

City of Chandler
**Comprehensive Annual
Financial Report**

Fiscal Year Ended June 30, 2010

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**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

Boyd Dunn, Mayor

Bob Caccamo, Vice-Mayor

Rick Heumann, Councilmember

Matt Orlando, Councilmember

Jeff Weninger , Councilmember

Trinity Donovan, Councilmember

Jack Sellers, Councilmember

Executive Staff:

Rich Dlugas, Acting City Manager

Patrick McDermott, Assistant City Manager

Prepared by:

Management Services Department

Dennis Strachota, Director

Dawn Lang, Assistant Director for Finance

Penny Burczyk, Accounting Manager

Derrick Beracy, Sr. Financial Reporting Analyst



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**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2010**

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Introductory Section

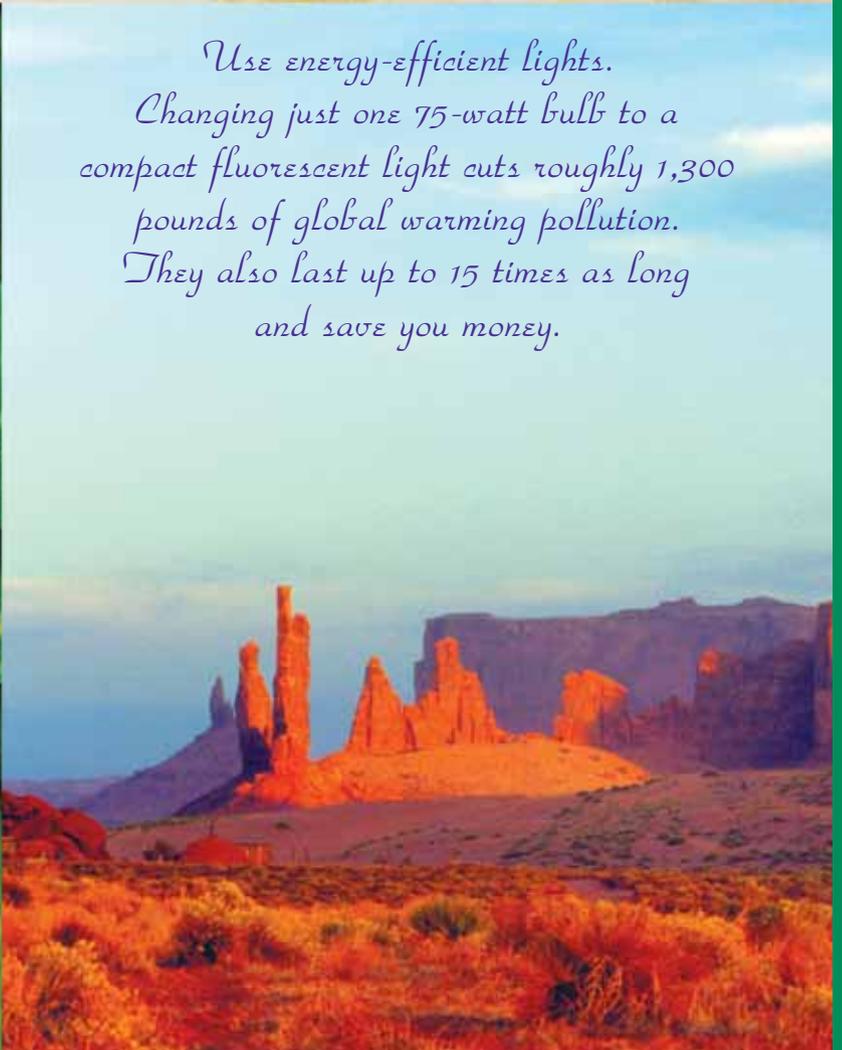
The introductory section includes the letter of transmittal, an organizational chart, and the Certificate of Achievement for Excellence in Financial Reporting.



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*Use energy-efficient lights.
Changing just one 75-watt bulb to a
compact fluorescent light cuts roughly 1,300
pounds of global warming pollution.
They also last up to 15 times as long
and save you money.*





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December 3, 2010

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, 2010, 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 63 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. Council members are elected at-large on a staggered basis; the mayor is elected for a two-year term and council members are elected for four-year terms. The City Council is vested with policy and legislative authority, and is responsible for passing ordinances, adopting the budget, appointing committee, commission 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.

The City is fifth 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. Between 1992 and 2009, the City's population increased by over 100 percent, from 100,416 to 252,056. The City's tremendous growth over the last decade is attributable to the growth in its manufacturing sector, which is led by high-tech industrial companies such as Intel, Orbital Sciences, Microchip Technologies and Freescale Semiconductor. These four companies combined employ 13,960 in the City.



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Web www.chandleraz.gov

Location
Third Floor
175 South Arizona Avenue
Chandler, Arizona 85225

The City boasts a strong labor market serving the high technology field's demand for skilled workers. Resident population has a median age of 32.5 years and a median household income of \$71,404. In addition, approximately 69 percent of the population has a college degree or some college education. This highly educated workforce explains in part why the City had highest average employee wages in the Phoenix metropolitan area, 120% of the statewide average. Over 75 percent of the City's manufacturing employees are in high technology fields; the national average is 15 percent. The City's unemployment averaged 6.7 percent for fiscal year 2009/10 compared with 8.7% for Maricopa County and 9.5% for the State of Arizona.

The City's sales tax revenues, which comprise over 40 percent of its general fund, dropped by 3.63 percent for 2009/10 from the prior year as the City begins to recover from the effect of the recession that was felt nationally and globally. In response to the economic recession and from the corresponding declining revenues, the City reduced its spending by \$17 million in its General Fund for 2009/10 through a combination of spending cuts, revenue increases and reserves specifically set aside for revenue fluctuations. Further reductions were taken for next fiscal year to make up a continued drop in state shared and local own source revenues. To date, Chandler has weathered the recession better than many other communities through a combination of sound financial policies, healthy reserves and conservative budgeting.

2009/2010 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.

- Chandler received the 2010 All-America City Award, the nation's oldest civic recognition award sponsored by the National Civic League;
- Innovations Technology Incubator opened, paving the way for science and technology entrepreneurs to accelerate their path to success and grow their business in Chandler;
- Implemented a multi-approach recruitment effort to assist employees targeted for layoff in securing internal positions. Approximately 18 layoffs were avoided;
- Consolidated city owned mobile phones into one provider and pool of minutes;
- Received a High Performing Housing Authority designation;
- Completed two history kiosks in Park Manors Park and World War II Honor Billboard in Dr. A.J. Chandler Park;
- Awarded the 2009 Arizona Parks and Recreation Association Outstanding Community Special Event Award for the "Woofstock" event;
- Awarded 22nd consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association;
- Awarded the 5th consecutive Achievement in Excellence in Procurement Award from the National Purchasing Institute and 4th consecutive Fully Certified Office Award from the National Institute of Government Purchasing;
- Implemented paperless payroll with self-service payslips for employee on-line retrieval;
- Installed outbound reminder calls for past due accounts and implemented an E-Billing option for utility customers;
- Received the Wastewater Project of the Year Award from the Arizona Water Association and the Arizona Public Works Project of the Year Award from American Public Works Association for the Five Million Gallon per Day Airport Water Reclamation Facility expansion project; and

- Completed the construction of the new Fire Administration Building and the Fire and Police Memorial Plaza with dedication of the Memorial Plaza on September 11, 2009.

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 ultimately strengthen the City. The City continued with the Council's strategic goals by focusing on the following organizational priorities.

- **Downtown**

Downtown Chandler and the Historic Square have served as the focal point of community life since Chandler's inception. Emerging today as a location for independent business and retail, the downtown also serves as the City's cultural center providing the community with a sense of identity and uniqueness.

- **Economic Development**

The ability of the City to maintain and enhance the quality of life of its residents depends upon a successful economic development program. High paid quality jobs attract potential residents, and diversifying the employment and tax base provides revenue to support the amenities enjoyed by the community.

- **Neighborhoods**

As Chandler has grown rapidly from a community of 30,000 in 1980 to 250,000 today, neighborhoods have become increasingly important to help define the community's quality of life and provide a sense of identity and place. The maintenance and long term care of our neighborhoods will become increasingly important as the community continues to age.

- **Sustainability**

In order to assure that Chandler's quality of life is enjoyed by future generations, it is imperative that the City acts as an effective steward of our financial and environmental resources. This effort is even more critical as city resources are becoming increasingly limited, and as best practices throughout the country have provided ample evidence of the many benefits of doing business in a more sustainable fashion. The City Council is committed to the stewardship of the City's resources through improved business practices and the conservation of our financial and environmental assets.

- **Transportation**

An effective multimodal transportation system is critical to the long-term vitality of the Chandler community. The City must maintain a viable transportation network that includes an efficient arterial street and transit system that is connected regionally, as well as a network that is bicycle and pedestrian friendly.

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. The audit for the fiscal year ended June 30, 2010 disclosed no material internal control weaknesses or material violations of laws and regulations.

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 and internal service 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 2009/2010, \$797,894,348). 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 subsequent year(s)' expenditures against those encumbrances are charged against an encumbrance reserve established at the end of the preceding year(s).

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.

Cash Management Policies and Practices

The cash management program of the City provides for the continuous investment of all idle funds. Also, the City utilizes a pooled cash and investment concept for all funds. Each fund type's portion of the pool is displayed in the financial statements as Equity in Pooled Cash and Investments. External investment management firms at the direction of City staff invested cash temporarily idle during the fiscal year. In addition, the City may invest in direct obligations of the United States of America or any agency thereof, or any obligation guaranteed by the United States of America or any of its agencies. It is the City's investment policy to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, all cash deposits were either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized.

Risk Management

The City maintains and has substantially funded a self-insurance program for its liability, property, worker's compensation and group insurance coverage needs. Public liability, property claims and worker's compensation are administered by the City's Risk Management division in the Management Services Department. Liabilities for these claims, as reported in the financial statements, are based on independently prepared actuarial reports and historical analyses performed by the City. Excess commercial coverage is purchased for claims above the City's self-insurance retention and this coverage is obtained via a competitive bidding process.

At June 30, 2010, the City's reserve for self-insurance claims amounted to \$36.9 million.

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 Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting 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.

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, 2009, marking the twenty-eighth consecutive year the City has received the GFOA Certificate of Achievement. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a municipal government financial report.

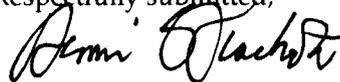
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current 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 Penny Burczyk, Accounting Manager, Derrick Beracy, Senior Financial Reporting Analyst, Julie Buelt, Senior Financial Analyst, Debbie Dulanski-Garcia, Senior Accountant, Triana Dowrick, Senior Accountant, and Annette Fries, Executive Assistant. Special thanks also go to Kevin McManus, IT Oracle Application Manager for developing the City's new financial application, and to Dawn Lang, Assistant Management Services Director for Finance for her assistance in reviewing and preparing the final document. Finally, I wish to thank the Mayor and Council, the City Manager and City Staff for their continued support in promoting sound financial policies and internal controls.

Respectfully submitted,

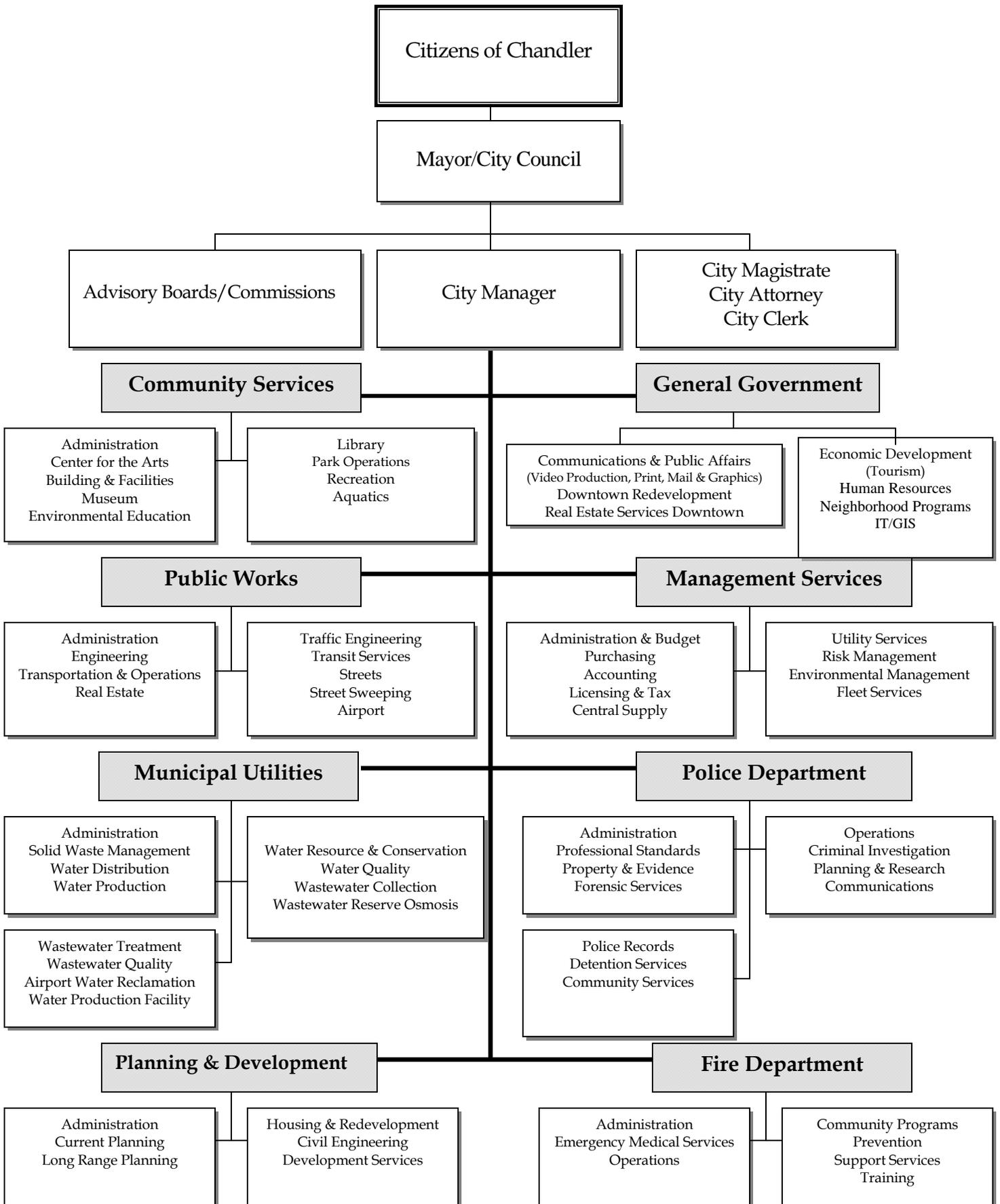


Dennis Strachota
Management Services Director



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City of Chandler, Arizona Organizational Chart



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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

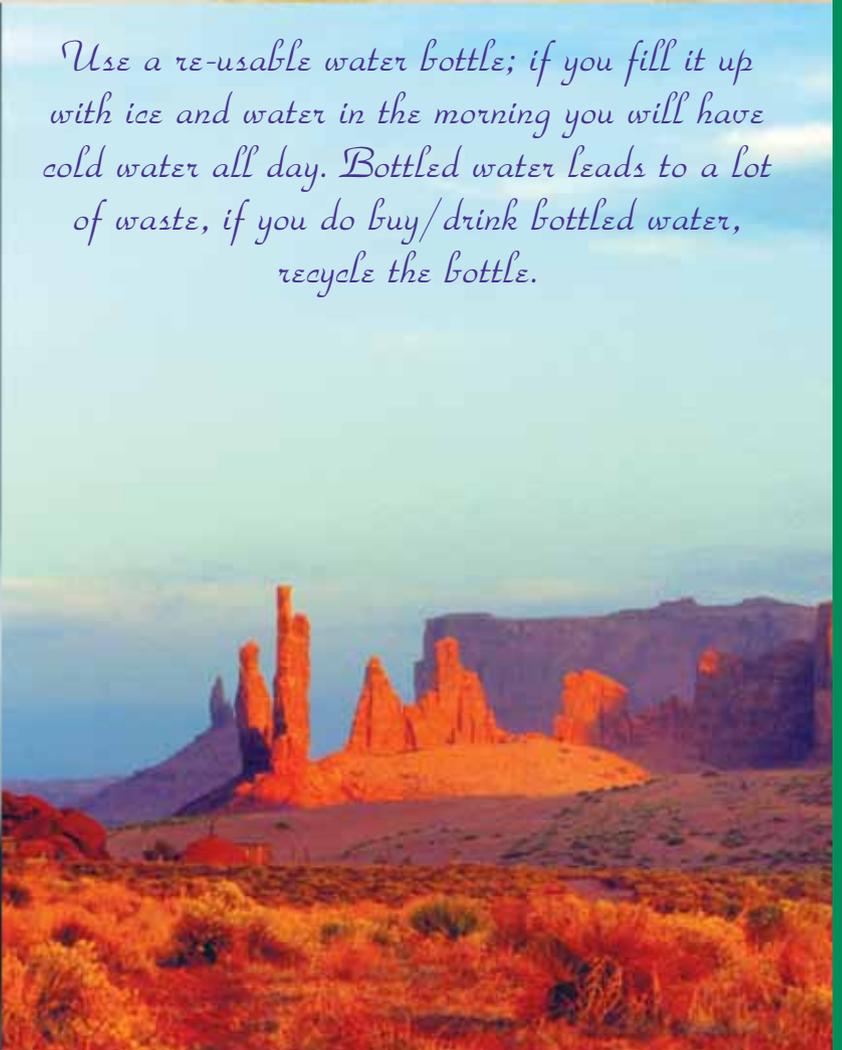
Financial Section

The financial section includes the City's independent auditors' report, management's discussion and analysis, basic financial statements, required supplementary information, and financial statements for individual funds.



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Use a re-usable water bottle; if you fill it up with ice and water in the morning you will have cold water all day. Bottled water leads to a lot of waste, if you do buy/drink bottled water, recycle the bottle.





INDEPENDENT AUDITORS' REPORT

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

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010, on our 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule for the General Fund and the Schedules of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, the Other Financial Statements of the Financial Section, Other Supplemental Information, and the Statistical Section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Financial Statements and the Other Supplemental Information have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 16, 2010

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



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CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

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, 2010. 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 2010 as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.292 billion (net assets). Of this amount, \$361.2 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. However, \$78.8 million is invested in a joint venture with the Town of Gilbert.
- There was a decrease in the City's total net assets by \$17.0 million from the prior year due primarily due to drawdown of cash for construction of projects which were financed by prior years' bond sales.
- At June 30, 2010, the City's governmental funds reported combined ending fund balances of \$286.0 million, a decrease of \$62.8 million in comparison with the prior year. Approximately 57.8% of the total amount, \$162.5 million, is available for designated projects and reserves (unreserved fund balance).
- At June 30, 2010, total unreserved fund balance for the General Fund was \$137.0 million which represents a decrease of \$57.4 million from the prior year. The undesignated portion of the unreserved fund balance is \$23.6 million, which is 11.1% of total General Fund revenues of \$211.8 million.
- General revenues from governmental activities accounted for \$212.7 million or 80.6% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$51.3 million or 19.4% of total governmental activity revenues. The City had \$99.8 million of program revenues and \$1.3 million in general revenues and transfers related to business-type activities.
- At June 30, 2010, the City's proprietary funds reported combined total net assets of \$462.0 million, and total unrestricted net assets of \$163.1 million. A total of \$132.9 million of the unrestricted net assets are in the Water Fund.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are 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 assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Net assets are categorized as capital assets less related debt, restricted by an outside third party, and unrestricted. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2010

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, community services, community development, and public works. 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 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Streets Fund, which are considered to be major funds. Data from the other 20 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 supplemental section of this report.

The City adopts an annual appropriated budget for the General, Special Revenue (except Grants), 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 and Streets Capital Projects 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 fund. Because the self-insurance fund is 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.

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The proprietary fund financial statements provide separate information for the water and wastewater, 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,292.1 million as of June 30, 2010.

A significant portion of the City's net assets (64.7% 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 assets (7.3% percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (28.0% percent) includes \$78.8 million which is invested in a joint venture with the Town of Gilbert that may not be used to meet the City's ongoing obligations to citizens and creditors.

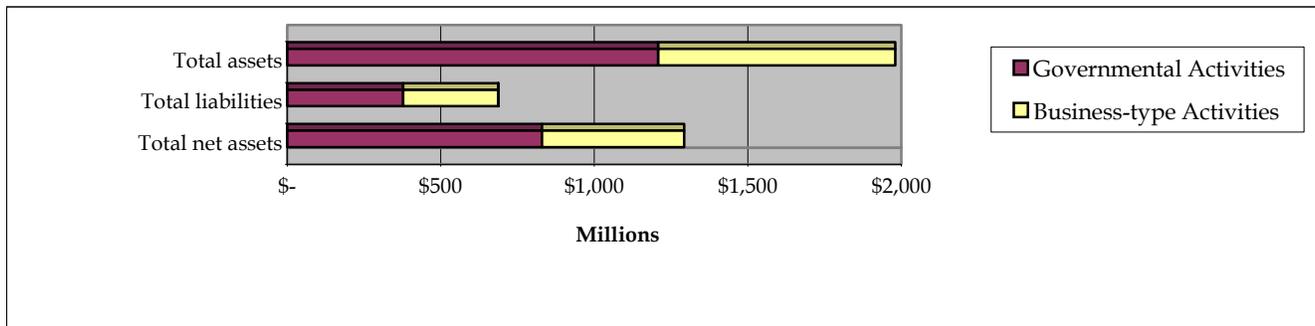
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$16.3 million in unrestricted net assets reported in connection with the City's business type activities. A large percentage of this decrease was a result of unfunded depreciation expense.

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The following table presents a condensed statement of the City's net assets for the fiscal years ended June 30, 2010 and 2009.

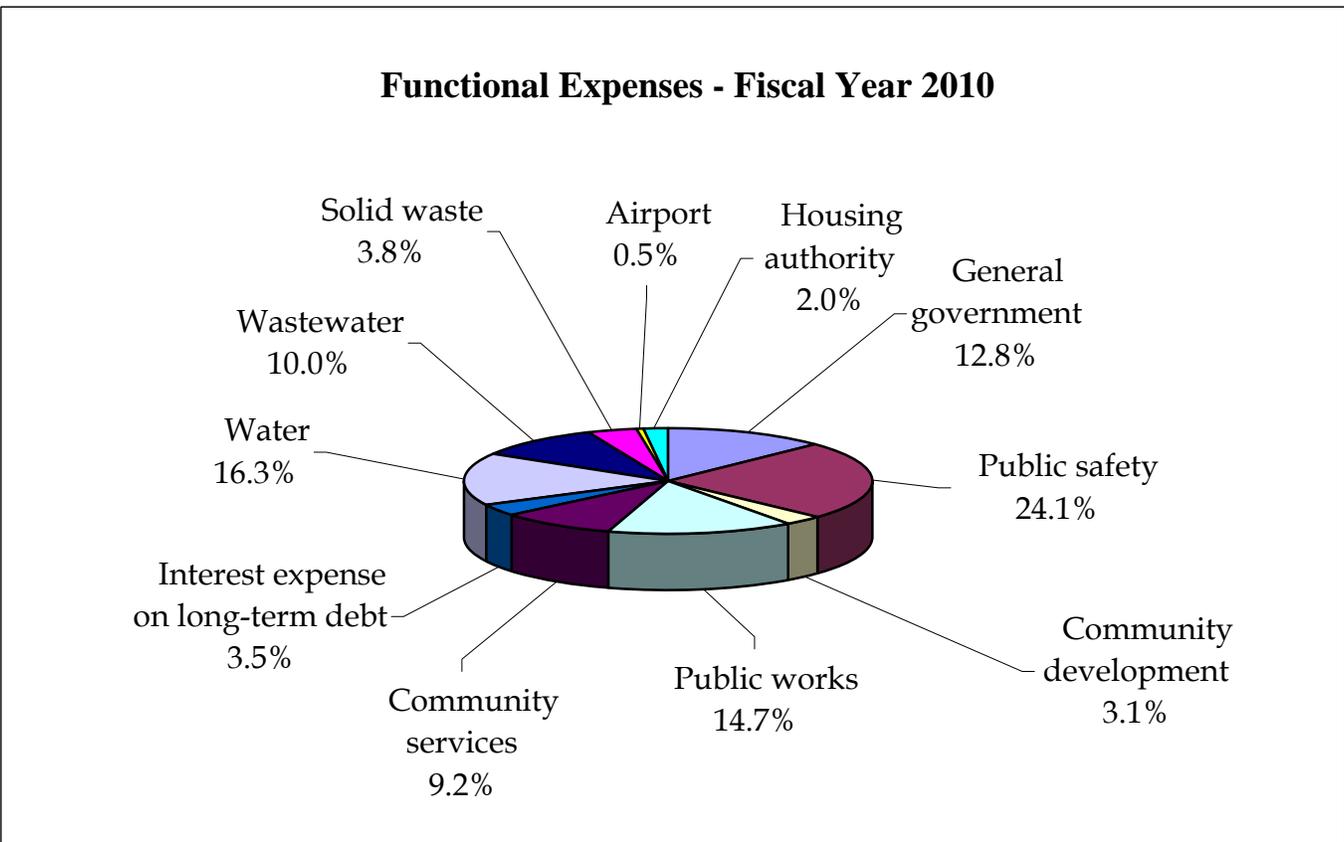
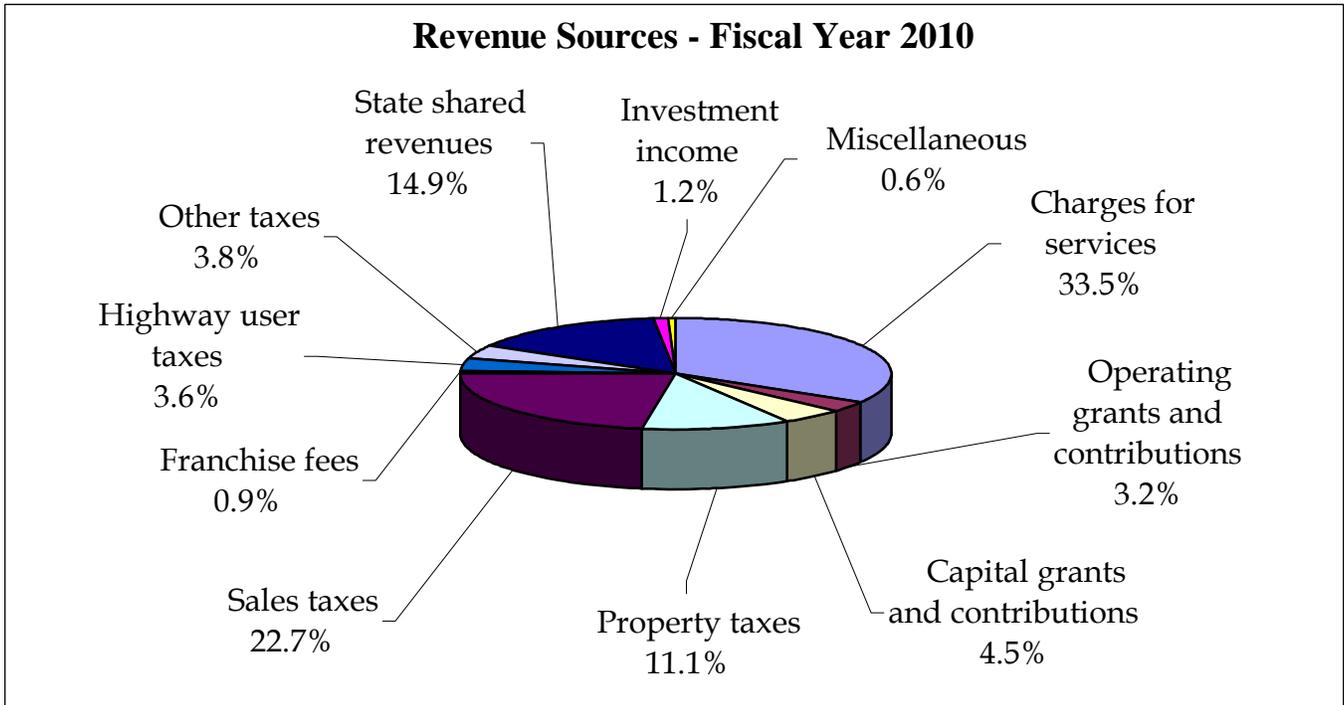
	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 383,639,670	\$ 457,085,839	\$ 98,986,038	\$ 121,703,908	\$ 482,625,708	\$ 578,789,747
Capital assets, net	820,163,912	756,199,899	591,162,165	686,468,986	1,411,326,077	1,442,668,885
Non-current assets	4,021,042	4,613,830	81,807,829	3,260,776	85,828,871	7,874,606
Total assets	1,207,824,624	1,217,899,568	771,956,032	811,433,670	1,979,780,656	2,029,333,238
Current liabilities	54,288,921	57,420,810	26,602,357	30,520,113	80,891,278	87,940,923
Non-current liabilities	323,459,370	337,224,162	283,311,071	295,097,643	606,770,441	632,321,805
Total liabilities	377,748,291	394,644,972	309,913,428	325,617,756	687,661,719	720,262,728
Net assets:						
Invested in capital assets, net of related debt	537,576,346	433,851,899	298,938,820	306,451,979	836,515,166	740,303,878
Restricted	94,440,806	117,712,539	-	-	94,440,806	117,712,539
Unrestricted	198,059,181	271,690,158	163,103,784	179,363,935	361,162,965	451,054,093
Total net assets	\$ 830,076,333	\$ 823,254,596	\$ 462,042,604	\$ 485,815,914	\$ 1,292,118,937	\$ 1,309,070,510



Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2010 were \$365.9 million. The total cost of all programs and services was \$382.9 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and 2009.

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	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 37,609,321	\$ 33,195,803	\$ 84,911,736	\$ 79,729,536	\$ 122,521,057	\$ 112,925,339
Operating grants and contributions	5,510,710	2,337,910	6,367,024	6,225,928	11,877,734	8,563,838
Capital grants and contributions	8,159,960	23,902,360	8,484,239	9,110,319	16,644,199	33,012,679
General revenues						
Property taxes	40,617,269	38,957,986	-	-	40,617,269	38,957,986
Sales taxes	83,019,726	85,897,334	-	-	83,019,726	85,897,334
Franchise fees	3,174,390	3,264,093	-	-	3,174,390	3,264,093
Highway user taxes	13,116,481	13,849,284	-	-	13,116,481	13,849,284
Other taxes	13,965,973	7,921,275	-	-	13,965,973	7,921,275
State shared revenues	54,492,427	61,211,289	-	-	54,492,427	61,211,289
Investment income	3,487,145	10,045,274	756,641	2,536,237	4,243,786	12,581,511
Miscellaneous	850,191	995,606	1,422,790	788,478	2,272,981	1,784,084
Total revenues	264,003,593	281,578,214	101,942,430	98,390,498	365,946,023	379,968,712
Expenses:						
General government	48,920,813	52,293,004	-	-	48,920,813	52,293,004
Public safety	92,421,801	87,609,165	-	-	92,421,801	87,609,165
Community development	11,715,276	10,429,826	-	-	11,715,276	10,429,826
Public works	56,155,939	47,180,197	-	-	56,155,939	47,180,197
Community services	35,299,676	34,278,998	-	-	35,299,676	34,278,998
Interest and fiscal charges	13,541,708	12,938,524	-	-	13,541,708	12,938,524
Water	-	-	62,556,496	53,201,379	62,556,496	53,201,379
Wastewater	-	-	38,227,999	36,079,767	38,227,999	36,079,767
Solid waste	-	-	14,605,448	12,076,998	14,605,448	12,076,998
Airport	-	-	1,797,991	2,269,691	1,797,991	2,269,691
Housing authority	-	-	7,654,449	7,239,185	7,654,449	7,239,185
Total expenses	258,055,213	244,729,714	124,842,383	110,867,020	382,897,596	355,596,734
Increase (decrease) before transfers	5,948,380	36,848,500	(22,899,953)	(12,476,522)	(16,951,573)	24,371,978
Transfers in (out)	873,357	(1,542,346)	(873,357)	1,542,346	-	-
Increase (decrease) in net assets	6,821,737	35,306,154	(23,773,310)	(10,934,176)	(16,951,573)	24,371,978
Beginning net assets as restated	823,254,596	787,948,442	485,815,914	496,750,090	1,309,070,510	1,284,698,532
Ending net assets	\$ 830,076,333	\$ 823,254,596	\$ 462,042,604	\$ 485,815,914	\$ 1,292,118,937	\$ 1,309,070,510



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Governmental Activities. The increase in governmental net assets totaled \$6.8 million for the year ended June 30, 2010 compared with an increase of \$35.3 million in the prior year. Although governmental net assets increased, there was decrease of \$15.7 million in capital grants and contributions. This decrease was primarily due to completion of street projects and the corresponding decreases in revenues received. Also, as a result of the economic downturn, unrestricted investment earnings continued to decrease by \$6.6 million or 188.1% over the prior year.

Business-type Activities. The decrease in business-type net assets totaled \$23.8 million for the year ended June 30, 2010 compared with a decrease of \$10.9 million in the prior year. This is due primarily to the increased revenue of \$3.6 million or 3.6% but a larger increase in expenses of \$14.0 million or 12.6%. Also, as a result of the economic downturn, unrestricted investment earnings continued to decrease by \$1.8 million over the prior year.

As evident in the previous graph the largest financing source for the City is charges for services at 33.5% associated with the user fees and charges for services in the business-type activities. Sales taxes also comprise a significant portion of the City's revenues at 22.7% of the total revenues with state shared revenues accounting for an additional 14.9% of the City's total revenues.

The City as a whole uses the largest amount of resources for public safety at 24.1% of the total functional expenses of the City. The next largest users of resources are water services and general government functions at 16.3% and 12.8%, respectively, with wastewater services accounting for 10.0% of the City's total expenses.

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. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

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 \$286.0 million, a decrease of \$62.8 in comparison with the prior year. Approximately 57.8% of the total amount, \$162.5 million constitutes unreserved fund balance; the remainder of fund balance (43.2%) is reserved and already committed to encumbrances, debt service, legal restrictions and capital improvements in progress.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$137.0 million, while total fund balance reached \$199.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 64.2% of total General Fund expenditures, while total fund balance represents 93.4% of that same amount. The City's General Fund balance decreased by \$25.8 million during the current fiscal year. A key factor in this decrease was the construction of City Hall, which was financed from General Fund resources.

The Street Fund accounts for the acquisition, construction and improvements of the City's streets' projects. At the end of the current fiscal year total fund balance was \$49.2 million. The fund balance of the City's Street Fund decreased by \$15.8 million during the current fiscal year. A key factor in this decrease was the expenditure of 2009 bond proceeds.

CITY OF CHANDLER, ARIZONA
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Year Ended June 30, 2010

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets for the Enterprise Funds and the Internal Service Funds at the end of the fiscal year amounted to \$462.0 million and \$36.9 million, respectively. Net assets after investments in capital assets and net of related debt are 35.3% unrestricted.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$132.9 million, and those for the Wastewater Fund amounted to \$18.5 million. The total decline in net assets for both funds was \$16.4 million and \$6.7 million, respectively. These decreases were a result of unfunded depreciation expense.

BUDGETARY HIGHLIGHTS

In the midst of consecutive years of a worldwide economic recession, the City of Chandler held strong to its commitment to consistently engage in fiscally responsible practices. The City Council adopted a balanced budget for 2009-2010, reducing expenditures to meet the lower level of revenue. As revenues continued to decline in 2009-10 beyond even the most conservative of estimates, the City was quick to respond, engaging stakeholders at every level to prepare for the potential of a further drop in General-purpose revenues going into 2010-11. Fortunately, by the fourth quarter of 2009-10 the City began to see a sustained rebound in local sales tax revenues, the single largest source of General Fund revenues.

Distinguishing between ongoing and one-time revenues and spending has been critical to the City's success in preventing more serious budget difficulties. Ongoing expenses, such as salaries or lease payments, must have an identified ongoing revenue source. However, to offset dramatic downward spikes, the City has established a revenue fluctuation fund and a budget stabilization reserve, significant provisional measures to help the City weather temporary and uncharacteristically uncertain economic times. The City adheres to strong financial policies, and continues to maintain an ongoing 12% contingency reserve in the General Fund for emergency use.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2010, the City had invested \$836.5 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$73.3 million.

Major capital asset events during the current fiscal year included the following:

- Completed construction renovations at the Chandler Center for the Arts at a cost of \$6.0 million.
- Completed construction renovations at the Boys and Girls Club at a cost of \$8.5 million.
- Completed existing community park improvements at eight different locations at a cost of \$9.1 million
- Completed construction of the new Fire Administration Building which includes the Fire and Police Memorial Plaza and Emergency Operations Center at a cost of \$7.7 million.
- Expansion of Water Reclamation Facility at a cost of \$4.7 million.
- Improvements of Water Production Facility at a cost of \$3.4 million.
- Replacement of Sewer Mains at a cost of \$2.5 million.

CITY OF CHANDLER, ARIZONA
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The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2010 and 2009.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2010	2009	2010	2009	2010	2009
Land	\$ 81,151,314	\$ 79,989,613	\$ 41,256,107	\$ 41,256,107	\$ 122,407,421	\$ 121,245,720
Land improvements	-	-	685,527	744,511	685,527	744,511
Infrastructure	375,725,796	351,508,864	-	-	375,725,796	351,508,864
System improvements	-	-	505,119,327	529,528,298	505,119,327	529,528,298
System improvements - Joint Venture	-	-	-	80,950,007	-	80,950,007
Buildings and improvements	199,837,823	176,877,733	9,349,426	9,243,097	209,187,249	186,120,830
Machinery and equipment	23,977,172	25,268,878	2,014,705	2,573,053	25,991,877	27,841,931
Construction in progress	139,471,807	122,554,811	32,737,073	22,173,913	172,208,880	144,728,724
Total	\$ 820,163,912	\$ 756,199,899	\$ 591,162,165	\$ 686,468,986	\$ 1,411,326,077	\$ 1,442,668,885

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

Long-term Debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$608.7 million in long-term debt outstanding with \$30.2 million due within one year. The following table presents a summary of the City's outstanding long-term obligations for the fiscal years ended June 30, 2010 and 2009.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 282,888,000	\$ 294,588,000	\$ 185,032,000	\$ 188,612,000	\$ 467,920,000	\$ 483,200,000
Revenue Bonds	31,800,000	34,690,000	67,580,000	76,415,000	99,380,000	111,105,000
Excise Tax Revenue Obligations	-	-	34,040,000	34,040,000	34,040,000	34,040,000
Special Assessment Bonds	7,315,000	7,820,000	-	-	7,315,000	7,820,000
Total Bonds Payable	\$ 322,003,000	\$ 337,098,000	\$ 286,652,000	\$ 299,067,000	\$ 608,655,000	\$ 636,165,000
Arbitrage Payable	111,099	249,439	29,898	97,026	140,997	346,465
Deferred Bond Premiums	5,482,398	5,721,872	5,027,052	5,548,723	10,509,450	11,270,595
Claims Payable	1,811,045	3,624,854	-	-	1,811,045	3,624,854
Landfill Closure/Post Closure	-	-	4,340,000	2,786,191	4,340,000	2,786,191
Compensated Absences	10,131,319	7,595,169	991,531	849,522	11,122,850	8,444,691
Post Employment Benefits	3,863,996	2,031,825	269,574	133,663	4,133,570	2,165,488
Total Long Term Liabilities	\$ 343,402,857	\$ 356,321,159	\$ 297,310,055	\$ 308,482,125	\$ 640,712,912	\$ 664,803,284

The City of Chandler's total debt decreased by \$24.1 million during the current fiscal year. The key factor of the decrease was the principal payments made during the fiscal year.

During the current fiscal year the City of Chandler issued highway user revenue bonds to refinance previously outstanding highway user revenue bonds in order to take advantage of favorable interest rates.

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 \$701.6 million. The City has \$458.4 million of outstanding general obligation debt for these purposes.

CITY OF CHANDLER, ARIZONA
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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 \$210.5 million. The City has \$9.5 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 Aa2 from Moody's, AA from Standard & Poor's, and AA from Fitch. Water and wastewater revenue bonds were Aa1 from Moody's Investor Services, AA from Standard & Poor's, and AA+ from Fitch. Excise Tax bonds were 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 6 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While many revenue sources have been impacted by the sagging economy, the most significant drivers remain local and state-shared sales tax, urban revenue (state-shared income tax), and property tax. In developing the budget for fiscal year 2010-11, the Chandler City Council recognized that the lingering recession had affected not only the City's revenues, but those of the taxpayer as well. Every effort was made to maintain reasonable rates and fees and reduce expenses, while continuing to provide excellent public service.

Adopting a balanced budget for fiscal year 2010-11 required the combined efforts of citizens, the City Council, executive leadership, and staff members throughout the organization. The City's overall budget was reduced from \$797.9 million in 2009-10 to \$671 million for 2010-11, ultimately reflecting the highest priorities given the limited availability of resources. The total property tax rate remained at \$1.1814 per \$100 of assessed value, with \$0.3292 allocated to the primary rate, and \$0.8522 to the secondary rate.

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.

BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 364,232,398	\$ 87,044,850	\$ 451,277,248	\$ -	\$ -
Cash and investments	-	-	-	467,539	748,141
Accounts receivable	869,854	11,812,723	12,682,577	2,000	-
Interest receivable	-	-	-	-	7,757
Prepaid items	180,004	451,218	631,222	-	43,144
Property taxes receivable	1,745,571	-	1,745,571	-	-
Internal balances	572,070	(572,070)	-	-	-
Due from other governments	5,131,362	33,319	5,164,681	-	-
Inventories	1,027,691	215,998	1,243,689	-	-
Special assessments receivable	6,620,868	-	6,620,868	-	-
Notes receivable - current	568,342	-	568,342	-	-
Other receivables	2,691,510	-	2,691,510	-	227
Total current assets	383,639,670	98,986,038	482,625,708	469,539	799,269
Noncurrent assets:					
Cash and investments - restricted	-	-	-	-	1,329,172
Notes receivable - long term	-	394,450	394,450	-	-
Other assets	4,021,042	2,580,660	6,601,702	-	6,000
Investment in joint venture	-	78,832,719	78,832,719	-	-
Capital assets:					
Non-depreciable	220,623,121	73,993,180	294,616,301	-	-
Depreciable, net	599,540,791	517,168,985	1,116,709,776	-	89,520
Total capital assets	820,163,912	591,162,165	1,411,326,077	-	89,520
Total noncurrent assets	824,184,954	672,969,994	1,497,154,948	-	1,424,692
Total assets	1,207,824,624	771,956,032	1,979,780,656	469,539	2,223,961
LIABILITIES					
Current liabilities:					
Accounts payable	13,962,389	3,674,520	17,636,909	-	21,672
Accrued payroll	4,361,624	497,250	4,858,874	-	-
Trust liabilities and deposits	9,307,702	2,012,392	11,320,094	-	-
Accrued interest	6,689,469	5,846,707	12,536,176	-	-
Unearned revenue	24,250	572,503	596,753	-	140,972
Arbitrage liability - current	88,369	2,628	90,997	-	-
Compensated absences payable - current	575,076	55,582	630,658	-	-

Bonds payable - current	17,150,000	13,085,000	30,235,000	-	-
Deferred bond premium - current	530,042	521,671	1,051,713	-	-
Landfill closure and postclosure liability - current	-	334,104	334,104	-	-
Claims and judgements payable - current	1,600,000	-	1,600,000	-	-
Total current liabilities	<u>54,288,921</u>	<u>26,602,357</u>	<u>80,891,278</u>	-	<u>162,644</u>
Noncurrent liabilities:					
Compensated absences payable - long term	9,556,243	935,949	10,492,192	-	-
Bonds payable - long term	304,853,000	273,567,000	578,420,000	-	-
Deferred bond premium - long term	4,952,356	4,505,382	9,457,738	-	-
OPEB liability - long term	3,863,996	269,574	4,133,570	-	-
Arbitrage liability - long term	22,730	27,270	50,000	-	-
Landfill closure and postclosure liability - long term	-	4,005,896	4,005,896	-	-
Claims and judgements payable - long term	211,045	-	211,045	-	-
Total noncurrent liabilities	<u>323,459,370</u>	<u>283,311,071</u>	<u>606,770,441</u>	-	-
Total liabilities	<u>377,748,291</u>	<u>309,913,428</u>	<u>687,661,719</u>	-	<u>162,644</u>
NET ASSETS					
Invested in capital assets, net of related debt	<u>537,576,346</u>	<u>298,938,820</u>	<u>836,515,166</u>	-	<u>89,520</u>
Restricted for:					
Capital improvements	60,682,560	-	60,682,560	-	-
Debt service	22,093,911	-	22,093,911	-	-
Legal restrictions	11,664,335	-	11,664,335	-	1,329,172
Total restricted	<u>94,440,806</u>	-	<u>94,440,806</u>	-	<u>1,329,172</u>
Unrestricted	<u>198,059,181</u>	<u>163,103,784</u>	<u>361,162,965</u>	<u>469,539</u>	<u>642,625</u>
Total net assets	<u>\$ 830,076,333</u>	<u>\$ 462,042,604</u>	<u>\$ 1,292,118,937</u>	<u>\$ 469,539</u>	<u>\$ 2,061,317</u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 48,920,813	\$ 16,621,003	\$ 2,209,304	\$ -	\$ 18,830,307
Public safety	92,421,801	7,110,304	1,795,719	-	8,906,023
Community development	11,715,276	3,336,188	1,101,069	-	4,437,257
Public works	56,155,939	6,025,846	170,274	8,159,960	14,356,080
Community services	35,299,676	4,515,980	234,344	-	4,750,324
Interest on long-term debt	13,541,708	-	-	-	-
Total governmental activities	258,055,213	37,609,321	5,510,710	8,159,960	51,279,991
Business-type activities:					
Water	62,556,496	42,276,145	-	2,952,223	45,228,368
Wastewater	38,227,999	28,406,808	-	3,985,084	32,391,892
Solid waste	14,605,448	12,891,628	-	59,772	12,951,400
Airport	1,797,991	815,751	-	871,364	1,687,115
Community services - housing authority	7,654,449	521,404	6,367,024	615,796	7,504,224
Total business-type activities	124,842,383	84,911,736	6,367,024	8,484,239	99,762,999
Total primary government	\$ 382,897,596	\$ 122,521,057	\$ 11,877,734	\$ 16,644,199	\$ 151,042,990
Component units					
Chandler Industrial Development Authority	\$ 8,445	\$ 78,427	\$ -	\$ -	\$ 78,427
Chandler Cultural Foundation	833,158	498,698	196,002	-	694,700
Total component units	\$ 841,603	\$ 577,125	\$ 196,002	\$ -	\$ 773,127

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Franchise fees

Highway user taxes

Other taxes

Total taxes

State shared revenues (unrestricted)

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ (30,090,506)	\$ -	\$ (30,090,506)	\$ -	\$ -
(83,515,778)	-	(83,515,778)	-	-
(7,278,019)	-	(7,278,019)	-	-
(41,799,859)	-	(41,799,859)	-	-
(30,549,352)	-	(30,549,352)	-	-
(13,541,708)	-	(13,541,708)	-	-
<u>(206,775,222)</u>	<u>-</u>	<u>(206,775,222)</u>	<u>-</u>	<u>-</u>
-	(17,328,128)	(17,328,128)	-	-
-	(5,836,107)	(5,836,107)	-	-
-	(1,654,048)	(1,654,048)	-	-
-	(110,876)	(110,876)	-	-
-	(150,225)	(150,225)	-	-
-	(25,079,384)	(25,079,384)	-	-
<u>(206,775,222)</u>	<u>(25,079,384)</u>	<u>(231,854,606)</u>	<u>-</u>	<u>-</u>
-	-	-	69,982	-
-	-	-	-	(138,458)
-	-	-	<u>69,982</u>	<u>(138,458)</u>
40,617,269	-	40,617,269	-	-
83,019,726	-	83,019,726	-	-
3,174,390	-	3,174,390	-	-
13,116,481	-	13,116,481	-	-
13,965,973	-	13,965,973	-	-
<u>153,893,839</u>	<u>-</u>	<u>153,893,839</u>	<u>-</u>	<u>-</u>
54,492,427	-	54,492,427	-	-
3,487,145	756,641	4,243,786	2,281	19,619
850,191	1,422,790	2,272,981	2,250	-
873,357	(873,357)	-	-	-
<u>213,596,959</u>	<u>1,306,074</u>	<u>214,903,033</u>	<u>4,531</u>	<u>19,619</u>
6,821,737	(23,773,310)	(16,951,573)	74,513	(118,839)
823,254,596	485,815,914	1,309,070,510	395,026	2,180,156
<u>\$ 830,076,333</u>	<u>\$ 462,042,604</u>	<u>\$ 1,292,118,937</u>	<u>\$ 469,539</u>	<u>\$ 2,061,317</u>

City of Chandler
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds			
	General	Streets Capital Projects	Other Governmental Funds	Total
	General	Capital Projects	Funds	Total
ASSETS				
Equity in pooled cash and investments	\$ 188,989,769	\$ 59,189,358	\$ 76,946,315	\$ 325,125,442
Accounts receivable	869,854	-	-	869,854
Prepaid items	144,856	-	33,299	178,155
Property taxes receivable	1,745,571	-	-	1,745,571
Special assessments receivable	-	-	6,620,868	6,620,868
Notes receivable	-	-	568,342	568,342
Advances to other funds	31,158,420	-	8,806,156	39,964,576
Due from other funds	1,284,072	-	-	1,284,072
Due from other governments	2,706,978	-	2,424,384	5,131,362
Inventories	1,027,691	-	-	1,027,691
Other receivables	2,669,405	-	22,105	2,691,510
Total assets	\$ 230,596,616	\$ 59,189,358	\$ 95,421,469	\$ 385,207,443
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,291,105	\$ 2,115,767	\$ 2,278,119	\$ 13,684,991
Accrued payroll	4,067,635	-	267,352	4,334,987
Trust liabilities and deposits	9,307,702	-	-	9,307,702
Accrued interest	-	-	6,689,469	6,689,469
Due to other funds	-	-	1,284,072	1,284,072
Advances from other funds	7,496,428	7,870,000	24,026,078	39,392,506
Arbitrage liability	-	33,763	54,606	88,369
Bonds payable (matured)	-	-	16,755,000	16,755,000
Deferred revenue	1,243,056	-	6,397,913	7,640,969
Total liabilities	31,405,926	10,019,530	57,752,609	99,178,065
Fund Balances:				
Reserved for:				
Capital improvements	-	49,169,828	11,512,732	60,682,560
Debt service	21,420,809	-	673,102	22,093,911
Encumbrances	29,064,502	-	-	29,064,502
Legal restrictions	11,664,335	-	-	11,664,335
Unreserved designated for:				
General purposes	113,433,728	-	-	113,433,728
Unreserved, undesignated:				
General fund	23,607,316	-	-	23,607,316
Special revenue funds	-	-	18,103,651	18,103,651
Capital projects funds	-	-	7,379,375	7,379,375
Total fund balances	199,190,690	49,169,828	37,668,860	286,029,378
Total liabilities and fund balances	\$ 230,596,616	\$ 59,189,358	\$ 95,421,469	\$ 385,207,443

See accompanying Notes to Basic Financial Statements.

City of Chandler
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds \$ 286,029,378

Amounts reported for governmental activities in the Statement of Net Assets 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	220,623,121
Depreciable buildings, property, equipment and infrastructure, net	<u>599,540,791</u>
Total capital assets	<u>820,163,912</u>

Certain revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.

7,616,719

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 is included in governmental activities in the Government-Wide Statement of Net Assets.

36,925,692

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 \$1,880,133 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(305,248,000)
Bonds premium	(5,482,398)
Bond issuance costs	4,021,042
OPEB liability	(3,848,547)
Arbitrage liability	(22,730)
Compensated absences	<u>(10,078,735)</u>
Total long-term liabilities	<u>(320,659,368)</u>

Net Assets of Governmental Activities \$ 830,076,333

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	Major Funds			Total
	General	Streets Capital Projects	Other Governmental Funds	
REVENUES:				
Property taxes	\$ 40,259,579	\$ -	\$ -	\$ 40,259,579
Sales taxes	83,019,726	-	-	83,019,726
Franchise fees	3,174,390	-	-	3,174,390
Highway user taxes	-	-	13,116,481	13,116,481
Regional transportation tax	-	13,965,973	-	13,965,973
State shared	54,492,427	-	-	54,492,427
Grants and entitlements	-	-	10,377,502	10,377,502
System development fees	-	906,828	3,861,478	4,768,306
Special assessments	-	-	663,209	663,209
Licenses and permits	2,758,392	-	-	2,758,392
Charges for services	19,382,426	-	38,008	19,420,434
Fines and forfeitures	5,336,294	-	-	5,336,294
Rentals	101,322	-	-	101,322
Contributions	50,000	-	-	50,000
Interest revenue	1,890,982	654,723	625,603	3,171,308
Miscellaneous	1,307,782	70,720	535,069	1,913,571
Total revenues	211,773,320	15,598,244	29,217,350	256,588,914
EXPENDITURES:				
Current:				
General government	43,959,558	-	703,533	44,663,091
Public safety	84,380,718	-	1,009,585	85,390,303
Community development	8,754,480	-	2,859,734	11,614,214
Public works	9,743,304	-	7,921,329	17,664,633
Community services	29,617,539	-	461,317	30,078,856
Capital improvements	36,881,744	33,267,720	36,217,273	106,366,737
Debt service:				
Principal	-	-	17,260,000	17,260,000
Bond issuance costs	-	183,969	-	183,969
Interest and fiscal charges	-	-	13,646,479	13,646,479
Total expenditures	213,337,343	33,451,689	80,079,250	326,868,282
REVENUES OVER (UNDER) EXPENDITURES	(1,564,023)	(17,853,445)	(50,861,900)	(70,279,368)
OTHER FINANCING SOURCES (USES):				
Bond premium	-	290,569	-	290,569
Face amount of bonds issued	-	10,450,000	-	10,450,000
Proceeds from disposal of capital assets	86,422	-	11,187	97,609
Payment to escrow agent	-	(10,556,600)	-	(10,556,600)
Transfers in	9,923,945	2,107,773	34,277,298	46,309,016
Transfers out	(34,195,526)	(216,000)	(4,732,796)	(39,144,322)
Total other financing sources (uses)	(24,185,159)	2,075,742	29,555,689	7,446,272
NET CHANGE IN FUND BALANCE	(25,749,182)	(15,777,703)	(21,306,211)	(62,833,096)
FUND BALANCES:				
Beginning of year	224,939,872	64,947,531	58,975,071	348,862,474
End of year	\$ 199,190,690	\$ 49,169,828	\$ 37,668,860	\$ 286,029,378

See accompanying Notes to Basic 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 and Changes in Net Assets
For the year ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (62,833,096)

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 Activities and Changes in Net Assets, 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. 93,932,077

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (32,897,456)

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 Statement of Activities. These items include:

Bond proceeds	\$ (10,450,000)	
Principal payments on debt	17,260,000	
Payment to escrow agent	10,556,600	
Bond premium	(290,569)	
Other postemployment benefits obligation	(1,825,414)	
Loss on disposal of capital assets	<u>(183,774)</u>	<u>15,066,843</u>

Bond issuance costs are recognized as debt service expenditures in the governmental funds, however these costs are capitalized on the Statement of Assets and amortized in the Statement of Activities. 183,969

Accrued interest payable related to long-term debt is recognized as an expense in the Statement of Activities, however is not recognized in the governmental funds because it is not payable from current financial resources. 104,771

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 governmental funds. (22,730)

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 governmental funds. (2,537,905)

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 deferred in the governmental funds because they do not provide current financial resources due to unavailability are recognized in the Statement of Activities. 115,160

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. 3,113,168

The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The net loss of the internal service fund is reported with governmental activities. (7,403,064)

Change in Net Assets of Governmental Activities \$ 6,821,737

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary		Activities: Internal
			Funds		Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 47,111,672	\$ 25,238,673	\$ 14,694,505	\$ 87,044,850	\$ 39,106,956
Accounts receivable	6,423,614	3,496,595	1,892,514	11,812,723	-
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	33,319	33,319	-
Inventories	206,359	-	9,639	215,998	-
Prepaid items	73,601	-	377,617	451,218	1,849
Total current assets	57,715,246	28,735,268	17,007,594	103,458,108	39,108,805
Noncurrent assets:					
Other assets	1,364,168	1,215,049	1,443	2,580,660	-
Notes receivable - long term	-	-	394,450	394,450	-
Investment in joint venture	78,832,719	-	-	78,832,719	-
Capital assets:					
Non-depreciable	23,846,759	22,055,809	28,090,612	73,993,180	-
Depreciable, net	249,438,691	238,261,718	29,468,576	517,168,985	-
Total capital assets	273,285,450	260,317,527	57,559,188	591,162,165	-
Total noncurrent assets	353,482,337	261,532,576	57,955,081	672,969,994	-
Total assets	411,197,583	290,267,844	74,962,675	776,428,102	39,108,805
LIABILITIES					
Current liabilities:					
Accounts payable	1,460,601	1,364,363	849,556	3,674,520	277,398
Accrued payroll	247,039	142,956	107,255	497,250	26,637
Trust liabilities and deposits	1,105,910	680,555	225,927	2,012,392	-
Accrued interest	3,483,764	2,359,849	3,094	5,846,707	-
Unearned revenue	252,492	143,690	176,321	572,503	-
Compensated absences payable - current	31,032	14,503	10,047	55,582	2,985
Bonds payable - current	9,699,756	3,365,244	20,000	13,085,000	-
Deferred bond premium - current	316,384	205,091	196	521,671	-

Arbitrage liability - current	2,628	-	-	2,628	-
Landfill closure and postclosure liability - current	-	-	334,104	334,104	-
Claims and judgements payable - current	-	-	-	-	1,600,000
Total current liabilities	16,599,606	8,276,251	1,726,500	26,602,357	1,907,020
Noncurrent liabilities:					
Compensated absences payable - long term	523,238	244,577	168,134	935,949	49,599
Advances from other funds	195,276	4,242,283	34,511	4,472,070	-
Bonds payable - long term	157,198,714	116,187,286	181,000	273,567,000	-
Deferred bond premium - long term	2,557,950	1,944,102	3,330	4,505,382	-
OPEB liability - long term	149,512	90,199	29,863	269,574	15,449
Arbitrage liability - long term	7,262	20,000	8	27,270	-
Landfill closure and postclosure liability - long term	-	-	4,005,896	4,005,896	-
Claims and judgements payable - long term	-	-	-	-	211,045
Total noncurrent liabilities	160,631,952	122,728,447	4,422,742	287,783,141	276,093
Total liabilities	177,231,558	131,004,698	6,149,242	314,385,498	2,183,113
NET ASSETS					
Invested in capital assets, net of related debt	101,016,635	140,764,997	57,157,188	298,938,820	-
Unrestricted	132,949,390	18,498,149	11,656,245	163,103,784	36,925,692
Total net assets	\$ 233,966,025	\$ 159,263,146	\$ 68,813,433	\$ 462,042,604	\$ 36,925,692

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2010

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 42,276,145	\$ 28,406,808	\$ 13,704,437	\$ 84,387,390	\$ -
Grants and entitlements	-	-	6,367,024	6,367,024	-
Rentals	-	-	524,346	524,346	-
Self insurance premiums	-	-	-	-	3,298,608
Miscellaneous	501,421	3,462	396,237	901,120	169,599
Total operating revenues	42,777,566	28,410,270	20,992,044	92,179,880	3,468,207
OPERATING EXPENSES:					
General and administrative	4,705,000	2,572,827	1,516,800	8,794,627	-
Personal services	8,030,541	4,077,143	3,501,515	15,609,199	1,198,275
Contractual services	5,002,270	4,824,756	9,238,062	19,065,088	721,826
Commodities	13,399,346	4,347,213	1,706,391	19,452,950	1,427,239
Claims expense	-	-	-	-	1,571,159
Housing assistance payments	-	-	4,601,036	4,601,036	-
Landfill closure and postclosure expense	-	-	1,553,810	1,553,810	-
Depreciation and amortization expense	21,017,303	17,470,784	1,926,988	40,415,075	-
Total operating expenses	52,154,460	33,292,723	24,044,602	109,491,785	4,918,499
OPERATING INCOME (LOSS)	(9,376,894)	(4,882,453)	(3,052,558)	(17,311,905)	(1,450,292)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	406,491	191,321	158,829	756,641	338,565
Interest and fiscal charges	(6,967,529)	(4,793,699)	(6,188)	(11,767,416)	-
Accretion of bond premium	316,383	205,091	196	521,670	-
Amortization of bond issuance costs	(158,382)	(127,194)	(91)	(285,667)	-
Gain (loss) on disposal of capital assets	(15,253)	(14,383)	(7,007)	(36,643)	-
Equity interest in joint venture	(3,260,872)	-	-	(3,260,872)	-
Total nonoperating revenues (expenses)	(9,679,162)	(4,538,864)	145,739	(14,072,287)	338,565
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(19,056,056)	(9,421,317)	(2,906,819)	(31,384,192)	(1,111,727)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	2,952,223	3,985,084	1,546,932	8,484,239	-
Transfers in	680,000	72,000	683,787	1,435,787	2,436,763
Transfers out	(927,935)	(1,326,051)	(55,158)	(2,309,144)	(8,728,100)
Total capital contributions and transfers	2,704,288	2,731,033	2,175,561	7,610,882	(6,291,337)
Change in net assets	(16,351,768)	(6,690,284)	(731,258)	(23,773,310)	(7,403,064)
NET ASSETS:					
Beginning of year	250,317,793	165,953,430	69,544,691	485,815,914	44,328,756
End of year	\$ 233,966,025	\$ 159,263,146	\$ 68,813,433	\$ 462,042,604	\$ 36,925,692

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2010

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 42,659,571	\$ 28,985,833	\$ 14,624,594	\$ 86,269,998	\$ 3,468,207
Cash received from grantors	-	-	6,358,335	6,358,335	-
Cash payments to suppliers	(25,083,439)	(14,958,337)	(17,098,590)	(57,140,366)	(5,478,654)
Cash payments to employees for services	(7,855,158)	(3,983,215)	(3,450,613)	(15,288,986)	(1,179,824)
Net cash provided (used) by operating activities	9,720,974	10,044,281	433,726	20,198,981	(3,190,271)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	680,000	72,000	683,787	1,435,787	2,436,763
Transfers out	(927,935)	(1,326,051)	(55,158)	(2,309,144)	(8,728,100)
Net cash provided (used) by noncapital financing activities	(247,935)	(1,254,051)	628,629	(873,357)	(6,291,337)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(9,887,206)	(14,256,390)	(1,731,141)	(25,874,737)	-
Proceeds from sales of capital assets	-	-	51	51	-
Investment in Joint Venture	(1,143,584)	-	-	(1,143,584)	-
Principal paid on bond maturities	(8,161,413)	(4,253,587)	-	(12,415,000)	-
Interest paid on bonds	(7,091,056)	(4,693,394)	(5,711)	(11,790,161)	-
Cash payments to other funds	(118,237)	(63,778)	(16,213)	(198,228)	-
Capital contributions	2,843,226	3,873,863	1,546,932	8,264,021	-
Net cash provided (used) by capital and related financing activities	(23,558,270)	(19,393,286)	(206,082)	(43,157,638)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	406,491	191,321	158,828	756,640	338,565
Net cash provided (used) by investing activities	406,491	191,321	158,828	756,640	338,565
Net increase (decrease) in cash and cash equivalents	(13,678,740)	(10,411,735)	1,015,101	(23,075,374)	(9,143,043)
CASH AND CASH EQUIVALENTS:					
Beginning of year	60,790,412	35,650,408	13,679,404	110,120,224	48,249,999
End of year	\$ 47,111,672	\$ 25,238,673	\$ 14,694,505	\$ 87,044,850	\$ 39,106,956
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (9,376,894)	\$ (4,882,453)	\$ (3,052,558)	\$ (17,311,905)	\$ (1,450,292)

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:

Depreciation	21,017,303	17,470,784	1,926,988	40,415,075	-
Landfill closure and postclosure costs	-	-	1,553,810	1,553,810	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	(269,870)	511,616	(179,022)	62,724	-
(Increase) decrease in inventories	(121,341)	-	2,974	(118,367)	-
(Increase) decrease in prepaid items	(73,601)	-	-	(73,601)	(1,849)
(Increase) decrease in other assets	158,382	127,194	(29,942)	255,634	-
Increase (decrease) in payables	(1,781,881)	(3,213,541)	41,589	(4,953,833)	-
Increase (decrease) in accrued payroll and compensated absences	103,662	48,830	33,312	185,804	11,694
Increase (decrease) in deposits	(33,877)	(102,626)	8,641	(127,862)	-
Increase (decrease) in claims payable	-	-	-	-	(1,756,581)
Increase (decrease) in unearned revenue	27,370	39,379	108,842	175,591	-
Increase (decrease) in other liabilities	71,721	45,098	19,092	135,911	6,757
Total adjustments	<u>19,097,868</u>	<u>14,926,734</u>	<u>3,486,284</u>	<u>37,510,886</u>	<u>(1,739,979)</u>
Net cash provided (used) by operating activities	<u><u>\$ 9,720,974</u></u>	<u><u>\$ 10,044,281</u></u>	<u><u>\$ 433,726</u></u>	<u><u>\$ 20,198,981</u></u>	<u><u>\$ (3,190,271)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 108,997	\$ 111,221	\$ -	-
Loss on disposal of assets	15,253	14,383	7,058	-
Accretion of bond premiums	316,383	205,091	196	-
Amortization of bond issuance costs	158,382	127,194	91	-

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Volunteer Fireman's Pension and Relief Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments	\$ 34,963	\$ 9,500
Total assets	<u>\$ 34,963</u>	<u>\$ 9,500</u>
LIABILITIES		
Due to others	\$ -	\$ 9,500
Total liabilities	<u>\$ -</u>	<u>\$ 9,500</u>
NET ASSETS		
Assets held in trust for pension benefits	<u>34,963</u>	
Total net assets	<u>\$ 34,963</u>	

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Trust Funds
For the year ended June 30, 2010

	Volunteer Fireman's Pension and Relief Trust Fund
ADDITIONS:	
Interest revenue	\$ 151
Total additions	<u>151</u>
DEDUCTIONS:	
Benefits paid to plan members and suppliers	<u>4,800</u>
Change in net assets	<u>(4,649)</u>
NET ASSETS:	
Beginning of year	<u>39,612</u>
End of year	<u><u>\$ 34,963</u></u>

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2010

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, 2010

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 Assets 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, 2010

NOTE 1 - Summary of Significant Accounting Policies, continued

Delinquent property taxes have been recorded as deferred revenue. Grants and similar awards received before the eligibility requirements are met are also recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

The City reports the following major governmental funds:

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

Streets Fund - This fund is used to account for the acquisition, construction and improvements of City streets' projects.

The City reports the following major enterprise funds:

Water Services 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 boundaries. All activities necessary to provide such service are accounted for in this fund.

Wastewater Services 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 a Self Insurance Fund that administers the City's self-insured property, liability and workers' compensation insurance program.

Fiduciary Funds - Fiduciary funds account for assets held by the City on behalf of the Volunteer Firefighter's Relief and Pension Trust Fund and agency funds, which account for resources held by the City in a custodial capacity for marriage licenses and peddler bonds. The Volunteer Firefighter's Relief and Pension Trust Fund is a single-employer defined benefit pension plan established to provide pension benefits for volunteer firemen of the City.

All applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, as well as the FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins are followed in both the government-wide business-type and enterprise fund financial statements, unless these pronouncements conflict with or contradict GASB pronouncements. Under this requirement, the City is given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Accordingly, the City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies, continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are interfund transfers from the general fund and water fund for property and liability insurance and charges to user departments for premiums related to worker's 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, and airport services. 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, and then unrestricted resources, as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. 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, Capital Projects, Enterprise and Internal Service Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternately achieved through bond indenture provisions.

The level of control at which expenditures may not exceed budget is by department, except for bond and grants-in-aid funds, which are exempted by Arizona Revised Statutes. 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 \$9,491,719 were transferred from the contingency reserves within the General, Proprietary, Internal Service, and Capital Projects funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements carry forward 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 fund types. Encumbrances outstanding and capital improvement carry forward appropriations at year-end are reported as reservations of fund balances.

The budgets are adopted on a basis differing from GAAP 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; and (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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies, continued

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Through a Home Rule option, any city can adopt its own alternative expenditure limitation if a majority of the qualified electors vote in favor of the issue at a regular election. On May 18, 2010, the City of Chandler voters approved a one-time override of the State-Imposed Expenditure Limitation for fiscal year 2010-2011. The Home Rule option, currently in effect must be submitted to the electorate for renewal no later than 2010 at which time an additional four-year period can be implemented.

E. Pooled Cash and Investments

City Charter, Ordinance and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, its agencies, and instrumentalities, certificates of deposit in eligible depositories, repurchase agreements, and the State of Arizona's Local Government Investment Pool (LGIP). The City of Chandler Municipal Property Corporation is additionally authorized to invest in bankers 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 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. Restricted Assets

Certain proceeds of the City's enterprise funds revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

G. 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).

All trade and property tax 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.

H. 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.

I. Prepaid Items

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies, continued

J. 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 estimated fair market value at the date of donation. The City defines general government infrastructure capital assets included in capital improvement projects completed at year's end in excess of \$100,000.

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

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

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

K. Compensated Absences

Vacation leave vests with the employee as it is earned. All employees may carry forward 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. Upon death, the same benefits shall be paid to the employee's beneficiary.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net assets. Bond related charges and credits, such as premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies, continued

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

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

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Restrictions of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

N. Capital Contributions - Enterprise Funds

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

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, 2010

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.

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 and the Chandler Cultural Foundation. 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 and the Chandler Cultural Foundation separately hold investments.

Deposits

At year-end, the carrying amount of the City deposits was \$1,727,865, and the bank balance was \$1,990,425. The entire bank balance was covered by the FDIC's Transaction Account Guarantee Program.

Investments

At June 30, 2010, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %
		Less than 1	1-5	
U.S. Treasuries	\$ 110,613,964	\$ 56,373,213	\$ 54,240,751	24.61 %
U.S. Agencies:				
Federal Home Loan Bank	52,313,186	20,314,995	31,998,191	11.64
Federal Home Loan Mortgage Corp.	56,887,748	52,164,513	4,723,235	12.66
Federal National Mortgage Assn	73,736,478	38,072,166	35,664,312	16.40
Federal Farm Credit Bank	10,761,215	10,761,215	-	2.39
Tennessee Valley Authority	7,906,431	7,906,431	-	1.76
Gov't Guaranteed-Corp:				
Bank of America	7,046,317	7,046,317	-	1.57
Citibank	5,080,973	-	5,080,973	1.13
General Elec Cap Corp	7,106,260	7,106,260	-	1.58
JP Morgan Chase	7,079,776	7,079,776	-	1.58
Morgan Stanley	7,088,261	7,088,261	-	1.58
Goldman Sachs Group Inc.-(FDIC)Frn	5,082,089	-	5,082,089	1.13
Keycorp-(FDIC)Frn	5,073,266	-	5,073,266	1.13
U.S. Agency Discount Notes:				
Federal Home Loan Bank	5,983,200	5,983,200	-	1.33
Federal Home Loan Mortgage Corp.	19,964,000	19,964,000	-	4.44
Federal National Mortgage Assn	15,964,800	15,964,800	-	3.55
Money Market - U.S. Treasuries & Agencies	51,805,201	51,805,201	-	11.53
Total	\$ 449,493,165	\$ 307,630,348	\$ 141,862,817	100.00 %

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2010

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 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, and the Local Government Investment Pool. The City's investment in U.S. Agencies, Government Guaranteed Corporate Bonds, Government Guaranteed Commercial Paper, U.S. Agency Discount Notes and Money Market Funds were rated AAA, AAA, A1+, A1+, and AAA by Standard & Poor's respectively as of June 30, 2010.

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% of the City's investments are in the U.S. Agencies, Government Guaranteed Corp., U.S. Agency Discount Notes, U.S. Treasuries and Agencies money market funds. See percentages in above table.

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 based upon the previous January 1 full cash 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 new 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 10 percent a year. The dollar amount of the secondary property tax levy is "unlimited" and the actual full cash 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 2009-10, current property tax collections were \$39,808,816 or 99.6% 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 2009 are not available for fiscal year 2009-10; accordingly, such taxes will not be recognized as revenue until fiscal year 2010-2011.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 4 - Capital Assets

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

Government Activities	Balance July 1, 2009	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 79,989,613	\$ 1,161,701	\$ -	\$ 81,151,314
Construction in progress	122,554,811	92,215,940	(75,298,944)	139,471,807
Total capital assets not being depreciated	<u>202,544,424</u>	<u>93,377,641</u>	<u>(75,298,944)</u>	<u>220,623,121</u>
Capital assets, being depreciated:				
Infrastructure	491,847,729	42,267,954	-	534,115,683
Building and improvements	226,018,101	33,409,981	-	259,428,082
Machinery and equipment	50,860,482	3,288,613	(501,085)	53,648,010
Total capital assets being depreciated	<u>768,726,312</u>	<u>78,966,548</u>	<u>(501,085)</u>	<u>847,191,775</u>
Less accumulated depreciation for:				
Infrastructure	(140,338,865)	(18,051,022)	-	(158,389,887)
Building and improvements	(49,140,368)	(10,449,891)	-	(59,590,259)
Machinery and equipment	(25,591,604)	(4,396,543)	317,309	(29,670,838)
Total accumulated depreciation	<u>(215,070,837)</u>	<u>(32,897,456)</u>	<u>317,309</u>	<u>(247,650,984)</u>
Total capital assets, being depreciated, net	<u>553,655,475</u>	<u>46,069,092</u>	<u>(183,776)</u>	<u>599,540,791</u>
Governmental activities capital assets, net	<u>\$ 756,199,899</u>	<u>\$ 139,446,733</u>	<u>\$ (75,482,720)</u>	<u>\$ 820,163,912</u>

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

	Expended to <u>June 30, 2010</u>	Remaining <u>Commitments</u>
Streets	\$ 52,758,947	\$ 13,259,908
Parks and recreation	18,759,670	566,021
Buildings and related improvements	67,953,190	25,640,060
Total	<u>\$ 139,471,807</u>	<u>\$ 39,465,989</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 4 - Capital Assets, continued

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

Business-Type Activities	Balance July 1, 2009	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 41,256,107	\$ -	\$ -	\$ 41,256,107
Construction in progress	22,173,913	26,231,233	(15,668,073)	32,737,073
Total capital assets not being depreciated	63,430,020	26,231,233	(15,668,073)	73,993,180
Capital assets, being depreciated:				
System improvements	866,834,939	14,744,706	-	881,579,645
Building and improvements	19,632,123	726,246	-	20,358,369
Vehicles, machinery and equipment	15,182,361	16,461	(104,700)	15,094,122
Land improvements	2,057,548	59,688	-	2,117,236
Total capital assets being depreciated	903,706,971	15,547,101	(104,700)	919,149,372
Less accumulated depreciation for:				
System improvements	(337,306,641)	(39,153,677)	-	(376,460,318)
Buildings and improvements	(10,389,026)	(619,917)	-	(11,008,943)
Vehicles, machinery and equipment	(12,609,308)	(522,809)	52,700	(13,079,417)
Land improvements	(1,313,037)	(118,672)	-	(1,431,709)
Total accumulated depreciation	(361,618,012)	(40,415,075)	52,700	(401,980,387)
Total capital assets, being depreciated, net	542,088,959	(24,867,974)	(52,000)	517,168,985
Business-type activities capital assets, net	\$ 605,518,979	\$ 1,363,259	\$ (15,720,073)	\$ 591,162,165

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

	Expended to June 30, 2010	Remaining Commitments
Sewer system improvements	\$ 16,229,534	\$ 4,841,163
Water system improvements	15,982,117	2,390,712
Airport improvements	525,422	473,297
Total	\$ 32,737,073	\$ 7,705,172

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,776,845
Public safety	4,829,825
Community services	7,277,226
Community development	37,020
Public works	<u>18,976,540</u>
Total depreciation expense - governmental activities	<u><u>\$ 32,897,456</u></u>
Business-type activities:	
Water	\$ 21,017,303
Wastewater	17,470,784
Solid waste	608,827
Airport	748,928
Chandler housing authority	<u>569,233</u>
Total depreciation expense - business-type activities	<u><u>\$ 40,415,075</u></u>

NOTE 5 - Operating Leases

The City leases approximately 73,000 square feet of office and library space under noncancelable operating leases expiring through June 2020. Total costs for such leases were \$1,281,632 for the year ended June 30, 2010. The future payments for these leases are as follows:

<u>Year Ending June 30</u>	
2011	718,053
2012	444,378
2013	459,932
2014	476,029
2015	492,690
2016-2020	<u>2,726,094</u>
Total	<u><u>\$ 5,317,176</u></u>

NOTE 6 - 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 proprietary funds as they are to be repaid from proprietary 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, continued

The City has pledged future ad valorem tax revenues to repay a total of \$467,920,000 in outstanding general obligation bonds. Proceeds of the bonds were used for general governmental purposes. The bonds are payable solely from ad valorem taxes and are payable through July 1, 2028. Annual principal and interest payments on the bonds are expected to require less than 93% of total 2009-10 ad valorem taxes. The total principal and interest remaining to be paid on the bonds is \$663,526,354. Principal and interest paid for the current year and total ad valorem property taxes were \$37,683,204 and \$40,623,069, respectively.

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2010 were as follows:

	<u>Outstanding June 30, 2010</u>
Governmental Activities General Obligation Bonds:	
\$8,275,000 Capital Improvement Bonds, Series 1994, due in an annual installment of \$1,450,000 at 7/1/10; interest at 8 percent.	\$ 1,450,000
\$6,650,000 Capital Improvement Bonds, Series 1996, due in annual installments of \$200,000 to \$250,000 through 7/1/13; interest at 6.5 percent.	925,000
\$8,205,000 Capital Improvement Bonds, Series 1996B, due in annual installments of \$430,000 to \$550,000 through 7/1/13; interest at 7.2 percent to 7.25 percent.	1,905,000
\$9,730,000 Refunding Bonds, Series 1997, due in an annual installment of \$150,000 through 7/1/10; interest at 5 percent.	150,000
\$3,590,000 Capital Improvement Bonds, Series 1998, due in an annual installment of \$225,000 through 7/1/10; interest at 4.7 percent.	225,000
\$6,950,000 Capital Improvement Bonds, Series 1999, due in annual installments of \$575,000 to \$875,000 through 7/1/18; interest at 4.35 percent to 6.25 percent.	4,175,000
\$8,520,000 Capital Improvement Bonds, Series 2000, due in an annual installment of \$600,000 through 7/1/10; interest at 7 percent.	600,000
\$8,040,000 Capital Improvement Bonds, Series 2001, due in annual installments of \$505,000 to \$640,000 through 7/1/14; interest at 4.3 percent to 5.5 percent.	2,850,000
\$23,000,000 Capital Improvement Bonds, Series 2002, due in annual installments of \$700,000 to \$2,000,000 through 7/1/15; interest at 4.25 percent to 4.5 percent.	8,125,000
\$21,375,000 Capital Improvement Bonds, Series 2003, due in annual installments of \$500,000 to \$2,775,000 through 7/1/17; interest at 2.75 percent to 4 percent.	13,575,000
\$16,265,000 Refunding Bonds, Series 2003, due in annual installments of \$730,000 to \$2,775,000 through 7/1/16; interest at 2.75 percent to 5 percent.	8,935,000

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2010</u>
\$24,800,000 Capital Improvement Bonds, Series 2005, due in annual installments of \$1,750,000 to \$2,900,000 through 7/1/15; interest at 4 percent.	13,400,000
\$30,905,000 Capital Improvement Bonds, Series 2006, due in annual installments of \$2,000,000 to \$6,675,000 through 7/1/17; interest at 4 percent to 4.5 percent.	25,025,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$1,000,000 to \$6,600,000 through 7/1/26; interest at 3 percent to 5 percent.	58,100,000
\$22,960,000 Refunding Bonds, Series 2007, due in annual installments of \$30,000 to \$4,240,000 through 7/1/20; interest at 4 percent to 5 percent.	22,935,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$500,000 to \$17,000,000 through 7/1/28; interest at 2.25 percent to 5 percent.	120,513,000
Total Governmental Activities General Obligation Bonds	<u><u>\$ 282,888,000</u></u>

	<u>Outstanding June 30, 2010</u>
Business-Type Activities General Obligation Bonds:	
\$17,225,000 Refunding Bonds, Series 2001, due in annual installments of \$1,040,000 to \$2,290,000 through 7/1/11; interest at 4.75 percent.	\$ 3,330,000
\$16,265,000 Refunding Bonds, Series 2003, due in annual installments of \$2,225,000 to \$2,580,000 through 7/1/15; interest at 4 percent to 5 percent.	7,190,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$1,475,000 to \$3,275,000 through 7/1/26; interest at 3 percent to 5 percent.	43,025,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$1,520,000 to \$11,086,000 through 7/1/28; interest at 2.25 percent to 5 percent.	131,487,000
Total Business-Type Activities General Obligation Bonds	<u><u>\$ 185,032,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - 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 \$31,800,000 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 31% of total 2009-10 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$37,349,094. Principal and interest paid for the current year and street and highway user revenue taxes were \$4,378,194 and \$14,372,187, respectively.

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2010 were as follows:

Governmental Activities Revenue Bonds:	<u>Outstanding June 30, 2010</u>
\$2,500,000 Street & Highway User Bonds, Series 1993, due in an annual installment of \$800,000 at 7/1/11; interest at 6 percent.	\$ 800,000
\$5,750,000 Street & Highway User Bonds, Series 1994, due in an annual installment of \$1,100,000 at 7/1/11; interest at 8 percent.	1,100,000
\$1,250,000 Street & Highway User Bonds, Series 1996B, due in annual installments of \$25,000 through 7/1/15; interest at 5.5 percent to 7.5 percent.	150,000
\$5,280,000 Street & Highway User Refunding Bonds, Series 1997, due in annual installments of \$50,000 through 7/1/11; interest at 5.39 percent to 8 percent.	100,000
\$3,300,000 Street & Highway User Bonds, Series 1999, due in an annual installment of \$175,000 at 7/1/10; interest at 4.3 percent.	175,000
\$2,250,000 Street & Highway User Bonds, Series 2000, due in an annual installment of \$125,000 at 7/1/10; interest at 5.35 percent.	125,000
\$6,830,000 Street & Highway User Bonds, Series 2001, due in an annual installment of \$330,000 at 7/1/10; interest at 4.4 percent.	330,000

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2010</u>
\$10,540,000 Street & Highway User Refunding Bonds, Series 2002, due in annual installments of \$880,000 to \$1,845,000 through 7/1/13; interest at 3.75 percent to 4.25 percent.	3,565,000
\$5,000,000 Street & Highway User Bonds, Series 2003, due in annual installments of \$1,000,000 to \$1,500,000 starting 7/1/16 through 7/1/19; interest at 3.5 percent to 5 percent.	5,000,000
\$10,920,000 Street & Highway User Refunding Bonds, Series 2004, due in annual installments of \$200,000 to \$3,360,000 through 7/1/18; interest at 3 percent to 5 percent.	10,005,000
\$10,450,000 Street & Highway User Refunding Bonds, Series 2010, due in annual installments of \$105,000 to \$2,965,000 through 7/1/19; interest at 2 percent to 3.5 percent.	10,450,000
Total Governmental Activities Revenue Bonds	<u><u>\$ 31,800,000</u></u>

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 \$67,580,000 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 52% of net 2009-10 water and wastewater system revenue. The total principal and interest remaining to be paid on the bonds is \$82,583,334. Principal and interest paid for the current year and net water and wastewater system revenues were \$12,370,790 and \$23,723,857, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, continued

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2010 were as follows:

	<u>Outstanding June 30, 2010</u>
Business-Type Activities Revenue Bonds:	
\$5,150,000 Water & Sewer Bonds, Series 1994, due in an annual installment of \$2,150,000 at 7/1/14; interest at 8 percent.	\$2,150,000
\$16,890,000 Water & Sewer Bonds, Series 1996, due in annual installments of \$250,000 to \$400,000 through 7/1/13; interest at 7.25 percent.	1,150,000
\$7,770,000 Water & Sewer Refunding Bonds, Series 1997, due in annual installments of \$100,000 through 7/1/13; interest at 6.25 percent to 6.5 percent.	400,000
\$5,985,000 Water & Sewer Bonds, Series 1999, due in annual installments of \$400,000 to \$410,000 through 7/1/11; interest at 4.3 percent to 4.4 percent.	810,000
\$12,500,000 Water & Sewer Bonds, Series 2001, due in annual installments of \$665,000 to \$1,045,000 through 7/1/18; interest at 4.25 percent to 4.5 percent.	3,935,000
\$26,145,000 Water & Sewer Refunding Bonds, Series 2001, due in annual installments of \$1,595,000 to \$3,485,000 through 7/1/11; interest at 4.75 percent.	5,080,000
\$10,970,000 Water & Sewer Refunding Bonds, Series 2002, due in annual installments of \$1,480,000 to \$3,755,000 through 7/1/13; interest at 4 percent to 5 percent.	8,385,000
\$17,830,000 Water & Sewer Refunding Bonds, Series 2003, due in annual installments of \$30,000 to \$7,515,000 through 7/1/16; interest at 3 percent to 5 percent.	11,705,000
\$10,000,000 Water & Sewer Bonds, Series 2003, due in annual installments of \$400,000 to \$4,200,000 through 7/1/13; interest at 2.75 percent to 4 percent.	8,725,000
\$10,000,000 Water & Sewer Bonds, Series 2005, due in annual installments of \$100,000 to \$2,500,000 starting 7/1/12 through 7/1/20; interest at 4 percent to 5 percent.	10,000,000
\$15,485,000 Water & Sewer Refunding Bonds, Series 2005, due in annual installments of \$490,000 to \$5,725,000 through 7/1/17; interest at 3.25 percent to 5 percent.	15,240,000
Total Business-Type Activities Revenue Bonds	<u><u>\$ 67,580,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, continued

D. Excise Tax Revenue Obligations

Excise tax revenue obligations are issued to provide funds to acquire and construct certain improvements to the water and sewer systems of the City and to pay the costs incurred in connection with the issuance of the obligations. The City has collateralized the obligations by the pledge of all unrestricted excise taxes (transaction, franchise fees, privilege, business taxes, state-shared sales and income taxes, fees for licenses and permits, and state revenue sharing), 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 covenants and agrees that, so long as any of the obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for or any other amounts remain unpaid or unprovided for thereunder, it will not further encumber the excise taxes on a basis equal to the pledge thereunder unless the excise taxes received by the City in the immediately preceding fiscal year shall have amounted to 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 shall 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 expected to require less than 2% of net 2009-10 excise tax revenue. The total principal and interest to be paid on the obligations is \$46,490,343. Principal and interest paid for the current year and excise tax revenues were \$1,633,063 and \$141,025,083, respectively.

	<u>Outstanding June 30, 2010</u>
Business-Type Activities Excise Tax Revenue Obligations:	
\$34,040,000 Water & Sewer Excise Tax Obligations, Series 2009, due in annual installments of \$500,000 to \$5,455,000 through 7/1/28; interest at 2.25 percent to 4.375 percent.	\$ 34,040,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u><u>\$ 34,040,000</u></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, 2010, 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, 2010 were as follows:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, continued

Governmental Activities Special Assessment Bonds:	<u>Outstanding June 30, 2010</u>
\$1,760,000 Improvement District #89 Bonds, due in annual installments of \$135,000 to \$160,000 through 1/1/15; interest at 4.75 percent.	\$ 730,000
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$395,000 to \$635,000 through 1/1/23; interest at 4 percent.	6,585,000
Total Special Assessment Bonds with Governmental Commitment	<u><u>\$ 7,315,000</u></u>

Changes in Long-Term Liabilities

Governmental Activities:	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Compensated absences	\$ 7,595,169	\$ 6,497,779	\$ (3,961,629)	\$ 10,131,319	\$ 575,076
Bonds payable:					
General obligation bonds	294,588,000	-	(11,700,000)	282,888,000	12,845,000
Revenue bonds	34,690,000	10,450,000	(13,340,000)	31,800,000	3,180,000
Special assessment bonds	<u>7,820,000</u>	<u>-</u>	<u>(505,000)</u>	<u>7,315,000</u>	<u>1,125,000</u>
Total bonds payable	337,098,000	10,450,000	(25,545,000)	322,003,000	17,150,000
Arbitrage liability	249,439	10,000	(148,340)	111,099	88,369
Claims payable	3,624,854	1,571,159	(3,384,968)	1,811,045	1,600,000
Post employment benefits	2,031,825	1,832,171	-	3,863,996	-
Deferred bond premiums	<u>5,721,872</u>	<u>290,568</u>	<u>(530,042)</u>	<u>5,482,398</u>	<u>530,042</u>
Totals	<u>\$ 356,321,159</u>	<u>\$ 20,651,677</u>	<u>\$ (33,569,979)</u>	<u>\$ 343,402,857</u>	<u>\$ 19,943,487</u>
Business-Type Activities:	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Compensated absences	\$ 849,522	\$ 634,801	\$ (492,792)	\$ 991,531	\$ 55,582
Bonds payable:					
General obligation bonds	188,612,000	-	(3,580,000)	185,032,000	5,285,000
Revenue bonds	76,415,000	-	(8,835,000)	67,580,000	7,300,000
Excise tax revenue obligations	<u>34,040,000</u>	<u>-</u>	<u>-</u>	<u>34,040,000</u>	<u>500,000</u>
Total bonds payable	299,067,000	-	(12,415,000)	286,652,000	13,085,000
Arbitrage liability	97,026	-	(67,128)	29,898	2,628
Post employment benefits	133,663	135,911	-	269,574	-
Deferred bond premiums	5,548,723	-	(521,671)	5,027,052	521,670
Landfill closure/post closure	<u>2,786,191</u>	<u>3,204,109</u>	<u>(1,650,300)</u>	<u>4,340,000</u>	<u>334,104</u>
Totals	<u>\$ 308,482,125</u>	<u>\$ 3,974,821</u>	<u>\$ (15,146,891)</u>	<u>\$ 297,310,055</u>	<u>\$ 13,998,984</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, continued

Statutory Debt Limitation

In the absence of more restrictive bond authorization ballot limitations, the City is subject to state limitations on the amount of net bonded debt (exclusive of revenue bonds, excise tax revenue obligations and improvement district bonds), it may have outstanding. The statutory debt limitation is 20 percent of the secondary 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 secondary assessed valuation for all other purposes (e.g., library, museum, center for the arts). At June 30, 2010, the 6 percent debt limitation was \$210,484,297, providing a debt margin of \$200,990,297 and the 20 percent debt limitation was \$701,614,322, providing a debt margin of \$243,188,322.

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, 2010:

GOVERNMENTAL ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Highway Users Revenue	Highway Users Revenue Interest	Improvement Districts Principal	Improvement Districts Interest	Total
2011	\$ 12,845,000	\$ 11,842,773	\$ 3,180,000	\$ 1,092,756	\$ 530,000	\$ 298,075	\$ 29,788,604
2012	11,820,000	11,303,326	2,875,000	1,022,350	550,000	275,863	27,846,539
2013	11,850,000	10,809,827	3,700,000	885,225	575,000	252,813	28,072,865
2014	14,105,000	10,253,375	3,830,000	767,725	595,000	228,725	29,779,825
2015	14,015,000	9,670,231	3,975,000	637,000	625,000	203,800	29,126,031
2016-2020	74,054,000	38,915,672	14,240,000	1,144,038	2,610,000	687,800	131,651,510
2021-2025	76,345,000	22,609,338	-	-	1,830,000	148,400	100,932,738
2026-2029	67,854,000	5,553,581	-	-	-	-	73,407,581
Total	\$ 282,888,000	\$ 120,958,123	\$ 31,800,000	\$ 5,549,094	\$ 7,315,000	\$ 2,095,476	\$ 450,605,693

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 6 - Long-Term Liabilities, concluded

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2011	\$ 5,285,000	\$ 7,310,562	\$ 7,300,000	\$ 2,984,634	\$ 500,000	\$ 1,125,563	\$ 24,505,759
2012	8,760,000	7,013,963	7,610,000	2,669,226	1,100,000	1,105,687	28,258,876
2013	9,420,000	6,640,063	7,930,000	2,350,558	1,100,000	1,080,938	28,521,559
2014	10,595,000	6,247,862	8,260,000	1,999,818	1,100,000	1,056,187	29,258,867
2015	10,900,000	5,862,113	4,485,000	1,671,026	5,455,000	982,444	29,355,583
2016-2020	50,186,000	24,148,156	29,495,000	3,276,509	8,960,000	3,887,569	119,953,234
2021-2025	48,600,000	13,906,719	2,500,000	51,563	7,965,000	2,508,188	75,531,470
2026-2029	41,286,000	3,518,793	-	-	7,860,000	703,767	53,368,560
Total	\$ 185,032,000	\$ 74,648,231	\$ 67,580,000	\$ 15,003,334	\$ 34,040,000	\$ 12,450,343	\$ 388,753,908

Compensated Absences

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to \$10,131,319 for governmental activities and \$991,531 for business-type activities at June 30, 2010 is expected to be paid in future years from future resources. Compensated absences for governmental activities have been liquidated primarily by the General Fund.

	Balance July 1, 2009	Incurred	Satisfied	Balance June 30, 2010	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 7,595,169	\$ 6,497,779	\$ 3,961,629	\$ 10,131,319	\$ 575,076
Business-Type Activities					
Compensated Absences	\$ 849,522	\$ 634,801	\$ 492,792	\$ 991,531	\$ 55,582

NOTE 7 - Defeased Debt

Current Year Defeasance

On April 6, 2010, the City issued \$10,450,000 in Street and Highway User Revenue Refunding Bonds with an average interest rate of 2.33 percent. This issuance was used to advance refund \$4,735,000 of Series 1997 Street and Highway User Revenue Refunding Bonds with an average interest rate of 5.38 percent; \$1,550,000 of Series 1999 Street and Highway User Revenue Bonds with an average interest rate of 4.60 percent; and \$4,005,000 of Series 2001 Street and Highway User Revenue Bonds with an average interest rate of 4.69 percent. The refunding portion of net proceeds of \$10,556,600 (after payment of \$183,969 in underwriting fees, insurance, and other issuance costs and receipt of \$290,569 in original issue premium) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1997, 1999 and 2001 bonds. Only a portion of the future debt service payments for the 1997, 1999 and 2001 bonds were defeased.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 7 - Defeased Debt, concluded

As a result, this part of the debt service payments for the bonds is considered to be defeased and the liability for that portion of the bonds has been removed from the government-wide and statement of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$266,600. This difference, reported in the accompanying financial statements as a component of other assets, is being charged to operations through the year 2019 using the straight-line amortization method. The City completed the advance refunding to decrease its total debt service payments over the next 10 years by \$874,345 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$855,460.

Prior Year Defeasance

In prior years, the City defeased certain general obligation, water and sewer revenue, and street and highway user revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. Bonds that have been advance refunded (defeased) as of June 30, 2010 are as follows:

Refunded Debt Outstanding	Amount
Water and Sewer Revenue Bonds, Series 2000	\$ 1,225,000
Water and Sewer Revenue Bonds, Series 2001	3,625,000
Streets and Highway User Revenue Bonds, Series 2000	1,250,000
General Obligation Bonds, Series 1996B	2,910,000
General Obligation Bonds, Series 2000	7,345,000
General Obligation Bonds, Series 2001	4,715,000
General Obligation Bonds, Series 2002	6,975,000
General Obligation Refunding Bonds, Series 2003	140,000
Total Refunded Bonds Outstanding	<u>\$ 28,185,000</u>

NOTE 8 - 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, 2010, the City estimates total costs related to landfill closure and postclosure care is \$15,245,944 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$10,905,944 has been paid. The remaining balance of \$4,340,000 consists of a current liability of \$334,104 and \$4,005,896 recorded as a non-current liability on the City's financial statements.

The estimated total current cost of the landfill closure and postclosure, \$15,245,944, 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, 2010. 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 8 - Landfill Closure and Postclosure Costs, concluded

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, 2009. 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.

NOTE 9 - Capital Contributions

Capital contributions in the Water, Wastewater, Solid Waste, Airport, and Housing Authority funds amounted to the following:

	System Development Fees	Developer Contributions	Government Contributions	Total
Water	\$ 2,843,226	\$ 108,997	\$ -	\$ 2,952,223
Wastewater	3,873,863	111,221	-	3,985,084
Solid Waste	59,772	-	-	59,772
Airport	-	-	871,364	871,364
Housing Authority	-	-	615,796	615,796
Total	<u>\$ 6,776,861</u>	<u>\$ 220,218</u>	<u>\$ 1,487,160</u>	<u>\$ 8,484,239</u>

NOTE 10 - Fund Equity

Only restrictions imposed by external sources are shown as restricted net assets on the government-wide financial statements. In addition, reserves for encumbrances and inventories are shown on the governmental fund financial statements. The City may also designate through administrative policy portions of fund balance to demonstrate the government's intended use of those net assets. Designations of fund balances at June 30, 2010, were as follows:

	<u>General</u>
Fund Balance:	
Unreserved:	
Designated:	
Economic Development & Capital Improvements	\$ 60,698,375
Compensated Absences	9,827,917
Personnel Services & Retirement Incentives	7,767,874
One Time Citywide Requirements (non-capital)	3,115,936
Self-Insurance	1,176,094
Operating Deficit Budget Stabilization Reserve	8,389,921
Revenue Fluctuation Reserve	3,000,000
City Council 12% Contingency Reserve	19,457,611
Total Designated Fund Balance	<u>\$ 113,433,728</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 10 - Fund Equity, concluded

Reservations of Fund Balances

At June 30, 2010, reserved amounts of general fund balance represent the following:

- 1) Encumbrances - comprises purchase obligations outstanding at the end of the fiscal year for operating and capital;
- 2) Debt Service - payment of future principal and interest unpaid at the end of the fiscal year and/or amounts accumulated and reserved/restricted for improvement district debt and general obligation debt; and Legal Restrictions - comprises domestic violence fees and court/judicial enhancement funds. In addition, the City is prefunding a Health Benefits Self Insurance Trust for \$10,705,000.

Deficit Fund Balances

The City plans to remove the deficits in the Grants-in-Aid Special Revenue Fund of \$1,107,382, Public Works and General Government Fund of \$1,010,395, and Public Safety Buildings and Improvements Fund of \$6,156,453 by receiving revenues from other governments.

NOTE 11 - Retirement and Pension Plans

All full-time employees of the City, the Mayor and City Council are covered by one of three pension plans. All full-time City employees, except public safety personnel, participate in the Arizona State Retirement System, a multiple-employer cost-sharing pension plan. Public safety personnel participate in the Public Safety Personnel Retirement System, which is an agent multiple-employer plan. The Mayor and City Council participate in the Elected Officials' Retirement Plan, a multiple-employer cost sharing pension plan. All three pension plans are administered by the State of Arizona.

Arizona State Retirement System

A. Plan Description

All full-time City employees (except public safety personnel) participate in the Arizona State Retirement System (the System), a multiple-employer cost sharing defined benefit pension, health insurance premium, and long-term disability plan. The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of Arizona Revised Statutes. The System provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Arizona State Retirement System, P.O. Box 33910, Phoenix, AZ 85067-3910, or by calling 1-800-621-3778.

B. Funding Policy

Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although Arizona Revised Statutes prescribe the basis of making the actuarial calculation, the Arizona Legislature is able to legislate a contribution rate other than the actuarially determined rate. The actuarially determined contribution rate for the year ended June 30, 2010 was 9.40 percent (9.00 percent retirement and 0.40 percent long-term disability) for active members and the City was required to contribute 9.40 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the System for the years ended June 30, 2010, 2009 and 2008, were \$6,480,656, \$6,627,159, and \$6,311,856, respectively, equal to the required contributions for each year.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 11 - Retirement and Pension Plans, continued

Arizona Public Safety Personnel Retirement System (Full-time Police and Fire Employees)

A. Plan Description

All full-time sworn police officers and fire fighters are eligible to participate in the Public Safety Personnel Retirement System (PSPRS) in separate agent multiple-employer defined benefit retirement and health insurance premium plans. PSPRS was established by Title 38, chapter 5, Article 4 of the Arizona Revised Statutes to provide pension benefits for public safety employees of certain state and local governments. The PSPRS is jointly administered by the fund manager and participating local boards. The fund manager is a five-member board appointed by the Governor and the State Legislature. The fund manager is responsible for establishing contribution rates in accordance with an Actuarial study. The PSPRS provides retirement benefits, as well as death and disability and health insurance premium benefits. The PSPRS of the State of Arizona issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Safety Personnel Retirement System, 3010 East Camelback Road, Ste 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

B. Funding Policy

The System is funded through a member contribution of 7.65 percent of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll, and a distribution of the net earnings of the Fund. The City's current aggregate contribution rate for police is 17.55 percent of annual covered payroll of which 0.49 percent was the health insurance premium portion. The current aggregate contribution rate for firefighters is 16.35 percent of annual covered payroll of which 0.43 percent was the health insurance premium portion.

C. Annual Pension Cost

For fiscal year ended June 30, 2010, the City's annual pension cost of \$4,619,048 for police and \$2,519,584 for firefighters for PSPRS was equal to the City's required and actual contributions. The required contributions were determined as part of the June 30, 2008, actuarial valuations using the projected unit credit actuarial cost method.

The contribution requirements for the year ended June 30, 2010 were established by the June 30, 2008 actuarial valuations. Those valuations were based on the following. For police, the actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8.5 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 5.5 percent compounded annually attributable to inflation and other across-the-board increases, and (c) additional projected salary increases of 0 percent to 3 percent per year attributable to seniority/merit. For firefighters, the actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8.5 percent per year compounded annually, attributable to inflation and other across-the-board increases, (b) projected salary increases of 5.5 percent compounded annually attributable to inflation and other across-the-board increases, and (c) additional projected salary increases of 0 percent to 3 percent per year attributable to seniority/merit. For both police and firefighters, included in (b) is an inflation component of 5 percent. The actuarial value of PSPRS assets was determined using techniques that smooth the market value of assets over a four-year period. PSPRS's unfunded accrued liability is being amortized as a level percent of projected payroll over a closed period of 30 years. If the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years. The remaining amortization period at July 1, 2009, was 28 years for unfunded actuarial accrued liability and 20 years for excess contributions.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 11 - Retirement and Pension Plans, continued

Arizona Public Safety Personnel Retirement System - Police
 Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2008 (Pension)	\$ 2,871,567	100%	-
2008 (Health)	\$ 95,474	100%	-
2009 (Pension)	\$ 4,941,860	100%	-
2009 (Health)	\$ 28,330	100%	-
2010 (Pension)	\$ 4,596,415	100%	-
2010 (Health)	\$ 22,633	100%	-

Arizona Public Safety Personnel Retirement System - Firefighters
 Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
2008 (Pension)	\$ 1,563,938	100%	-
2008 (Health)	\$ 50,966	100%	-
2009 (Pension)	\$ 2,609,678	100%	-
2009 (Health)	\$ 11,533	100%	-
2010 (Pension)	\$ 2,508,750	100%	-
2010 (Health)	\$ 10,834	100%	-

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial calculation date, the firefighters plan was 81 percent funded and police was 72 percent funded. The actuarial accrued liability for benefits was \$62.9 million and \$102.7 million, and the actuarial value of assets was \$51.2 million and \$74 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$11.7 million and \$28.7 million respectively. The covered payrolls (annual payrolls of active employees covered by the plans) were \$15.4 million and \$26.9 million, and the ratio of the UAAL to the covered payroll was 76 percent and 107 percent.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Elected Officials' Retirement Plan (Mayor and City Council)

A. Plan Description

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing defined benefit pension and health insurance premium plan. The EORP was established and is administered by the State of Arizona to provide pension benefits for state and county elected officials, judges, and certain City-elected officials. The fund manager of the PSPRS is also the administrator for the EORP. EORP provides retirement benefits, as well as death and disability benefits. The Elected Officials' Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for EORP. The report may be obtained by writing to Elected Officials' Retirement Plan, 3010 East Camelback Road, Ste 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 11 - Retirement and Pension Plans, concluded

B. Funding Policy

Covered employees are required by state statute to contribute an amount equal to 7 percent of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the Fund Manager, a five-member board. The City's rate for fiscal year ended June 2010 was 26.25 percent of the members' annual covered payroll, of which 1.89 percent was the health insurance premium portion. The city's contributions to EORP for the years ended June 30, 2010, 2009, and 2008, were \$40,950, \$37,757, and \$23,105 respectively, equal to the required contributions for each year.

Volunteer Firemen's Pension And Relief Fund

A. Plan Description

The Volunteer Firemen's Pension Plan (VFPP) is a single-employer defined benefit pension plan administered by the City. The last actuarial valuation of the Volunteer Firemen's Pension and Relief Fund was made as of November 19, 2004, at which time the actuarial liability was fully funded. As of June 30, 2010, there was one retiree and/or beneficiary of a retiree receiving retirement benefits under the plan. There were no terminated employees entitled to benefits and not yet receiving them. Additionally there are no non-vested active employees and no partially vested employees covered by the plan. The VFPP issues a publicly available financial report that may be obtained from the City of Chandler, Management Services Department, P.O. Box 4008, MS 702, Chandler, AZ 85244-4008.

B. Funding Policy

There were no contributions to the Volunteer Firemen's Pension and Relief Fund by the City in fiscal year 2009/10. Pursuant to the November 19, 2004, actuarial valuation, the present value of all benefits payable in future years was \$57,222 based upon a 6 percent rate of return and the pension obligation was deemed to be fully funded.

NOTE 12 - Post-employment Benefits Other Than Pensions

The cost of post-employment healthcare benefits, from an accrual accounting perspective, similar to the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid.

A. Plan Description

The City provides post-employment medical care (OPEB) for retired employees through a single employer defined benefit medical plan. The plan provides medical 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. The plan does not issue a separate financial report.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 12 - Post-employment Benefits Other Than Pensions, continued

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 medical 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 medical 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 medical 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 account. The retiree must have a minimum of five years of City service to receive this contribution.

C. Funding Policy

The plan premium rates are determined annually by the City's Human Resources Department, in collaboration with an outside consulting firm, and approved by the City Council. The retiree's contribution is 100% 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. 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. As of June 30, 2010, retirees contributed \$963,222 and the City contributed \$1,325,055 (implied subsidy).

D. Annual OPEB Costs and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City's annual OPEB cost for the current year and related information for each plan are as follows at June 30, 2010:

Annual Required Contribution (ARC)	\$3,291,374
ARC Adjustment	(106,511)
Interest Adjustment to Net OPEB Obligation	<u>108,274</u>
Annual OPEB Cost	\$3,293,137
Contributions Made	<u>(1,325,055)</u>
Increase in Net OPEB Obligation	\$1,968,082
Net OPEB Obligation - Beginning of year	<u>2,165,488</u>
Net OPEB Obligation - End of year	<u><u>\$4,133,570</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 12 - Post-employment Benefits Other Than Pensions, concluded

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 were as follows:

<u>Fiscal Year Ended June, 30</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 3,293,137	\$ 1,325,055	40.2%	\$ 4,133,570
2009	2,136,825	1,188,119	55.60%	2,165,488
2008	2,125,569	908,785	42.75%	1,216,784

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 was as follows:

Actuarial Accrued Liability	\$26,120,095
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$26,120,095</u>
Funded Ratio	0.0%
Covered Payroll	98,508,058
UAAL as a percentage of covered payroll	26.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective.

The actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

1. The actuarial cost method used is the unit credit method.
2. As of the valuation date, July 1, 2009, there are no assets, hence no need for an actuarial value of assets.
3. The amortization method is level percent of payroll. The amortization period is 30 years. The period is open.

In the June 30, 2009 actuarial valuation, the unit credit actuarial cost method was used along with a discount rate of 5.0%. In addition, the actuarial assumptions included: an annual medical healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 6.0% after 8 years; an annual dental healthcare cost trend rate of 5% initially, reduced to 3% after 9 years; and an annual projected salary increase of 2%.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2010

NOTE 13 - Commitments and Contingencies

The City is subject to a number of lawsuits, investigations, and other claims (some of which involve substantial amounts) that are incidental to the ordinary course of its operations, including those related to wrongful death and personal injury matters. Although the City Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the City’s operations. 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 14 - 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; injuries to employees; 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. In fiscal year 2009/2010, the Self-Insurance Fund provided coverage for up to a maximum of \$2,000,000 per occurrence for liability claims and \$50,000 for each property damage claim. 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 2009/2010, 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.

Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves and 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.

The claims liability of \$1,811,045 reported as claims payable in the Self-Insurance Fund at June 30, 2010, 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. An excess coverage insurance policy covers individual claims in excess of \$2,000,000 for general liability and \$500,000 for worker’s compensation. 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. Changes in the Fund’s claims liability amount in fiscal years 2009 and 2010 were:

Years Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2009	\$ 3,431,530	\$ 4,603,604	(\$4,410,280)	\$ 3,624,854
2010	\$ 3,624,854	\$ 1,571,159	(3,384,968)	\$ 1,811,045

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 15 - Interfund Transfers

The interfund transfers in and out at June 30, 2010 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Capital Projects-Streets	\$ 216,000	\$ 2,107,773
	Non-major Governmental	7,945	29,146,796
	Enterprise-Water	896,000	-
	Enterprise-Wastewater	1,036,000	-
	Non-major Enterprise	-	504,194
	Internal Service-Self Insurance	7,768,000	2,436,763
	Total General Fund	9,923,945	34,195,526
Capital Projects-Streets	General	2,107,773	216,000
	Total Capital Projects-Streets	2,107,773	216,000
Non-major Governmental Funds	General	29,146,796	7,945
	Non-major Governmental	4,581,258	4,581,258
	Enterprise-Water	222,935	-
	Enterprise-Wastewater	99,051	-
	Non-major Enterprise	55,158	143,593
	Internal Service-Self Insurance	172,100	-
	Total Non-major Governmental Funds	34,277,298	4,732,796
Water	General	-	705,000
	Non-major Governmental	-	222,935
	Internal Service-Self Insurance	680,000	-
	Total Water Fund	680,000	927,935
Wastewater	General	-	1,227,000
	Non-major governmental	-	99,051
	Internal Self-Service Insurance	72,000	-
	Total Wastewater Fund	72,000	1,326,051
Non-major Enterprise Funds	General	504,194	-
	Non-major Governmental	143,593	55,158
	Internal Service-Self Insurance	36,000	-
	Total Non-major Enterprise Funds	683,787	55,158
Internal Service	General	2,436,763	7,768,000
	Non-major Governmental	-	172,100
	Enterprise-Water	-	680,000
	Enterprise-Wastewater	-	72,000
	Non-major Enterprise	-	36,000
	Total Internal Service	2,436,763	8,728,100
Total		\$ 50,181,566	\$ 50,181,566

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 15 - Interfund Transfers, concluded

Interfund transfers are made from various funds and cost centers to fund costs including dental insurance, computer replacement, capital equipment purchases and debt service.

NOTE 16 - Interfund Receivables and Payables

A. Interfund Advances To/Advances From

<u>Advances To</u>	<u>Advances From</u>	<u>Total</u>
General	Capital Projects-Community Services	\$ 3,429,287
	Capital Projects-Public Safety	15,654,706
	Capital Projects-Streets	7,870,000
	Capital Projects-Public Works/General Govt.	4,204,427
	Total General Fund	31,158,420
Capital Projects Capital Equipment	General	7,496,428
	Special Revenue-Highway User Revenue	737,658
	Enterprise-Water	195,276
	Enterprise-Wastewater	342,283
	Enterprise-Solid Waste	29,777
	Enterprise-Airport	4,734
	Total Capital Projects-Capital Equipment	8,806,156
Enterprise Water	Enterprise-Wastewater	3,900,000
Total		\$ 43,864,576

Interfund advances are made from the general fund to capital projects funds to cover expenditures in impact fee funds until impact fees are received. None will be repaid within one year.

Interfund advances are made from the capital projects capital equipment fund to various funds to finance the purchase of capital assets. Amounts to be repaid within one year total \$1,611,560.

The 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. Amounts to be repaid within one year total \$650,000.

B. Interfund Due To/Due From

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Total</u>
General	Special Revenue-Grants in Aid	\$ 1,284,072
Total		\$ 1,284,072

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2010

NOTE 17 - 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% of the plant capacity, and each party paying 50% of the construction costs. The Town of Gilbert acts as the Lead Agent, overseeing construction activities, which were substantially complete at June 30, 2010, 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 as of June 30, 2010, was:

City of Chandler's Share	\$78,832,719
Town of Gilbert's Share	<u>74,080,401</u>
	<u><u>\$152,913,120</u></u>



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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, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 39,287,682	\$ 39,287,682	\$ 40,259,580	\$ 971,898
Sales taxes	83,550,000	83,550,000	83,019,726	(530,274)
Franchise fees	3,412,000	3,412,000	3,174,390	(237,610)
State shared	55,904,000	55,904,000	54,492,427	(1,411,573)
Licenses and permits	2,606,650	2,606,650	2,758,393	151,743
Charges for services	10,794,481	10,794,481	19,382,428	8,587,947
Fines and forfeitures	5,798,500	5,798,500	5,324,932	(473,568)
Rentals	96,400	96,400	101,322	4,922
Contributions	100,000	100,000	50,000	(50,000)
Interest revenue	3,502,318	3,502,318	1,890,982	(1,611,336)
Miscellaneous	2,629,550	2,629,550	1,307,782	(1,321,768)
Total revenues	207,681,581	207,681,581	211,761,962	4,080,381
EXPENDITURES:				
General government				
City manager	18,588,223	21,891,315	17,424,095	4,467,220
City clerk	736,766	867,612	603,857	263,755
Communications and public affairs	2,545,327	2,830,657	2,455,395	375,262
Law	3,335,345	3,430,448	3,209,595	220,853
City Magistrate	4,175,558	4,252,328	3,987,845	264,483
Management services	153,542,783	142,067,329	59,860,487	82,206,842
Mayor and council	978,228	1,059,397	775,599	283,798
Public safety				
Fire	27,007,727	27,298,596	26,383,620	914,976
Police	63,903,071	64,699,136	61,191,256	3,507,880
Community development	10,290,837	11,003,103	8,911,379	2,091,724
Public works	14,342,692	16,734,057	13,390,555	3,343,502
Community services	35,148,296	37,225,888	35,322,728	1,903,160
Total expenditures	334,594,853	333,359,866	233,516,411	99,843,455
REVENUES OVER (UNDER) EXPENDITURES	(126,913,272)	(125,678,285)	(21,754,449)	103,923,836
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	25,000	25,000	86,422	61,422
Transfers in	19,725,065	19,725,065	9,923,945	(9,801,120)
Transfers out	(19,719,433)	(19,648,453)	(34,195,526)	(14,547,073)
Total other financing sources (uses)	30,632	101,612	(24,185,159)	(24,286,771)
Change in fund balance	(126,882,640)	(125,576,673)	(45,939,608)	79,637,065
Fund balances, July 1, 2009	169,476,795	169,476,795	169,476,795	-
Fund balances, June 30, 2010	\$ 42,594,155	\$ 43,900,122	\$ 123,537,187	\$ 79,637,065

See accompanying notes to this schedule.

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2010

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 on a budgetary basis in order to provide a meaningful comparison.

	<u>Change in Fund Balances</u>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ (25,749,182)
Reserved encumbrances at June 30, 2010 recognized as budgetary expenditures in fiscal year ended June 30, 2010	<u>(20,190,426)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ (45,939,608)</u>

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2010

Arizona Public Safety Personnel Retirement System - Police
Schedule of Funding Progress

Valuation Date	(1) Actuarial Value of Assets	(2) Projected Unit Credit Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
30-Jun						
2006	\$ 58,256,719	\$ 73,363,294	79.4%	\$ 15,106,575	\$ 19,977,231	75.6%
2007	59,909,235	91,534,641	65.4%	31,625,406	23,460,954	134.8%
2008	66,242,859	95,361,375	69.5%	29,118,516	25,093,684	116.0%
2009	74,018,711	102,681,147	72.1%	28,662,436	26,862,925	106.7%

Arizona Public Safety Personnel Retirement System - Firefighters
Schedule of Funding Progress

Valuation Date	(1) Actuarial Value of Assets	(2) Projected Unit Credit Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
30-Jun						
2006	\$39,694,142	\$ 44,956,349	88.3%	\$ 5,262,207	\$12,235,917	43.0%
2007	41,392,622	56,735,431	73.0%	15,342,809	14,050,999	109.2%
2008	45,433,395	58,745,529	77.3%	13,312,134	14,906,063	89.3%
2009	51,154,097	62,888,943	81.3%	11,734,846	15,408,927	76.2%

Post-employment Benefits Other than Pensions
Schedule of Funding Progress

Valuation Date	(1) Actuarial Value of Assets	(2) Unit Credit Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
01-Jul						
2007	\$ -	\$ 17,961,768	0.0%	17,961,768	87,610,241	20.5%
2009	-	26,120,095	0.0%	26,120,095	98,508,058	26.5%

OTHER FINANCIAL STATEMENTS

City of Chandler
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Streets Capital Projects
For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Interest revenue	\$ 581,000	\$ 581,000	\$ 654,724	\$ 73,724
System development fees	2,000,000	2,000,000	906,828	(1,093,172)
Regional transportation tax	8,850,000	8,850,000	13,965,973	5,115,973
Miscellaneous	-	-	70,720	70,720
Total revenues	11,431,000	11,431,000	15,598,245	4,167,245
EXPENDITURES:				
Bond issuance costs	-	-	183,969	(183,969)
General government	734,145	17,176,485	-	17,176,485
Public works	70,929,639	-	-	-
Capital improvements	20,638,557	73,368,344	53,169,671	20,198,673
Total expenditures	92,302,341	90,544,829	53,353,640	37,191,189
Excess (deficiency) of revenues over expenditures	(80,871,341)	(79,113,829)	(37,755,395)	41,358,434
Other financing sources (uses):				
Bond premium	-	-	290,569	290,569
Face amount of bonds issued	1,600,000	1,600,000	10,450,000	8,850,000
Payment to escrow agent	-	-	(10,556,600)	(10,556,600)
Transfers in	12,018,583	12,018,583	2,107,773	(9,910,810)
Transfers out	(7,534,583)	(7,534,583)	(216,000)	7,318,583
Total other financing sources (uses)	6,084,000	6,084,000	2,075,742	(4,008,258)
Change in fund balances	(74,787,341)	(73,029,829)	(35,679,653)	37,350,176
Fund balances (deficits), July 1, 2009	3,284,806	3,284,806	3,284,806	-
Fund balances (deficits), June 30, 2010	\$ (71,502,535)	\$ (69,745,023)	\$ (32,394,847)	\$ 37,350,176



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Where Values Make The Difference

City of Chandler
Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2010

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 18,565,508	\$ 23,722,622	\$ 34,658,185	\$ 76,946,315
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Special assessments	-	6,620,868	-	6,620,868
Notes	568,342	-	-	568,342
Other	22,105	-	-	22,105
Prepaid Items	3,057	-	30,242	33,299
Due from other governments	2,424,384	-	-	2,424,384
Advances to other funds	-	-	8,806,156	8,806,156
Total assets	\$ 21,583,396	\$ 30,343,490	\$ 43,494,583	\$ 95,421,469
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,014,439	\$ 8,006	\$ 1,255,674	\$ 2,278,119
Accrued payroll	263,576	-	3,776	267,352
Accrued interest	-	6,689,469	-	6,689,469
Due to other funds	1,284,072	-	-	1,284,072
Advances from other funds	737,658	-	23,288,420	24,026,078
Arbitrage liability	-	-	54,606	54,606
Bonds payable	-	16,755,000	-	16,755,000
Deferred revenue	180,000	6,217,913	-	6,397,913
Total liabilities	3,479,745	29,670,388	24,602,476	57,752,609
Fund Balances:				
Reserved:				
Capital improvements	-	-	11,512,732	11,512,732
Debt service	-	673,102	-	673,102
Unreserved, undesignated:				
Special revenue funds	18,103,651	-	-	18,103,651
Capital projects funds	-	-	7,379,375	7,379,375
Total fund balances	18,103,651	673,102	18,892,107	37,668,860
Total liabilities and fund balances	\$ 21,583,396	\$ 30,343,490	\$ 43,494,583	\$ 95,421,469

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Non-Major Governmental Funds - By Fund Type
For the year ended June 30, 2010

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
REVENUES:				
Highway user taxes	\$ 13,116,481	\$ -	\$ -	\$ 13,116,481
Grants and entitlements	10,377,502	-	-	10,377,502
System development fees	-	-	3,861,478	3,861,478
Special assessments	-	663,209	-	663,209
Charges for services	38,008	-	-	38,008
Interest income	218,958	11,483	395,162	625,603
Miscellaneous	204,734	-	330,335	535,069
Total revenues	23,955,683	674,692	4,586,975	29,217,350
EXPENDITURES:				
Current:				
General government	146,099	-	557,434	703,533
Public safety	1,009,585	-	-	1,009,585
Community development	2,859,734	-	-	2,859,734
Public works	7,921,329	-	-	7,921,329
Community services	461,317	-	-	461,317
Capital improvements	7,693,083	-	28,524,190	36,217,273
Debt service:				
Principal	-	17,260,000	-	17,260,000
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	13,646,479	-	13,646,479
Total expenditures	20,091,147	30,906,479	29,081,624	80,079,250
REVENUES OVER (UNDER) EXPENDITURES	3,864,536	(30,231,787)	(24,494,649)	(50,861,900)
OTHER FINANCING SOURCES (USES):				
Bond premium	-	-	-	-
Face amount of bonds issued	-	-	-	-
Proceeds from disposal of capital assets	5,858	-	5,329	11,187
Transfers in	144,000	29,362,835	4,770,463	34,277,298
Transfers out	(4,697,483)	-	(35,313)	(4,732,796)
Total other financing sources (uses)	(4,547,625)	29,362,835	4,740,479	29,555,689
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(683,089)	(868,952)	(19,754,170)	(21,306,211)
FUND BALANCES:				
Beginning of year	18,786,740	1,542,054	38,646,277	58,975,071
End of year	\$ 18,103,651	\$ 673,102	\$ 18,892,107	\$ 37,668,860



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Where Values Make The Difference

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-in-Aid

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

Parks and Recreation

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

Library

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

Community Center Building

Used to account for donations restricted for improvements to the City's Community Services Building and facilities.

Downtown Redevelopment

Used to account for contributions earmarked for downtown improvements.

Municipal Arts

Used to account for amounts earmarked for municipal arts.

NON-MAJOR DEBT SERVICE FUNDS

General Obligation Bonds

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.

City of Chandler

Non-Major Governmental Funds, Continued

NON-MAJOR DEBT SERVICE FUNDS, CONTINUED

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.

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.

CAPITAL PROJECTS FUNDS

Public Works and General Government

Used to account for the acquisition, construction, reconstruction, improvement and renovation of general government projects.

Community Services

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

Public Safety Buildings and Improvements

Used to account for public safety, e.g., police and fire department, building construction, renovation and improvements and equipment purchases

Capital Equipment Acquisition and Replacement

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

Special Assessments

Used to account for expenditures related to special assessment districts within the City.

Computer Purchases

Used to account for the purchase and/or replacement of computer equipment.

Fleet Replacement

Used to account for the replacement of vehicle fleet.

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Special Revenue						
	Highway User Fund	Local Transportation Assistance	Grants in Aid	Community Development	Parks and Recreation	Library	Community Center Building
ASSETS							
Equity in pooled cash and investments	\$ 14,898,593	\$ 2,659,803	\$ -	\$ 43,016	\$ 268,450	\$ 35,549	\$ -
Receivables (net of allowance for uncollectible):							
Special assessments receivable	-	-	-	-	-	-	-
Notes receivable - current	-	-	-	568,342	-	-	-
Other receivables	-	-	22,105	-	-	-	-
Prepaid items	225	212	2,470	-	150	-	-
Due from other governments	1,209,237	-	1,107,565	107,582	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Total assets	\$ 16,108,055	\$ 2,660,015	\$ 1,132,140	\$ 718,940	\$ 268,600	\$ 35,549	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 174,715	\$ 148	\$ 749,666	\$ 84,495	\$ 630	\$ 4,056	\$ -
Accrued payroll	212,770	-	25,784	25,022	-	-	-
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	1,284,072	-	-	-	-
Advances from other funds	737,658	-	-	-	-	-	-
Arbitrage liability - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	-	-	-	-
Deferred revenue	-	-	180,000	-	-	-	-
Total liabilities	1,125,143	148	2,239,522	109,517	630	4,056	-
Fund Balances:							
Reserved:							
Capital improvements	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unreserved, undesignated:							
Special revenue funds	14,982,912	2,659,867	(1,107,382)	609,423	267,970	31,493	-
Capital projects funds	-	-	-	-	-	-	-
Total fund balances (deficits)	14,982,912	2,659,867	(1,107,382)	609,423	267,970	31,493	-
Total liabilities and fund balances	\$ 16,108,055	\$ 2,660,015	\$ 1,132,140	\$ 718,940	\$ 268,600	\$ 35,549	\$ -

(Continued)

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Special Revenue		Debt Service		
	Downtown Redevelopment	Municipal Arts	General Obligation Bonds	Highway User Revenue Bonds	Special Assessment Bonds
ASSETS					
Equity in pooled cash and investments	\$ -	\$ 660,097	\$ 18,914,821	\$ 3,650,610	\$ 1,157,191
Receivables (net of allowance for uncollectible):					
Special assessments	-	-	-	-	6,620,868
Notes	-	-	-	-	-
Other	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total assets	\$ -	\$ 660,097	\$ 18,914,821	\$ 3,650,610	\$ 7,778,059
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 729	\$ -	\$ -	\$ 8,006
Accrued payroll	-	-	-	-	-
Accrued interest	-	-	6,069,821	470,610	149,038
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Arbitrage liability - current	-	-	-	-	-
Bonds payable - current	-	-	12,845,000	3,180,000	730,000
Deferred revenue	-	-	-	-	6,217,913
Total liabilities	-	729	18,914,821	3,650,610	7,104,957
Fund Balances:					
Reserved:					
Capital improvements	-	-	-	-	-
Debt service	-	-	-	-	673,102
Unreserved, undesignated:					
Special revenue funds	-	659,368	-	-	-
Capital projects funds	-	-	-	-	-
Total fund balances (deficits)	-	659,368	-	-	673,102
Total liabilities and fund balances	\$ -	\$ 660,097	\$ 18,914,821	\$ 3,650,610	\$ 7,778,059

(Continued)

Capital Projects							
Public Works and General Government	Community Services	Public Safety Buildings and Improvements	Capital Equipment Acquisition and Replacement	Special Assessments	Computer Purchases	Fleet Replacement	Total Other Governmental Funds
\$ 4,009,132	\$ 13,240,185	\$ 9,521,582	\$ 327,324	\$ 4,813,816	\$ 2,263,677	\$ 482,469	\$ 76,946,315
-	-	-	-	-	-	-	6,620,868
-	-	-	-	-	-	-	568,342
-	-	-	-	-	-	-	22,105
-	-	-	-	-	30,242	-	33,299
-	-	-	-	-	-	-	2,424,384
-	-	-	8,806,156	-	-	-	8,806,156
<u>\$ 4,009,132</u>	<u>\$ 13,240,185</u>	<u>\$ 9,521,582</u>	<u>\$ 9,133,480</u>	<u>\$ 4,813,816</u>	<u>\$ 2,293,919</u>	<u>\$ 482,469</u>	<u>\$ 95,421,469</u>
\$ 815,100	\$ 206,494	\$ 22,293	\$ 4,734	\$ 1,168	\$ 205,885	\$ -	\$ 2,278,119
-	-	-	-	3,776	-	-	267,352
-	-	-	-	-	-	-	6,689,469
-	-	-	-	-	-	-	1,284,072
4,204,427	3,429,287	15,654,706	-	-	-	-	24,026,078
-	53,570	1,036	-	-	-	-	54,606
-	-	-	-	-	-	-	16,755,000
-	-	-	-	-	-	-	6,397,913
<u>5,019,527</u>	<u>3,689,351</u>	<u>15,678,035</u>	<u>4,734</u>	<u>4,944</u>	<u>205,885</u>	<u>-</u>	<u>57,752,609</u>
(1,010,395)	9,550,834	(6,156,453)	9,128,746	-	-	-	11,512,732
-	-	-	-	-	-	-	673,102
-	-	-	-	-	-	-	18,103,651
-	-	-	-	4,808,872	2,088,034	482,469	7,379,375
<u>(1,010,395)</u>	<u>9,550,834</u>	<u>(6,156,453)</u>	<u>9,128,746</u>	<u>4,808,872</u>	<u>2,088,034</u>	<u>482,469</u>	<u>37,668,860</u>
<u>\$ 4,009,132</u>	<u>\$ 13,240,185</u>	<u>\$ 9,521,582</u>	<u>\$ 9,133,480</u>	<u>\$ 4,813,816</u>	<u>\$ 2,293,919</u>	<u>\$ 482,469</u>	<u>\$ 95,421,469</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, 2010

	Special Revenue						
	Highway	Local					
	User Fund	Transportation Assistance	Grants-in-Aid	Community Development	Parks and Recreation	Library	Community Center Building
REVENUES:							
Highway user taxes	\$ 13,116,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	929,239	8,347,194	1,101,069	-	-	-
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	4,194	-	-	-	-	-	-
Interest revenue	172,045	30,688	6,338	162	2,863	569	-
Miscellaneous	7,043	112,388	200	-	58,553	26,550	-
Total revenues	13,299,763	1,072,315	8,353,732	1,101,231	61,416	27,119	-
EXPENDITURES:							
Current:							
General government	-	-	146,099	-	-	-	-
Public safety	-	-	1,009,585	-	-	-	-
Community development	-	-	1,871,072	988,662	-	-	-
Public works	7,103,566	817,763	-	-	-	-	-
Community services	-	-	178,607	-	67,679	21,124	139
Capital improvements	1,915,032	283,086	5,494,965	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	9,018,598	1,100,849	8,700,328	988,662	67,679	21,124	139
REVENUES OVER (UNDER)							
EXPENDITURES	4,281,165	(28,534)	(346,596)	112,569	(6,263)	5,995	(139)
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	5,858	-	-	-	-	-	-
Transfers in	144,000	-	-	-	-	-	-
Transfers out	(4,544,420)	(1,525)	-	(143,593)	-	-	-
Total other financing sources (uses)	(4,394,562)	(1,525)	-	(143,593)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)							
EXPENDITURES AND OTHER FINANCING USES	(113,397)	(30,059)	(346,596)	(31,024)	(6,263)	5,995	(139)
FUND BALANCES (DEFICITS):							
Beginning of year	15,096,309	2,689,926	(760,786)	640,447	274,233	25,498	139
End of year	\$ 14,982,912	\$ 2,659,867	\$ (1,107,382)	\$ 609,423	\$ 267,970	\$ 31,493	\$ -

(Continued)

		Debt Service			Capital Projects	
Downtown Redevelopment	Municipal Arts	General Obligation Bonds	Highway User Revenue Bonds	Special Assessments Bonds	Public Works and General Government	Community Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	218,678	3,024,979
-	-	-	-	663,209	-	-
-	33,814	-	-	-	-	-
30	6,263	-	-	11,483	7,556	110,096
-	-	-	-	-	-	234,218
<u>30</u>	<u>40,077</u>	<u>-</u>	<u>-</u>	<u>674,692</u>	<u>226,234</u>	<u>3,369,293</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	193,768	-	-	-	-	-
-	-	-	-	-	8,458,983	12,785,250
-	-	12,845,000	3,180,000	1,235,000	-	-
-	-	12,139,641	1,198,194	308,644	-	-
-	193,768	24,984,641	4,378,194	1,543,644	8,458,983	12,785,250
<u>30</u>	<u>(153,691)</u>	<u>(24,984,641)</u>	<u>(4,378,194)</u>	<u>(868,952)</u>	<u>(8,232,749)</u>	<u>(9,415,957)</u>
-	-	-	-	-	-	-
-	-	24,984,641	4,378,194	-	-	-
(7,945)	-	-	-	-	-	-
<u>(7,945)</u>	<u>-</u>	<u>24,984,641</u>	<u>4,378,194</u>	<u>-</u>	<u>-</u>	<u>-</u>
(7,915)	(153,691)	-	-	(868,952)	(8,232,749)	(9,415,957)
7,915	813,059	-	-	1,542,054	7,222,354	18,966,791
<u>\$ -</u>	<u>\$ 659,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,102</u>	<u>\$ (1,010,395)</u>	<u>\$ 9,550,834</u>

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2010

	Capital Projects					Total Other Governmental Funds
	Public Safety Buildings and Improvements	Capital Equipment Acquisition and Replacement	Special Assessments	Computer Purchases	Fleet Replacement	
REVENUES:						
Highway user taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,116,481
Grants and entitlements	-	-	-	-	-	10,377,502
System development fees	617,821	-	-	-	-	3,861,478
Special assessments	-	-	-	-	-	663,209
Charges for services	-	-	-	-	-	38,008
Interest income	80,762	116,537	49,672	23,424	7,115	625,603
Miscellaneous	-	67,995	-	28,122	-	535,069
Total revenues	698,583	184,532	49,672	51,546	7,115	29,217,350
EXPENDITURES:						
Current:						
General government	-	-	126,668	430,766	-	703,533
Public safety	-	-	-	-	-	1,009,585
Community development	-	-	-	-	-	2,859,734
Public works	-	-	-	-	-	7,921,329
Community services	-	-	-	-	-	461,317
Capital improvements	4,546,525	220,131	-	2,513,301	-	36,217,273
Debt service:						
Principal	-	-	-	-	-	17,260,000
Interest and fiscal charges	-	-	-	-	-	13,646,479
Total expenditures	4,546,525	220,131	126,668	2,944,067	-	80,079,250
REVENUES OVER (UNDER) EXPENDITURES	(3,847,942)	(35,599)	(76,996)	(2,892,521)	7,115	(50,861,900)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	-	-	-	-	5,329	11,187
Transfers in	-	2,302,427	-	2,407,791	60,245	34,277,298
Transfers out	-	(35,313)	-	-	-	(4,732,796)
Total other financing sources (uses)	-	2,267,114	-	2,407,791	65,574	29,555,689
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,847,942)	2,231,515	(76,996)	(484,730)	72,689	(21,306,211)
FUND BALANCES (DEFICITS):						
Beginning of year	(2,308,511)	6,897,231	4,885,868	2,572,764	409,780	58,975,071
End of year	\$ (6,156,453)	\$ 9,128,746	\$ 4,808,872	\$ 2,088,034	\$ 482,469	\$ 37,668,860

(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, 2010

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with Final Budget
REVENUES:				
Highway user taxes	\$ 13,950,955	\$ 13,950,955	\$ 13,116,481	\$ (834,474)
Charges for services	17,000	17,000	4,194	(12,806)
Interest revenue	243,000	243,000	172,045	(70,955)
Miscellaneous	-	-	7,044	7,044
Total revenues	<u>14,210,955</u>	<u>14,210,955</u>	<u>13,299,764</u>	<u>(911,191)</u>
EXPENDITURES:				
Current:				
General government	5,368,758	6,818,499	-	6,818,499
Public works	10,154,010	8,243,226	7,376,658	866,568
Capital improvements	2,636,707	3,084,208	2,886,537	197,671
Total expenditures	<u>18,159,475</u>	<u>18,145,933</u>	<u>10,263,195</u>	<u>7,882,738</u>
Excess (deficiency) of revenues over expenditures	<u>(3,948,520)</u>	<u>(3,934,978)</u>	<u>3,036,569</u>	<u>6,971,547</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	5,858	5,858
Transfers in	144,000	144,000	144,000	-
Transfers out	(285,655)	(285,655)	(4,544,420)	(4,258,765)
Total other financing sources (uses)	<u>(141,655)</u>	<u>(141,655)</u>	<u>(4,394,562)</u>	<u>(4,252,907)</u>
Change in fund balances	<u>(4,090,175)</u>	<u>(4,076,633)</u>	<u>(1,357,993)</u>	<u>2,718,640</u>
Fund balances, July 1, 2009	<u>15,590,590</u>	<u>15,590,590</u>	<u>15,590,590</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 11,500,415</u>	<u>\$ 11,513,957</u>	<u>\$ 14,232,597</u>	<u>\$ 2,718,640</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, 2010

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 1,573,600	\$ 1,573,600	\$ 929,240	\$ (644,360)
Interest revenue	40,000	40,000	30,688	(9,312)
Miscellaneous	60,000	60,000	112,389	52,389
Total revenues	1,673,600	1,673,600	1,072,317	(601,283)
EXPENDITURES:				
Current:				
General government	800,200	476,872	-	476,872
Public works	1,327,709	1,485,751	1,073,847	411,904
Capital improvements	430,000	608,828	522,028	86,800
Total expenditures	2,557,909	2,571,451	1,595,875	975,576
Excess (deficiency) of revenues over expenditures	(884,309)	(897,851)	(523,558)	374,293
Other financing sources (uses):				
Transfers out	(5,377)	(5,377)	(1,525)	3,852
Total other financing sources (uses)	(5,377)	(5,377)	(1,525)	3,852
Change in fund balances	(889,686)	(903,228)	(525,083)	378,145
Fund balances, July 1, 2009	2,134,839	2,134,839	2,134,839	-
Fund balances, June 30, 2010	\$ 1,245,153	\$ 1,231,611	\$ 1,609,756	\$ 378,145

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Grants-in-Aid Special Revenue

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 25,556,857	\$ 25,571,857	\$ 8,347,196	\$ (17,224,661)
Interest revenue	-	-	6,338	6,338
Miscellaneous	-	-	200	200
Total revenues	<u>25,556,857</u>	<u>25,571,857</u>	<u>8,353,734</u>	<u>(17,218,123)</u>
EXPENDITURES:				
Current:				
General government	4,256,800	5,010,859	151,192	4,859,667
Public safety	2,171,000	2,409,935	1,083,189	1,326,746
Public works	12,646,157	145,000	-	145,000
Community development	2,809,246	2,824,366	2,815,989	8,377
Community services	1,014,901	1,074,431	203,624	870,807
Capital improvements	13,485,462	27,592,586	14,138,017	13,454,569
Total expenditures	<u>36,383,566</u>	<u>39,057,177</u>	<u>18,392,011</u>	<u>20,665,166</u>
Change in fund balances	<u>(10,826,709)</u>	<u>(13,485,320)</u>	<u>(10,038,277)</u>	<u>3,447,043</u>
Fund balances (deficits), July 1, 2009	<u>(8,744,815)</u>	<u>(8,744,815)</u>	<u>(8,744,815)</u>	<u>-</u>
Fund balances (deficits), June 30, 2010	<u>\$ (19,571,524)</u>	<u>\$ (22,230,135)</u>	<u>\$ (18,783,092)</u>	<u>\$ 3,447,043</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Development Special Revenue

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 4,600,000	\$ 4,585,000	\$ 1,101,068	\$ (3,483,932)
Interest revenue	-	-	162	162
Total revenues	<u>4,600,000</u>	<u>4,585,000</u>	<u>1,101,230</u>	<u>(3,483,770)</u>
EXPENDITURES:				
Current:				
Capital improvements	474,995	488,882	217,916	270,966
General government	712,281	40,273	-	40,273
Community development	4,124,274	4,767,395	2,510,824	2,256,571
Total expenditures	<u>5,311,550</u>	<u>5,296,550</u>	<u>2,728,740</u>	<u>2,567,810</u>
Excess (deficiency) of revenues over expenditures	<u>(711,550)</u>	<u>(711,550)</u>	<u>(1,627,510)</u>	<u>(915,960)</u>
Other financing sources (uses):				
Transfers out	-	-	(143,593)	(143,593)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(143,593)</u>	<u>(143,593)</u>
Change in fund balances	<u>(711,550)</u>	<u>(711,550)</u>	<u>(1,771,103)</u>	<u>(1,059,553)</u>
Fund balances, July 1, 2009	<u>173,708</u>	<u>173,708</u>	<u>173,708</u>	<u>-</u>
Fund balances (deficits), June 30, 2010	<u>\$ (537,842)</u>	<u>\$ (537,842)</u>	<u>\$ (1,597,395)</u>	<u>\$ (1,059,553)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Parks and Recreation Special Revenue

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Interest revenue	\$ 4,000	\$ 4,000	\$ 2,863	\$ (1,137)
Miscellaneous	89,500	89,500	58,554	(30,946)
Total revenues	93,500	93,500	61,417	(32,083)
EXPENDITURES:				
Current:				
General government	4,100	-	-	-
Community services	165,550	172,499	68,218	104,281
Total expenditures	169,650	172,499	68,218	104,281
Change in fund balances	(76,150)	(78,999)	(6,801)	72,198
Fund balances, July 1, 2009	267,570	267,570	267,570	-
Fund balances, June 30, 2010	\$ 191,420	\$ 188,571	\$ 260,769	\$ 72,198

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Special Revenue

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 1,000	\$ 1,000	\$ 569	\$ (431)
Miscellaneous	55,000	55,000	26,550	(28,450)
Total revenues	<u>56,000</u>	<u>56,000</u>	<u>27,119</u>	<u>(28,881)</u>
EXPENDITURES:				
Current:				
General government	5,063	1,883	-	1,883
Community services	54,000	54,331	21,125	33,206
Total expenditures	<u>59,063</u>	<u>56,214</u>	<u>21,125</u>	<u>35,089</u>
Change in fund balances	<u>(3,063)</u>	<u>(214)</u>	<u>5,994</u>	<u>6,208</u>
Fund balances, July 1, 2009	<u>39,496</u>	<u>39,496</u>	<u>39,496</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 36,433</u>	<u>\$ 39,282</u>	<u>\$ 45,490</u>	<u>\$ 6,208</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Center Building Special Revenue

For the year ended June 30, 2010

	Budgeted Amounts		Total Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Current:				
Community services	\$ -	\$ -	\$ 139	\$ (139)
Total expenditures	-	-	139	(139)
 Change in fund balances	 -	 -	 (139)	 (139)
 Fund balances, July 1, 2009	 93	 93	 93	 -
 Fund balances (deficit), June 30, 2010	 \$ 93	 \$ 93	 \$ (46)	 \$ (139)

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Downtown Redevelopment - Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 100	\$ 100	\$ 30	\$ (70)
Total revenues	<u>100</u>	<u>100</u>	<u>30</u>	<u>(70)</u>
EXPENDITURES:				
Current:				
General government	100	100	-	100
Total expenditures	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
Other financing sources (uses):				
Transfers out	-	-	(7,945)	(7,945)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,945)</u>	<u>(7,945)</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>7,975</u>	<u>(7,915)</u>
Fund balances, July 1, 2009	<u>7,899</u>	<u>7,899</u>	<u>7,899</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 7,899</u>	<u>\$ 7,899</u>	<u>\$ 15,874</u>	<u>\$ (7,915)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Municipal Arts - Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 33,816	\$ 33,816	\$ 33,814	\$ (2)
Interest revenue	1,000	1,000	6,262	5,262
Total revenues	<u>34,816</u>	<u>34,816</u>	<u>40,076</u>	<u>5,260</u>
EXPENDITURES:				
Current:				
General government	37,000	-	-	-
Community services	250,000	322,584	318,699	3,885
Total expenditures	<u>287,000</u>	<u>322,584</u>	<u>318,699</u>	<u>3,885</u>
Change in fund balances	(252,184)	(287,768)	(278,623)	9,145
Fund balances , July 1, 2009	<u>693,967</u>	<u>693,967</u>	<u>693,967</u>	<u>-</u>
Fund balances , June 30, 2010	<u>\$ 441,783</u>	<u>\$ 406,199</u>	<u>\$ 415,344</u>	<u>\$ 9,145</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Public Works and General Government - Capital Projects Fund For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 375,000	\$ 375,000	\$ 218,678	\$ (156,322)
Interest revenue	92,000	92,000	7,556	(84,444)
Total revenues	467,000	467,000	226,234	(240,766)
EXPENDITURES:				
Current:				
General government	13,189,992	95,291	-	95,291
Capital improvements	1,298,465	14,791,984	11,189,950	3,602,034
Total expenditures	14,488,457	14,887,275	11,189,950	3,697,325
Excess (deficiency) of revenues over expenditures	(14,021,457)	(14,420,275)	(10,963,716)	3,456,559
Other financing sources (uses):				
Transfers in	6,335,000	6,335,000	-	(6,335,000)
Total other financing sources (uses)	6,335,000	6,335,000	-	(6,335,000)
Change in fund balances	(7,686,457)	(8,085,275)	(10,963,716)	(2,878,441)
Fund balances (deficits), July 1, 2009	(1,691,809)	(1,691,809)	(1,691,809)	-
Fund balances (deficits), June 30, 2010	\$ (9,378,266)	\$ (9,777,084)	\$ (12,655,525)	\$ (2,878,441)

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Services - Capital Projects Fund

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 1,607,500	\$ 1,607,500	\$ 3,024,979	\$ 1,417,479
Interest revenue	286,000	286,000	110,097	(175,903)
Miscellaneous	-	-	234,218	234,218
Total revenues	<u>1,893,500</u>	<u>1,893,500</u>	<u>3,369,294</u>	<u>1,475,794</u>
EXPENDITURES:				
Current:				
Community services	31,803,570	-	-	-
General government	1,161,068	14,194,006	-	14,194,006
Capital improvements	14,455,000	32,460,544	13,580,216	18,880,328
Total expenditures	<u>47,419,638</u>	<u>46,654,550</u>	<u>13,580,216</u>	<u>33,074,334</u>
Excess (deficiency) of revenues over expenditures	<u>(45,526,138)</u>	<u>(44,761,050)</u>	<u>(10,210,922)</u>	<u>34,550,128</u>
Other financing sources (uses):				
Face amount of bonds issued	14,257,500	14,257,500	-	(14,257,500)
Transfers in	4,286,149	4,286,149	-	(4,286,149)
Transfers out	(5,286,149)	(5,299,971)	-	5,299,971
Total other financing sources (uses)	<u>13,257,500</u>	<u>13,243,678</u>	<u>-</u>	<u>(13,243,678)</u>
Change in fund balances	<u>(32,268,638)</u>	<u>(31,517,372)</u>	<u>(10,210,922)</u>	<u>21,306,450</u>
Fund balances (deficits), July 1, 2009	<u>(83,118,640)</u>	<u>(83,118,640)</u>	<u>(83,118,640)</u>	<u>-</u>
Fund balances (deficits), June 30, 2010	<u>\$ (115,387,278)</u>	<u>\$ (114,636,012)</u>	<u>\$ (93,329,562)</u>	<u>\$ 21,306,450</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Public Safety Buildings and Improvements - Capital Projects Fund For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 520,000	\$ 520,000	\$ 617,821	\$ 97,821
Interest revenue	208,000	208,000	80,764	(127,236)
Total revenues	<u>728,000</u>	<u>728,000</u>	<u>698,585</u>	<u>(29,415)</u>
EXPENDITURES:				
Current:				
General government	445,971	7,545,176	-	7,545,176
Public safety	28,344,197	-	-	-
Capital improvements	-	20,846,174	12,077,762	8,768,412
Total expenditures	<u>28,790,168</u>	<u>28,391,350</u>	<u>12,077,762</u>	<u>16,313,588</u>
Excess (deficiency) of revenues over expenditures	<u>(28,062,168)</u>	<u>(27,663,350)</u>	<u>(11,379,177)</u>	<u>16,284,173</u>
Other financing sources (uses):				
Proceeds from the issuance of debt	13,950,000	13,950,000	-	(13,950,000)
Total other financing sources (uses)	<u>13,950,000</u>	<u>13,950,000</u>	<u>-</u>	<u>(13,950,000)</u>
Change in fund balances	<u>(14,112,168)</u>	<u>(13,713,350)</u>	<u>(11,379,177)</u>	<u>2,334,173</u>
Fund balances (deficits), July 1, 2009	<u>(25,003,442)</u>	<u>(25,003,442)</u>	<u>(25,003,442)</u>	<u>-</u>
Fund balances (deficits), June 30, 2010	<u>\$ (39,115,610)</u>	<u>\$ (38,716,792)</u>	<u>\$ (36,382,619)</u>	<u>\$ 2,334,173</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Capital Equipment Acquisition and Replacement - Capital Projects Fund For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 60,000	\$ 60,000	\$ 116,538	\$ 56,538
Miscellaneous	10,000	10,000	68,193	58,193
Total revenues	70,000	70,000	184,731	114,731
EXPENDITURES:				
Current:				
General government	2,700,000	2,452,580	-	2,452,580
Capital improvements	1,787,300	2,036,700	259,808	1,776,892
Total expenditures	4,487,300	4,489,280	259,808	4,229,472
Excess (deficiency) of revenues over expenditures	(4,417,300)	(4,419,280)	(75,077)	4,344,203
Other financing sources (uses):				
Proceeds from disposal of capital assets	100,000	100,000	(198)	(100,198)
Transfers in	3,072,750	3,072,750	2,302,427	(770,323)
Transfers out	(35,313)	(35,313)	(35,313)	-
Total other financing sources (uses)	3,137,437	3,137,437	2,266,916	(870,521)
Change in fund balances	(1,279,863)	(1,281,843)	2,191,839	3,473,682
Fund balances, July 1, 2009	4,716,797	4,716,797	4,716,797	-
Fund balances, June 30, 2010	\$ 3,436,934	\$ 3,434,954	\$ 6,908,636	\$ 3,473,682

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Assessments - Capital Projects Fund

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 72,000	\$ 72,000	\$ 49,671	\$ (22,329)
Total revenues	<u>72,000</u>	<u>72,000</u>	<u>49,671</u>	<u>(22,329)</u>
EXPENDITURES:				
Current:				
General government	139,308	139,308	126,667	12,641
Total expenditures	<u>139,308</u>	<u>139,308</u>	<u>126,667</u>	<u>12,641</u>
Change in fund balances	(67,308)	(67,308)	(76,996)	(9,688)
Fund balances, July 1, 2009	<u>4,867,052</u>	<u>4,867,052</u>	<u>4,867,052</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 4,799,744</u>	<u>\$ 4,799,744</u>	<u>\$ 4,790,056</u>	<u>\$ (9,688)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Computer Purchases - Capital Projects Fund

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 41,000	\$ 41,000	\$ 23,424	\$ 17,576
Miscellaneous	-	-	28,122	28,122
Total revenues	41,000	41,000	51,546	45,698
EXPENDITURES:				
Current:				
General government	1,287,701	590,742	435,478	155,264
Capital improvements	3,778,810	4,484,006	3,009,261	1,474,745
Total expenditures	5,066,511	5,074,748	3,444,739	1,630,009
Excess (deficiency) of revenues over expenditures	(5,025,511)	(5,033,748)	(3,393,193)	1,675,707
Other financing sources (uses):				
Transfers in	2,354,610	2,354,610	2,407,791	53,181
Total other financing sources (uses)	2,354,610	2,354,610	2,407,791	53,181
Change in fund balances	(2,670,901)	(2,679,138)	(985,402)	1,728,888
Fund balances, July 1, 2009	1,680,145	1,680,145	1,680,145	-
Fund balances (deficits), June 30, 2010	\$ (990,756)	\$ (998,993)	\$ 694,743	\$ 1,728,888

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fleet Replacement - Capital Projects Fund

For the year ended June 30, 2010

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 6,000	\$ 6,000	\$ 7,115	\$ 1,115
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>7,115</u>	<u>1,115</u>
EXPENDITURES:				
Current:				
General government	174,490	174,490	-	174,490
Capital improvements	29,000	29,000	-	29,000
Total expenditures	<u>203,490</u>	<u>203,490</u>	<u>-</u>	<u>203,490</u>
Excess (deficiency) of revenues over expenditures	<u>(197,490)</u>	<u>(197,490)</u>	<u>7,115</u>	<u>204,605</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	5,329	5,329
Transfers in	60,245	60,245	60,245	-
Total other financing sources (uses)	<u>60,245</u>	<u>60,245</u>	<u>65,574</u>	<u>5,329</u>
Change in fund balances	<u>(137,245)</u>	<u>(137,245)</u>	<u>72,689</u>	<u>209,934</u>
Fund balances, July 1, 2009	<u>409,780</u>	<u>409,780</u>	<u>409,780</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 272,535</u>	<u>\$ 272,535</u>	<u>\$ 482,469</u>	<u>\$ 209,934</u>



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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 Assets
Non-Major Proprietary Funds
June 30, 2010

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 11,124,221	\$ 280,784	\$ 3,289,500	\$ 14,694,505
Accounts receivable	1,870,500	4,775	17,239	1,892,514
Due from other governments	-	-	33,319	33,319
Inventories	-	9,639	-	9,639
Prepaid items	-	-	377,617	377,617
Total current assets	<u>12,994,721</u>	<u>295,198</u>	<u>3,717,675</u>	<u>17,007,594</u>
Noncurrent assets:				
Other assets	-	1,443	-	1,443
Notes receivable - long term	-	-	394,450	394,450
Capital assets:				
Non-depreciable	7,088,918	19,403,797	1,597,897	28,090,612
Depreciable, net	10,338,411	11,512,350	7,617,815	29,468,576
Total capital assets	<u>17,427,329</u>	<u>30,916,147</u>	<u>9,215,712</u>	<u>57,559,188</u>
Total noncurrent assets	<u>17,427,329</u>	<u>30,917,590</u>	<u>9,610,162</u>	<u>57,955,081</u>
Total assets	<u>30,422,050</u>	<u>31,212,788</u>	<u>13,327,837</u>	<u>74,962,675</u>
LIABILITIES				
Current liabilities:				
Accounts payable	796,448	902	52,206	849,556
Accrued payroll	43,274	15,628	48,353	107,255
Trust liabilities and deposits	16,512	46,415	163,000	225,927
Accrued interest	-	3,094	-	3,094
Unearned revenue	176,321	-	-	176,321
Compensated absences payable - current	3,722	2,076	4,249	10,047

Bonds payable - current	-	20,000	-	20,000
Deferred bond premium - current	-	196	-	196
Landfill closure and postclosure liability - current	334,104	-	-	334,104
Total current liabilities	1,370,381	88,311	267,808	1,726,500
Noncurrent liabilities:				
Compensated absences payable - long term	62,621	34,913	70,600	168,134
Advances from other funds	29,777	4,734	-	34,511
Bonds payable - long term	-	181,000	-	181,000
Deferred bond premium - long term	-	3,330	-	3,330
OPEB liability - long term	21,090	8,773	-	29,863
Arbitrage liability - long term	-	8	-	8
Landfill closure and postclosure liability - long term	4,005,896	-	-	4,005,896
Total noncurrent liabilities	4,119,384	232,758	70,600	4,422,742
Total liabilities	5,489,765	321,069	338,408	6,149,242
NET ASSETS				
Invested in capital assets, net of related debt	17,427,329	30,514,147	9,215,712	57,157,188
Unrestricted	7,504,956	377,572	3,773,717	11,656,245
Total net assets	\$ 24,932,285	\$ 30,891,719	\$ 12,989,429	\$ 68,813,433

City of Chandler

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Non-Major Proprietary Funds

For the year ended June 30, 2010

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 12,891,628	\$ 812,809	\$ -	\$ 13,704,437
Grants and entitlements	-	-	6,367,024	6,367,024
Rentals	-	2,942	521,404	524,346
Miscellaneous	-	3,827	392,410	396,237
Total operating revenues	12,891,628	819,578	7,280,838	20,992,044
OPERATING EXPENSES:				
General and administrative	1,416,800	100,000	-	1,516,800
Personal services	1,402,634	531,162	1,567,719	3,501,515
Contractual services	8,880,028	37,056	320,978	9,238,062
Commodities	736,291	374,617	595,483	1,706,391
Housing assistance payments	-	-	4,601,036	4,601,036
Landfill closure and postclosure expense	1,553,810	-	-	1,553,810
Depreciation and amortization expense	608,827	748,928	569,233	1,926,988
Total operating expenses	14,598,390	1,791,763	7,654,449	24,044,602
OPERATING INCOME (LOSS)	(1,706,762)	(972,185)	(373,611)	(3,052,558)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	119,099	1,193	38,537	158,829
Interest expense	-	(6,188)	-	(6,188)
Accretion of bond premium	-	196	-	196
Amortization of bond issuance costs	-	(91)	-	(91)
Gain (loss) on disposal of capital assets	(7,058)	51	-	(7,007)
Total nonoperating revenues (expenses)	112,041	(4,839)	38,537	145,739
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,594,721)	(977,024)	(335,074)	(2,906,819)
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	59,772	871,364	615,796	1,546,932
Transfers in	36,000	219,193	428,594	683,787
Transfers out	(50,908)	(4,250)	-	(55,158)
Total transfers	44,864	1,086,307	1,044,390	2,175,561
Net income (loss)	(1,549,857)	109,283	709,316	(731,258)
NET ASSETS				
Beginning of year	26,482,142	30,782,436	12,280,113	69,544,691
End of year	\$ 24,932,285	\$ 30,891,719	\$ 12,989,429	\$ 68,813,433



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City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2010

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 12,828,243	\$ 816,956	\$ 979,395	\$ 14,624,594
Cash received from grantors	-	-	6,358,335	6,358,335
Cash payments to suppliers	(10,965,270)	(529,601)	(5,603,719)	(17,098,590)
Cash payments to employees for services	(1,365,792)	(515,600)	(1,569,221)	(3,450,613)
Net cash provided (used) by operating activities	497,181	(228,245)	164,790	433,726
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	36,000	219,193	428,594	683,787
Transfers out	(50,908)	(4,250)	-	(55,158)
Net cash provided (used) by noncapital financing activities	(14,908)	214,943	428,594	628,629
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	707	(954,814)	(777,034)	(1,731,141)
Proceeds from sales of capital assets	-	51	-	51
Interest paid on bonds	-	(5,711)	-	(5,711)
Cash payments to other funds	(20,947)	4,734	-	(16,213)
Capital contributions	59,772	871,364	615,796	1,546,932
Net cash provided (used) by capital and related financing activities	39,532	(84,376)	(161,238)	(206,082)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	119,099	1,193	38,536	158,828
Net cash provided (used) by investing activities	119,099	1,193	38,536	158,828
Net increase (decrease) in cash and cash equivalents	640,904	(96,485)	470,682	1,015,101
CASH AND CASH EQUIVALENTS:				
Beginning of year	10,483,317	377,269	2,818,818	13,679,404
End of year	\$ 11,124,221	\$ 280,784	\$ 3,289,500	\$ 14,694,505
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,706,762)	\$ (972,185)	\$ (373,611)	\$ (3,052,558)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	608,827	748,928	569,233	1,926,988

Landfill closure and postclosure costs	1,553,810	-	-	1,553,810
Changes in assets and liabilities:				
(Increase) decrease in receivables	(172,227)	(4,759)	(2,036)	(179,022)
(Increase) decrease in inventories	-	2,974	-	2,974
(Increase) decrease in other assets	-	90	(30,032)	(29,942)
Increase (decrease) in payables	67,849	(20,902)	(5,358)	41,589
Increase (decrease) in accrued payroll and compensated absences	22,412	10,900	-	33,312
Increase (decrease) in deposits	-	2,047	6,594	8,641
Increase (decrease) in unearned revenue	108,842	-	-	108,842
Increase (decrease) in other liabilities	14,430	4,662	-	19,092
Total adjustments	<u>2,203,943</u>	<u>743,940</u>	<u>538,401</u>	<u>3,486,284</u>
Net cash provided (used) by operating activities	<u>\$ 497,181</u>	<u>\$ (228,245)</u>	<u>\$ 164,790</u>	<u>\$ 433,726</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Loss on disposal of assets	\$ 7,058	\$ -	\$ -	\$ 7,058
Accretion of bond premiums	-	196	-	196
Amortization of bond issuance costs	-	91	-	91

City of Chandler

Statement of Changes in Assets and Liabilities - Agency Fund

Fiduciary Funds

For the year ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 18,014	\$ 60,714	\$ (69,228)	\$ 9,500
Total assets	\$ 18,014	\$ 60,714	\$ (69,228)	\$ 9,500
Liabilities:				
Due to others	\$ 18,014	\$ 59,714	\$ (68,228)	\$ 9,500
Total liabilities	\$ 18,014	\$ 59,714	\$ (68,228)	\$ 9,500



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City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2010

AS SUBMITTED ELECTRONICALLY TO:
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REAL ESTATE ASSESSMENT CENTER (REAC)

The Financial Data Schedule is a required electronic submission to the U.S. Department of Housing and Urban Development by all Housing Authorities receiving HUD funding. Financial data on each of the grant programs is presented in a combining schedule. The Financial Data Schedule presented herein has been submitted electronically to HUD.

The activities of the City of Chandler Housing and Redevelopment Division are reported as an enterprise fund in the City's Comprehensive Annual Financial Report.

City of Chandler
Financial Data Schedule
Housing and Redevelopment
June 30, 2010

COMBINING STATEMENT OF NET ASSETS - ALL HUD PROGRAMS

FDS Line #	Account Description	Low Rent Public Housing		
		AMP 1	AMP 2	All AMPs
		14.850a	14.850a	14.850a
ASSETS				
111	Cash - Unrestricted	\$ 462,958	\$ 84,735	\$ 547,693
113	Cash - Restricted for FSS Escrow Accounts	-	-	-
114	Cash - Security Deposits	53,253	56,500	109,753
122	Accounts Receivable - HUD Other Projects	17,924	15,395	33,319
124	Accounts Receivable - Other Governments	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	4,171	11,549	15,720
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(835)	(975)	(1,810)
127	Notes and Mortgages Receivable - current	-	-	-
142	Prepaid Expenses and Other Assets	4,509	5,576	10,085
161	Land	1,932,844	1,582,289	3,515,133
162	Buildings	4,914,894	8,514,493	13,429,387
164	Furniture, Equipment, Machinery - Admin	175,545	71,601	247,146
166	Accumulated Depreciation	(4,891,661)	(3,887,121)	(8,778,782)
167	Construction in Progress	-	-	-
171	Notes and Mortgages Receivable - non-current	-	-	-
	TOTAL ASSETS	\$ 2,673,602	\$ 6,454,042	\$ 9,127,644
LIABILITIES				
312	Accounts Payable	\$ 24,167	\$ 20,623	\$ 44,790
321	Accrued Wage/Payroll Taxes Payable	14,617	9,247	23,864
322	Accrued Compensated Absences - Current	1,042	361	1,403
341	Tenant Security Deposits	53,253	56,500	109,753
342	Deferred Revenues	-	-	-
345	Other Current Liabilities	3,746	4,369	8,115
353	Noncurrent Liabilities - Other	-	-	-
354	Accrued Compensated Absences - Noncurrent	17,310	6,004	23,314
	TOTAL LIABILITIES	114,135	97,104	211,239
NET ASSETS				
508.1	Invested in Capital Assets, net of related debt	2,131,622	6,281,262	8,412,884
511.1	Restricted Net Assets	-	-	-
512.1	Unrestricted Net Assets	427,845	75,676	503,521
	TOTAL NET ASSETS	2,559,467	6,356,938	8,916,405
	TOTAL LIABILITIES AND NET ASSETS	\$ 2,673,602	\$ 6,454,042	\$ 9,127,644

(Continued)

Central Office 14.850a	Business Activities		Total Business Activities	Housing Choice Vouchers 14.871	Formula Capital Fund Stimulus Grant 14.885	Total
		Other Business				
\$ 474,571	\$ 1,652,065	\$ 2,126,636	\$ 462,536	\$ -	\$ 3,136,865	
-	-	-	40,382	-	40,382	
-	2,500	2,500	-	-	112,253	
-	-	-	-	-	33,319	
-	-	-	-	-	-	
-	-	-	3,329	-	3,329	
-	-	-	-	-	15,720	
-	-	-	-	-	(1,810)	
-	-	-	-	-	-	
-	-	-	367,532	-	377,617	
-	200,000	200,000	-	-	3,715,133	
-	520,613	520,613	-	-	13,950,000	
32,718	129,670	162,388	35,470	-	445,004	
(12,656)	(73,897)	(86,553)	(29,090)	-	(8,894,425)	
-	-	-	-	-	-	
-	394,450	394,450	-	-	394,450	
<u>\$ 494,633</u>	<u>\$ 2,825,401</u>	<u>\$ 3,320,034</u>	<u>\$ 880,159</u>	<u>\$ -</u>	<u>\$ 13,327,837</u>	
\$ 4,480	\$ 18	\$ 4,498	\$ 2,918	\$ -	\$ 52,206	
14,142	-	14,142	10,347	-	48,353	
2,330	-	2,330	516	-	4,249	
-	2,500	2,500	-	-	112,253	
-	-	-	-	-	-	
-	2,250	2,250	-	-	10,365	
-	-	-	40,382	-	40,382	
38,713	-	38,713	8,573	-	70,600	
<u>59,665</u>	<u>4,768</u>	<u>64,433</u>	<u>62,736</u>	<u>-</u>	<u>338,408</u>	
20,062	776,386	796,448	6,380	-	9,215,712	
-	-	-	683,305	-	683,305	
414,906	2,044,247	2,459,153	127,738	-	3,090,412	
<u>434,968</u>	<u>2,820,633</u>	<u>3,255,601</u>	<u>817,423</u>	<u>-</u>	<u>12,989,429</u>	
<u>\$ 494,633</u>	<u>\$ 2,825,401</u>	<u>\$ 3,320,034</u>	<u>\$ 880,159</u>	<u>\$ -</u>	<u>\$ 13,327,837</u>	

(Concluded)

City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2010

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - ALL HUD PROGRAMS

FDS Line #	Account Description	Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
REVENUES				
70300	Net Tenant Rental Revenue	\$ 188,438	\$ 299,216	\$ 487,654
70400	Tenant Revenue - Other	7,611	120	7,731
70600	HUD Operating Grants	1,006,891	556,035	1,562,926
70610	HUD Capital Grants	-	23,454	23,454
70710	Management Fees Earned	-	-	-
70720	Asst Management Fees Earned	-	-	-
70730	Bookkeeping Fees Earned	-	-	-
71100	Investment Income - Unrestricted	3,217	5,362	8,579
713	Proceeds from disposition of assets held for sale	-	-	-
713.1	Cost of Sale of Assets	-	-	-
71400	Fraud Recovery	-	-	-
71500	Other Revenue	18,334	23,939	42,273
72000	Investment Income - Restricted	-	-	-
	TOTAL REVENUES	1,224,491	908,126	2,132,617
EXPENSES				
91100	Administrative Salaries	162,539	110,153	272,692
91200	Auditing Fees	1,500	1,500	3,000
91300	Management Fees	116,110	99,907	216,017
91301	Bookkeeping Fees	14,513	12,495	27,008
91500	Employee Benefit Contributions - Administrative	58,752	39,627	98,379
91600	Office Expenses	3,634	1,729	5,363
91900	Other Operating - Administrative	15,743	12,745	28,488
92000	Asset Management Fees	19,560	16,800	36,360
92100	Tenant Services - Salaries	45,611	-	45,611
92300	Employee Benefit Contributions - Tenant Services	15,898	-	15,898
92400	Tenant Services - Other	1,810	-	1,810
93100	Water	35,175	3,128	38,303
93200	Electricity	43,762	5,595	49,357
93300	Gas	1,412	-	1,412
93800	Other Utility Expenditures	34,853	3,310	38,163
94100	Ordinary Maintenance and Operations - Labor	173,258	101,756	275,014
94200	Ordinary Maintenance and Operations - Materials	175,852	123,973	299,825
94300	Ordinary Maintenance and Operations - Contract Costs	158,151	146,059	304,210
94500	Ordinary Maintenance and Operations - Ordinary Maintenance	62,978	36,155	99,133
96100	Insurance	10,994	17,741	28,735
96200	Other General Expenditures	10,969	3,022	13,991
96210	Compensated Absences	2,188	429	2,617
96400	Bad Debt - Tenant rents	4,783	4,191	8,974
	Total Operating Expenditures	1,170,045	740,315	1,910,360
	Other Expenditures:			
97300	Housing Assistance Payments	-	-	-
97350	HAP Portability-In	-	-	-
97400	Depreciation	258,844	270,137	528,981
	TOTAL EXPENDITURES	1,428,889	1,010,452	2,439,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES				
BEFORE OTHER FINANCING SOURCES (USES)				
		(204,398)	(102,326)	(306,724)
OTHER FINANCING SOURCES (USES)				
10030	Operating Transfers In from Primary Government	103,960	39,632	143,592
11040	Equity Transfers	483,723	(461,243)	22,480
	TOTAL OTHER FINANCING SOURCES (USES)	587,683	(421,611)	166,072
CHANGE IN NET ASSETS				
		383,285	(523,937)	(140,652)
TOTAL NET ASSETS, BEGINNING OF YEAR				
		2,176,182	6,880,875	9,057,057
NET ASSETS, END OF YEAR				
		\$ 2,559,467	\$ 6,356,938	\$ 8,916,405
OTHER MEMORANDUM AMOUNTS				
70600	Maximum Annual Contributions Commitment	-	-	-
11190	Unit Months Available	1,956	1,680	3,636
11210	Number of Unit Months Leased	1,935	1,666	3,601

(Continued)

Central Office 14.850a	Business Activities		Housing Choice Vouchers 14.871	Formula Capital Fund Stimulus Grant 14.885	Eliminations	Total
	Other Business	Total Business Activities				
\$ -	\$ 33,750	\$ 33,750	\$ -	\$ -	\$ -	\$ 521,404
-	-	-	-	-	-	7,731
-	-	-	4,804,098	-	-	6,367,024
-	-	-	-	592,343	-	615,797
286,753	-	286,753	-	-	(286,753)	-
36,360	-	36,360	-	-	(36,360)	-
70,298	-	70,298	-	-	(70,298)	-
3,980	15,629	19,609	2,050	-	-	30,238
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6,029	-	-	6,029
-	-	-	336,379	-	-	378,652
-	-	-	8,298	-	-	8,298
<u>397,391</u>	<u>49,379</u>	<u>446,770</u>	<u>5,156,854</u>	<u>592,343</u>	<u>(393,411)</u>	<u>7,935,173</u>
279,800	291	280,091	157,482	-	-	710,265
-	-	-	3,000	-	-	6,000
-	2,012	2,012	68,724	-	(286,753)	-
-	337	337	42,953	-	(70,298)	-
98,014	-	98,014	76,317	-	-	272,710
-	-	-	5,360	-	-	10,723
10,487	178	10,665	42,892	-	-	82,045
-	-	-	-	-	(36,360)	-
-	-	-	46,898	-	-	92,509
-	-	-	21,151	-	-	37,049
-	-	-	-	-	-	1,810
-	43	43	-	-	-	38,346
-	333	333	-	-	-	49,690
-	62	62	-	-	-	1,474
-	129	129	-	-	-	38,292
46,486	719	47,205	-	-	-	322,219
477	5,312	5,789	-	-	-	305,614
-	9,733	9,733	-	-	-	313,943
17,331	-	17,331	-	-	-	116,464
-	-	-	-	-	-	28,735
-	-	-	18,633	-	-	32,624
2,990	-	2,990	9,088	-	-	14,695
-	-	-	-	-	-	8,974
<u>455,585</u>	<u>19,149</u>	<u>474,734</u>	<u>492,498</u>	<u>-</u>	<u>(393,411)</u>	<u>2,484,181</u>
-	-	-	4,286,404	-	-	4,286,404
-	-	-	314,632	-	-	314,632
3,674	34,949	38,623	1,629	-	-	569,233
<u>459,259</u>	<u>54,098</u>	<u>513,357</u>	<u>5,095,163</u>	<u>-</u>	<u>(393,411)</u>	<u>7,654,450</u>
<u>(61,868)</u>	<u>(4,719)</u>	<u>(66,587)</u>	<u>61,691</u>	<u>592,343</u>	<u>-</u>	<u>280,723</u>
135,000	-	135,000	150,000	-	-	428,592
-	569,863	569,863	-	(592,343)	-	-
<u>135,000</u>	<u>569,863</u>	<u>704,863</u>	<u>150,000</u>	<u>(592,343)</u>	<u>-</u>	<u>428,592</u>
73,132	565,144	638,276	211,691	-	-	709,315
361,836	2,255,489	2,617,325	605,732	-	-	12,280,114
<u>\$ 434,968</u>	<u>\$ 2,820,633</u>	<u>\$ 3,255,601</u>	<u>\$ 817,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,989,429</u>
-	-	-	4,804,098	-	-	-
-	-	-	5,760	-	-	-
-	-	-	5,756	-	-	-

(Concluded)



Chandler + Arizona
Where Values Make The Difference

Statistical Section

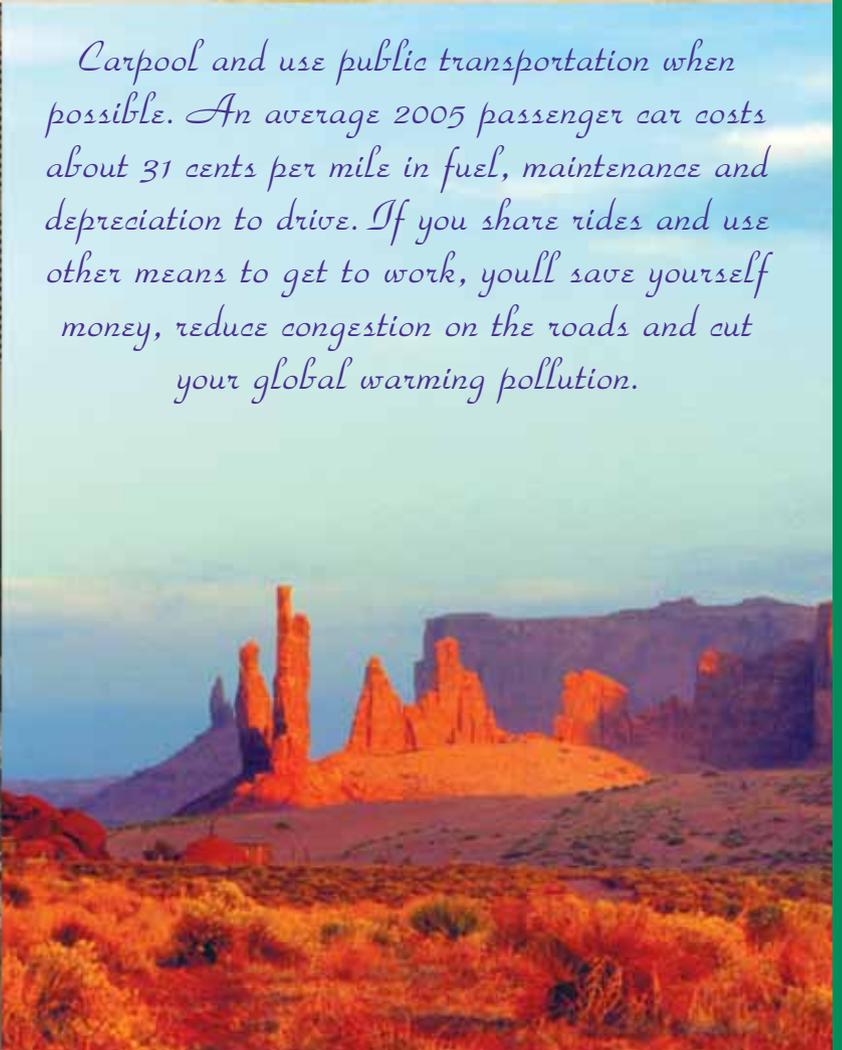
The statistical section includes various statistical schedules including historical expenditure comparisons, property taxes, debt service, and demographic information about the City.



Chandler • Arizona
Where Values Make The Difference



Carpool and use public transportation when possible. An average 2005 passenger car costs about 31 cents per mile in fuel, maintenance and depreciation to drive. If you share rides and use other means to get to work, you'll save yourself money, reduce congestion on the roads and cut your global warming pollution.



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	128
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	144
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	148
Schedules 10-13 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.	
Demographic and Economic Information	155
Schedules 14-15 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	158
Schedules 16-18 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. The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year		
	2002	2003	2004
Governmental activities			
Invested in capital assets, net of related debt	\$ (62,026,075)	\$ 55,963,968	\$ 101,665,063
Restricted	22,296,791	117,111,402	90,046,996
Unrestricted	346,949,775	186,420,301	224,309,216
Total governmental activities net assets	<u>307,220,491</u>	<u>359,495,671</u>	<u>416,021,275</u>
Business-type activities			
Invested in capital assets, net of related debt	207,918,704	232,259,546	252,117,283
Restricted	76,248,944	70,198,611	63,985,390
Unrestricted	71,248,431	70,831,613	82,444,533
Total business-type activities net assets	<u>355,416,079</u>	<u>373,289,770</u>	<u>398,547,206</u>
Primary government			
Invested in capital assets, net of related debt	145,892,629	288,223,514	353,782,346
Restricted	98,545,735	187,310,013	154,032,386
Unrestricted	418,198,206	257,251,914	306,753,749
Total primary government net assets	<u>\$ 662,636,570</u>	<u>\$ 732,785,441</u>	<u>\$ 814,568,481</u>

(1) The significant increase in this year is due to the addition of the retroactive infrastructure.

The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 162,790,025	\$ 260,653,345 (1)	\$ 288,893,354	\$ 353,996,843	\$ 433,851,899	\$ 537,576,346
110,932,310	106,396,966	115,343,816	56,979,639	117,712,539	94,440,806
214,663,854	208,727,675	265,645,323	341,971,306	271,690,158	198,059,181
<u>488,386,189</u>	<u>575,777,986</u>	<u>669,882,493</u>	<u>752,947,788</u>	<u>823,254,596</u>	<u>830,076,333</u>
275,991,278	325,992,618	347,306,362	427,130,654	387,401,986	298,938,820
72,538,299	52,511,899	57,835,328	24,319,427	-	-
<u>78,334,422</u>	<u>76,090,729</u>	<u>78,718,941</u>	<u>45,300,009</u>	<u>98,413,928</u>	<u>163,103,784</u>
<u>426,863,999</u>	<u>454,595,246</u>	<u>483,860,631</u>	<u>496,750,090</u>	<u>485,815,914</u>	<u>462,042,604</u>
438,781,303	586,645,963	636,199,716	781,127,497	821,253,885	836,515,166
183,470,609	158,908,865	173,179,144	81,299,066	117,712,539	94,440,806
<u>292,998,276</u>	<u>284,818,404</u>	<u>344,364,264</u>	<u>387,271,315</u>	<u>370,104,086</u>	<u>361,162,965</u>
<u>\$ 915,250,188</u>	<u>\$ 1,030,373,232</u>	<u>\$ 1,153,743,124</u>	<u>\$ 1,249,697,878</u>	<u>\$ 1,309,070,510</u>	<u>\$ 1,292,118,937</u>

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

	Fiscal Year		
	2002	2003	2004
Expenses			
Governmental activities:			
General government	\$ 32,159,571	\$ 30,610,529	\$ 32,925,516
Public safety	50,221,565	54,854,074	59,666,119
Community development	6,760,718	7,067,675	7,457,073
Public works	20,516,230	161,195,319	21,309,408
Community services	17,668,011	19,823,356	20,200,390
Interest and fiscal charges	12,398,031	10,858,078	11,426,919
Total governmental activities expenses	<u>139,724,126</u>	<u>284,409,031</u>	<u>152,985,425</u>
Business-type activities:			
Water	33,004,765	35,992,958	40,544,967
Wastewater	21,800,113	22,986,319	24,505,362
Solid waste	8,675,676	14,414,774	9,705,932
Airport	1,305,935	1,420,574	1,458,068
Community services - housing authority	6,584,884	7,082,747	8,977,049
Total business-type activities expenses	<u>71,371,373</u>	<u>81,897,372</u>	<u>85,191,378</u>
Total primary government expenses	<u>\$ 211,095,499</u>	<u>\$ 366,306,403</u>	<u>\$ 238,176,803</u>

The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 38,116,265	\$ 36,669,140	\$ 42,317,392	\$ 54,459,719	\$ 52,293,004	\$ 48,920,813
56,022,025	63,840,179	76,200,082	80,860,917	87,609,165	92,421,801
6,973,474	8,706,473	9,154,407	11,692,559	10,429,826	11,715,276
17,175,426	31,940,075	32,402,242	39,241,652	47,180,197	56,155,939
19,017,024	24,087,695	29,464,039	33,086,565	34,278,998	35,299,676
10,649,133	11,658,090	11,479,112	14,880,604	12,938,524	13,541,708
<u>147,953,347</u>	<u>176,901,652</u>	<u>201,017,274</u>	<u>234,222,016</u>	<u>244,729,714</u>	<u>258,055,213</u>
41,689,649	38,582,431	40,687,283	53,554,653	53,201,379	62,556,496
25,825,966	25,294,189	27,230,862	30,657,939	36,079,767	38,227,999
9,598,287	8,154,317	9,843,824	6,845,979	12,076,998	14,605,448
1,582,079	1,765,772	1,757,279	1,602,268	2,269,691	1,797,991
7,773,223	6,713,829	9,133,427	7,593,242	7,239,185	7,654,449
<u>86,469,204</u>	<u>80,510,538</u>	<u>88,652,675</u>	<u>100,254,081</u>	<u>110,867,020</u>	<u>124,842,383</u>
<u>\$ 234,422,551</u>	<u>\$ 257,412,190</u>	<u>\$ 289,669,949</u>	<u>\$ 334,476,097</u>	<u>\$ 355,596,734</u>	<u>\$ 382,897,596</u>

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

	Fiscal Year		
	2002	2003	2004
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 13,215,733	\$ 10,972,432	\$ 14,339,606
Public safety	2,045,039	2,962,608	2,515,026
Community development	7,980,393	8,407,356	7,833,679
Public works	11,087,995	11,764,790	12,879,966
Community services	1,339,966	1,950,792	1,713,889
Operating grants and contributions	1,691,043	3,323,489	1,488,369
Capital grants and contributions	32,016,067	29,223,045	22,107,766
Total governmental activities program revenues	<u>69,376,236</u>	<u>68,604,512</u>	<u>62,878,301</u>
Business-type activities:			
Charges for services:			
Water	32,210,935	34,895,930	36,148,220
Wastewater	18,627,080	19,253,061	19,849,892
Solid waste	8,575,815	9,290,021	9,850,919
Airport	737,950	832,232	896,968
Community services - housing authority	698,274	684,758	1,744,088
Operating grants and contributions	5,588,924	6,165,984	6,655,089
Capital grants and contributions	32,752,908	29,607,826	34,348,267
Total business-type activities program revenues	<u>99,191,886</u>	<u>100,729,812</u>	<u>109,493,443</u>
Total primary government program revenues	<u>\$ 168,568,122</u>	<u>\$ 169,334,324</u>	<u>\$ 172,371,744</u>
Net (expense)/revenue			
Governmental activities	\$ (70,347,890)	\$ (70,804,519)	\$ (90,107,124)
Business-type activities	27,820,513	18,742,440	24,302,065
Total primary government net expense	<u>\$ (42,527,377)</u>	<u>\$ (52,062,079)</u>	<u>\$ (65,805,059)</u>

(1) System development fees were reclassified to charges for services under program revenues.

The City implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 11,770,912	\$ 12,359,183	\$ 12,793,179.00	\$ 12,629,779	\$ 14,349,483	\$ 16,621,003
2,921,707	3,303,895	4,178,941	4,317,843	4,802,272	7,110,304
10,119,322	8,338,156	10,405,425	5,488,535	3,581,458	3,336,188
14,037,835	24,529,838 (1)	13,145,192	15,831,165	5,226,726	6,025,846
1,988,832	2,272,309	2,272,826	2,699,469	5,235,864	4,515,980
1,041,858	2,167,327	3,707,115	1,897,300	2,337,910	5,510,710
13,880,993	12,751,519	26,428,112	36,104,151	23,902,360	8,159,960
<u>55,761,459</u>	<u>65,722,227</u>	<u>72,930,790</u>	<u>78,968,242</u>	<u>59,436,073</u>	<u>51,279,991</u>
36,860,006	38,112,680	39,054,531	40,613,727	39,707,910	42,276,145
20,541,547	20,499,458	21,083,587	25,145,258	25,922,530	28,406,808
9,787,298	12,218,720	12,769,423	12,979,695	12,762,120	12,891,628
931,547	1,005,728	974,190	773,449	741,556	815,751
631,494	648,766	661,509	1,061,658	595,420	521,404
6,839,056	6,634,435	6,312,438	6,114,138	6,225,928	6,367,024
35,817,247	23,547,210	28,014,518	19,782,193	9,110,319	8,484,239
<u>111,408,195</u>	<u>102,666,997</u>	<u>108,870,196</u>	<u>106,470,118</u>	<u>95,065,783</u>	<u>99,762,999</u>
<u>\$ 167,169,654</u>	<u>\$ 168,389,224</u>	<u>\$ 181,800,986</u>	<u>\$ 185,438,360</u>	<u>\$ 154,501,856</u>	<u>\$ 151,042,990</u>
\$ (92,191,888)	\$ (111,179,425)	\$ (128,086,484)	\$ (155,253,774)	\$ (185,293,641)	\$ (206,775,222)
24,938,991	22,156,459	20,217,521	6,216,037	(15,801,237)	(25,079,384)
<u>\$ (67,252,897)</u>	<u>\$ (89,022,966)</u>	<u>\$ (107,868,963)</u>	<u>\$ (149,037,737)</u>	<u>\$ (201,094,878)</u>	<u>\$ (231,854,606)</u>

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

	Fiscal Year		
	2002	2003	2004
Governmental Revenues and			
Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 16,001,578	\$ 17,953,164	\$ 20,818,622
Sales taxes	55,070,562	60,614,779	66,671,049
Franchise taxes	1,957,618	2,249,190	2,365,749
Highway user taxes	-	-	-
Other taxes	-	-	-
State shared revenues	37,850,975	39,559,356	37,903,674
System development fees	8,320,712	8,105,353	15,165,191
Investment income (loss)	7,677,017	(4,895,290) (1)	2,391,875
Miscellaneous	162,714	261,069	695,312
Westcor contract payment	-	-	-
Transfers	690,493	(767,922)	621,256
Total governmental activities	<u>127,731,669</u>	<u>123,079,699</u>	<u>146,632,728</u>
Business-type activities:			
Investment income (loss)	4,007,601	(2,624,182) (1)	1,199,710
Miscellaneous	639,190	897,511	376,917
Transfers	(690,493)	767,922	(621,256)
Total business-type activities:	<u>3,956,298</u>	<u>(958,749)</u>	<u>955,371</u>
Total primary government	<u>\$ 131,687,967</u>	<u>\$ 122,120,950</u>	<u>\$ 147,588,099</u>
Change in Net Assets			
Governmental activities	\$ 57,838,779	\$ 52,275,180	\$ 56,525,604
Business-type activities	31,776,811	17,873,691	25,257,436
Total primary government	<u>\$ 89,615,590</u>	<u>\$ 70,148,871</u>	<u>\$ 81,783,040</u>

(1) The negative income this year is the result of the City's share of a loss recognized by the State of Arizona's Local Government Investment Pool.

(2) System development fees were reclassified to charges for services under program revenues.

The City implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 22,743,537	\$ 25,016,760	\$ 26,921,292	\$ 34,063,123	\$ 38,957,986	\$ 40,617,269
75,702,332	82,327,461	95,410,460	97,226,841	85,897,334	83,019,726
3,032,260	2,198,738	3,230,429	3,937,952	3,264,093	3,174,390
-	-	16,490,129	15,856,863	13,849,284	13,116,481
-	-	3,481,086	3,786,677	7,921,275	13,965,973
40,050,636	45,853,506	57,716,644	62,970,459	61,211,289	54,492,427
13,878,663	- (2)	-	-	-	-
7,862,804	12,286,630	17,868,181	20,823,059	10,045,274	3,487,145
362,343	10,736	1,822,070	767,221	995,606	850,191
-	34,500,000	-	-	-	-
924,227	478,441	469,201	534,086	(1,542,346)	873,357
<u>164,556,802</u>	<u>202,672,272</u>	<u>223,409,492</u>	<u>239,966,281</u>	<u>220,599,795</u>	<u>213,596,959</u>
4,069,440	6,424,600	6,876,399	5,906,545	2,536,237	756,641
232,589	532,354	1,043,407	1,792,816	788,478	1,422,790
<u>(924,227)</u>	<u>(478,441)</u>	<u>(469,200)</u>	<u>(534,086)</u>	<u>1,542,346</u>	<u>(873,357)</u>
<u>3,377,802</u>	<u>6,478,513</u>	<u>7,450,606</u>	<u>7,165,275</u>	<u>4,867,061</u>	<u>1,306,074</u>
<u>\$ 167,934,604</u>	<u>\$ 209,150,785</u>	<u>\$ 230,860,098</u>	<u>\$ 247,131,556</u>	<u>\$ 225,466,856</u>	<u>\$ 214,903,033</u>
\$ 72,364,914	\$ 22,796,183	\$ 95,323,008	\$ 84,712,507	\$ 35,306,154	\$ 6,821,737
<u>28,316,793</u>	<u>28,634,972</u>	<u>27,668,127</u>	<u>13,381,312</u>	<u>(10,934,176)</u>	<u>(23,773,310)</u>
<u>\$ 100,681,707</u>	<u>\$ 51,431,155</u>	<u>\$ 122,991,135</u>	<u>\$ 98,093,819</u>	<u>\$ 24,371,978</u>	<u>\$ (16,951,573)</u>

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

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Reserved	\$ 20,504,156	\$ 27,158,273	\$ 34,328,283	\$ 50,644,739
Unreserved	<u>146,099,948</u>	<u>149,678,534</u>	<u>135,307,858</u>	<u>126,091,872</u>
Total general fund	<u>\$ 166,604,104</u>	<u>\$ 176,836,807</u>	<u>\$ 169,636,141</u>	<u>\$ 176,736,611</u>
All other governmental funds				
Reserved	\$ 12,041,889	\$ 74,230,663	\$ 91,320,181	\$ 76,703,585
Unreserved, reported in:				
Special revenue funds	6,187,316	7,022,854	5,677,614	5,648,789
Capital projects funds	<u>56,774,094</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 75,003,299</u>	<u>\$ 81,253,517</u>	<u>\$ 96,997,795</u>	<u>\$ 82,352,374</u>

Fiscal Year

2005	2006	2007	2008	2009	2010
\$ 56,325,826	\$ 15,211,490	\$ 12,349,638	\$ 28,237,521	\$ 30,482,311	\$ 62,149,646
<u>124,519,771</u>	<u>148,606,301</u>	<u>189,087,760</u>	<u>196,093,067</u>	<u>194,457,561</u>	<u>137,041,044</u>
<u>\$ 180,845,597</u>	<u>\$ 163,817,791</u>	<u>\$ 201,437,398</u>	<u>\$ 224,330,588</u>	<u>\$ 224,939,872</u>	<u>\$ 199,190,690</u>
\$ 99,267,829	\$ 100,167,158	\$ 109,777,210	\$ 43,039,742	\$ 97,267,450	\$ 61,355,662
9,259,261	8,089,144	14,064,542	17,752,306	18,786,740	18,103,651
<u>-</u>	<u>253,903</u>	<u>9,158,971</u>	<u>11,608,190</u>	<u>7,868,412</u>	<u>7,379,375</u>
<u>\$ 108,527,090</u>	<u>\$ 108,510,205</u>	<u>\$ 133,000,723</u>	<u>\$ 72,400,238</u>	<u>\$ 123,922,602</u>	<u>\$ 86,838,688</u>

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

	Fiscal Year			
	2001	2002	2003	2004
Taxes - local	\$ 69,079,352	\$ 72,951,061	\$ 82,591,633	\$ 91,492,704
Taxes - intergovernmental	43,772,423	48,797,917	49,850,293	50,173,867
Property taxes	-	-	-	-
Sales taxes	-	-	-	-
Franchise fees	-	-	-	-
Highway user taxes	-	-	-	-
Other taxes	-	-	-	-
State shared	-	-	-	-
Grants and entitlements	10,377,193	7,748,473	3,983,091	4,217,697
System development fees	9,394,230	8,320,712	8,105,353	15,165,191
Special assessments	187,819	175,152	513,242	251,608
License and permits	6,627,557	5,651,522	6,386,478	7,500,437
Charges for current services	11,987,802	12,373,053	12,843,147	13,386,852
Fines and forfeitures	2,233,173	2,796,157	3,975,613	3,517,080
Rentals	608,896	17,625	93,630	18,012
Contributions	-	-	-	5,980
Investment income (loss)	13,735,770	6,885,010	(4,330,308) (1)	2,170,414
Miscellaneous	1,526,134	1,151,110	1,538,830	2,204,555
Total revenues	\$ 169,530,349	\$ 166,867,792	\$ 165,551,002	\$ 190,104,397

(1) The negative income in this year is the result of the City's share of a loss recognized by the State of Arizona's Local Government Investment Pool.

(2) As of fiscal year ended June 30, 2007 the City reclassified the governmental funds revenues local and intergovernmental taxes to Property, Sales, and Other taxes.

Fiscal Year						
2005	2006	2007	2008	2009	2010	
\$ 102,701,196	\$ 109,141,434	\$ - (2)	\$ -	\$ -	\$ -	\$ -
51,677,502	60,107,031	- (2)	-	-	-	-
-	-	26,909,841 (2)	33,844,181	38,677,156	40,259,579	
-	-	95,410,460 (2)	97,226,841	85,897,334	83,019,726	
-	-	3,230,429	3,937,952	3,264,093	3,174,390	
-	-	16,490,129	15,856,863	13,849,284	13,116,481	
-	-	3,481,086 (2)	3,786,677	7,921,275	13,965,973	
-	-	57,716,644	62,970,459	61,211,289	54,492,427	
14,100,944	9,296,423	7,610,807	10,553,680	18,168,904	10,377,502	
13,878,663	10,322,313	11,871,969	8,111,597	4,475,029	4,768,306	
439,565	303,336	309,386	426,428	863,747	663,209	
7,262,403	5,541,215	6,728,309	3,894,368	2,667,720	2,758,392	
15,133,670	15,475,362	18,216,653	17,254,859	19,492,740	19,420,434	
4,136,342	4,231,306	4,058,090	4,342,621	4,912,159	5,336,294	
19,580	8,363	89,875	94,575	138,667	101,322	
250	500	50,000	50,000	50,000	50,000	
6,987,824	10,699,944	15,589,318	18,334,581	8,825,695	3,171,308	
2,667,611	1,632,785	1,830,328	1,255,681	1,661,772	1,913,571	
<u>\$ 219,005,550</u>	<u>\$ 226,760,012</u>	<u>\$ 269,593,324</u>	<u>\$ 281,941,363</u>	<u>\$ 272,076,864</u>	<u>\$ 256,588,914</u>	

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

	Fiscal Year			
	2001	2002	2003	2004
General government	\$ 19,919,757	\$ 28,858,549	\$ 29,448,025	\$ 31,024,154
Public safety	42,355,666	49,910,766	53,885,322	58,407,246
Community development	15,217,991	6,757,787	7,061,116	7,449,114
Public works	13,593,511	20,314,406	19,096,782	23,028,537
Community services	16,560,173	17,575,610	20,310,994	21,048,659
Capital improvements	21,296,370	32,346,642	33,211,184	36,794,139
Debt service:				
Principal retirement	420,000	3,679,500	6,614,500	8,689,500
Interest and fiscal charges	9,747,597	9,730,214	8,515,445	9,641,321
Bond issuance costs	-	-	100,000	-
Total expenditures	<u>\$ 139,111,065</u>	<u>\$ 169,173,474</u>	<u>\$ 178,243,368</u>	<u>\$ 196,082,670</u>
Debt service as a percentage of noncapital expenditures	8.6%	10.1%	11.1%	12.4%

Fiscal Year						
2005	2006	2007	2008	2009	2010	
\$ 41,135,736	\$ 33,729,455	\$ 38,124,478	\$ 51,261,849	\$ 40,503,113	\$ 44,663,091	
57,630,321	64,090,649	75,800,634	78,306,604	84,493,816	85,390,303	
7,438,317	8,740,380	8,989,308	11,593,642	10,509,467	11,614,214	
38,421,485	32,555,171	22,987,692	19,306,381	19,283,643	17,664,633	
20,893,626	22,738,420	25,714,032	28,830,926	29,916,002	30,078,856	
33,828,009	49,884,875	75,524,840	104,836,442	124,680,957	106,366,737	
8,329,500	17,122,071	12,374,500	16,659,500	15,275,000	17,260,000	
9,180,338	10,465,983	10,669,877	14,437,346	13,059,295	13,646,479	
174,917	135,437	189,840	179,201	961,100	183,969	
<u>\$ 217,032,249</u>	<u>\$ 239,462,441</u>	<u>\$ 270,375,201</u>	<u>\$ 325,411,891</u>	<u>\$ 338,682,393</u>	<u>\$ 326,868,282</u>	
11.1%	15.9%	12.1%	14.1%	12.5%	13.3%	

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			
	2001	2002	2003	2004
Other Financing Sources (Uses)				
Bond premium	\$ -	\$ 212,486	\$ 1,026,142	\$ -
Face amount of bonds issued	14,870,000	23,000,000	45,850,000	-
Proceeds from sale of capital assets	131,450	159,247	91,245	680,019
Payment to escrow agent	-	-	(20,488,542)	-
Westcor contract payment	-	-	-	-
Transfers in	15,790,022	20,152,263	32,480,447	26,072,155
Transfers out	(18,885,745)	(23,649,139)	(37,723,314)	(28,318,852)
Total other financing sources and (uses)	<u>11,905,727</u>	<u>19,874,857</u>	<u>21,235,978</u>	<u>(1,566,678)</u>
Net change in fund balances	<u>\$ 42,325,011</u>	<u>\$ 17,569,175</u>	<u>\$ 8,543,612</u>	<u>\$ (7,544,951)</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 852,671	\$ 515,129	\$ 1,975,876	\$ 165,431	\$ 2,348,878	\$ 290,569
35,720,000	30,905,000	88,405,000	7,370,000	120,513,000	10,450,000
264,352	205,936	173,742	280,969	219,793	97,609
(11,228,422)	-	(24,335,292)	-	-	(10,556,600)
-	34,500,000	-	-	-	-
33,226,080	37,204,132	31,525,563	38,442,603	40,593,319	46,309,016
(35,170,013)	(39,584,767)	(34,246,951)	(41,108,342)	(44,937,903)	(39,144,322)
23,664,668	63,745,430	63,497,938	5,150,661	118,737,087	7,446,272
\$ 25,637,969	\$ (17,956,999)	\$ 62,716,055	\$ (38,319,867)	\$ 52,131,648	\$ (62,833,096)

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

	Fiscal Year			
	2001	2002	2003	2004
Amusements	\$ 326,154	\$ 347,405	\$ 410,039	\$ 477,089
Contracting	11,563,422	11,290,014	11,467,704	13,008,527
General Retail	18,152,267	19,596,953	22,261,109	25,638,223
Hotel/Motel	1,299,873	1,161,330	1,212,328	1,309,463
Miscellaneous Related Revenue ¹	2,053,581	1,440,490	2,201,668	1,583,458
Publishing	626,200	586,054	669,702	711,215
Rentals - Personal Property	1,573,050	1,760,707	2,008,711	1,994,513
Rentals - Real Property	3,759,161	4,530,384	5,207,175	5,454,033
Restaurant/Bar	3,416,147	3,921,958	4,482,235	5,015,335
Telecommunications	2,931,529	2,869,467	3,124,021	3,006,992
Use Tax	807,287	837,932	634,029	750,291
Utilities	6,058,546	6,417,518	6,648,449	7,448,823
Total Sales and Use Taxes	\$ 52,567,217	\$ 54,760,212	\$ 60,327,170	\$ 66,397,962
City Direct Sales Tax Rate ²	1.75%	1.76%	1.73%	1.74%

Source: Tax & License Division

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.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 499,388	\$ 611,352	\$ 679,666	\$ 660,985	\$ 623,159	\$ 602,027
14,966,943	16,580,509	15,665,738	15,519,590	9,352,480	6,573,348
28,835,490	38,501,000	41,719,797	41,253,934	36,851,140	36,560,075
1,508,509	1,716,055	1,938,442	2,103,714	1,672,893	1,611,912
3,156,782	1,898,671	2,765,527	3,329,891	2,774,033	2,911,821
754,016	699,456	723,532	492,770	389,046	382,080
1,807,806	1,743,393	1,935,981	2,177,125	2,474,464	2,389,241
6,074,236	7,141,065	7,883,794	8,449,059	8,520,878	8,921,788
5,618,535	6,994,533	7,655,093	7,908,883	7,267,718	7,436,900
3,336,576	3,603,977	3,709,781	3,978,715	4,057,982	3,974,448
1,132,268	989,767	1,044,225	950,808	930,636	869,092
7,929,178	8,910,538	9,688,886	10,401,302	10,982,905	10,786,994
<u>\$ 75,619,727</u>	<u>\$ 89,390,316</u>	<u>\$ 95,410,462</u>	<u>\$ 97,226,776</u>	<u>\$ 85,897,334</u>	<u>\$ 83,019,726</u>
1.70%	1.72%	1.72%	1.72%	1.75%	1.75%

**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
2001	1.75%	0.68%	4.64%	0.00%
2002	1.76%	0.67%	4.63%	0.00%
2003	1.73%	0.68%	5.10%	0.01%
2004	1.74%	0.68%	5.13%	0.02%
2005	1.70%	0.67%	5.13%	0.02%
2006	1.72%	0.68%	5.14%	0.02%
2007	1.72%	0.68%	5.12%	0.02%
2008	1.72%	0.68%	5.09%	0.02%
2009	1.75%	0.67%	5.02%	0.02%
2010	1.75%	0.67%	5.05%	0.02%

Source: Tax & License Division

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 5/01/1994.

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 6.5% to 6.6%. State tax rate increases during the past ten fiscal years: 0.6% effective 6/01/2002; 1.0% effective 6/01/2010.

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 2010			Fiscal Year 2001		
		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	\$ 7,467,639	1	9.00%	\$ 4,277,123	1	8.14%
Taxpayer B	Department Store	2,569,725	2	3.10%	-		-
Taxpayer C	Grocery Store	2,212,406	3	2.66%	1,172,918	4	2.23%
Taxpayer D	Department Store	1,515,144	4	1.83%	-		-
Taxpayer E	Home Imp. Store	1,267,563	5	1.53%	1,092,517	5	2.08%
Taxpayer F	Telecommunications	1,224,106	6	1.47%	-		-
Taxpayer G	Utility	1,164,105	7	1.40%	803,861	10	1.53%
Taxpayer H	Department Store	1,159,962	8	1.40%	-		-
Taxpayer I	Department Store	1,050,680	9	1.27%	812,630	9	1.55%
Taxpayer J	Utility	919,916	10	1.11%	-		-
Taxpayer K	Grocery Store	-		-	1,226,445	2	2.33%
Taxpayer L	Vehicle Dealer	-		-	1,211,901	3	2.31%
Taxpayer M	General Contractor	-		-	1,066,473	6	2.03%
Taxpayer N	Telecommunications	-		-	1,022,998	7	1.95%
Taxpayer O	Vehicle Dealer	-		-	998,433	8	1.90%
		<u>\$ 20,551,246</u>		<u>24.77%</u>	<u>\$ 13,685,299</u>		<u>26.05%</u>

Source: Tax & License Division

Notes: 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 BY TYPE
LAST TEN FISCAL YEARS

Schedule 10

Governmental Activities - General Obligation Bonds					Other Governmental Activities Debt		
Fiscal Year	General Obligation Bonds	Estimated Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property	Per Capita ¹	Revenue Bonds	Special Assessment Bonds	Accrued Interest - Capital Appreciation Bonds
2001	121,796,310	7,361,557,694	1.65%	641	67,413,061	2,372,449	24,345,650
2002	87,250,000	8,368,335,959	1.04%	434	45,300,000	1,647,000	27,102,208
2003	106,970,000	8,981,174,789	1.19%	505	48,725,000	1,547,500	29,147,730
2004	102,480,000	10,999,084,221	0.93%	456	46,700,000	1,443,000	30,928,390
2005	120,805,000	12,256,368,621	0.99%	510	45,015,000	1,333,500	32,426,569
2006	140,130,000	13,936,132,832	1.01%	579	42,920,000	1,219,000	33,620,916
2007	197,075,000	15,180,800,679	1.30%	798	40,480,000	1,099,500	34,505,099
2008	187,645,000	26,166,428,389	0.72%	749	37,655,000	8,345,000	35,000,654
2009	294,588,000	30,523,597,506	0.97%	1,169	34,690,000	7,820,000	-
2010	282,888,000	31,011,422,761	0.91%	1,111	31,800,000	7,315,000	-

Business-type Activities								
Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Excise Tax Revenue Obligations	Intergovernmental Loans	Total Primary Government ²	Percentage of Personal Income ¹	Per Capita ¹
2001	35,203,528	154,190,353	19,148,890	-	126,972	424,597,213	9.08%	2,234
2002	25,770,000	117,540,000	12,510,000	-	110,755	317,229,963	6.17%	1,576
2003	25,395,000	122,735,000	11,035,000	-	93,706	345,648,936	6.51%	1,631
2004	23,705,000	116,140,000	10,210,000	-	75,783	331,682,173	5.71%	1,476
2005	21,270,000	114,800,000	9,335,000	-	56,942	345,042,011	5.82%	1,457
2006	19,415,000	108,870,000	-	-	37,135	346,212,051	5.45%	1,431
2007	62,410,000	101,095,000	-	-	16,304	436,680,903	6.81%	1,767
2008	60,395,000	93,000,000	-	-	-	422,040,654	5.81%	1,684
2009	188,612,000	76,415,000	-	34,040,000	-	636,165,000	8.59%	2,524
2010	185,032,000	67,580,000	-	34,040,000	-	608,655,000	8.67%	2,391

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Population and personal income data can be found in Schedule 14.

² Includes general bonded debt, other governmental activities debt and business-type activities debt.

CITY OF CHANDLER, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
State of Arizona	None	4.05%	None
Maricopa County	None	5.96	None
Maricopa County Community College District	\$ 653,040,000	5.96	\$ 38,934,245
EastValley Institute of Technology	None	13.52	None
Chandler Unified School District No. 80	201,310,000	75.59	152,162,177
Mesa Unified School District No. 4	289,165,000	4.98	14,388,850
Gilbert Unified School District No. 41	201,790,000	2.96	5,964,912
Kyrene Elementary School District No. 28	120,945,000	29.87	36,126,272
Tempe Union High School District No. 213	107,465,000	16.21	17,414,703
Subtotal, overlapping debt			264,991,159
City direct debt	322,003,000	100.00	322,003,000
Total direct and overlapping debt			<u>\$ 586,994,159</u>

Source: J.P Morgan Trust Company

Note: The applicable percentage of overlap for each type of debt was computed on the ratio of secondary assessed valuation as calculated for fiscal year 2009/10 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			
	2001	2002	2003	2004
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 65,967,141	\$ 74,634,001	\$ 98,302,556	\$ 108,344,928
Total net debt applicable to limit	<u>23,160,000</u>	<u>34,020,000</u>	<u>45,475,000</u>	<u>37,575,000</u>
Legal debt margin	<u>\$ 42,807,141</u>	<u>\$ 40,614,001</u>	<u>\$ 52,827,556</u>	<u>\$ 70,769,928</u>
Total net debt applicable to the limit as a percentage of the debt limit	35%	46%	46%	35%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 219,890,471	\$ 248,780,004	\$ 327,675,186	\$ 361,149,760
Total net debt applicable to limit	<u>66,860,000</u>	<u>76,970,000</u>	<u>80,710,000</u>	<u>72,120,000</u>
Legal debt margin	<u>\$ 153,030,471</u>	<u>\$ 171,810,004</u>	<u>\$ 246,965,186</u>	<u>\$ 289,029,760</u>
Total net debt applicable to the limit as a percentage of the debt limit	30%	31%	25%	20%

Source: Peacock, Hislop, Staley & Given, Inc. for 1997 - 2001, Piper Jaffray, Inc. for 2002-2006.

(1) In November 2006, Arizona Revised Statutes were amended to more public safety and emergency services, streets and transportation from the 6% category to the 20% category.

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% of secondary assessed valuation. Cities may issue general obligation bonds for any other purpose up to an amount not to exceed 6% of secondary assessed valuation.

Legal Debt Margin Calculation for Fiscal Year 2010

Net secondary assessed valuation as of June 30, 2010	\$	3,508,071,609
Debt limit (6% of assessed value)		210,484,297
Debt applicable to limit:		
6% general obligation bonds		9,494,000
Legal 6% debt margin	\$	<u>200,990,297</u>
Debt limit (20% of assessed value)	\$	701,614,322
Debt applicable to limit:		
20% general obligation bonds		458,426,000
Legal 20% debt margin	\$	<u>243,188,322</u>

Fiscal Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 118,749,422	\$ 116,449,443	\$ 179,351,393	\$ 207,310,517	\$ 210,484,297	\$ 210,484,297
<u>61,660,000</u>	<u>74,720,000</u>	<u>66,460,000</u>	<u>7,795,000</u>	<u>10,934,000</u>	<u>9,494,000</u>
<u>\$ 57,089,422</u>	<u>\$ 41,729,443</u>	<u>\$ 112,891,393</u>	<u>\$ 199,515,517</u>	<u>\$ 199,550,297</u>	<u>\$ 200,990,297</u>
52%	64%	37%	(1) 4%	5%	5%
\$ 395,831,408	\$ 388,164,810	\$ 597,837,975	\$ 691,035,056	\$ 701,614,322	\$ 701,614,322
<u>80,415,000</u>	<u>84,825,000</u>	<u>193,025,000</u>	<u>240,245,000</u>	<u>472,266,000</u>	<u>458,426,000</u>
<u>\$ 315,416,408</u>	<u>\$ 303,339,810</u>	<u>\$ 404,812,975</u>	<u>\$ 450,790,056</u>	<u>\$ 229,348,322</u>	<u>\$ 243,188,322</u>
20%	22%	32%	(1) 35%	67%	65%

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

Schedule 13a

Street & Highway Revenue Bonds

Fiscal Year	Highway User Taxes	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	9,865,633	6,338,691	3,526,942	420,000	2,763,717	1.11
2002	10,946,942	6,859,931	4,087,011	1,910,000	2,460,983	0.94
2003	11,443,762	7,453,094	3,990,668	2,025,000	2,021,322	0.99
2004	12,225,100	7,125,374	5,099,726	2,110,000	2,255,270	1.17
2005	12,852,329	8,302,871	4,549,458	2,095,000	1,863,289	1.15
2006	13,870,790	7,731,437	6,139,353	2,440,000	1,870,433	1.42
2007	16,490,129	8,527,904	7,962,225	2,825,000	1,735,306	1.75
2008	15,856,863	8,299,229	7,557,634	2,965,000	1,628,797	1.65
2009	13,849,284	10,599,041	3,250,243	3,050,000	1,572,829	0.70
2010	13,116,481	9,018,598	4,097,883	3,180,000	1,198,194	0.94

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	31,348,875	15,231,413	16,117,462	3,087,800	3,116,390	2.60
2002	32,210,935	18,245,708	13,965,227	3,561,504	3,366,721	2.02
2003	34,895,930	21,435,429	13,460,501	7,255,900	2,965,187	1.32
2004	36,148,220	24,536,695	11,611,525	3,853,756	3,232,596	1.64
2005	36,860,006	25,371,528	11,488,478	4,282,606	2,798,390	1.62
2006	38,112,680	22,633,168	15,479,512	4,275,097	3,181,666	2.08
2007	39,054,531	23,844,731	15,209,800	4,447,321	2,881,971	2.08
2008	40,613,727	32,812,618	7,801,109	4,643,032	2,700,799	1.06
2009	39,707,910	31,084,108	8,623,802	4,854,151	2,419,526	1.19
2010	42,276,145	31,137,157	11,138,988	5,471,256	2,205,623	1.45

Excise Tax Revenue Obligations

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	-	-	-	-	-	0.00
2002	-	-	-	-	-	0.00
2003	-	-	-	-	-	0.00
2004	-	-	-	-	-	0.00
2005	-	-	-	-	-	0.00
2006	-	-	-	-	-	0.00
2007	-	-	-	-	-	0.00
2008	-	-	-	-	-	0.00
2009	148,768,677	-	148,768,677	-	462,667	321.55
2010	141,025,083	-	141,025,083	500,000	1,133,063	86.36

Notes: 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.

See Note 6 for breakdown of revenue pledged for Excise Tax Revenue Obligations first pledged February 4, 2009

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

Schedule 13b

Wastewater Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	17,812,204	11,502,384	6,309,820	1,342,200	1,696,904	2.08
2002	18,627,080	10,878,826	7,748,254	1,548,496	2,098,401	2.12
2003	19,253,061	11,701,023	7,552,038	10,714,100	2,295,089	0.58
2004	19,849,892	11,845,344	8,004,548	1,296,244	1,713,875	2.66
2005	20,541,547	12,802,253	7,739,294	3,207,394	1,592,081	1.61
2006	20,499,458	14,217,466	6,281,992	3,499,903	1,828,920	1.18
2007	21,083,587	14,349,752	6,733,835	3,647,679	1,691,169	1.26
2008	25,145,258	17,923,089	7,222,169	3,786,968	1,554,504	1.35
2009	25,922,530	17,663,644	8,258,886	3,915,849	1,341,752	1.57
2010	28,406,808	15,821,939	12,584,869	3,678,744	1,104,530	2.63

Solid Waste Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	8,173,254	6,423,477	1,749,777	100,000	222,688	5.42
2002	8,571,736	7,781,800	789,936	125,000	215,750	2.32
2003	9,257,218	13,627,896	(4,370,678)	125,000	206,969	-13.17 (1)
2004	9,825,572	9,035,882	789,690	125,000	152,469	2.85
2005	9,773,505	8,703,517	1,069,988	-	71,844	14.89 (2)
2006	-	-	-	-	-	0.00
2007	-	-	-	-	-	0.00
2008	-	-	-	-	-	0.00
2009	-	-	-	-	-	0.00
2010	-	-	-	-	-	0.00

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

(1) Expenses for FY 03 include \$5,323,714 in landfill closure and post closure costs. The amount expensed in FY 02 was \$812,319. The increase in comparable amounts is due to an increase in costs related to a change in the planned usage of the property following closure.

(2) All debt was defeased June 29, 2005.

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

Schedule 13c

Municipal Property Corporation Certificates of Participation

Fiscal Year	Water & Sewer Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	49,161,079	26,733,797	22,427,282	650,000	959,470	13.93
2002	50,838,015	29,124,534	21,713,481	700,000	915,595	13.44
2003	54,148,991	33,136,452	21,012,539	775,000	867,295	12.79
2004	55,998,112	36,382,039	19,616,073	825,000	813,045	11.98
2005	57,401,553	38,173,781	19,227,772	875,000	755,295	11.79 (1)
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-

(1) All remaining debt was defeased in 2006.

Notes: 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
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Schedule 14

Fiscal Year	Population (1)	Total Personal Income (2)	Median Age (2)	Unemployment Rate (3)	Per Capita Personal Income (4)
2001	190,019	4,677,887,742	31.2	2.8%	24,618
2002	201,262	5,139,225,170	31.2	4.2%	25,535
2003	211,984	5,310,835,152	31.2	4.0%	25,053
2004	224,644	5,805,699,536	31.2	3.1%	25,844
2005	236,877	5,928,557,556	30.8	3.3%	25,028
2006	241,910	6,351,347,050	31.6	3.0%	26,255
2007	247,097	6,412,414,247	31.1	2.5%	25,951
2008	250,619	7,269,204,095	31.2	3.2%	29,005
2009	252,056	7,409,186,120	32.8	6.2%	29,395
2010	254,602	7,016,321,916	32.5	6.9%	27,558

Sources:

- 1 City's Long Range Planning Division
- 2 City's Economic Development Division
- 3 Arizona Department of Economic Security
- 4 SitesUSA

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**

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 Corp. Campus	2,243	4	1.89%
Verizon Wireless	2,000	5	1.68%
City of Chandler	1,652	6	1.39%
Chandler Regional Hospital	1,600	7	1.35%
Microchip Technology	1,538	8	1.30%
Orbital Sciences	1,625	9	1.37%
Freescale Semiconductors	1,400	10	1.18%
Bank First	-		-
MCI Worldcom	-		-
Motorola	-		-
Ryobi Outdoor Products, Inc.	-		-
Innovex	-		-
Speedfam/IPEC	-		-
Orbital Sciences	-		-
Durel Corporation	-		-
Total	27,958		23.56%

Source: City's Economic Development Division and City of Chandler Human Resources

2001		
Employees	Rank	Percentage of Total City Employment
5,500	1	5.41%
-		-
-		-
-		-
-		-
-		-
690	6	0.68%
-		-
-		-
250	10	0.25%
700	4	0.69%
2,330	2	2.29%
1,000	3	0.98%
680	7	0.67%
700	5	0.69%
480	8	0.47%
300	9	0.29%
<hr/>		<hr/>
12,630		12.42%
<hr/>		<hr/>

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

	Fiscal Year			
	2001	2002	2003	2004
Full Time Equivalent Personnel				
Mayor and council	4	4	4	4
City clerk	6	6	6	6
City manager	26	30	69	(1) 71
Communications/public affairs	10	11	17	17
City magistrate	39	40	41	41
Law	21	23	25	23
Management services	127	124	97	(1) 99
Total General Government	233	238	259	261
Total Planning and Development	124	115	117	117
Total Community Services	162	170	178	183
Public works administration	7	5	2	3
Streets	57	53	53	53
Airport	6	6	5	6
Engineering, development and Real estate	85	75	72	78
Total Public Works	155	139	132	140
Police	420	423	440	438
Fire	160	174	181	179
Total Public Safety	580	597	621	617
Municipal utilities administration	6	4	5	5
Water	81	81	90	85
Wastewater	27	38	39	29
Solid waste	22	24	24	20
Total Municipal Utilities	136	147	158	139
Total Primary Government	1,390	1,406	1,465	1,457

Source: City's Human Resources Division

(1) The significant change in this year is a result of the Information Technology Division moving from the Management Services Department to the City Manager Department.

(2) The significant change in this year is a result of the Neighborhood Programs moving from the Mayor and Council to the City Manager Department. The Code Enforcement, Tourism, and Real Estate Services Downtown are new to the City Manager Department.

(3) The significant change in this year is a result of the City offering a retirement incentive, voluntary separation packages, and movement between departments to retain employees.

Notes: 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.

Fiscal Year					
2005	2006	2007	2008	2009	2010
5	5	5	5	5	5
6	5	6	6	6	6
70	74	79	104	(2) 103	96
18	18	17	18	18	15
40	39	44	48	43	41
24	25	27	29	28	27
96	95	101	106	105	95 (3)
259	261	279	316	308	285
111	108	111	114	103	80 (3)
178	182	219	243	207	226 (3)
3	3	3	3	3	3
48	55	59	64	57	50
6	6	6	6	6	6
74	71	76	85	80	74
131	135	144	158	146	133
436	460	487	496	483	478
195	207	219	228	223	219
631	667	706	724	706	697
5	5	5	5	5	6
85	85	85	88	86	80
41	41	42	43	41	42
18	21	21	20	18	20
149	152	153	156	150	148
1,459	1,505	1,612	1,711	1,620	1,569

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
General Government				
Privilege tax licenses issued	2,749	13,437	14,843	15,713
Meeting notices posted	*	450	501	504
City council actions and agenda items prepared	*	1,109	947	996
Grant awards received	*	43	46	47
Inventory turnover ratio	*	2.95	3.72	3.77
Planning & Development				
Building permits issued	8,779	8,737	9,723	11,688
Community Services				
Library circulation	1,257,387	1,501,217	1,700,786	1,817,536
Center for the arts events & exhibits	*	523	535	1,010
Public Safety				
Crime rate (per 1,000 population)	*	51.8	54.1	48.1
Total calls for police services (estimated)	107,999	125,817	126,710	113,501
Total calls for fire services	355	13,646	13,614	14,560
Fire inspections	3,155	2,386	3,705	2,236
Fire investigations	43	86	49	33
Municipal Utilities				
Water connections	58,114	58,962	64,862	68,757
Operating wells	*	23	21	21
Daily pumping capacity - wells (gallons)	67,110,000	62,090,000	55,800,000	55,800,000
Daily pumping capacity - plants (gallons)	58,310,000	45,000,000	45,000,000	45,000,000
Sewer connections	*	56,313	61,911	62,107
Sanitary sewer (miles)	708	712	755	780
Solid waste customers served	49,670	52,615	55,526	59,107
Solid waste refuse collected (tons)	106,259	110,495	125,158	134,571
Solid waste refuse recycled (tons)	19,664	19,490	20,417	21,678

Source: City of Chandler Departments

(1) The 2010 Center for the arts events & exhibits is the result of renovations within the Center for the Arts

(2) The 2010 increase in Daily pumping capacity-plants (gallons) is the result of the completion of the San Tan Water Treatment Plant and the Chandler Water Treatment Plant

* The city implemented Statement 34 in 2002, therefore, some of the information presented on this schedule was unavailable before that year.

Fiscal Year						
2005	2006	2007	2008	2009	2010	
16,663	20,464	20,652	22,980	23,460	22,715	
534	505	721	470	479	481	
1,542	1,292	1,292	1,188	1,055	977	
49	57	57	61	66	40	
3.46	2.78	3.32	3.94	2.5	2.1	
8,951	7,909	6,474	5,750	3,800	3,883	
1,967,446	2,004,000	2,082,000	2,349,232	2,506,602	2,592,243	
1,027	1,024	1,024	989	977	335 (1)	
40.7	39.9	38.0	34.9	35.2	31.8	
136,942	151,941	160,355	159,535	157,039	146,508	
15,310	16,662	16,682	16,709	18,474	16,904	
3,767	4,375	4,878	3,585	3,891	3,208	
58	73	74	57	49	43	
70,375	73,822	74,406	74,841	77,596	76,894	
23	23	23	26	29	31	
57,400,000	59,900,000	58,400,000	65,100,000	66,020,000	70,700,000	
45,000,000	45,000,000	45,000,000	60,000,000	60,000,000	72,000,000 (2)	
66,750	68,515	70,169	70,863	71,880	73,042	
796	814	828	837	857	862	
62,591	65,173	66,451	67,433	67,902	68,362	
117,813	99,547	97,646	94,633	89,408	85,160	
23,379	25,017	25,877	25,555	24,596	22,245	

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Community Services				
Developed parks	45	48	49	51
Developed acres	702	752	796	870
Undeveloped acres	*	432	405	333
Swimming pools	5	5	5	5
Other recreational facilities (lighted fields)	36	32	32	32
Library bookstock	356,678	373,527	405,986	422,841
Public Works				
Total miles streets (center line)	710	743	762	768
Street lights	18,890	20,400	22,154	23,140
Signalized intersections	101	118	136	153
Based aircraft	*	415	411	433
Public Safety				
Police stations	*	1	1	1
Fire stations	5	5	7	8
Municipal Utilities				
Water mains (miles)	*	985	1,000	1,021
Fire hydrants	*	8,617	9,393	10,368
The c Average daily treatment (mgd)	*	19	19	21

Source: City of Chandler Departments

(1) The 2006 increase in Undeveloped Acres is due to the purchasing of more land at the following sites: Tumbleweed, Landfill and Veteran Oasis.

(2) The 2010 decrease in Fire Hydrants is due to the City adjusting the count to include only hydrants owned and maintained by the City.

* The city implemented Statement 34 in 2002, therefore, some information presented on this schedule was unavailable before that year.

Fiscal Year						
2005	2006	2007	2008	2009	2010	
51	53	54	58	59	61	
874	889	959	1,099	1,133	1,198	
349	535 (1)	468	455	407	336	
5	5	5	5	6	6	
32	33	34	34	34	34	
450,068	469,000	483,128	469,023	472,266	446,675	
775	785	812	822	832	829	
24,218	25,100	25,307	26,326	26,500	26,600	
166	189	192	200	205	208	
434	457	499	442	449	449	
1	2	2	3	3	3	
9	9	10	10	10	10	
1,051	1,063	1,080	1,117	1,189	1,194	
10,799	10,952	12,291	13,033	13,750	12,318 (2)	
21	22	24	24	24	22	



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