

CITY OF CHANDLER
Chandler, Oklahoma

**ANNUAL FINANCIAL STATEMENTS &
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2022

CITY OF CHANDLER

CHANDLER, OKLAHOMA

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position - Modified Cash Basis	4
Statement of Activities - Modified Cash Basis	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds - Modified Cash Basis	6
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - Modified Cash Basis	7
Statement of Net Position - Proprietary Fund - Modified Cash Basis	9
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund - Modified Cash Basis	10
Statement of Cash Flows - Proprietary Fund - Modified Cash Basis	11
Notes to Modified Cash Basis Financial Statements	12
OTHER SUPPLEMENTARY INFORMATION:	
Combining Balance Sheets - Nonmajor Governmental Funds - Modified Cash Basis	32
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds - Modified Cash Basis	33
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	34
Schedule of Findings and Responses	36

MICHAEL W. GREEN
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Chandler, Oklahoma

Report on the Financial Statements

Opinions

I have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Chandler, Oklahoma (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
North Central Regional Airport Authority	Unmodified
CMA Capital Improvement Fund	Unmodified
Water Capital Improvement Fund	Unmodified
Chandler Municipal Authority (CMA)	Unmodified
Chandler Community Development Trust Authority	Adverse
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Chandler Community Development Trust Authority

In my opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified and Unmodified Opinion section of my report, the financial statements referred to above do not present fairly the financial position of the Chandler Community Development Trust Authority (the Authority) as of June 30, 2022, or the changes in financial position or cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.B.

Qualified Opinions on Business-type Activities

In my opinion, except for the matter described in the Basis for Adverse, Qualified and Unmodified Opinions section of my report, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the City, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.B.

Unmodified Opinions on Governmental Activities, General Fund, North Central Regional Airport Authority, CMA Capital Improvement Fund, Water Capital Improvement Fund, Chandler Municipal Authority and Aggregate Remaining Fund Information

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund other than the Chandler Community Development Authority, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.B.

Basis for Adverse, Qualified, and Unmodified Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Chandler Community Development Trust Authority and Qualified Opinion on Business-type Activities

Management has not included the Authority in the City's financial statements. The modified cash basis of accounting requires the Authority be presented as a component unit and a major fund, and financial information about the Authority to be part of the business-type activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the business-type activities and the omitted major fund has not been determined.

Emphasis of Matter—Basis of Accounting

I draw your attention to Note 1.B. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.B., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I:

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

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information

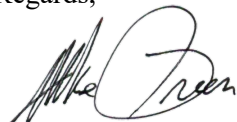
Management is responsible for the other information included in the annual report. The other information comprises the combining and individual fund financial statements but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 29, 2022, on my consideration of the City'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 the City's 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's internal control over financial reporting and compliance.

Regards,

A handwritten signature in black ink, appearing to read "Michael Green", is positioned above the printed name.

Michael Green, CPA
December 29, 2022

CITY OF CHANDLER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	Government Activities	Business-Type Activities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 1,180,128	\$ 705,468	\$ 1,885,596
Investments	92,176	77,724	169,900
Restricted cash and cash equivalents	6,331,195	266,481	6,597,676
Total current assets	<u>7,603,499</u>	<u>1,049,673</u>	<u>8,653,172</u>
Noncurrent assets			
Capital assets:			
Equipment and vehicles	4,326,017	1,013,538	5,339,555
Land and improvements	3,208,586	21,351	3,229,937
Buildings	2,673,318	5,114,860	7,788,178
Infrastructure	10,290,035	11,046,305	21,336,340
Less accumulated depreciation	(6,333,708)	(6,240,762)	(12,574,470)
Total noncurrent assets	<u>14,164,248</u>	<u>10,955,292</u>	<u>25,119,540</u>
Total assets	<u>21,767,747</u>	<u>12,004,965</u>	<u>33,772,712</u>
Liabilities			
Current liabilities			
Notes payable - current portion	-	389,481	389,481
Total current liabilities	<u>-</u>	<u>389,481</u>	<u>389,481</u>
Noncurrent liabilities			
Refundable deposits	-	67,850	67,850
Notes payable	-	1,772,481	1,772,481
Less: current portion	-	(389,481)	(389,481)
Total noncurrent liabilities	<u>-</u>	<u>1,450,850</u>	<u>1,450,850</u>
Total liabilities	<u>-</u>	<u>1,840,331</u>	<u>1,840,331</u>
Net position (Note 1.D.)			
Invested in capital assets	14,164,248	10,955,292	25,119,540
Restricted	6,423,371	344,205	6,767,576
Unrestricted	<u>1,180,128</u>	<u>(1,134,863)</u>	<u>45,265</u>
Total net position	<u>\$ 21,767,747</u>	<u>\$ 10,164,634</u>	<u>\$ 31,932,381</u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

CITY OF CHANDLER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contracts	Capital Grants and Contracts	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Governmental activities							
General Government	\$ 371,505	\$ -	\$ -	\$ 50,000	\$ (321,505)	\$ -	\$ (321,505)
Public Safety	1,527,621	429,215	181,067	-	(917,339)	-	(917,339)
Streets	407,546	-	-	-	(407,546)	-	(407,546)
Airport	322,787	90,278	-	134,752	(97,757)	-	(97,757)
Culture and recreation	588,377	77,320	5,511	-	(505,546)	-	(505,546)
Cemetery	28,575	14,075	-	-	(14,500)	-	(14,500)
Community development	24,764	-	-	-	(24,764)	-	(24,764)
Total government activities	3,271,175	610,888	186,578	184,752	(2,288,957)	-	(2,288,957)
Business-type activities							
Water	722,003	1,216,979	-	-	-	494,976	494,976
Wastewater	322,491	297,441	-	-	-	(25,050)	(25,050)
Distribution	286,667	-	-	-	-	(286,667)	(286,667)
Sanitation	365,401	557,126	-	-	-	191,725	191,725
Administrative and general	329,718	-	-	-	-	(329,718)	(329,718)
Total business-type activities	2,026,280	2,071,546	-	-	-	45,266	45,266
Totals	\$ 5,297,455	\$ 2,682,434	\$ 186,578	\$ 184,752	(2,288,957)	45,266	(2,243,691)
General revenues							
Sales tax					3,901,760	-	3,901,760
Use tax					396,592	-	396,592
Other taxes					122,825	-	122,825
Permits licenses and fees					208,019	-	208,019
Intergovernmental revenue restricted for streets & alleys					28,258	-	28,258
Franchise fees					161,836	-	161,836
Miscellaneous					80,398	287,036	367,434
Interest expense					-	(64,778)	(64,778)
Investment earnings					2,219	8,778	10,997
Gain on sale of capital assets					-	8,342	8,342
Transfers: In					643,045	1,474,901	2,117,946
Transfers: Out					(1,823,946)	(294,000)	(2,117,946)
Total general revenues and transfers					3,721,006	1,420,279	5,141,285
Change in net position					1,432,049	1,465,545	2,897,594
Net position, June 30, 2020					20,335,698	8,699,089	29,034,787
Net position, end of year					\$ 21,767,747	\$ 10,164,634	\$ 31,932,381

The accompanying notes and auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Airport Fund	CMA Cap Fund	Water Cap Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,180,128	\$ -	\$ -	\$ -	\$ -	\$ 1,180,128
Investments	37,415	-	-	-	54,761	92,176
Restricted cash and investments	18,154	191,453	2,751,640	2,470,198	899,750	6,331,195
Total assets	<u>\$ 1,235,697</u>	<u>\$ 191,453</u>	<u>\$ 2,751,640</u>	<u>\$ 2,470,198</u>	<u>\$ 954,511</u>	<u>\$ 7,603,499</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Note 1.D.)						
Restricted	55,569	-	2,751,640	2,470,198	954,511	6,231,918
Committed	-	-	-	-	-	-
Assigned	-	191,453	-	-	-	191,453
Unassigned	1,180,128	-	-	-	-	1,180,128
Total fund balances	<u>1,235,697</u>	<u>191,453</u>	<u>2,751,640</u>	<u>2,470,198</u>	<u>954,511</u>	<u>7,603,499</u>
Total liabilities and fund balances	<u>\$ 1,235,697</u>	<u>\$ 191,453</u>	<u>\$ 2,751,640</u>	<u>\$ 2,470,198</u>	<u>\$ 954,511</u>	<u>7,603,499</u>

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are

not reported as assets in governmental funds. The cost of the assets is \$ 20,497,956

The accumulated depreciation is \$ 6,333,708

Net effect for reconciliation

Net position of governmental activities

14,164,248
<u>\$ 21,767,747</u>

The accompanying notes and the auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Airport Fund	CMA Cap Fund	Water Cap Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Sales tax	\$ 1,755,792	\$ 97,544	\$ 975,440	\$ 975,440	\$ 97,544	\$ 3,901,760
Use tax	-	-	-	-	396,592	396,592
Other taxes	91,548	-	-	-	31,277	122,825
Franchise fees	161,836	-	-	-	-	161,836
Hotel/motel tax	-	-	-	-	8,450	8,450
Grants	244,578	134,752	-	-	-	379,330
Golf	-	-	-	-	-	-
Licenses & Permits	204,042	-	-	-	-	204,042
Fines & fees	3,977	-	-	-	-	3,977
Charges for services	518,555	90,258	-	-	2,075	610,888
Miscellaneous	66,782	-	-	-	16,924	83,706
Investment income	2,214	-	-	-	5	2,219
Total revenues	<u>3,049,324</u>	<u>322,554</u>	<u>975,440</u>	<u>975,440</u>	<u>552,867</u>	<u>5,875,625</u>
Expenditures:						
General government:						
General government	290,687	-	-	-	-	290,687
Cemetery	28,575	-	-	-	-	28,575
Public safety:						
Police	710,766	-	-	-	-	710,766
Fire	802,220	-	-	-	-	802,220
Ambulance	170,729	-	-	-	-	170,729
Emergency Management	7,675	-	-	-	-	7,675
Code Enforcement	24,764	-	-	-	-	24,764
Court	62,169	-	-	-	-	62,169
Streets	322,073	-	-	-	-	322,073
Culture and recreation:						
Parks and recreation	94,909	-	-	-	-	94,909
Lake	181,205	-	-	-	-	181,205
Golf	145,718	-	-	-	-	145,718
Library	135,024	-	-	-	-	135,024
Airport	-	99,465	-	-	-	99,465
Capital outlay	52,341	134,990	149,425	152,045	327,520	816,321
Total expenditures	<u>3,028,855</u>	<u>234,455</u>	<u>149,425</u>	<u>152,045</u>	<u>327,520</u>	<u>3,892,300</u>
Excess of revenues collected over (under) expenditures	<u>20,469</u>	<u>88,099</u>	<u>826,015</u>	<u>823,395</u>	<u>225,347</u>	<u>1,983,325</u>
Other financing sources (uses)						
Loss on disposal of assets	-	-	-	-	-	-
Operating transfers in	294,000	349,045	-	-	-	643,045
Operating transfer out	-	(349,045)	(1,253,174)	(221,727)	-	(1,823,946)
Total other financing sources (uses)	<u>294,000</u>	<u>-</u>	<u>(1,253,174)</u>	<u>(221,727)</u>	<u>-</u>	<u>(1,180,901)</u>
Excess (deficiency) of revenues and other resources over expenditures and other uses	<u>314,469</u>	<u>88,099</u>	<u>(427,159)</u>	<u>601,668</u>	<u>225,347</u>	<u>802,424</u>
Fund balances, beginning of year	<u>921,228</u>	<u>103,354</u>	<u>3,178,799</u>	<u>1,868,530</u>	<u>729,164</u>	<u>6,801,075</u>
Fund balances, end of year	<u>\$ 1,235,697</u>	<u>\$ 191,453</u>	<u>\$ 2,751,640</u>	<u>\$ 2,470,198</u>	<u>\$ 954,511</u>	<u>\$ 7,603,499</u>

(Continued)

The accompanying notes and auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS - CONTINUED
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

Reconciliation of the change in fund balances: total governmental funds to the change
in net position of governmental activities:

Net change in fund balances: total governmental funds	\$	802,424
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Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report capital outlays as expenditures while governmental
activities report depreciation expense to allocate those expenditures over the life
of the assets:

Capital asset purchases capitalized	1,172,272	
Depreciation	(542,647)	
	629,625	

Change in net position of governmental activities	\$	1,432,049
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The accompanying notes and auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2022

	Municipal Authority
	Enterprise Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 705,468
Certificate of Deposit	77,724
Restricted cash and cash equivalents	266,481
Total current assets	<u>1,049,673</u>
Noncurrent assets	
Capital assets:	
Equipment and vehicles	1,013,538
Land and improvements	21,351
Buildings	5,114,860
Infrastructure	11,046,305
Less accumulated depreciation	<u>(6,240,762)</u>
Total capital assets	<u>10,955,292</u>
Total assets	<u>12,004,965</u>
Liabilities	
Current liabilities	
Notes payable - current portion	<u>389,481</u>
Total current liabilities	<u>389,481</u>
Noncurrent liabilities	
Deposits subject to refund	67,850
Notes payable	1,772,481
Less: current portion	<u>(389,481)</u>
Total noncurrent liabilities	<u>1,450,850</u>
Total liabilities	<u>1,840,331</u>
Net position	
Invested in capital assets	9,114,961
Restricted for debt service	263,808
Unrestricted	<u>785,865</u>
Total net position	<u><u>\$ 10,164,634</u></u>

The accompanying notes and auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Municipal Authority Enterprise Fund
Operating revenue	
Charges for services:	
Water	\$ 1,216,979
Wastewater	297,441
Sanitation	557,126
Miscellaneous	287,036
Total operating revenue	<u>2,358,582</u>
Operating expenses:	
Water	722,003
Wastewater	322,491
Distribution	286,667
Sanitation	365,401
Administration and general	329,718
Total operating expenses	<u>2,026,280</u>
Net operating income (loss)	<u>332,302</u>
Nonoperating revenue (expense)	
Gain on sale of assets	8,342
Investment income	8,778
Interest expense	(64,778)
Total nonoperating revenue (expense)	<u>(47,658)</u>
Net income before transfers	284,644
Operating transfers: In	1,474,901
Operating transfers: Out	(294,000)
Net Transfers	<u>1,180,901</u>
Change in net position	1,465,545
Net position, beginning of year	<u>8,699,089</u>
Net position, end of year	<u><u>\$ 10,164,634</u></u>

The accompanying notes and auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Municipal Authority Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 2,344,332
Payments to suppliers	(1,173,060)
Payments to employees	(447,946)
Net cash provided (used) by operating activities	<u>723,326</u>
Cash flows from noncapital financing activities	
Transfers from other funds	1,474,901
Transfers to other funds	(294,000)
Other income - gain on sale	8,334
Net cash provided (used) by noncapital financing activities	<u>1,189,235</u>
Cash flows from capital and related financing activities	
Net purchase/disposal of capital assets	(8,832)
Principal paid on capital debt	(1,532,118)
Interest paid on capital debt	(64,778)
Net cash provided (used) by capital and related financing activities	<u>(1,605,728)</u>
Cash flows from investing activities	
Interest income	8,778
	<u>8,778</u>
Net increase (decrease) in cash and cash equivalents	315,611
Cash balance beginning of year	<u>656,338</u>
Cash balance end of year	<u><u>\$ 971,949</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Net operating income (loss)	\$ 332,302
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation and amortization expense	405,274
Change in assets and liabilities:	
Change in refundable deposits	(14,250)
Net cash provided by operating activities	<u><u>\$ 723,326</u></u>

The accompanying notes and auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
Chandler, Oklahoma

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
For the year ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 1.B., these financial statements, for the City of Chandler, Oklahoma, are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB.) These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

1.A. FINANCIAL REPORTING ENTITY

The municipality is a corporate body for public purposes created under Title 11 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The general operating authority for the municipality is the Oklahoma Municipal Code contained in Title 11, Oklahoma Statutes. The governing body of the municipality is the City Council composed of elected members. The mayor is the executive officer of the municipality.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB), GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61.

Based upon the application of these criteria, the City's financial reporting entity is composed of the following:

Primary Government:	City of Chandler
Blended Component Units:	Chandler Municipal Authority, North Central Regional Airport Authority
Omitted Component Unit:	Chandler Community Development Trust Authority

The component units are public trusts established pursuant to Title 60 of Oklahoma state law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the public trusts, receives title to any residual assets when the public trusts are dissolved.

The component units of the City of Chandler are as follows:

Component Unit	Brief Description / Inclusion Criteria	Fund Included In
Chandler Municipal Authority, (CMA)	Created September 15, 1970, to finance, develop, and operate the water, wastewater, and sanitation activities of the City. Current City Council members serve as entire governing body (trustees). The City of Chandler is the beneficiary of the trust.	CMA Enterprise Fund
North Central Regional Airport Authority	Created May 5, 1998, to finance, develop, and operate the regional airport. The Authority is governed by five trustees, which are appointed by the City Council of the City of Chandler. The beneficiary of the trust is the City of Chandler and any other additional beneficiaries admitted pursuant to the trust indenture. The Mayor of the City of Chandler currently serves as a trustee.	Separate Fund

The Chandler Community Development Trust Authority is excluded from the financial statements of the City of Chandler. The Chandler Community Development Trust Authority issues separate financial statements. Based upon the application of the criteria above, the Chandler Community Development Trust Authority is considered a component unit of the City of Chandler. However, management has not included the Chandler Community Development Trust Authority in the City of Chandler, Oklahoma's, financial statements. The modified cash basis of accounting requires the Chandler Community Development Trust Authority to be presented as a major enterprise fund and financial information about the Chandler Community Development Trust Authority to be part of the business-type activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, liabilities, net assets, revenues, and expenses of the business-type activities and the omitted major fund is not reasonably determinable.

The Chandler Community Development Trust Authority (CCDTA) currently leases the Old Armory building, from the City of Chandler, to house the Route 66 Interpretive Center. The Route 66 Interpretive Center was opened on May 19, 2007. The lease was for an initial term of 20 years, for \$ 1 per year. The City of Chandler provides insurance coverage on the building, for which the CCDTA was to reimburse the City. An amendment and an addendum to the lease were entered into on September 30, 2009. The amendment became a part of the lease while the addendum is renewed each fiscal year. Among other provisions, the City funds the CCDTA in the amount of \$ 2,000 per month, of which no less than 25 % is to be used for advertising to promote the City. Other terms allow the City to waive the requirements of the CCDTA to reimburse the City for various expenses and contains certain reporting requirements.

The Chandler Municipal Authority, and the North Central Regional Airport Authority, do not issue separately audited component unit financial statements. The Chandler Community Development Trust Authority does issue separately audited component unit financial statements.

1.B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles. The City has chosen to include adjustments for the following balances arising from cash transactions:

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- General government: License and permits, operating and capital grants and contributions
- Public safety: Fine revenue, operating and capital grants and contributions
- Streets: Gas excise and commercial vehicle taxes

Governmental Funds

The City's governmental funds are comprised of the following:

Major Fund

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- Airport Fund – accounts for specific revenues, transfers, and expenditures for operations of the airport
- CMA Capital Improvement Fund – accounts for the one cent sales tax under Ordinance 1995-06, to be expended for capital improvements for water or sewer improvements, or any other project approved by the city council, or the payment of debt service
- Water Capital Improvement Fund – accounts for the one cent sales tax under Ordinance 1980-04, to be expended only on the water system

Non-Major Funds (Reported as Other Governmental Funds)

- City Capital Improvement Fund – accounts for the specific revenues and transfers from other City funds and expenditures for various capital projects
- Cemetery Fund – accounts for the 12.5 % of all cemetery revenues that are legally restricted for cemetery use
- Lodging Tax Fund – accounts for specific revenues (Hotel/Motel Tax) to be used for economic development for the City.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

PROPRIETARY FUNDS

Enterprise Fund

The City's proprietary fund is comprised of the following:

- Chandler Municipal Authority – an enterprise fund that accounts for the operation of the water, sewer and sanitation activities

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

1.C. BUDGETS AND BUDGETARY ACCOUNTING

The City adopted a budget, under the New Budget Act, for the year ended June 30, 2022.

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less and money market accounts.

INVESTMENTS

Investments classified in the financial statements; consist entirely of certificates of deposit whose original maturity term exceeds three months and a money market sweep account. Investments are carried at cost, which approximates fair value.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.F. for details of interfund transactions, including receivables and payables at year-end.

INVENTORIES

The cost of consumable materials and supplies on hand are immaterial to the financial statements, and the City has therefore chosen to report these items as expenditures at the time of purchase.

CAPITAL ASSETS

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$ 2,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

<u>Type of Asset</u>	<u>Years</u>
Office Equipment	5-10
Furniture	7-10
Equipment	5-15
Vehicles	5-10
Buildings	20-40
Infrastructure	25-50

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

RESTRICTED ASSETS

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets, of the proprietary fund, are related to promissory note trustee accounts and utility meter deposits. The primary restricted assets of the governmental funds are the sales tax amounts of the Capital Improvement Funds, and the grant and other restricted bank accounts of the General Fund.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

COMPENSATED ABSENCES

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation and sick leave. Vacation pay vests for full time employees, after six months of continuous service, as outlined in the Personnel Policies Handbook, adopted by the city council on September 2, 2003. Vacation pay accrues on a scale from 6.67 hours per month for zero to two years of service, to 13.33 hours per month for 19 plus years of service. Fire department and management employees are subject to a slightly different scale. Vacation time is to be taken in the calendar year in which earned. Employees may carry over a maximum of forty hours from year to year. Employees may request payment in lieu of vacation time off for a maximum of forty hours each year.

Sick leave accrues for full time employees at 8 hours per month, to a maximum accrual of 1,400 hours although it is not vested. Any employee who has not used more than two days of sick leave during the previous twelve months may receive a well bonus equal to two paid days or have two days added to their vacation time as determined by the department head.

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2022, is summarized as follows:

- City – accrued compensated absences \$ 46,851
- Chandler Municipal Authority – accrued compensated absences \$ 17,372

FUND BALANCES AND NET POSITION

Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

- *Non-spendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- *Restricted* – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (b) laws through constitutional provisions or enabling legislation.
- *Committed* - includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- *Assigned* – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by City Council action or management decision when the City Council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

Net position is displayed in two components:

- Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation
- Unrestricted net position* – All remaining net position that does not meet the definition of “restricted”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund balances at June 30, 2022, for the governmental funds are as follows:

	General Fund	Airport Fund	Capital Projects Funds		Other Gov Funds	Total
			CMA Cap Fund	Water Cap Fund		
Fund Balances:						
Invested in Capital Assets, Net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Capital Projects	55,569	-	2,751,640	2,470,198	867,725	6,145,132
Economic Development	-	-	-	-	-	-
Perpetual Cemetery Care	-	-	-	-	86,786	86,786
Total Restricted	55,569	-	2,751,640	2,470,198	954,511	6,231,918
Committed to:						
Capital Improvement Projects	-	-	-	-	-	-
Assigned to:						
Airport Operations	-	191,453	-	-	-	191,453
Total Assigned	-	191,453	-	-	-	191,453
Unassigned	1,180,128	-	-	-	-	1,180,128
Total Fund Balances	<u>\$ 1,235,697</u>	<u>\$ 191,453</u>	<u>\$ 2,751,640</u>	<u>\$ 2,470,198</u>	<u>\$ 954,511</u>	<u>\$ 7,603,499</u>

1.E. REVENUES, EXPENDITURES, AND EXPENSES

SALES TAX

The City presently levies a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is allocated two cents to the General Fund, and two cents to the Chandler Municipal Authority. Of the two cents allocated to the General Fund, five percent is allocated to the City Capital Improvement Fund, and five percent is allocated to the North Central Regional Airport Authority Fund. Of the two cents allocated to the Chandler Municipal Authority, one cent is allocated to the CMA Capital Improvement Fund, and one cent is allocated to the CMA Water Capital Improvement Fund.

In accordance with the Sales Tax Agreement between the City and the Chandler Municipal Authority, dated December 1, 2014, the City agreed to pledge the 1 % sales tax allocated to the Chandler Municipal Authority to secure the payment of a \$ 1,175,000 Clean Water SRF Promissory Note, a \$ 2,500,000 Drinking Water SRF Promissory Note, as well as the \$ 1,300,000 and \$ 530,000 Utility System and Sales Tax Revenue Notes. The sales tax is to be deposited in a special account established in the General Fund of the City. The City agrees to appropriate that money each year, to be paid over as received for immediate deposit in a bank designated by the Authority, in an account to be established entitled the Chandler Municipal Authority Sales Tax Fund. The Authority has pledged the Sales Tax Revenue for the purpose of paying debt service on the notes. In the event the Authority is current on its debt service payments as required by the loan agreements and there is no event of default as defined in the loan agreements, then any remaining Sales Tax Revenue in the Sales Tax Fund shall be transferred back to the special account established in the General Fund of the City and shall be available on the last day of the month for any lawful purpose.

USE TAX

The City levies a four-cent use tax on personal property purchased outside of Oklahoma but stored, used, or consumed within the city. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use tax is allocated entirely to the City Capital Improvement Fund.

PROGRAM REVENUES

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government

Public Safety

Culture and Recreation

Permit Fees

Fine revenue, fire protection, ambulance service, operating and capital grants including State Department of Agriculture grants.

Sign up fees, membership fees, gate fees, use fees, operating and capital grants include an Oklahoma Department of Libraries grant.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose, except for the commercial vehicle tax and the gasoline excise tax, both of which are restricted for street and alley purposes.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

1.G. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts 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 (such as estimated useful lives in determining depreciation expense.) Accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

2.A. UNINSURED AND UNCOLLATERALIZED DEPOSITS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. As reflected in Note 3.A., all deposits were fully insured or collateralized at June 30, 2022.

NOTE 3. DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS

3.A. DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name, or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name. The City's policy for custodial credit risk is to use sweep accounts that sweeps all funds except \$200,000 out of the bank overnight. The \$200,000 bank balance is covered by FDIC insurance.

Investment Credit Risk - The City has no investment policy that limits its investments choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligation, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2022, the City, the Chandler Municipal Authority, and the North Central Regional Airport Authority complied, in all material respects, with these investment restrictions.

Investment Interest Rate Risk – the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, there is no concentration of investment credit risk exposure.

Deposits and Investments at June 30, 2022:		Maturity (Months)	Credit Rating	Market Value	Cost
<i>Governmental Activities:</i>					
Cash		N/A	N/A	\$ 1,371,581	\$ 1,371,581
Investments:					
Money Market Funds		N/A	AAAm	6,139,742	6,139,742
Certificates of Deposit		12	N/A	92,176	92,176
Total Deposits and Investments:				<u>\$ 7,603,499</u>	<u>\$ 7,603,499</u>
<i>Business-Type Activities:</i>					
Cash		N/A	N/A	\$ 705,468	\$ 705,468
Investments:					
Money Market Funds		N/A	AAAm	266,481	266,481
Certificates of Deposit		12	N/A	77,724	77,724
Total Deposits and Investments:				<u>\$ 1,049,673</u>	<u>\$ 1,049,673</u>

3.B. RESTRICTED ASSETS

The amounts reported as restricted assets are composed of amounts held by the Municipal Authority for utility deposits (refunded upon termination of service or applied to final bill) of \$67,850; amounts held in trustee accounts on behalf of the promissory notes in the amount of \$198,631; amounts held in various checking accounts for various capital projects of \$6,088,906; amounts held for various accounts for amounts held for airport operations of \$191,453; amount held for economic development of \$18,811 and amounts held for perpetual cemetery care of \$ 32,025.

3.C. RESTRICTED REVENUES

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Note 1.E.
Gasoline Excise & Commercial Vehicle Tax	Street & Alley purposes
Grant proceeds	Grant expenditures
Hotel/Motel Tax	Economic development

3.D. CAPITAL ASSETS

Depreciation expense was charged to functions as follows in the Statement of Activities:

Primary Government:	
General Government	\$ 80,818
Public Safety	121,513
Airport	223,322
Streets	85,473
Culture and Recreation	31,521
Total depreciation expense for governmental activities	<u>\$ 542,647</u>
Business-Type Activities:	
Water	\$ 238,173
Distribution	51,278
Wastewater	115,311
Admin and General	512
Total depreciation expense for business-type activities	<u>\$ 405,274</u>

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Deletions/ Adjustments	Balance 6/30/2022
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 3,208,586	\$ -	\$ -	\$ 3,208,586
Total capital assets not being depreciated	3,208,586	-	-	3,208,586
Other capital assets:				
Office furniture & equipment	138,942	-	-	138,942
Equipment	2,193,255	185,589	-	2,378,844
Vehicles	1,697,145	111,086	-	1,808,231
Buildings	2,673,318	-	-	2,673,318
Infrastructure	9,414,438	875,597	-	10,290,035
Total other capital assets	16,117,098	1,172,272	-	17,289,370
Less accumulated depreciation for:				
Office furniture & equipment	133,216	1,317	-	134,533
Equipment	1,536,626	65,877	-	1,602,503
Vehicles	1,570,226	86,269	-	1,656,495
Buildings	1,181,281	73,124	-	1,254,405
Infrastructure	1,369,712	316,060	-	1,685,772
Total accumulated depreciation	5,791,061	542,647	-	6,333,708
Other capital assets, net	10,326,037	629,625	-	10,955,662
Governmental activities capital assets, net	<u>\$ 13,534,623</u>	<u>\$ 629,625</u>	<u>\$ -</u>	<u>\$ 14,164,248</u>
<i>Business-type activities</i>				
Capital assets not being depreciated:				
Land	\$ 21,351	\$ -	\$ -	\$ 21,351
Total capital assets not being depreciated	21,351	-	-	21,351
Other capital assets:				
Office furniture & equipment	30,318	-	-	30,318
Equipment	828,962	-	(18,950)	810,012
Vehicles	173,208	-	-	173,208
Buildings	5,114,860	-	-	5,114,860
Infrastructure	11,018,523	27,782	-	11,046,305
Total other capital assets	17,165,871	27,782	(18,950)	17,174,703
Less accumulated depreciation for:				
Office furniture & equipment	45,933	512	-	46,445
Equipment	670,491	50,317	(18,792)	702,016
Vehicles	167,207	6,632	-	173,839
Buildings	743,338	35,457	-	778,795
Infrastructure	4,208,519	331,148	-	4,539,667
Total accumulated depreciation	5,835,488	424,066	(18,792)	6,240,762
Other capital assets, net	11,330,383	(396,284)	(158)	10,933,941
Business-type activities capital assets, net	<u>\$ 11,351,734</u>	<u>\$ (396,284)</u>	<u>\$ (158)</u>	<u>\$ 10,955,292</u>

3.E. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

BUSINESS-TYPE ACTIVITIES

Notes Payable:

As of June 30, 2022, the long-term debt from proprietary fund resources consisted of the following:

In December 2014, the Authority and Bancfirst, Oklahoma City, Oklahoma, (the "Trustee") approved a note indenture providing for the issuance of its Utility System and Sales Tax Revenue Note – Series 2015, in the principal amount of \$ 1,300,000. Bancfirst of Chandler purchased the note. The note is for a period of 9 1/2 years, with interest at 2.45 %. Monthly payments are made to a debt service fund maintained by the trustee, who then makes the semi-annual principal and interest payments under the note.	\$ 470,000
In May 2012, the Authority entered into a loan agreement with the Oklahoma Water Resources Board, as part of the wastewater project discussed below, for \$ 1,175,000. The loan is for a period of 10 years, with semi-annual payments beginning September 15, 2013. The loan includes interest and an administrative fee totaling 1.67 %.	\$ 92,481
In December 2017, the Authority and Bancfirst, Oklahoma City, Oklahoma, (the "Trustee") approved a note indenture providing for the issuance of its Sales Tax Revenue Note – Series 2017, in the principal amount of \$ 1,550,000. F & M Bank purchased the note. The note is for a period of 12 years, with interest at 3.11 %. Monthly payments are made to a debt service fund maintained by the trustee, who then makes the semi-annual principal and interest payments under the note.	\$ 1,210,000
Total Notes Payable, Proprietary Fund	<u>\$ 1,772,481</u>

During 2012, the Chandler Municipal Authority entered into a \$ 1,175,000 loan with the Oklahoma Water Resources Board, through the Clean Water SRF (State Revolving Fund) Loan Program, for improvements to the wastewater system. Under the FY 2011 Appropriation Bill for the Clean Water State Revolving Fund Program (CWSRF) the Oklahoma Water Resources Board had the ability to provide additional subsidization in the form of principal forgiveness to projects that incorporate eligible "green" elements. The OWRB engineering staff determined that \$ 210,000 was considered "green" according to EPA's Green Project Reserve Guidelines. Thus, the loan principle forgiveness amount was \$ 210,000, pending compliance with ORWB's guidelines. That amount was forgiven during a previous year. The security for the loan includes a pledge and assignment of revenues derived by the Authority from its operation of the water, sanitary sewer and sanitation systems serving the City of Chandler, and a year-to-year pledge of certain sales tax revenue (discussed in Note 1.E.)

In July 2012, the Chandler Municipal Authority entered into a \$ 2,500,000 loan with the Oklahoma Water Resources Board, through the Drinking Water SRF (State Revolving Fund) Loan Program, for improvements to the drinking water system. During FY 2022, this note was paid in full.

The two Utility System and Sales Tax Revenue Notes were both issued pursuant to the General Bond Indenture dated December 1, 2014, and separate Supplemental Note Indentures for each note (dated December 1, 2014, and April 9, 2015.) Both notes are secured by the gross revenue of the system, and the sales tax revenue pledged under the Sales Tax Agreement dated December 1, 2014, whereby the City agreed on a year-to-year basis to pay the sales tax revenues derived from Ordinance No. 95-06, to be used for capital improvements for water plant improvements, and/or any other public works project approved by the City Council, and/or the payment of debt service. Pursuant to the terms of the General Bond Indenture and a Parity Agreement dated December 16, 2014, between the Authority, the Oklahoma Water Resources Board, and the trustee, the mortgaged property and the lien on the revenues of the system and the sales tax revenue are on a parity with the mortgage and lien in favor of the existing debt. The Note dated 2014 with the original principal amount of \$530,000 was paid in full during fiscal 2022. The other note dated 2015 with the original principal amount of \$1,300,000 is still outstanding.

The Sales Tax Revenue Note – Series 2017 will be repaid from one half of the one percent sales tax levied pursuant to Ordinance No. 76-3. As consideration for the execution of the note indenture and the issuance of the note by the Authority and in order to secure all the payments required by the note, the Authority has pledged the sales tax revenue to the Trustee as set out in the note indenture, and has created a security interest in that sales tax revenue in favor of the Trustee for the benefit of the holders of the notes. The Authority and the City of Chandler, Oklahoma, have entered into a Sales Tax Agreement, dated December 1, 2017, wherein the City of Chandler agrees, on a year-to-year basis subject to annual appropriation, to pay under certain circumstances to the Authority each month as received, a portion of the monies derived from the levy and collection of the excise tax levied pursuant to the sales tax ordinances discussed above.

Refundable Deposits:

- For 2022, refundable deposits reported as a liability within the Statement of Net Assets are composed of the following:

Utility Deposits – Refundable \$ 67,850

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022.

Type of Debt	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amount Due Within One Year
Business-Type Activities:					
Oklahoma Water Resources Board	\$ 321,481	\$ -	\$ 229,000	\$ 92,481	\$ 92,481
Utility Sys & Sales Tax Rev Note	590,000	-	120,000	470,000	160,000
Utility Sys & Sales Tax Rev Note	1,343,000	-	133,000	1,210,000	137,000
Total Business-Type Activities	<u>\$2,254,481</u>	<u>\$ -</u>	<u>\$ 482,000</u>	<u>\$1,772,481</u>	<u>\$ 389,481</u>

DEBT SERVICE REQUIREMENTS TO MATURITY

The estimated annual debt service requirements to maturity, including principal and interest, for long-term debt, as of June 30, 2022, are as follows:

For the Year Ended 06/30/2022	Oklahoma Water Resources Board		Water System Improvements Loan		Travel Plaza Extension Loan	
	Prin	Int	Prin	Int	Prin	Int
2023	92,481	4,559	160,000	10,780	137,000	36,574
2024	-	-	205,000	7,595	140,000	32,419
2025	-	-	105,000	2,573	144,000	27,912
2026	-	-	-	-	789,000	41,705
Thereafter	-	-	-	-	-	-
	<u>\$ 92,481</u>	<u>\$ 4,559</u>	<u>\$ 470,000</u>	<u>\$ 20,948</u>	<u>\$ 1,210,000</u>	<u>\$ 138,610</u>

3.F. INTERFUND TRANSFERS AND BALANCES

INTERFUND TRANSFERS

Transfers between funds of the primary government for the year ended June 30, 2022, were as follows:

MAJOR FUNDS	Transfers In	Transfers Out
GENERAL FUND		
Municipal Authority	<u>\$ 294,000</u>	<u>\$ -</u>
Total General Fund	294,000	-
AIRPORT FUND		
CMA Capital Imp Fund	349,045	-
CMA	<u>-</u>	<u>349,045</u>
Total Airport Fund	349,045	349,045
ENTERPRISE FUND		
Municipal Authority		
General Fund	-	294,000
Airport Fund	349,045	-
CMA Capital Improvement Fund	904,129	-
Water Capital Improvement Fund	<u>221,727</u>	<u>-</u>
Total Enterprise Fund	1,474,901	294,000
CITY CAPITAL IMPROVEMENT FUND		
Airport Fund	<u>-</u>	<u>-</u>
Total City Capital Impr Fund	-	-
CMA CAPITAL IMPROVEMENT FUND		
CMA		904,129
Airport	<u>-</u>	<u>349,045</u>
Total CMA Capital Improvement Fund	-	1,253,174
WATER CAPITAL IMPROVEMENT FUND		
Municipal Authority	<u>-</u>	<u>221,727</u>
Total Water Capital Improvement Fund	-	221,727
GRAND TOTALS	<u>\$ 2,117,946</u>	<u>\$ 2,117,946</u>

The transfers reflected in the above schedule are used to move restricted resources collected by the General Fund to the funds authorized to spend the resources and to transfer funds from the Municipal Authority to the General Fund in accordance with the budget.

NOTE 4: OTHER NOTES

4.A. PENSION PLANS

The City of Chandler participates in four pension or retirement plans:

- 1) Oklahoma Municipal Retirement Fund (OMRF)
- 2) Oklahoma Municipal Retirement Fund Customized Manager Option Plan Retirement Plan and Trust (the CMO Plan)
- 3) Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- 4) Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan

OKLAHOMA MUNICIPAL RETIREMENT FUND

OMRF

Plan Summary Information. The City of Chandler, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Municipal Retirement Fund (OMRF). The OMRF defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members (except those covered by the Police and Firefighters Pension Systems) and beneficiaries. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirements.

The OMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from their website at www.okmrf.org, or from OkMRF by writing to:

OMRF
525 Central Park Drive, Suite 320
Oklahoma City, OK 73105

Funding Policy. The City participates under Plan BB, under which employees are required to contribute 4.5 % of their annual pay, and the City contributes 8.7 % of the employees' annual pay.

The OMRF contributions are as follows:

Schedule of Retirement Plan Contributions OMRF Cost-Sharing Plan

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2018	82,611	82,611
2019	91,910	91,910
2020	85,953	85,953
2021	57,176	57,176
2022	89,896	89,896

CITY MANAGER PLAN (the CMO PLAN)

Plan Description – During the current year, the City provided a defined contribution plan and trust known as the Oklahoma Municipal Retirement Fund Customized Manager Option Plan Retirement Plan and Trust (the CMO Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OkMRF). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The defined contribution plan is available to any person who is in the position of City Manager. Separate financial statements are not available.

Funding Policy – Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and voluntarily elect their percentage of contribution with a minimum contribution of 3 % of compensation. The City makes contributions to the CMO Plan based on the employment agreement with the employee and employer contributions are immediately vested. The City contributed 10 % during the year ended June 30, 2022. The authority to establish and amend the provisions of the plan rests with the City Council. Contributions to the plan for the year ended June 30, 2022, for employee and employer were \$ 7,935 and \$ 11,272, respectively, on a covered payroll of \$ 111,737.

FIREFIGHTER'S PENSION AND RETIREMENT SYSTEM

OFPRS:

Plan Summary Information. The City of Chandler, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). This plan covers all full-time and volunteer firemen. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, Section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirement.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. For volunteer firefighters the City is required by state law to contribute \$ 60 per year for each volunteer firefighter, while there is no required contribution by the volunteer.

Schedule of Retirement Plan Contributions for Volunteer Firefighters

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2018	1,200	1,200
2019	960	960
2020	1,260	1,260
2021	1,020	1,020
2022	1,200	1,200

The City participates in the OFPRS for all paid firefighters. OFPRS plan members are required to contribute 9 % to the plan. The City is required by state law to contribute 14 % per year of covered payroll per paid

firefighter. The Plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

Schedule of Retirement Plan Contributions OFPRS Cost-Sharing Plan

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2018	54,477	54,477
2019	60,937	60,937
2020	52,596	52,596
2021	52,617	52,617
2022	50,367	50,367

POLICE PENSION AND RETIREMENT SYSTEM

OPPRS:

Plan Summary Information. The City of Chandler, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension & Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to Title 11, section 50-102, the City must participate in the plan if they employ a certain number of fulltime police officers. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirements.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS
1001 N.W. 63 rd St., Suite 305
Oklahoma City, OK 73116-7335

Funding Policy. The City is required by state law to contribute 13 % of covered payroll per year for each police officer. Employees contribute 8 % of covered payroll. The Plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The OPPRS contributions are as follows:

Schedule of Retirement Plan Contributions OPPRS Cost-Sharing Plan

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2018	36,173	36,173
2019	38,144	38,144
2020	30,693	30,693
2021	33,517	33,517
2022	36,697	36,697

4.A.1. TERMINATION BENEFITS

At June 30, 2022, the City's reporting entity had no terminated employees participating in COBRA health care in various options available from the City. COBRA participants pay 100 % of the premium cost for continuing coverage. COBRA continuation coverage benefits are available for eligible employees for 18 months. Dependents of employees who lose coverage due to a qualifying event are eligible for 30 months. Benefits provided are not material to the financial statements.

4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages these various risks of loss by securing commercial insurance for all risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4.C. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The City is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include any accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a 3-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Uncertainties

During March 2020, the World Health Organization declared a pandemic with the outbreak of the COVID-19 and declared a "Public Health Emergency of International Concern". The U.S. Government and local governmental authorities implemented procedures to attempt to contain the virus and lessen its impact. The spread of this virus has caused business interruptions that are expected to continue for the foreseeable future. The extent of the impact of COVID-19 on the City's operational and financial performance has not yet been determined. As such, these financial statements do not include any adjustments that might result from the outcome of this uncertainty.

4.D. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 29, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF CHANDLER
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	CAPITAL PROJECTS FUNDS		SPECIAL REVENUE FUND	Total Nonmajor Governmental Funds
	Cemetery Fund	City Cap Fund	Lodging Tax Fund	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	54,761	-	-	54,761
Restricted cash and cash equivalents	32,025	848,914	18,811	899,750
Total assets	<u>\$ 86,786</u>	<u>\$ 848,914</u>	<u>\$ 18,811</u>	<u>\$ 954,511</u>
LIABILITIES AND FUND BALANCE				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Restricted	86,786	848,914	18,811	954,511
Unassigned		-	-	-
Total Fund Balance	<u>86,786</u>	<u>848,914</u>	<u>18,811</u>	<u>954,511</u>
Total Liabilities and Fund Balance	<u>\$ 86,786</u>	<u>\$ 848,914</u>	<u>\$ 18,811</u>	<u>\$ 954,511</u>

The accompanying notes and auditor's report are an integral part of the financial statements.

CITY OF CHANDLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	CAPITAL PROJECTS FUNDS		SPECIAL REVENUE FUND	Total Nonmajor Governmental Funds
	Cemetery Fund	City Cap Fund	Lodging Tax Fund	
Revenues:				
Sales tax	\$ -	\$ 97,544	\$ -	\$ 97,544
Use tax	-	396,592	-	396,592
Cigarette tax	-	31,277	-	31,277
Grants	-	-	-	-
Hotel/Motel Tax	-	-	8,450	8,450
Charge for services	2,075	-	-	2,075
Miscellaneous	-	16,924	-	16,924
Investment income	5	-	-	5
Total Revenues	<u>\$ 2,080</u>	<u>\$ 542,337</u>	<u>\$ 8,450</u>	<u>\$ 552,867</u>
Expenditures:				
General government	-	-	-	-
Cemetery	-	-	-	-
Streets	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Ambulance	-	-	-	-
Lake	-	-	-	-
Golf	-	-	-	-
Parks & Recreation	-	-	-	-
Wastewater	-	-	-	-
Capital Outlay	-	327,520	-	327,520
Total Expenditures	<u>-</u>	<u>327,520</u>	<u>-</u>	<u>327,520</u>
Excess (deficiency) of revenues over expenditures	<u>2,080</u>	<u>214,817</u>	<u>8,450</u>	<u>225,347</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,080	214,817	8,450	225,347
Fund Balances - beginning of year	<u>84,706</u>	<u>634,097</u>	<u>10,361</u>	<u>729,164</u>
Fund Balances - end of year	<u><u>\$ 86,786</u></u>	<u><u>\$ 848,914</u></u>	<u><u>\$ 18,811</u></u>	<u><u>\$ 954,511</u></u>

The accompanying notes and auditor's report are an integral part of these financial statements.

MICHAEL W. GREEN
Certified Public Accountant

827 W. Locust Street
STILWELL, OK. 74960
(918) 696-6298

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
City of Chandler, Oklahoma

I have audited, in accordance with the 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, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chandler, Oklahoma (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated December 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-01 that I consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

A handwritten signature in black ink, appearing to read 'Michael Green', is positioned above the printed name.

Michael Green, CPA

December 29, 2022

CITY OF CHANDLER
Schedule of Findings and Responses
For year ended June 30, 2022

2022-01 Internal Control – Reporting

Criteria: The City follows GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61 to determine what component units should be included in the financial statements.

Condition: The Chandler Community Development Trust Authority has been omitted from the City's financial statements. It appears that the component unit does not obtain a separate audit or prepare financial statements to be included within the City's annual report.

Cause and Effect: Since the Chandler Community Development Trust Authority is not included as a component unit in the City's government wide financial statements, the financial statements may be misstated.

Recommendation: We recommend the City review its relationship with the Chandler Community Development Trust Authority and include the financial information in the City's government-wide financial statements or ensure that a separate audit is obtained.

Responsible Official's Response: At this time, City Staff does not believe the Chandler Community Development Trust Authority needs to be included in the City's audit. However, this issue has been brought to our attention and we will review the Authority's Trust Indenture with our legal counsel to determine a path for future audits.