566	10,408,518
General Retail	36,560,075	38,741,270	42,844,871	45,331,307
Hotel/Motel	1,611,912	1,973,790	2,255,786	2,288,989
Miscellaneous Related Revenue (1)	2,911,821	2,551,354	2,334,179	2,937,426
Publishing	382,080	351,250	352,550	334,981
Rentals - Personal Property	2,389,241	2,462,219	2,606,371	2,884,618
Rentals - Real Property	8,921,788	9,479,850	10,025,726	10,817,611
Restaurant/Bar	7,436,900	7,971,183	8,670,199	9,069,109
Telecommunications	3,974,448	3,524,076	3,628,007	3,731,350
Use Tax	869,092	1,000,342	1,054,968	1,315,599
Utilities	10,786,994	11,413,338	12,128,475	12,363,565
Total Sales and Use Taxes	<u>\$ 83,019,726</u>	<u>\$ 86,523,295</u>	<u>\$ 97,485,339</u>	<u>\$ 102,200,515</u>
City Direct Sales Tax Rate (2)	1.75%	1.77%	1.76%	1.75%

Source: City of Chandler, Management Services Department

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

Schedule 7

Fiscal Year					
2014	2015	2016	2017	2018	2019 (3)
\$ 728,110	\$ 895,730	\$ 1,019,939	\$ 1,019,938	\$ 1,083,161	\$ 1,318,195
9,780,645	8,870,092	8,855,057	11,496,791	12,388,978	17,228,786
47,454,682	49,740,000	51,191,162	53,137,169	56,605,561	60,029,293
2,472,754	2,892,470	2,957,685	3,424,279	3,712,085	4,099,450
2,660,201	2,815,040	2,745,130	2,527,981	2,328,030	1,757,235
258,547	260,712	248,433	186,862	182,820	207,462
2,949,421	3,261,716	3,125,459	3,611,180	3,676,196	4,076,298
11,058,203	11,967,509	13,217,561	13,647,156	15,134,275	16,506,671
9,542,714	10,188,718	10,752,479	11,341,714	11,872,941	12,773,198
3,533,636	3,435,949	3,234,369	2,796,065	2,395,673	2,191,747
1,090,428	1,145,534	1,127,257	3,619,340	4,394,129	5,461,771
12,421,526	13,194,526	13,786,741	13,391,857	13,824,331	14,218,596
<u>\$ 103,950,867</u>	<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>
1.75%	1.76%	1.76%	1.75%	1.74%	1.74%

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)
2010	1.75%	0.67%	5.86%	0.02%
2011	1.77%	0.67%	5.85%	0.02%
2012	1.76%	0.67%	5.90%	0.02%
2013	1.75%	0.67%	5.80%	0.02%
2014	1.75%	0.67%	4.99%	0.02%
2015	1.76%	0.67%	4.96%	0.03%
2016	1.76%	0.67%	4.92%	0.03%
2017	1.75%	0.66%	4.95%	0.03%
2018	1.74%	0.65%	4.92%	0.03%
2019	1.74%	0.65%	4.92%	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 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, 2010 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 2019			Fiscal Year 2010		
		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	\$ 11,257,465	1	8.10%	\$ 7,467,639	1	9.00%
Taxpayer B	Department Store	4,326,490	2	3.11%	2,569,725	2	3.10%
Taxpayer C	Grocery Store	3,154,260	3	2.27%	2,212,406	3	2.66%
Taxpayer D	Department Store	2,392,196	4	1.72%	1,515,144	4	1.83%
Taxpayer E	Construction	2,145,397	5	1.54%			
Taxpayer F	Home Improvement	2,040,456	6	1.47%	1,267,563	5	1.53%
Taxpayer G	Construction	1,943,119	7	1.40%			
Taxpayer H	Construction	1,867,502	8	1.34%			
Taxpayer I	Vehicle Dealer	1,696,675	9	1.22%			
Taxpayer J	Utility	1,423,046	10	1.02%	1,164,105	7	1.40%
Taxpayer K	Telecommunications				1,224,106	6	1.47%
Taxpayer L	Department Store				1,159,962	8	1.40%
Taxpayer M	Department Store				1,050,680	9	1.27%
Taxpayer N	Utility				919,916	10	1.11%
		<u>\$ 32,246,606</u>		<u>23.21%</u>	<u>\$ 20,551,246</u>		<u>24.75%</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		
2010	\$ 282,888,000	\$ 31,800,000	\$ 7,315,000	\$ —	\$ —	\$ —		
2011	279,968,000	28,620,000	6,190,000	—	—	—		
2012	268,148,000	25,745,000	5,780,000	—	—	—		
2013	256,288,000	22,045,000	5,350,000	—	—	—		
2014	233,678,000	18,000,000	4,905,000	3,539,600	707,337	99,258		
2015	222,143,000	14,025,000	4,440,000	17,244,108	565,869	88,230		
2016	205,088,000	10,055,000	3,960,000	15,663,687	424,402	77,201		
2017	186,873,000	6,685,000	3,460,000	19,829,438	282,935	66,172		
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		
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		
2010	\$ 185,032,000	\$ 67,580,000	\$ 34,040,000	\$ —	\$ —	\$ —		
2011	179,747,000	60,280,000	48,540,000	—	—	—		
2012	170,987,000	52,670,000	47,440,000	—	—	—		
2013	161,567,000	44,740,000	45,695,000	—	—	—		
2014	150,972,000	36,095,000	148,380,000	2,220,807	1,705,732	8,502,636		
2015	140,072,000	31,610,000	142,200,000	11,567,086	1,324,131	8,040,688		
2016	127,782,000	24,850,000	204,090,000	10,630,056	832,855	11,447,974		
2017	115,722,000	9,595,000	198,520,000	12,263,924	624,642	15,075,185		
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		
Percentage of								
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)
2010	\$ 467,920,000	\$ —	\$ 467,920,000	\$31,011,422,761	1.51%	\$ 608,655,000	9.35%	2,578
2011	459,715,000	18,321,538	441,393,462	22,396,334,191	1.97%	603,345,000	9.22%	2,535
2012	439,135,000	19,258,684	419,876,316	21,102,582,630	1.99%	570,770,000	7.84%	2,383
2013	417,855,000	16,419,386	401,435,614	21,502,506,694	1.87%	535,685,000	6.71%	2,213
2014	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

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, 2019

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
State of Arizona	None	4.83%	None
Maricopa County	None	7.45	None
Maricopa County Community College District	\$ 445,570,000	7.45	\$ 33,190,509
Maricopa County Special Healthcare District	475,000,000	7.45	35,382,750
Chandler Unified School District No. 80	300,819,446	69.61	209,403,425
Kyrene Elementary School District No. 28	172,670,000	28.57	49,335,272
Mesa Unified School District No. 4	288,035,000	4.39	12,636,095
Gilbert Unified School District No. 41	135,180,000	2.75	3,720,154
East Valley Institute of Technology	None	11.82	None
Subtotal, overlapping debt			343,668,205
City direct debt	229,350,899	100.00	229,350,899
Total direct and overlapping debt			<u>\$ 573,019,104</u>

Source: Piper Jaffray & Co.

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2018-19 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			
	2010	2011	2012	2013
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 210,484,297	\$ 148,117,597	\$ 135,310,758	\$ 130,522,600
Total net debt applicable to limit	9,494,000	13,361,000	11,840,000	10,869,000
Legal debt margin	<u>\$ 200,990,297</u>	<u>\$ 134,756,597</u>	<u>\$ 123,470,758</u>	<u>\$ 119,653,600</u>
Total net debt applicable to the limit as a percentage of the debt limit	4.51%	9.02%	8.75%	8.33%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 701,614,322	\$ 493,725,323	\$ 451,035,860	\$ 435,075,335
Total net debt applicable to limit	458,426,000	446,354,000	427,295,000	406,986,000
Legal debt margin	<u>\$ 243,188,322</u>	<u>\$ 47,371,323</u>	<u>\$ 23,740,860</u>	<u>\$ 28,089,335</u>
Total net debt applicable to the limit as a percentage of the debt limit	65.34%	90.41%	94.74%	93.54%

Source: Piper Jaffray, Inc.

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

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2019

Full Cash Assessed Valuation as of June 30, 2019	\$	3,870,977,820
Debt limit (6% of assessed value)		232,258,669
Debt applicable to limit:		
6% general obligation bonds		12,221,000
Excess premium on bonds outstanding		290,300
Legal 6% debt margin	\$	219,747,369
Debt limit (20% of assessed value)	\$	774,195,564
Debt applicable to limit:		
20% general obligation bonds		289,444,000
Excess premium on bonds outstanding		9,437,202
Legal 20% debt margin	\$	475,314,362

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 142,895,404	\$ 142,827,478	\$ 190,024,847	\$ 198,432,895	\$ 209,370,282	\$ 232,258,669
10,198,000	9,848,400	9,427,250	8,952,650	14,974,350	12,511,300
\$ 132,697,404	\$ 132,979,078	\$ 180,597,597	\$ 189,480,245	\$ 194,395,932	\$ 219,747,369
7.14%	6.90%	4.96%	4.51%	7.15%	5.39%
\$ 476,318,016	\$ 476,091,596	\$ 633,416,159	\$ 661,442,986	\$ 697,900,943	\$ 774,195,564
374,452,000	352,366,600	323,442,750	300,592,650	324,166,628	298,881,202
\$ 101,866,016	\$ 123,724,996	\$ 309,973,409	\$ 360,850,336	\$ 373,734,315	\$ 475,314,362
78.61%	74.01%	51.06%	45.44%	46.45%	38.61%

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

Schedule 13a

Street & Highway Revenue Bonds						
Fiscal Year	Less:		Net Available	Debt Service		Coverage
	Highway User	Operating		Principal	Interest	
	Taxes	Expenses				
2010	\$ 13,116,481	\$ 9,018,598	\$ 4,097,883	\$ 3,180,000	\$ 1,198,194	0.94
2011	13,287,878	9,336,554	3,951,324	2,875,000	1,176,009	0.98
2012	11,823,280	7,895,663	3,927,617	3,700,000	936,975	0.85
2013	12,929,504	10,893,216	2,036,288	3,830,000	833,475	0.44
2014	13,352,622	10,547,032	2,805,590	3,975,000	515,175	0.62
2015	14,633,470	8,257,078	6,376,392	3,970,000	462,047	1.44
2016	15,303,635	11,951,019	3,352,616	3,370,000	375,650	0.90
2017	16,683,743	10,887,942	5,795,801	2,415,000	256,438	2.17
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
Water Revenue Bonds						
Fiscal Year	Less:		Net Available	Debt Service		Coverage
	Utility Service	Operating		Principal	Interest	
	Charges	Expenses				
2010	\$ 42,276,145	\$ 31,137,157	\$ 11,138,988	\$ 5,471,256	\$ 2,205,623	1.45
2011	43,708,974	26,834,274	16,874,700	6,007,332	1,875,330	2.14
2012	49,556,831	26,351,735	23,205,096	6,498,090	1,641,612	2.85
2013	48,258,282	26,890,219	21,368,063	6,062,435	1,375,854	2.87
2014	49,588,376	27,840,478	21,747,898	3,300,000	869,064	5.22
2015	48,045,103	27,645,076	20,400,027	3,205,000	730,854	5.18
2016	50,483,097	26,907,780	23,575,317	8,408,500	566,680	2.63
2017	53,251,020	34,188,323	19,062,697	1,750,000	307,160	9.27
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
Excise Tax Revenue Obligations						
Fiscal Year	Less:		Net Available	Debt Service		Coverage
	Excise Tax	Operating		Principal	Interest	
	Collections	Expenses				
2010	\$ 141,025,083	\$ —	\$ 141,025,083	\$ 500,000	\$ 1,133,063	86.36
2011	136,164,353	—	136,164,353	1,100,000	1,118,063	61.39
2012	148,885,867	—	148,885,867	1,745,000	1,703,358	43.18
2013	156,621,139	—	156,621,139	1,815,000	1,584,863	46.07
2014	162,664,325	—	162,664,325	6,180,000	4,483,662	15.25
2015	170,432,597	—	170,432,597	4,770,000	6,044,175	15.76
2016	175,820,443	—	175,820,443	2,805,000	7,193,019	17.59
2017	188,910,693	—	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

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
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Schedule 13b

Wastewater Revenue Bonds						
Fiscal Year	Less:		Net Available	Debt Service		Coverage
	Utility Service Charges	Operating Expenses		Principal	Interest	
2010	\$ 28,406,808	\$ 15,821,939	\$ 12,584,869	\$ 3,678,744	\$ 1,104,530	2.63
2011	31,610,009	15,759,431	15,850,578	1,602,668	947,148	6.22
2012	35,907,085	16,752,467	19,154,618	1,431,910	874,363	8.31
2013	37,690,400	18,879,022	18,811,378	2,197,565	809,286	6.26
2014	40,509,289	18,780,034	21,729,255	1,185,000	585,029	12.28
2015	45,666,777	22,907,111	22,759,666	3,555,000	548,545	5.55
2016	51,321,346	23,054,518	28,266,828	6,846,500	368,470	3.92
2017	53,563,934	23,470,067	30,093,867	—	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

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 2015	Tax Year 2016	Tax Year 2017	Tax Year 2018	Tax Year 2019
Mining, Utility, Commercial, and Industrial	18.50%	18.00%	18.00%	18.00%	18.00%
Agriculture and Vacant Land	16.00	15.00	15.00	15.00	15.00
Owner-Occupied Residential	10.00	10.00	10.00	10.00	10.00
Leased or Rented Residential	10.00	10.00	10.00	10.00	10.00
Railroad, Private Car, and Airline Flight Property	15.00	14.00	15.00	14.00	15.00

Source: Piper Jaffray & Co. 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 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
FY 2014-15	1.1792	27,804,827	27,511,000	98.94

Source: Piper Jaffray & Co. 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, 2019****Schedule 16**

	FY 2018-19 Net Limited Property Assessed Valuation	FY 2018-19 Total Tax Rate per \$100 Assessed Valuation
State of Arizona (1)	\$ 62,328,439,592	\$ 0.4741
Maricopa County	40,423,232,423	1.4009
Maricopa County Community College District	40,423,232,423	1.3754
Maricopa County Library District	40,423,232,423	0.0556
Maricopa County Flood Control District	37,003,666,851	0.1792
Maricopa County Fire District	40,423,232,423	0.0107
Maricopa County Special Health Care District	40,423,232,423	0.2941
Central Arizona Water Conservation District	40,423,232,423	0.1400
East Valley Institute of Technology District No. 401 (2)	18,599,330,106	—
Chandler Unified School District No. 80	2,691,741,310	6.6649
Tempe Union High School District No. 213	3,506,028,130	2.6443
Kyrene Elementary School District No. 28	2,056,567,610	3.9663
Mesa Unified School District No. 4	3,030,255,065	7.2163
Gilbert Unified School District No. 41	1,900,979,361	6.1051
City of Chandler	2,783,830,922	1.1386

Source: Piper Jaffray & Co. 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 2014-15 Secondary Assessed Valuation (2)	FY 2015-16 Net Full Cash Assessed Valuation (1)	FY 2016-17 Net Full Cash Assessed Valuation (1)	FY 2017-18 Net Full Cash Assessed Valuation (1)	FY 2018-19 Net Full Cash Assessed Valuation (1)	FY 2018-19 Annual Percentage Change
Mining, Utility, Commercial, and Industrial	\$ 708,750,488	\$ 784,201,124	\$ 929,870,699	\$ 1,027,345,765	\$ 1,102,515,089	7.32%
Agriculture and Vacant Land	68,493,825	80,816,673	80,660,011	74,055,978	75,266,539	1.63%
Owner-Occupied Residential	1,072,861,945	1,316,995,223	1,424,368,802	1,472,336,280	1,574,405,659	6.93%
Leased or Rented Residential	368,427,295	474,177,840	537,827,158	574,699,602	646,538,541	12.50%
Railroad, Private Car, and Airline Flight Property	2,037,360	1,910,025	1,782,690	1,910,025	1,782,690	(6.67)%
Historical Property	160,702,435	161,203,221	192,089,070	156,435,042	88,612,464	(43.36)%
Commercial Historic Property	316,735	440,664	482,365	432,241	383,733	(11.22)%
TOTAL	<u>\$ 2,381,590,083</u>	<u>\$ 2,819,744,770</u>	<u>\$ 3,167,080,795</u>	<u>\$ 3,307,214,933</u>	<u>\$ 3,489,504,715</u>	5.51%

Source: Piper Jaffray & Co. as compiled from State and County Abstract of the Assessment Roll (Arizona Department of Revenue).

- (1) Beginning in Fiscal Year 2015-16, taxes were levied against the Net Full Cash Assessed Valuation.
- (2) Before Fiscal Year 2015-16, taxes were levied against the Secondary Property Assessed Valuation.

CITY OF CHANDLER, ARIZONA
NET LIMITED PROPERTY ASSESSED VALUE OF MAJOR TAXPAYERS
JUNE 30, 2019

Schedule 18

Taxpayer	Description	FY 2018-19 Net Limited Property Assessed Value	As % of Total FY 2018-19 Net Limited Property Assessed Value
Intel Corporation	Manufacturing Plant	\$ 133,833,487	4.81%
Cyrusone LLC	Manufacturing Plant	22,317,485	0.80
TWC-Chandler LLC	Enclosed Mall	20,649,924	0.74
Wells Fargo Bank NA	Financial Services	18,882,312	0.68
Bank Of America NA	Mortgage Brokerage	13,688,394	0.49
Iridium Satellite LLC	Data Center	12,528,414	0.45
CAZ 1 De LLC	Office Building	10,208,046	0.37
Digital 2121 South Price LLC	Office Building	8,843,909	0.32
Freescall Semiconductor Inc	Manufacturing Plant	7,775,481	0.28
Realty Associates Fund X L P	Office Building	7,006,545	0.25
		<u>\$ 255,733,997</u>	<u>9.19%</u>

Total City Net Limited Property Assessed Valuation \$ 2,783,830,922

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

The tables below are shown to indicate (1) from Fiscal Year 2015-16, the Net Limited Property Assessed Value of the City, the County, and the State of Arizona, utilizing new constitutional and statutory property valuation requirements, and (2) for fiscal year 2014-15, changes in then-applicable but now-replaced Secondary Property Tax Assessed Values of the City, the County, and the State of Arizona, each on a comparative basis.

Comparative Net Limited Property Assessed Value History (1)

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
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 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

Comparative Secondary Property Assessed Value History (2)

Fiscal Year	City of Chandler	Maricopa County	State of Arizona
FY 2014-15	\$ 2,381,590,083	\$ 35,079,646,593	\$ 55,352,051,074

Source: Piper Jaffray & Co. 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, 2019

Schedule 20

			<div> <div>Per Capita Bonded Debt population Estimates @ 261,173 (1)</div> <div>As % of City's 2018-19 Net Full Cash Assessed Value</div> </div>	<div> <div>As % of City's 2018-19 Estimated Net Full Cash Value</div> </div>
Direct General Obligation Bond Debt	\$ 301,665,000	\$ 1,155.04	8.64%	1.01%
Direct Overlapping General Obligation Bond Debt	\$ 645,333,205	\$ 2,470.90	18.49%	2.16%

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
2018-19	\$ 29,847,787,490
2017-18	29,004,568,096
2016-17	28,297,114,500
2015-16	25,007,403,208
2014-15	21,004,441,911

Source: Piper Jaffray & Co. 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	2012	2013	2014	2015	2016	2017	2018	2019
January	\$ 946,980	\$ 1,033,980	\$ 1,048,496	\$ 1,158,689	\$ 1,215,671	\$ 1,296,536	\$ 1,266,830	\$ 1,446,371
February	911,103	1,002,875	1,098,559	1,192,313	1,231,841	1,945,977	1,233,000	1,455,486
March	1,026,842	1,059,191	1,060,205	1,198,428	1,242,204	1,280,990	1,272,234	1,419,880
April	1,110,255	1,205,917	1,230,836	1,318,157	1,449,212	1,439,986	1,353,119	1,411,903
May	1,193,915	1,297,009	1,352,359	1,454,506	1,472,271	1,583,971	1,516,006	1,584,927
June	1,015,158	1,210,511	1,212,824	1,316,155	1,346,463	1,421,037	1,350,636	1,383,030
July	1,148,691	1,222,725	1,255,302	1,367,068	1,434,908	1,427,236	1,469,617	
August	964,778	1,069,168	1,166,518	1,198,488	1,303,240	1,202,282	1,358,741	
September	1,009,490	985,799	1,109,334	1,150,953	1,211,218	1,746,522	1,353,880	
October	1,008,625	1,043,023	1,128,913	1,190,930	1,279,912	1,299,346	1,451,988	
November	946,154	1,001,552	1,107,485	1,193,359	1,273,531	1,217,745	1,488,542	
December	968,246	994,499	1,115,903	1,177,335	1,220,109	1,208,612	1,401,808	
TOTAL	<u>\$ 12,250,237</u>	<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>	

CITY OF CHANDLER, ARIZONA

POPULATION STATISTICS

Schedule 23

Year	City of Chandler		Maricopa County		State of Arizona	
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

	2014-15 (1)	2015-16 (1)	2016-17 (1)	2017-18 (1)	2018-19 (2)	Adopted 2019-20
Transaction Privilege Tax	\$ 108,657,130	\$ 112,250,883	\$ 120,189,651	\$ 127,584,410	\$ 138,888,825	\$ 134,823,900
State Shared Sales Tax	21,597,535	22,471,132	23,768,564	23,821,248	25,525,595	25,000,000
State Shared Income Tax	28,608,724	28,453,619	31,910,426	30,652,381	30,693,731	31,500,000
Franchise Fees	3,289,168	3,333,938	3,272,104	3,560,770	3,556,211	3,300,000
Licenses and Permits	5,310,252	6,761,791	7,209,693	6,512,930	7,398,669	7,036,500
Fines and Forfeitures	2,969,788	2,549,080	2,560,255	3,368,445	3,196,843	3,084,650
Totals	<u>\$ 170,432,597</u>	<u>\$ 175,820,443</u>	<u>\$ 188,910,693</u>	<u>\$ 195,500,184</u>	<u>\$ 209,259,874</u>	<u>\$ 204,745,050</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 2018-19 revenues.

CITY OF CHANDLER, ARIZONA
TRANSACTION PRIVILEGE (SALES) TAX RATES BY CATEGORY
JUNE 30, 2019

Schedule 25

Taxable Activities	Chandler Tax Rate
Advertising	1.50%
Amusements	1.50%
Contracting	1.50%
Construction Contracting (non MRRA) (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, 2019

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 SIX FISCAL YEARS

Schedule 27

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
System Revenues:						
Service Fees	\$ 90,097,665	\$ 93,711,880	\$ 101,804,443	\$ 106,814,954	\$ 110,399,242	\$ 108,514,851
Miscellaneous	104,365	211,891	351,169	63,411	953,964	130,001
Interest Income	676,977	737,572	1,978,389	875,983	780,250	6,817,699
Total System Revenues	<u>\$ 90,879,007</u>	<u>\$ 94,661,343</u>	<u>\$ 104,134,001</u>	<u>\$ 107,754,348</u>	<u>\$ 112,133,456</u>	<u>\$ 115,462,551</u>
System Expenditures:						
General and Administration	\$ 6,530,941	\$ 6,390,567	\$ 6,157,415	\$ 6,065,965	\$ 6,219,983	\$ 6,400,086
Personnel Services	13,113,388	13,287,885	15,159,966	15,489,373	16,343,098	16,548,508
Contractual Services	10,852,823	13,534,510	10,437,077	17,153,121	11,774,018	12,919,313
Commodities	16,160,779	17,339,225	18,207,840	18,949,931	30,463,463	23,034,508
Total System Expenditures	<u>\$ 46,657,931</u>	<u>\$ 50,552,187</u>	<u>\$ 49,962,298</u>	<u>\$ 57,658,390</u>	<u>\$ 64,800,562</u>	<u>\$ 58,902,415</u>
Net Income Available for Debt Service	<u>\$ 44,221,076</u>	<u>\$ 44,109,156</u>	<u>\$ 54,171,703</u>	<u>\$ 50,095,958</u>	<u>\$ 47,332,894</u>	<u>\$ 56,560,136</u>
Water and Sewer Revenues Bond (Senior Obligation) Debt Service	\$ 5,939,093	\$ 8,039,398	\$ 16,190,150	\$ 2,998,630	\$ 3,473,800	\$ 3,410,600
Approximate Debt Service Coverage for Senior Obligations	7.45x	5.48x	3.35x	16.71x	13.63x	16.58x

CITY OF CHANDLER, ARIZONA

UTILITY RATE INCREASE HISTORY

Schedule 28

Effective Date	Water	Wastewater
	(10,000 gal) (Single Family)	(Single Family)
09/01/80	8.40 %	16.67%
04/25/83	33.80 %	—%
11/30/83	— %	41.43%
07/01/84	— %	41.47%
11/01/84	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 change.
- (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-around 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, 2019

Schedule 29

Water	
Customer name	Amount
INTEL CORP	\$ 6,066,355
NXP USA INC.	1,171,052
CHANDLER UNIFIED SCHOOL	472,380
AIR PRODUCTS & CHEMICAL	239,286
DIGITAL 2121 SOUTH PRICE, LLC	218,757
TOWNSQUARE APARTMENTS	132,017
AB/EVEREST WARNER ROAD OWNER LLC	117,009
CHANDLER REGIONAL HOSPITAL	111,310
HARDISON/DOWNEY CONST INC	105,841
TWC-CHANDLER LLC	95,879

Wastewater	
Customer name	Amount
INTEL CORP	\$ 11,853,767
NXP USA INC.	1,746,280
DIGITAL 2121 SOUTH PRICE, LLC	355,262
GILA RIVER INDIAN COMMUNITY (LONE BUTTE)	345,063
CHANDLER UNIFIED SCHOOL	173,372
CHANDLER REGIONAL HOSPITAL	149,804
PIMALCO	147,228
MICROCHIP TECHNOLOGY IN	108,746
BKEP TERMINALLING, LLC	103,358
TWC-CHANDLER LLC	99,676

Source: City of Chandler, Management Services Department

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

	2010	2011	2012	2013
WATER				
Residential	71,446	72,195	72,867	73,551
Commercial	4,325	4,369	4,387	4,406
Multi-Unit	990	986	988	991
Industrial	47	49	49	50
Other	212	196	206	226
WASTEWATER				
Residential	70,084	70,736	71,508	72,067
Commercial	2,215	2,268	2,312	2,358
Multi-Unit	815	817	811	811
Industrial	35	38	38	39
Other	222	233	239	252

Source: City of Chandler, Management Services Department

2014	2015	2016	2017	2018	2019
74,319	75,035	75,883	77,062	77,674	78,244
4,158	4,243	4,309	4,535	4,550	4,927
1,032	1,043	1,087	1,107	1,128	1,134
56	58	61	63	66	67
1,317	1,536	1,640	2,034	2,116	2,389
80,882	81,915	82,980	84,801	85,534	86,761
72,862	73,363	74,346	75,761	76,517	77,089
2,012	2,033	2,201	2,138	2,329	2,371
878	887	920	915	952	956
37	37	34	38	48	48
470	477	475	590	592	598
76,259	76,797	77,976	79,442	80,438	81,062

CITY OF CHANDLER, ARIZONA
SPECIAL ASSESSMENT DELINQUENCIES
JUNE 30, 2019

Schedule 31

There were no delinquencies on payments for the assessment.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT OUSTANDING
JUNE 30, 2019

Schedule 32

Overlapping Jurisdiction	2018-19 Overlapping General Obligation Bonded Debt	2018-19 Proportion Applicable to City of Chandler Approximate Percent	Net Debt Amount
State of Arizona	None	4.831%	None
Maricopa County	None	7.449	None
Maricopa County Community College District	\$ 445,570,000	7.449	\$ 33,190,509
Maricopa County Special Healthcare District	475,000,000	7.449	35,382,750
Chandler Unified School District No. 80	300,819,446	69.611	209,403,425
Kyrene Elementary School District No. 28	172,670,000	28.572	49,335,272
Mesa Unified School District No. 4	288,035,000	4.387	12,636,095
Gilbert Unified School District No. 41	135,180,000	2.752	3,720,154
East Valley Institute of Technology District No. 401	None	11.821	None
City of Chandler	301,665,000	100.000	301,665,000
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$ 645,333,205</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 \$ 11.1737

Inside Mesa Unified School District No. 4 \$ 12.2849

Inside Tempe Union High School District No. 213 and

Kyrene Elementary School District No. 28 \$ 11.6792

Inside Chandler Unified School District No. 80 \$ 11.7335

Source: Piper Jaffray & Co.

Note: The applicable percentage of overlap for each type of debt was computed on the net limited property assessed valuation as calculated for fiscal year 2018-19 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)
2010	236,479	(4)	\$6,516,888,282	32.5	6.9%	\$27,558
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

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	2019		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,000	1	7.36%
Wells Fargo	5,500	2	3.68%
Chandler Unified School District	4,900	3	3.28%
Bank of America	3,800	4	2.54%
Chandler Regional Medical Center	2,500	5	1.67%
NXP (Formerly Freescale Semiconductor)	1,700	6	1.14%
PayPal	1,700	6	1.14%
Northrup Grumman	1,650	8	1.10%
City of Chandler	1,604	9	1.07%
Microchip Technology	1,500	10	1.00%
Total	35,854		23.98%

Employer	2010		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	9,400	1	7.92%
Bank of America	3,500	2	2.95%
Chandler Unified School District	3,000	3	2.53%
Wells Fargo Ocotillo Corporate Campus	2,243	4	1.89%
Verizon Wireless	2,000	5	1.68%
Chandler Regional Hospital	1,600	6	1.35%
Microchip Technology	1,538	7	1.30%
Orbital Sciences	1,525	8	1.28%
Freescale Semiconductor	1,400	9	1.18%
City of Chandler	1,356	10	1.14%
Total	27,562		23.22%

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			
	2010	2011 (1)	2012	2013
Full Time Equivalent Personnel				
Mayor and council	5	5	6	4
City clerk	6	5	4	5
City manager	96	122	124	178
Communications/public affairs	15	12	14	19
City magistrate	41	40	38	39
Law	27	27	30	29
Management services	95	85	72	72
Total General Government	285	296	288	346
Total Planning and Development	80	—	—	—
Total Transportation and Development	—	172	170	163
Total Community Services	226	229	231	192
Public works administration	3	—	—	—
Streets	50	—	—	—
Airport	6	—	—	—
Engineering, development and real estate	74	—	—	—
Total Public Works	133	—	—	—
Police	478	467	467	468
Fire	219	218	238	234
Total Public Safety	697	685	705	702
Municipal utilities administration	6	5	5	4
Water	80	88	89	85
Wastewater	42	42	42	46
Solid waste	20	20	19	18
Total Municipal Utilities	148	155	155	153
Municipal utilities administration	—	—	—	—
Water	—	—	—	—
Wastewater	—	—	—	—
Solid waste	—	—	—	—
Public works administration	—	—	—	—
Streets	—	—	—	—
Total Public Works and Utilities	—	—	—	—
Total Primary Government	1,569	1,537 (1)	1,549	1,556

Source: City of Chandler, Human Resources Department

- (1) The significant changes between 2010 and 2011 are the result of Public Works Department and Planning and Development Department consolidated into one Transportation and Development Department.
- (2) 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.
- (3) 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.
- (4) 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								
2014	2015	2016	(2)	2017	(3)	2018	2019	(4)
4	4	4		11		4	5	
6	6	6		7		6	6	
174	176	240		206		199	193	
13	13	15		15		15	14	
35	37	39		38		40	37	
29	31	31		31		30	32	
66	69	67		64		67	68	
327	336	402		372		361	355	
—	—	—		—		—	—	
159	165	150		152		160	84	
199	198	156		199		202	195	
—	—	—		—		—	—	
—	—	—		—		—	—	
—	—	—		—		—	—	
—	—	—		—		—	—	
—	—	—		—		—	—	
467	483	490		491		501	485	
224	237	240		222		233	233	
691	720	730		713		734	718	
5	5	8		7		7	—	
87	87	87		89		90	—	
46	62	65		69		74	—	
16	20	21		20		18	—	
154	174	181		185		189	—	
—	—	—		—		—	6	
—	—	—		—		—	90	
—	—	—		—		—	66	
—	—	—		—		—	19	
—	—	—		—		—	1	
—	—	—		—		—	70	
—	—	—		—		—	252	
1,530	1,593	1,619	(2)	1,621	(3)	1,646	1,604	(4)

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General Government				
Privilege tax licenses	22,715	23,821	25,726	27,387
Meeting notices posted	481	506	599	584
City council actions and agenda items prepared	977	848	908	834
Grant awards received	40	43	26	43
Inventory turnover ratio	2.10	2.22	2.07	1.89
Transportation & Development				
Building permits issued	3,883	2,330	5,462	3,785
Community Services				
Library circulation	2,592,243	2,494,009	2,489,741	2,395,192
Center for the Arts events & exhibits	335	1,050	1,000	1,003
Public Safety				
Crime rate (per 1,000 population)	32	34	33	28
Total calls for police services (estimated)	146,508	141,279	137,170	137,485
Total calls for fire services	16,904	17,892	17,950	18,474
Fire inspections	3,208	4,424	5,188	5,029
Fire investigations	43	46	34	22
Municipal Utilities				
Water connections	76,894	77,408	77,626	79,278
Operating wells	31	30	28	26
Daily pumping capacity - wells (gallons)	70,700,000	64,460,000	61,920,000	64,790,000
Daily pumping capacity - plants (gallons)	72,000,000	72,000,000	72,000,000	72,000,000
Sewer connections	73,042	73,118	73,712	74,606
Sanitary sewer (miles)	862	866	868	869
Solid waste customers served	68,362	69,480	70,179	70,667
Solid waste refuse collected (tons)	85,160	88,466	85,257	86,557
Solid waste refuse recycled (tons)	22,245	20,832	21,096	20,680

Source: City of Chandler Departments

Schedule 36

Fiscal Year					
2014	2015	2016	2017	2018	2019
27,467	28,224	29,582	28,321	28,046	37,404
564	544	565	535	681	666
780	867	844	860	838	789
53	51	46	43	27	24
2.10	1.57	1.74	1.81	1.79	2.04
5,490	5,170	5,142	4,635	3,944	4,011
2,332,758	2,163,076	2,101,421	2,059,429	2,041,574	1,801,237
938	939	985	1,048	1,177	825
27	23	26	26	25	22
145,400	139,177	145,466	156,186	159,301	154,736
18,865	22,785	23,966	25,072	25,185	26,818
5,442	4,692	5,814	4,635	5,135	6,698
16	27	30	27	41	18
79,766	80,401	83,089	84,670	84,338	85,416
27	28	28	31	32	31
64,710,000	64,400,000	66,300,000	74,400,000	74,100,000	71,300,000
72,000,000	72,000,000	72,000,000	72,000,000	84,000,000	84,000,000
75,564	76,492	78,144	78,972	79,841	81,033
890	911	917	928	933	935
71,269	71,860	73,162	73,288	75,018	75,675
83,950	84,209	81,653	80,069	83,004	84,500
21,046	22,442	22,102	22,305	22,101	22,887

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Community Services				
Developed parks	61	61	61	61
Developed acres	1,198	1,192	1,196	1,198
Undeveloped acres	336	342	338	336
Swimming pools	6	6	6	6
Lighted fields	34	34	34	39
Library bookstock	446,675	429,604	555,924	550,857
Transportation and Development				
Total miles streets (center line)	829	829	829	831
Street lights	26,600	26,600	26,600	26,900
Signalized intersections	208	208	212	216
Public Safety				
Police stations	3	3	3	3
Fire stations	10	10	10	10
General Government				
Based aircraft	449	437	399	388
Municipal Utilities				
Water mains (miles)	1,194	1,222.86	1,227	1,227
Fire hydrants	12,318	12,925	10,877	12,553
Average daily treatment (mgd)	22	24	24	26

Source: City of Chandler Departments

Fiscal Year					
2014	2015	2016	2017	2018	2019
62	64	65	65	65	67
1,208	1,232	1,236	1,244	1,244	1,281
325	309	302	299	299	231
6	6	6	6	6	6
39	41	41	43	43	41
595,969	396,773	341,073	360,618	359,445	310,888
838	841	855	855	857	857
27,100	27,700	27,700	27,800	27,199	29,500
216	218	218	218	220	225
3	3	3	3	3	3
10	10	10	10	11	11
415	425	427	455	457	523
1,227	1,278	1,196	1,283	1,212	1,218
12,717	13,118	13,207	15,708	15,970	16,159
26	28	29	29	28	54

Phone (480) 782-2333
www.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

