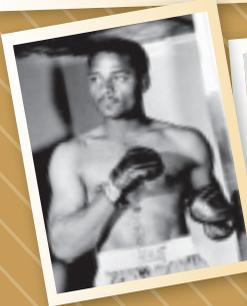


City of Chandler
**Comprehensive Annual
Financial Report**

Fiscal Year Ended June 30, 2012



*Chandler
Centennial
1912-2012*



Chandler · Arizona
Where Values Make The Difference

Chandler



2010

**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

Jay Tibshraeny, Mayor
Jeff Weninger, Vice-Mayor
Trinity Donovan, Councilmember
Rick Heumann, Councilmember
Matt Orlando, Councilmember
Kevin Hartke, Councilmember
Jack Sellers, Councilmember

Executive Staff

Rich Dlugas, City Manager
Patrick McDermott, Assistant City Manager

Prepared by

Management Services Department
Dawn Lang, Management Services Director
Penny Burczyk, Accounting Manager
Derrick Beracy, Sr. Financial Reporting Analyst



Chandler + Arizona
Where Values Make The Difference

**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 1
 Organizational Chart 7
 Certificate of Achievement 8

FINANCIAL SECTION

Independent Auditors' Report 9
 Management's Discussion and Analysis (MD&A)..... 13

Basic Financial Statements:

Government-wide Financial Statements -
 Statement of Net Assets 24
 Statement of Activities 26
 Fund Financial Statements -
 Balance Sheet – Governmental Funds 28
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Assets 29
 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds 30
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds to the
 Statement of Activities 31
 Statement of Net Assets - Proprietary Funds 32
 Statement of Revenues, Expenses and Changes in Fund Net Assets -
 Proprietary Funds 34
 Statement of Cash Flows - Proprietary Funds 36
 Statement of Fiduciary Net Assets - Fiduciary Funds 38
 Statement of Changes in Fiduciary Net Assets - Fiduciary Funds 39
 Notes to Financial Statements 41

Required Supplementary Information:

Budgetary Comparison Schedule for the General Fund..... 78
 Note to Required Supplementary Information..... 79
 Arizona Public Safety Personnel Retirement System Schedules of Funding Progress 80
 Post-employment Benefits Other than Pensions Schedule of Funding Progress..... 80

Other Financial Statements:

Budgetary Comparison Schedules for Other Major Fund
 Streets Capital Projects Fund..... 82
 General Obligation Bonds Debt Service Fund 83

**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS, continued

FINANCIAL SECTION, continued

Non-Major Governmental Funds

Combining Balance Sheet - All Non-Major Governmental Funds - By Fund Type	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Non-Major Governmental Funds - By Fund Type	85
Combining Balance Sheet	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	92
Budgetary Comparison Schedules:	
Highway User	95
Local Transportation Assistance	96
Grants Special Revenue	97
Community Development	98
Police Confiscated Property	99
Parks and Recreation	100
Library	101
General Government	102
Public Buildings.....	103
Grants Capital Projects	104
Community Services	105
Public Safety Buildings and Improvements	106
Vehicle and Capital Equipment	107
Special Assessments	108
Technology Replacement	109
Municipal Arts	110

Non-Major Proprietary Funds:

Combining Statement of Net Assets.....	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	116
Combining Statement of Cash Flows	118

Fiduciary Funds:

Statement of Changes in Assets and Liabilities - Agency Fund	120
--	-----

**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS, continued

FINANCIAL SECTION, continued

Other Supplemental Information:

HUD Programs:

Combining Statement of Net Assets - All HUD Programs	124
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - All HUD Programs	126

STATISTICAL SECTION

Financial Trends

Schedule 1 Net Assets by Component	130
Schedule 2a Changes in Net Assets.....	132
Schedule 2b Changes in Net Assets.....	134
Schedule 2c Changes in Net Assets	136
Schedule 3 Fund Balances of Governmental Funds.....	138
Schedule 4 Governmental Funds Revenues.....	140
Schedule 5 Governmental Funds Expenditures and Debt Service Ratio	142
Schedule 6 Other Financial Sources and Uses and Net Changes in Fund Balance, Governmental Funds.....	144

Revenue Capacity

Schedule 7 Taxable Revenue by Category.....	146
Schedule 8 Direct and Overlapping Sales and Use Tax Rates.....	148
Schedule 9 Principal Sales and Use Taxpayers	149

Debt Capacity

Schedule 10 Ratios of Outstanding Debt	150
Schedule 11 Direct and Overlapping Governmental Activities Debt.....	151
Schedule 12 Legal Debt Margin Information.....	152
Schedule 13a Pledged-Revenue Coverage	154
Schedule 13b Pledged-Revenue Coverage	155
Schedule 13c Pledged-Revenue Coverage.....	156

Demographic and Economic Information

Schedule 14 Demographic and Economic Statistics.....	157
Schedule 15 Principal Employers	158

Operating Information

Schedule 16 Employees by Function	160
Schedule 17 Operating Indicators by Function/Program.....	162
Schedule 18 Capital Asset Statistics by Function/Program.....	164



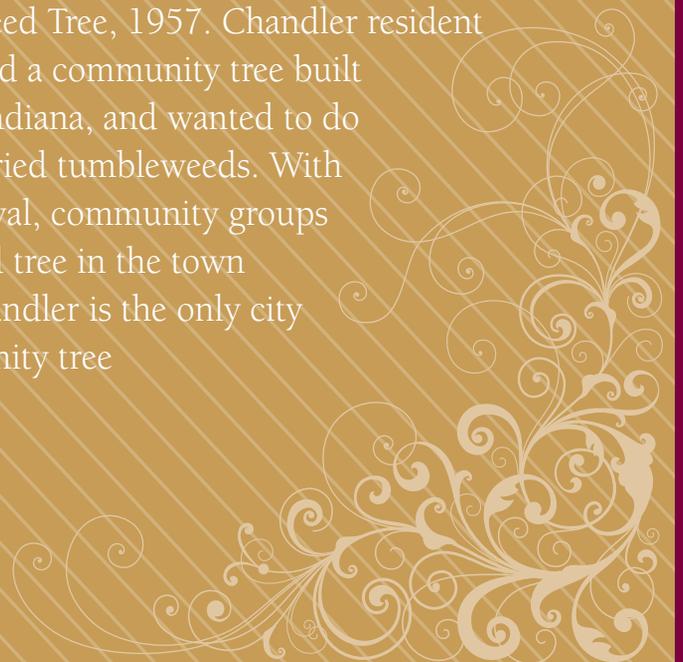
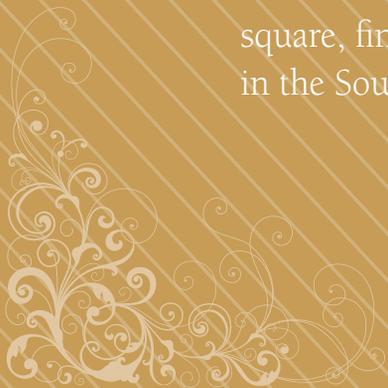
Chandler + Arizona
Where Values Make The Difference

Introductory Section

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



Chandler's first Tumbleweed Tree, 1957. Chandler resident Earle Barnum remembered a community tree built out of pine branches in Indiana, and wanted to do something similar with dried tumbleweeds. With Mayor Bert Lewis's approval, community groups built the first tumbleweed tree in the town square, finishing it on November 27, 1957. Chandler is the only city in the Southwest to feature this kind of community tree





Chandler • Arizona
Where Values Make The Difference

December 21, 2012

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, 2012, 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 64 square miles. The City has operated under a council-manager form of government since May 25, 1964, and is governed by the City Council, consisting of a mayor and a six member council. Councilmembers are elected at-large on a staggered basis; the mayor and councilmembers are elected for four-year terms. 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 the fourth largest city in Arizona and is one of several major cities comprising the greater Phoenix metropolitan area, which is the economic, political and population center of the state of Arizona. Between 1992 and 2010, the City's population increased by over 100 percent, from 100,416 to 236,598. The City's growth for nearly two decades prior to the recession 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 15,000 in the City.



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

Management Services
Telephone (480) 782-2250
Fax (480) 782-2253
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 \$58,712. In addition, approximately 71 percent of the population has a college degree or some college education. This highly educated workforce explains in part why the City has the 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 6.5 percent for fiscal year 2011/12 compared with 7.8% for Maricopa County and 8.9% for the State of Arizona.

The City's sales tax revenues, which comprise nearly 50 percent of its general fund, increased by 12.6 percent for 2011/12 from the current year budget as the City begins to recover from the effects of the recession that was felt nationally and globally and benefitted from one-time revenues created by a large industrial expansion in the City. Anticipating continued fallout from the economic recession and from the corresponding declining revenues, the City reduced its spending by \$2.1 million in its general fund budget for 2011/12 through a combination of spending cuts and reserves specifically set aside for bridging the budget gap over three fiscal years. The City led other Phoenix metropolitan communities in recovering from the recession through a combination of sound financial practices and notable economic development successes.

2011/2012 Accomplishments

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

- Maintained AAA General Obligation Bond credit ratings with stable outlook from all three rating agencies;
- Located more than 1,895 new jobs in Chandler through new developments;
- Completed Master Development Agreement with Intel and Intel commenced construction of FAB42 which was the largest construction project in the world at that time. President Obama visited site;
- Innovations Technology Incubator reached 95% occupancy and phase II is under construction;
- Located ASU and U of A in downtown Chandler;
- Implemented changes to system Development Fees, per SB1525;
- Created Priority Based Budget Model, costing all programs and services Citywide;
- Upgraded Oracle Citywide Financials and Human Resources ERP system, increasing functionality;
- Chandler selected for the fifth consecutive time as one of 100 Best Communities for Young People and received the A+ Sunny Award for Web Transparency;
- Held the first ever online budget meeting, "Budget Connect" and neighborhood meeting, "Neighborhood Connect";
- Completed 53 park improvement projects and the Sunset Library renovation;
- Fire negotiated a new ambulance contract;
- Police involved in newly formed Child Abuse Prevention and Awareness Coalition;
- Installed Public Access Wi-Fi at Airport and new furnishings and services in the terminal building for enhanced customer connectivity and comfort;
- Opened the new Airport entry road and activated 18 prime acres for aviation-related businesses with the completion of the Airport Blvd/Aviation Drive re-alignment project;

- Converted 17 City Buildings to new Energy Management System;
- Implemented wellness initiatives and plan design changes to assist in managing health care costs; and
- Implemented the Voluntary Demo Program resulting in the elimination of 5 vacant blighted structures, proactively facilitating the resolution of 27 vacant, blighted properties.

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 235,000 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.

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 2011/2012, \$676,533,227). The City additionally exercises management control and oversight of the budget at the department level within each fund and maintains an encumbrance accounting system as another method of maintaining budgetary control. Encumbered amounts do not lapse at fiscal year-end and appropriation equal to the amount of year-end encumbrances are added to the current year budget in each cost center. Expenditures against those encumbrances are charged to the current year appropriation.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

City Charter and state statute require an annual audit by a firm of independent certified public accountants and the firm of Heinfeld, Meech & Co., has been selected by the City to uphold this requirement. In addition to meeting the requirements set forth in City Charter and state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 and the related U.S. Office of Management and Budget's 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, 2011, marking the thirtieth 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.

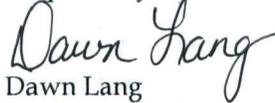
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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, April Wilkerson, Accounting Supervisor, Derrick Beracy, Senior Financial Reporting Analyst, Rob Coryea, Financial Services Analyst, Lisa Dickens, Senior Accountant; Robert Steele, Senior Accountant; and Annette Fries, Executive Assistant. Special thanks also go to Kevin McManus, IT Oracle Application Manager for updating the City's annual financial reporting application, and to Julie Buelt, Senior Financial Analyst for assistance in reviewing 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,

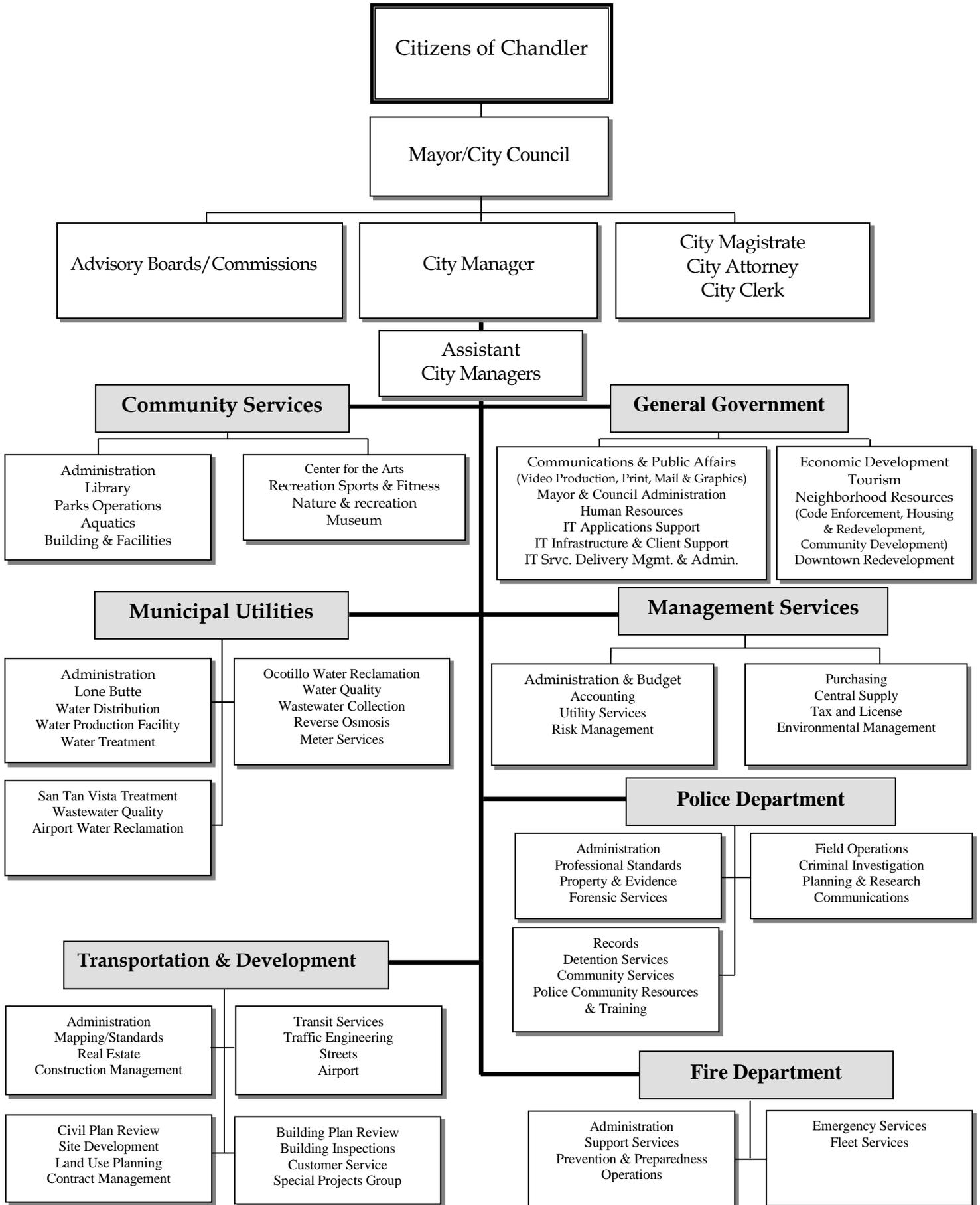


Dawn Lang
Management Services Director



Chandler + Arizona
Where Values Make The Difference

**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, 2011

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.



Christopher P. Morill

President

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.



The dedication of the retired Southern Pacific steam locomotive #2562 at the Chandler Train Depot in 1956. The ceremony included a performance by the Williams Air Force Base band and a speech by Mayor Bert Lewis. The City moved the locomotive to Armstrong Park in 1969, where it remained until 2007, when it was relocated to the Arizona Railway Museum in Tumbleweed Park.

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, 2012, 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 aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2012, 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 21, 2012, 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 on pages 13 through 22, the Budgetary Comparison Schedule for the General Fund on pages 78 and 79, and the Schedules of Funding Progress on page 80 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 accompanying supplementary information such as the Introductory Section, the Other Financial Statements of the Financial Section, Other Supplemental Information, and the Statistical Section are presented for additional analysis and are not a required part of the financial statements. The Other Financial Statements of the Financial Section and the Other Supplemental Information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has 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.
CPAs and Business Consultants

December 21, 2012

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



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

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, 2012. 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 2012 as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.310 billion (net assets) which represents an increase of 22.9 million from the prior year. Of this amount, \$439.1 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. However, \$72.5 million is invested in a joint venture with the Town of Gilbert.
- At June 30, 2012, the City's governmental funds reported combined ending fund balances of \$272.3 million, an increase of \$16.5 million in comparison with the prior year. Approximately 58.41% of the total amount, \$159.1 million, is available for spending at the City's discretion (committed, assigned or unassigned).
- At June 30, 2012, total fund balance for the General Fund was \$173.7 million which represents an increase of \$11.4 million from the prior year.
- General revenues from governmental activities accounted for \$198.5 million or 69.67% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$86.4 million or 30.33% of total governmental activity revenues. The City had \$126.3 million of program revenues and \$1.8 million in general revenues and transfers related to business-type activities.
- At June 30, 2012, the City's proprietary funds reported combined total net assets of \$459.8 million, and total unrestricted net assets of \$179.3 million. A total of \$129.9 million of the unrestricted net assets are in the Water Fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The **statement of net 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, 2012

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 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Streets Capital Projects Fund, and General Obligation Bonds Debt Service Fund which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the supplemental section of this report.

The City adopts an annual appropriated budget for the General, Special Revenue, General Obligation and Highway User Revenue Debt Service, Capital Projects and Proprietary Funds. Budgetary comparison statements have been provided in the basic financial statements for the General, Streets Capital Projects, and General Obligation Bonds Debt Service Funds to demonstrate compliance with the budget. Budgetary comparison schedules for other Non-major Special Revenue and Non-major Capital Projects Funds are also included in the financial section.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, solid waste, airport, and housing services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insurance funds. Because self-insurance funds are funded predominantly by governmental functions rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012

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 \$1.310 billion as of June 30, 2012.

A significant portion of the City's net assets (63.1% 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 (3.4% percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (33.5% percent) includes \$72.5 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.

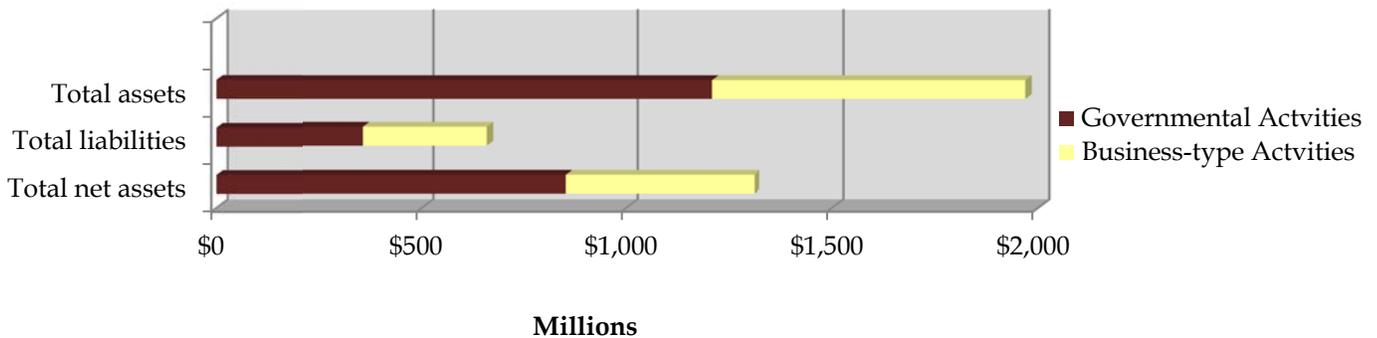
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$11.2 million in unrestricted net assets reported in connection with the City's business type activities.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012

The following table presents a condensed statement of the City's net assets for the fiscal years ended June 30, 2012 and 2011.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 367,674,769	\$ 355,620,369	\$ 137,433,284	\$ 122,726,233	\$ 505,108,053	\$ 478,346,602
Capital assets, net	835,419,032	845,523,219	550,165,201	559,683,500	1,385,584,233	1,405,206,719
Non-current assets	3,688,802	4,202,142	75,161,058	78,730,971	78,849,860	82,933,113
Total assets	1,206,782,603	1,205,345,730	762,759,543	761,140,704	1,969,542,146	1,966,486,434
Current liabilities	50,727,540	48,229,324	41,211,501	30,102,524	91,939,041	78,331,848
Non-current liabilities	306,297,423	320,636,603	261,768,099	280,937,221	568,065,522	601,573,824
Total liabilities	357,024,963	368,865,927	302,979,600	311,039,745	660,004,563	679,905,672
Net assets:						
Invested in capital assets, net of related debt	545,926,100	534,292,488	280,440,445	281,936,017	826,366,545	816,228,505
Restricted	44,047,942	41,906,129	-	-	44,047,942	41,906,129
Unrestricted	259,783,598	260,307,288	179,339,498	168,164,942	439,123,096	428,472,230
Total net assets	\$ 849,757,640	\$ 836,505,905	\$ 459,779,943	\$ 450,100,959	\$ 1,309,537,583	\$ 1,286,606,864

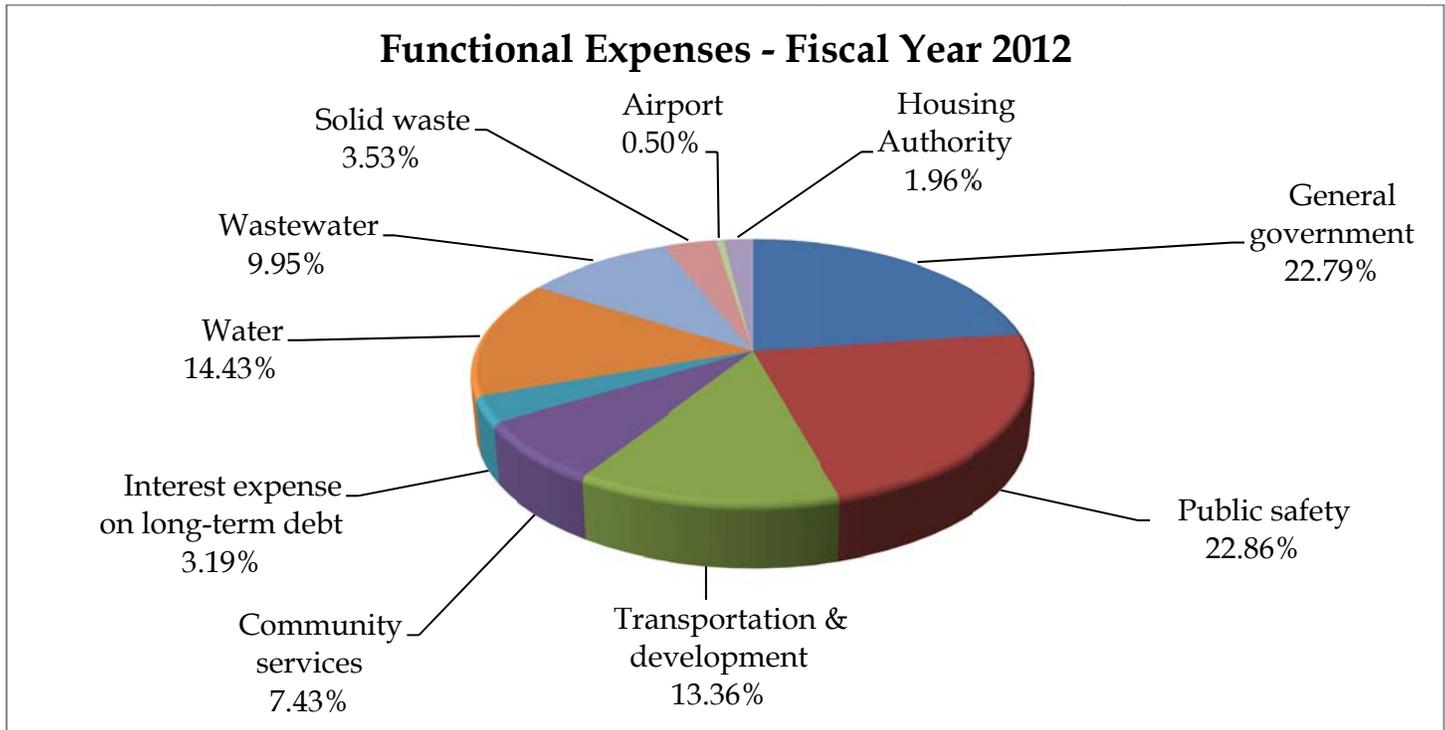
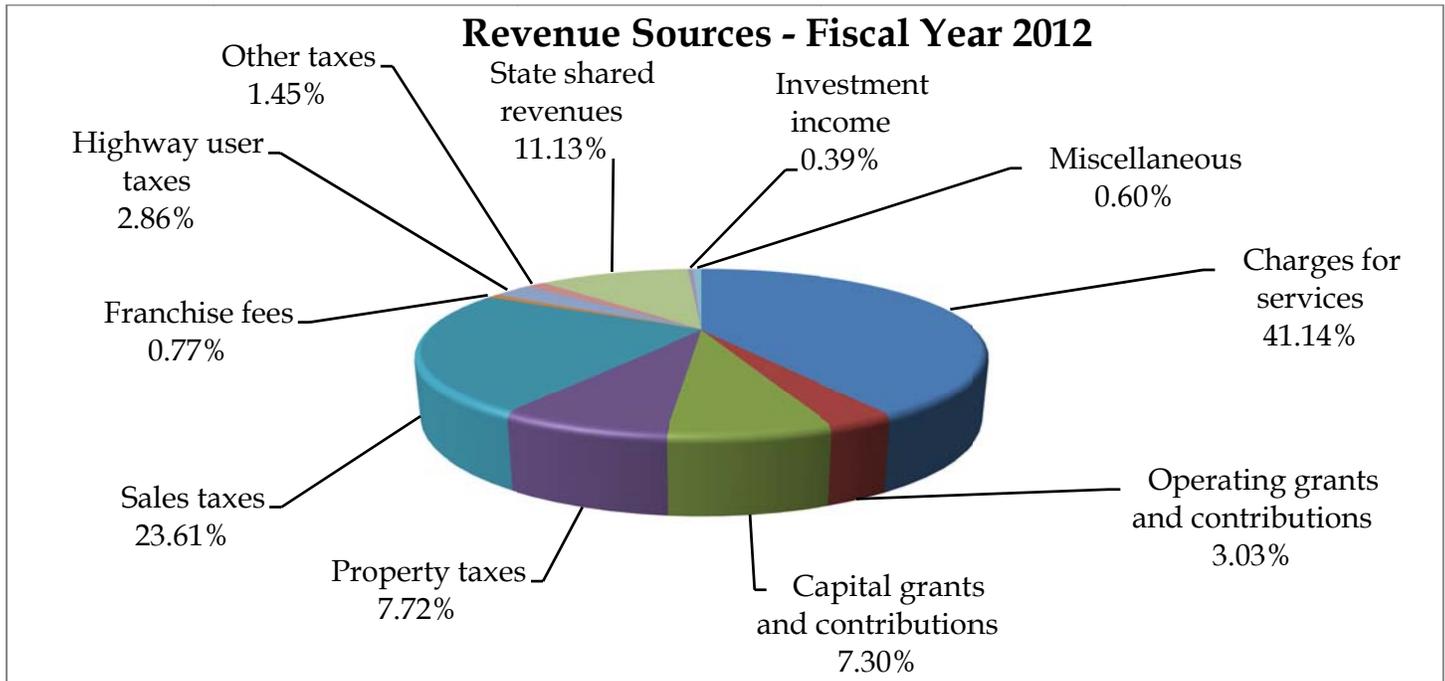


CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012

Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2012 were \$412.9 million. The total cost of all programs and services was \$389.9 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and 2011.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	\$ 69,216,987	\$ 44,171,220	\$ 100,826,274	\$ 90,049,474	\$ 170,043,261	\$ 134,220,694
Operating grants and contributions	6,162,320	5,890,147	6,341,087	6,297,200	12,503,407	12,187,347
Capital grants and contributions	11,016,136	16,041,213	19,118,567	8,659,772	30,134,703	24,700,985
General revenues						
Property taxes	31,877,716	36,158,574	-	-	31,877,716	36,158,574
Sales taxes	97,485,387	86,523,295	-	-	97,485,387	86,523,295
Franchise fees	2,988,456	2,819,521	-	-	2,988,456	2,819,521
Highway user taxes	11,823,280	13,287,878	-	-	11,823,280	13,287,878
Other taxes	5,979,715	88,561	-	-	5,979,715	88,561
State shared revenues	45,958,627	47,732,614	-	-	45,958,627	47,732,614
Investment income	1,221,923	1,841,244	389,446	533,313	1,611,369	2,374,557
Miscellaneous	1,116,832	3,071,588	1,351,829	946,507	2,468,661	4,018,095
Total revenues	284,847,379	257,625,855	128,027,203	106,486,266	412,874,582	364,112,121
Expenses:						
General government	88,876,901	67,808,567	-	-	88,876,901	67,808,567
Public safety	89,141,559	90,738,477	-	-	89,141,559	90,738,477
Transportation & development	52,111,019	50,909,361	-	-	52,111,019	50,909,361
Community services	28,966,271	28,919,560	-	-	28,966,271	28,919,560
Interest and fiscal charges	12,425,819	12,767,934	-	-	12,425,819	12,767,934
Water	-	-	56,277,327	57,452,876	56,277,327	57,452,876
Wastewater	-	-	38,804,360	37,896,180	38,804,360	37,896,180
Solid waste	-	-	13,756,352	13,443,102	13,756,352	13,443,102
Airport	-	-	1,941,752	2,107,354	1,941,752	2,107,354
Housing authority	-	-	7,642,503	7,580,783	7,642,503	7,580,783
Total expenses	271,521,569	251,143,899	118,422,294	118,480,295	389,943,863	369,624,194
Increase (decrease) before transfers	13,325,810	6,481,956	9,604,909	(11,994,029)	22,930,719	(5,512,073)
Transfers in (out)	(74,075)	(244,702)	74,075	244,702	-	-
Increase (decrease) in net assets	13,251,735	6,237,254	9,678,984	(11,749,327)	22,930,719	(5,512,073)
Beginning net assets	836,505,905	830,268,651	450,100,959	461,850,286	1,286,606,864	1,292,118,937
Ending net assets	\$ 849,757,640	\$ 836,505,905	\$ 459,779,943	\$450,100,959	\$1,309,537,583	\$ 1,286,606,864

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012



Governmental Activities. The increase in governmental net assets totaled \$13.3 million for the year ended June 30, 2012 compared with an increase of \$6.2 million in the prior year. This increase was primarily due to the increase in charges for services of \$25.0 million (56.7%), sales tax revenue of \$11.0 million (12.7%) and state shared proposition 400 revenue of \$5.9 million (6652.1%). However, capital grants and contributions revenues decreased by \$5.0 million (31.3%) from the prior year and state shared revenues decreased by 1.8 million (3.7%); a direct result of the State of Arizona's reduced income tax collection due to the poor economy. Finally, as a result of the economic downturn, property tax revenues decreased by \$4.3 million (11.8%) and unrestricted investment earnings decreased by 33.6% over the prior year.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012

Business-type Activities. The increase in business-type net assets totaled \$9.7 million for the year ended June 30, 2012 compared with a decrease of \$11.7 million in the prior year. This is due primarily to the increased revenue of \$10.8 million (12%) in charges for services resulting from the expansion at the Intel facility located in Chandler and an increase in capital grants and contributions of \$10.5 million (120.8%). Also, as a result of the low interest environment, unrestricted investment earnings continued to decrease by 27% over the prior year.

As evident in the previous graph, the largest financing source for the City is charges for services at 41.2% associated with the user fees and charges for services. Sales taxes also comprise a significant portion of the City's revenues at 23.6% of the total revenues with state shared revenues accounting for an additional 11.1% of the City's total revenues.

The City as a whole uses the largest amount of resources for public safety at 22.9% of the total functional expenses of the City. The next largest users of resources are general government functions and water services at 22.8% and 14.4%, respectively, with transportation & development accounting for 13.4% 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. Fund balances are reported on a hierarchy of five classifications based on spending constraints in order to provide better consistency and clarification. These classifications include Nonspendable, Restricted, Committed, Assigned and Unassigned. The spendable balances are the Restricted, Committed, Assigned and Unassigned fund balances. Additional information on Fund Balances and their classifications can be found in Note 9 of the financial statements.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$272.3 million, an increase of \$16.5 million in comparison with the prior year. Approximately \$159.1 million (58.4%) of this amount is combined assigned and unassigned balances, all which may be spent at the City's discretion. The total compared to the prior years' unreserved balance of \$148.3 million represents an increase of \$10.8 million. The remainder of the fund balance comprising of non-spendable and restricted balances amounts to \$113.3 million (41.6% of the total fund balance). The non-spendable balance consists of inventories and pre-paid amounts. The restricted balance is constrained for specific purposes imposed by external parties or enabling legislation. The total compared to the prior years restricted balance of \$107.5 million, represents an increase of \$5.8 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$171.9 million, while total fund balance reached \$173.7 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 98.9% of total general fund expenditures, which is well above the City's 12% reserve financial policy. The City's general fund balance increased by \$11.4 million during the current fiscal year. A key factor in this increase was sales tax revenue and certain license and permits revenues as a result of a slightly improved economy and increased developments in the City, including the \$5.2 billion expansion of the Intel Facility.

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 \$34.1 million. The fund balance of the City's street fund increased by \$0.6 million during the current fiscal year.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012

Proprietary funds. The City's proprietary funds which include enterprise and internal service funds provide the same type of information found in the government-wide financial statements, but in more detail. Net assets for the enterprise funds and the internal service funds at the end of the fiscal year amounted to \$459.8 million and \$39 million, respectively. Net assets after investments in capital assets and net of related debt are 39.0% unrestricted.

Unrestricted net assets of the water fund at the end of the year amounted to \$129.9 million, and those for the wastewater fund amounted to \$36.1 million.

BUDGETARY HIGHLIGHTS

For the 2011-12 Budget Year, the City of Chandler held strong to its commitment to consistently engage in fiscally responsible practices as the economy showed some positive signs, but there was still considerable cause for concern. The City Council adopted a balanced budget for 2011-12, with further adjustments to operating and capital expenditures to meet the anticipated lower levels of revenues. While local revenue sources such as sales tax were starting to improve in 2011-12, areas such as Urban Revenue Sharing (State Shared Income Tax) and Primary Property Tax continued to see decreases. As a result, the City Council reduced spending appropriation and engaged internal and external stakeholders at every level to find new and better ways to continue to provide high quality services to our citizens even more efficiently.

As has been the City's practice, the City's budget and revenue forecast distinguishes between ongoing and one-time revenues and spending. The City's 2011-12 budget included ongoing merit pay increases for all three Public Safety union groups, while SEIU union members and non-represented employees received a 2.25% salary increase. Other ongoing costs, such as maintenance, utilities, and supplies were managed very closely to ensure they could be met with ongoing revenues. In 2011-12 the City again included a stabilization reserve in the budget to provide protection against temporary or unanticipated reductions in revenue. Ultimately, higher than anticipated revenues from development in Chandler made the use of the reserve unnecessary. The City continues to emphasize its strong financial policies, and continues to include a 12% contingency reserve in the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2012, the City had invested \$826.3 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$80.0 million.

Some of the major capital asset events during the current fiscal year included the following:

- Completed construction of South Arizona Avenue Corridor Improvements at a cost of \$17.2 million.
- Completed construction of Paseo Vista Recreational Area at a cost of \$12.1 million
- Completed construction of one phase of McQueen Road Street Improvements at a cost of \$14.1 million.
- Completed construction of one phase of Gilbert Road Street Improvements at a cost of \$9.7 million.
- Completed construction of Dobson Road/Chandler Boulevard Intersection Improvements at a cost of \$9.4 million.
- Completed construction of Dobson Road/Warner Road Intersection Improvements at a cost of \$7.8 million.
- Completed construction of Airport Boulevard Street Realignment at a cost of \$3.7 million.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2012 and 2011.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2012	2011	2012	2011	2012	2011
Land	\$ 83,306,168	\$ 81,151,314	\$ 41,256,107	\$ 41,256,107	\$ 124,562,275	\$ 122,407,421
Land improvements	-	-	466,985	570,340	466,985	570,340
Infrastructure	413,807,990	362,709,243	-	-	413,807,990	362,709,243
System improvements	-	-	430,691,292	467,969,166	430,691,292	467,969,166
Buildings and improvements	265,853,357	256,568,398	8,852,429	8,983,014	274,705,786	265,551,412
Machinery and equipment	24,843,054	26,216,855	1,257,360	1,602,438	26,100,414	27,819,293
Construction in progress	47,608,463	118,877,409	67,641,028	39,302,434	115,249,491	158,179,843
Total	\$835,419,032	\$ 845,523,219	\$ 550,165,201	\$ 559,683,499	\$ 1,385,584,233	\$ 1,405,206,718

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 \$570.8 million in long-term debt outstanding with \$35.1 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, 2012 and 2011.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 268,148,000	\$ 279,968,000	\$ 170,987,000	\$ 179,747,000	\$ 439,135,000	\$ 459,715,000
Revenue Bonds	25,745,000	28,620,000	52,670,000	60,280,000	78,415,000	88,900,000
Excise Tax Revenue Obligations	-	-	47,440,000	48,540,000	47,440,000	48,540,000
Special Assessment Bonds	5,780,000	6,190,000	-	-	5,780,000	6,190,000
Total Bonds Payable	\$ 299,673,000	\$ 314,778,000	\$ 271,097,000	\$ 288,567,000	\$ 570,770,000	\$ 603,345,000
Arbitrage Payable	34,784	63,398	35,216	37,844	70,000	101,242
Deferred Bond Premiums	5,204,045	5,841,889	4,486,782	5,039,191	9,690,827	10,881,080
Claims Payable	4,777,475	3,383,972	-	-	4,777,475	3,383,972
Landfill Closure/Post Closure	-	-	4,340,000	4,340,000	4,340,000	4,340,000
Compensated Absences	9,439,327	10,490,286	958,685	1,049,645	10,398,012	11,539,931
Post Employment Benefits	8,207,450	5,572,720	591,884	396,372	8,799,334	5,969,092
Total Long Term Liabilities	\$ 327,336,081	\$ 340,130,265	\$ 281,509,567	\$ 299,430,052	\$ 608,845,648	\$ 639,560,317

The City of Chandler's total debt decreased by \$30.7 million during the current fiscal year. The key factors in the decrease were principal payments made on long-term debt while not adding additional debt.

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,

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2012

transportation, and recreational facilities. The current debt limitation for the City is \$451.0 million. The City has \$427.3 million of outstanding general obligation debt for these purposes.

State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is \$135.3 million. The City has \$11.8 million of outstanding general obligation debt for this purpose.

As of year-end, the City's current bond ratings on general obligation bonds were Aaa from Moody's Investor Services, AAA from Standard & Poor's, and AAA from Fitch Ratings. Ratings for the street and highway users were Aa3 from Moody's, AA from Standard & Poor's, and AA from Fitch. Water and wastewater revenue bonds were 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 5 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 Sharing, and property tax. While local sales tax collections have trended upwards, the Chandler City Council recognizes that the higher than anticipated sales tax revenues, and certain license and permit revenues were the result of new development, such as the \$5.2 billion expansion at the Intel facility located in Chandler, and should be treated as one-time. In assessing future revenues it was clear that the overall economy (both nationally and for the Phoenix metro area) was starting to grow, but at a very slow rate. This assessment of "slow growth" drove future year ongoing revenue estimates and resulted in a 2012-13 budget with no new positions and with a small (3.8%) increase in operating budgets (total budget less capital). As was done the last two years, the Executive Leadership team made a significant effort to find savings so that expenses, overall, did not change significantly despite increases in contracts, health care costs, and retirement costs.

Adopting a balanced budget for fiscal year 2012-13 required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. The City's overall budget increased from \$676 million in 2011-12 to \$836 million in 2012-13, but most of this was due to "pass through" reimbursements for capital infrastructure for water and wastewater improvements to support the Intel expansion. Despite a decrease in secondary assessed values (which support debt service) for the third year in a row, the City Council did not increase the secondary property tax rate keeping it at \$0.9422 in 2012-13 and the primary rate remains at \$0.3292.

Since the property tax rate remains unchanged, but assessed property values continue to decrease, new General Obligation bonds cannot be sold over the new few years. City Council created an Infrastructure Maintenance Reserve that increased one-time General Fund revenues to be used to maintain our existing streets and parks infrastructure. In addition, one-time funding has been identified to pay off an \$8.475 million General Obligation debt (Series 2003) that will reduce interest and eliminate that debt from future debt service schedules.

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, 2012

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 346,614,376	\$ 121,509,795	\$ 468,124,171	\$ -	\$ -
Cash and investments	-	-	-	524,130	485,812
Accounts receivable	1,889,519	15,199,984	17,089,503	-	-
Interest receivable	-	-	-	-	7,563
Prepaid items	4,141	359,602	363,743	-	95,931
Property taxes receivable	1,007,977	-	1,007,977	-	-
Due from other governments	10,629,783	24,996	10,654,779	-	-
Inventories	944,863	243,793	1,188,656	-	-
Special assessments receivable	5,801,116	-	5,801,116	-	-
Notes receivable - current	421,522	-	421,522	-	-
Other receivables	361,472	95,114	456,586	-	6,797
Total current assets	367,674,769	137,433,284	505,108,053	524,130	596,103
Noncurrent assets:					
Cash and investments - restricted	-	-	-	-	1,377,484
Notes receivable - long term	-	363,450	363,450	-	-
Other assets	3,688,802	2,306,366	5,995,168	-	6,000
Investment in joint venture	-	72,491,242	72,491,242	-	-
Capital assets:					
Non-depreciable	130,914,631	108,897,135	239,811,766	-	-
Depreciable, net	704,504,401	441,268,066	1,145,772,467	-	71,629
Total capital assets	835,419,032	550,165,201	1,385,584,233	-	71,629
Total noncurrent assets	839,107,834	625,326,259	1,464,434,093	-	1,455,113
Total assets	1,206,782,603	762,759,543	1,969,542,146	524,130	2,051,216
LIABILITIES					
Current liabilities:					
Accounts payable	9,703,855	12,355,974	22,059,829	-	44,136
Accrued payroll	4,603,658	511,166	5,114,824	-	-
Trust liabilities and deposits	9,015,780	2,447,448	11,463,228	-	-

Accrued interest	6,246,588	5,482,650	11,729,238	-	-
Unearned revenue	119,001	672,795	791,796	-	199,597
Arbitrage liability - current	7,392	12,608	20,000	-	-
Compensated absences payable - current	103,695	10,533	114,228	-	-
Bonds payable - current	15,990,000	19,095,000	35,085,000	-	-
Deferred bond premium - current	637,843	528,881	1,166,724	-	-
Landfill closure and postclosure liability - current	-	94,446	94,446	-	-
Claims and judgements payable - current	4,299,728	-	4,299,728	-	-
Total current liabilities	<u>50,727,540</u>	<u>41,211,501</u>	<u>91,939,041</u>	<u>-</u>	<u>243,733</u>
Noncurrent liabilities:					
Compensated absences payable - long term	9,335,632	948,152	10,283,784	-	-
Bonds payable - long term	283,683,000	252,002,000	535,685,000	-	-
Deferred bond premium - long term	4,566,202	3,957,901	8,524,103	-	-
OPEB liability - long term	8,207,450	591,884	8,799,334	-	-
Arbitrage liability - long term	27,392	22,608	50,000	-	-
Landfill closure and postclosure liability - long term	-	4,245,554	4,245,554	-	-
Claims and judgements payable - long term	477,747	-	477,747	-	-
Total noncurrent liabilities	<u>306,297,423</u>	<u>261,768,099</u>	<u>568,065,522</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>357,024,963</u>	<u>302,979,600</u>	<u>660,004,563</u>	<u>-</u>	<u>243,733</u>
NET ASSETS					
Invested in capital assets, net of related debt	<u>545,926,100</u>	<u>280,440,445</u>	<u>826,366,545</u>	<u>-</u>	<u>71,629</u>
Restricted for:					
Capital improvements	23,118,125	-	23,118,125	-	-
Debt service	19,989,950	-	19,989,950	-	-
Legal restrictions	939,867	-	939,867	-	1,377,484
Total restricted	<u>44,047,942</u>	<u>-</u>	<u>44,047,942</u>	<u>-</u>	<u>1,377,484</u>
Unrestricted	<u>259,783,598</u>	<u>179,339,498</u>	<u>439,123,096</u>	<u>524,130</u>	<u>358,370</u>
Total net assets	<u>\$ 849,757,640</u>	<u>\$ 459,779,943</u>	<u>\$ 1,309,537,583</u>	<u>\$ 524,130</u>	<u>\$ 1,807,483</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, 2012

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 88,876,901	\$ 31,381,062	\$ 1,835,220	\$ 23,110	\$ 33,239,392
Public safety	89,141,559	5,794,329	1,203,102	-	6,997,431
Transportation and development	52,111,019	27,905,311	2,708,748	10,875,586	41,489,645
Community services	28,966,271	4,136,285	415,250	117,440	4,668,975
Interest on long-term debt	12,425,819	-	-	-	-
Total governmental activities	<u>271,521,569</u>	<u>69,216,987</u>	<u>6,162,320</u>	<u>11,016,136</u>	<u>86,395,443</u>
Business-type activities:					
Water	56,277,327	49,565,071	-	6,116,085	55,681,156
Wastewater	38,804,360	35,907,085	-	12,662,230	48,569,315
Solid waste	13,756,352	13,890,957	-	-	13,890,957
Airport	1,941,752	996,605	-	96,668	1,093,273
Chandler housing authority	7,642,503	466,556	6,341,087	243,584	7,051,227
Total business-type activities	<u>118,422,294</u>	<u>100,826,274</u>	<u>6,341,087</u>	<u>19,118,567</u>	<u>126,285,928</u>
Total primary government	<u>\$ 389,943,863</u>	<u>\$ 170,043,261</u>	<u>\$ 12,503,407</u>	<u>\$ 30,134,703</u>	<u>\$ 212,681,371</u>
Component units					
Chandler Industrial Development Authority	\$ 2,342	\$ 68,789	\$ -	\$ -	\$ 68,789
Chandler Cultural Foundation	1,192,686	936,519	175,047	-	1,111,566
Total component units	<u>\$ 1,195,028</u>	<u>\$ 1,005,308</u>	<u>\$ 175,047</u>	<u>\$ -</u>	<u>\$ 1,180,355</u>

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
\$ (55,637,509)	\$ -	\$ (55,637,509)	\$ -	\$ -
(82,144,128)	-	(82,144,128)	-	-
(10,621,374)	-	(10,621,374)	-	-
(24,297,296)	-	(24,297,296)	-	-
(12,425,819)	-	(12,425,819)	-	-
<u>(185,126,126)</u>	<u>-</u>	<u>(185,126,126)</u>	<u>-</u>	<u>-</u>
-	(596,171)	(596,171)	-	-
-	9,764,955	9,764,955	-	-
-	134,605	134,605	-	-
-	(848,479)	(848,479)	-	-
-	(591,276)	(591,276)	-	-
-	7,863,634	7,863,634	-	-
<u>(185,126,126)</u>	<u>7,863,634</u>	<u>(177,262,492)</u>	<u>-</u>	<u>-</u>
-	-	-	66,447	-
-	-	-	-	(81,120)
-	-	-	66,447	(81,120)
31,877,716	-	31,877,716	-	-
97,485,387	-	97,485,387	-	-
2,988,456	-	2,988,456	-	-
11,823,280	-	11,823,280	-	-
5,979,715	-	5,979,715	-	-
<u>150,154,554</u>	<u>-</u>	<u>150,154,554</u>	<u>-</u>	<u>-</u>
45,958,627	-	45,958,627	-	-
1,221,923	389,446	1,611,369	531	5,969
1,116,832	1,351,829	2,468,661	-	-
(74,075)	74,075	-	-	-
<u>198,377,861</u>	<u>1,815,350</u>	<u>200,193,211</u>	<u>531</u>	<u>5,969</u>
13,251,735	9,678,984	22,930,719	66,978	(75,151)
836,505,905	450,100,959	1,286,606,864	457,152	1,882,634
<u>\$ 849,757,640</u>	<u>\$ 459,779,943</u>	<u>\$ 1,309,537,583</u>	<u>\$ 524,130</u>	<u>\$ 1,807,483</u>

City of Chandler
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
ASSETS					
Equity in pooled cash and investments	\$ 153,147,175	\$ 41,057,030	\$ 36,497,726	\$ 71,815,449	\$ 302,517,380
Accounts receivable	1,661,228	69,721	-	2,642	1,733,591
Prepaid items	2,941	-	-	-	2,941
Property taxes receivable	265,175	-	742,802	-	1,007,977
Special assessments receivable	-	-	-	5,801,116	5,801,116
Notes receivable	-	-	-	421,522	421,522
Advances to other funds	28,323,345	-	-	-	28,323,345
Due from other funds	2,810,223	-	-	-	2,810,223
Due from other governments	1,850,547	1,825,560	-	6,953,676	10,629,783
Inventories	944,863	-	-	-	944,863
Other receivables	360,210	98	-	949	361,257
Total assets	\$ 189,365,707	\$ 42,952,409	\$ 37,240,528	\$ 84,995,354	\$ 354,553,998
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,928,933	\$ 1,001,158	\$ -	\$ 2,541,562	\$ 9,471,653
Accrued payroll	4,366,762	18,440	-	178,172	4,563,374
Trust liabilities and deposits	5,105,707	-	-	3,910,073	9,015,780
Accrued interest	-	-	5,662,500	584,088	6,246,588
Due to other funds	-	-	-	2,810,223	2,810,223
Advances from other funds	-	7,870,000	-	20,453,345	28,323,345
Arbitrage liability	-	1,742	-	5,650	7,392
Bonds payable (matured)	-	-	11,860,000	3,700,000	15,560,000
Deferred revenue	217,973	-	459,344	5,551,554	6,228,871
Total liabilities	15,619,375	8,891,340	17,981,844	39,734,667	82,227,226
Fund Balances:					
Nonspendable	947,804	-	-	-	947,804
Restricted	939,867	34,061,069	19,258,684	58,059,035	112,318,655
Committed	-	-	-	-	-
Assigned	102,635,587	-	-	-	102,635,587
Unassigned	69,223,074	-	-	(12,798,348)	56,424,726
Total fund balances	173,746,332	34,061,069	19,258,684	45,260,687	272,326,772
Total liabilities and fund balances	\$ 189,365,707	\$ 42,952,409	\$ 37,240,528	\$ 84,995,354	\$ 354,553,998

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, 2012

Total Fund Balances - Total Governmental Funds \$ 272,326,772

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	130,914,631
Depreciable buildings, property, equipment and infrastructure, net	<u>704,504,401</u>
Total capital assets	<u>835,419,032</u>

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

6,228,871

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.

39,000,595

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 \$4,862,257 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(284,113,000)
Bonds premium	(5,204,045)
Bond issuance costs	3,688,802
OPEB liability	(8,175,977)
Arbitrage liability	(27,392)
Compensated absences	<u>(9,386,018)</u>
Total long-term liabilities	<u>(303,217,630)</u>

Net Assets of Governmental Activities \$ 849,757,640

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, 2012

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
REVENUES:					
Property taxes	\$ 8,369,580	\$ -	\$ 23,959,980	\$ -	\$ 32,329,560
Sales taxes	97,485,387	-	-	-	97,485,387
Franchise fees	2,988,456	-	-	-	2,988,456
Highway user taxes	-	-	-	11,823,280	11,823,280
Regional transportation tax	-	5,979,715	-	-	5,979,715
State shared	45,958,627	-	-	-	45,958,627
Grants and entitlements	-	-	-	13,956,415	13,956,415
System development fees	-	4,300,898	-	7,423,925	11,724,823
Special assessments	-	-	-	678,027	678,027
Licenses and permits	6,955,605	-	-	-	6,955,605
Charges for services	20,443,220	-	-	97,223	20,540,443
Fines and forfeitures	3,489,570	-	-	1,210,860	4,700,430
Rentals	455,842	-	-	-	455,842
Contributions	100,000	-	-	-	100,000
Interest revenue	464,785	115,426	210,337	244,348	1,034,896
Miscellaneous	587,462	-	777	72,765	661,004
Total revenues	187,298,534	10,396,039	24,171,094	35,506,843	257,372,510
EXPENDITURES:					
Current:					
General government	42,961,543	-	-	5,933,268	48,894,811
Public safety	80,719,416	-	-	2,100,690	82,820,106
Transportation and development	14,098,155	3,546,018	-	7,888,566	25,532,739
Community services	21,263,658	-	-	1,991,910	23,255,568
Capital improvements	4,059,878	7,478,712	-	18,248,479	29,787,069
Debt service:					
Principal	-	-	11,860,000	4,110,000	15,970,000
Interest and fiscal charges	-	-	11,373,948	1,176,375	12,550,323
Total expenditures	163,102,650	11,024,730	23,233,948	41,449,288	238,810,616
REVENUES OVER (UNDER) EXPENDITURES	24,195,884	(628,691)	937,146	(5,942,445)	18,561,894
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	29,152	-	-	59,855	89,007
Transfers in	-	1,243,998	-	19,332,190	20,576,188
Transfers out	(12,823,016)	-	-	(9,862,488)	(22,685,504)
Total other financing sources (uses)	(12,793,864)	1,243,998	-	9,529,557	(2,020,309)
NET CHANGE IN FUND BALANCE	11,402,020	615,307	937,146	3,587,112	16,541,585
FUND BALANCES:					
Beginning of year	162,344,312	33,445,762	18,321,538	41,673,575	255,785,187
End of year	\$ 173,746,332	\$ 34,061,069	\$ 19,258,684	\$ 45,260,687	\$ 272,326,772

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, 2012

Net Change in Fund Balances - Total Governmental Funds		<u>\$ 16,541,585</u>
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.		<u>27,794,794</u>
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.		<u>(40,905,971)</u>
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:		
Principal payments on debt	\$ 15,970,000	
Other postemployment benefits obligation	(2,625,010)	
Loss on disposal of capital assets	<u>(205,971)</u>	<u>13,139,019</u>
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.		<u>124,504</u>
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.		<u>5,000</u>
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.		<u>1,049,236</u>
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.		<u>(872,059)</u>
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.		<u>3,212,961</u>
The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The net gain of the internal service fund is reported with governmental activities.		<u>(6,837,334)</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 13,251,735</u></u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary		Activities: Internal
			Funds		Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 56,824,372	\$ 47,847,072	\$ 16,838,351	\$ 121,509,795	\$ 44,096,996
Accounts receivable	7,376,981	6,031,120	1,791,883	15,199,984	155,928
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	24,996	24,996	-
Inventories	224,080	-	19,713	243,793	-
Prepaid items	-	-	359,602	359,602	1,200
Other receivables	1,451	24,435	69,228	95,114	215
Total current assets	68,326,884	53,902,627	19,103,773	141,333,284	44,254,339
Noncurrent assets:					
Other assets	1,180,796	1,124,288	1,282	2,306,366	-
Notes receivable - long term	-	-	363,450	363,450	-
Investment in joint venture	72,491,242	-	-	72,491,242	-
Capital assets:					
Non-depreciable	34,719,002	46,571,927	27,606,206	108,897,135	-
Depreciable, net	209,494,194	204,221,537	27,552,335	441,268,066	-
Total capital assets	244,213,196	250,793,464	55,158,541	550,165,201	-
Total noncurrent assets	317,885,234	251,917,752	55,523,273	625,326,259	-
Total assets	386,212,118	305,820,379	74,627,046	766,659,543	44,254,339
LIABILITIES					
Current liabilities:					
Accounts payable	1,414,087	10,119,383	822,504	12,355,974	232,202
Accrued payroll	272,260	127,054	111,852	511,166	40,284
Trust liabilities and deposits	1,231,954	944,129	271,365	2,447,448	-
Accrued interest	3,169,623	2,310,633	2,394	5,482,650	-

Unearned revenue	298,958	187,552	186,285	672,795	119,001
Compensated absences payable - current	6,077	2,543	1,913	10,533	586
Bonds payable - current	12,048,090	7,026,910	20,000	19,095,000	-
Deferred bond premium - current	312,933	215,752	196	528,881	-
Arbitrage liability - current	2,604	10,000	4	12,608	-
Landfill closure and postclosure liability - current	-	-	94,446	94,446	-
Claims and judgements payable - current	-	-	-	-	4,299,728
Total current liabilities	18,756,586	20,943,956	1,510,959	41,211,501	4,691,801
Noncurrent liabilities:					
Compensated absences payable - long term	547,089	228,942	172,121	948,152	52,723
Advances from other funds	-	3,900,000	-	3,900,000	-
Bonds payable - long term	140,925,205	110,935,795	141,000	252,002,000	-
Deferred bond premium - long term	2,165,437	1,789,526	2,938	3,957,901	-
OPEB liability - long term	319,598	197,147	75,139	591,884	31,473
Arbitrage liability - long term	7,304	15,300	4	22,608	-
Landfill closure and postclosure liability - long term	-	-	4,245,554	4,245,554	-
Claims and judgements payable - long term	-	-	-	-	477,747
Total noncurrent liabilities	143,964,633	117,066,710	4,636,756	265,668,099	561,943
Total liabilities	162,721,219	138,010,666	6,147,715	306,879,600	5,253,744
NET ASSETS					
Invested in capital assets, net of related debt	93,631,372	131,730,680	55,078,393	280,440,445	-
Unrestricted	129,859,527	36,079,033	13,400,938	179,339,498	39,000,595
Total net assets	\$ 223,490,899	\$ 167,809,713	\$ 68,479,331	\$ 459,779,943	\$ 39,000,595

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, 2012

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 49,565,071	\$ 35,907,085	\$ 14,887,762	\$ 100,359,918	\$ -
Grants and entitlements	-	-	6,341,087	6,341,087	-
Rentals	-	-	466,356	466,356	-
Self insurance premiums	-	-	-	-	18,645,853
Miscellaneous	66,288	90,121	643,011	799,420	455,828
Total operating revenues	49,631,359	35,997,206	22,338,216	107,966,781	19,101,681
OPERATING EXPENSES:					
General and administrative	3,977,300	2,572,800	1,416,800	7,966,900	-
Personal services	7,747,265	3,585,003	3,322,715	14,654,983	1,123,320
Contractual services	5,449,682	5,302,901	9,762,929	20,515,512	2,497,916
Commodities	9,177,488	5,291,761	2,083,466	16,552,715	1,641,406
Claims expense	-	-	-	-	22,893,641
Housing assistance payments	-	-	4,939,931	4,939,931	-
Depreciation and amortization expense	20,056,733	17,264,802	1,809,898	39,131,433	-
Total operating expenses	46,408,468	34,017,267	23,335,739	103,761,474	28,156,283
OPERATING INCOME (LOSS)	3,222,891	1,979,939	(997,523)	4,205,307	(9,054,602)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	170,822	160,650	57,974	389,446	182,027
Interest and fiscal charges	(6,373,968)	(4,660,941)	(4,788)	(11,039,697)	-
Accretion of bond premium	330,470	221,743	196	552,409	-
Amortization of bond issuance costs	(160,600)	(119,152)	(80)	(279,832)	-
Gain (loss) on disposal of capital assets	(41,000)	(7,000)	-	(48,000)	-
Equity interest in joint venture	(3,293,291)	-	-	(3,293,291)	-
Total nonoperating revenues (expenses)	(9,367,567)	(4,404,700)	53,302	(13,718,965)	182,027
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(6,144,676)	(2,424,761)	(944,221)	(9,513,658)	(8,872,575)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	6,116,085	12,662,230	340,252	19,118,567	-
Transfers in	-	-	651,998	651,998	2,050,000
Transfers out	(333,210)	(133,155)	(111,558)	(577,923)	(14,759)
Total capital contributions and transfers	5,782,875	12,529,075	880,692	19,192,642	2,035,241
Change in net assets	(361,801)	10,104,314	(63,529)	9,678,984	(6,837,334)
NET ASSETS:					
Beginning of year	223,852,700	157,705,399	68,542,860	450,100,959	45,837,929
End of year	\$ 223,490,899	\$ 167,809,713	\$ 68,479,331	\$ 459,779,943	\$ 39,000,595

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, 2012

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 49,408,477	\$ 34,381,529	\$ 15,819,459	\$ 99,609,465	\$ 19,097,259
Cash received from grantors	-	-	6,332,545	6,332,545	-
Cash payments to suppliers	(17,664,591)	(4,572,422)	(17,630,850)	(39,867,863)	(25,709,278)
Cash payments to employees for services	(7,681,838)	(3,514,872)	(3,315,872)	(14,512,582)	(1,113,875)
Net cash provided (used) by operating activities	24,062,048	26,294,235	1,205,282	51,561,565	(7,725,894)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	651,998	651,998	2,050,000
Transfers out	(333,210)	(133,155)	(111,558)	(577,923)	(14,759)
Net cash provided (used) by noncapital financing activities	(333,210)	(133,155)	540,440	74,075	2,035,241
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(7,780,392)	(20,667,713)	(567,700)	(29,015,805)	-
Principal paid on bond maturities	(11,275,419)	(6,174,581)	(20,000)	(17,470,000)	-
Interest paid on bonds	(6,646,226)	(4,762,064)	(5,268)	(11,413,558)	-
Cash paid to other funds	(494,794)	-	-	(494,794)	-
Cash received from capital contributions	5,747,663	12,385,322	340,252	18,473,237	-
Net cash provided (used) by capital and related financing activities	(20,449,168)	(19,219,036)	(252,716)	(39,920,920)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	170,822	160,650	57,974	389,446	182,027
Net cash provided (used) by investing activities	170,822	160,650	57,974	389,446	182,027
Net increase (decrease) in cash and cash equivalents	3,450,492	7,102,694	1,550,980	12,104,166	(5,508,626)
CASH AND CASH EQUIVALENTS:					
Beginning of year	53,373,880	40,744,378	15,287,371	109,405,629	49,605,622
End of year	\$ 56,824,372	\$ 47,847,072	\$ 16,838,351	\$ 121,509,795	\$ 44,096,996

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ 3,222,891	\$ 1,979,939	\$ (997,523)	\$ 4,205,307	\$ (9,054,602)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	20,056,733	17,264,802	1,809,898	39,131,433	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	(434,414)	(2,020,420)	348,796	(2,106,038)	(114,480)
(Increase) decrease in inventories	(28,088)	-	17,402	(10,686)	-
(Increase) decrease in prepaid items	-	-	-	-	(1,200)
(Increase) decrease in investment in joint venture	(3,210)	-	-	(3,210)	-
(Increase) decrease in other assets	160,600	119,152	8,714	288,466	-
Increase (decrease) in payables	971,177	8,595,040	(16,730)	9,549,487	(68,618)
Increase (decrease) in accrued payroll and compensated absences	(37,747)	5,257	(29,095)	(61,585)	(275)
Increase (decrease) in deposits	29,245	260,039	27,864	317,148	-
Increase (decrease) in claims payable	-	-	-	-	1,393,503
Increase (decrease) in unearned revenue	21,687	25,552	8,492	55,731	110,058
Increase (decrease) in other liabilities	103,174	64,874	27,464	195,512	9,720
Total adjustments	<u>20,839,157</u>	<u>24,314,296</u>	<u>2,202,805</u>	<u>47,356,258</u>	<u>1,328,708</u>
Net cash provided (used) by operating activities	<u>\$ 24,062,048</u>	<u>\$ 26,294,235</u>	<u>\$ 1,205,282</u>	<u>\$ 51,561,565</u>	<u>\$ (7,725,894)</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 368,422	\$ 276,908	\$ -	-	-
Loss on disposal of assets	41,000	7,000	-	-	-
Accretion of bond premiums	330,470	221,743	196	-	-
Amortization of bond issuance costs	160,600	119,152	80	-	-

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Volunteer Firemen's Pension and Relief Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments	\$ 25,650	\$ 11,500
Total assets	<u>\$ 25,650</u>	<u>\$ 11,500</u>
LIABILITIES		
Due to others	-	11,500
Total liabilities	<u>\$ -</u>	<u>\$ 11,500</u>
NET ASSETS		
Assets held in trust for pension benefits	25,650	
Total net assets	<u>\$ 25,650</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, 2012

	Volunteer Firemen's Pension and Relief Trust Fund
ADDITIONS:	
Interest revenue	\$ 76
Miscellaneous	88
Total additions	<u>164</u>
DEDUCTIONS:	
Benefits paid to plan members and suppliers	<u>4,800</u>
Change in net assets	<u>(4,636)</u>
NET ASSETS:	
Beginning of year	<u>30,286</u>
End of year	<u>\$ 25,650</u>



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2012

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, 2012

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, 2012

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.

General Obligation Bonds - This fund accumulates monies for the payment of principal and interest requirements of the City's tax supported General Obligation Bonds. Revenues for repayment are generated from secondary property taxes.

The City reports the following major proprietary funds:

Water 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, medical, dental, short term disability, and workers' compensation insurance programs.

Fiduciary Funds - Fiduciary funds account for assets held by the City on behalf of the Volunteer Firemen's Pension and Relief Trust Fund and agency funds, which account for resources held by the City in a custodial capacity for peddler bonds. The Volunteer Firemen's Pension and Relief 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, 2012

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 medical, dental, 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 \$6,959,881 were transferred from the contingency reserves within the General, Enterprise, Internal Service, and Capital Projects funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements 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 at year-end are reported as part of unassigned fund balance and capital improvement carry forward at year-end are reported as part of assigned fund balance. Significant encumbrances for the general fund are \$4,349,820, for the streets capital projects fund are \$12,659,742, for water enterprise fund are \$9,112,732, for wastewater enterprise fund are \$54,467,558, and for nonmajor governmental funds are \$15,373,374.

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; (8) sales tax collected by merchants but not yet required to be remitted at the end of the fiscal year is not recorded as revenue; and (9) investments are recorded at cost.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2012

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 November 2, 2010, the City of Chandler voters approved to continue under Home Rule for the next four years.

E. Pooled Cash and Investments

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

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

Cash resources of the City are combined to form a pool of cash and investments. Excluded from this pool are the cash and investments of the Chandler Health Care Benefits Trust, 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, 2012

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 and paid into a Retirement Health Savings Plan. Upon death, the same benefits shall be paid to the employee's beneficiary.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net 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, 2012

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 the portion that 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 fund balances as Nonspendable, Restricted, Committed, Assigned and Unassigned. Nonspendable, Restricted and Committed classifications represent "reserved" fund balances whereas Assigned & Unassigned classifications represent "unreserved" fund balances (See Note 9).

N. Capital Contributions - Enterprise Funds

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

O. 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, 2012

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, the Chandler Cultural Foundation, and the Chandler Health Care Benefits Trust. Each fund's portion of this pool is displayed on the financial statements as Equity in Pooled Cash and Investments. Pooled cash and investments are stated at fair value with accrued interest shown separately. Restricted cash and investments are amounts held separately by trustees and amounts segregated due to their source and future intent. In addition, the Industrial Development Authority, the Chandler Cultural Foundation, and the Chandler Health Care Benefits Trust separately hold investments.

Deposits

At year-end, cash on hand was \$85,300, the carrying amount of the City deposits was \$1,336,999, and the bank balance was \$2,407,067. The entire bank balance was covered by the FDIC's Transaction Account Guarantee Program. In addition, at year ended June 30, 2012, the City had \$3,656,840 of restricted cash held by fiscal agent consisting of unspent bond proceeds from the 2011 Excise Tax Revenue Bond issuance. The cash held by fiscal agent is in money market funds invested primarily in short-term U.S. Treasury securities.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 2 - Cash and Investments-continued

Investments

At June 30, 2012, 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	\$ 111,660,782	\$ 73,198,341	\$ 38,462,441	24.10 %
U.S. Agencies:				
Federal Home Loan Bank	61,710,698	22,528,210	39,182,488	13.33
Federal Home Loan Mortgage Corp.	85,509,752	56,086,843	29,422,909	18.47
Federal National Mortgage Assn	71,571,155	25,395,012	46,176,143	15.46
Corporate Bonds:				0.00
Bank of New York Mellon	2,160,846	-	2,160,846	0.47
Berkshire Hathaway Inc	3,222,697	-	3,222,697	0.70
Caterpillar Financial Services Corp	266,096	-	266,096	0.06
Chevron Corp	3,203,866	-	3,203,866	0.69
Cisco Systems Inc	2,573,901	-	2,573,901	0.56
The Coca-Cola Company	2,510,623	-	2,510,623	0.54
General Electric Capital Corp	8,309,506	4,100,470	4,209,036	1.79
IBM Corp	3,785,936	-	3,785,936	0.82
JP Morgan Chase	7,349,412	-	7,349,412	1.59
National Rural Utility Cooperative	3,023,715	-	3,023,715	0.65
Oracle Corp	1,932,944	-	1,932,944	0.42
Paccar Financial Corp	3,262,999	-	3,262,999	0.70
The Procter and Gamble Co	1,577,167	-	1,577,167	0.34
Wal-Mart Stores, Inc.	3,271,973	-	3,271,973	0.71
Wyeth LLC	4,259,445	-	4,259,445	0.92
Money Market - Certificates of Deposit	5,021,120	5,021,120	-	1.08
Money Market - U.S. Treasuries & Agencies	68,754,038	68,754,038	-	14.85
Cash and Cash Equivalents	8,106,361	-	-	1.75
Total	\$ 463,045,032	\$ 255,084,034	\$ 199,854,637	100.00 %

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, repurchase agreements, and the Local Government Investment Pool. The City's investment in U.S. Agencies, Corporate Bonds and Money Market Funds were rated no lower than AA+, A, and AAA by Standard & Poor's respectively as of June 30, 2012.

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, and U.S. Treasuries and Agencies money market funds. See percentages in above table.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2012

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 2011-12, current property tax collections were \$30,911,176 or 98.6% 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 2012 are not available for fiscal year 2011-12; accordingly, such taxes will not be recognized as revenue until fiscal year 2012-2013.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 4 - Capital Assets

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

Government Activities	Balance July 1, 2011	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 81,151,314	\$ 2,154,854	\$ -	\$ 83,306,168
Construction in progress	118,877,409	27,153,978	(98,422,924)	47,608,463
Total capital assets not being depreciated	200,028,723	29,308,832	(98,422,924)	130,914,631
Capital assets, being depreciated:				
Infrastructure	540,456,808	72,473,720	-	612,930,528
Building and improvements	329,186,231	24,620,989	-	353,807,220
Machinery and equipment	60,214,375	3,027,138	(885,182)	62,356,331
Total capital assets being depreciated	929,857,414	100,121,847	(885,182)	1,029,094,079
Less accumulated depreciation for:				
Infrastructure	(177,747,565)	(21,374,973)	-	(199,122,538)
Building and improvements	(72,617,833)	(15,336,030)	-	(87,953,863)
Machinery and equipment	(33,997,520)	(4,194,968)	679,211	(37,513,277)
Total accumulated depreciation	(284,362,918)	(40,905,971)	679,211	(324,589,678)
Total capital assets, being depreciated, net	645,494,496	59,215,876	(205,971)	704,504,401
Governmental activities capital assets, net	\$ 845,523,219	\$ 88,524,708	\$ (98,628,895)	\$ 835,419,032

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

	Expended to June 30, 2012	Remaining Commitments
Streets	\$ 26,297,473	\$ 13,976,778
Parks and recreation	11,921,529	196,114
Buildings and related improvements	9,389,461	2,588,633
Total	\$ 47,608,463	\$ 16,761,525

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

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, 2011	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 41,256,107	\$ -	\$ -	\$ 41,256,107
Construction in progress	39,302,434	28,519,922	(181,328)	67,641,028
Total capital assets not being depreciated	80,558,541	28,519,922	(181,328)	108,897,135
Capital assets, being depreciated:				
System improvements	883,195,911	823,448	-	884,019,359
Building and improvements	20,620,616	465,258	-	21,085,874
Vehicles, machinery and equipment	15,123,419	33,834	(253,497)	14,903,756
Land improvements	2,117,236	-	-	2,117,236
Total capital assets being depreciated	921,057,182	1,322,540	(253,497)	922,126,225
Less accumulated depreciation for:				
System improvements	(415,226,745)	(38,101,322)		(453,328,067)
Buildings and improvements	(11,637,602)	(595,843)		(12,233,445)
Vehicles, machinery and equipment	(13,520,981)	(330,913)	205,498	(13,646,396)
Land improvements	(1,546,896)	(103,355)		(1,650,251)
Total accumulated depreciation	(441,932,224)	(39,131,433)	205,498	(480,858,159)
Total capital assets, being depreciated, net	479,124,958	(37,808,893)	(47,999)	441,268,066
Business-type activities capital assets, net	\$ 559,683,499	\$ (9,288,971)	\$ (229,327)	\$ 550,165,201

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

	Expended to June 30, 2012	Remaining Commitments
Sewer system improvements	\$ 26,854,359	\$ 6,338,667
Water system improvements	40,745,653	51,939,252
Airport improvements	41,016	31,852
Total	\$ 67,641,028	\$ 58,309,771

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 4,827,305
Public safety	5,679,934
Community services	8,130,273
Transportation and development	<u>22,268,459</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 40,905,971</u></u>
 Business-type activities:	
Water	\$ 20,056,733
Wastewater	17,264,802
Solid waste	482,490
Airport	797,193
Chandler housing authority	<u>530,215</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 39,131,433</u></u>

NOTE 5 - Long-Term Liabilities

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. Bonds issued for business-type activities are reported in the enterprise funds as they are to be repaid from enterprise revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10 to 15 year serial bonds, except for refunding issues, with varying amounts of principal maturing each year. The City has pledged future ad valorem tax revenues and net enterprise revenues to repay a total of \$439,135,000 in outstanding general obligation bonds. Proceeds of the bonds were used for governmental and business-type activities. The bonds are payable from ad valorem taxes and enterprise fund revenues and are payable through July 1, 2028.

Governmental Activities General Obligation Bonds

Annual principal and interest payments on the government activities bonds are expected to require less than 72% of total 2011-12 ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$368,335,600. Principal and interest paid for the current year and total ad valorem property taxes were \$23,233,948 and \$32,299,643 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2012 were as follows:

	<u>Outstanding June 30, 2012</u>
Governmental Activities General Obligation Bonds:	
\$6,650,000 Capital Improvement Bonds, Series 1996, due in annual installments of \$250,000 through 7/1/13; interest at 6.5 percent.	500,000
\$8,205,000 Capital Improvement Bonds, Series 1996B, due in annual installments of \$475,000 to \$550,000 through 7/1/13; interest at 7.2 percent to 7.25 percent.	1,025,000
\$23,000,000 Capital Improvement Bonds, Series 2002, due in an annual installment of \$1,125,000 at 7/1/12; interest at 4.375 percent.	1,125,000
\$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 3.125 percent to 4 percent.	10,175,000
\$16,265,000 Refunding Bonds, Series 2003, due in annual installments of \$915,000 to \$2,775,000 through 7/1/16; interest at 3.125 percent to 5 percent.	7,325,000
\$24,800,000 Capital Improvement Bonds, Series 2005, due in annual installments of \$2,000,000 to \$2,900,000 through 7/1/15; interest at 4 percent.	9,650,000
\$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.	20,725,000
\$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.	56,100,000
\$22,960,000 Refunding Bonds, Series 2007, due in annual installments of \$845,000 to \$4,240,000 through 7/1/20; interest at 4 percent to 5 percent.	21,975,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$750,000 to \$17,000,000 through 7/1/28; interest at 2.25 percent to 5 percent.	119,263,000
\$9,925,000 Capital Improvement Bonds, Series 2011A, due in annual installments of \$500,000 to \$3,300,000 starting 7/1/15 through 7/1/20; interest at 3 percent to 4 percent.	9,925,000
\$10,360,000 Refunding Bonds, Series 2011B, due in annual installment of \$795,000 to \$3,305,000 through 7/1/18; interest at 2 percent to 4 percent.	10,360,000
Total Governmental Activities General Obligation Bonds	<u>\$ 268,148,000</u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds are expected to require less than 38% of total 2011-12 net water and wastewater system and airport revenues. The total principal and interest remaining to be paid on the business-type activities portion of the general obligation bonds is \$231,310,706. Principal and interest paid for the current year and total net water and wastewater system and airport revenues and were \$16,240,363 and \$42,224,870 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2012</u>
Business-Type Activities General Obligation Bonds:	
\$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 \$1,800,000 to \$3,900,000 through 7/1/26; interest at 3 percent to 5 percent.	38,650,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$5,500,000 to \$11,086,000 through 7/1/28; interest at 2.25 percent to 5 percent.	125,147,000
Total Business-Type Activities General Obligation Bonds	<u>\$ 170,987,000</u>

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 \$25,745,000 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 40% of total 2011-12 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$29,178,988. Principal and interest paid for the current year and street and highway user revenue taxes were \$4,636,975 and \$11,823,280, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, continued

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2012 were as follows:

	<u>Outstanding June 30, 2012</u>
Governmental Activities Revenue Bonds:	
\$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.	100,000
\$10,540,000 Street & Highway User Refunding Bonds, Series 2002, due in annual installments of \$840,000 to \$880,000 through 7/1/13; interest at 3.875 percent to 4.25 percent.	1,720,000
\$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 3.5 percent to 5 percent.	8,580,000
\$10,450,000 Street & Highway User Refunding Bonds, Series 2010, due in annual installments of \$535,000 to \$2,965,000 through 7/1/19; interest at 2 percent to 3.5 percent.	10,345,000
Total Governmental Activities Revenue Bonds	<u><u>\$ 25,745,000</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 \$52,670,000 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 25% of net 2011-12 water and wastewater system revenue.

The total principal and interest remaining to be paid on the bonds is \$62,019,474. Principal and interest paid for the current year and net water and wastewater system revenues were \$10,445,975 and \$42,367,956, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, continued

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2012 were as follows:

	<u>Outstanding June 30, 2012</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.	650,000
\$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.	200,000
\$12,500,000 Water & Sewer Bonds, Series 2001, due in annual installments of \$740,000 to \$1,045,000 through 7/1/18; interest at 4.4 percent to 4.5 percent.	2,570,000
\$10,970,000 Water & Sewer Refunding Bonds, Series 2002, due in annual installments of \$1,610,000 to \$3,755,000 through 7/1/13; interest at 4.25 percent to 5 percent.	5,365,000
\$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 3.25 percent to 5 percent.	11,645,000
\$10,000,000 Water & Sewer Bonds, Series 2003, due in annual installments of \$1,625,000 to \$4,200,000 through 7/1/13; interest at 3.125 percent to 4 percent.	5,825,000
\$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 \$900,000 to \$5,725,000 through 7/1/17; interest at 3.5 percent to 5 percent.	14,265,000
Total Business-Type Activities Revenue Bonds	<u><u>\$ 52,670,000</u></u>

D. Excise Tax Revenue Obligations

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

The City 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, continued

Annual principal and interest payments on the obligations are being repaid from net water and wastewater system revenues and are expected to require slightly more than 8% of net 2011-12 system revenues. The total principal and interest to be paid on the obligations is \$63,085,219. Principal and interest paid for the current year and net water and wastewater system revenues were \$3,448,358 and \$42,367,956, respectively. Total excise tax revenues collected were \$148,885,867. Principal and interest paid in 2011-2012 would equal less than 3% of total excise tax revenues collected.

	<u>Outstanding June 30, 2012</u>
Business-Type Activities Excise Tax Revenue Obligations:	
\$34,040,000 Water & Sewer Excise Tax Obligations, Series 2009, due in annual installments of \$1,100,000 to \$5,455,000 through 7/1/28; interest at 2.25 percent to 4.375 percent.	\$ 32,440,000
\$15,000,000 Water & Sewer Excise Tax Obligations, Series 2011, due in annual installments of \$645,000 to \$1,210,000 through 7/1/28; interest at 3 percent to 5 percent.	15,000,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u><u>\$ 47,440,000</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, 2012, 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, 2012 were as follows:

	<u>Outstanding June 30, 2012</u>
Governmental Activities Special Assessment Bonds:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$430,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 5,780,000
Total Special Assessment Bonds with Governmental Commitment	<u><u>\$ 5,780,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

Governmental Activities:	Balance	Additions	Reductions	Balance	Due Within
	July 1, 2011			June 30, 2012	One Year
Compensated absences	\$ 10,490,286	\$ 374,244	\$ (1,425,203)	\$ 9,439,327	\$ 103,695
Bonds payable:					
General obligation bonds	279,968,000	-	(11,820,000)	268,148,000	11,860,000
Revenue bonds	28,620,000	-	(2,875,000)	25,745,000	3,700,000
Special assessment bonds	6,190,000	-	(410,000)	5,780,000	430,000
Total bonds payable	<u>314,778,000</u>	<u>-</u>	<u>(15,105,000)</u>	<u>299,673,000</u>	<u>15,990,000</u>
Arbitrage liability	63,398	5,000	(33,614)	34,784	7,392
Claims payable	3,383,972	23,212,043	(21,818,540)	4,777,475	4,299,728
Post employment benefits	5,572,720	2,634,730	-	8,207,450	-
Deferred bond premiums	5,841,889	-	(637,844)	5,204,045	637,843
Totals	<u>\$ 340,130,265</u>	<u>\$ 26,226,017</u>	<u>\$ (39,020,201)</u>	<u>\$ 327,336,081</u>	<u>\$ 21,038,658</u>
Business-Type Activities:	Balance	Additions	Reductions	Balance	Due Within
	July 1, 2011			June 30, 2012	One Year
Compensated absences	\$ 1,049,645	\$ 37,920	\$ (128,880)	958,685	\$ 10,533
Bonds payable:					
General obligation bonds	179,747,000	-	(8,760,000)	170,987,000	9,420,000
Revenue bonds	60,280,000	-	(7,610,000)	52,670,000	7,930,000
Excise tax revenue obligations	48,540,000	-	(1,100,000)	47,440,000	1,745,000
Total bonds payable	<u>288,567,000</u>	<u>-</u>	<u>(17,470,000)</u>	<u>271,097,000</u>	<u>19,095,000</u>
Arbitrage liability	37,844	-	(2,628)	35,216	12,608
Post employment benefits	396,372	195,512	-	591,884	-
Deferred bond premiums	5,039,191	-	(552,409)	4,486,782	528,881
Landfill closure/post closure	4,340,000	-	-	4,340,000	94,446
Totals	<u>\$ 299,430,052</u>	<u>\$ 233,432</u>	<u>\$ (18,153,917)</u>	<u>\$ 281,509,567</u>	<u>\$ 19,741,468</u>

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, 2012, the 6 percent debt limitation was \$135,310,758, providing a debt margin of \$123,470,758 and the 20 percent debt limitation was \$451,035,860, providing a debt margin of \$23,740,860.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, continued

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, 2012:

GOVERNMENTAL ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Highway Users Revenue Principal	Highway Users Revenue Interest	Improvement Districts Principal	Improvement Districts Interest	Total
2013	\$ 11,860,000	\$ 11,088,475	\$ 3,700,000	\$ 885,225	\$ 430,000	\$ 231,200	\$ 28,194,900
2014	14,135,000	10,551,675	3,830,000	767,725	445,000	214,000	29,943,400
2015	14,035,000	9,978,456	3,975,000	637,000	465,000	196,200	29,286,656
2016	15,520,000	9,395,088	4,105,000	479,238	480,000	177,600	30,156,926
2017	16,040,000	8,758,350	3,410,000	317,969	500,000	158,400	29,184,719
2018-2022	80,704,000	33,428,513	6,725,000	346,831	2,825,000	474,800	124,504,144
2023-2027	83,100,000	15,591,937	-	-	635,000	25,400	99,352,337
2028-2029	32,754,000	1,395,106	-	-	-	-	34,149,106
Total	\$ 268,148,000	\$100,187,600	\$25,745,000	\$3,433,988	\$ 5,780,000	\$ 1,477,600	\$ 404,772,188

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2013	\$ 9,420,000	\$ 6,640,063	\$ 7,930,000	\$ 2,350,558	\$ 1,745,000	\$ 1,606,913	\$ 29,692,534
2014	10,595,000	6,247,862	8,260,000	1,999,818	1,815,000	1,561,763	30,479,443
2015	10,900,000	5,862,113	4,485,000	1,671,026	6,180,000	1,466,419	30,564,558
2016	10,910,000	5,507,075	6,760,000	1,359,306	4,270,000	1,338,950	30,145,331
2017	9,525,000	5,172,512	9,490,000	954,931	2,055,000	1,254,525	28,451,968
2018-2022	49,076,000	20,414,594	15,745,000	1,013,835	11,170,000	5,232,118	102,651,547
2023-2027	49,975,000	9,550,094	-	-	13,715,000	2,887,687	76,127,781
2028-2029	20,586,000	929,393	-	-	6,490,000	296,844	28,302,237
Total	\$170,987,000	\$60,323,706	\$52,670,000	\$ 9,349,474	\$47,440,000	\$15,645,219	\$356,415,399

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 5 - Long-Term Liabilities, concluded

Compensated Absences

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated Absences	<u>\$ 10,490,286</u>	<u>\$ 374,244</u>	<u>\$ 1,425,203</u>	<u>\$ 9,439,327</u>	<u>\$ 103,695</u>
Business-Type Activities					
Compensated Absences	<u>\$ 1,049,645</u>	<u>\$ 37,920</u>	<u>\$ 128,880</u>	<u>\$ 958,685</u>	<u>\$ 10,533</u>

NOTE 6 - Defeased Debt

Prior Year Defeasance

In prior years, the City defeased certain general obligation 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, 2012 to be released July 1, 2016 from escrow are as follows:

<u>Refunded Debt Outstanding</u>	<u>Amount</u>
General Obligation Bonds, Series 1996B	<u>2,910,000</u>
Total Refunded Bonds Outstanding	<u>\$ 2,910,000</u>

NOTE 7 - Landfill Closure and Postclosure Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. In addition to operating expenses related to landfill activities through its closure date (October 1, 2005), an expense provision and related liability has been recognized based on the future closure and postclosure care costs to be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. As of June 30, 2012, the City estimates total costs related to landfill closure and postclosure care is \$15,403,531 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,063,531 has been paid. The remaining balance of \$4,340,000 consists of a current liability of \$94,446 and \$4,245,554 recorded as a non-current liability on the City's financial statements.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 7 - Landfill Closure and Postclosure Costs, concluded

The estimated total current cost of the landfill closure and postclosure, \$15,403,531, 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, 2012. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The City is required by state and federal regulations to comply with local government financial test requirements that assure the City can meet the costs of landfill closure, postclosure care and, if necessary, corrective action when needed. The City complied with all local government financial test requirements for the year ended June 30, 2011. 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 8 - Capital Contributions

Capital contributions in the Water, Wastewater, Airport, and Housing Authority funds are the result of system development fees, developer contributions and government contributions. Developer Contributions include \$181,654 (Water) and \$5,150,935 (Wastewater) for agreed reimbursements from Intel Corporation for certain City enterprise fund infrastructure projects directly related to Intel's FAB 42 expansion. Total capital contributions amounted to the following:

	System			
	Development	Developer	Government	
	Fees	Contributions	Contributions	Total
Water	\$ 5,566,009	\$ 550,076	\$ -	\$ 6,116,085
Wastewater	7,234,387	5,427,843	-	12,662,230
Airport	-	-	96,668	96,668
Housing Authority	-	-	243,584	243,584
Total	<u>\$ 12,800,396</u>	<u>\$ 5,977,919</u>	<u>\$ 340,252</u>	<u>\$ 19,118,567</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 9 - Fund Equity

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

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

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

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

Assigned fund balance includes amounts intended to be used for a specific purpose. For General Fund, the assigned fund balance must be for a specific purpose and for all other governmental funds the assigned fund balance represents the residual balance of the fund. Intent can be expressed by Mayor and Council or by an official to which the Mayor and Council delegates the authority. Unlike committed fund balances, assigned fund balances can be changed without formal action.

Unassigned fund balance includes amounts available for any purpose; these amounts are reported only in the General Fund. In addition, other governmental funds that result in a negative fund balance are presented in this classification.

Generally, the City would first apply restricted resources, then committed, assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 9 - Fund Equity, continued

As of June 30, 2012 the constraints placed on fund balance for the major governmental funds and other non-major governmental funds are presented in the following table:

	General	Streets Capital Projects	G.O. Bonds Debt Service	Other Governmental	Total
Non-spendable					
Inventories	\$ 944,863	\$ -	\$ -	\$ -	\$ 944,863
Prepaid items	2,941	-	-	-	2,941
Total Non-spendable	947,804	-	-	-	947,804
Restricted for					
Court Enhancement	766,808	-	-	-	766,808
Judicial Enhancement	173,059	-	-	-	173,059
Transportation and Development	-	34,061,069	-	18,175,513	52,236,582
Debt Service Reserve	-	-	19,258,684	731,266	19,989,950
Community Development	-	-	-	423,638	423,638
Community Services	-	-	-	15,610,493	15,610,493
Other Capital Projects	-	-	-	23,118,125	23,118,125
Total Restricted	939,867	34,061,069	19,258,684	58,059,035	112,318,655
Committed to					
	-	-	-	-	-
Total Committed	-	-	-	-	-
Assigned to					
Domestic Violence Prevention	232,634	-	-	-	232,634
Self-Insurance Purposes	396,555	-	-	-	396,555
Infrastructure Maintenance	34,700,000	-	-	-	34,700,000
Capital Improvements Projects	46,077,978	-	-	-	46,077,978
Economic Development Projects	21,228,420	-	-	-	21,228,420
Total Assigned	102,635,587	-	-	-	102,635,587
Unassigned	69,223,074	-	-	(12,798,348)	56,424,726
Total Unassigned	69,223,074	-	-	(12,798,348)	56,424,726
Total Fund Balances	<u>\$ 173,746,332</u>	<u>\$ 34,061,069</u>	<u>\$ 19,258,684</u>	<u>\$ 45,260,687</u>	<u>\$ 272,326,772</u>

The City's General Fund Reserve Policy requires an amount equal to 12% of adopted General Fund operating revenues, excluding transfers in. Unassigned includes this reserve in the amount of \$21,062,700.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 10 - 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 and elected officials) 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 A.R.S. Title 38, Chapter 5. 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, 2012 was 10.74 percent (10.5 percent retirement and 0.24 percent long-term disability) for active members and the City was required to contribute 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the System for the years ended June 30, 2012, 2011 and 2010, were \$6,346,391, \$6,307,634, and \$6,480,656 respectively, equal to the required contributions for each year.

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 A.R.S. Title 38, Chapter 5, Article 4 to provide pension benefits for public safety employees of certain state and local governments. The PSPRS is jointly administered by the board of trustees and participating local boards. The board of trustees is a five-member board appointed by the Governor and the State Legislature. The board of trustees 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 10 - Retirement and Pension Plans, continued

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 18.09 percent of annual covered payroll of which 1.20 percent was the health insurance premium portion. The current aggregate contribution rate for firefighters is 16.10 percent of annual covered payroll of which 1.06 percent was the health insurance premium portion.

C. Annual Pension Cost

For fiscal year ended June 30, 2012, the City's annual pension cost of \$4,310,018 for police and \$2,365,309 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, 2010, actuarial valuations using the projected unit credit actuarial cost method.

The contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 actuarial valuations. Those valuations were based on the following. For police, the actuarial assumptions include (1) 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, (2) projected salary increases of 5.5 percent compounded annually attributable to inflation and other across-the-board increases, and (3) additional projected salary increases of 0 percent to 3 percent per year attributable to seniority/merit. For firefighters, the actuarial assumptions include (1) 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, (2) projected salary increases of 5.5 percent compounded annually attributable to inflation and other across-the-board increases, and (3) additional projected salary increases of 0 percent to 3 percent per year attributable to seniority/merit. The actuarial value of PSPRS assets was determined using techniques that smooth the market value of assets over a seven-year period. PSPRS's unfunded accrued liability is being amortized as a level percent of projected payroll over a closed period of 26 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, 2011, was 26 years for unfunded actuarial accrued liability and 20 years for excess contributions.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 10 - 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
2010 (Pension)	\$ 4,596,415	100%	-
2010 (Health)	\$ 22,633	100%	-
2011 (Pension)	\$ 4,437,908	100%	-
2011 (Health)	\$ 48,906	100%	-
2012 (Pension)	\$ 4,258,298	100%	-
2012 (Health)	\$ 51,720	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
2010 (Pension)	\$ 2,508,750	100%	-
2010 (Health)	\$ 10,834	100%	-
2011 (Pension)	\$ 2,340,705	100%	-
2011 (Health)	\$ 23,166	100%	-
2012 (Pension)	\$ 2,340,237	100%	-
2012 (Health)	\$ 25,072	100%	-

D. Funded Status and Funding Progress

As of June 30, 2012, the firefighters plan was 75.1 percent funded and police was 67.5 percent funded. The actuarial accrued liability for benefits was \$87.1 million and \$145.1 million, and the actuarial value of assets was \$65.4 million and \$97.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$21.7 million and \$47.2 million respectively. The covered payrolls (annual payrolls of active employees covered by the plans) were \$15.5 million and \$24.4 million, and the ratio of the UAAL to the covered payroll was 140.1 percent and 192.9 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, 2012

NOTE 10 - 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 2012 was 32.99 percent of the members' annual covered payroll, of which 1.79 percent was the health insurance premium portion. The city's contributions to EORP for the years ended June 30, 2012, 2011, and 2010, were \$52,623, \$47,863, and \$40,950 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, 2012, 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 2011/12. 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 11 - 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, 2012

NOTE 11 - 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 Retirement Health Savings Plan 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, 2012, retirees contributed \$1,206,169 and the City contributed \$1,124,164 (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, 2012:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

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

Annual Required Contribution (ARC)	\$ 3,949,544
ARC Adjustment	(293,593)
Interest Adjustment to Net OPEB Obligation	<u>298,455</u>
Annual OPEB Cost	\$ 3,954,406
Contributions Made	<u>(1,124,164)</u>
Increase in Net OPEB Obligation	\$ 2,830,242
Net OPEB Obligation - Beginning of year	<u>5,969,092</u>
Net OPEB Obligation - End of year	<u><u>\$ 8,799,334</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 were as follows:

Fiscal Year Ended June, 30	Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 3,954,406	\$ 1,124,164	28.43%	\$ 8,799,334
2011	3,294,741	1,459,219	44.29%	5,969,092
2010	3,293,137	1,325,055	40.24%	4,133,570

E. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability	\$ 33,009,726
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 33,009,726</u></u>
Funded Ratio	0.0%
Covered Payroll	93,253,195
UAAL as a percentage of covered payroll	35.4%

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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

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

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 projected unit credit method.
2. As of the valuation date, July 1, 2011, 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, 2011 actuarial valuation, the projected 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%.

NOTE 12 - 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 13 - Risk Management

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

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

In fiscal year 2011/2012, the Self-Insurance Fund provided coverage for up to a maximum of \$50,000 for each property damage claim and \$2,000,000 per occurrence for general liability claims. Coverage is also provided for claims up to \$500,000 in worker's compensation. The City purchases commercial insurance for claims in excess of coverage provided by the Self-Insurance Fund and for all other risks of loss. During fiscal year 2011/2012, 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.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 13 - Risk Management, continued

The City also has commercial stop loss insurance that provides specific (by individual member) coverage for medical insurance claims incurred in excess of \$200,000 within the plan year, and aggregate (plan wide) coverage for medical insurance claims incurred above 110% of total plan wide claims for the plan year. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The claims liability of \$4,777,475 reported as claims payable in the Self-Insurance Fund at June 30, 2012, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liabilities be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. This includes known future payments made for insurance as well as estimated IBNR calculations. As of FY 2012 these claims also include items that are expenses of the health care benefits trust which was not the case in prior years.

Changes in the Fund's claims liability amount in fiscal years 2011 and 2012 were:

Years Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2011	\$ 1,811,045	\$ 6,603,927	(5,031,000)	\$ 3,383,972
2012	\$ 3,383,972	\$ 23,212,043	(21,818,540)	\$ 4,777,475

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 14 - Interfund Transfers

The interfund transfers in and out at June 30, 2012 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Capital projects-streets	\$ -	\$ 149,998
	Non-major governmental	-	10,186,416
	Non-major enterprise	-	436,602
	Internal service	-	2,050,000
	Total general fund	-	12,823,016
Capital projects-streets	General	149,998	-
	Non-major governmental	1,094,000	-
	Total streets fund	1,243,998	-
Non-major governmental	General	10,186,416	-
	Capital projects-streets	-	1,094,000
	Non-major governmental	8,553,092	8,553,092
	Enterprise-water	333,210	-
	Enterprise-wastewater	133,155	-
	Non-major enterprise	111,558	215,396
	Internal service	14,759	-
	Total non-major governmental funds	19,332,190	9,862,488
Water	Non-major governmental	-	333,210
	Total water fund	-	333,210
Wastewater	Non-major governmental	-	133,155
	Total wastewater fund	-	133,155
Non-major enterprise	General	436,602	-
	Non-major governmental	215,396	111,558
	Total non-major enterprise funds	651,998	111,558
Internal service	General	2,050,000	-
	Non-major governmental	-	14,759
	Total internal service fund	2,050,000	14,759
Total		\$ 23,278,186	\$ 23,278,186

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 15 - 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	\$ 429,287
	Capital projects-public safety buildings & improvements	15,654,706
	Capital projects-streets	7,870,000
	Capital projects-public buildings	<u>4,369,352</u>
	Total general fund	<u>28,323,345</u>
Enterprise		
Water	Enterprise-wastewater	<u>3,900,000</u>
	Total	<u>\$ 32,223,345</u>

Interfund advances were made from the general fund to capital projects funds to cover expenditures in impact fee funds until impact fees are received. \$7,795,000 will be repaid within one year.

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. None will be repaid within one year.

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	\$ 2,482,759
	Special revenue-community development	<u>327,464</u>
	Total general fund	<u>\$ 2,810,223</u>

Interfund due to/due from other funds were made as short term loans until the grants special revenue fund and community development special revenue fund due from other government's balances are received.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2012

NOTE 16 - Joint Venture

The City and the Town of Gilbert entered into an Intergovernmental Agreement (Agreement) for the design, construction and operation of a Joint Water Treatment Plant. Under the Agreement, the real property, plant infrastructure and raw water pipelines will be jointly owned with each party entitled to 50% 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, 2012, 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, 2012, was:

City of Chandler's Share	\$72,491,242
Town of Gilbert's Share	<u>74,783,441</u>
	<u>\$147,274,683</u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property fund had a deficit fund balances of \$35,597. The deficit will be covered by future revenues. The public buildings capital projects fund and the public safety buildings and improvements capital projects fund had deficit fund balances of \$4,080,661, and \$8,682,090 respectively. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues.



Chandler + Arizona
Where Values Make The Difference

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, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 8,243,200	\$ 8,243,200	\$ 8,369,580	\$ 126,380
Sales taxes	87,025,000	87,025,000	97,485,387	10,460,387
Franchise fees	2,766,000	2,766,000	2,988,456	222,456
State shared	45,279,900	45,279,900	45,958,626	678,726
Licenses and permits	3,487,400	3,487,400	6,955,605	3,468,205
Charges for services	18,045,650	18,045,650	20,443,220	2,397,570
Fines and forfeitures	3,732,500	3,732,500	3,482,787	(249,713)
Rentals	424,200	424,200	455,842	31,642
Contributions	100,000	100,000	100,000	-
Interest revenue	1,700,000	1,700,000	464,785	(1,235,215)
Miscellaneous	72,000	72,000	587,461	515,461
Total revenues	170,875,850	170,875,850	187,291,749	16,415,899
EXPENDITURES:				
General government				
City manager	21,268,060	23,264,349	21,858,883	1,405,466
City clerk	560,098	582,960	522,552	60,408
Communications and public affairs	2,198,933	2,497,014	2,252,811	244,203
Law	3,149,461	3,214,104	3,191,374	22,730
City magistrate	3,851,242	3,901,343	3,604,698	296,645
Management services	43,242,826	31,883,866	13,403,402	18,480,464
Mayor and council	764,010	780,958	770,993	9,965
Public safety				
Fire	26,427,398	26,338,689	26,241,606	97,083
Police	55,408,249	57,044,388	56,321,926	722,462
Transportation and development	16,653,526	18,641,702	17,371,772	1,269,930
Community services	22,159,782	23,163,698	21,905,668	1,258,030
Total expenditures	195,683,585	191,313,071	167,445,685	23,867,386
REVENUES OVER (UNDER) EXPENDITURES	(24,807,735)	(20,437,221)	19,846,064	40,283,285
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	25,000	25,000	29,152	4,152
Transfers out	(33,295,460)	(33,295,160)	(12,823,016)	20,472,144
Total other financing sources (uses)	(33,270,460)	(33,270,160)	(12,793,864)	20,476,296
Change in fund balance	(58,078,195)	(53,707,381)	7,052,200	60,759,581
Fund balances, July 1, 2011	162,344,312	162,344,312	162,344,312	-
Fund balances, June 30, 2012	\$ 104,266,117	\$ 108,636,931	\$ 169,396,512	\$ 60,759,581

See accompanying notes to this schedule.

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2012

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	\$ 11,402,020
Reserved encumbrances at June 30, 2012 recognized as budgetary expenditures in fiscal year ended June 30, 2012	<u>(4,349,820)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ 7,052,200</u>

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2012

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

Valuation Date 30-Jun	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Note 1	(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)
2010	\$ 81,082,048	\$ 109,952,888	73.7%	\$ 28,870,840	\$ 26,008,462	111.0%
2011	87,003,157	126,207,510	68.9%	39,204,353	23,962,835	163.6%
2012	97,906,676	145,061,169	67.5%	47,154,493	24,439,914	192.9%

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

Valuation Date 30-Jun	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Note 1	(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)
2010	\$ 54,633,092	\$ 66,930,524	81.6%	\$ 12,297,432	\$ 15,328,067	80.2%
2011	58,918,881	76,690,236	76.8%	17,771,355	14,990,957	118.5%
2012	65,390,559	87,095,848	75.1%	21,705,289	15,497,570	140.1%

Post-Employment Benefits Other than Pensions
Schedule of Funding Progress

Valuation Date 01-Jul	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Note 2	(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)
2007	\$ -	\$ 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%
2011	-	33,009,726	0.0%	33,009,726	93,253,195	35.4%

Note 1 The actuarial cost method used for years 2009 and 2010 was projected unit credit method.
For year 2011, the actuarial cost method used is entry age normal method.

Note 2 The actuarial cost method used is projected unit credit method.

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, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 371,000	\$ 371,000	\$ 115,426	\$ (255,574)
System development fees	1,500,000	1,500,000	4,300,898	2,800,898
Regional transportation tax	150,000	150,000	5,979,715	5,829,715
Total revenues	2,021,000	2,021,000	10,396,039	8,375,039
EXPENDITURES:				
General government	2,212,405	2,203,053	15,000	2,188,053
Transportation and development	18,273,396	-	4,089,909	(4,089,909)
Capital improvements	16,725,626	36,892,565	19,579,570	17,312,995
Total expenditures	37,211,427	39,095,618	23,684,479	15,411,139
Excess (deficiency) of revenues over expenditures	(35,190,427)	(37,074,618)	(13,288,440)	23,786,178
Other financing sources (uses):				
Transfers in	1,212,100	1,212,100	1,243,998	31,898
Transfers out	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	1,062,100	1,062,100	1,243,998	181,898
Change in fund balances	(34,128,327)	(36,012,518)	(12,044,442)	23,968,076
Fund balances (deficits), July 1, 2011	33,445,762	33,445,762	33,445,762	-
Fund balances (deficits), June 30, 2012	\$ (682,565)	\$ (2,566,756)	\$ 21,401,320	\$ 23,968,076

City of Chandler

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

General Obligation Bonds Debt Service

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 23,559,400	\$ 23,559,400	\$ 23,959,980	\$ 400,580
Interest revenue	-	-	210,337	210,337
Miscellaneous	-	-	777	777
Total revenues	<u>23,559,400</u>	<u>23,559,400</u>	<u>24,171,094</u>	<u>611,694</u>
EXPENDITURES:				
General government	280,401	280,401	-	280,401
Principal	11,850,000	11,850,000	11,860,000	(10,000)
Interest and fiscal charges	11,428,999	11,428,999	11,373,948	55,051
Total expenditures	<u>23,559,400</u>	<u>23,559,400</u>	<u>23,233,948</u>	<u>325,452</u>
Change in fund balances	-	-	937,146	937,146
Fund balances (deficits), July 1, 2011	<u>18,321,538</u>	<u>18,321,538</u>	<u>18,321,538</u>	<u>-</u>
Fund balances (deficits), June 30, 2012	<u>\$ 18,321,538</u>	<u>\$ 18,321,538</u>	<u>\$ 19,258,684</u>	<u>\$ 937,146</u>

City of Chandler
Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2012

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 19,696,535	\$ 4,589,718	\$ 47,529,196	\$ 71,815,449
Receivables (net of allowance for uncollectible):				
Accounts	2,090	-	552	2,642
Special assessments	-	5,801,116	-	5,801,116
Notes	421,522	-	-	421,522
Other	917	-	32	949
Due from other governments	6,953,676	-	-	6,953,676
Total assets	\$ 27,074,740	\$ 10,390,834	\$ 47,529,780	\$ 84,995,354
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,607,525	\$ 8,006	\$ 926,031	\$ 2,541,562
Accrued payroll	172,000	-	6,172	178,172
Trust liabilities and deposits	3,910,073	-	-	3,910,073
Accrued interest	-	584,088	-	584,088
Due to other funds	2,810,223	-	-	2,810,223
Advances from other funds	-	-	20,453,345	20,453,345
Arbitrage liability	-	5,000	650	5,650
Bonds payable	-	3,700,000	-	3,700,000
Deferred revenue	189,080	5,362,474	-	5,551,554
Total liabilities	8,688,901	9,659,568	21,386,198	39,734,667
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	18,421,436	731,266	38,906,333	58,059,035
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(35,597)	-	(12,762,751)	(12,798,348)
	18,385,839	731,266	26,143,582	45,260,687
Total liabilities and fund balances	\$ 27,074,740	\$ 10,390,834	\$ 47,529,780	\$ 84,995,354

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, 2012

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
REVENUES:				
Highway user taxes	\$ 11,823,280	\$ -	\$ -	\$ 11,823,280
Grants and entitlements	12,692,773	-	1,263,642	13,956,415
System development fees	-	-	7,423,925	7,423,925
Special assessments	-	678,027	-	678,027
Charges for services	81,873	-	15,350	97,223
Fines and forfeitures	1,210,860	-	-	1,210,860
Interest income	42,281	6,973	195,094	244,348
Miscellaneous	53,227	-	19,538	72,765
Total revenues	25,904,294	685,000	8,917,549	35,506,843
EXPENDITURES:				
Current:				
General government	3,284,506	-	2,648,762	5,933,268
Public safety	2,097,184	-	3,506	2,100,690
Transportation and development	7,687,471	-	201,095	7,888,566
Community services	418,423	-	1,573,487	1,991,910
Capital improvements	6,706,267	-	11,542,212	18,248,479
Debt service:				
Principal	-	4,110,000	-	4,110,000
Interest and fiscal charges	-	1,176,375	-	1,176,375
Total expenditures	20,193,851	5,286,375	15,969,062	41,449,288
REVENUES OVER (UNDER) EXPENDITURES	5,710,443	(4,601,375)	(7,051,513)	(5,942,445)
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	2,064	-	57,791	59,855
Transfers in	-	4,636,975	14,695,215	19,332,190
Transfers out	(5,079,150)	-	(4,783,338)	(9,862,488)
Total other financing sources (uses)	(5,077,086)	4,636,975	9,969,668	9,529,557
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	633,357	35,600	2,918,155	3,587,112
FUND BALANCES:				
Beginning of year	17,752,482	695,666	23,225,427	41,673,575
End of year	\$ 18,385,839	\$ 731,266	\$ 26,143,582	\$ 45,260,687



Chandler + Arizona
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

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

Community Development

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

Police Confiscated Property

Used to account for monies confiscated by the police department and monies received from the sale of confiscated property.

Parks and Recreation

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.

NON-MAJOR DEBT SERVICE FUNDS

Highway User Revenue Bonds

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

Special Assessment Bonds

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

City of Chandler

Non-Major Governmental Funds, Continued

NON-MAJOR CAPITAL PROJECTS FUNDS

General Government

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

Public Buildings

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

Grants

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

Community Services

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

Public Safety Buildings and Improvements

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

Vehicle and Capital Equipment Replacement

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

Special Assessments

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

Technology Replacement

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

Municipal Arts

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

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	Special Revenue						
	Local			Police			
	Highway User	Transportation Assistance	Grants	Community Development	Confiscated Property	Parks and Recreation	Library
ASSETS							
Equity in pooled cash and investments	\$12,931,786	\$ 3,149,254	\$ -	\$ -	\$ 3,261,970	\$ 295,131	\$ 58,394
Receivables (net of allowance for uncollectible):							
Accounts receivable	-	-	2,090	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-
Notes receivable - current	-	-	-	421,522	-	-	-
Other receivables	639	-	211	52	-	15	-
Due from other governments	1,148,691	-	4,671,816	499,229	633,940	-	-
Total assets	\$14,081,116	\$ 3,149,254	\$ 4,674,117	\$ 920,803	\$ 3,895,910	\$ 295,146	\$ 58,394
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 209,440	\$ 1,762	\$ 1,212,450	\$ 159,915	\$ 21,434	\$ 39	\$ 2,485
Accrued payroll	119,841	-	39,622	9,786	-	2,751	-
Trust liabilities and deposits	-	-	-	-	3,910,073	-	-
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	2,482,759	327,464	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Arbitrage liability - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	-	-	-	-
Deferred revenue	-	-	189,080	-	-	-	-
Total liabilities	329,281	1,762	3,923,911	497,165	3,931,507	2,790	2,485
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	13,751,835	3,147,492	750,206	423,638	-	292,356	55,909
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(35,597)	-	-
Total fund balances (deficits)	13,751,835	3,147,492	750,206	423,638	(35,597)	292,356	55,909
Total liabilities and fund balances	\$14,081,116	\$ 3,149,254	\$ 4,674,117	\$ 920,803	\$ 3,895,910	\$ 295,146	\$ 58,394

(Continued)

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	Debt Service		Capital Projects		
	Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants
ASSETS					
Equity in pooled cash and investments	\$ 4,178,488	\$ 411,230	\$ 781,592	\$ 288,702	\$ 430,671
Receivables (net of allowance for uncollectible):					
Accounts	-	-	-	-	552
Special assessments	-	5,801,116	-	-	-
Notes	-	-	-	-	-
Other	-	-	15	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 4,178,488	\$ 6,212,346	\$ 781,607	\$ 288,702	\$ 431,223
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 8,006	\$ 267,939	\$ -	\$ 415,945
Accrued payroll	-	-	2,751	-	215
Trust liabilities and deposits	-	-	-	-	-
Accrued interest	468,488	115,600	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	4,369,352	-
Arbitrage liability - current	5,000	-	-	11	-
Bonds payable - current	3,700,000	-	-	-	-
Deferred revenue	-	5,362,474	-	-	-
Total liabilities	4,173,488	5,486,080	270,690	4,369,363	416,160
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	5,000	726,266	510,917	-	15,063
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(4,080,661)	-
Total fund balances (deficits)	5,000	726,266	510,917	(4,080,661)	15,063
Total liabilities and fund balances	\$ 4,178,488	\$ 6,212,346	\$ 781,607	\$ 288,702	\$ 431,223

Capital Projects

Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ 15,609,983	\$ 6,972,743	\$ 14,361,295	\$ 4,682,842	\$ 4,195,680	\$ 205,688	\$ 71,815,449
-	-	-	-	-	-	2,642
-	-	-	-	-	-	5,801,116
-	-	-	-	-	-	421,522
4	-	-	13	-	-	949
-	-	-	-	-	-	6,953,676
<u>\$ 15,609,987</u>	<u>\$ 6,972,743</u>	<u>\$ 14,361,295</u>	<u>\$ 4,682,855</u>	<u>\$ 4,195,680</u>	<u>\$ 205,688</u>	<u>\$ 84,995,354</u>

\$ 116,984	\$ -	\$ -	\$ 26	\$ 119,151	\$ 5,986	\$ 2,541,562
678	-	-	2,528	-	-	178,172
-	-	-	-	-	-	3,910,073
-	-	-	-	-	-	584,088
-	-	-	-	-	-	2,810,223
429,287	15,654,706	-	-	-	-	20,453,345
512	127	-	-	-	-	5,650
-	-	-	-	-	-	3,700,000
-	-	-	-	-	-	5,551,554
<u>547,461</u>	<u>15,654,833</u>	<u>-</u>	<u>2,554</u>	<u>119,151</u>	<u>5,986</u>	<u>39,734,667</u>

-	-	-	-	-	-	-
15,062,526	-	14,361,295	4,680,301	4,076,529	199,702	58,059,035
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(8,682,090)	-	-	-	-	(12,798,348)
<u>15,062,526</u>	<u>(8,682,090)</u>	<u>14,361,295</u>	<u>4,680,301</u>	<u>4,076,529</u>	<u>199,702</u>	<u>45,260,687</u>
<u>\$ 15,609,987</u>	<u>\$ 6,972,743</u>	<u>\$ 14,361,295</u>	<u>\$ 4,682,855</u>	<u>\$ 4,195,680</u>	<u>\$ 205,688</u>	<u>\$ 84,995,354</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, 2012

	Special Revenue						
	Highway	Local		Community	Police	Parks and	
	User	Transportation Assistance	Grants	Development	Confiscated Property	Recreation	Library
REVENUES:							
Highway user taxes	\$ 11,823,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	692,821	9,395,830	2,474,313	-	94,662	35,147
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	-	81,873	-	-	-	-	-
Fines and forfeitures	-	-	-	-	1,210,860	-	-
Interest revenue	32,425	8,446	182	-	-	966	262
Miscellaneous	6,825	44,642	1,760	-	-	-	-
Total revenues	11,862,530	827,782	9,397,772	2,474,313	1,210,860	95,628	35,409
EXPENDITURES:							
Current:							
General government	-	-	1,047,160	2,237,346	-	-	-
Public safety	-	-	1,018,828	-	1,078,356	-	-
Transportation and development	6,945,919	320,171	421,381	-	-	-	-
Community services	-	-	320,708	-	-	73,949	23,766
Capital improvements	949,744	-	5,601,267	27,790	127,466	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	7,895,663	320,171	8,409,344	2,265,136	1,205,822	73,949	23,766
REVENUES OVER (UNDER)							
EXPENDITURES	3,966,867	507,611	988,428	209,177	5,038	21,679	11,643
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	-	-	-	2,064	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(4,858,745)	(5,009)	-	(215,396)	-	-	-
Total other financing sources (uses)	(4,858,745)	(5,009)	-	(213,332)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)							
EXPENDITURES AND OTHER FINANCING USES	(891,878)	502,602	988,428	(4,155)	5,038	21,679	11,643
FUND BALANCES (DEFICITS):							
Beginning of year	14,643,713	2,644,890	(238,222)	427,793	(40,635)	270,677	44,266
End of year	\$ 13,751,835	\$ 3,147,492	\$ 750,206	\$ 423,638	\$ (35,597)	\$ 292,356	\$ 55,909

Debt Service		Capital Projects			
Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants	Community Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,263,642	-
-	-	-	404,704	-	5,794,895
-	678,027	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	1,973	2	2,553	-	85,216
-	-	-	-	-	-
<u>5,000</u>	<u>680,000</u>	<u>2</u>	<u>407,257</u>	<u>1,263,642</u>	<u>5,880,111</u>
-	-	2,170,765	4,600	41,649	9,200
-	-	2,620	-	-	-
-	-	50,146	-	150,949	-
-	-	216,728	-	-	1,115,427
-	-	5,492,126	1,633	1,214,985	1,796,094
3,700,000	410,000	-	-	-	-
936,975	239,400	-	-	-	-
<u>4,636,975</u>	<u>649,400</u>	<u>7,932,385</u>	<u>6,233</u>	<u>1,407,583</u>	<u>2,920,721</u>
<u>(4,631,975)</u>	<u>30,600</u>	<u>(7,932,383)</u>	<u>401,024</u>	<u>(143,941)</u>	<u>2,959,390</u>
-	-	-	-	-	-
4,636,975	-	8,443,300	-	-	-
-	-	-	(564,000)	-	(530,000)
<u>4,636,975</u>	<u>-</u>	<u>8,443,300</u>	<u>(564,000)</u>	<u>-</u>	<u>(530,000)</u>
5,000	30,600	510,917	(162,976)	(143,941)	2,429,390
-	695,666	-	(3,917,685)	159,004	12,633,136
<u>\$ 5,000</u>	<u>\$ 726,266</u>	<u>\$ 510,917</u>	<u>\$ (4,080,661)</u>	<u>\$ 15,063</u>	<u>\$ 15,062,526</u>

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2012

	Capital Projects					Total Other Governmental Funds
	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	
REVENUES:						
Highway user taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,823,280
Grants and entitlements	-	-	-	-	-	13,956,415
System development fees	1,224,326	-	-	-	-	7,423,925
Special assessments	-	-	-	-	-	678,027
Charges for services	-	-	-	-	15,350	97,223
Fines and forfeitures	-	-	-	-	-	1,210,860
Interest income	16,879	54,184	14,560	21,472	228	244,348
Miscellaneous	-	19,413	-	125	-	72,765
Total revenues	1,241,205	73,597	14,560	21,597	15,578	35,506,843
EXPENDITURES:						
Current:						
General government	9,200	-	83,600	329,748	-	5,933,268
Public safety	886	-	-	-	-	2,100,690
Transportation and development	-	-	-	-	-	7,888,566
Community services	-	-	-	-	241,332	1,991,910
Capital improvements	1,794,554	527,662	-	715,158	-	18,248,479
Debt service:						
Principal	-	-	-	-	-	4,110,000
Interest and fiscal charges	-	-	-	-	-	1,176,375
Total expenditures	1,804,640	527,662	83,600	1,044,906	241,332	41,449,288
REVENUES OVER (UNDER) EXPENDITURES	(563,435)	(454,065)	(69,040)	(1,023,309)	(225,754)	(5,942,445)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	-	57,791	-	-	-	59,855
Transfers in	-	3,728,025	-	2,523,890	-	19,332,190
Transfers out	-	(3,689,338)	-	-	-	(9,862,488)
Total other financing sources (uses)	-	96,478	-	2,523,890	-	9,529,557
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(563,435)	(357,587)	(69,040)	1,500,581	(225,754)	3,587,112
FUND BALANCES (DEFICITS):						
Beginning of year	(8,118,655)	14,718,882	4,749,341	2,575,948	425,456	41,673,575
End of year	\$ (8,682,090)	\$ 14,361,295	\$ 4,680,301	\$ 4,076,529	\$ 199,702	\$ 45,260,687

(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, 2012

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with Final Budget
REVENUES:				
Highway user taxes	\$ 11,495,000	\$ 11,495,000	\$ 11,823,280	\$ 328,280
Charges for services	4,000	4,000	-	(4,000)
Interest revenue	109,000	109,000	32,425	(76,575)
Miscellaneous	1,000	1,000	6,825	5,825
Total revenues	11,609,000	11,609,000	11,862,530	253,530
EXPENDITURES:				
Current:				
General government	3,622,037	3,043,743	-	3,043,743
Transportation and development	9,680,921	8,234,727	7,573,770	660,957
Capital improvements	1,825,364	4,100,881	3,409,881	691,000
Total expenditures	15,128,322	15,379,351	10,983,651	4,395,700
Excess (deficiency) of revenues over expenditures	(3,519,322)	(3,770,351)	878,879	4,649,230
Other financing sources (uses):				
Transfers out	(4,858,745)	(4,858,745)	(4,858,745)	-
Total other financing sources (uses)	(4,858,745)	(4,858,745)	(4,858,745)	-
Change in fund balances	(8,378,067)	(8,629,096)	(3,979,866)	4,649,230
Fund balances, July 1, 2011	14,643,713	14,643,713	14,643,713	-
Fund balances, June 30, 2012	\$ 6,265,646	\$ 6,014,617	\$ 10,663,847	\$ 4,649,230

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, 2012

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ -	\$ -	\$ 692,821	\$ 692,821
Charges for services	62,000	62,000	81,873	19,873
Interest revenue	19,000	19,000	8,446	(10,554)
Miscellaneous	-	-	44,642	44,642
Total revenues	81,000	81,000	827,782	746,782
EXPENDITURES:				
Current:				
General government	350,000	100,000	-	100,000
Transportation and development	1,370,522	905,411	321,277	584,134
Capital improvements	-	485,843	38,585	447,258
Total expenditures	1,720,522	1,491,254	359,862	1,131,392
Excess (deficiency) of revenues over expenditures	(1,639,522)	(1,410,254)	467,920	1,878,174
Other financing sources (uses):				
Transfers out	(5,009)	(5,009)	(5,009)	-
Total other financing sources (uses)	(5,009)	(5,009)	(5,009)	-
Change in fund balances	(1,644,531)	(1,415,263)	462,911	1,878,174
Fund balances, July 1, 2011	2,644,890	2,644,890	2,644,890	-
Fund balances, June 30, 2012	\$ 1,000,359	\$ 1,229,627	\$ 3,107,801	\$ 1,878,174

City of Chandler

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

Grants Special Revenue

For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative)
	Original	Final		Variance with Final Budget
REVENUES:				
Grants and entitlements	\$ 20,211,158	\$ 20,211,158	\$ 9,395,832	\$ (10,815,326)
Interest revenue	-	-	182	182
Miscellaneous	-	-	1,760	1,760
Total revenues	<u>20,211,158</u>	<u>20,211,158</u>	<u>9,397,774</u>	<u>(10,813,384)</u>
EXPENDITURES:				
Current:				
General government	4,461,456	3,348,264	1,355,843	1,992,421
Public safety	2,111,627	2,653,340	1,025,833	1,627,507
Transportation and development	10,964,687	-	681,135	(681,135)
Community services	1,271,000	1,280,371	338,842	941,529
Capital improvements	3,687,000	14,830,448	8,962,167	5,868,281
Total expenditures	<u>22,495,770</u>	<u>22,112,423</u>	<u>12,363,820</u>	<u>9,748,603</u>
Change in fund balances	<u>(2,284,612)</u>	<u>(1,901,265)</u>	<u>(2,966,046)</u>	<u>(1,064,781)</u>
Fund balances (deficits), July 1, 2011	<u>(238,222)</u>	<u>(238,222)</u>	<u>(238,222)</u>	<u>-</u>
Fund balances (deficits), June 30, 2012	<u>\$ (2,522,834)</u>	<u>\$ (2,139,487)</u>	<u>\$ (3,204,268)</u>	<u>\$ (1,064,781)</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, 2012

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 4,760,000	\$ 4,760,000	\$ 2,474,311	\$ (2,285,689)
Total revenues	4,760,000	4,760,000	2,474,311	(2,285,689)
EXPENDITURES:				
Current:				
General government	6,280,000	5,655,886	2,502,704	3,153,182
Capital improvements	500,000	194,643	41,656	152,987
Total expenditures	6,780,000	5,850,529	2,544,360	3,306,169
Excess (deficiency) of revenues over expenditures	(2,020,000)	(1,090,529)	(70,049)	1,020,480
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	2,064	2,064
Transfers out	-	-	(215,396)	(215,396)
Total other financing sources (uses)	-	-	(213,332)	(213,332)
Change in fund balances	(2,020,000)	(1,090,529)	(283,381)	807,148
Fund balances, July 1, 2011	427,793	427,793	427,793	-
Fund balances (deficits), June 30, 2012	\$ (1,592,207)	\$ (662,736)	\$ 144,412	\$ 807,148

City of Chandler

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

Police Confiscated Property Special Revenue

For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 3,000,000	\$ 3,000,000	\$ 1,210,860	\$ (1,789,140)
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,210,860</u>	<u>(1,789,140)</u>
EXPENDITURES:				
Current:				
General government	202,200	-	-	-
Public safety	1,620,000	1,760,166	1,107,982	652,184
Capital improvements	1,380,000	1,405,528	1,302,725	102,803
Total expenditures	<u>3,202,200</u>	<u>3,165,694</u>	<u>2,410,707</u>	<u>754,987</u>
Change in fund balances	<u>(202,200)</u>	<u>(165,694)</u>	<u>(1,199,847)</u>	<u>(1,034,153)</u>
Fund balances (deficits), July 1, 2011	<u>(40,635)</u>	<u>(40,635)</u>	<u>(40,635)</u>	<u>-</u>
Fund balances (deficits), June 30, 2012	<u>\$ (242,835)</u>	<u>\$ (206,329)</u>	<u>\$ (1,240,482)</u>	<u>\$ (1,034,153)</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, 2012

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 73,572	\$ 73,572	\$ 94,663	\$ 21,091
Interest revenue	2,000	2,000	965	(1,035)
Total revenues	75,572	75,572	95,628	20,056
EXPENDITURES:				
Current:				
General government	4,700	-	-	-
Community services	195,786	195,786	73,950	121,836
Total expenditures	200,486	195,786	73,950	121,836
Change in fund balances	(124,914)	(120,214)	21,678	141,892
Fund balances, July 1, 2011	270,677	270,677	270,677	-
Fund balances, June 30, 2012	\$ 145,763	\$ 150,463	\$ 292,355	\$ 141,892

City of Chandler

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

Library Special Revenue

For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 60,000	\$ 60,000	\$ 35,147	\$ (24,853)
Interest revenue	-	-	261	261
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>35,408</u>	<u>(24,592)</u>
EXPENDITURES:				
Current:				
Community services	90,000	90,000	27,366	62,634
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>27,366</u>	<u>62,634</u>
Change in fund balances	<u>(30,000)</u>	<u>(30,000)</u>	<u>8,042</u>	<u>38,042</u>
Fund balances, July 1, 2011	<u>44,266</u>	<u>44,266</u>	<u>44,266</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 14,266</u>	<u>\$ 14,266</u>	<u>\$ 52,308</u>	<u>\$ 38,042</u>

City of Chandler

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

General Government Capital Projects

For the year ended June 30, 2012

	Budgeted Amounts		Total	Positive
	Original	Final	Non-GAAP Actual Amounts	(Negative) Variance with Final Budget
REVENUES:				
Interest revenue	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES:				
Current:				
General government	\$ 14,044,763	\$ 10,104,282	\$ 2,569,873	\$ 7,534,409
Public safety	2,380,196	-	2,621	(2,621)
Transportation and development	1,783,283	88,045	50,146	37,899
Community services	2,148,389	120,000	227,963	(107,963)
Capital improvements	3,076,000	19,067,208	7,533,451	11,533,757
Total expenditures	<u>23,432,631</u>	<u>29,379,535</u>	<u>10,384,054</u>	<u>18,995,481</u>
Excess (deficiency) of revenues over expenditures	<u>(23,432,631)</u>	<u>(29,379,535)</u>	<u>(10,384,052)</u>	<u>(18,995,479)</u>
Other financing sources (uses):				
Transfers in	23,432,631	23,432,631	8,443,300	(14,989,331)
Total other financing sources (uses)	<u>23,432,631</u>	<u>23,432,631</u>	<u>8,443,300</u>	<u>(14,989,331)</u>
Change in fund balances	<u>-</u>	<u>(5,946,904)</u>	<u>(1,940,752)</u>	<u>(33,984,810)</u>
Fund balances, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), June 30, 2012	<u>\$ -</u>	<u>\$ (5,946,904)</u>	<u>\$ (1,940,752)</u>	<u>\$ (33,984,810)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Public Buildings Capital Projects For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 280,000	\$ 280,000	\$ 404,704	\$ 124,704
Interest revenue	13,000	13,000	2,553	(10,447)
Total revenues	<u>293,000</u>	<u>293,000</u>	<u>407,257</u>	<u>114,257</u>
EXPENDITURES:				
Current:				
General government	1,144,778	24,352	20,352	4,000
Capital improvements	-	1,131,708	1,743	1,129,965
Total expenditures	<u>1,144,778</u>	<u>1,156,060</u>	<u>22,095</u>	<u>1,133,965</u>
Excess (deficiency) of revenues over expenditures	<u>(851,778)</u>	<u>(863,060)</u>	<u>385,162</u>	<u>1,248,222</u>
Other financing sources (uses):				
Transfers in	851,778	851,778	-	851,778
Transfers out	-	-	(564,000)	(564,000)
Total other financing sources (uses)	<u>851,778</u>	<u>851,778</u>	<u>(564,000)</u>	<u>287,778</u>
Change in fund balances	-	(11,282)	(178,838)	1,536,000
Fund balances (deficits), July 1, 2011	<u>(3,917,685)</u>	<u>(3,917,685)</u>	<u>(3,917,685)</u>	<u>-</u>
Fund balances (deficits), June 30, 2012	<u>\$ (3,917,685)</u>	<u>\$ (3,928,967)</u>	<u>\$ (4,096,523)</u>	<u>\$ 1,536,000</u>

City of Chandler

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

Grants Capital Projects

For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 8,956,380	\$ 8,956,380	\$ 1,263,643	\$ (7,692,737)
Total revenues	8,956,380	8,956,380	1,263,643	(7,692,737)
EXPENDITURES:				
Current:				
General government	-	-	73,501	(73,501)
Transportation and development	-	-	242,189	(242,189)
Capital improvements	8,956,380	9,847,843	2,710,572	7,137,271
Total expenditures	8,956,380	9,847,843	3,026,262	6,821,581
Change in fund balances	-	(891,463)	(1,762,619)	(871,156)
Fund balances, July 1, 2011	159,004	159,004	159,004	-
Fund balances (deficits), June 30, 2012	\$ 159,004	\$ (732,459)	\$ (1,603,615)	\$ (871,156)

City of Chandler

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

Community Services Capital Projects

For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 2,510,000	\$ 2,510,000	\$ 5,794,895	\$ 3,284,895
Interest revenue	88,000	88,000	85,216	(2,784)
Total revenues	2,598,000	2,598,000	5,880,111	3,282,111
EXPENDITURES:				
Current:				
General government	3,509,571	3,536,000	40,704	3,495,296
Community Services	4,742,791	10,000	1,122,679	(1,112,679)
Capital improvements	1,450,000	5,520,794	2,330,638	3,190,156
Total expenditures	9,702,362	9,066,794	3,494,021	5,572,773
Excess (deficiency) of revenues over expenditures	(7,104,362)	(6,468,794)	2,386,090	8,854,884
Other financing sources (uses):				
Transfers out	-	-	(530,000)	(530,000)
Total other financing sources (uses)	-	-	(530,000)	(530,000)
Change in fund balances	(7,104,362)	(6,468,794)	1,856,090	8,324,884
Fund balances, July 1, 2011	12,633,136	12,633,136	12,633,136	-
Fund balances, June 30, 2012	\$ 5,528,774	\$ 6,164,342	\$ 14,489,226	\$ 8,324,884

City of Chandler

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

Public Safety Buildings and Improvements Capital Projects

For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 620,000	\$ 620,000	\$ 1,224,326	\$ 604,326
Interest revenue	64,000	64,000	16,880	(47,120)
Total revenues	<u>684,000</u>	<u>684,000</u>	<u>1,241,206</u>	<u>557,206</u>
EXPENDITURES:				
Current:				
General government	642,000	1,136,794	40,704	1,096,090
Public safety	14,306,902	-	886	(886)
Capital improvements	-	10,215,674	2,562,491	7,653,183
Total expenditures	<u>14,948,902</u>	<u>11,352,468</u>	<u>2,604,081</u>	<u>8,748,387</u>
Excess (deficiency) of revenues over expenditures	<u>(14,264,902)</u>	<u>(10,668,468)</u>	<u>(1,362,875)</u>	<u>9,305,593</u>
Change in fund balances	<u>(14,264,902)</u>	<u>(10,668,468)</u>	<u>(1,362,875)</u>	<u>9,305,593</u>
Fund balances (deficits), July 1, 2011	<u>(8,118,655)</u>	<u>(8,118,655)</u>	<u>(8,118,655)</u>	<u>-</u>
Fund balances (deficits), June 30, 2012	<u>\$ (22,383,557)</u>	<u>\$ (18,787,123)</u>	<u>\$ (9,481,530)</u>	<u>\$ 9,305,593</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Vehicle and Capital Equipment Capital Projects For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 78,000	\$ 78,000	\$ 54,184	\$ (23,816)
Miscellaneous	-	-	19,413	19,413
Total revenues	<u>78,000</u>	<u>78,000</u>	<u>73,597</u>	<u>(4,403)</u>
EXPENDITURES:				
Current:				
General government	10,990,282	10,987,428	-	10,987,428
Capital improvements	3,644,000	3,952,669	1,832,408	2,120,261
Total expenditures	<u>14,634,282</u>	<u>14,940,097</u>	<u>1,832,408</u>	<u>13,107,689</u>
Excess (deficiency) of revenues over expenditures	<u>(14,556,282)</u>	<u>(14,862,097)</u>	<u>(1,758,811)</u>	<u>13,103,286</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	57,791	57,791
Transfers in	14,295,471	14,292,617	3,728,025	(10,564,592)
Transfers out	(10,567,446)	(10,567,446)	(3,689,338)	6,878,108
Total other financing sources (uses)	<u>3,728,025</u>	<u>3,725,171</u>	<u>96,478</u>	<u>(3,628,693)</u>
Change in fund balances	(10,828,257)	(11,136,926)	(1,662,333)	9,474,593
Fund balances, July 1, 2011	<u>14,718,882</u>	<u>14,718,882</u>	<u>14,718,882</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 3,890,625</u>	<u>\$ 3,581,956</u>	<u>\$ 13,056,549</u>	<u>\$ 9,474,593</u>

City of Chandler

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

Special Assessments Capital Projects

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	34,000	34,000	14,560	(19,440)
Total revenues	34,000	34,000	14,560	(19,440)
EXPENDITURES:				
Current:				
General government	92,640	92,727	83,600	9,127
Total expenditures	92,640	92,727	83,600	9,127
Change in fund balances	(58,640)	(58,727)	(69,040)	(10,313)
Fund balances, July 1, 2011	4,749,341	4,749,341	4,749,341	-
Fund balances, June 30, 2012	\$ 4,690,701	\$ 4,690,614	\$ 4,680,301	\$ (10,313)

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Technology Replacement Capital Projects For the year ended June 30, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 14,000	\$ 14,000	\$ 21,472	\$ 7,472
Miscellaneous	-	-	125	125
Total revenues	14,000	14,000	21,597	7,597
EXPENDITURES:				
Current:				
General government	1,410,000	848,249	341,546	506,703
Capital improvements	1,551,440	1,806,918	743,150	1,063,768
Total expenditures	2,961,440	2,655,167	1,084,696	1,570,471
Excess (deficiency) of revenues over expenditures	(2,947,440)	(2,641,167)	(1,063,099)	(1,562,874)
Other financing sources (uses):				
Transfers in	2,541,515	2,541,515	2,523,890	(17,625)
Total other financing sources (uses)	2,541,515	2,541,515	2,523,890	(17,625)
Change in fund balances	(405,925)	(99,652)	1,460,791	(1,580,499)
Fund balances, July 1, 2011	2,575,948	2,575,948	2,575,948	-
Fund balances, June 30, 2012	\$ 2,170,023	\$ 2,476,296	\$ 4,036,739	\$ (1,580,499)

City of Chandler

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

Municipal Arts Capital Projects

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 15,350	\$ 15,350
Interest revenue	4,000	4,000	228	(3,772)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>15,578</u>	<u>11,578</u>
EXPENDITURES:				
Current:				
General government	50,000	50,000	-	50,000
Community services	225,000	320,269	241,332	78,937
Total expenditures	<u>275,000</u>	<u>370,269</u>	<u>241,332</u>	<u>128,937</u>
Change in fund balances	(271,000)	(366,269)	(225,754)	140,515
Fund balances , July 1, 2011	<u>425,456</u>	<u>425,456</u>	<u>425,456</u>	<u>-</u>
Fund balances , June 30, 2012	<u>\$ 154,456</u>	<u>\$ 59,187</u>	<u>\$ 199,702</u>	<u>\$ 140,515</u>



Chandler + Arizona
Where Values Make The Difference



Chandler + Arizona
Where Values Make The Difference

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, 2012

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 12,280,961	\$ 81,945	\$ 4,475,445	\$ 16,838,351
Accounts receivable	1,674,501	99,947	17,435	1,791,883
Due from other governments	-	-	24,996	24,996
Inventories	-	19,713	-	19,713
Prepaid items	-	-	359,602	359,602
Other receivables	69,132	96	-	69,228
Total current assets	14,024,594	201,701	4,877,478	19,103,773
Noncurrent assets:				
Other assets	-	1,282	-	1,282
Notes receivable - long term	-	-	363,450	363,450
Capital assets:				
Non-depreciable	7,088,918	18,919,391	1,597,897	27,606,206
Depreciable, net	9,247,587	11,064,592	7,240,156	27,552,335
Total capital assets	16,336,505	29,983,983	8,838,053	55,158,541
Total noncurrent assets	16,336,505	29,985,265	9,201,503	55,523,273
Total assets	30,361,099	30,186,966	14,078,981	74,627,046
LIABILITIES				
Current liabilities:				
Accounts payable	767,167	19,955	35,382	822,504
Accrued payroll	45,141	17,982	48,729	111,852
Trust liabilities and deposits	16,049	45,125	210,191	271,365

Accrued interest	-	2,394	-	2,394
Unearned revenue	174,681	11,604	-	186,285
Deferred revenue	-	-	-	-
Compensated absences payable - current	724	260	929	1,913
Bonds payable - current	-	20,000	-	20,000
Deferred bond premium - current	-	196	-	196
Arbitrage liability - current	-	4	-	4
Landfill closure and postclosure liability - current	94,446	-	-	94,446
Total current liabilities	1,098,208	117,520	295,231	1,510,959
Noncurrent liabilities:				
Compensated absences payable - long term	65,142	23,434	83,545	172,121
Bonds payable - long term	-	141,000	-	141,000
Deferred bond premium - long term	-	2,938	-	2,938
OPEB liability - long term	55,311	19,828	-	75,139
Arbitrage liability - long term	-	4	-	4
Landfill closure and postclosure liability - long term	4,245,554	-	-	4,245,554
Total noncurrent liabilities	4,366,007	187,204	83,545	4,636,756
Total liabilities	5,464,215	304,724	378,776	6,147,715
NET ASSETS				
Invested in capital assets, net of related debt	16,336,505	29,903,835	8,838,053	55,078,393
Unrestricted	8,560,379	(21,593)	4,862,152	13,400,938
Total net assets	\$ 24,896,884	\$ 29,882,242	\$ 13,700,205	\$ 68,479,331

City of Chandler

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

Non-Major Proprietary Funds

For the year ended June 30, 2012

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 13,890,957	\$ 996,605	\$ 200	\$ 14,887,762
Grants and entitlements	-	-	6,341,087	6,341,087
Rentals	-	-	466,356	466,356
Miscellaneous	-	9,144	633,867	643,011
Total operating revenues	13,890,957	1,005,749	7,441,510	22,338,216
OPERATING EXPENSES:				
General and administrative	1,316,800	100,000	-	1,416,800
Personal services	1,392,600	481,269	1,448,846	3,322,715
Contractual services	9,477,623	35,411	249,895	9,762,929
Commodities	1,086,839	523,011	473,616	2,083,466
Housing assistance payments	-	-	4,939,931	4,939,931
Depreciation and amortization expense	482,490	797,193	530,215	1,809,898
Total operating expenses	13,756,352	1,936,884	7,642,503	23,335,739
OPERATING INCOME (LOSS)	134,605	(931,135)	(200,993)	(997,523)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	42,207	363	15,404	57,974
Interest expense	-	(4,788)	-	(4,788)
Accretion of bond premium	-	196	-	196
Amortization of bond issuance costs	-	(80)	-	(80)
Total nonoperating revenues (expenses)	42,207	(4,309)	15,404	53,302
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	176,812	(935,444)	(185,589)	(944,221)
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	-	96,668	243,584	340,252
Transfers in	-	151,602	500,396	651,998
Transfers out	(92,820)	(18,738)	-	(111,558)
Total transfers	(92,820)	229,532	743,980	880,692
Net income (loss)	83,992	(705,912)	558,391	(63,529)
NET ASSETS				
Beginning of year	24,812,892	30,588,154	13,141,814	68,542,860
End of year	\$ 24,896,884	\$ 29,882,242	\$ 13,700,205	\$ 68,479,331



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2012

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 14,244,957	\$ 1,004,212	\$ 570,290	\$ 15,819,459
Cash received from grantors	-	-	6,332,545	6,332,545
Cash payments to suppliers	(11,896,126)	(660,164)	(5,074,560)	(17,630,850)
Cash payments to employees for services	(1,376,768)	(498,732)	(1,440,372)	(3,315,872)
Net cash provided (used) by operating activities	<u>972,063</u>	<u>(154,684)</u>	<u>387,903</u>	<u>1,205,282</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	151,602	500,396	651,998
Transfers out	(92,820)	(18,738)	-	(111,558)
Net cash provided (used) by noncapital financing activities	<u>(92,820)</u>	<u>132,864</u>	<u>500,396</u>	<u>540,440</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(102,443)	(465,257)	(567,700)
Principal paid on bond maturities	-	(20,000)	-	(20,000)
Interest paid on bonds	-	(5,268)	-	(5,268)
Capital contributions	-	96,668	243,584	340,252
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(31,043)</u>	<u>(221,673)</u>	<u>(252,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	42,207	363	15,404	57,974
Net cash provided (used) by investing activities	<u>42,207</u>	<u>363</u>	<u>15,404</u>	<u>57,974</u>
Net increase (decrease) in cash and cash equivalents	921,450	(52,500)	682,030	1,550,980
CASH AND CASH EQUIVALENTS:				
Beginning of year	11,359,511	134,445	3,793,415	15,287,371
End of year	<u>\$ 12,280,961</u>	<u>\$ 81,945</u>	<u>\$ 4,475,445</u>	<u>\$ 16,838,351</u>

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

Operating income (loss)	\$ 134,605	\$ (931,135)	\$ (200,993)	\$ (997,523)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	482,490	797,193	530,215	1,809,898
Changes in assets and liabilities:				
(Increase) decrease in receivables	347,942	(3,261)	4,115	348,796
(Increase) decrease in inventories	-	17,402	-	17,402
(Increase) decrease in other assets	-	80	8,634	8,714
Increase (decrease) in payables	(14,864)	(19,144)	17,278	(16,730)
Increase (decrease) in accrued payroll and compensated absences	(4,926)	(24,169)	-	(29,095)
Increase (decrease) in deposits	(80)	(710)	28,654	27,864
Increase (decrease) in unearned revenue	6,138	2,354	-	8,492
Increase (decrease) in other liabilities	20,758	6,706	-	27,464
Total adjustments	837,458	776,451	588,896	2,202,805
Net cash provided (used) by operating activities	\$ 972,063	\$ (154,684)	\$ 387,903	\$ 1,205,282

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Accretion of bond premiums	\$ -	\$ 196	\$ -	\$ 196
Amortization of bond issuance costs	-	80	-	80

City of Chandler

Statement of Changes in Assets and Liabilities - Agency Fund

Fiduciary Funds

For the year ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 16,500	\$ 3,562	\$ (8,562)	\$ 11,500
Total assets	\$ 16,500	\$ 3,562	\$ (8,562)	\$ 11,500
Liabilities:				
Due to others	\$ 16,500	\$ 3,562	\$ (8,562)	\$ 11,500
Total liabilities	\$ 16,500	\$ 3,562	\$ (8,562)	\$ 11,500



Chandler + Arizona
Where Values Make The Difference



Chandler + Arizona
Where Values Make The Difference

City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2012

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 Sheet
Housing and Redevelopment
June 30, 2012

Combining statement of net assets - all HUD programs

		Low Rent Public Housing		
		AMP 1	AMP 2	All AMPs
		14.850a	14.850a	14.850a
FDS Line #	Account Description			
ASSETS				
111	Cash - Unrestricted	\$ 997,593	\$ 513,049	\$ 1,510,642
113	Cash - Restricted for FSS Escrow Accounts	-	-	-
114	Cash - Security Deposits	59,503	58,090	117,593
122	Accounts Receivable - HUD Other Projects	5,093	19,902	24,995
124	Accounts Receivable - Other Governments	-	-	-
125	Accounts Receivable - Miscellaneous	87	34	121
126	Accounts Receivable - Tenants - Dwelling Rents	8,275	5,671	13,946
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(4,428)	(2,638)	(7,066)
127	Notes and Mortgages Receivable - current	-	-	-
128	Fraud Recovery	3,737	-	3,737
142	Prepaid Expenses and Other Assets	-	-	-
161	Land	1,932,844	1,582,289	3,515,133
162	Buildings	4,943,244	9,213,648	14,156,892
164	Furniture, Equipment, Machinery - Admin	130,353	60,105	190,458
166	Accumulated Depreciation	(5,316,421)	(4,430,333)	(9,746,754)
167	Construction in Progress	-	-	-
171	Notes and Mortgages Receivable - non-current	-	-	-
	TOTAL ASSETS	<u>2,759,880</u>	<u>7,019,817</u>	<u>9,779,697</u>
LIABILITIES				
312	Accounts Payable	14,868	17,058	31,926
321	Accrued Wage/Payroll Taxes Payable	16,289	6,295	22,584
322	Accrued Compensated Absences - Current	248	74	322
341	Tenant Security Deposits	59,503	58,090	117,593
342	Deferred Revenues	-	-	-
345	Other Current Liabilities	3,992	5,339	9,331
353	Noncurrent Liabilities - Other	-	-	-
354	Accrued Compensated Absences - Noncurrent	22,303	6,635	28,938
	TOTAL LIABILITIES	<u>117,203</u>	<u>93,491</u>	<u>210,694</u>
NET ASSETS				
508.1	Invested in Capital Assets, net of related debt	1,690,020	6,425,709	8,115,729
511.1	Restricted Net Assets	-	-	-
512.1	Unrestricted Net Assets	952,657	500,617	1,453,274
	TOTAL NET ASSETS	<u>2,642,677</u>	<u>6,926,326</u>	<u>9,569,003</u>
	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,759,880</u>	<u>\$ 7,019,817</u>	<u>\$ 9,779,697</u>

Business Activities			Housing Choice Vouchers	Total
Central Office 14.850a	Other Business	Total Business Activities	14.871	
\$ 635,367	\$ 1,706,525	\$ 2,341,892	\$ 297,276	\$ 4,149,810
-	-	-	205,542	205,542
-	2,500	2,500	-	120,093
-	-	-	-	24,995
-	-	-	-	-
81	-	81	6,617	6,819
-	-	-	-	13,946
-	-	-	-	(7,066)
-	-	-	-	-
-	-	-	-	3,737
-	-	-	359,602	359,602
-	200,000	200,000	-	3,715,133
-	520,613	520,613	-	14,677,505
32,718	129,670	162,388	35,470	388,316
(20,004)	(143,795)	(163,799)	(32,348)	(9,942,901)
-	-	-	-	-
-	363,450	363,450	-	363,450
<u>648,162</u>	<u>2,778,963</u>	<u>3,427,125</u>	<u>872,159</u>	<u>14,078,981</u>
183	1,155	1,338	1,611	34,875
15,154	-	15,154	10,991	48,729
448	-	448	159	929
-	2,500	2,500	-	120,093
-	-	-	-	-
158	-	158	114	9,603
-	-	-	81,002	81,002
40,316	-	40,316	14,291	83,545
<u>56,259</u>	<u>3,655</u>	<u>59,914</u>	<u>108,168</u>	<u>378,776</u>
12,714	706,488	719,202	3,122	8,838,053
-	-	-	484,142	484,142
579,189	2,068,820	2,648,009	276,727	4,378,010
<u>591,903</u>	<u>2,775,308</u>	<u>3,367,211</u>	<u>763,991</u>	<u>13,700,205</u>
<u>\$ 648,162</u>	<u>\$ 2,778,963</u>	<u>\$ 3,427,125</u>	<u>\$ 872,159</u>	<u>\$ 14,078,981</u>

City of Chandler
Financial Data Sheet
Housing and Redevelopment
June 30, 2012

Statement of revenues, expenses, and changes in fund net assets - all HUD programs

Low Rent Public Housing

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	\$ 194,297	\$ 236,059	\$ 430,356
70400	Tenant Revenue - Other	8,100	-	8,100
70600	HUD Operating Grants	936,556	598,178	1,534,734
70610	HUD Capital Grants	-	243,584	243,584
70710	Management Fees Earned	-	-	-
70720	Asst Management Fees Earned	-	-	-
70730	Bookkeeping Fees Earned	-	-	-
71100	Investment Income - Unrestricted	3,799	1,987	5,786
71400	Fraud Recovery	-	-	-
71500	Other Revenue	23,393	18,499	41,892
71600	Gain or Loss on Sale of Capital Assets	9,495	-	9,495
72000	Investment Income - Restricted	-	-	-
	TOTAL REVENUES	1,175,640	1,098,307	2,273,947
EXPENSES				
91100	Administrative Salaries	95,335	92,839	188,174
91200	Auditing Fees	2,540	2,075	4,615
91300	Management Fees	116,337	100,385	216,722
91310	Bookkeeping Fees	14,370	12,412	26,782
91500	Employee Benefit Contributions - Administrative	37,254	39,368	76,622
91600	Office Expenses	1,704	1,669	3,373
91900	Other Operating - Administrative	18,404	10,827	29,231
92000	Asset Management Fees	19,560	16,800	36,360
92100	Tenant Services - Salaries	45,022	-	45,022
92300	Employee Benefit Contributions - Tenant Services	14,953	-	14,953
92400	Tenant Services - Other	14,746	325	15,071
93100	Water	39,003	1,745	40,748
93200	Electricity	44,430	6,052	50,482
93300	Gas	1,598	12	1,610
93800	Other Utility Expenditures	49,396	3,569	52,965
94100	Ordinary Maintenance and Operations - Labor	189,499	70,132	259,631
94200	Ordinary Maintenance and Operations - Materials	72,536	68,956	141,492
94300	Ordinary Maintenance and Operations - Contract Costs	68,899	165,183	234,082
94500	Ordinary Maintenance and Operations - Ordinary Maintenance	63,499	37,466	100,965
96100	Insurance	9,965	15,947	25,912
96200	Other General Expenditures	8,443	1,654	10,097
96210	Compensated Absences	22,551	6,709	29,260
96300	Payments in Lieu of Taxes	-	-	-
96400	Bad Debt - Tenant rents	8,092	4,788	12,880
	Total Operating Expenditures	958,136	658,913	1,617,049
	Other Expenditures:			
97300	Housing Assistance Payments	-	-	-
97350	HAP Portability-In	-	-	-
97400	Depreciation	209,163	280,800	489,963
	TOTAL EXPENDITURES	1,167,299	939,713	2,107,012
	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)	8,341	158,594	166,935
	OTHER FINANCING SOURCES (USES)			
10010	Operating Transfers In	-	-	-
10020	Operating Transfers Out	-	-	-
10030	Operating Transfers In from Primary Government	-	215,396	215,396
11040	Equity Transfers	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	215,396	215,396
	CHANGE IN NET ASSETS	8,341	373,990	382,331
	TOTAL NET ASSETS, BEGINNING OF YEAR	2,634,336	6,552,336	9,186,672
	NET ASSETS, END OF YEAR	\$ 2,642,677	\$ 6,926,326	\$ 9,569,003
OTHER MEMORANDUM AMOUNTS				
70600	Maximum Annual Contributions Commitment	-	-	-
11190	Unit Months Available	1,956	1,680	3,636
11210	Number of Unit Months Leased	1,916	1,655	3,571

Business Activities			Housing Choice Vouchers 14.871	Eliminations	Total
Central Office 14.850a	Other Business	Total Business Activities			
\$ -	\$ 36,000	\$ 36,000	\$ -	\$ -	\$ 466,356
-	-	-	-	-	8,100
-	-	-	4,806,353	-	6,341,087
-	-	-	-	-	243,584
288,048	-	288,048	-	(288,048)	-
36,360	-	36,360	-	(36,360)	-
70,380	-	70,380	-	(70,380)	-
2,223	5,221	7,444	963	-	14,193
-	-	-	6,940	-	6,940
-	2,975	2,975	564,665	-	609,532
-	-	-	-	-	9,495
-	-	-	1,211	-	1,211
<u>397,011</u>	<u>44,196</u>	<u>441,207</u>	<u>5,380,132</u>	<u>(394,788)</u>	<u>7,700,498</u>
285,823	-	285,823	157,386	-	631,383
-	-	-	3,465	-	8,080
-	2,146	2,146	69,180	(288,048)	-
-	360	360	43,238	(70,380)	-
96,092	-	96,092	67,120	-	239,834
-	-	-	3,670	-	7,043
4,774	6,745	11,519	60,401	-	101,151
-	-	-	-	(36,360)	-
-	-	-	38,741	-	83,763
-	-	-	15,773	-	30,726
-	-	-	-	-	15,071
-	-	-	-	-	40,748
-	-	-	-	-	50,482
-	-	-	-	-	1,610
-	-	-	-	-	52,965
13,524	-	13,524	-	-	273,155
1,746	1,479	3,225	-	-	144,717
-	7,733	7,733	-	-	241,815
4,546	-	4,546	-	-	105,511
-	-	-	-	-	25,912
-	-	-	10,909	-	21,006
40,764	-	40,764	14,450	-	84,474
-	32	32	-	-	32
-	-	-	-	-	12,880
<u>447,269</u>	<u>18,495</u>	<u>465,764</u>	<u>484,333</u>	<u>(394,788)</u>	<u>2,172,358</u>
-	-	-	4,404,076	-	4,404,076
-	-	-	535,855	-	535,855
3,674	34,949	38,623	1,629	-	530,215
<u>450,943</u>	<u>53,444</u>	<u>504,387</u>	<u>5,425,893</u>	<u>(394,788)</u>	<u>7,642,504</u>
<u>(53,932)</u>	<u>(9,248)</u>	<u>(63,180)</u>	<u>(45,761)</u>	<u>-</u>	<u>57,994</u>
-	-	-	-	-	-
-	-	-	-	-	-
135,000	-	135,000	150,000	-	500,396
-	-	-	-	-	-
<u>135,000</u>	<u>-</u>	<u>135,000</u>	<u>150,000</u>	<u>-</u>	<u>500,396</u>
81,068	(9,248)	71,820	104,239	-	558,390
<u>510,835</u>	<u>2,784,556</u>	<u>3,295,391</u>	<u>659,752</u>	<u>-</u>	<u>13,141,815</u>
<u>\$ 591,903</u>	<u>\$ 2,775,308</u>	<u>\$ 3,367,211</u>	<u>\$ 763,991</u>	<u>\$ -</u>	<u>\$ 13,700,205</u>

4,806,353
5,808
5,766



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.



From the time of its founding in 1912 to the 1970s, Chandler's economy was built around farming. Like today's technology and science industries in Chandler, for many years agriculture drew thousands of families to the city. Many of our former mayors were involved in agriculture prior to their time in office-- picking cotton in south Chandler fields, loading cotton trailers, managing a dairy, assisting with farm land construction, or butchering local cattle.

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	130
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	146
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	150
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	157
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	160
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.

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 55,963,968	\$ 101,665,063	\$ 162,790,025	\$ 260,653,345 (1)
Restricted	117,111,402	90,046,996	110,932,310	106,396,966
Unrestricted	186,420,301	224,309,216	214,663,854	208,727,675
Total governmental activities net assets	<u>359,495,671</u>	<u>416,021,275</u>	<u>488,386,189</u>	<u>575,777,986</u>
Business-type activities				
Invested in capital assets, net of related debt	232,259,546	252,117,283	275,991,278	325,992,618
Restricted	70,198,611	63,985,390	72,538,299	52,511,899
Unrestricted	70,831,613	82,444,533	78,334,422	76,090,729
Total business-type activities net assets	<u>373,289,770</u>	<u>398,547,206</u>	<u>426,863,999</u>	<u>454,595,246</u>
Primary government				
Invested in capital assets, net of related debt	288,223,514	353,782,346	438,781,303	586,645,963
Restricted	187,310,013	154,032,386	183,470,609	158,908,865
Unrestricted	257,251,914	306,753,749	292,998,276	284,818,404
Total primary government net assets	<u>\$ 732,785,441</u>	<u>\$ 814,568,481</u>	<u>\$ 915,250,188</u>	<u>\$ 1,030,373,232</u>

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 288,893,354	\$ 353,996,843	\$ 433,851,899	\$ 537,576,346	\$ 534,292,488	\$ 545,926,100
115,343,816	56,979,639	117,712,539	94,440,806	41,906,129	44,047,942
265,645,323	341,971,306	271,690,158	198,059,181	260,307,288	259,783,598
<u>669,882,493</u>	<u>752,947,788</u>	<u>823,254,596</u>	<u>830,076,333</u>	<u>836,505,905</u>	<u>849,757,640</u>
347,306,362	427,130,654	387,401,986	298,938,820	281,936,017	280,440,445
57,835,328	24,319,427	-	-	-	-
78,718,941	45,300,009	98,413,928	163,103,784	168,164,942	179,339,498
<u>483,860,631</u>	<u>496,750,090</u>	<u>485,815,914</u>	<u>462,042,604</u>	<u>450,100,959</u>	<u>459,779,943</u>
636,199,716	781,127,497	821,253,885	836,515,166	816,228,505	826,366,545
173,179,144	81,299,066	117,712,539	94,440,806	41,906,129	44,047,942
344,364,264	387,271,315	370,104,086	361,162,965	428,472,230	439,123,096
<u>\$ 1,153,743,124</u>	<u>\$ 1,249,697,878</u>	<u>\$ 1,309,070,510</u>	<u>\$ 1,292,118,937</u>	<u>\$ 1,286,606,864</u>	<u>\$ 1,309,537,583</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 30,610,529	\$ 32,925,516	\$ 38,116,265	\$ 36,669,140
Public safety	54,854,074	59,666,119	56,022,025	63,840,179
Community development	7,067,675	7,457,073	6,973,474	8,706,473
Public works	161,195,319	21,309,408	17,175,426	31,940,075
Transportation and development	-	-	-	-
Community services	19,823,356	20,200,390	19,017,024	24,087,695
Interest and fiscal charges	10,858,078	11,426,919	10,649,133	11,658,090
Total governmental activities expenses	<u>284,409,031</u>	<u>152,985,425</u>	<u>147,953,347</u>	<u>176,901,652</u>
Business-type activities:				
Water	35,992,958	40,544,967	41,689,649	38,582,431
Wastewater	22,986,319	24,505,362	25,825,966	25,294,189
Solid waste	14,414,774	9,705,932	9,598,287	8,154,317
Airport	1,420,574	1,458,068	1,582,079	1,765,772
Chandler housing authority	7,082,747	8,977,049	7,773,223	6,713,829
Total business-type activities expenses	<u>81,897,372</u>	<u>85,191,378</u>	<u>86,469,204</u>	<u>80,510,538</u>
Total primary government expenses	<u>\$ 366,306,403</u>	<u>\$ 238,176,803</u>	<u>\$ 234,422,551</u>	<u>\$ 257,412,190</u>

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

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 42,317,392	\$ 54,459,719	\$ 52,293,004	\$ 48,920,813	\$ 67,808,567	\$ 88,876,901	
76,200,082	80,860,917	87,609,165	92,421,801	90,738,477	89,141,559	
9,154,407	11,692,559	10,429,826	11,715,276	- (1)	-	
32,402,242	39,241,652	47,180,197	56,155,939	- (1)	-	
-	-	-	-	50,909,361 (1)	52,111,019	
29,464,039	33,086,565	34,278,998	35,299,676	28,919,560	28,966,271	
11,479,112	14,880,604	12,938,524	13,541,708	12,767,934	12,425,819	
<u>201,017,274</u>	<u>234,222,016</u>	<u>244,729,714</u>	<u>258,055,213</u>	<u>251,143,899</u>	<u>271,521,569</u>	
40,687,283	53,554,653	53,201,379	62,556,496	57,452,876	56,277,327	
27,230,862	30,657,939	36,079,767	38,227,999	37,896,180	38,804,360	
9,843,824	6,845,979	12,076,998	14,605,448	13,443,102	13,756,352	
1,757,279	1,602,268	2,269,691	1,797,991	2,107,354	1,941,752	
9,133,427	7,593,242	7,239,185	7,654,449	7,580,783	7,642,503	
<u>88,652,675</u>	<u>100,254,081</u>	<u>110,867,020</u>	<u>124,842,383</u>	<u>118,480,295</u>	<u>118,422,294</u>	
<u>\$ 289,669,949</u>	<u>\$ 334,476,097</u>	<u>\$ 355,596,734</u>	<u>\$ 382,897,596</u>	<u>\$ 369,624,194</u>	<u>\$ 389,943,863</u>	

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

	Fiscal Year			
	2003	2004	2005	2006
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 10,972,432	\$ 14,339,606	\$ 11,770,912	\$ 12,359,183
Public safety	2,962,608	2,515,026	2,921,707	3,303,895
Community development	8,407,356	7,833,679	10,119,322	8,338,156
Public works	11,764,790	12,879,966	14,037,835	24,529,838 (1)
Transportation and development	-	-	-	-
Community services	1,950,792	1,713,889	1,988,832	2,272,309
Operating grants and contributions	3,323,489	1,488,369	1,041,858	2,167,327
Capital grants and contributions	29,223,045	22,107,766	13,880,993	12,751,519
Total governmental activities program revenues	<u>68,604,512</u>	<u>62,878,301</u>	<u>55,761,459</u>	<u>65,722,227</u>
Business-type activities:				
Charges for services:				
Water	34,895,930	36,148,220	36,860,006	38,112,680
Wastewater	19,253,061	19,849,892	20,541,547	20,499,458
Solid waste	9,290,021	9,850,919	9,787,298	12,218,720
Airport	832,232	896,968	931,547	1,005,728
Community services - housing authority	684,758	1,744,088	631,494	648,766
Operating grants and contributions	6,165,984	6,655,089	6,839,056	6,634,435
Capital grants and contributions	29,607,826	34,348,267	35,817,247	23,547,210
Total business-type activities program revenues	<u>100,729,812</u>	<u>109,493,443</u>	<u>111,408,195</u>	<u>102,666,997</u>
Total primary government program revenues	<u>\$ 169,334,324</u>	<u>\$ 172,371,744</u>	<u>\$ 167,169,654</u>	<u>\$ 168,389,224</u>
Net (expense)/revenue				
Governmental activities	\$ (70,804,519)	\$ (90,107,124)	\$ (92,191,888)	\$ (111,179,425)
Business-type activities	18,742,440	24,302,065	24,938,991	22,156,459
Total primary government net expense	<u>\$ (52,062,079)</u>	<u>\$ (65,805,059)</u>	<u>\$ (67,252,897)</u>	<u>\$ (89,022,966)</u>

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

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 12,793,179	\$ 12,629,779	\$ 14,349,483	\$ 16,621,003	\$ 22,548,679	\$ 31,381,062
4,178,941	4,317,843	4,802,272	7,110,304	5,658,628	5,794,329
10,405,425	5,488,535	3,581,458	3,336,188	- (2)	-
13,145,192	15,831,165	5,226,726	6,025,846	- (2)	-
-	-	-	-	11,884,554 (2)	27,905,311
2,272,826	2,699,469	5,235,864	4,515,980	4,079,359	4,136,285
3,707,115	1,897,300	2,337,910	5,510,710	5,890,147	6,162,320
26,428,112	36,104,151	23,902,360	8,159,960	16,041,213	11,016,136
<u>72,930,790</u>	<u>78,968,242</u>	<u>59,436,073</u>	<u>51,279,991</u>	<u>66,102,580</u>	<u>86,395,443</u>
39,054,531	40,613,727	39,707,910	42,276,145	43,708,974	49,565,071
21,083,587	25,145,258	25,922,530	28,406,808	31,610,009	35,907,085
12,769,423	12,979,695	12,762,120	12,891,628	13,277,403	13,890,957
974,190	773,449	741,556	815,751	995,307	996,605
661,509	1,061,658	595,420	521,404	457,781	466,556
6,312,438	6,114,138	6,225,928	6,367,024	6,297,200	6,341,087
28,014,518	19,782,193	9,110,319	8,484,239	8,659,772	19,118,567
<u>108,870,196</u>	<u>106,470,118</u>	<u>95,065,783</u>	<u>99,762,999</u>	<u>105,006,446</u>	<u>126,285,928</u>
<u>\$ 181,800,986</u>	<u>\$ 185,438,360</u>	<u>\$ 154,501,856</u>	<u>\$ 151,042,990</u>	<u>\$ 171,109,026</u>	<u>\$ 212,681,371</u>
\$ (128,086,484)	\$ (155,253,774)	\$ (185,293,641)	\$ (206,775,222)	\$ (185,041,319)	\$ (185,126,126)
20,217,521	6,216,037	(15,801,237)	(25,079,384)	(13,473,849)	7,863,634
<u>\$ (107,868,963)</u>	<u>\$ (149,037,737)</u>	<u>\$ (201,094,878)</u>	<u>\$ (231,854,606)</u>	<u>\$ (198,515,168)</u>	<u>\$ (177,262,492)</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	\$ 17,953,164	\$ 20,818,622	\$ 22,743,537	\$ 25,016,760
Sales taxes	60,614,779	66,671,049	75,702,332	82,327,461
Franchise taxes	2,249,190	2,365,749	3,032,260	2,198,738
Highway user taxes	-	-	-	-
Other taxes	-	-	-	-
State shared revenues	39,559,356	37,903,674	40,050,636	45,853,506
System development fees	8,105,353	15,165,191	13,878,663	-
Investment income (loss)	(4,895,290) (1)	2,391,875	7,862,804	12,286,630
Miscellaneous	261,069	695,312	362,343	10,736
Westcor contract payment	-	-	-	34,500,000
Transfers	(767,922)	621,256	924,227	478,441
Total governmental activities	<u>123,079,699</u>	<u>146,632,728</u>	<u>164,556,802</u>	<u>202,672,272</u>
Business-type activities:				
Investment income (loss)	(2,624,182) (1)	1,199,710	4,069,440	6,424,600
Miscellaneous	897,511	376,917	232,589	532,354
Transfers	767,922	(621,256)	(924,227)	(478,441)
Total business-type activities:	<u>(958,749)</u>	<u>955,371</u>	<u>3,377,802</u>	<u>6,478,513</u>
Total primary government	<u>\$ 122,120,950</u>	<u>\$ 147,588,099</u>	<u>\$ 167,934,604</u>	<u>\$ 209,150,785</u>
Change in Net Assets				
Governmental activities	\$ 52,275,180	\$ 56,525,604	\$ 72,364,914	\$ 22,796,183
Business-type activities	17,873,691	25,257,436	28,316,793	28,634,972
Total primary government	<u>\$ 70,148,871</u>	<u>\$ 81,783,040</u>	<u>\$ 100,681,707</u>	<u>\$ 51,431,155</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.

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 26,921,292	\$ 34,063,123	\$ 38,957,986	\$ 40,617,269	\$ 36,158,574	\$ 31,877,716	
95,410,460	97,226,841	85,897,334	83,019,726	86,523,295	97,485,387	
3,230,429	3,937,952	3,264,093	3,174,390	2,819,521	2,988,456	
16,490,129	15,856,863	13,849,284	13,116,481	13,287,878	11,823,280	
3,481,086	3,786,677	7,921,275	13,965,973	88,561	5,979,715	
57,716,644	62,970,459	61,211,289	54,492,427	47,732,614	45,958,627	
-	-	-	-	-	-	
17,868,181	20,823,059	10,045,274	3,487,145	1,841,244	1,221,923	
1,822,070	767,221	995,606	850,191	3,071,588	1,116,832	
-	-	-	-	-	-	
469,201	534,086	(1,542,346)	873,357	(244,702)	(74,075)	
<u>223,409,492</u>	<u>239,966,281</u>	<u>220,599,795</u>	<u>213,596,959</u>	<u>191,278,573</u>	<u>198,377,861</u>	
6,876,399	5,906,545	2,536,237	756,641	533,313	389,446	
1,043,407	1,792,816	788,478	1,422,790	946,507	1,351,829	
(469,200)	(534,086)	1,542,346	(873,357)	244,702	74,075	
<u>7,450,606</u>	<u>7,165,275</u>	<u>4,867,061</u>	<u>1,306,074</u>	<u>1,724,522</u>	<u>1,815,350</u>	
<u>\$ 230,860,098</u>	<u>\$ 247,131,556</u>	<u>\$ 225,466,856</u>	<u>\$ 214,903,033</u>	<u>\$ 193,003,095</u>	<u>\$ 200,193,211</u>	
\$ 95,323,008	\$ 84,712,507	\$ 35,306,154	\$ 6,821,737	\$ 6,237,254	\$ 13,251,735	
27,668,127	13,381,312	(10,934,176)	(23,773,310)	(11,749,327)	9,678,984	
<u>\$ 122,991,135</u>	<u>\$ 98,093,819</u>	<u>\$ 24,371,978</u>	<u>\$ (16,951,573)</u>	<u>\$ (5,512,073)</u>	<u>\$ 22,930,719</u>	

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

	Fiscal Year			
	2003	2004	2005	2006
General fund				
Reserved	\$ 34,328,283	\$ 50,644,739	\$ 56,325,826	\$ 15,211,490
Unreserved	135,307,858	126,091,872	124,519,771	148,606,301
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 169,636,141</u>	<u>\$ 176,736,611</u>	<u>\$ 180,845,597</u>	<u>\$ 163,817,791</u>
All other governmental funds				
Reserved	\$ 91,320,181	\$ 76,703,585	\$ 99,267,829	\$ 100,167,158
Unreserved, reported in:				
Special revenue funds	5,677,614	5,648,789	9,259,261	8,089,144
Capital projects funds	-	-	-	253,903
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 96,997,795</u>	<u>\$ 82,352,374</u>	<u>\$ 108,527,090</u>	<u>\$ 108,510,205</u>

(1) In FY 2011 the City implemented GASB 54, thus changing how fund balance is categorized.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 12,349,638	\$ 28,237,521	\$ 30,482,311	\$ 62,149,646	\$ - (1)	\$ -
189,087,760	196,093,067	194,457,561	137,041,044	- (1)	-
-	-	-	-	893,067 (1)	947,804
-	-	-	-	844,754 (1)	939,867
-	-	-	-	61,733,537 (1)	102,635,587
-	-	-	-	98,872,954 (1)	69,223,074
<u>\$ 201,437,398</u>	<u>\$ 224,330,588</u>	<u>\$ 224,939,872</u>	<u>\$ 199,190,690</u>	<u>\$ 162,344,312</u>	<u>\$ 173,746,332</u>
\$ 109,777,210	\$ 43,039,742	\$ 97,267,450	\$ 61,355,662	\$ - (1)	\$ -
14,064,542	17,752,306	18,786,740	18,103,651	- (1)	-
9,158,971	11,608,190	7,868,412	7,379,375	- (1)	-
-	-	-	-	105,756,072 (1)	111,378,788
-	-	-	-	(12,315,197) (1)	(12,798,348)
<u>\$ 133,000,723</u>	<u>\$ 72,400,238</u>	<u>\$ 123,922,602</u>	<u>\$ 86,838,688</u>	<u>\$ 93,440,875</u>	<u>\$ 98,580,440</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Taxes - local	\$ 82,591,633	\$ 91,492,704	\$ 102,701,196	\$ 109,141,434
Taxes - intergovernmental	49,850,293	50,173,867	51,677,502	60,107,031
Property taxes	-	-	-	-
Sales taxes	-	-	-	-
Franchise fees	-	-	-	-
Highway user taxes	-	-	-	-
Other taxes	-	-	-	-
State shared	-	-	-	-
Grants and entitlements	3,983,091	4,217,697	14,100,944	9,296,423
System development fees	8,105,353	15,165,191	13,878,663	10,322,313
Special assessments	513,242	251,608	439,565	303,336
License and permits	6,386,478	7,500,437	7,262,403	5,541,215
Charges for current services	12,843,147	13,386,852	15,133,670	15,475,362
Fines and forfeitures	3,975,613	3,517,080	4,136,342	4,231,306
Rentals	93,630	18,012	19,580	8,363
Contributions	-	5,980	250	500
Investment income (loss)	(4,330,308) (1)	2,170,414	6,987,824	10,699,944
Miscellaneous	1,538,830	2,204,555	2,667,611	1,632,785
Total revenues	\$ 165,551,002	\$ 190,104,397	\$ 219,005,550	\$ 226,760,012

(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					
2007	2008	2009	2010	2011	2012
\$ - (2)	\$ -	\$ -	\$ -	\$ -	\$ -
- (2)	-	-	-	-	-
26,909,841 (2)	33,844,181	38,677,156	40,259,579	36,301,709	32,329,560
95,410,460 (2)	97,226,841	85,897,334	83,019,726	86,523,295	97,485,387
3,230,429	3,937,952	3,264,093	3,174,390	2,819,521	2,988,456
16,490,129	15,856,863	13,849,284	13,116,481	13,287,878	11,823,280
3,481,086 (2)	3,786,677	7,921,275	13,965,973	88,561	5,979,715
57,716,644	62,970,459	61,211,289	54,492,427	47,732,614	45,958,627
7,610,807	10,553,680	18,168,904	10,377,502	14,759,620	13,826,606
11,871,969	8,111,597	4,475,029	4,768,306	6,739,920	11,724,823
309,386	426,428	863,747	663,209	673,064	678,027
6,728,309	3,894,368	2,667,720	2,758,392	3,208,944	6,955,605
18,216,653	17,254,859	19,492,740	19,420,434	18,002,168	19,938,566
4,058,090	4,342,621	4,912,159	5,336,294	4,697,317	4,700,430
89,875	94,575	138,667	101,322	387,952	455,842
50,000	50,000	50,000	50,000	100,000	100,000
15,589,318	18,334,581	8,825,695	3,171,308	1,635,258	1,034,895
1,830,328	1,255,681	1,661,772	1,913,571	4,593,104	1,392,691
<u>\$ 269,593,324</u>	<u>\$ 281,941,363</u>	<u>\$ 272,076,864</u>	<u>\$ 256,588,914</u>	<u>\$ 241,550,925</u>	<u>\$ 257,372,510</u>

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

	Fiscal Year			
	2003	2004	2005	2006
General government	\$ 29,448,025	\$ 31,024,154	\$ 41,135,736	\$ 33,729,455
Public safety	53,885,322	58,407,246	57,630,321	64,090,649
Community development	7,061,116	7,449,114	7,438,317	8,740,380
Public works	19,096,782	23,028,537	38,421,485	32,555,171
Transportation and development	-	-	-	-
Community services	20,310,994	21,048,659	20,893,626	22,738,420
Capital improvements	33,211,184	36,794,139	33,828,009	49,884,875
Debt service:				
Principal retirement	6,614,500	8,689,500	8,329,500	17,122,071
Interest and fiscal charges	8,515,445	9,641,321	9,180,338	10,465,983
Bond issuance costs	100,000	-	174,917	135,437
Total expenditures	\$ 178,243,368	\$ 196,082,670	\$ 217,032,249	\$ 239,462,441
Debt service as a percentage of noncapital expenditures	11.1%	12.4%	11.1%	15.9%

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

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 38,124,478	\$ 51,261,849	\$ 40,503,113	\$ 44,663,091	\$ 43,636,784	\$ 48,894,811	
75,800,634	78,306,604	84,493,816	85,390,303	84,007,752	82,820,106	
8,989,308	11,593,642	10,509,467	11,614,214	- (1)	-	
22,987,692	19,306,381	19,283,643	17,664,633	- (1)	-	
-	-	-	-	22,126,233 (1)	25,532,739	
25,714,032	28,830,926	29,916,002	30,078,856	22,836,317	23,255,568	
75,524,840	104,836,442	124,680,957	106,366,737	67,299,941	29,787,069	
12,374,500	16,659,500	15,275,000	17,260,000	15,090,000	15,970,000	
10,669,877	14,437,346	13,059,295	13,646,479	12,901,616	12,550,323	
189,840	179,201	961,100	183,969	278,512	-	
<u>\$ 270,375,201</u>	<u>\$ 325,411,891</u>	<u>\$ 338,682,393</u>	<u>\$ 326,868,282</u>	<u>\$ 268,177,155</u>	<u>\$ 238,810,616</u>	
12.1%	14.1%	12.5%	13.3%	13.3%	15.7%	

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			
	2003	2004	2005	2006
Other Financing Sources (Uses)				
Bond premium	\$ 1,026,142	\$ -	\$ 852,671	\$ 515,129
Face amount of bonds issued	45,850,000	-	35,720,000	30,905,000
Proceeds from sale of capital assets	91,245	680,019	264,352	205,936
Payment to escrow agent	(20,488,542)	-	(11,228,422)	-
Westcor contract payment	-	-	-	34,500,000
Transfers in	32,480,447	26,072,155	33,226,080	37,204,132
Transfers out	(37,723,314)	(28,318,852)	(35,170,013)	(39,584,767)
Total other financing sources and (uses)	21,235,978	(1,566,678)	23,664,668	63,745,430
Net change in fund balances	\$ 8,543,612	\$ (7,544,951)	\$ 25,637,969	\$ (17,956,999)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 1,975,876	\$ 165,431	\$ 2,348,878	\$ 290,569	\$ 1,047,424	\$ -
88,405,000	7,370,000	120,513,000	10,450,000	20,285,000	-
173,742	280,969	219,793	97,609	108,929	89,007
(24,335,292)	-	-	(10,556,600)	(10,816,839)	-
-	-	-	-	-	-
31,525,563	38,442,603	40,593,319	46,309,016	41,605,646	20,576,188
(34,246,951)	(41,108,342)	(44,937,903)	(39,144,322)	(56,040,439)	(22,685,504)
63,497,938	5,150,661	118,737,087	7,446,272	(3,810,279)	(2,020,309)
\$ 62,716,055	\$ (38,319,867)	\$ 52,131,648	\$ (62,833,096)	\$ (30,436,509)	\$ 16,541,585

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Amusements	\$ 410,039	\$ 477,089	\$ 499,388	\$ 611,352	\$ 679,666
Contracting	11,467,704	13,008,527	14,966,943	16,580,509	15,665,738
General Retail	22,261,109	25,638,223	28,835,490	38,501,000	41,719,797
Hotel/Motel	1,212,328	1,309,463	1,508,509	1,716,055	1,938,442
Miscellaneous Related Revenue ¹	2,201,668	1,583,458	3,156,782	1,898,671	2,765,527
Publishing	669,702	711,215	754,016	699,456	723,532
Rentals - Personal Property	2,008,711	1,994,513	1,807,806	1,743,393	1,935,981
Rentals - Real Property	5,207,175	5,454,033	6,074,236	7,141,065	7,883,794
Restaurant/Bar	4,482,235	5,015,335	5,618,535	6,994,533	7,655,093
Telecommunications	3,124,021	3,006,992	3,336,576	3,603,977	3,709,781
Use Tax	634,029	750,291	1,132,268	989,767	1,044,225
Utilities	6,648,449	7,448,823	7,929,178	8,910,538	9,688,886
Total Sales and Use Taxes	\$ 60,327,170	\$ 66,397,962	\$ 75,619,727	\$ 89,390,316	\$ 95,410,462
City Direct Sales Tax Rate ²	1.73%	1.74%	1.70%	1.72%	1.72%

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. Tax rates vary by category, currently ranging from 1.5% to 4.4%.

Schedule 7

Fiscal Year				
2008	2009	2010	2011	2012
\$ 660,985	\$ 623,159	\$ 602,027	\$ 673,666	\$ 714,641
15,519,590	9,352,480	6,573,348	6,380,957	10,869,566
41,253,934	36,851,140	36,560,075	38,741,270	42,844,871
2,103,714	1,672,893	1,611,912	1,973,790	2,255,786
3,329,891	2,774,033	2,911,821	2,551,354	2,334,179
492,770	389,046	382,080	351,250	352,550
2,177,125	2,474,464	2,389,241	2,462,219	2,606,371
8,449,059	8,520,878	8,921,788	9,479,850	10,025,726
7,908,883	7,267,718	7,436,900	7,971,183	8,670,199
3,978,715	4,057,982	3,974,448	3,524,076	3,628,007
950,808	930,636	869,092	1,000,342	1,054,968
10,401,302	10,982,905	10,786,994	11,413,338	12,128,475
<u>\$ 97,226,776</u>	<u>\$ 85,897,334</u>	<u>\$ 83,019,726</u>	<u>\$ 86,523,295</u>	<u>\$ 97,485,337</u>
1.72%	1.75%	1.75%	1.77%	1.76%

**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
2003	1.73%	0.68%	5.10%	0.02%
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%
2011	1.77%	0.67%	5.85%	0.02%
2012	1.76%	0.68%	6.00%	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: 1.0% effective 6/01/2010 - 5/31/2013.

⁴ The Tourism & Sports Authority (TSA) was authorized by Maricopa County voters on November 7, 2000. An additional tax rate of 1.0% is to be levied from March 1, 2001 through February 28, 2031. The only category the overlapping tax rate applies to is the Hotel/Motel category. The overlapping tax rate is calculated using a weighted average of the actual revenues the City collected for this category.

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

Schedule 9

Taxpayer	Business Type	Fiscal Year 2012			Fiscal Year 2003		
		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	\$ 9,698,254	1	9.95%	\$ 4,721,043	1	7.83%
Taxpayer B	Construction	3,823,373	2	3.92%			
Taxpayer C	Department Store	2,783,551	3	2.86%	888,475	9	1.47%
Taxpayer D	Grocery Store	2,259,487	4	2.32%	1,323,160	3	2.19%
Taxpayer E	Department Store	1,675,623	5	1.72%			
Taxpayer F	Home Improvement	1,307,482	6	1.34%	1,151,524	4	1.91%
Taxpayer G	Telecommunications	1,306,045	7	1.34%			
Taxpayer H	Utility	1,272,878	8	1.31%	957,104	7	1.59%
Taxpayer I	Department Store	1,255,294	9	1.29%	850,411	10	1.41%
Taxpayer J	Department Store	1,157,789	10	1.19%	926,768	8	
Taxpayer K	Grocery Store				1,356,257	2	2.25%
Taxpayer L	Vehicle Dealer				1,092,185	5	1.81%
Taxpayer M	Vehicle Dealer				977,929	6	1.62%
		<u>\$ 26,539,776</u>		<u>27.22%</u>	<u>\$ 14,244,856</u>		<u>23.61%</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
LAST TEN FISCAL YEARS

Schedule 10

Governmental Activities

Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Accrued Interest - Capital Appreciation Bonds
2003	106,970,000	48,725,000	1,547,500	29,147,730
2004	102,480,000	46,700,000	1,443,000	30,928,390
2005	120,805,000	45,015,000	1,333,500	32,426,569
2006	140,130,000	42,920,000	1,219,000	33,620,916
2007	197,075,000	40,480,000	1,099,500	34,505,099
2008	187,645,000	37,655,000	8,345,000	35,000,654
2009	294,588,000	34,690,000	7,820,000	-
2010	282,888,000	31,800,000	7,315,000	-
2011	279,968,000	28,620,000	6,190,000	-
2012	268,148,000	25,745,000	5,780,000	-

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
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
2011	179,747,000	60,280,000	-	48,540,000	-	603,345,000	9.23%	2,537
2012	170,987,000	52,670,000	-	47,440,000	-	570,770,000	7.85%	2,385

Fiscal Year	General Bonded Debt	Less Amount Available in Debt Service Fund	Net General Bonded Debt Outstanding	Estimated Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property
2003	132,365,000	-	132,365,000	8,981,174,789	1.47%
2004	126,185,000	-	126,185,000	10,999,084,221	1.15%
2005	142,075,000	-	142,075,000	12,256,368,621	1.16%
2006	159,545,000	-	159,545,000	13,936,132,832	1.14%
2007	259,485,000	-	259,485,000	15,180,800,679	1.71%
2008	248,040,000	-	248,040,000	26,166,428,389	0.95%
2009	483,200,000	-	483,200,000	30,523,597,506	1.58%
2010	467,920,000	-	467,920,000	31,011,422,761	1.51%
2011	459,715,000	18,321,538	441,393,462	22,396,334,191	1.97%
2012	439,135,000	19,258,684	419,876,316	21,102,582,630	1.99%

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, 2012

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	4.00%	None
Maricopa County	None	6.37	None
Maricopa County Community College District	\$ 671,250,000	6.37	\$ 42,751,624
EastValley Institute of Technology	None	14.71	None
Chandler Unified School District No. 80	210,930,000	76.51	161,391,000
Mesa Unified School District No. 4	244,095,000	4.55	11,103,956
Gilbert Unified School District No. 41	170,450,000	3.24	5,522,465
Kyrene Elementary School District No. 28	132,155,000	29.75	39,310,231
Tempe Union High School District No. 213	62,560,000	16.80	10,509,074
Subtotal, overlapping debt			270,588,350
City direct debt	268,148,000	100.00	268,148,000
Total direct and overlapping debt			<u>\$ 538,736,350</u>

Source: Piper Jaffray & Co.

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 2011/12 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**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 98,302,556	\$ 108,344,928	\$ 118,749,422	\$ 116,449,443
Total net debt applicable to limit	<u>45,475,000</u>	<u>37,575,000</u>	<u>61,660,000</u>	<u>74,720,000</u>
Legal debt margin	<u>\$ 52,827,556</u>	<u>\$ 70,769,928</u>	<u>\$ 57,089,422</u>	<u>\$ 41,729,443</u>
Total net debt applicable to the limit as a percentage of the debt limit	46%	35%	52%	64%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 327,675,186	\$ 361,149,760	\$ 395,831,408	\$ 388,164,810
Total net debt applicable to limit	<u>80,710,000</u>	<u>72,120,000</u>	<u>80,415,000</u>	<u>84,825,000</u>
Legal debt margin	<u>\$ 246,965,186</u>	<u>\$ 289,029,760</u>	<u>\$ 315,416,408</u>	<u>\$ 303,339,810</u>
Total net debt applicable to the limit as a percentage of the debt limit	25%	20%	20%	22%

Source: Peacock, Hislop, Staley & Given, Inc. for 1997 - 2001, Piper Jaffray, Inc. for 2002-2012.

(1) In November 2006, Arizona Revised Statutes were amended to move 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 2012

Net secondary assessed valuation as of June 30, 2012	\$	2,255,179,301
Debt limit (6% of assessed value)		135,310,758
Debt applicable to limit:		
6% general obligation bonds		11,840,000
Legal 6% debt margin	\$	<u>123,470,758</u>
Debt limit (20% of assessed value)	\$	451,035,860
Debt applicable to limit:		
20% general obligation bonds		427,295,000
Legal 20% debt margin	\$	<u>23,740,860</u>

Fiscal Year

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 179,351,393	\$ 207,310,517	\$ 210,484,297	\$ 210,484,297	\$ 148,117,597	\$ 135,310,758
<u>66,460,000</u>	<u>7,795,000</u>	<u>10,934,000</u>	<u>9,494,000</u>	<u>13,361,000</u>	<u>11,840,000</u>
<u>\$ 112,891,393</u>	<u>\$ 199,515,517</u>	<u>\$ 199,550,297</u>	<u>\$ 200,990,297</u>	<u>\$ 134,756,597</u>	<u>\$ 123,470,758</u>
37%	(1) 4%	5%	5%	9%	9%
\$ 597,837,975	\$ 691,035,056	\$ 701,614,322	\$ 701,614,322	\$ 493,725,323	\$ 451,035,860
<u>193,025,000</u>	<u>240,245,000</u>	<u>472,266,000</u>	<u>458,426,000</u>	<u>446,354,000</u>	<u>427,295,000</u>
<u>\$ 404,812,975</u>	<u>\$ 450,790,056</u>	<u>\$ 229,348,322</u>	<u>\$ 243,188,322</u>	<u>\$ 47,371,323</u>	<u>\$ 23,740,860</u>
32%	(1) 35%	67%	65%	90%	95%

**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	
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
2011	13,287,878	9,336,554	3,951,324	2,875,000	1,176,009	0.98
2012	11,823,280	7,895,663	3,927,617	3,700,000	936,975	0.85

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2011	43,708,974	26,834,274	16,874,700	6,007,332	1,875,330	2.14
2012	49,556,831	26,351,735	23,205,096	6,498,090	1,641,612	2.85

Excise Tax Revenue Obligations

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2011	136,164,353	-	136,164,353	1,100,000	1,118,063	61.39
2012	148,885,867	-	148,885,867	1,745,000	1,703,358	43.18

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	
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
2011	31,610,009	15,759,431	15,850,578	1,602,668	947,148	6.22
2012	35,907,085	16,752,467	19,154,618	1,431,910	874,363	8.31

Solid Waste Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2011	-	-	-	-	-	0.00
2012	-	-	-	-	-	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 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

<u>Fiscal Year</u>	<u>Water & Sewer Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-

(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)
2003	211,984	5,310,835,152	31.2	4.2%	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
2011	237,776	6,536,224,464	31.7	6.6%	27,489
2012	239,335	7,272,911,980	31.7	6.1%	30,388

Sources:

- 1 City's Planning Division
- 2 City's Economic Development Division
- 3 Arizona Office of Employment and Population Statistics
- 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	2012		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	10,300	1	8.32%
Bank of America	3,600	2	2.91%
Chandler Unified School District	3,000	3	2.42%
Wells Fargo Ocotillo Corp. Campus	2,600	4	2.10%
Chandler Regional Hospital	2,100	5	1.70%
Ebay/Paypal	2,000	6	1.62%
Verizon Wireless	1,695	7	1.37%
City of Chandler	1,567	8	1.27%
Microchip Technology	1,540	9	1.24%
Freescale Semiconductors	1,450	10	1.17%
Bank First	-	-	-
Motorola	-	-	-
MDT Outdoor Products, Inc.	-	-	-
JH Kelly	-	-	-
Speedfam/IPEC	-	-	-
Total	29,852		24.12%

Source: City's Economic Development Division and Arizona Office of Employment and Population Statistics

2003		
Employees	Rank	Percentage of Total City Employment
10,000	1	8.61%
-	-	-
2,400	3	2.07%
-	-	-
1,100	6	0.95%
-	-	-
-	-	-
1,523	4	1.31%
950	8	0.82%
-	-	-
795	9	0.68%
2,600	2	2.24%
1,000	7	0.86%
1,500	5	1.29%
675	10	0.58%
<hr/>		<hr/>
22,543		19.41%

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

	Fiscal Year			
	2003	2004	2005	2006
Full Time Equivalent Personnel				
Mayor and council	4	4	5	5
City clerk	6	6	6	5
City manager	69	(1) 71	70	74
Communications/public affairs	17	17	18	18
City magistrate	41	41	40	39
Law	25	23	24	25
Management services	97	(1) 99	96	95
Total General Government	259	261	259	261
Total Transportation and Development	117	117	111	108
Total Community Services	178	183	178	182
Public works administration	2	3	3	3
Streets	53	53	48	55
Airport	5	6	6	6
Engineering, development and Real estate	72	78	74	71
Total Public Works	132	140	131	135
Police	440	438	436	460
Fire	181	179	195	207
Total Public Safety	621	617	631	667
Municipal utilities administration	5	5	5	5
Water	90	85	85	85
Wastewater	39	29	41	41
Solid waste	24	20	18	21
Total Municipal Utilities	158	139	149	152
Total Primary Government	1,465	1,457	1,459	1,505

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.

(4) The significant change in this year is the result of the combination of Planning and Development to Transportation and Development.

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					
2007	2008	2009	2010	2011	2012
5	5	5	5	5	6
6	6	6	6	5	4
79	104	(2) 103	96	122	124
17	18	18	15	12	14
44	48	43	41	40	38
27	29	28	27	27	30
101	106	105	95	(3) 85	72
279	316	308	285	296	288
111	114	103	80	(3) 172	(4) 170
219	243	207	226	(3) 229	231
3	3	3	3	- (4)	-
59	64	57	50	- (4)	-
6	6	6	6	- (4)	-
				-	
76	85	80	74	- (4)	-
144	158	146	133	-	-
487	496	483	478	467	467
219	228	223	219	218	238
706	724	706	697	685	705
5	5	5	6	5	5
85	88	86	80	88	89
42	43	41	42	42	42
21	20	18	20	20	19
153	156	150	148	155	155
1,612	1,711	1,620	1,569	1,537	1,549

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

Function/Program	Fiscal Year			
	2003	2004	2005	2006
General Government				
Privilege tax licenses	14,843	15,713	16,663	20,464
Meeting notices posted	501	504	534	505
City Council actions and agenda items prepared	947	996	1,542	1,292
Grant awards received	46	47	49	57
Inventory turnover ratio	3.72	3.77	3.46	2.78
Planning & Development				
Building permits issued	9,723	11,688	8,951	7,909
Community Services				
Library circulation	1,700,786	1,817,536	1,967,446	2,004,000
Center for the Arts events & exhibits	535	1,010	1,027	1,024
	268,148,000		268,148,000	
Public Safety				
			270,116,473	
Crime rate (per 1,000 population)	54.1	48.1	40.7	39.9
Total calls for police services (estimated)	126,710	113,501	136,942	151,941
Total calls for fire services	13,614	14,560	15,310	16,662
Fire inspections	3,705	2,236	3,767	4,375
Fire investigations	49	33	58	73
Municipal Utilities				
Water connections	64,862	68,757	70,375	73,822
Operating wells	21	21	23	23
Daily pumping capacity - wells (gallons)	55,800,000	55,800,000	57,400,000	59,900,000
Daily pumping capacity - plants (gallons)	45,000,000	45,000,000	45,000,000	45,000,000
Sewer connections	61,911	62,107	66,750	68,515
Sanitary sewer (miles)	755	780	796	814
Solid waste customers served	55,526	59,107	62,591	65,173
Solid waste refuse collected (tons)	125,158	134,571	117,813	99,547
Solid waste refuse recycled (tons)	20,417	21,678	23,379	25,017

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

Fiscal Year						
2007	2008	2009	2010	2011	2012	
20,652	22,980	23,460	22,715	23,821	25,726	
721	470	479	481	506	599	
1,292	1,188	1,055	977	848	908	
57	61	66	40	43	26	
3.32	3.94	2.5	2.1	2.2	2.1	
6,474	5,750	3,800	3,883	2,330	5,462	
2,082,000	2,349,232	2,506,602	2,592,243	2,494,009	2,489,741	
1,024	989	977	335 (1)	1,050	1,000	
38.0	34.9	35.2	31.8	34.4	33.2	
160,355	159,535	157,039	146,508	141,279	137,170	
16,682	16,709	18,474	16,904	17,892	17,950	
4,878	3,585	3,891	3,208	4,424	5,188	
74	57	49	43	46	34	
74,406	74,841	77,596	76,894	77,408	77,626	
23	26	29	31	30	28	
58,400,000	65,100,000	66,020,000	70,700,000	64,460,000	61,920,000	
45,000,000	60,000,000	60,000,000	72,000,000 (2)	72,000,000	72,000,000	
70,169	70,863	71,880	73,042	73,118	73,712	
828	837	857	862	866	868	
66,451	67,433	67,902	68,362	69,480	70,179	
97,646	94,633	89,408	85,160	88,466	85,257	
25,877	25,555	24,596	22,245	20,832	21,096	

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

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Community Services				
Developed parks	49	51	51	53
Developed acres	796	870	874	889
Undeveloped acres	405	333	349	535 (1)
Swimming pools	5	5	5	5
Other recreational facilities (lighted fields)	32	32	32	33
Library bookstock	405,986	422,841	450,068	469,000
Public Works				
Total miles streets (center line)	762	768	775	785
Street lights	22,154	23,140	24,218	25,100
Signalized intersections	268,148,000	153	268,148,000	189
Based aircraft	411	433	434	457
			268,172,993	
Public Safety				
Police stations	1	1	1	2
Fire stations	7	8	9	9
Municipal Utilities				
Water mains (miles)	1,000	1,021	1,051	1,063
Fire hydrants	9,393	10,368	10,799	10,952
Average daily treatment (mgd)	19	21	21	22

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.

Fiscal Year						
2007	2008	2009	2010	2011	2012	
54	58	59	61	61	61	61
959	1,099	1,133	1,198	1,192	1,192	1,192
468	455	407	336	342	342	336
5	5	6	6	6	6	6
						34
34	34	34	34	34	34	
483,128	469,023	472,266	446,675	429,604		555,924
812	822	832	829	829	829	829
25,307	26,326	26,500	26,600	26,600	26,600	26,600
192	200	205	208	208	208	212
499	442	449	449	437	437	399
2	3	3	3	3	3	3
10	10	10	10	10	10	10
1,080	1,117	1,189	1,194	1,223	1,223	1,227
12,291	13,033	13,750	12,318 (2)	12,925	12,925	10,877
24	24	24	22	24	24	24



Chandler + Arizona
Where Values Make The Difference



Phone (480) 782-2333
www.chandleraz.gov

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

Management Services
Accounting Division, 4th Floor
175 South Arizona Avenue
Chandler, Arizona 85225

