

CITY OF CHANDLER

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013



V O L U N T E E R S



**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

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

Executive Staff

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Prepared by

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**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2013**

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INTRODUCTORY SECTION

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



For Our City – a collaboration of Chandler’s municipal, business, non-profit and faith-based leaders – serves as a catalyst for constructive change in the community by encouraging resource sharing and by matching volunteers with service projects that best meet the needs of residents.



V O L U N T E E R S





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December 20, 2013

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, 2013, 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 17,000 in the City.



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Web www.chandleraz.gov

Location
Third Floor
175 South Arizona Avenue
Chandler, Arizona 85225

The City boasts a strong labor market serving the high technology field's demand for skilled workers. Resident population has a median age of 34.9 years and a median household income of \$67,539. In addition, approximately 72 percent of the population has a college degree or some college education. 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 6.0 percent for fiscal year 2012-13 compared with 7.3 percent for Maricopa County and 8.7% for the State of Arizona.

The City's sales tax revenues, which comprise nearly 50 percent of its general fund, increased by 4.3 percent for 2012-13 from the prior year actuals. The City continues to recover from the effects of the recession that was felt nationally and globally and has benefitted from one-time revenues created by a large industrial expansion and new developments. With only slow and steady operating revenue growth anticipated, managing costs of services and maintaining existing infrastructure continues. Consistently applying sound financial practices and achieving notable economic development successes have helped the City recover from the recession while maintaining its AAA General Obligation Bond credit rating.

2012/2013 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 4,800 base industry jobs including General Motors, Garmin, Nationstar Mortgage, Phacil, Intel's Research & Development facility, Infusionsoft, and St. Clair Technologies;
- Completed Phase II of Innovations Technology Incubator, and Chandler was named 4th Best Place for startups in the nation;
- Implemented a Local Business Consideration policy establishing procurement evaluation guidelines that support Chandler businesses;
- Received Media Category Award for the Chandler Aquatics-Chandler Fire Drowning Awareness/Water Safety public service announcement video campaign;
- Completed installation of solar array over parking area at Tumbleweed Recreation Center;
- American Heart Association awarded Chandler the "Fit Friendly Worksite" Gold Level Award for its promotion and creation of a worksite environment where Wellness is encouraged at all levels of the organization;
- Implemented mobile "apps" that allow citizens to submit City service requests with photos and GPS coordinates;
- Chandler earned the national designation of Playful City USA for the seventh consecutive year;
- The United States Tennis Association of Central Arizona selected the Chandler Tennis Center as their 2012 Member Organization of the Year;
- Successfully conducted a citywide Emergency Operations Center drill;
- Recognized as one of the nation's most transparent local governments on the Web for the fourth year in a row and received the A+ Sunny Award;
- Completed a comprehensive revision of the City Code relating to the System Development Fee process as required by new state laws;
- Conducted the second online budget meeting, "Budget Connect" enhancing citizen involvement in the budget process; and
- Completed more than 4 major intersection and road projects, including the Chandler Blvd./Loop 101 Project.

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 242,000 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 2012/2013, \$835,767,025). 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.

Financial Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chandler, Arizona for its comprehensive annual financial report for the year ended June 30, 2012, marking the thirty first consecutive year the City has received the GFOA Certificate of Achievement. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a municipal government financial report.

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

Additionally, the City of Chandler was also awarded the Distinguished Budget Presentation Award for the year ended June 30, 2013 from the GFOA, marking the twenty-fifth consecutive year of receiving this award. The award reflects the commitment of staff to meeting the highest principles of governmental budgeting.

In order to be awarded a Distinguished Budget Presentation Award, the City had to satisfy nationally recognized guidelines for effective budget presentation. The guidelines are designed to assess how well an entity's budget serves as a policy document, financial plan, operational guide and communications device. The City's budget also received Special Recognition this year for the quality of the Performance Measures published as part of the budget.

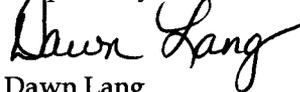
The Certificate of Achievement and Distinguished Budget Presentation Awards are valid for a period of one year only.

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

Acknowledgments

I wish to express my sincere thanks to the entire staff of the Accounting Division, without whose assistance this report could not have been prepared. Special acknowledgment is made for the work of Penny Burczyk, Accounting Manager; April Wilkerson, Accounting Supervisor; Derrick Beracy, Senior Financial Reporting Analyst; Rob Coryea, Financial Services Analyst; Robert Steele, Senior Accountant; Lisa Dickens, Senior Accountant; and Annette Fries, Executive Assistant. Special thanks also go to Kevin McManus, IT Oracle Application Manager for streamlining the annual financial reporting process, 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,

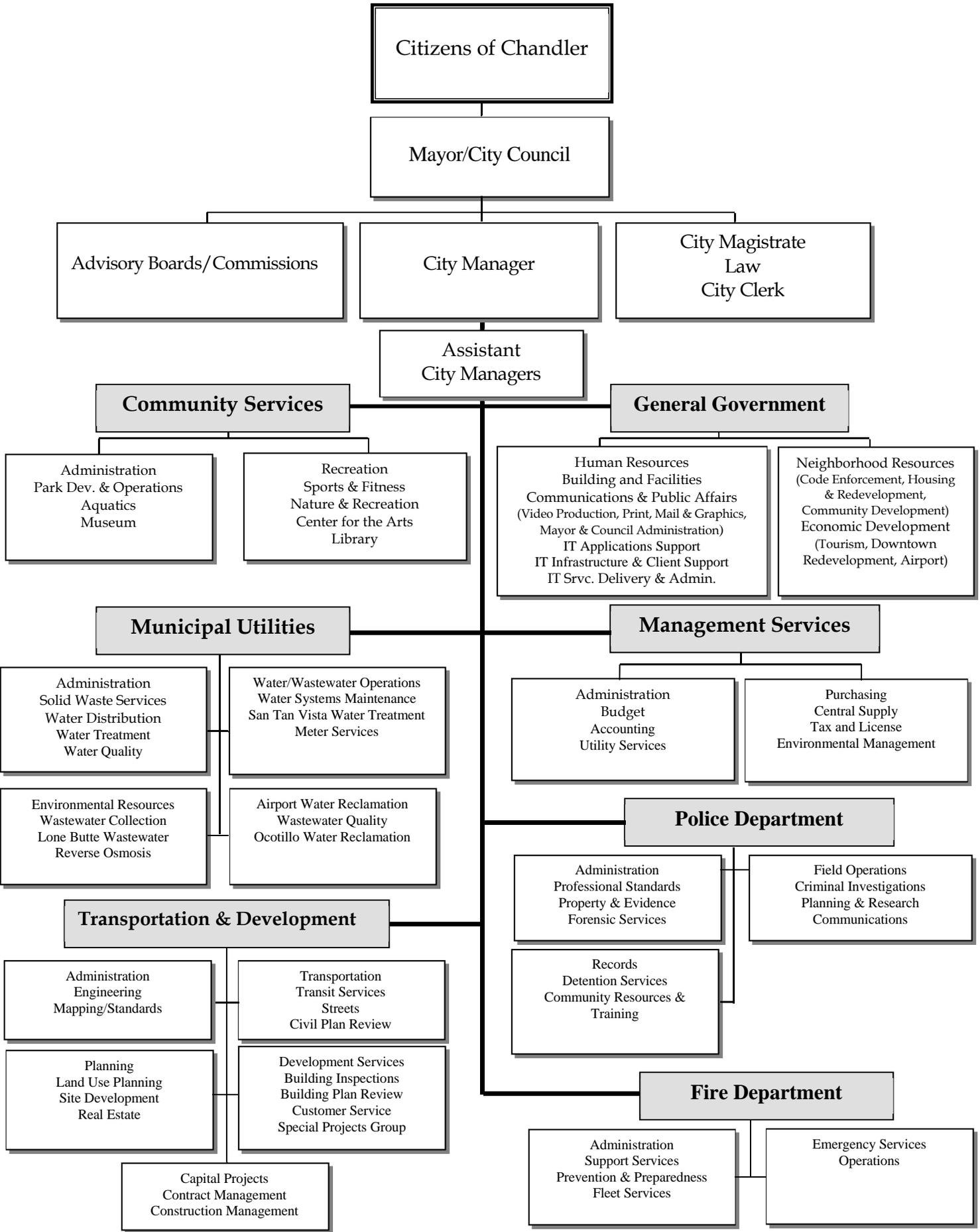


Dawn Lang
Management Services Director



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**City of Chandler, Arizona
Organizational Chart**





Government Finance Officers Association

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

Presented to

**City of Chandler
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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.



With 1,200+ acres of park land to maintain, the City's Parks staff is very appreciative of the residents, businesses, schools, clubs and service organizations that participate in the Adopt-A-Park Program. Their efforts help stretch the City's financial resources while making our parks more beautiful for everyone.



V O L U N T E E R S



Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Other Financial Statements 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Financial Statements of the Financial Section and the Other Supplemental 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of City of Chandler, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering City of Chandler, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 20, 2013

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



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CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2013

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, 2013. 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 2013 as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.382 billion (net position) which represents an increase of \$72.5 million from the prior year. Of this amount, \$425.6 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. However, \$69.2 million is invested in a joint venture with the Town of Gilbert, and not available for obligations.
- At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$266.8 million, a decrease of \$5.5 million in comparison with the prior year. Approximately 57.6 percent of the total amount, \$153.5 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2013, total fund balance for the General Fund was \$169.1 million which represents a decrease of \$4.7 million from the prior year, as anticipated due to payoff of a debt issue.
- General revenues from governmental activities accounted for \$210.4 million, or 73.8 percent, of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$74.8 million or 26.2 percent of total governmental activity revenues. The City had \$188.8 million of program revenues and \$2.7 million in general revenues and transfers related to business-type activities.
- At June 30, 2013, the City's proprietary funds reported combined total net position of \$532.0 million, and total unrestricted net position of \$176.9 million. A total of \$126.4 million of the unrestricted net position is in the Water Fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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, 2013

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 financial section of this report.

The City adopts an annual appropriated budget for the General, Special Revenue, General Obligation and Highway User Revenue Debt Service, Capital Projects and Proprietary Funds. Budgetary comparison statements have been provided in the basic financial statements for the General, 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.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1.382 billion as of June 30, 2013. This reflects continued strong operations in governmental activities and increased investments in capital infrastructure within the business-type activities, including the expansion of City facilities cash funded by Intel due to the direct impact to their \$5 billion expansion.

A significant portion of the City's net position (66.1 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 position (8.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (25.8 percent) includes \$69.2 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.

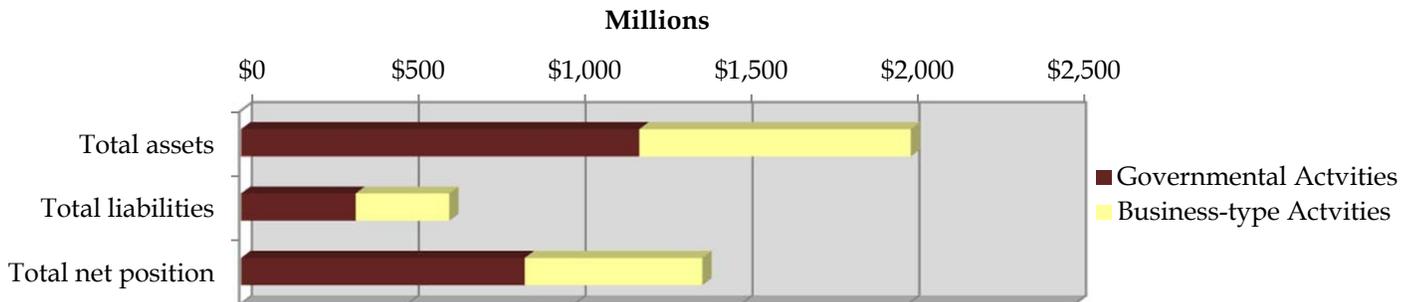
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$2.4 million in unrestricted net position reported in connection with the City's business-type activities. This was expected due to the deferral of a planned wastewater user rate increase from October 2012 to October 2013.

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The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 368,930,801	\$ 367,674,769	\$ 130,572,271	\$ 137,433,284	\$ 499,503,072	\$ 505,108,053
Capital assets, net	821,181,806	835,419,032	610,890,919	550,165,201	1,432,072,725	1,385,584,233
Long-term assets	3,181,283	3,688,802	71,590,182	75,161,058	74,771,465	78,849,860
Total assets	1,193,293,890	1,206,782,603	813,053,372	762,759,543	2,006,347,262	1,969,542,146
Current liabilities	52,915,981	50,727,540	40,149,808	41,211,501	93,065,789	91,939,041
Long-term liabilities	290,272,970	306,297,423	240,926,738	261,768,099	531,199,708	568,065,522
Total liabilities	343,188,951	357,024,963	281,076,546	302,979,600	624,265,497	660,004,563
Net assets:						
Invested in capital assets, net of related debt	558,279,485	545,926,100	355,015,004	280,440,445	913,294,489	826,366,545
Restricted	112,307,412	44,047,942	-	-	112,307,412	44,047,942
Unrestricted	179,518,042	259,783,598	176,961,822	179,339,498	356,479,864	439,123,096
Total net position	\$ 850,104,939	\$ 849,757,640	\$ 531,976,826	\$ 459,779,943	\$ 1,382,081,765	\$ 1,309,537,583



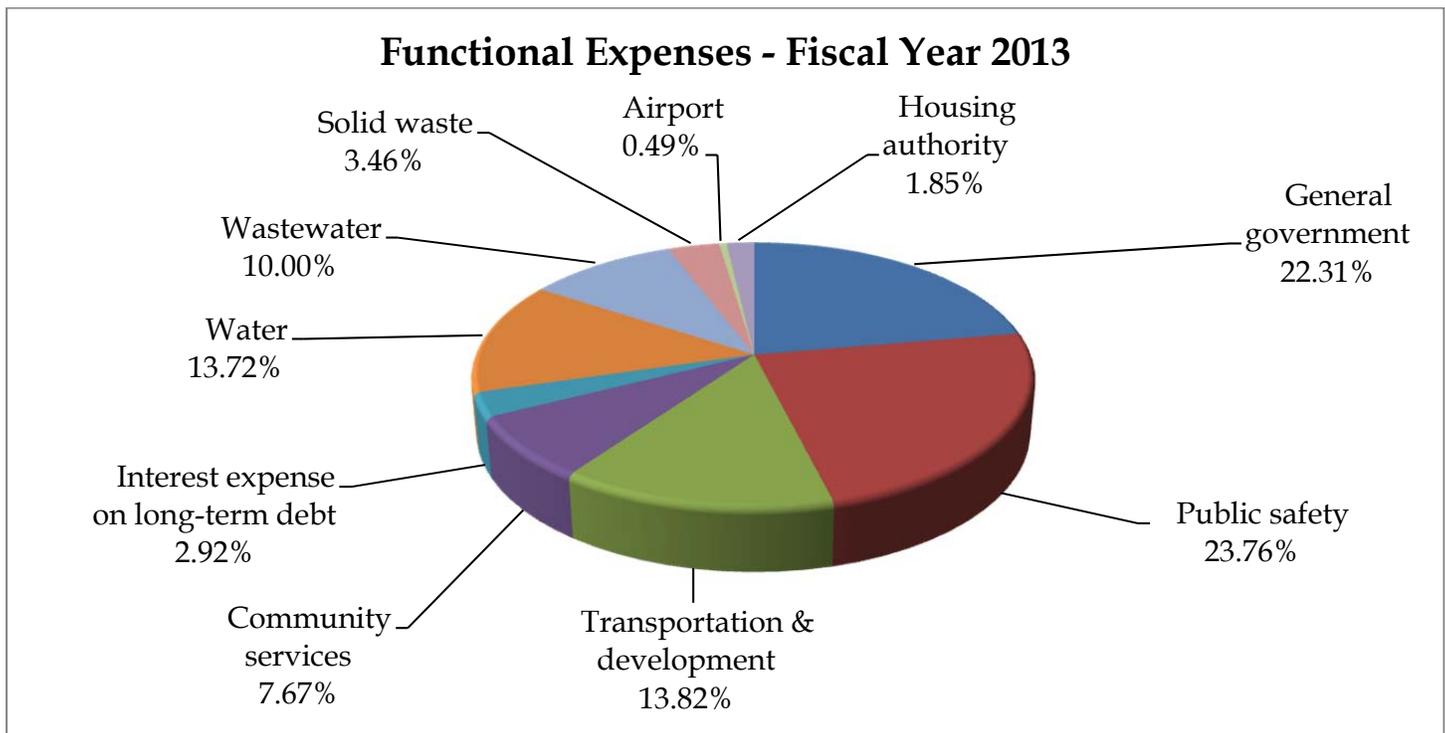
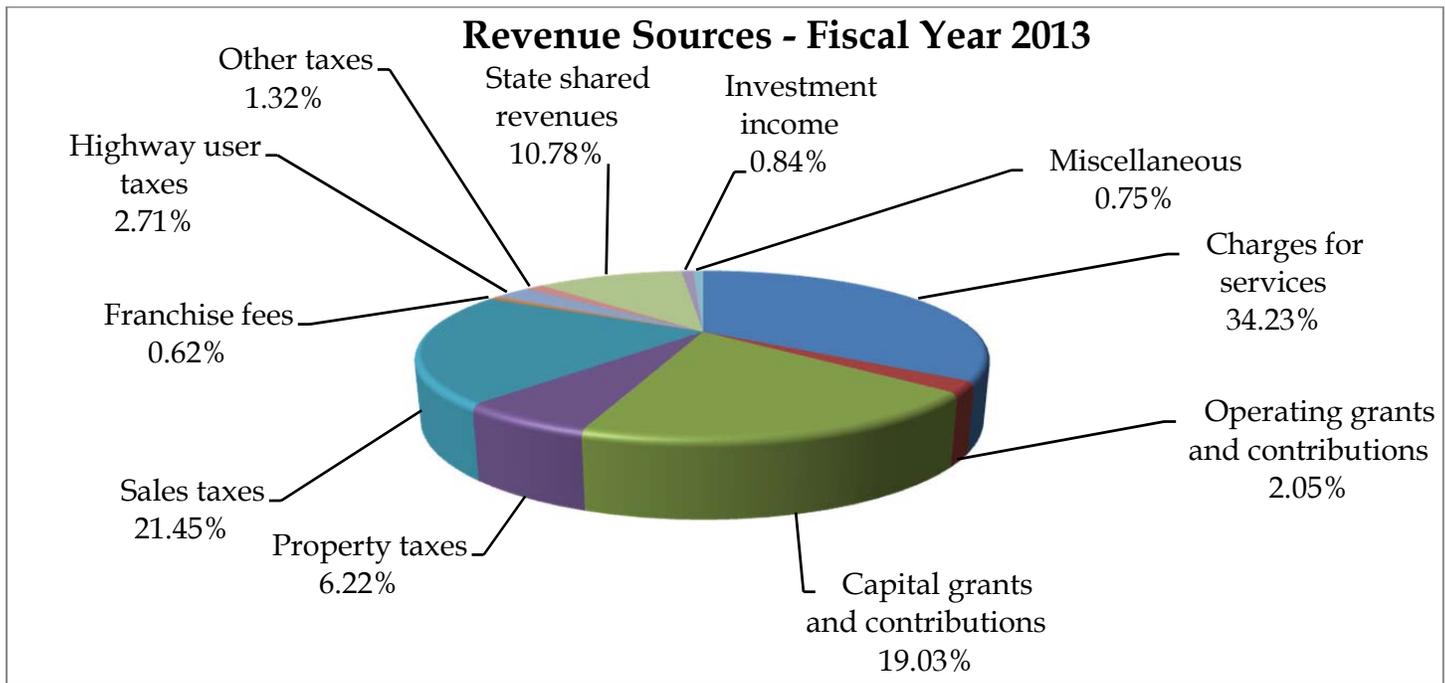
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Changes in net position. The City's total revenues for the fiscal year ended June 30, 2013 were \$476.5 million. The total cost of all programs and services was \$404.0 million, which results in an increase in net position of \$72.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 61,664,262	\$ 69,216,987	\$ 101,398,476	\$100,826,274	\$ 163,062,738	\$ 170,043,261
Operating grants and contributions	3,999,536	6,162,320	5,785,335	6,341,087	9,784,871	12,503,407
Capital grants and contributions	9,116,635	11,016,136	81,572,568	19,118,567	90,689,203	30,134,703
General revenues						
Property taxes	29,656,415	31,877,716	-	-	29,656,415	31,877,716
Sales taxes	102,200,517	97,485,387	-	-	102,200,517	97,485,387
Franchise fees	2,936,533	2,988,456	-	-	2,936,533	2,988,456
Highway user taxes	12,929,504	11,823,280	-	-	12,929,504	11,823,280
Other taxes	6,295,212	5,979,715	-	-	6,295,212	5,979,715
State shared revenues	51,347,206	45,958,627	-	-	51,347,206	45,958,627
Investment income	2,843,417	1,221,923	1,180,290	389,446	4,023,707	1,611,369
Miscellaneous	2,181,627	1,116,832	1,409,437	1,351,829	3,591,064	2,468,661
Total revenues	285,170,864	284,847,379	191,346,106	128,027,203	476,516,970	412,874,582
Expenses:						
General government	90,143,339	88,876,901	-	-	90,143,339	88,876,901
Public safety	95,974,126	89,141,559	-	-	95,974,126	89,141,559
Transportation and development	55,846,316	52,111,019	-	-	55,846,316	52,111,019
Community services	30,979,208	28,966,271	-	-	30,979,208	28,966,271
Interest and fiscal charges	11,777,701	12,425,819	-	-	11,777,701	12,425,819
Water	-	-	55,440,712	56,277,327	55,440,712	56,277,327
Wastewater	-	-	40,401,849	38,804,360	40,401,849	38,804,360
Solid waste	-	-	13,974,858	13,756,352	13,974,858	13,756,352
Airport	-	-	1,960,788	1,941,752	1,960,788	1,941,752
Housing authority	-	-	7,473,891	7,642,503	7,473,891	7,642,503
Total expenses	284,720,690	271,521,569	119,252,098	118,422,294	403,972,788	389,943,863
Increase (decrease) before transfers	450,174	13,325,810	72,094,008	9,604,909	72,544,182	22,930,719
Transfers in (out)	(102,875)	(74,075)	102,875	74,075	-	-
Increase (decrease) in net position	347,299	13,251,735	72,196,883	9,678,984	72,544,182	22,930,719
Beginning net position	849,757,640	836,505,905	459,779,943	450,100,959	1,309,537,583	1,286,606,864
Ending net position	\$ 850,104,939	\$ 849,757,640	\$ 531,976,826	\$459,779,943	\$1,382,081,765	\$ 1,309,537,583

While a small portion of the \$63.6 million increase in revenues for governmental and business-type activities is due to higher consumer confidence as the economy starts to improve as reflected by higher sales taxes and state shared revenue, the majority is a result of capital contribution from Intel to expand water and wastewater infrastructure.

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Governmental Activities. The increase in governmental net position totaled \$347 thousand for the year ended June 30, 2013 compared with an increase of \$13.3 million in the prior year. The prior fiscal year included the large Intel development activity that increased charges for services and construction sales tax revenue. FY 2012-13 reflects the large Intel development winding down, with decreases in those categories. At the same time, as consumer confidence increased, state and local sales taxes increased. This resulted in a minimal change to net position.

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Business-type Activities. The increase in business-type net position totaled \$72.2 million for the year ended June 30, 2013 compared with an increase of \$9.7 million in the prior year. This is primarily due to the increased capital contributions from Intel to reimburse the City for costs to expand water and wastewater infrastructure to support the needs associated with their \$5 billion plant expansion.

As evident in the previous graph, the largest financing source for the City is charges for services at 34.2 percent associated with the user fees and charges for services. Sales taxes also comprise a significant portion of the City's revenues at 21.5 percent of the total revenues with state shared revenues accounting for an additional 10.8 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for public safety at 23.8 percent of the total functional expenses of the City. The next largest users of resources are general government functions and transportation & development at 22.3 percent and 13.8 percent, respectively, with water services accounting for 13.7 percent 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 \$266.8 million, a decrease of \$5.5 million in comparison with the prior year. Approximately \$153.5 million (57.6 percent) of this amount is combined assigned and unassigned balances, all which may be spent at the City's discretion. The total compared to the prior years' assigned and unassigned balances of \$159.1 million represents a decrease of \$5.5 million. This decrease is due to planned use of general fund balance for one-time capital needs. The remainder of the fund balance comprising of non-spendable and restricted balances amounts to \$113.2 million (42.4 percent 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 \$113.3 million represents a minimal decrease.

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 \$167.2 million, while total fund balance reached \$169.1 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 0.965 coverage of total annual general fund expenditures. This is well above the City's contingency reserve financial policy, allowing the funding of other reserves (i.e. economic development and capital projects, compensated absences). The City's general fund balance decreased by \$4.7 million during the current fiscal year due to payoff of a debt issue and planned use for one-time capital needs.

The streets capital projects 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 \$36.4 million. The fund balance of the City's street fund increased by \$2.4 million during the current fiscal year.

The general obligation debt service fund accounts for the accumulation of resources for and payments of general obligation debt. The fund balance restricted for general obligation debt service payments decreased by \$2.8 million during the current fiscal year. The decrease is due primarily to lower property tax levy received as a result of the fourth

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consecutive year of reduced secondary assessed values. This fund also completed an optional early redemption of the remaining principal balance for the Series 2003 bonds. This was funded by a transfer in from the general fund.

Proprietary funds. The City's proprietary funds, which include enterprise and internal service funds, provide the same type of information found in the government-wide financial statements, but in more detail. Net position for the enterprise funds and the internal service funds at the end of the fiscal year amounted to \$532 million and \$35.6 million, respectively, compared to \$459.8 million and \$39.0 million in the prior fiscal year. The primary reason for the increase in net position was due to major additions to the net investment in capital assets category within the enterprise funds. The City expanded water and wastewater infrastructure to support the needs associated with Intel's \$5 billion plant expansion, but Intel reimbursed the City for the related costs.

The enterprise funds net position after net investment in capital assets is 33.3 percent unrestricted compared to 39.0 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$121.6 million, and those for the wastewater fund amounted to \$35.6 million, compared to \$126.4 million and \$36.4 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

For the 2012-13 Budget Year, the City of Chandler held to its ongoing commitment to engage in fiscally responsible budgeting practices. With the economy showing signs of recovery, the City Council adopted a balanced budget for 2012-13, with some adjustments to operating and capital expenditures based upon an analysis of one-time versus ongoing revenue streams. Most local sources were expected to see improvement during the year, including the City's major sources of General Fund revenues: Local Sales Tax, State Shared Sales Tax, and Urban Revenue Sharing (State Shared Income Tax). As a result, the City Council was able to increase the General Fund budget by 7.8 percent over the previous year, and the total City budget by 23.5 percent from the previous year. A large portion of the 23.5 percent increase was a result of capital projects supporting local industrial plant expansion, which was reimbursed to the water and wastewater operating funds. Additionally, debt service costs increased due to the use of \$8.475 million of General Fund transferred to the Debt Service Fund to make an early payoff of 2003-series obligations.

As has been the City's practice, the budget and revenue forecast distinguishes between ongoing and one-time revenues and spending. The City's 2012-13 budget included a variety of salary adjustments and one-time payments after several years of little or no ongoing salary increases. Other ongoing costs, such as maintenance, utilities, and supplies were managed very closely to ensure they could be met with ongoing revenues. The City continues to emphasize its strong financial policies, and continues to include a 12 percent contingency reserve in the General Fund. Council also is continuing the Infrastructure Maintenance Reserve to support street and park capital maintenance projects until additional General Obligation bonds can be sold for this purpose. Those funds are targeted for use from 2013-14 through 2016-17.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the City had invested \$913.3 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$82.7 million.

The City completed several improvement projects including \$1.8 million to upgrade its financial, payroll and HR software system and \$6.1 million in acquisition of Sunset Library. There were also various other infrastructure and improvement projects for parks and street lights.

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The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2013 and 2012.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2013	2012	2013	2012	2013	2012
Land	\$ 83,306,168	\$ 83,306,168	\$ 41,256,107	\$ 41,256,107	\$ 124,562,275	\$ 124,562,275
Land improvements	-	-	368,196	466,985	368,196	466,985
Infrastructure	395,653,277	413,807,990	-	-	395,653,277	413,807,990
System improvements	-	-	394,484,893	430,691,292	394,484,893	430,691,292
Buildings and improvements	258,981,815	265,853,357	8,558,654	8,852,429	267,540,469	274,705,786
Machinery and equipment	27,620,200	24,843,054	1,236,318	1,257,360	28,856,518	26,100,414
Construction in progress	55,620,346	47,608,463	164,986,751	67,641,028	220,607,097	115,249,491
Total	\$ 821,181,806	\$ 835,419,032	\$ 610,890,919	\$ 550,165,201	\$ 1,432,072,725	\$ 1,385,584,233

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

Long-term Debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$535.7 million in long-term debt outstanding with \$39.0 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, 2013 and 2012.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 256,288,000	\$ 268,148,000	\$ 161,567,000	\$ 170,987,000	\$ 417,855,000	\$ 439,135,000
Revenue Bonds	22,045,000	25,745,000	44,740,000	52,670,000	66,785,000	78,415,000
Excise Tax Revenue Obligations	-	-	45,695,000	47,440,000	45,695,000	47,440,000
Special Assessment Bonds	5,350,000	5,780,000	-	-	5,350,000	5,780,000
Total Bonds & Obligations Payable	\$ 283,683,000	\$ 299,673,000	\$ 252,002,000	\$ 271,097,000	\$ 535,685,000	\$ 570,770,000
Arbitrage Payable	42,704	34,784	36,186	35,216	78,890	70,000
Deferred Bond Premiums	4,566,202	5,204,045	3,957,901	4,486,782	8,524,103	9,690,827
Claims Payable	6,236,814	4,777,475	-	-	6,236,814	4,777,475
Landfill Closure/Post Closure	-	-	4,340,000	4,340,000	4,340,000	4,340,000
Compensated Absences	9,374,341	9,439,327	991,440	958,685	10,365,781	10,398,012
Post Employment Benefits	11,136,775	8,207,450	882,034	591,884	12,018,809	8,799,334
Total Long Term Liabilities	\$ 315,039,836	\$ 327,336,081	\$ 262,209,561	\$ 281,509,567	\$ 577,249,397	\$ 608,845,648

The City of Chandler's total debt decreased by \$31.5 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,

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transportation, and recreational facilities. The current debt limitation for the City is \$435.1 million. The City has \$407.0 million of outstanding general obligation debt for these purposes.

State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is \$130.5 million. The City has \$10.9 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 are continuing to be impacted by new development, particularly 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 was starting to grow, but at a very slow rate. Challenges continue at both the federal and state level so the City budget practice continues to be pragmatic – waiting for “real growth” to materialize before including it in budget estimates. This assessment of “slow growth” drove future year ongoing revenue estimates and resulted in a 2013-14 budget with only one General Fund new position and 7 enterprise fund positions and a small (3.5) 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 2013-14 required the combined efforts of citizens, the City Council, Executive Leadership team, and staff members throughout the organization. The City's overall budget decreased from \$836 million in 2012-13 to \$804 million in 2013-14, but some of the reduction was due to large wastewater projects included in the prior year that were at much lower levels in the new budget. Despite a decrease in secondary assessed values (which support debt service) for the fourth year in a row, the City Council did not increase the secondary property tax rate keeping it at \$0.9422 in 2013-14 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 remain in a hold status until existing debt service costs decrease (over time or through refunding opportunities) or property values show an increase over the prior year. As part of the 2013-14 Budget, the City Council reestablished the Budget Stabilization Reserve. This reserve provides the opportunity to utilize the reserve to balance the budget in the future for no more than three consecutive years, should state legislation, and unexpected decrease in property values, or other issues cause revenues to suddenly decrease.

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 Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 353,955,136	\$ 106,334,422	\$ 460,289,558	\$ -	\$ -
Cash and investments	-	-	-	602,407	733,139
Accounts receivable	1,522,188	23,614,043	25,136,231	-	-
Interest receivable	-	-	-	-	6,506
Prepaid items	5,546	345,977	351,523	-	40,576
Privilege license tax receivable	554,493	-	554,493	-	-
Property taxes receivable	877,756	-	877,756	-	-
Internal balances	78	(78)	-	-	-
Due from other governments	4,830,464	78	4,830,542	-	-
Inventories	934,053	217,015	1,151,068	-	-
Special assessments receivable	5,363,358	-	5,363,358	-	-
Notes receivable - current	431,127	-	431,127	-	-
Other receivables	456,602	60,814	517,416	-	83
Total current assets	<u>368,930,801</u>	<u>130,572,271</u>	<u>499,503,072</u>	<u>602,407</u>	<u>780,304</u>
Long-term assets:					
Cash and investments - restricted	-	-	-	-	1,382,694
Notes receivable - long term	-	363,450	363,450	-	-
Other assets	3,181,283	2,028,846	5,210,129	-	6,000
Investment in joint venture	-	69,197,886	69,197,886	-	-
Capital assets:					
Non-depreciable	138,926,514	206,242,858	345,169,372	-	-
Depreciable, net	<u>682,255,292</u>	<u>404,648,061</u>	<u>1,086,903,353</u>	<u>-</u>	<u>59,056</u>
Total capital assets	<u>821,181,806</u>	<u>610,890,919</u>	<u>1,432,072,725</u>	<u>-</u>	<u>59,056</u>
Total long-term assets	<u>824,363,089</u>	<u>682,481,101</u>	<u>1,506,844,190</u>	<u>-</u>	<u>1,447,750</u>
Total assets	<u>1,193,293,890</u>	<u>813,053,372</u>	<u>2,006,347,262</u>	<u>602,407</u>	<u>2,228,054</u>

LIABILITIES

Current liabilities:					
Accounts payable	7,305,137	10,385,023	17,690,160	-	62,088
Accrued payroll	4,998,918	521,244	5,520,162	-	-
Trust liabilities and deposits	9,879,710	2,199,711	12,079,421	-	-
Accrued interest	5,949,713	5,114,881	11,064,594	-	-
Unearned revenue	15,637	646,126	661,763	-	239,926
Arbitrage liability	17,392	17,608	35,000	-	-
Compensated absences payable	88,498	9,359	97,857	-	-
Bonds payable	18,410,000	20,670,000	39,080,000	-	-
Deferred bond premium	637,843	491,410	1,129,253	-	-
Landfill closure and postclosure liability	-	94,446	94,446	-	-
Claims and judgements payable	5,613,133	-	5,613,133	-	-
Total current liabilities	52,915,981	40,149,808	93,065,789	-	302,014
Long-term liabilities:					
Compensated absences payable	9,285,843	982,081	10,267,924	-	-
Bonds payable	265,273,000	231,332,000	496,605,000	-	-
Deferred bond premium	3,928,359	3,466,491	7,394,850	-	-
OPEB liability	11,136,775	882,034	12,018,809	-	-
Arbitrage liability	25,312	18,578	43,890	-	-
Landfill closure and postclosure liability	-	4,245,554	4,245,554	-	-
Claims and judgements payable	623,681	-	623,681	-	-
Total long-term liabilities	290,272,970	240,926,738	531,199,708	-	-
Total liabilities	343,188,951	281,076,546	624,265,497	-	302,014
NET POSITION					
Net investment in capital assets	558,279,485	355,015,004	913,294,489	-	59,056
Restricted for:					
Transportation and development	51,770,344	-	51,770,344	-	-
Capital improvements	25,074,126	-	25,074,126	-	-
Community services	16,915,114	-	16,915,114	-	-
Community development	432,988	-	432,988	-	-
Debt service	17,174,973	-	17,174,973	-	-
Legal restrictions	939,867	-	939,867	-	1,382,694
Total restricted	112,307,412	-	112,307,412	-	1,382,694
Unrestricted	179,518,042	176,961,822	356,479,864	602,407	484,290
Total net position	\$ 850,104,939	\$ 531,976,826	\$ 1,382,081,765	\$ 602,407	\$ 1,926,040

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 90,143,339	\$ 35,898,378	\$ 2,740,752	\$ -	\$ 38,639,130
Public safety	95,974,126	7,375,050	794,098	-	8,169,148
Transportation and development	55,846,316	10,150,102	40	9,116,635	19,266,777
Community services	30,979,208	8,240,732	464,646	-	8,705,378
Interest on long-term debt	11,777,701	-	-	-	-
Total governmental activities	<u>284,720,690</u>	<u>61,664,262</u>	<u>3,999,536</u>	<u>9,116,635</u>	<u>74,780,433</u>
Business-type activities:					
Water	55,440,712	48,258,282	-	5,487,496	53,745,778
Wastewater	40,401,849	37,690,400	-	75,592,288	113,282,688
Solid waste	13,974,858	13,836,363	-	-	13,836,363
Airport	1,960,788	976,102	-	307,373	1,283,475
Chandler housing authority	7,473,891	637,329	5,785,335	185,411	6,608,075
Total business-type activities	<u>119,252,098</u>	<u>101,398,476</u>	<u>5,785,335</u>	<u>81,572,568</u>	<u>188,756,379</u>
Total primary government	<u>\$ 403,972,788</u>	<u>\$ 163,062,738</u>	<u>\$ 9,784,871</u>	<u>\$ 90,689,203</u>	<u>\$ 263,536,812</u>
Component units					
Chandler Industrial Development Authority	\$ 9,708	\$ 87,630	\$ -	\$ -	\$ 87,630
Chandler Cultural Foundation	1,305,369	1,188,514	221,237	-	1,409,751
Total component units	<u>\$ 1,315,077</u>	<u>\$ 1,276,144</u>	<u>\$ 221,237</u>	<u>\$ -</u>	<u>\$ 1,497,381</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 position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Chandler Industrial Development Authority	Chandler Cultural Foundation
\$ (51,504,209)	\$ -	\$ (51,504,209)	\$ -	\$ -
(87,804,978)	-	(87,804,978)	-	-
(36,579,539)	-	(36,579,539)	-	-
(22,273,830)	-	(22,273,830)	-	-
(11,777,701)	-	(11,777,701)	-	-
<u>(209,940,257)</u>	<u>-</u>	<u>(209,940,257)</u>	<u>-</u>	<u>-</u>
-	(1,694,934)	(1,694,934)	-	-
-	72,880,839	72,880,839	-	-
-	(138,495)	(138,495)	-	-
-	(677,313)	(677,313)	-	-
-	(865,816)	(865,816)	-	-
-	69,504,281	69,504,281	-	-
<u>(209,940,257)</u>	<u>69,504,281</u>	<u>(140,435,976)</u>	<u>-</u>	<u>-</u>
-	-	-	77,922	-
-	-	-	-	104,382
-	-	-	77,922	104,382
29,656,415	-	29,656,415	-	-
102,200,517	-	102,200,517	-	-
2,936,533	-	2,936,533	-	-
12,929,504	-	12,929,504	-	-
6,295,212	-	6,295,212	-	-
<u>154,018,181</u>	<u>-</u>	<u>154,018,181</u>	<u>-</u>	<u>-</u>
51,347,206	-	51,347,206	-	-
2,843,417	1,180,290	4,023,707	355	14,175
2,181,627	1,409,437	3,591,064	-	-
(102,875)	102,875	-	-	-
<u>210,287,556</u>	<u>2,692,602</u>	<u>212,980,158</u>	<u>355</u>	<u>14,175</u>
347,299	72,196,883	72,544,182	78,277	118,557
849,757,640	459,779,943	1,309,537,583	524,130	1,807,483
<u>\$ 850,104,939</u>	<u>\$ 531,976,826</u>	<u>\$ 1,382,081,765</u>	<u>\$ 602,407</u>	<u>\$ 1,926,040</u>

City of Chandler
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
ASSETS					
Equity in pooled cash and investments	\$ 157,031,911	\$ 39,736,616	\$ 44,132,825	\$ 70,946,769	\$ 311,848,121
Accounts receivable	1,481,136	20,124	-	8,453	1,509,713
Prepaid items	4,496	-	-	450	4,946
Privilege license tax receivable	554,493	-	-	-	554,493
Property taxes receivable	232,353	-	645,403	-	877,756
Special assessments receivable	-	-	-	5,363,358	5,363,358
Notes receivable	-	-	-	431,127	431,127
Advances to other funds	20,528,358	-	-	-	20,528,358
Due from other funds	1,009,876	-	-	-	1,009,876
Due from other governments	2,065,881	-	-	2,764,583	4,830,464
Inventories	934,053	-	-	-	934,053
Other receivables	452,453	-	-	4,149	456,602
Total assets	\$ 184,295,010	\$ 39,756,740	\$ 44,778,228	\$ 79,518,889	\$ 348,348,867
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,073,640	\$ 501,152	\$ -	\$ 2,623,843	\$ 7,198,635
Accrued payroll	4,768,670	11,948	-	172,429	4,953,047
Trust liabilities and deposits	6,213,864	-	-	3,665,846	9,879,710
Accrued interest	-	-	5,425,975	523,738	5,949,713
Due to other funds	-	-	-	1,009,798	1,009,798
Advances from other funds	-	2,814,300	-	17,714,058	20,528,358
Arbitrage liability	-	3,190	-	14,202	17,392
Bonds payable (matured)	-	-	22,610,000	3,830,000	26,440,000
Deferred revenue	166,940	-	322,867	5,089,394	5,579,201
Total liabilities	15,223,114	3,330,590	28,358,842	34,643,308	81,555,854
Fund Balances:					
Nonspendable	938,549	-	-	-	938,549
Restricted	939,867	36,426,150	16,419,386	58,522,009	112,307,412
Committed	-	-	-	-	-
Assigned	101,115,766	-	-	-	101,115,766
Unassigned	66,077,714	-	-	(13,646,428)	52,431,286
Total fund balances	169,071,896	36,426,150	16,419,386	44,875,581	266,793,013
Total liabilities and fund balances	\$ 184,295,010	\$ 39,756,740	\$ 44,778,228	\$ 79,518,889	\$ 348,348,867

See accompanying Notes to Basic Financial Statements.

City of Chandler
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balances - Total Governmental Funds \$ 266,793,013

Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

Capital assets used in governmental activities are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable	138,926,514
Depreciable buildings, property, equipment and infrastructure, net	<u>682,255,292</u>
Total capital assets	<u>821,181,806</u>

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

5,579,201

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

35,617,744

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds amounts of \$6,334,336 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(257,243,000)
Bonds premium	(4,566,202)
Bond issuance costs	3,181,283
OPEB liability	(11,098,665)
Arbitrage liability	(25,312)
Compensated absences	<u>(9,314,929)</u>
Total long-term liabilities	<u>(279,066,825)</u>

Net Position of Governmental Activities \$ 850,104,939

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, 2013

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
REVENUES:					
Property taxes	\$ 7,710,290	\$ -	\$ 22,131,449	\$ -	\$ 29,841,739
Sales taxes	102,200,517	-	-	-	102,200,517
Franchise fees	2,936,533	-	-	-	2,936,533
Highway user taxes	-	-	-	12,929,504	12,929,504
Regional transportation taxes	-	6,295,212	-	-	6,295,212
State shared	51,347,206	-	-	-	51,347,206
Grants and entitlements	-	-	-	9,480,090	9,480,090
System development fees	-	2,575,380	-	5,205,703	7,781,083
Special assessments	-	-	-	676,127	676,127
Licenses and permits	4,887,466	-	-	-	4,887,466
Charges for services	19,700,410	-	-	86,103	19,786,513
Fines and forfeitures	3,638,573	-	-	2,186,525	5,825,098
Rentals	570,638	-	-	-	570,638
Contributions	100,000	-	-	-	100,000
Interest revenue	1,739,702	295,648	16,203	477,525	2,529,078
Miscellaneous	688,499	306,834	-	388,790	1,384,123
Total revenues	195,519,834	9,473,074	22,147,652	31,430,367	258,570,927
EXPENDITURES:					
Current:					
General government	40,803,483	6,304	-	3,702,746	44,512,533
Public safety	88,116,099	-	-	1,471,514	89,587,613
Transportation and development	14,812,531	1,687,969	-	8,307,078	24,807,578
Community services	22,333,121	-	-	1,221,463	23,554,584
Capital outlay	7,139,655	11,417,594	-	23,236,070	41,793,319
Debt service:					
Principal	-	-	22,610,000	4,260,000	26,870,000
Interest and fiscal charges	-	-	10,851,950	1,056,075	11,908,025
Total expenditures	173,204,889	13,111,867	33,461,950	43,254,946	263,033,652
REVENUES OVER (UNDER) EXPENDITURES	22,314,945	(3,638,793)	(11,314,298)	(11,824,579)	(4,462,725)
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	-	-	-	76,381	76,381
Transfers in	1,047,000	6,003,874	8,475,000	17,324,105	32,849,979
Transfers out	(28,036,381)	-	-	(5,961,013)	(33,997,394)
Total other financing sources (uses)	(26,989,381)	6,003,874	8,475,000	11,439,473	(1,071,034)
NET CHANGE IN FUND BALANCE	(4,674,436)	2,365,081	(2,839,298)	(385,106)	(5,533,759)
FUND BALANCES:					
Beginning of year	173,746,332	34,061,069	19,258,684	45,260,687	272,326,772
End of year	\$ 169,071,896	\$ 36,426,150	\$ 16,419,386	\$ 44,875,581	\$ 266,793,013

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
For the year ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds		<u>\$ (5,533,759)</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 Position, 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>27,274,706</u>
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		<u>(44,686,702)</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	\$ 26,870,000	
Other postemployment benefits obligation	(2,922,688)	
Loss on disposal of capital assets	<u>(384,238)</u>	<u>23,563,074</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>130,324</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>2,080</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>71,089</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>(649,670)</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>3,559,008</u>
The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. The change in financial position of the internal service fund is reported with governmental activities.		<u>(3,382,851)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 347,299</u></u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Net Position
Proprietary Funds
June 30, 2013

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary		Activities: Internal
			Funds		Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 52,108,757	\$ 36,572,860	\$ 17,652,805	\$ 106,334,422	\$ 42,107,015
Accounts receivable	7,225,519	14,569,934	1,818,590	23,614,043	12,475
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	78	78	-
Inventories	183,316	-	33,699	217,015	-
Prepaid items	-	-	345,977	345,977	600
Other receivables	-	-	60,814	60,814	-
Total current assets	63,417,592	51,142,794	19,911,963	134,472,349	42,120,090
Long-term assets:					
Other assets	1,022,814	1,004,830	1,202	2,028,846	-
Notes receivable	-	-	363,450	363,450	-
Investment in joint venture	69,197,886	-	-	69,197,886	-
Capital assets:					
Non-depreciable	48,240,759	129,973,238	28,028,861	206,242,858	-
Depreciable, net	190,854,700	187,738,419	26,054,942	404,648,061	-
Total capital assets	239,095,459	317,711,657	54,083,803	610,890,919	-
Total long-term assets	309,316,159	318,716,487	54,448,455	682,481,101	-
Total assets	372,733,751	369,859,281	74,360,418	816,953,450	42,120,090
LIABILITIES					
Current liabilities:					
Accounts payable	1,647,109	7,838,607	899,307	10,385,023	106,502
Accrued payroll	269,429	138,153	113,662	521,244	45,871
Trust liabilities and deposits	1,000,026	911,768	287,917	2,199,711	-
Accrued interest	2,928,493	2,184,294	2,094	5,114,881	-
Due to other funds	-	-	78	78	-

Unearned revenue	288,318	177,821	179,987	646,126	15,637
Compensated absences payable	5,022	2,543	1,794	9,359	561
Bonds payable	12,548,485	8,101,515	20,000	20,670,000	-
Deferred bond premium	275,462	215,752	196	491,410	-
Arbitrage liability	4,954	12,650	4	17,608	-
Landfill closure and postclosure liability	-	-	94,446	94,446	-
Claims and judgements payable	-	-	-	-	5,613,133
Total current liabilities	18,967,298	19,583,103	1,599,485	40,149,886	5,781,704
Long-term liabilities:					
Compensated absences payable	562,587	231,143	188,351	982,081	58,851
Advances from other funds	-	3,900,000	-	3,900,000	-
Bonds payable	128,376,720	102,834,280	121,000	231,332,000	-
Deferred bond premium	1,889,975	1,573,774	2,742	3,466,491	-
OPEB liability	481,314	278,268	122,452	882,034	38,110
Arbitrage liability	8,133	10,445	-	18,578	-
Landfill closure and postclosure liability	-	-	4,245,554	4,245,554	-
Claims and judgements payable	-	-	-	-	623,681
Total long-term liabilities	131,318,729	108,827,910	4,680,099	244,826,738	720,642
Total liabilities	150,286,027	128,411,013	6,279,584	284,976,624	6,502,346
NET POSITION					
Net investment in capital assets	96,004,817	204,986,336	54,023,851	355,015,004	-
Unrestricted	126,442,907	36,461,932	14,056,983	176,961,822	35,617,744
Total net position	\$ 222,447,724	\$ 241,448,268	\$ 68,080,834	\$ 531,976,826	\$ 35,617,744

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2013

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 48,258,282	\$ 37,690,400	\$ 14,812,465	\$ 100,761,147	\$ -
Grants and entitlements	-	-	5,785,335	5,785,335	-
Rentals	-	-	637,329	637,329	-
Self insurance premiums	-	-	-	-	22,578,756
Miscellaneous	21,127	227,551	631,878	880,556	797,504
Total operating revenues	48,279,409	37,917,951	21,867,007	108,064,367	23,376,260
OPERATING EXPENSES:					
General and administrative	4,015,280	2,589,080	1,422,830	8,027,190	-
Personal services	8,626,753	4,012,990	3,649,013	16,288,756	1,468,373
Contractual services	4,895,519	6,908,360	10,280,624	22,084,503	2,138,537
Commodities	9,352,667	5,368,592	1,556,737	16,277,996	1,351,341
Claims expense	-	-	-	-	23,157,659
Housing assistance payments	-	-	4,727,636	4,727,636	-
Depreciation and amortization expense	19,233,561	17,034,513	1,768,429	38,036,503	-
Total operating expenses	46,123,780	35,913,535	23,405,269	105,442,584	28,115,910
OPERATING INCOME (LOSS)	2,155,629	2,004,416	(1,538,262)	2,621,783	(4,739,650)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	582,852	420,925	176,513	1,180,290	312,259
Interest and fiscal charges	(5,856,988)	(4,368,589)	(4,188)	(10,229,765)	-
Accretion of bond premium	312,933	215,752	196	528,881	-
Amortization of bond issuance costs	(152,088)	(112,725)	(80)	(264,893)	-
Gain (loss) on disposal of capital assets	(14,500)	(7,000)	-	(21,500)	-
Equity interest in joint venture	(3,293,356)	-	-	(3,293,356)	-
Total nonoperating revenues (expenses)	(8,421,147)	(3,851,637)	172,441	(12,100,343)	312,259
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(6,265,518)	(1,847,221)	(1,365,821)	(9,478,560)	(4,427,391)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	5,487,496	75,592,288	492,784	81,572,568	-
Transfers in	-	-	570,572	570,572	1,059,299
Transfers out	(265,153)	(106,512)	(96,032)	(467,697)	(14,759)
Total capital contributions and transfers	5,222,343	75,485,776	967,324	81,675,443	1,044,540
Change in Net Position	(1,043,175)	73,638,555	(398,497)	72,196,883	(3,382,851)
NET POSITION:					
Beginning of year	223,490,899	167,809,713	68,479,331	459,779,943	39,000,595
End of year	\$ 222,447,724	\$ 241,448,268	\$ 68,080,834	\$ 531,976,826	\$ 35,617,744

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, 2013

	Major Funds		Other Proprietary Funds	Total	Governmental Activities: Internal Service Fund
	Water	Wastewater			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 48,347,736	\$ 29,480,938	\$ 15,537,414	\$ 93,366,088	\$ 23,416,564
Cash received from grantors	-	-	5,814,623	5,814,623	-
Cash payments to suppliers	(17,989,680)	(17,146,808)	(17,412,401)	(52,548,889)	(25,313,298)
Cash payments to employees for services	(8,453,425)	(3,918,569)	(3,550,758)	(15,922,752)	(1,450,046)
Net cash provided (used) by operating activities	21,904,631	8,415,561	388,878	30,709,070	(3,346,780)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	570,572	570,572	1,059,299
Transfers out	(265,153)	(106,512)	(96,032)	(467,697)	(14,759)
Net cash provided (used) by noncapital financing activities	(265,153)	(106,512)	474,540	102,875	1,044,540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(13,761,902)	(83,682,798)	(693,690)	(98,138,390)	-
Principal paid on bond maturities	(12,048,090)	(7,026,910)	(20,000)	(19,095,000)	-
Interest paid on bonds	(6,247,027)	(4,609,858)	(4,572)	(10,861,457)	-
Cash received from capital contributions	5,119,074	75,315,380	492,784	80,927,238	-
Net cash provided (used) by capital and related financing activities	(26,937,945)	(20,004,186)	(225,478)	(47,167,609)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	582,852	420,925	176,514	1,180,291	312,259
Net cash provided (used) by investing activities	582,852	420,925	176,514	1,180,291	312,259
Net increase (decrease) in cash and cash equivalents	(4,715,615)	(11,274,212)	814,454	(15,175,373)	(1,989,981)
CASH AND CASH EQUIVALENTS:					
Beginning of year	56,824,372	47,847,072	16,838,351	121,509,795	44,096,996
End of year	\$ 52,108,757	\$ 36,572,860	\$ 17,652,805	\$ 106,334,422	\$ 42,107,015

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

Operating income (loss)	\$ 2,155,629	\$ 2,004,416	\$ (1,538,262)	\$ 2,621,783	\$ (4,739,650)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	19,233,561	17,034,513	1,768,429	38,036,503	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	152,913	(8,514,379)	6,625	(8,354,841)	143,668
(Increase) decrease in inventories	40,764	-	(13,986)	26,778	-
(Increase) decrease in prepaid items	-	-	-	-	600
(Increase) decrease in other assets	157,982	119,458	13,705	291,145	-
Increase (decrease) in payables	233,022	(2,280,776)	84,743	(1,963,011)	(125,700)
Increase (decrease) in accrued payroll and compensated absences	11,612	13,300	10,057	34,969	11,690
Increase (decrease) in deposits	(231,928)	(32,361)	16,552	(247,737)	-
Increase (decrease) in claims payable	-	-	-	-	1,459,339
Increase (decrease) in unearned revenue	(10,640)	(9,731)	(6,298)	(26,669)	(103,364)
Increase (decrease) in other liabilities	161,716	81,121	47,313	290,150	6,637
Total adjustments	<u>19,749,002</u>	<u>6,411,145</u>	<u>1,927,140</u>	<u>28,087,287</u>	<u>1,392,870</u>
Net cash provided (used) by operating activities	<u>\$ 21,904,631</u>	<u>\$ 8,415,561</u>	<u>\$ 388,878</u>	<u>\$ 30,709,070</u>	<u>\$ (3,346,780)</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 368,422	\$ 276,908	\$ -	-	-
Loss on disposal of assets	14,500	7,000	-	-	-
Accretion of bond premiums	312,933	215,752	196	-	-
Amortization of bond issuance costs	152,088	112,725	80	-	-

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Volunteer Firemen's Pension and Relief Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments	\$ 21,226	\$ 7,000
Total assets	<u>\$ 21,226</u>	<u>\$ 7,000</u>
LIABILITIES		
Due to others	\$ -	7,000
Total liabilities	<u>\$ -</u>	<u>\$ 7,000</u>
NET POSITION		
Assets held in trust for pension benefits	<u>21,226</u>	
Total net position	<u>\$ 21,226</u>	

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Trust Funds
For the year ended June 30, 2013

	Volunteer Firemen's Pension and Relief Trust Fund
ADDITIONS:	
Net investment income	\$ 276
Other contributions	100
Total additions	<u>376</u>
DEDUCTIONS:	
Benefits paid to plan members	<u>4,800</u>
Change in net position	<u>(4,424)</u>
NET POSITION:	
Beginning of year	<u>25,650</u>
End of year	<u>\$ 21,226</u>

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2013

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, 2013

NOTE 1 - Summary of Significant Accounting Policies, continued

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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

The City reports the following major proprietary funds:

Water Fund - This fund is used to account for the provision of water services to the residents of the City and certain county residents within the City's municipal boundaries. All activities necessary to provide such service are accounted for in this fund.

Wastewater Fund - This fund is used to account for the provision of wastewater services to the residents of the City and certain county residents within the City's municipal boundaries. All activities necessary to provide such service are accounted for in this fund.

Additionally, the City reports the following fund types:

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

Fiduciary 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.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2013

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 for property and liability insurance and charges to user departments for premiums related to health, dental, workers' compensation, and short term disability self-insurance. The principal operating revenues of the City's enterprise funds are user fees and charges to customers for water, wastewater, solid waste, 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 where allowable, and then unrestricted resources, as they are needed.

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

The level of control at which expenditures may not exceed budget is by department. Upon written request by the City Manager, the City Council has the authority to transfer part or all of any unencumbered appropriation balance from one department to another per City Charter requirement. The City Manager and Department heads have the authority to transfer appropriations between divisions and expenditure categories within departments. Appropriations totaling \$2,103,379 were transferred from the contingency reserves within the General, Enterprise, Internal Service, and Capital Projects funds.

All appropriations expire at the end of the fiscal year except for encumbered and capital improvements carryforward appropriations. Encumbrance accounting, under which purchase orders, contracts and other commitments for the future expenditure of funds are recorded in order to reserve that portion of the related fund balance, is employed in the governmental and proprietary fund types. Encumbrances outstanding at year-end are reported as part of 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 \$6,116,370, for the streets capital projects fund are \$6,289,234, for water enterprise fund are \$11,280,903, for wastewater enterprise fund are \$91,246,595, and for nonmajor governmental funds are \$9,656,825.

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, 2013

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, Workers' Compensation and Employer Liability Trust, Chandler Industrial Development Authority, and the Chandler Cultural Foundation. Interest earned on the pooled cash and investments is distributed each month on the basis of average monthly equity in the pool.

F. Receivables and Payables

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

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.

G. Inventories

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

H. Prepaid Items

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 1 - Summary of Significant Accounting Policies, continued

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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

J. Compensated Absences

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

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

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net position. Bond related 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, 2013

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.

L. Fund Equity

In the fund financial statements, governmental funds report fund balances as Nonspendable, Restricted, Committed, Assigned and Unassigned. Nonspendable, Restricted and Committed classifications represent "reserved" fund balances whereas Assigned and Unassigned classifications represent "unreserved" fund balances (See Note 9).

M. Capital Contributions - Enterprise Funds

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

N. 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.

O. 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.

P. 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, 2013

NOTE 1 - Summary of Significant Accounting Policies, concluded

Q. 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.

R. Implementation of New Accounting Standards

During the year ended June 30, 2013, the City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

NOTE 2 - Cash and Investments

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

Deposits

At year-end, cash on hand was \$301,106, the carrying amount of the City deposits was \$2,067,471, and the bank balance was \$3,326,329. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,076,329 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at year ended June 30, 2013, the City had \$58,174,594 of restricted cash held by paying agent consisting of the July 1, 2013 debt service payment. The cash held by paying 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, 2013

NOTE 2 - Cash and Investments, continued

At June 30, 2013, the City had the following investments and maturities:

Investment Type	Investment Maturities (in Years)			Concentration of Credit Risk %	Credit Rating
	Fair Value	Less than 1	1-5		
U.S. Treasuries	\$ 135,824,084	\$ 49,131,330	\$ 86,692,754	33.99 %	AA+/Aaa/AAA
U.S. Agencies:					
Federal Home Loan Bank	18,449,449	17,449,952	999,497	4.61	AA+/Aaa/AAA*
Federal Home Loan Mortgage Corp.	47,648,880	17,232,003	30,416,877	11.92	AA+/Aaa/AAA
Federal National Mortgage Assn	104,412,084	14,330,115	90,081,969	26.12	AA+/Aaa/AAA
Commercial Paper:					
Bank of Tokyo	174,998	174,998	-	0.04	A-1+/P-1
NNA Inc	199,968	199,968	-	0.05	A-1/P-1
Toyota Motor Credit	199,920	199,920	-	0.05	A-1+/P-1
Corporate Bonds:					
Apple Inc Global	1,603,777	-	1,603,777	0.40	AA+/Aa1
Bank of New York Mellon	8,959,354	-	8,959,354	2.24	A+/Aa3/AA-
Berkshire Hathaway Inc	4,036,304	-	4,036,304	1.01	AA/Aa2/A+
Caterpillar Financial Services Corp	2,898,591	-	2,898,591	0.73	A/A2/A
Costco Wholesale Corp	3,494,608	-	3,494,608	0.87	A+/A1/A+
The Coca-Cola Company	1,760,063	-	1,760,063	0.44	AA-/Aa3/A+
General Electric Capital Corp	8,910,002	-	8,910,002	2.23	AA+/A1
IBM Corp	1,256,150	1,004,550	251,600	0.31	AA-/Aa3/A+
John Deere Capital	3,490,895	-	3,490,895	0.87	A+/A2
JP Morgan Chase	8,034,680	254,267	7,780,413	2.01	A/A2/A+
Merck and Co Inc	3,478,591	-	3,478,591	0.87	AA/A2/A+
National Rural Utility Cooperative	3,011,583	3,011,583	-	0.75	A+/A1
Paccar Financial Corp	3,274,630	-	3,274,630	0.82	A+/A1
Pepsico, Inc	200,841	-	200,841	0.05	A-/A1
PNC Bank INA	2,626,349	-	2,626,349	0.66	A/A2/A+
US Bankcorp	3,085,674	-	3,085,674	0.77	A+/A1/AA-
Wal-Mart Stores, Inc	4,286,688	3,242,303	1,044,385	1.07	AA/Aa2/AA
Wells Fargo	203,779	-	203,779	0.05	A+/A2
Wyeth LLC	4,078,138	4,078,138	-	1.02	AA/A1/A+
Municipal Bonds:					
Arizona School Facilities Board	1,343,218	-	1,343,218	0.34	AAA/Aaa
Money Market U.S. Treasuries & Agencies	22,831,315	22,831,315	-	5.71	AAAm/NR
Total	\$ 399,774,613	\$ 133,140,442	\$ 266,634,171	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, 2013.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2013

NOTE 2 - Cash and Investments, concluded

Concentration of Credit Risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the City's total investments. Securities issues by the United States of America or its agencies are exempt from this provision. More than 5 percent of the City's investments are in the U.S. Agencies, and U.S. Treasuries and Agencies money market funds. See percentages in above table.

NOTE 3 - Property Taxes

The City's property tax is levied and collected by the Maricopa County Treasurer. Property taxes are levied on or before the third Monday in August based upon the previous January 1 full cash value of property as determined by the Maricopa County Assessor. Under Arizona Revised Statutes (A.R.S.), two assessed valuations are used. One is for primary taxes (used to fund operating expenditures) and the other is for secondary taxes (used to meet general obligation debt service requirements). Taxes are due in two equal installments on October 1 and March 1 following the levy date and are delinquent on the first day of November and May, respectively. Delinquent amounts bear interest at the rate of 16 percent.

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

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

The State Constitution and State law specify a property tax levy limitation system. The system consists of two levies, a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary levy, which may only be used to retire bonded indebtedness. There is also a control on the assessed value of property for primary tax purposes. The base year for the new tax system is fiscal year 1979-80. From this base year, two assessed values evolve. The primary assessed values are allowed to increase by no more than 10 percent a year. The dollar amount of the secondary property tax levy is "unlimited" and the actual full cash value of property is used in determining the tax rate.

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

In fiscal year 2012-13, current property tax collections were \$28,430,935 or 99.3 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 2013 are not available for fiscal year 2012-13; accordingly, such taxes will not be recognized as revenue until fiscal year 2013-14.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 4 - Capital Assets

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

Government Activities	Balance July 1, 2012	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 83,306,168	\$ -	\$ -	\$ 83,306,168
Construction in progress	47,608,463	22,674,610	(14,662,727)	55,620,346
Total capital assets not being depreciated	<u>130,914,631</u>	<u>22,674,610</u>	<u>(14,662,727)</u>	<u>138,926,514</u>
Capital assets, being depreciated:				
Infrastructure	612,930,528	5,460,985	-	618,391,513
Building and improvements	353,807,220	9,295,860	-	363,103,080
Machinery and equipment	62,356,331	8,064,986	(1,760,730)	68,660,587
Total capital assets being depreciated	<u>1,029,094,079</u>	<u>22,821,831</u>	<u>(1,760,730)</u>	<u>1,050,155,180</u>
Less accumulated depreciation for:				
Infrastructure	(199,122,538)	(23,615,698)	-	(222,738,236)
Building and improvements	(87,953,863)	(16,167,402)	-	(104,121,265)
Machinery and equipment	(37,513,277)	(4,903,602)	1,376,492	(41,040,387)
Total accumulated depreciation	<u>(324,589,678)</u>	<u>(44,686,702)</u>	<u>1,376,492</u>	<u>(367,899,888)</u>
Total capital assets, being depreciated, net	<u>704,504,401</u>	<u>(21,864,871)</u>	<u>(384,238)</u>	<u>682,255,292</u>
Governmental activities capital assets, net	<u>\$ 835,419,032</u>	<u>\$ 809,739</u>	<u>\$ (15,046,965)</u>	<u>\$ 821,181,806</u>

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

	Expended to June 30, 2013	Remaining Commitments
Streets	\$ 36,776,712	\$ 7,942,815
Parks and recreation	7,727,407	1,308,772
Buildings and related improvements	11,116,227	5,265,334
Total	<u>\$ 55,620,346</u>	<u>\$ 14,516,921</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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, 2012	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 41,256,107	\$ -	\$ -	\$ 41,256,107
Construction in progress	67,641,028	97,353,877	(8,154)	164,986,751
Total capital assets not being depreciated	108,897,135	97,353,877	(8,154)	206,242,858
Capital assets, being depreciated:				
System improvements	884,019,359	904,828	-	884,924,187
Building and improvements	21,085,874	262,880	-	21,348,754
Vehicles, machinery and equipment	14,903,756	290,168	(41,969)	15,151,955
Land improvements	2,117,236	-	-	2,117,236
Total capital assets being depreciated	922,126,225	1,457,876	(41,969)	923,542,132
Less accumulated depreciation for:				
System improvements	(453,328,067)	(37,111,227)		(490,439,294)
Buildings and improvements	(12,233,445)	(556,655)		(12,790,100)
Vehicles, machinery and equipment	(13,646,396)	(269,832)	591	(13,915,637)
Land improvements	(1,650,251)	(98,789)		(1,749,040)
Total accumulated depreciation	(480,858,159)	(38,036,503)	591	(518,894,071)
Total capital assets, being depreciated, net	441,268,066	(36,578,627)	(41,378)	404,648,061
Business-type activities capital assets, net	\$ 550,165,201	\$ 60,775,250	\$ (49,532)	\$ 610,890,919

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

	Expended to June 30, 2013	Remaining Commitments
Sewer system improvements	\$ 124,146,964	\$ 89,918,087
Water system improvements	40,376,116	9,493,880
Solid waste system improvements	110,240	64,760
Airport improvements	353,431	21,082
Total	\$ 164,986,751	\$ 99,497,809

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 5,430,045
Public safety	5,909,879
Community services	8,775,390
Transportation and development	<u>24,571,388</u>
 Total depreciation expense - governmental activities	 \$ <u><u>44,686,702</u></u>
 Business-type activities:	
Water	\$ 19,233,561
Wastewater	17,034,513
Solid waste	480,976
Airport	804,098
Chandler housing authority	<u>483,355</u>
 Total depreciation expense - business-type activities	 \$ <u><u>38,036,503</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 \$417,855,000 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 approximately 112 percent of total 2012-13 ad valorem taxes. Excesses from prior years were used to cover amounts exceeding 100 percent of ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$345,387,126. Principal and interest paid for the current year and total ad valorem property taxes were \$33,461,950 and \$29,841,739 respectively. During fiscal year 2012-13 there was an optional early redemption of the remaining principal balance for the Series 2003 bonds. The early redemption totaled \$8,475,000 and causes the percentage of ad valorem taxes to exceed 100 percent. This situation is not anticipated to continue beyond the current fiscal year, unless there is another large early redemption of an outstanding bond series, which would be funded using available fund balance.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2013 were as follows:

	<u>Outstanding June 30, 2013</u>
Governmental Activities General Obligation Bonds:	
\$6,650,000 Capital Improvement Bonds, Series 1996, due in an annual installment of \$250,000 at 7/1/13; interest at 6.5 percent.	250,000
\$8,205,000 Capital Improvement Bonds, Series 1996B, due in an annual installment of \$550,000 at 7/1/13; interest at 7.2 percent.	550,000
\$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. Full amount of principal outstanding paid on 7/1/13.	8,975,000
\$16,265,000 Refunding Bonds, Series 2003, due in annual installments of \$1,050,000 to \$2,775,000 through 7/1/16; interest at 4 percent to 5 percent.	6,410,000
\$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.	7,650,000
\$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.	18,725,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$1,000,000 to \$6,6000,000 through 7/1/26; interest at 3 percent to 5 percent.	55,100,000
\$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.	21,035,000
\$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.	118,513,000
\$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 2.25 percent to 4 percent.	9,155,000
Total Governmental Activities General Obligation Bonds	<u><u>\$ 256,288,000</u></u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds are expected to require less than 43 percent of total 2012-13 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 \$215,250,644. Principal and interest paid for the current year and total net water and wastewater system and airport revenues and were \$17,054,763 and \$40,003,121 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2013</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 \$3,275,000 through 7/1/26; interest at 3 percent to 5 percent.	34,750,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$6,500,000 to \$11,086,000 through 7/1/28; interest at 2.25 percent to 5 percent.	119,627,000
Total Business-Type Activities General Obligation Bonds	<u><u>\$ 161,567,000</u></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 \$22,045,000 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 slightly more than 36 percent of total 2012-13 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$24,593,764. Principal and interest paid for the current year and street and highway user revenue taxes were \$4,663,475 and \$12,929,504, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 5 - Long-Term Liabilities, continued

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2013 were as follows:

	<u>Outstanding June 30, 2013</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.	75,000
\$10,540,000 Street & Highway User Refunding Bonds, Series 2002, due in an annual installment of \$880,000 on 7/1/13; interest at 4.25 percent	880,000
\$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.	7,755,000
\$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 2.25 percent to 3.5 percent.	8,335,000
Total Governmental Activities Revenue Bonds	<u>\$ 22,045,000</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 \$44,740,000 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 26 percent of net 2012-13 water and wastewater system revenue.

The total principal and interest remaining to be paid on the bonds is \$51,738,915. Principal and interest paid for the current year and net water and wastewater system revenues were \$10,445,140 and \$40,179,441, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 5 - Long-Term Liabilities, continued

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2013 were as follows:

	<u>Outstanding June 30, 2013</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 an annual installment of \$400,000 at 7/1/13; interest at 7.25 percent.	400,000
\$7,770,000 Water & Sewer Refunding Bonds, Series 1997, due in an annual installment of \$100,000 at 7/1/13; interest at 6.25 percent.	100,000
\$12,500,000 Water & Sewer Bonds, Series 2001, due in annual installments of \$785,000 to \$1,045,000 through 7/1/18; interest at 4.5 percent.	1,830,000
\$10,970,000 Water & Sewer Refunding Bonds, Series 2002, due in an annual installment of \$3,755,000 at 7/1/13; interest at 5 percent.	3,755,000
\$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.	11,615,000
\$10,000,000 Water & Sewer Bonds, Series 2003, due in an annual installment of \$1,625,000 at 7/1/13; interest at 3.125 percent.	1,625,000
\$10,000,000 Water & Sewer Bonds, Series 2005, due in annual installments of \$150,000 to \$2,500,000 through 7/1/20; interest at 4 percent to 5 percent.	9,900,000
\$15,485,000 Water & Sewer Refunding Bonds, Series 2005, due in annual installments of \$1,415,000 to \$5,725,000 through 7/1/17; interest at 3.75 percent to 5 percent.	13,365,000
Total Business-Type Activities Revenue Bonds	<u><u>\$ 44,740,000</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 agrees that, so long as any of the obligations remain outstanding and their principal and interest are unpaid, it will not further encumber the excise taxes unless the excise taxes received by the City in the immediately preceding fiscal year are at least three times the highest combined debt service for the current or any succeeding fiscal year for all outstanding parity obligations, including the additional parity obligations proposed be secured by a pledge of the same excise taxes. The City does have the right to incur additional parity obligations payable from and secured by the excise taxes on parity with the obligations.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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 percent of net 2012-13 system revenues. The total principal and interest to be paid on the obligations is \$59,733,307. Principal and interest paid for the current year and net water and wastewater system revenues were \$3,399,863 and \$40,179,441, respectively. Total excise tax revenues collected were \$156,621,139. Principal and interest paid in 2012-13 equal slightly more than 2 percent of total excise tax revenues collected.

	<u>Outstanding June 30, 2013</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.	\$ 31,340,000
\$15,000,000 Water & Sewer Excise Tax Obligations, Series 2011, due in annual installments of \$715,000 to \$1,210,000 through 7/1/28; interest at 3 percent to 5 percent.	14,355,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u><u>\$ 45,695,000</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, 2013, 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, 2013 were as follows:

	<u>Outstanding June 30, 2013</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.	\$ 5,350,000
Total Special Assessment Bonds with Governmental Commitment	<u><u>\$ 5,350,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

Governmental Activities:	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Compensated absences	\$ 9,439,327	\$ 673,551	\$ (738,537)	\$ 9,374,341	\$ 88,498
Bonds payable:					
General obligation bonds	268,148,000	-	(11,860,000)	256,288,000	14,135,000
Revenue bonds	25,745,000	-	(3,700,000)	22,045,000	3,830,000
Special assessment bonds	5,780,000	-	(430,000)	5,350,000	445,000
Total bonds payable	<u>299,673,000</u>	<u>-</u>	<u>(15,990,000)</u>	<u>283,683,000</u>	<u>18,410,000</u>
Arbitrage liability	34,784	16,624	(8,704)	42,704	17,392
Claims payable	4,777,475	23,040,423	(21,581,084)	6,236,814	5,613,133
Post employment benefits	8,207,450	2,929,325	-	11,136,775	-
Deferred bond premiums	5,204,045	-	(637,843)	4,566,202	637,843
Totals	<u>\$ 327,336,081</u>	<u>\$ 26,659,923</u>	<u>\$ (38,956,168)</u>	<u>\$ 315,039,836</u>	<u>\$ 24,766,866</u>
Business-Type Activities:	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Compensated absences	\$ 958,685	\$ 71,527	\$ (38,772)	991,440	\$ 9,359
Bonds & obligations payable:					
General obligation bonds	170,987,000	-	(9,420,000)	161,567,000	10,595,000
Revenue bonds	52,670,000	-	(7,930,000)	44,740,000	8,260,000
Excise tax revenue obligations	47,440,000	-	(1,745,000)	45,695,000	1,815,000
Total bonds & obligations payable	<u>271,097,000</u>	<u>-</u>	<u>(19,095,000)</u>	<u>252,002,000</u>	<u>20,670,000</u>
Arbitrage liability	35,216	60,594	(59,624)	36,186	17,608
Post employment benefits	591,884	290,150	-	882,034	-
Deferred bond premiums	4,486,782	-	(528,881)	3,957,901	491,410
Landfill closure/post closure	4,340,000	-	-	4,340,000	94,446
Totals	<u>\$ 281,509,567</u>	<u>\$ 422,271</u>	<u>\$ (19,722,277)</u>	<u>\$ 262,209,561</u>	<u>\$ 21,282,823</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, 2013, the 6 percent debt limitation was \$130,522,600, providing a debt margin of \$119,653,600 and the 20 percent debt limitation was \$435,075,335, providing a debt margin of \$28,089,335.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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, 2013:

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
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	16,705,000	8,078,878	2,430,000	199,738	520,000	138,400	28,072,016
2019-2023	78,999,000	29,886,622	4,295,000	147,094	2,940,000	361,800	116,629,516
2024-2028	85,100,000	12,105,438	-	-	-	-	97,205,438
2029	15,754,000	344,619	-	-	-	-	16,098,619
Total	\$ 256,288,000	\$ 89,099,126	\$22,045,000	\$2,548,764	\$ 5,350,000	\$ 1,246,400	\$ 376,577,290

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2014	10,595,000	6,247,863	8,260,000	1,999,818	1,815,000	1,561,763	30,479,444
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	9,825,000	4,849,762	7,475,000	531,931	2,105,000	1,193,750	25,980,443
2019-2023	49,176,000	18,335,750	8,270,000	481,903	11,570,000	4,831,106	92,664,759
2024-2028	49,550,000	7,466,063	-	-	14,370,000	2,315,169	73,701,232
2029	11,086,000	242,506	-	-	3,330,000	76,625	14,735,131
Total	\$161,567,000	\$53,683,644	\$44,740,000	\$ 6,998,915	\$45,695,000	\$14,038,307	\$326,722,866

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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, 2012</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
<u>\$ 9,439,327</u>	<u>\$ 673,551</u>	<u>\$ (738,537)</u>	<u>\$ 9,374,341</u>	<u>\$ 88,498</u>
<u>\$ 958,685</u>	<u>\$ 71,527</u>	<u>\$ (38,772)</u>	<u>\$ 991,440</u>	<u>\$ 9,359</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, 2013 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, 2013, the City estimates total costs related to landfill closure and postclosure care is \$15,439,742 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,099,742 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, 2013

NOTE 7 - Landfill Closure and Postclosure Costs, concluded

The estimated total current cost of the landfill closure and postclosure, \$15,439,742, 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, 2013. 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, 2012. 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 \$57,925 (Water) and \$68,341,620 (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	\$ 5,060,416	\$ 427,080	\$ -	\$ 5,487,496
Wastewater	6,723,149	68,869,139	-	75,592,288
Airport	-	-	307,373	307,373
Housing Authority	-	-	185,411	185,411
Total	<u>\$ 11,783,565</u>	<u>\$ 69,296,219</u>	<u>\$ 492,784</u>	<u>\$ 81,572,568</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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, 2013

NOTE 9 - Fund Equity, concluded

As of June 30, 2013 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	\$ 934,053	\$ -	\$ -	\$ -	\$ 934,053
Prepaid items	4,496	-	-	-	4,496
Total Non-spendable	938,549	-	-	-	938,549
Restricted for					
Court Enhancement	766,808	-	-	-	766,808
Judicial Enhancement	173,059	-	-	-	173,059
Transportation and Development	-	36,426,150	-	15,344,194	51,770,344
Debt Service Reserve	-	-	16,419,386	755,587	17,174,973
Community Development	-	-	-	432,988	432,988
Community Services	-	-	-	16,915,114	16,915,114
Other Capital Projects	-	-	-	25,074,126	25,074,126
Total Restricted	939,867	36,426,150	16,419,386	58,522,009	112,307,412
Committed to					
	-	-	-	-	-
Total Committed	-	-	-	-	-
Assigned to					
Domestic Violence Prevention	232,634	-	-	-	232,634
Self-Insurance Purposes	396,555	-	-	-	396,555
Infrastructure Maintenance	34,600,000	-	-	-	34,600,000
Capital Improvements Projects	48,301,614	-	-	-	48,301,614
Economic Development Projects	17,584,963	-	-	-	17,584,963
Total Assigned	101,115,766	-	-	-	101,115,766
Unassigned	66,077,714	-	-	(13,646,428)	52,431,286
Total Unassigned	66,077,714	-	-	(13,646,428)	52,431,286
Total Fund Balances	\$ 169,071,896	\$ 36,426,150	\$ 16,419,386	\$ 44,875,581	\$ 266,793,013

The City's General Fund Reserve Policy requires an amount equal to 12 percent of adopted General Fund operating revenues, excluding transfers in. Unassigned includes this reserve in the amount of \$21,478,200.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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, 2013 was 11.14 percent (10.9 percent retirement and 0.24 percent long-term disability) for active members and the City was required to contribute 11.14 percent (10.25 percent for retirement, 0.65 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, 2013, 2012, and 2011, were \$7,484,021, \$6,346,391, and \$6,307,634 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, 2013

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 21.58 percent of annual covered payroll of which 1.20 percent was the health insurance premium portion. The current aggregate contribution rate for firefighters is 18.52 percent of annual covered payroll of which 1.07 percent was the health insurance premium portion.

C. Annual Pension Cost

For fiscal year ended June 30, 2013, the City's annual pension cost of \$5,268,722 for police and \$2,944,651 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, 2011, actuarial valuations using the projected unit credit actuarial cost method.

The contribution requirements for the year ended June 30, 2013 were established by the June 30, 2011 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 8.25 percent per year compounded annually, attributable to inflation and other across-the-board increases, (2) projected salary increases of 5.0 percent compounded annually attributable to inflation and other across-the-board increases, and (3) additional projected salary increases of 0 percent to 3.0 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 8.25 percent per year compounded annually, attributable to inflation and other across-the-board increases, (2) projected salary increases of 5.0 percent compounded annually attributable to inflation and other across-the-board increases, and (3) additional projected salary increases of 0 percent to 3.0 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 25 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 25 years for unfunded actuarial accrued liability and 20 years for excess contributions.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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
2011 (Pension)	\$ 4,437,908	100%	-
2011 (Health)	\$ 48,906	100%	-
2012 (Pension)	\$ 4,258,298	100%	-
2012 (Health)	\$ 51,720	100%	-
2013 (Pension)	\$ 5,205,497	100%	-
2013 (Health)	\$ 63,225	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
2011 (Pension)	\$ 2,340,705	100%	-
2011 (Health)	\$ 23,166	100%	-
2012 (Pension)	\$ 2,340,237	100%	-
2012 (Health)	\$ 25,072	100%	-
2013 (Pension)	\$ 2,913,144	100%	-
2013 (Health)	\$ 31,508	100%	-

D. Funded Status and Funding Progress

As of June 30, 2013, the firefighters plan was 75.1 percent funded and police was 68.5 percent funded. The actuarial accrued liability for benefits was \$91.8 million and \$152.1 million, and the actuarial value of assets was \$68.9 million and \$104.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$22.9 million and \$47.9 million respectively. The covered payrolls (annual payrolls of active employees covered by the plans) were \$15.4 million and \$24 million, and the ratio of the UAAL to the covered payroll was 148.6 percent and 199.7 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, 2013

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 2013 was 36.44 percent of the members' annual covered payroll, of which 1.80 percent was the health insurance premium portion. The city's contributions to EORP for the years ended June 30, 2013, 2012, and 2011, were \$60,215, \$52,623, and \$47,863 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, 2013, 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 2012-13. 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 health care (OPEB) for retired employees through a single employer defined benefit health plan. The plan provides health benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which covers active and retired members. The benefits, benefit levels and contribution rates are determined annually by the City's Human Resources Department and approved by the City Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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 health expense reimbursements eligible under Internal Revenue Code Section 213, other than direct long-term care expenses. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

B. Benefits Provided

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

Upon retirement, the City deposits a one-time payment of \$800 per year of City service in the retiree's 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, reviewed and recommended by a five member Health Care Benefits Trust Board, and approved by the City Council. The retiree's contribution is 100 percent of the actuarially determined blended premium rate. The City makes no contribution to the retirees' premiums other than allowing them to participate through the City's pooled benefits. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. 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, 2013, retirees contributed \$1,472,903 and the City contributed \$982,819 (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, 2013:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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

Annual Required Contribution (ARC)	\$ 4,214,199
ARC Adjustment	(454,439)
Interest Adjustment to Net OPEB Obligation	<u>439,967</u>
Annual OPEB Cost	\$ 4,199,727
Contributions Made	<u>(980,252)</u>
Increase in Net OPEB Obligation	\$ 3,219,475
Net OPEB Obligation - Beginning of year	<u>8,799,334</u>
Net OPEB Obligation - End of year	<u><u>\$ 12,018,809</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 2013 were as follows:

Fiscal Year Ended June, 30	Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 4,199,727	\$ 980,252	23.40%	\$ 12,018,809
2012	3,954,406	1,124,164	28.43%	8,799,334
2011	3,294,741	1,459,219	44.29%	5,969,092

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	\$ 52,300,279
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 52,300,279</u></u>
Funded Ratio	0.0%
Covered Payroll	96,935,187
UAAL as a percentage of covered payroll	53.95%

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, 2013

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, 2013, 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, 2013 actuarial valuation, the projected unit credit actuarial cost method was used along with a discount rate of 4 percent. In addition, the actuarial assumptions included: an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 9 years, and an annual projected salary increase of 2 percent.

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 Acting 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 Acting City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial position.

NOTE 13 - Risk Management

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

Premiums are paid into the Internal Service Fund by all other funds for 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 2012-13, 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 \$600,000 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 2012-13, 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, 2013

NOTE 13 - Risk Management, concluded

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

The claims liability of \$6,236,814 reported as claims payable in the Self-Insurance Fund at June 30, 2013, 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 2013 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 2012 and 2013 were:

Years Ended June 30,	Risk of Loss	Beginning of Fiscal Year Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012	Workers' compensation	-	1,522,113	(1,522,113)	-
	Property and liability	1,966,172	220,985	(340,884)	1,846,273
	Health	1,417,800	19,785,756	(18,272,354)	2,931,202
	Dental	-	1,683,189	(1,683,189)	-
		<u>3,383,972</u>	<u>23,212,043</u>	<u>(21,818,540)</u>	<u>4,777,475</u>
2013	Workers' compensation	-	3,766,762	(1,060,215)	2,706,547
	Property and liability	1,846,273	(716,629)	(175,058)	954,586
	Health	2,931,202	18,068,477	(18,570,637)	2,429,042
	Dental	-	1,921,813	(1,775,174)	146,639
		<u>4,777,475</u>	<u>23,040,423</u>	<u>(21,581,084)</u>	<u>6,236,814</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 14 - Interfund Transfers

The interfund transfers in and out at June 30, 2013 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Capital projects-streets	\$ -	\$ 6,003,874
	Debt Service-general obligation bonds	-	8,475,000
	Non-major governmental	1,047,000	12,005,105
	Non-major enterprise	-	493,103
	Internal service	-	1,059,299
	Total general fund	<u>1,047,000</u>	<u>28,036,381</u>
Capital projects-streets	General	<u>6,003,874</u>	-
	Total streets fund	<u>6,003,874</u>	-
Debt service-gen. obligation bonds	General	<u>8,475,000</u>	-
	Total general obligation bonds fund	<u>8,475,000</u>	-
Non-major governmental	General	12,005,105	1,047,000
	Non-major governmental	4,836,544	4,914,013
	Enterprise-water	265,153	-
	Enterprise-wastewater	106,512	-
	Non-major enterprise	96,032	-
	Internal service	14,759	-
	Total non-major governmental funds	<u>17,324,105</u>	<u>5,961,013</u>
Water	Non-major governmental	-	265,153
	Total water fund	<u>-</u>	<u>265,153</u>
Wastewater	Non-major governmental	-	106,512
	Total wastewater fund	<u>-</u>	<u>106,512</u>
Non-major enterprise	General	493,103	-
	Non-major governmental	77,469	96,032
	Total non-major enterprise funds	<u>570,572</u>	<u>96,032</u>
Internal service	General	1,059,299	-
	Non-major governmental	-	14,759
	Total internal service fund	<u>1,059,299</u>	<u>14,759</u>
Total		<u>\$ 34,479,850</u>	<u>\$ 34,479,850</u>

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

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-public safety buildings & improvements	\$ 13,794,706
	Capital projects-streets	2,814,300
	Capital projects-public buildings	<u>3,919,352</u>
	Total general fund	<u>20,528,358</u>
Enterprise		
Water	Enterprise-wastewater	<u>3,900,000</u>
	Total	<u><u>\$ 24,428,358</u></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. None 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	\$ 1,009,798
	Non-major enterprise-Chandler housing authority	<u>78</u>
	Total general fund	<u><u>\$ 1,009,876</u></u>

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2013

NOTE 16 - Joint Venture

The City and the Town of Gilbert entered into an Intergovernmental Agreement (Agreement) for the design, construction and operation of a Joint Water Treatment Plant. Under the Agreement, the real property, plant infrastructure and raw water pipelines will be jointly owned with each party entitled to 50 percent of the plant capacity, and each party paying 50 percent of the construction costs. The Town of Gilbert acts as the Lead Agent, overseeing construction activities, which were substantially complete at June 30, 2013, 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, 2013, was:

City of Chandler's Share	\$69,197,886
Town of Gilbert's Share	<u>73,674,640</u>
	<u>\$142,872,526</u>

NOTE 17 - Deficit in Fund Balances

The grants special revenue fund and police confiscated property fund had deficit fund balances of \$1,013,597 and \$138,478 respectively. The deficits 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 \$3,897,218, and \$8,597,135 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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 7,545,600	\$ 7,545,600	\$ 7,710,290	\$ 164,690
Sales taxes	92,870,000	92,870,000	102,200,517	9,330,517
Franchise fees	2,843,000	2,843,000	2,936,533	93,533
State shared	50,417,000	50,417,000	51,347,206	930,206
Licenses and permits	4,784,400	4,784,400	4,887,466	103,066
Charges for services	19,787,615	19,787,615	19,700,410	(87,205)
Fines and forfeitures	3,325,700	3,325,700	3,634,659	308,959
Rentals	830,700	830,700	570,638	(260,062)
Contributions	100,000	100,000	100,000	-
Interest revenue	781,000	781,000	1,739,689	958,689
Miscellaneous	265,000	265,000	688,499	423,499
Total revenues	183,550,015	183,550,015	195,515,907	11,965,892
EXPENDITURES:				
General government				
City manager	22,690,703	24,429,798	22,905,837	1,523,961
City clerk	724,424	756,171	631,546	124,625
Communications and public affairs	1,939,016	2,198,834	1,959,333	239,501
Law	3,383,604	3,518,419	3,461,216	57,203
City magistrate	3,976,197	4,226,574	3,814,772	411,802
Management services	54,191,682	41,952,675	14,117,428	27,835,247
Mayor and council	769,714	790,743	760,620	30,123
Public safety				
Fire	27,628,276	28,366,615	28,190,080	176,535
Police	57,310,732	62,391,159	61,076,378	1,314,781
Transportation and development	16,635,210	18,903,140	17,839,772	1,063,368
Community services	22,644,792	24,220,595	23,079,181	1,141,414
Total expenditures	211,894,350	211,754,723	177,836,163	33,918,560
REVENUES OVER (UNDER) EXPENDITURES	(28,344,335)	(28,204,708)	17,679,744	45,884,452
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,047,000	1,047,000
Transfers out	(47,476,626)	(47,476,626)	(28,036,381)	19,440,245
Total other financing sources (uses)	(47,476,626)	(47,476,626)	(26,989,381)	20,487,245
Change in fund balance	(75,820,961)	(75,681,334)	(9,309,637)	66,371,697
Fund balances, July 1, 2012	173,746,332	173,746,332	173,746,332	-
Fund balances, June 30, 2013	\$ 97,925,371	\$ 98,064,998	\$ 164,436,695	\$ 66,371,697

See accompanying notes to this schedule.

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2013

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	\$ (4,674,436)
Reserved encumbrances at June 30, 2013 recognized as budgetary expenditures in fiscal year ended June 30, 2013	<u>(4,635,201)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ (9,309,637)</u>

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2013

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

Valuation Date	(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)
30-Jun						
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%
2013	104,171,101	152,068,214	68.5%	47,897,113	23,985,615	199.7%

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

Valuation Date	(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)
30-Jun						
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%
2013	68,896,411	91,765,966	75.1%	22,869,555	15,395,116	148.6%

Post-Employment Benefits Other than Pensions
Schedule of Funding Progress

Valuation Date	(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)
01-Jul						
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%
2013	-	52,300,279	0.0%	52,300,279	96,935,187	54.0%

Note 1 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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 207,000	\$ 207,000	\$ 295,647	\$ 88,647
System development fees	2,225,000	2,225,000	2,575,380	350,380
Regional transportation tax	1,448,374	1,448,374	6,295,212	4,846,838
Miscellaneous	-	-	306,834	306,834
Total revenues	3,880,374	3,880,374	9,473,073	5,592,699
EXPENDITURES:				
General government	3,216,000	3,216,000	15,000	3,201,000
Transportation and development	23,779,231	665,038	1,744,978	(1,079,940)
Capital outlay	15,883,849	40,454,107	17,641,124	22,812,983
Total expenditures	42,879,080	44,335,145	19,401,102	24,934,043
Excess (deficiency) of revenues over expenditures	(38,998,706)	(40,454,771)	(9,928,029)	30,526,742
Other financing sources (uses):				
Transfers in	7,506,074	7,506,074	6,003,874	(1,502,200)
Transfers out	(6,506,074)	(6,506,074)	-	6,506,074
Total other financing sources (uses)	1,000,000	1,000,000	6,003,874	5,003,874
Change in fund balances	(37,998,706)	(39,454,771)	(3,924,155)	35,530,616
Fund balances, July 1, 2012	34,061,069	34,061,069	34,061,069	-
Fund balances (deficits), June 30, 2013	\$ (3,937,637)	\$ (5,393,702)	\$ 30,136,914	\$ 35,530,616

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, 2013

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 21,548,200	\$ 21,548,200	\$ 22,131,449	\$ 583,249
Interest revenue	-	-	16,203	16,203
Total revenues	<u>21,548,200</u>	<u>21,548,200</u>	<u>22,147,652</u>	<u>599,452</u>
EXPENDITURES:				
Principal	22,610,000	22,610,000	22,610,000	-
Interest and fiscal charges	10,851,950	10,851,950	10,851,950	-
Total expenditures	<u>33,461,950</u>	<u>33,461,950</u>	<u>33,461,950</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(11,913,750)</u>	<u>(11,913,750)</u>	<u>(11,314,298)</u>	<u>599,452</u>
Other financing sources (uses):				
Transfers in	8,475,000	8,475,000	8,475,000	-
Total other financing sources (uses)	<u>8,475,000</u>	<u>8,475,000</u>	<u>8,475,000</u>	<u>-</u>
Change in fund balances	<u>(3,438,750)</u>	<u>(3,438,750)</u>	<u>(2,839,298)</u>	<u>599,452</u>
Fund balances, July 1, 2012	<u>19,258,684</u>	<u>19,258,684</u>	<u>19,258,684</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 15,819,934</u>	<u>\$ 15,819,934</u>	<u>\$ 16,419,386</u>	<u>\$ 599,452</u>



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, 2013

	Special Revenue						
	Local			Police			
	Highway User	Transportation Assistance	Grants	Community Development	Confiscated Property	Parks and Recreation	Library
ASSETS							
Equity in pooled cash and investments	\$10,473,304	\$3,617,516	\$ -	\$ 54,805	\$3,107,235	\$299,374	\$91,987
Receivables (net of allowance for uncollectible):							
Accounts	-	-	7,163	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes	-	-	-	431,127	-	-	-
Other	-	-	4,149	-	-	-	-
Prepays	-	-	-	-	-	-	-
Due from other governments	1,222,725	-	412,842	174,535	501,839	-	-
Total assets	\$11,696,029	\$3,617,516	\$ 424,154	\$ 660,467	\$3,609,074	\$299,374	\$91,987
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 320,600	\$ 27,635	\$ 208,852	\$ 47,114	\$ 249,607	\$ 10,319	\$ 1,438
Accrued payroll	114,300	-	39,051	12,464	-	305	-
Trust liabilities and deposits	-	-	-	167,901	3,497,945	-	-
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	1,009,798	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Arbitrage liability - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	-	-	-	-
Deferred revenue	-	-	180,050	-	-	-	-
Total liabilities	434,900	27,635	1,437,751	227,479	3,747,552	10,624	1,438
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	11,261,129	3,589,881	-	432,988	-	288,750	90,549
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(1,013,597)	-	(138,478)	-	-
Total fund balances (deficits)	11,261,129	3,589,881	(1,013,597)	432,988	(138,478)	288,750	90,549
Total liabilities and fund balances	\$11,696,029	\$3,617,516	\$ 424,154	\$ 660,467	\$3,609,074	\$299,374	\$91,987

(Continued)

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Debt Service		Capital Projects		
	Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants
ASSETS					
Equity in pooled cash and investments	\$ 4,256,738	\$ 411,579	\$ 1,576,762	\$ 25,773	\$ 83,401
Receivables (net of allowance for uncollectible):					
Accounts	-	-	-	-	-
Special assessments	-	5,363,358	-	-	-
Notes	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Due from other governments	-	-	-	-	452,642
Total assets	\$ 4,256,738	\$ 5,774,937	\$ 1,576,762	\$ 25,773	\$ 536,043
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 8,006	\$ 1,574,010	\$ 3,628	\$ 42,587
Accrued payroll	-	-	2,752	-	272
Trust liabilities and deposits	-	-	-	-	-
Accrued interest	416,738	107,000	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	3,919,352	-
Arbitrage liability - current	5,000	-	-	11	-
Bonds payable - current	3,830,000	-	-	-	-
Deferred revenue	-	4,909,344	-	-	-
Total liabilities	4,251,738	5,024,350	1,576,762	3,922,991	42,859
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	5,000	750,587	-	-	493,184
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(3,897,218)	-
Total fund balances (deficits)	5,000	750,587	-	(3,897,218)	493,184
Total liabilities and fund balances	\$ 4,256,738	\$ 5,774,937	\$ 1,576,762	\$ 25,773	\$ 536,043

Capital Projects

Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ 16,584,497	\$ 5,207,268	\$ 14,949,390	\$ 4,614,999	\$ 5,539,294	\$ 52,847	\$ 70,946,769
1,290	-	-	-	-	-	8,453
-	-	-	-	-	-	5,363,358
-	-	-	-	-	-	431,127
-	-	-	-	-	-	4,149
450	-	-	-	-	-	450
-	-	-	-	-	-	2,764,583
<u>\$ 16,586,237</u>	<u>\$ 5,207,268</u>	<u>\$ 14,949,390</u>	<u>\$ 4,614,999</u>	<u>\$ 5,539,294</u>	<u>\$ 52,847</u>	<u>\$ 79,518,889</u>
\$ 94,617	\$ 7,256	\$ -	\$ 34	\$ 27,840	\$ 300	\$ 2,623,843
1,602	-	-	1,683	-	-	172,429
-	-	-	-	-	-	3,665,846
-	-	-	-	-	-	523,738
-	-	-	-	-	-	1,009,798
-	13,794,706	-	-	-	-	17,714,058
6,750	2,441	-	-	-	-	14,202
-	-	-	-	-	-	3,830,000
-	-	-	-	-	-	5,089,394
<u>102,969</u>	<u>13,804,403</u>	<u>-</u>	<u>1,717</u>	<u>27,840</u>	<u>300</u>	<u>34,643,308</u>
-	-	-	-	-	-	-
16,483,268	-	14,949,390	4,613,282	5,511,454	52,547	58,522,009
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(8,597,135)	-	-	-	-	(13,646,428)
<u>16,483,268</u>	<u>(8,597,135)</u>	<u>14,949,390</u>	<u>4,613,282</u>	<u>5,511,454</u>	<u>52,547</u>	<u>44,875,581</u>
<u>\$ 16,586,237</u>	<u>\$ 5,207,268</u>	<u>\$ 14,949,390</u>	<u>\$ 4,614,999</u>	<u>\$ 5,539,294</u>	<u>\$ 52,847</u>	<u>\$ 79,518,889</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, 2013

	Special Revenue						
	Highway	Local		Community	Police	Parks and	
	User	Transportation	Grants	Development	Confiscated	Recreation	Library
	Assistance			Property			
REVENUES:							
Highway user taxes	\$ 12,929,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	694,355	4,807,393	1,380,100	-	88,560	54,548
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	-	86,103	-	-	-	-	-
Fines and forfeitures	-	-	-	-	2,186,525	-	-
Interest revenue	59,917	12,069	1,888	122	-	2,327	323
Miscellaneous	5,959	84,744	2,321	-	19	-	-
Total revenues	12,995,380	877,271	4,811,602	1,380,222	2,186,544	90,887	54,871
EXPENDITURES:							
Current:							
General government	-	-	1,199,000	1,276,499	-	-	-
Public safety	-	-	877,242	-	555,724	-	-
Transportation and development	7,523,223	349,659	348,021	-	-	-	-
Community services	-	-	264,914	-	-	94,493	20,231
Capital outlay	3,369,993	81,222	3,886,228	16,904	1,733,701	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	10,893,216	430,881	6,575,405	1,293,403	2,289,425	94,493	20,231
REVENUES OVER (UNDER)							
EXPENDITURES	2,102,164	446,390	(1,763,803)	86,819	(102,881)	(3,606)	34,640
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	-	-	-	-	-	-	-
Transfers in	239,673	-	-	-	-	-	-
Transfers out	(4,832,543)	(4,001)	-	(77,469)	-	-	-
Total other financing sources (uses)	(4,592,870)	(4,001)	-	(77,469)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)							
EXPENDITURES AND OTHER FINANCING USES	(2,490,706)	442,389	(1,763,803)	9,350	(102,881)	(3,606)	34,640
FUND BALANCES (DEFICITS):							
Beginning of year	13,751,835	3,147,492	750,206	423,638	(35,597)	292,356	55,909
End of year	\$ 11,261,129	\$ 3,589,881	\$ (1,013,597)	\$ 432,988	\$ (138,478)	\$ 288,750	\$ 90,549

Debt Service		Capital Projects			
Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants	Community Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,448,355	-
-	-	-	141,372	-	4,317,101
-	676,127	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	794	5	46,251	-	181,354
-	-	258,194	-	-	-
-	676,921	258,199	187,623	2,448,355	4,498,455
-	-	784,991	6,680	55,434	13,360
-	-	37,975	-	-	-
-	-	1,590	-	84,585	-
-	-	70,154	-	100,608	514,911
-	-	5,877,962	110	1,729,607	2,549,442
3,830,000	430,000	-	-	-	-
833,475	222,600	-	-	-	-
4,663,475	652,600	6,772,672	6,790	1,970,234	3,077,713
(4,663,475)	24,321	(6,514,473)	180,833	478,121	1,420,742
-	-	-	-	-	-
4,663,475	-	7,050,556	2,610	-	-
-	-	(1,047,000)	-	-	-
4,663,475	-	6,003,556	2,610	-	-
-	24,321	(510,917)	183,443	478,121	1,420,742
5,000	726,266	510,917	(4,080,661)	15,063	15,062,526
\$ 5,000	\$ 750,587	\$ -	\$ (3,897,218)	\$ 493,184	\$ 16,483,268

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,929,504
Grants and entitlements	-	-	-	-	6,779	9,480,090
System development fees	747,230	-	-	-	-	5,205,703
Special assessments	-	-	-	-	-	676,127
Charges for services	-	-	-	-	-	86,103
Fines and forfeitures	-	-	-	-	-	2,186,525
Interest income	44,785	77,664	8,372	39,436	2,218	477,525
Miscellaneous	-	37,553	-	-	-	388,790
Total revenues	792,015	115,217	8,372	39,436	8,997	31,430,367
EXPENDITURES:						
Current:						
General government	13,360	-	81,590	271,832	-	3,702,746
Public safety	573	-	-	-	-	1,471,514
Transportation and development	-	-	-	-	-	8,307,078
Community services	-	-	-	-	156,152	1,221,463
Capital outlay	801,955	2,331,527	-	857,419	-	23,236,070
Debt service:						
Principal	-	-	-	-	-	4,260,000
Interest and fiscal charges	-	-	-	-	-	1,056,075
Total expenditures	815,888	2,331,527	81,590	1,129,251	156,152	43,254,946
REVENUES OVER (UNDER) EXPENDITURES	(23,873)	(2,216,310)	(73,218)	(1,089,815)	(147,155)	(11,824,579)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	-	76,381	-	-	-	76,381
Transfers in	108,828	2,728,024	6,199	2,524,740	-	17,324,105
Transfers out	-	-	-	-	-	(5,961,013)
Total other financing sources (uses)	108,828	2,804,405	6,199	2,524,740	-	11,439,473
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	84,955	588,095	(67,019)	1,434,925	(147,155)	(385,106)
FUND BALANCES (DEFICITS):						
Beginning of year	(8,682,090)	14,361,295	4,680,301	4,076,529	199,702	45,260,687
End of year	\$ (8,597,135)	\$ 14,949,390	\$ 4,613,282	\$ 5,511,454	\$ 52,547	\$ 44,875,581

(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, 2013

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Highway user taxes	\$ 11,900,000	\$ 11,900,000	\$ 12,929,504	\$ 1,029,504
Charges for services	1,000	1,000	-	(1,000)
Interest revenue	71,000	71,000	59,915	(11,085)
Miscellaneous	-	-	5,959	5,959
Total revenues	11,972,000	11,972,000	12,995,378	1,023,378
EXPENDITURES:				
General government	4,107,900	3,096,318	-	3,096,318
Transportation and development	10,054,101	8,660,995	8,075,191	585,804
Capital outlay	2,017,364	5,028,411	4,759,724	268,687
Total expenditures	16,179,365	16,785,724	12,834,915	3,950,809
Excess (deficiency) of revenues over expenditures	(4,207,365)	(4,813,724)	160,463	4,974,187
Other financing sources (uses):				
Transfers in	289,700	289,700	239,673	(50,027)
Transfers out	(4,832,453)	(4,832,453)	(4,832,543)	(90)
Total other financing sources (uses)	(4,542,753)	(4,542,753)	(4,592,870)	(50,117)
Change in fund balances	(8,750,118)	(9,356,477)	(4,432,407)	4,924,070
Fund balances, July 1, 2012	13,751,835	13,751,835	13,751,835	-
Fund balances, June 30, 2013	\$ 5,001,717	\$ 4,395,358	\$ 9,319,428	\$ 4,924,070

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, 2013

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 400,000	\$ 400,000	\$ 694,355	\$ 294,355
Charges for services	80,000	80,000	86,103	6,103
Interest revenue	13,000	13,000	12,069	(931)
Miscellaneous	-	-	84,744	84,744
Total revenues	493,000	493,000	877,271	384,271
EXPENDITURES:				
General government	266,200	100,200	-	100,200
Transportation and development	1,294,377	913,225	350,483	562,742
Capital outlay	-	485,843	119,807	366,036
Total expenditures	1,560,577	1,499,268	470,290	1,028,978
Excess (deficiency) of revenues over expenditures	(1,067,577)	(1,006,268)	406,981	1,413,249
Other financing sources (uses):				
Transfers out	(4,001)	(4,001)	(4,001)	-
Total other financing sources (uses)	(4,001)	(4,001)	(4,001)	-
Change in fund balances	(1,071,578)	(1,010,269)	402,980	1,413,249
Fund balances, July 1, 2012	3,147,492	3,147,492	3,147,492	-
Fund balances, June 30, 2013	\$ 2,075,914	\$ 2,137,223	\$ 3,550,472	\$ 1,413,249

City of Chandler

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

Grants Special Revenue

For the year ended June 30, 2013

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 10,463,607	\$ 10,463,607	\$ 4,807,393	\$ (5,656,214)
Interest revenue	-	-	1,883	1,883
Miscellaneous	-	-	2,321	2,321
Total revenues	<u>10,463,607</u>	<u>10,463,607</u>	<u>4,811,597</u>	<u>(5,652,010)</u>
EXPENDITURES:				
General government	3,764,063	3,086,470	1,584,281	1,502,189
Public safety	2,407,300	2,603,247	879,799	1,723,448
Transportation and development	5,534,325	259,757	348,410	(88,653)
Community services	791,950	802,587	268,900	533,687
Capital outlay	2,969,436	8,680,896	4,021,393	4,659,503
Total expenditures	<u>15,467,074</u>	<u>15,432,957</u>	<u>7,102,783</u>	<u>8,330,174</u>
Change in fund balances	<u>(5,003,467)</u>	<u>(4,969,350)</u>	<u>(2,291,186)</u>	<u>2,678,164</u>
Fund balances, July 1, 2012	<u>750,206</u>	<u>750,206</u>	<u>750,206</u>	<u>-</u>
Fund balances (deficits), June 30, 2013	<u>\$ (4,253,261)</u>	<u>\$ (4,219,144)</u>	<u>\$ (1,540,980)</u>	<u>\$ 2,678,164</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, 2013

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual Amounts	(Negative) Variance with Final Budget
REVENUES:				
Grants and entitlements	\$ 3,500,000	\$ 3,500,000	\$ 1,380,100	\$ (2,119,900)
Interest revenue	-	-	124	124
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>1,380,224</u>	<u>(2,119,776)</u>
EXPENDITURES:				
General government	4,898,450	4,008,021	2,207,291	1,800,730
Capital outlay	180,000	193,867	32,154	161,713
Total expenditures	<u>5,078,450</u>	<u>4,201,888</u>	<u>2,239,445</u>	<u>1,962,443</u>
Excess (deficiency) of revenues over expenditures	<u>(1,578,450)</u>	<u>(701,888)</u>	<u>(859,221)</u>	<u>(157,333)</u>
Other financing sources (uses):				
Transfers out	-	-	(77,469)	(77,469)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(77,469)</u>	<u>(77,469)</u>
Change in fund balances	<u>(1,578,450)</u>	<u>(701,888)</u>	<u>(936,690)</u>	<u>(234,802)</u>
Fund balances, July 1, 2012	<u>423,638</u>	<u>423,638</u>	<u>423,638</u>	<u>-</u>
Fund balances (deficits), June 30, 2013	<u>\$ (1,154,812)</u>	<u>\$ (278,250)</u>	<u>\$ (513,052)</u>	<u>\$ (234,802)</u>

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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 3,000,000	\$ 3,000,000	\$ 2,186,525	\$ (813,475)
Interest revenue	24,000	24,000	-	(24,000)
Miscellaneous	-	-	19	19
Total revenues	<u>3,024,000</u>	<u>3,024,000</u>	<u>2,186,544</u>	<u>(837,456)</u>
EXPENDITURES:				
General government	600,000	-	-	-
Public safety	1,620,000	1,629,627	586,638	1,042,989
Capital outlay	1,380,000	2,575,259	1,839,377	735,882
Total expenditures	<u>3,600,000</u>	<u>4,204,886</u>	<u>2,426,015</u>	<u>1,778,871</u>
Change in fund balances	<u>(576,000)</u>	<u>(1,180,886)</u>	<u>(239,471)</u>	<u>941,415</u>
Fund balances (deficits), July 1, 2012	<u>(35,597)</u>	<u>(35,597)</u>	<u>(35,597)</u>	<u>-</u>
Fund balances (deficits), June 30, 2013	<u>\$ (611,597)</u>	<u>\$ (1,216,483)</u>	<u>\$ (275,068)</u>	<u>\$ 941,415</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, 2013

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 86,541	\$ 86,541	\$ 88,560	\$ 2,019
Interest revenue	1,000	1,000	2,327	1,327
Total revenues	87,541	87,541	90,887	3,346
EXPENDITURES:				
Community services	185,025	185,025	94,629	90,396
Total expenditures	185,025	185,025	94,629	90,396
Change in fund balances	(97,484)	(97,484)	(3,742)	93,742
Fund balances, July 1, 2012	292,356	292,356	292,356	-
Fund balances, June 30, 2013	\$ 194,872	\$ 194,872	\$ 288,614	\$ 93,742

City of Chandler

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

Library Special Revenue

For the year ended June 30, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 60,000	\$ 60,000	\$ 54,548	\$ (5,452)
Interest revenue	-	-	323	323
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>54,871</u>	<u>(5,129)</u>
EXPENDITURES:				
Community services	60,000	63,599	22,268	41,331
Total expenditures	<u>60,000</u>	<u>63,599</u>	<u>22,268</u>	<u>41,331</u>
Change in fund balances	<u>-</u>	<u>(3,599)</u>	<u>32,603</u>	<u>36,202</u>
Fund balances, July 1, 2012	<u>55,909</u>	<u>55,909</u>	<u>55,909</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 55,909</u>	<u>\$ 52,310</u>	<u>\$ 88,512</u>	<u>\$ 36,202</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, 2013

	Budgeted Amounts		Total	Positive
	Original	Final	Non-GAAP Actual Amounts	(Negative) Variance with Final Budget
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 258,194	\$ 258,194
Total revenues	-	-	258,194	258,194
EXPENDITURES:				
General government	12,414,961	7,023,337	1,082,072	\$ 5,941,265
Public safety	1,843,023	369,694	48,158	321,536
Transportation and development	519,503	-	1,590	(1,590)
Community services	93,691	129,736	79,652	50,084
Capital outlay	2,705,670	15,807,291	8,586,364	7,220,927
Total expenditures	17,576,848	23,330,058	9,797,836	13,532,222
Excess (deficiency) of revenues over expenditures	(17,576,848)	(23,330,058)	(9,539,642)	(13,274,028)
Other financing sources (uses):				
Transfers in	17,576,848	17,576,848	7,050,556	(10,526,292)
Transfers out	-	-	(1,047,000)	(1,047,000)
Total other financing sources (uses)	17,576,848	17,576,848	6,003,556	(11,573,292)
Change in fund balances	-	(5,753,210)	(3,536,086)	(24,847,320)
Fund balances, July 1, 2012	510,917	510,917	510,917	-
Fund balances (deficits), June 30, 2013	\$ 510,917	\$ (5,242,293)	\$ (3,025,169)	\$ (24,847,320)

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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 180,000	\$ 180,000	\$ 141,372	\$ (38,628)
Interest revenue	1,000	1,000	46,251	45,251
Total revenues	<u>181,000</u>	<u>181,000</u>	<u>187,623</u>	<u>6,623</u>
EXPENDITURES:				
General government	41,201	41,953	15,752	26,201
Capital outlay	-	110	110	-
Total expenditures	<u>41,201</u>	<u>42,063</u>	<u>15,862</u>	<u>26,201</u>
Excess (deficiency) of revenues over expenditures	<u>139,799</u>	<u>138,937</u>	<u>171,761</u>	<u>32,824</u>
Other financing sources (uses):				
Transfers in	-	-	2,610	(2,610)
Transfers out	(450,000)	(450,000)	-	450,000
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>2,610</u>	<u>447,390</u>
Change in fund balances	(310,201)	(311,063)	174,371	480,214
Fund balances (deficits), July 1, 2012	<u>(4,080,661)</u>	<u>(4,080,661)</u>	<u>(4,080,661)</u>	<u>-</u>
Fund balances (deficits), June 30, 2013	<u>\$ (4,390,862)</u>	<u>\$ (4,391,724)</u>	<u>\$ (3,906,290)</u>	<u>\$ 480,214</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, 2013

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 20,603,153	\$ 20,479,983	\$ 2,448,355	\$ (18,031,628)
Interest revenue	-	-	3	3
Total revenues	20,603,153	20,479,983	2,448,358	(18,031,625)
EXPENDITURES:				
General government	1,141,320	1,374,874	55,675	1,319,199
Transportation and development	5,403,584	291,241	91,243	199,998
Community services	-	221,581	220,153	1,428
Capital outlay	15,703,992	20,459,611	1,943,701	18,515,910
Total expenditures	22,248,896	22,347,307	2,310,772	20,036,535
Change in fund balances	(1,645,743)	(1,867,324)	137,586	2,004,910
Fund balances, July 1, 2012	15,063	15,063	15,063	-
Fund balances (deficits), June 30, 2013	\$ (1,630,680)	\$ (1,852,261)	\$ 152,649	\$ 2,004,910

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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 2,800,000	\$ 2,800,000	\$ 4,317,101	\$ 1,517,101
Interest revenue	75,000	75,000	181,356	106,356
Total revenues	2,875,000	2,875,000	4,498,457	1,623,457
EXPENDITURES:				
General government	3,068,959	3,070,463	31,504	(3,038,959)
Community services	3,194,316	249,968	515,855	265,887
Capital outlay	3,220,100	5,659,746	3,726,780	(1,932,966)
Total expenditures	9,483,375	8,980,177	4,274,139	(4,706,038)
Excess (deficiency) of revenues over expenditures	(6,608,375)	(6,105,177)	224,318	(3,082,581)
Other financing sources (uses):				
Transfers out	(429,300)	(429,300)	-	429,300
Total other financing sources (uses)	(429,300)	(429,300)	-	429,300
Change in fund balances	(7,037,675)	(6,534,477)	224,318	6,758,795
Fund balances, July 1, 2012	15,062,526	15,062,526	15,062,526	-
Fund balances, June 30, 2013	\$ 8,024,851	\$ 8,528,049	\$ 15,286,844	\$ 6,758,795

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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 475,000	\$ 475,000	\$ 747,230	\$ 272,230
Interest revenue	40,000	40,000	44,786	4,786
Total revenues	<u>515,000</u>	<u>515,000</u>	<u>792,016</u>	<u>277,016</u>
EXPENDITURES:				
General government	160,640	162,144	31,504	130,640
Public safety	3,484,144	2,360	573	1,787
Capital outlay	236,000	2,249,451	803,085	1,446,366
Total expenditures	<u>3,880,784</u>	<u>2,413,955</u>	<u>835,162</u>	<u>1,578,793</u>
Excess (deficiency) of revenues over expenditures	<u>(3,365,784)</u>	<u>(1,898,955)</u>	<u>(43,146)</u>	<u>1,855,809</u>
Other financing sources (uses):				
Transfers in	95,000	95,000	108,828	13,828
Total other financing sources (uses)	<u>95,000</u>	<u>95,000</u>	<u>108,828</u>	<u>13,828</u>
Change in fund balances	<u>(3,270,784)</u>	<u>(1,803,955)</u>	<u>65,682</u>	<u>1,869,637</u>
Fund balances (deficits), July 1, 2012	<u>(8,682,090)</u>	<u>(8,682,090)</u>	<u>(8,682,090)</u>	<u>-</u>
Fund balances (deficits), June 30, 2013	<u>\$ (11,952,874)</u>	<u>\$ (10,486,045)</u>	<u>\$ (8,616,408)</u>	<u>\$ 1,869,637</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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 91,000	\$ 91,000	\$ 77,665	\$ (13,335)
Miscellaneous	-	-	37,553	37,553
Total revenues	<u>91,000</u>	<u>91,000</u>	<u>115,218</u>	<u>24,218</u>
EXPENDITURES:				
General government	3,650,000	2,044,467	-	2,044,467
Capital outlay	5,222,089	6,643,931	3,630,144	3,013,787
Total expenditures	<u>8,872,089</u>	<u>8,688,398</u>	<u>3,630,144</u>	<u>5,058,254</u>
Excess (deficiency) of revenues over expenditures	<u>(8,781,089)</u>	<u>(8,597,398)</u>	<u>(3,514,926)</u>	<u>5,082,472</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	76,381	76,381
Transfers in	2,728,024	2,728,024	2,728,024	-
Total other financing sources (uses)	<u>2,728,024</u>	<u>2,728,024</u>	<u>2,804,405</u>	<u>76,381</u>
Change in fund balances	(6,053,065)	(5,869,374)	(710,521)	5,158,853
Fund balances, July 1, 2012	<u>14,361,295</u>	<u>14,361,295</u>	<u>14,361,295</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 8,308,230</u>	<u>\$ 8,491,921</u>	<u>\$ 13,650,774</u>	<u>\$ 5,158,853</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, 2013

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 24,200	\$ 24,200	\$ 8,372	\$ (15,828)
Total revenues	<u>24,200</u>	<u>24,200</u>	<u>8,372</u>	<u>(15,828)</u>
EXPENDITURES:				
General government	102,567	91,365	81,590	9,775
Total expenditures	<u>102,567</u>	<u>91,365</u>	<u>81,590</u>	<u>9,775</u>
Excess (deficiency) of revenues over expenditures	<u>(78,367)</u>	<u>(67,165)</u>	<u>(73,218)</u>	<u>(6,053)</u>
Other financing sources (uses):				
Transfers in	6,750	6,750	6,199	(551)
Total other financing sources (uses)	<u>6,750</u>	<u>6,750</u>	<u>6,199</u>	<u>(551)</u>
Change in fund balances	(71,617)	(60,415)	(67,019)	(6,604)
Fund balances, July 1, 2012	<u>4,680,301</u>	<u>4,680,301</u>	<u>4,680,301</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 4,608,684</u>	<u>\$ 4,619,886</u>	<u>\$ 4,613,282</u>	<u>\$ (6,604)</u>

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, 2013

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 25,000	\$ 25,000	\$ 39,436	\$ 14,436
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>39,436</u>	<u>14,436</u>
EXPENDITURES:				
General government	1,263,300	1,006,099	399,601	606,498
Capital outlay	2,956,500	2,984,493	902,892	2,081,601
Total expenditures	<u>4,219,800</u>	<u>3,990,592</u>	<u>1,302,493</u>	<u>2,688,099</u>
Excess (deficiency) of revenues over expenditures	<u>(4,194,800)</u>	<u>(3,965,592)</u>	<u>(1,263,057)</u>	<u>(2,673,663)</u>
Other financing sources (uses):				
Transfers in	2,521,682	2,521,682	2,524,740	3,058
Total other financing sources (uses)	<u>2,521,682</u>	<u>2,521,682</u>	<u>2,524,740</u>	<u>3,058</u>
Change in fund balances	<u>(1,673,118)</u>	<u>(1,443,910)</u>	<u>1,261,683</u>	<u>(2,670,605)</u>
Fund balances, July 1, 2012	<u>4,076,529</u>	<u>4,076,529</u>	<u>4,076,529</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 2,403,411</u>	<u>\$ 2,632,619</u>	<u>\$ 5,338,212</u>	<u>\$ (2,670,605)</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ -	\$ -	\$ 6,779	\$ 6,779
Interest revenue	2,000	2,000	2,218	218
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>8,997</u>	<u>6,997</u>
EXPENDITURES:				
Community services	<u>200,000</u>	<u>200,000</u>	<u>157,352</u>	<u>42,648</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>157,352</u>	<u>42,648</u>
Change in fund balances	(198,000)	(198,000)	(148,355)	49,645
Fund balances , July 1, 2012	<u>199,702</u>	<u>199,702</u>	<u>199,702</u>	<u>-</u>
Fund balances , June 30, 2013	<u>\$ 1,702</u>	<u>\$ 1,702</u>	<u>\$ 51,347</u>	<u>\$ 49,645</u>



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City of Chandler

Non-Major Proprietary Funds

Solid Waste

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

Airport

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

Chandler Housing Authority

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

City of Chandler
Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2013

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 12,629,268	\$ 145,010	\$ 4,878,527	\$ 17,652,805
Accounts receivable	1,727,191	52,994	38,405	1,818,590
Due from other governments	-	-	78	78
Inventories	-	33,699	-	33,699
Prepaid items	-	-	345,977	345,977
Other receivables	60,814	-	-	60,814
Total current assets	14,417,273	231,703	5,262,987	19,911,963
Long-term assets:				
Other assets	-	1,202	-	1,202
Notes receivable	-	-	363,450	363,450
Capital assets:				
Non-depreciable	7,199,158	19,231,806	1,597,897	28,028,861
Depreciable, net	8,766,611	10,268,649	7,019,682	26,054,942
Total capital assets	15,965,769	29,500,455	8,617,579	54,083,803
Total long-term assets	15,965,769	29,501,657	8,981,029	54,448,455
Total assets	30,383,042	29,733,360	14,244,016	74,360,418
LIABILITIES				
Current liabilities:				
Accounts payable	834,163	46,048	19,096	899,307
Accrued payroll	46,948	17,121	49,593	113,662
Trust liabilities and deposits	16,049	44,420	227,448	287,917

Accrued interest	-	2,094	-	2,094
Due to other funds	-	-	78	78
Unearned revenue	158,795	16,822	4,370	179,987
Compensated absences payable	669	262	863	1,794
Bonds payable	-	20,000	-	20,000
Deferred bond premium	-	196	-	196
Arbitrage liability	-	4	-	4
Landfill closure and postclosure liability	94,446	-	-	94,446
	<u>1,151,070</u>	<u>146,967</u>	<u>301,448</u>	<u>1,599,485</u>
Total current liabilities				
Long-term liabilities:				
Compensated absences payable	70,244	27,496	90,611	188,351
Bonds payable	-	121,000	-	121,000
Deferred bond premium	-	2,742	-	2,742
OPEB liability	90,554	31,898	-	122,452
Landfill closure and postclosure liability	4,245,554	-	-	4,245,554
	<u>4,406,352</u>	<u>183,136</u>	<u>90,611</u>	<u>4,680,099</u>
Total long-term liabilities				
Total liabilities	<u>5,557,422</u>	<u>330,103</u>	<u>392,059</u>	<u>6,279,584</u>
NET POSITION				
Investment in capital assets	15,965,769	29,440,503	8,617,579	54,023,851
Unrestricted	8,859,851	(37,246)	5,234,378	14,056,983
	<u>\$ 24,825,620</u>	<u>\$ 29,403,257</u>	<u>\$ 13,851,957</u>	<u>\$ 68,080,834</u>

City of Chandler
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Proprietary Funds
For the year ended June 30, 2013

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 13,836,363	\$ 976,102	\$ -	\$ 14,812,465
Grants and entitlements	-	-	5,785,335	5,785,335
Rentals	-	-	637,329	637,329
Miscellaneous	58	4,427	627,393	631,878
Total operating revenues	13,836,421	980,529	7,050,057	21,867,007
OPERATING EXPENSES:				
General and administrative	1,322,830	100,000	-	1,422,830
Personal services	1,578,836	542,269	1,527,908	3,649,013
Contractual services	10,064,152	17,713	198,759	10,280,624
Commodities	528,064	492,440	536,233	1,556,737
Housing assistance payments	-	-	4,727,636	4,727,636
Depreciation and amortization expense	480,976	804,098	483,355	1,768,429
Total operating expenses	13,974,858	1,956,520	7,473,891	23,405,269
OPERATING INCOME (LOSS)	(138,437)	(975,991)	(423,834)	(1,538,262)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	147,362	1,445	27,706	176,513
Interest expense	-	(4,188)	-	(4,188)
Accretion of bond premium	-	196	-	196
Amortization of bond issuance costs	-	(80)	-	(80)
Total nonoperating revenues (expenses)	147,362	(2,627)	27,706	172,441
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	8,925	(978,618)	(396,128)	(1,365,821)
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	-	307,373	185,411	492,784
Transfers in	-	208,103	362,469	570,572
Transfers out	(80,189)	(15,843)	-	(96,032)
Total transfers	(80,189)	499,633	547,880	967,324
Change in net position	(71,264)	(478,985)	151,752	(398,497)
NET POSITION				
Beginning of year	24,896,884	29,882,242	13,700,205	68,479,331
End of year	\$ 24,825,620	\$ 29,403,257	\$ 13,851,957	\$ 68,080,834



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City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2013

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 13,776,163	\$ 1,032,171	\$ 729,080	\$ 15,537,414
Cash received from grantors	-	-	5,814,623	5,814,623
Cash payments to suppliers	(11,848,050)	(598,046)	(4,966,305)	(17,412,401)
Cash payments to employees for services	(1,536,739)	(526,996)	(1,487,023)	(3,550,758)
Net cash provided (used) by operating activities	391,374	(92,871)	90,375	388,878
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	208,103	362,469	570,572
Transfers out	(80,189)	(15,843)	-	(96,032)
Net cash provided (used) by noncapital financing activities	(80,189)	192,260	362,469	474,540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(110,240)	(320,570)	(262,880)	(693,690)
Principal paid on bond maturities	-	(20,000)	-	(20,000)
Interest paid on bonds	-	(4,572)	-	(4,572)
Capital contributions	-	307,373	185,411	492,784
Net cash provided (used) by capital and related financing activities	(110,240)	(37,769)	(77,469)	(225,478)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	147,362	1,445	27,707	176,514
Net cash provided (used) by investing activities	147,362	1,445	27,707	176,514
Net increase (decrease) in cash and cash equivalents	348,307	63,065	403,082	814,454
CASH AND CASH EQUIVALENTS:				
Beginning of year	12,280,961	81,945	4,475,445	16,838,351
End of year	<u>\$ 12,629,268</u>	<u>\$ 145,010</u>	<u>\$ 4,878,527</u>	<u>\$ 17,652,805</u>

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

Operating income (loss)	<u>\$ (138,437)</u>	<u>\$ (975,991)</u>	<u>\$ (423,834)</u>	<u>\$ (1,538,262)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	480,976	804,098	483,355	1,768,429
Changes in assets and liabilities:				
(Increase) decrease in receivables	(44,372)	47,049	3,948	6,625
(Increase) decrease in inventories	-	(13,986)	-	(13,986)
(Increase) decrease in other assets	-	80	13,625	13,705
Increase (decrease) in payables	66,996	26,093	(8,346)	84,743
Increase (decrease) in accrued payroll and compensated absences	6,854	3,203	-	10,057
Increase (decrease) in deposits	-	(705)	17,257	16,552
Increase (decrease) in unearned revenue	(15,886)	5,218	4,370	(6,298)
Increase (decrease) in other liabilities	35,243	12,070	-	47,313
Total adjustments	<u>529,811</u>	<u>883,120</u>	<u>514,209</u>	<u>1,927,140</u>
Net cash provided (used) by operating activities	<u><u>\$ 391,374</u></u>	<u><u>\$ (92,871)</u></u>	<u><u>\$ 90,375</u></u>	<u><u>\$ 388,878</u></u>

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, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 11,500	\$ 2,000	\$ (6,500)	\$ 7,000
Total assets	\$ 11,500	\$ 2,000	\$ (6,500)	\$ 7,000
Liabilities:				
Due to others	\$ 11,500	\$ 2,000	\$ (6,500)	\$ 7,000
Total liabilities	\$ 11,500	\$ 2,000	\$ (6,500)	\$ 7,000



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City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2013

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, 2013

Combining statement of netposition - all HUD programs		Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
FDS Line #	Account Description			
ASSETS				
111	Cash - unrestricted	\$ 1,170,193	\$ 789,060	\$ 1,959,253
113	Cash - restricted for FSS escrow accounts	833	-	833
114	Cash - security deposits	61,228	56,935	118,163
115	Cash-restricted for payment of current liabilities	-	-	-
122	Accounts receivable - HUD other projects	-	78	78
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable - tenants - dwelling rents	9,518	4,961	14,479
126.1	Allowance for doubtful accounts - dwelling rents	(3,313)	(937)	(4,250)
128	Fraud recovery	-	990	990
142	Prepaid expenses and other assets	-	-	-
161	Land	1,932,844	1,582,289	3,515,133
162	Buildings	5,050,733	9,369,039	14,419,772
164	Furniture, equipment, machinery - admin	130,354	60,106	190,460
166	Accumulated depreciation	(5,479,151)	(4,712,819)	(10,191,970)
167	Construction in progress	-	-	-
171	Notes and mortgages receivable - non-current	-	-	-
	TOTAL ASSETS	<u>2,873,239</u>	<u>7,149,702</u>	<u>10,022,941</u>
LIABILITIES				
312	Accounts payable	9,071	4,058	13,129
321	Accrued wage/payroll taxes payable	15,149	8,381	23,530
322	Accrued compensated absences - current	249	95	344
331	Accounts payable - HUD PHA programs	-	-	-
341	Tenant security deposits	61,228	56,935	118,163
342	Deferred revenues	-	-	-
345	Other current liabilities	5,313	6,301	11,614
353	Noncurrent liabilities - other	833	-	833
354	Accrued compensated absences - noncurrent	26,090	10,007	36,097
	TOTAL LIABILITIES	<u>117,933</u>	<u>85,777</u>	<u>203,710</u>
NET ASSETS				
508.1	Invested in capital assets, net of related debt	1,634,780	6,298,615	7,933,395
511.1	Restricted net position	833	-	833
512.1	Unrestricted net position	1,119,693	765,310	1,885,003
	TOTAL NET POSITION	<u>2,755,306</u>	<u>7,063,925</u>	<u>9,819,231</u>
	TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,873,239</u>	<u>\$ 7,149,702</u>	<u>\$ 10,022,941</u>

Business Activities			Housing Choice Vouchers	Total
Central Office 14.850a	Other Business	Total Business Activities	14.871	
\$ 702,977	\$ 1,719,788	\$ 2,422,765	\$ 275,542	\$ 4,657,560
-	-	-	97,620	98,453
-	2,400	2,400	-	120,563
-	-	-	1,951	1,951
-	-	-	-	78
-	-	-	27,186	27,186
-	-	-	-	14,479
-	-	-	-	(4,250)
-	-	-	-	990
-	-	-	345,977	345,977
-	200,000	200,000	-	3,715,133
-	520,613	520,613	-	14,940,385
32,718	129,670	162,388	35,470	388,318
(23,393)	(176,917)	(200,310)	(33,977)	(10,426,257)
-	-	-	-	-
-	363,450	363,450	-	363,450
<u>712,302</u>	<u>2,759,004</u>	<u>3,471,306</u>	<u>749,769</u>	<u>14,244,016</u>
594	270	864	3,230	17,223
15,858	-	15,858	10,204	49,592
353	-	353	166	863
-	-	-	1,951	1,951
-	2,400	2,400	-	120,563
-	-	-	4,370	4,370
820	-	820	368	12,802
-	-	-	93,250	94,083
37,048	-	37,048	17,466	90,611
<u>54,673</u>	<u>2,670</u>	<u>57,343</u>	<u>131,005</u>	<u>392,058</u>
9,325	673,366	682,691	1,493	8,617,579
-	-	-	331,785	332,618
649,124	2,082,148	2,731,272	285,486	4,901,761
<u>658,449</u>	<u>2,755,514</u>	<u>3,413,963</u>	<u>618,764</u>	<u>13,851,958</u>
<u>\$ 713,122</u>	<u>\$ 2,758,184</u>	<u>\$ 3,471,306</u>	<u>\$ 749,769</u>	<u>\$ 14,244,016</u>

City of Chandler
Financial Data Sheet
Housing and Redevelopment
For the year ended June 30, 2013

Statement of revenues, expenses, and changes in fund net assets - all HUD programs		Low Rent Public Housing		
		AMP 1 14.850a	AMP 2 14.850a	All AMPs 14.850a
FDS Line #	Account description			
REVENUES				
70300	Net tenant rental revenue	\$ 246,853	\$ 357,112	\$ 603,965
70400	Tenant revenue - other	8,050	-	8,050
70600	HUD operating grants	954,103	446,547	1,400,650
70610	HUD capital grants	107,489	77,922	185,411
70710	Management fees earned	-	-	-
70720	Asst management fees earned	-	-	-
70730	Bookkeeping fees earned	-	-	-
71100	Investment income - unrestricted	20,300	1,851	22,151
713	Proceeds from disposition of assets held for sale	-	-	-
713.1	Cost of sale of assets	-	-	-
71400	Fraud recovery	-	-	-
71500	Other revenue	29,774	22,304	52,078
71600	Gain or loss on sale of capital assets	-	-	-
72000	Investment income - restricted	-	-	-
	TOTAL REVENUES	1,366,569	905,736	2,272,305
EXPENSES				
91100	Administrative salaries	82,689	86,612	169,301
91200	Auditing fees	2,620	2,145	4,765
91300	Management fees	122,297	105,336	227,633
91310	Bookkeeping fees	14,498	12,495	26,993
914	Compensated absences	-	-	-
91500	Employee benefit contributions - administrative	35,641	33,557	69,198
91600	Office expenses	1,946	1,939	3,885
91900	Other operating - administrative	13,846	12,731	26,577
92000	Asset management fees	19,560	16,800	36,360
92100	Tenant services - salaries	77,856	-	77,856
92300	Employee benefit contributions - tenant services	20,613	-	20,613
92400	Tenant services - other	948	250	1,198
93100	Water	34,591	1,879	36,470
93200	Electricity	46,421	6,604	53,025
93300	Gas	1,297	95	1,392
93800	Other utility expenditures	45,923	3,288	49,211
94100	Ordinary maintenance and operations - labor	182,170	81,885	264,055
94200	Ordinary maintenance and operations - materials	140,619	63,962	204,581
94300	Ordinary maintenance and operations - contract costs	121,138	60,530	181,668
94500	Ordinary maintenance and operations - ordinary maintenance	67,331	37,079	104,410
96100	Insurance	11,009	18,473	29,482
96200	Other general expenditures	11,035	4,690	15,725
96210	Compensated absences	26,339	10,102	36,441
96300	Payments in lieu of taxes	-	-	-
96400	Bad debt - tenant rents	10,824	2,669	13,493
	Total operating expenditures	1,091,211	563,121	1,654,332
	Other expenditures:			
97300	Housing assistance payments	-	-	-
97350	HAP portability-in	-	-	-
97400	Depreciation	162,729	282,485	445,214
	TOTAL EXPENDITURES	1,253,940	845,606	2,099,546
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)		112,629	60,130	172,759
OTHER FINANCING SOURCES (USES)				
10010	Operating transfers in	-	-	-
10020	Operating transfers out	-	-	-
10030	Operating transfers in from primary government	-	77,469	77,469
11040	Equity transfers	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	77,469	77,469
CHANGE IN NET POSITION		112,629	137,599	250,228
TOTAL NET POSITION, BEGINNING OF YEAR		2,642,677	6,926,326	9,569,003
NET POSITION, END OF YEAR		\$ 2,755,306	\$ 7,063,925	\$ 9,819,231
OTHER MEMORANDUM AMOUNTS				
70600	Maximum annual contributions commitment	-	-	-
11190	Unit months available	1,956	1,680	3,636
11210	Number of unit months leased	1,924	1,663	3,587

Business Activities			Housing Choice Vouchers 14.871	Eliminations	Total
Central Office 14.850a	Other Business	Total Business Activities			
\$ -	\$ 33,363	\$ 33,363	\$ -	\$ -	\$ 637,328
-	-	-	-	-	8,050
-	-	-	4,384,685	-	5,785,335
-	-	-	-	-	185,411
299,584	-	299,584	-	(299,584)	-
36,360	-	36,360	-	(36,360)	-
71,063	-	71,063	-	(71,063)	-
1,594	3,183	4,777	780	-	27,708
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,866	-	8,866
-	2,365	2,365	556,033	-	610,476
-	-	-	-	-	-
-	-	-	-	-	-
<u>408,601</u>	<u>38,911</u>	<u>447,512</u>	<u>4,950,364</u>	<u>(407,007)</u>	<u>7,263,174</u>
317,224	-	317,224	161,170	-	647,695
-	-	-	3,570	-	8,335
-	1,967	1,967	69,984	(299,584)	-
-	330	330	43,740	(71,063)	-
-	-	-	-	-	-
112,832	-	112,832	76,685	-	258,715
-	-	-	6,873	-	10,758
3,904	13,417	17,321	60,592	-	104,490
-	-	-	-	(36,360)	-
-	-	-	42,609	-	120,465
-	-	-	20,482	-	41,095
-	-	-	-	-	1,198
-	63	63	-	-	36,533
-	175	175	-	-	53,200
-	93	93	-	-	1,485
-	12	12	-	-	49,223
-	-	-	-	-	264,055
2,304	735	3,039	-	-	207,620
-	8,754	8,754	-	-	190,422
-	-	-	-	-	104,410
-	-	-	-	-	29,482
-	-	-	11,970	-	27,695
37,401	-	37,401	17,632	-	91,474
-	37	37	-	-	37
-	-	-	-	-	13,493
<u>473,665</u>	<u>25,583</u>	<u>499,248</u>	<u>515,307</u>	<u>(407,007)</u>	<u>2,261,880</u>
-	-	-	4,209,610	-	4,209,610
-	-	-	518,026	-	518,026
3,390	33,122	36,512	1,629	-	483,355
<u>477,055</u>	<u>58,705</u>	<u>535,760</u>	<u>5,244,572</u>	<u>(407,007)</u>	<u>7,472,871</u>
<u>(68,454)</u>	<u>(19,794)</u>	<u>(88,248)</u>	<u>(294,208)</u>	<u>-</u>	<u>(209,697)</u>
-	-	-	-	-	-
-	-	-	-	-	-
135,000	-	135,000	150,000	-	362,469
-	-	-	(1,019)	-	(1,019)
<u>135,000</u>	<u>-</u>	<u>135,000</u>	<u>148,981</u>	<u>-</u>	<u>361,450</u>
66,546	(19,794)	46,752	(145,227)	-	151,753
<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>
<u>\$ 658,449</u>	<u>\$ 2,755,514</u>	<u>\$ 3,413,963</u>	<u>\$ 618,764</u>	<u>\$ -</u>	<u>\$ 13,851,958</u>

4,384,685
5,832
5,840



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.



Citizen participation and input are valuable assets to any government entity and assist the City Council with their decision-making. The 228 people appointed to serve on Chandler boards and commissions volunteer their time to make a difference in the community (at left: Planning and Zoning Commission).



V O L U N T E E R S



CITY OF CHANDLER, ARIZONA

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	128
Schedules 1-6 contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	144
Schedules 7-9 contain information to help the reader assess the factors affecting the City’s ability to generate its sales and use tax.	
Debt Capacity	148
Schedules 10-13 present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	155
Schedules 14-15 offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	
Operating information	158
Schedules 16-18 contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	

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

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 101,665,063	\$ 162,790,025	\$ 260,653,345 (1)	\$ 288,893,354
Restricted	90,046,996	110,932,310	106,396,966	115,343,816
Unrestricted	224,309,216	214,663,854	208,727,675	265,645,323
Total governmental activities net position	<u>416,021,275</u>	<u>488,386,189</u>	<u>575,777,986</u>	<u>669,882,493</u>
Business-type activities				
Net investment in capital assets	252,117,283	275,991,278	325,992,618	347,306,362
Restricted	63,985,390	72,538,299	52,511,899	57,835,328
Unrestricted	82,444,533	78,334,422	76,090,729	78,718,941
Total business-type activities net position	<u>398,547,206</u>	<u>426,863,999</u>	<u>454,595,246</u>	<u>483,860,631</u>
Primary government				
Net investment in capital assets	353,782,346	438,781,303	586,645,963	636,199,716
Restricted	154,032,386	183,470,609	158,908,865	173,179,144
Unrestricted	306,753,749	292,998,276	284,818,404	344,364,264
Total primary government net position	<u>\$ 814,568,481</u>	<u>\$ 915,250,188</u>	<u>\$ 1,030,373,232</u>	<u>\$ 1,153,743,124</u>

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 353,996,843	\$ 433,851,899	\$ 537,576,346	\$ 534,292,488	\$ 545,926,100	\$ 558,279,485
56,979,639	117,712,539	94,440,806	41,906,129	44,047,942	112,307,412
341,971,306	271,690,158	198,059,181	260,307,288	259,783,598	179,518,042
<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>	<u>850,104,939</u>
427,130,654	387,401,986	298,938,820	281,936,017	280,440,445	355,015,004
24,319,427	-	-	-	-	-
45,300,009	98,413,928	163,103,784	168,164,942	179,339,498	176,961,822
<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>	<u>531,976,826</u>
781,127,497	821,253,885	836,515,166	816,228,505	826,366,545	913,294,489
81,299,066	117,712,539	94,440,806	41,906,129	44,047,942	112,307,412
387,271,315	370,104,086	361,162,965	428,472,230	439,123,096	356,479,864
<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>	<u>\$ 1,382,081,765</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 32,925,516	\$ 38,116,265	\$ 36,669,140	\$ 42,317,392
Public safety	59,666,119	56,022,025	63,840,179	76,200,082
Community development	7,457,073	6,973,474	8,706,473	9,154,407
Public works	21,309,408	17,175,426	31,940,075	32,402,242
Transportation and development	-	-	-	-
Community services	20,200,390	19,017,024	24,087,695	29,464,039
Interest and fiscal charges	11,426,919	10,649,133	11,658,090	11,479,112
Total governmental activities expenses	<u>152,985,425</u>	<u>147,953,347</u>	<u>176,901,652</u>	<u>201,017,274</u>
Business-type activities:				
Water	40,544,967	41,689,649	38,582,431	40,687,283
Wastewater	24,505,362	25,825,966	25,294,189	27,230,862
Solid waste	9,705,932	9,598,287	8,154,317	9,843,824
Airport	1,458,068	1,582,079	1,765,772	1,757,279
Chandler housing authority	8,977,049	7,773,223	6,713,829	9,133,427
Total business-type activities expenses	<u>85,191,378</u>	<u>86,469,204</u>	<u>80,510,538</u>	<u>88,652,675</u>
Total primary government expenses	<u>\$ 238,176,803</u>	<u>\$ 234,422,551</u>	<u>\$ 257,412,190</u>	<u>\$ 289,669,949</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					
2008	2009	2010	2011	2012	2013
\$ 54,459,719	\$ 52,293,004	\$ 48,920,813	\$ 67,808,567	\$ 88,876,901	\$ 90,143,339
80,860,917	87,609,165	92,421,801	90,738,477	89,141,559	95,974,126
11,692,559	10,429,826	11,715,276	- (1)	-	-
39,241,652	47,180,197	56,155,939	- (1)	-	-
-	-	-	50,909,361 (1)	52,111,019	55,846,316
33,086,565	34,278,998	35,299,676	28,919,560	28,966,271	30,979,208
14,880,604	12,938,524	13,541,708	12,767,934	12,425,819	11,777,701
<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>	<u>284,720,690</u>
53,554,653	53,201,379	62,556,496	57,452,876	56,277,327	55,440,712
30,657,939	36,079,767	38,227,999	37,896,180	38,804,360	40,401,849
6,845,979	12,076,998	14,605,448	13,443,102	13,756,352	13,974,858
1,602,268	2,269,691	1,797,991	2,107,354	1,941,752	1,960,788
7,593,242	7,239,185	7,654,449	7,580,783	7,642,503	7,473,891
<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>119,252,098</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>	<u>\$ 403,972,788</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 14,339,606	\$ 11,770,912	\$ 12,359,183	\$ 12,793,179
Public safety	2,515,026	2,921,707	3,303,895	4,178,941
Community development	7,833,679	10,119,322	8,338,156	10,405,425
Public works	12,879,966	14,037,835	24,529,838 (1)	13,145,192
Transportation and development	-	-	-	-
Community services	1,713,889	1,988,832	2,272,309	2,272,826
Operating grants and contributions	1,488,369	1,041,858	2,167,327	3,707,115
Capital grants and contributions	22,107,766	13,880,993	12,751,519	26,428,112
Total governmental activities program revenues	<u>62,878,301</u>	<u>55,761,459</u>	<u>65,722,227</u>	<u>72,930,790</u>
Business-type activities:				
Charges for services:				
Water	36,148,220	36,860,006	38,112,680	39,054,531
Wastewater	19,849,892	20,541,547	20,499,458	21,083,587
Solid waste	9,850,919	9,787,298	12,218,720	12,769,423
Airport	896,968	931,547	1,005,728	974,190
Community services - housing authority	1,744,088	631,494	648,766	661,509
Operating grants and contributions	6,655,089	6,839,056	6,634,435	6,312,438
Capital grants and contributions	34,348,267	35,817,247	23,547,210	28,014,518
Total business-type activities program revenues	<u>109,493,443</u>	<u>111,408,195</u>	<u>102,666,997</u>	<u>108,870,196</u>
Total primary government program revenues	<u>\$ 172,371,744</u>	<u>\$ 167,169,654</u>	<u>\$ 168,389,224</u>	<u>\$ 181,800,986</u>
Net (expense)/revenue				
Governmental activities	\$ (90,107,124)	\$ (92,191,888)	\$ (111,179,425)	\$ (128,086,484)
Business-type activities	24,302,065	24,938,991	22,156,459	20,217,521
Total primary government net (expense)	<u>\$ (65,805,059)</u>	<u>\$ (67,252,897)</u>	<u>\$ (89,022,966)</u>	<u>\$ (107,868,963)</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

2008	2009	2010	2011	2012	2013
\$ 12,629,779	\$ 14,349,483	\$ 16,621,003	\$ 22,548,679	\$ 31,381,062	\$ 35,898,378
4,317,843	4,802,272	7,110,304	5,658,628	5,794,329	7,375,050
5,488,535	3,581,458	3,336,188	- (2)	-	-
15,831,165	5,226,726	6,025,846	- (2)	-	-
-	-	-	11,884,554 (2)	27,905,311	10,150,102
2,699,469	5,235,864	4,515,980	4,079,359	4,136,285	8,240,732
1,897,300	2,337,910	5,510,710	5,890,147	6,162,320	3,999,536
36,104,151	23,902,360	8,159,960	16,041,213	11,016,136	9,116,635
78,968,242	59,436,073	51,279,991	66,102,580	86,395,443	74,780,433
40,613,727	39,707,910	42,276,145	43,708,974	49,565,071	48,258,282
25,145,258	25,922,530	28,406,808	31,610,009	35,907,085	37,690,400
12,979,695	12,762,120	12,891,628	13,277,403	13,890,957	13,836,363
773,449	741,556	815,751	995,307	996,605	976,102
1,061,658	595,420	521,404	457,781	466,556	637,329
6,114,138	6,225,928	6,367,024	6,297,200	6,341,087	5,785,335
19,782,193	9,110,319	8,484,239	8,659,772	19,118,567	81,572,568
106,470,118	95,065,783	99,762,999	105,006,446	126,285,928	188,756,379
\$ 185,438,360	\$ 154,501,856	\$ 151,042,990	\$ 171,109,026	\$ 212,681,371	\$ 263,536,812
\$ (155,253,774)	\$ (185,293,641)	\$ (206,775,222)	\$ (185,041,319)	\$ (185,126,126)	\$ (209,940,257)
6,216,037	(15,801,237)	(25,079,384)	(13,473,849)	7,863,634	69,504,281
\$ (149,037,737)	\$ (201,094,878)	\$ (231,854,606)	\$ (198,515,168)	\$ (177,262,492)	\$ (140,435,976)

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 20,818,622	\$ 22,743,537	\$ 25,016,760	\$ 26,921,292
Sales taxes	66,671,049	75,702,332	82,327,461	95,410,460
Franchise fees	2,365,749	3,032,260	2,198,738	3,230,429
Highway user taxes	-	-	-	16,490,129
Other taxes	-	-	-	3,481,086
State shared revenues	37,903,674	40,050,636	45,853,506	57,716,644
System development fees	15,165,191	13,878,663	-	-
Investment income	2,391,875	7,862,804	12,286,630	17,868,181
Miscellaneous	695,312	362,343	10,736	1,822,070
Westcor contract payment	-	-	34,500,000	-
Transfers in (out)	621,256	924,227	478,441	469,201
Total governmental activities	<u>146,632,728</u>	<u>164,556,802</u>	<u>202,672,272</u>	<u>223,409,492</u>
Business-type activities:				
Investment income	1,199,710	4,069,440	6,424,600	6,876,399
Miscellaneous	376,917	232,589	532,354	1,043,407
Transfers in (out)	(621,256)	(924,227)	(478,441)	(469,200)
Total business-type activities:	<u>955,371</u>	<u>3,377,802</u>	<u>6,478,513</u>	<u>7,450,606</u>
Total primary government	<u>\$ 147,588,099</u>	<u>\$ 167,934,604</u>	<u>\$ 209,150,785</u>	<u>\$ 230,860,098</u>
Change in Net Position				
Governmental activities	\$ 56,525,604	\$ 72,364,914	\$ 22,796,183	\$ 95,323,008
Business-type activities	25,257,436	28,316,793	28,634,972	27,668,127
Total primary government	<u>\$ 81,783,040</u>	<u>\$ 100,681,707</u>	<u>\$ 51,431,155</u>	<u>\$ 122,991,135</u>

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 34,063,123	\$ 38,957,986	\$ 40,617,269	\$ 36,158,574	\$ 31,877,716	\$ 29,656,415
97,226,841	85,897,334	83,019,726	86,523,295	97,485,387	102,200,517
3,937,952	3,264,093	3,174,390	2,819,521	2,988,456	2,936,533
15,856,863	13,849,284	13,116,481	13,287,878	11,823,280	12,929,504
3,786,677	7,921,275	13,965,973	88,561	5,979,715	6,295,212
62,970,459	61,211,289	54,492,427	47,732,614	45,958,627	51,347,206
-	-	-	-	-	-
20,823,059	10,045,274	3,487,145	1,841,244	1,221,923	2,843,417
767,221	995,606	850,191	3,071,588	1,116,832	2,181,627
-	-	-	-	-	-
534,086	(1,542,346)	873,357	(244,702)	(74,075)	(102,875)
<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>	<u>210,287,556</u>
5,906,545	2,536,237	756,641	533,313	389,446	1,180,290
1,792,816	788,478	1,422,790	946,507	1,351,829	1,409,437
(534,086)	1,542,346	(873,357)	244,702	74,075	102,875
<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>2,692,602</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>	<u>\$ 212,980,158</u>
\$ 84,712,507	\$ 35,306,154	\$ 6,821,737	\$ 6,237,254	\$ 13,251,735	\$ 347,299
13,381,312	(10,934,176)	(23,773,310)	(11,749,327)	9,678,984	72,196,883
<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>	<u>\$ 72,544,182</u>

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

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved	\$ 50,644,739	\$ 56,325,826	\$ 15,211,490	\$ 12,349,638
Unreserved	126,091,872	124,519,771	148,606,301	189,087,760
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 176,736,611</u>	<u>\$ 180,845,597</u>	<u>\$ 163,817,791</u>	<u>\$ 201,437,398</u>
All other governmental funds				
Reserved	\$ 76,703,585	\$ 99,267,829	\$ 100,167,158	\$ 109,777,210
Unreserved, reported in:				
Special revenue funds	5,648,789	9,259,261	8,089,144	14,064,542
Capital projects funds	-	-	253,903	9,158,971
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 82,352,374</u>	<u>\$ 108,527,090</u>	<u>\$ 108,510,205</u>	<u>\$ 133,000,723</u>

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 28,237,521	\$ 30,482,311	\$ 62,149,646	\$ - (1)	\$ -	\$ -
196,093,067	194,457,561	137,041,044	- (1)	-	-
-	-	-	893,067 (1)	947,804	938,549
-	-	-	844,754 (1)	939,867	939,867
-	-	-	61,733,537 (1)	102,635,587	101,115,766
-	-	-	98,872,954 (1)	69,223,074	66,077,714
<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>	<u>\$ 169,071,896</u>
\$ 43,039,742	\$ 97,267,450	\$ 61,355,662	\$ - (1)	\$ -	\$ -
17,752,306	18,786,740	18,103,651	- (1)	-	-
11,608,190	7,868,412	7,379,375	- (1)	-	-
-	-	-	105,756,072 (1)	111,378,788	111,367,545
-	-	-	(12,315,197) (1)	(12,798,348)	(13,646,428)
<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>	<u>\$ 97,721,117</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Taxes - local	\$ 91,492,704	\$ 102,701,196	\$ 109,141,434	\$ - (1)
Taxes - intergovernmental	50,173,867	51,677,502	60,107,031	- (1)
Property taxes	-	-	-	26,909,841 (1)
Sales taxes	-	-	-	95,410,460 (1)
Franchise fees	-	-	-	3,230,429
Highway user taxes	-	-	-	16,490,129
Other taxes	-	-	-	3,481,086 (1)
State shared revenues	-	-	-	57,716,644
Grants and entitlements	4,217,697	14,100,944	9,296,423	7,610,807
System development fees	15,165,191	13,878,663	10,322,313	11,871,969
Special assessments	251,608	439,565	303,336	309,386
License and permits	7,500,437	7,262,403	5,541,215	6,728,309
Charges for current services	13,386,852	15,133,670	15,475,362	18,216,653
Fines and forfeitures	3,517,080	4,136,342	4,231,306	4,058,090
Rentals	18,012	19,580	8,363	89,875
Contributions	5,980	250	500	50,000
Investment income	2,170,414	6,987,824	10,699,944	15,589,318
Miscellaneous	2,204,555	2,667,611	1,632,785	1,830,328
Total revenues	\$ 190,104,397	\$ 219,005,550	\$ 226,760,012	\$ 269,593,324

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
33,844,181	38,677,156	40,259,579	36,301,709	32,329,560	29,841,739
97,226,841	85,897,334	83,019,726	86,523,295	97,485,387	102,200,517
3,937,952	3,264,093	3,174,390	2,819,521	2,988,456	2,936,533
15,856,863	13,849,284	13,116,481	13,287,878	11,823,280	12,929,504
3,786,677	7,921,275	13,965,973	88,561	5,979,715	6,295,212
62,970,459	61,211,289	54,492,427	47,732,614	45,958,627	51,347,206
10,553,680	18,168,904	10,377,502	14,759,620	13,826,606	9,480,090
8,111,597	4,475,029	4,768,306	6,739,920	11,724,823	7,781,083
426,428	863,747	663,209	673,064	678,027	676,127
3,894,368	2,667,720	2,758,392	3,208,944	6,955,605	4,887,466
17,254,859	19,492,740	19,420,434	18,002,168	19,938,566	19,786,513
4,342,621	4,912,159	5,336,294	4,697,317	4,700,430	5,825,098
94,575	138,667	101,322	387,952	455,842	570,638
50,000	50,000	50,000	100,000	100,000	100,000
18,334,581	8,825,695	3,171,308	1,635,258	1,034,895	2,529,078
1,255,681	1,661,772	1,913,571	4,593,104	1,392,691	1,384,123
<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>	<u>\$ 258,570,927</u>

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

	Fiscal Year			
	2004	2005	2006	2007
General government	\$ 31,024,154	\$ 41,135,736	\$ 33,729,455	\$ 38,124,478
Public safety	58,407,246	57,630,321	64,090,649	75,800,634
Community development	7,449,114	7,438,317	8,740,380	8,989,308
Public works	23,028,537	38,421,485	32,555,171	22,987,692
Transportation and development	-	-	-	-
Community services	21,048,659	20,893,626	22,738,420	25,714,032
Capital improvements	36,794,139	33,828,009	49,884,875	75,524,840
Debt service:				
Principal retirement	8,689,500	8,329,500	17,122,071	12,374,500
Interest and fiscal charges	9,641,321	9,180,338	10,465,983	10,669,877
Bond issuance costs	-	174,917	135,437	189,840
Total expenditures	\$ 196,082,670	\$ 217,032,249	\$ 239,462,441	\$ 270,375,201
Debt service as a percentage of noncapital expenditures	12.4%	11.1%	15.9%	12.1%

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

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 51,261,849	\$ 40,503,113	\$ 44,663,091	\$ 43,636,784	\$ 48,894,811	\$ 44,512,533	
78,306,604	84,493,816	85,390,303	84,007,752	82,820,106	89,587,613	
11,593,642	10,509,467	11,614,214	- (1)	-	-	
19,306,381	19,283,643	17,664,633	- (1)	-	-	
-	-	-	22,126,233 (1)	25,532,739	24,807,578	
28,830,926	29,916,002	30,078,856	22,836,317	23,255,568	23,554,854	
104,836,442	124,680,957	106,366,737	67,299,941	29,787,069	41,793,319	
16,659,500	15,275,000	17,260,000	15,090,000	15,970,000	26,870,000	
14,437,346	13,059,295	13,646,479	12,901,616	12,550,323	11,908,025	
179,201	961,100	183,969	278,512	-	-	
<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>	<u>\$ 263,033,922</u>	
14.1%	12.5%	13.3%	13.3%	13.5%	16.4%	

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			
	2004	2005	2006	2007
Other Financing Sources (Uses)				
Bond premium	\$ -	\$ 852,671	\$ 515,129	\$ 1,975,876
Face amount of bonds issued	-	35,720,000	30,905,000	88,405,000
Proceeds from sale of capital assets	680,019	264,352	205,936	173,742
Payment to escrow agent	-	(11,228,422)	-	(24,335,292)
Westcor contract payment	-	-	34,500,000	-
Transfers in	26,072,155	33,226,080	37,204,132	31,525,563
Transfers out	(28,318,852)	(35,170,013)	(39,584,767)	(34,246,951)
Total other financing sources and (uses)	(1,566,678)	23,664,668	63,745,430	63,497,938
Net change in fund balances	\$ (7,544,951)	\$ 25,637,969	\$ (17,956,999)	\$ 62,716,055

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 165,431	\$ 2,348,878	\$ 290,569	\$ 1,047,424	\$ -	\$ -
7,370,000	120,513,000	10,450,000	20,285,000	-	-
280,969	219,793	97,609	108,929	89,007	76,381
-	-	(10,556,600)	(10,816,839)	-	-
-	-	-	-	-	-
38,442,603	40,593,319	46,309,016	41,605,646	20,576,188	32,849,979
<u>(41,108,342)</u>	<u>(44,937,903)</u>	<u>(39,144,322)</u>	<u>(56,040,439)</u>	<u>(22,685,504)</u>	<u>(33,997,394)</u>
5,150,661	118,737,087	7,446,272	(3,810,279)	(2,020,309)	(1,071,034)
<u>\$ (38,319,867)</u>	<u>\$ 52,131,648</u>	<u>\$ (62,833,096)</u>	<u>\$ (30,436,509)</u>	<u>\$ 16,541,585</u>	<u>\$ (5,533,759)</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Amusements	\$ 477,089	\$ 499,388	\$ 611,352	\$ 679,666
Contracting	13,008,527	14,966,943	16,580,509	15,665,738
General Retail	25,638,223	28,835,490	38,501,000	41,719,797
Hotel/Motel	1,309,463	1,508,509	1,716,055	1,938,442
Miscellaneous Related Revenue ¹	1,583,458	3,156,782	1,898,671	2,765,527
Publishing	711,215	754,016	699,456	723,532
Rentals - Personal Property	1,994,513	1,807,806	1,743,393	1,935,981
Rentals - Real Property	5,454,033	6,074,236	7,141,065	7,883,794
Restaurant/Bar	5,015,335	5,618,535	6,994,533	7,655,093
Telecommunications	3,006,992	3,336,576	3,603,977	3,709,781
Use Tax	750,291	1,132,268	989,767	1,044,225
Utilities	7,448,823	7,929,178	8,910,538	9,688,886
Total Sales and Use Taxes	\$ 66,397,962	\$ 75,619,727	\$ 89,390,316	\$ 95,410,462
City Direct Sales Tax Rate ²	1.74%	1.62%	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 percent to 4.4 percent.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 660,985	\$ 623,159	\$ 602,027	\$ 673,666	\$ 714,641	\$ 717,442
15,519,590	9,352,480	6,573,348	6,380,957	\$ 10,869,566	10,408,518
41,253,934	36,851,140	36,560,075	38,741,270	\$ 42,844,871	45,331,309
2,103,714	1,672,893	1,611,912	1,973,790	\$ 2,255,786	2,288,989
3,329,891	2,774,033	2,911,821	2,551,354	\$ 2,334,179	2,937,426
492,770	389,046	382,080	351,250	\$ 352,550	334,981
2,177,125	2,474,464	2,389,241	2,462,219	\$ 2,606,371	2,884,618
8,449,059	8,520,878	8,921,788	9,479,850	\$ 10,025,726	10,817,611
7,908,883	7,267,718	7,436,900	7,971,183	\$ 8,670,199	9,069,109
3,978,715	4,057,982	3,974,448	3,524,076	\$ 3,628,007	3,731,350
950,808	930,636	869,092	1,000,342	\$ 1,054,968	1,315,599
10,401,302	10,982,905	10,786,994	11,413,338	\$ 12,128,475	12,363,565
<u>\$ 97,226,776</u>	<u>\$ 85,897,334</u>	<u>\$ 83,019,726</u>	<u>\$ 86,523,295</u>	<u>\$ 97,485,339</u>	<u>\$ 102,200,517</u>
1.72%	1.75%	1.75%	1.77%	1.76%	1.75%

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

Schedule 8

Fiscal Year	City Direct Tax Rate ¹	Overlapping Rates		
		Maricopa County Tax Rate ²	State of Arizona Tax Rate ³	Tourism & Sports Authority Tax Rate ⁴
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%
2013	1.75%	0.67%	5.92%	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 percent to 4.4 percent. 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 percent to 0.77 percent. 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 percent to 6.6 percent. State tax rate increases during the past ten fiscal years: 1.0 percent 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 percent 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 2013			Fiscal Year 2004		
		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	9.49%	\$ 5,478,729	1	8.25%
Taxpayer B	Department Store	3,823,373	2	3.74%			
Taxpayer C	Grocery Store	2,783,551	3	2.72%	1,862,172	3	2.80%
Taxpayer D	Department Store	2,259,487	4	2.21%			
Taxpayer E	Home Improvement	1,675,623	5	1.64%	1,261,596	6	1.90%
Taxpayer F	Construction	1,307,482	6	1.28%			
Taxpayer G	Telecommunication	1,306,045	7	1.28%			
Taxpayer H	Department Store	1,272,878	8	1.25%			
Taxpayer I	Utility	1,255,294	9	1.23%	1,038,776	9	1.56%
Taxpayer J	Department Store	1,157,789	10	1.13%	1,285,750	5	1.94%
Taxpayer K	Grocery Store				1,995,882	2	3.01%
Taxpayer L	Construction				1,296,185	4	1.95%
Taxpayer M	Vehicle Dealer				1,135,560	7	1.71%
Taxpayer N	Construction				1,121,992	8	1.69%
Taxpayer O	Vehicle Dealer				1,031,824	10	1.55%
		<u>\$ 26,539,776</u>		<u>25.97%</u>	<u>\$ 17,508,466</u>		<u>26.37%</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
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	-
2013	256,288,000	22,045,000	5,350,000	-

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
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	5.97%	1,495
2006	19,415,000	108,870,000	-	-	37,135	346,212,051	5.70%	1,496
2007	62,410,000	101,095,000	-	-	16,304	436,680,903	7.23%	1,877
2008	60,395,000	93,000,000	-	-	-	422,040,654	6.22%	1,804
2009	188,612,000	76,415,000	-	34,040,000	-	636,165,000	9.20%	2,704
2010	185,032,000	67,580,000	-	34,040,000	-	608,655,000	9.35%	2,578
2011	179,747,000	60,280,000	-	48,540,000	-	603,345,000	9.22%	2,535
2012	170,987,000	52,670,000	-	47,440,000	-	570,770,000	7.84%	2,383
2013	161,567,000	44,740,000	-	45,695,000	-	535,685,000	6.71%	2,213

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
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%
2013	417,855,000	16,419,386	401,435,614	21,502,506,694	1.87%

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, 2013**

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
State of Arizona	None	4.05%	None
Maricopa County	None	6.75	None
Maricopa County Community College District	\$ 766,085,000	6.75	\$ 51,708,805
East Valley Institute of Technology	None	13.52	None
Chandler Unified School District No. 80	194,110,000	71.08	137,969,927
Mesa Unified School District No. 4	226,400,000	4.96	11,232,863
Gilbert Unified School District No. 41	135,405,000	1.99	2,690,620
Kyrene Elementary School District No. 28	116,020,000	21.97	25,493,284
Tempe Union High School District No. 213	80,225,000	16.21	<u>13,000,461</u>
Subtotal, overlapping debt			242,095,960
City direct debt	283,683,000	100.00	<u>283,683,000</u>
Total direct and overlapping debt			<u><u>\$ 525,778,960</u></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 2012-13 for the overlapping jurisdiction to the amount of such valuation which lies within the City of Chandler.

**CITY OF CHANDLER, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2004	2005	2006	2007
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 108,344,928	\$ 118,749,422	\$ 116,449,443	\$ 179,351,393
Total net debt applicable to limit	<u>37,575,000</u>	<u>61,660,000</u>	<u>74,720,000</u>	<u>66,460,000</u>
Legal debt margin	<u>\$ 70,769,928</u>	<u>\$ 57,089,422</u>	<u>\$ 41,729,443</u>	<u>\$ 112,891,393</u>
Total net debt applicable to the limit as a percentage of the debt limit	35%	52%	64%	37% (1)
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 361,149,760	\$ 395,831,408	\$ 388,164,810	\$ 597,837,975
Total net debt applicable to limit	<u>72,120,000</u>	<u>84,825,000</u>	<u>193,025,000</u>	<u>404,812,975</u>
Legal debt margin	<u>\$ 289,029,760</u>	<u>\$ 395,831,408</u>	<u>\$ 303,339,810</u>	<u>\$ 404,812,975</u>
Total net debt applicable to the limit as a percentage of the debt limit	20%	0%	22%	32% (1)

Source: Piper Jaffray, Inc.

(1) In November 2006, Arizona Revised Statutes were amended to move public safety and emergency services, streets and transportation from the 6 percent category to the 20 percent 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 percent of secondary assessed valuation. Cities may issue general obligation bonds for any other purpose up to an amount not to exceed 6 percent of secondary assessed valuation.

Legal Debt Margin Calculation for Fiscal Year 2013

Net secondary assessed valuation as of June 30, 2013	\$ 2,175,376,677
Debt limit (6% of assessed value)	130,522,600
Debt applicable to limit:	
6% general obligation bonds	10,869,000
Legal 6% debt margin	<u>\$ 119,653,600</u>
Debt limit (20% of assessed value)	\$ 435,075,335
Debt applicable to limit:	
20% general obligation bonds	406,986,000
Legal 20% debt margin	<u>\$ 28,089,335</u>

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 207,310,517	\$ 210,484,297	\$ 210,484,297	\$ 148,117,597	\$ 135,310,758	\$ 130,522,600
<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>10,869,000</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>	<u>\$ 119,653,600</u>
4%	5%	5%	9%	9%	8%
\$ 691,035,056	\$ 701,614,322	\$ 701,614,322	\$ 493,725,323	\$ 451,035,860	\$ 435,075,335
<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>406,986,000</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>	<u>\$ 28,089,335</u>
35%	67%	65%	90%	95%	94%

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	
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
2013	12,929,504	10,893,216	2,036,288	3,830,000	833,475	0.44

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2013	48,258,282	26,890,219	21,368,063	6,062,435	1,375,854	2.87

Excise Tax Revenue Obligations

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2013	156,621,139	-	156,621,139	1,815,000	1,584,863	46.07

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 5 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	
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
2013	37,690,400	18,879,022	18,811,378	2,197,565	809,286	6.26

Solid Waste Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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 (1)
2006	-	-	-	-	-	0.00
2007	-	-	-	-	-	0.00
2008	-	-	-	-	-	0.00
2009	-	-	-	-	-	0.00
2010	-	-	-	-	-	0.00
2011	-	-	-	-	-	0.00
2012	-	-	-	-	-	0.00
2013	-	-	-	-	-	0.00

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

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

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

Schedule 13c

Municipal Property Corporation Certificates of Participation

Fiscal Year	Water & Sewer Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	-	-	-	-	-	-
2013	-	-	-	-	-	-

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

(1) All remaining debt was defeased in 2006.

**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 (2)
2004	224,644	5,805,699,536	31.2	3.1%	25,844
2005	230,845 (4)	5,777,588,660	30.8	3.3%	25,028
2006	231,399	6,075,380,745	31.6	3.0%	26,255
2007	232,699	6,038,771,749	31.1	2.5%	25,951
2008	233,998	6,787,111,990	31.2	3.2%	29,005
2009	235,298	6,916,584,710	32.8	6.2%	29,395
2010	236,123 (5)	6,507,077,634	32.5	6.9%	27,558
2011	237,979	6,541,804,731	31.7	6.6%	27,489
2012	239,538	7,279,080,744	32.4	6.1%	30,388
2013	242,115	7,983,015,780	34.9	6.0%	32,972

Sources:

- 1 City's Planning Division based on July 1st estimates
- 2 City's Economic Development Division
- 3 Arizona Office of Employment and Population Statistics
- 4 Interim U.S. Census
- 5 Official U.S. Census

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	2013		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,000	1	8.77%
Bank of America	3,600	2	2.87%
Chandler Unified School District	3,000	3	2.39%
Wells Fargo Ocotillo Corp. Campus	2,600	4	2.07%
Chandler Regional Hospital	2,100	5	1.67%
Ebay/Paypal	2,000	6	1.59%
Verizon Wireless	1,695	7	1.35%
City of Chandler	1,567	8	1.25%
Microchip Technology	1,540	9	1.23%
Freescale Semiconductors	1,450	10	1.16%
Americredit	-	-	-
Motorola	-	-	-
MTD Outdoor Products, Inc.	-	-	-
	-	-	-
Total	30,552		24.35%

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

Note: 2004 Employment statistics are as of December 2004.

2004		
Employees	Rank	Percentage of Total City Employment
10,000	1	8.21%
-	-	-
1,600	3	1.31%
2,000	2	1.64%
1,100	6	0.90%
-	-	-
-	-	-
1,523	4	1.25%
950	8	0.78%
-	-	-
900	9	0.74%
1,330	5	1.09%
1,000	7	0.82%
880	10	0.72%
<hr/> 21,283		<hr/> 17.46%

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

	Fiscal Year			
	2004	2005	2006	2007
Full Time Equivalent Personnel				
Mayor and council	4	5	5	5
City clerk	6	6	5	6
City manager	71	70	74	79
Communications/public affairs	17	18	18	17
City magistrate	41	40	39	44
Law	23	24	25	27
Management services	99	96	95	101
Total General Government	261	259	261	279
Total Planning and Development	117	111	108	111
Total Transportation and Development				
Total Community Services	183	178	182	219
Public works administration	3	3	3	3
Streets	53	48	55	59
Airport	6	6	6	6
Engineering, development and Real estate	78	74	71	76
Total Public Works	140	131	135	144
Police	438	436	460	487
Fire	179	195	207	219
Total Public Safety	617	631	667	706
Municipal utilities administration	5	5	5	5
Water	85	85	85	85
Wastewater	29	41	41	42
Solid waste	20	18	21	21
Total Municipal Utilities	139	149	152	153
Total Primary Government	1,457	1,459	1,505	1,612

Source: City's Human Resources Division

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

(2) 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.

(3) The significant change in this year is the result of Public Works Department and Planning and Development Department consolidated into one Transportation and Development Department.

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						
2008	2009	2010	2011	2012	2013	
5	5	5	5	6	4	
6	6	6	5	4	5	
104	(1) 103	96	122	124	178	
18	18	15	12	14	19	
48	43	41	40	38	39	
29	28	27	27	30	29	
106	105	95	(2) 85	72	72	
316	308	285	296	288	346	
114	103	80	(2) -	(3) -	-	
			172	(3) 170	163	
243	207	226	(2) 229	231	192	
3	3	3	-	(3) -	-	
64	57	50	-	(3) -	-	
6	6	6	-	(3) -	-	
			-	(3) -	-	
85	80	74	-	(3) -	-	
158	146	133	-	-	-	
496	483	478	467	467	468	
228	223	219	218	238	234	
724	706	697	685	705	702	
5	5	6	5	5	4	
88	86	80	88	89	85	
43	41	42	42	42	46	
20	18	20	20	19	18	
156	150	148	155	155	153	
1,711	1,620	1,569	1,537	1,549	1,556	

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
General Government				
Privilege tax licenses	15,713	16,663	20,464	20,652
Meeting notices posted	504	534	505	721
City council actions and agenda items prepared	996	1,542	1,292	1,292
Grant awards received	47	49	57	57
Inventory turnover ratio	3.77	3.46	2.78	3.32
Transportation & Development				
Building permits issued	11,688	8,951	7,909	6,474
Community Services				
Library circulation	1,817,536	1,967,446	2,004,000 (3)	2,082,000
Center for the Arts events & exhibits	1,010	1,027	1,024	1,024
Public Safety				
Crime rate (per 1,000 population)	48.1	40.7	39.9	38.0
Total calls for police services (estimated)	113,501	136,942	151,941	160,355
Total calls for fire services	14,560	15,310	16,662	16,682
Fire inspections	2,236	3,767	4,375	4,878
Fire investigations	33	58	73	74
Municipal Utilities				
Water connections	68,757	70,375	73,822	74,406
Operating wells	21	23	23	23
Daily pumping capacity - wells (gallons)	55,800,000	57,400,000	59,900,000	58,400,000
Daily pumping capacity - plants (gallons)	45,000,000	45,000,000	45,000,000	45,000,000
Sewer connections	62,107	66,750	68,515	70,169
Sanitary sewer (miles)	780	796	814	828
Solid waste customers served	59,107	62,591	65,173	66,451
Solid waste refuse collected (tons)	134,571	117,813	99,547	97,646
Solid waste refuse recycled (tons)	21,678	23,379	25,017	25,877

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
- (3) Beginning in 2006 Library circulation includes e-material
- (4) Beginning in 2011 the previous named Planning & Development Department consolidated into Transportation & Development Department

Fiscal Year						
2008	2009	2010	2011	2012	2013	
22,980	23,460	22,715	23,821	25,726	27,387	
470	479	481	506	599	584	
1,188	1,055	977	848	908	834	
61	66	40	43	26	43	
3.94	2.50	2.10	2.22	2.07	1.89	
5,750	3,800	3,883	2,330	5,462	3,785	
2,349,232	2,506,602	2,592,243	2,494,009	2,489,741	2,395,192	
989	977	335 (1)	1,050	1,000	1,003	
34.9	35.2	31.8	34.4	33.2	28.0	
159,535	157,039	146,508	141,279	137,170	137,485	
16,709	18,474	16,904	17,892	17,950	18,474	
3,585	3,891	3,208	4,424	5,188	5,029	
57	49	43	46	34	22	
74,841	77,596	76,894	77,408	77,626	79,278	
26	29	31	30	28	26	
65,100,000	66,020,000	70,700,000	64,460,000	61,920,000	64,790,000	
60,000,000	60,000,000	72,000,000 (2)	72,000,000	72,000,000	72,000,000	
70,863	71,880	73,042	73,118	73,712	74,606	
837	857	862	866	868	869	
67,433	67,902	68,362	69,480	70,179	70,667	
94,633	89,408	85,160	88,466	85,257	86,557	
25,555	24,596	22,245	20,832	21,096	20,680	

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Community Services				
Developed parks	51	51	53	54
Developed acres	870	874	889	959
Undeveloped acres	333	349	535 (1)	468
Swimming pools	5	5	5	5
Other recreational facilities (lighted fields)	32	32	33	34
Library bookstock	422,841	450,068	469,000 (3)	483,128
Transportation and Development				
Total miles streets (center line)	768	775	785	812
Street lights	23,140	24,218	25,100	25,307
Signalized intersections	153	268,148,000	189	192
Based aircraft				
Public Safety				
Police stations	1	1	2	2
Fire stations	8	9	9	10
General Government				
Based aircraft	433	434	457	499
Municipal Utilities				
Water mains (miles)	1,021	1,051	1,063	1,080
Fire hydrants	10,368	10,799	10,952	12,291
Average daily treatment (mgd)	21	21	22	24

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

(3) Beginning in 2006 Library bookstock is inclusive of electronic circulation items

(4) Beginning in 2011 Public Works Department merged into Transportation and Development Department

(5) Beginning in 2013 Airport Division moved from Transportation and Development Department to City Manager Department

Fiscal Year						
2008	2009	2010	2011	2012	2013	
58	59	61	61	61	61	61
1,099	1,133	1,198	1,192	1,196	1,198	1,198
455	407	336	342	338	336	336
5	6	6	6	6	6	6
34	34	34	34	34	34	39
469,023	472,266	446,675	429,604	555,924	550,857	
				(4)		
822	832	829	829	829	829	831
26,326	26,500	26,600	26,600	26,600	26,600	26,900
200	205	208	208	212	216	216
3	3	3	3	3	3	3
10	10	10	10	10	10	10
442	449	449	437	399	388	(5)
1,117	1,189	1,194	1,223	1,227	1,227	1,227
13,033	13,750	12,318 (2)	12,925	10,877	12,553	12,553
24	24	22	24	24	26	26



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V O L U N T E E R S

