

CITY OF CHANDLER
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FISCAL YEAR ENDED JUNE 30, 2014



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**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

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

Executive Staff

Rich Dlugas, City Manager
Marsha Reed, Assistant City Manager
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Prepared by

Management Services Department
Dawn Lang, Management Services Director
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**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 1
 Organizational Chart 7
 Certificate of Achievement 8

FINANCIAL SECTION

Independent Auditor’s Report 9
 Management’s Discussion and Analysis (MD&A)..... 13

Basic Financial Statements:

Government-wide Financial Statements -
 Statement of Net Position 26
 Statement of Activities 28
 Fund Financial Statements -
 Balance Sheet – Governmental Funds..... 30
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position 31
 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds 32
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds to the
 Statement of Activities..... 33
 Statement of Net Position - Proprietary Funds..... 34
 Statement of Revenues, Expenses and Changes in Fund Net Position -
 Proprietary Funds..... 36
 Statement of Cash Flows - Proprietary Funds 38
 Statement of Fiduciary Net Position - Fiduciary Funds 40
 Statement of Changes in Fiduciary Net Position - Fiduciary Funds 41
 Notes to Financial Statements 43

Required Supplementary Information:

Budgetary Comparison Schedule for the General Fund..... 80
 Note to Required Supplementary Information..... 81
 Arizona Public Safety Personnel Retirement System Schedules of Funding Progress 82
 Post-employment Benefits Other than Pensions Schedule of Funding Progress..... 82

Other Financial Statements:

Budgetary Comparison Schedules for Other Major Fund
 Streets Capital Projects Fund..... 84
 General Obligation Bonds Debt Service Fund 85

**CITY OF CHANDLER, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS, continued

FINANCIAL SECTION, continued

Non-Major Governmental Funds	
Combining Balance Sheet	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	92
Budgetary Comparison Schedules:	
Highway User	95
Local Transportation Assistance	96
Grants Special Revenue	97
Community Development	98
Police Confiscated Property	99
Parks and Recreation	100
Library	101
General Government	102
Public Buildings.....	103
Grants Capital Projects	104
Community Services	105
Public Safety Buildings and Improvements	106
Vehicle and Capital Equipment	107
Special Assessments	108
Technology Replacement	109
Municipal Arts	110
Non-Major Proprietary Funds:	
Combining Statement of Net Position	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	116
Combining Statement of Cash Flows	118
Fiduciary Funds:	
Statement of Changes in Assets and Liabilities - Agency Fund	120
Other Supplemental Information:	
HUD Programs:	
Combining Statement of Net Position - All HUD Programs	124
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - All HUD Programs	126

**CITY OF CHANDLER, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS, continued

STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



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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.



The Rockefeller Group's Chandler 101 Project sits on a 24-acre site and includes three 10-story office towers, restaurants, retail and a parking structure. The project is located in Price Corridor, a strategically planned unique corridor home to notable giants as Intel, Microchip, eBay/Paypal, International Rectifier, Digital Realty Trust, Orbital Sciences, Air Products and Toyota Financial Services.

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December 26, 2014

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, 2014, 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 65 square miles. The City has operated under a council-manager form of government since May 25, 1964, and is governed by the City Council, consisting of a mayor and a six member council. Councilmembers are elected at-large on a staggered basis; the mayor and councilmembers are elected for four-year terms. The City Council is vested with policy and legislative authority, and is responsible for passing ordinances, adopting the annual budget, appointing committees, commissions and board members, and appointing the positions of City Manager, City Attorney, City Clerk and City Magistrate. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

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 about 17,400 in the City.



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Location
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175S. 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 35.6 years and a median household income of \$65,381. In addition, approximately 74 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 4.8 percent for fiscal year 2013-14 compared with 6.4 percent for Maricopa County and 6.9% for the State of Arizona.

The City's sales tax revenues, which comprise nearly 50 percent of its general fund, increased by 1.6 percent for 2013-14 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 from all three ratings agencies.

2013-2014 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 4,500 base industry jobs including Wells Fargo Phase II, ANS Expansion, Black Diamond, and INSYS Therapeutics Corporate Headquarters;
- ASU Innovation Center and TechShop opened their doors in Downtown Chandler in partnership with the City;
- Recognized as one of the nation's most transparent local governments on the Web for the fourth year and given an A+ grade by the Sunshine Review;
- Completed installation of solar array at the City Hall parking structure and the Police/Courts parking lot;
- American Heart Association awarded Chandler the "Fit Friendly Worksite" Gold Level Award for the second consecutive year for its promotion and creation of a worksite environment where Wellness is encouraged at all levels of the organization;
- Successfully implemented the roll out of the City's two new medical plans offered to employees and retirees and negotiated five labor contracts with employee groups;
- Chandler Public Library negotiated with Maricopa County Library District to provide a state of the art integrated library system, Polaris;
- Chandler earned the national designation of Playful City USA for the eighth consecutive year;
- Created a new "Fire Safety Inspected and Educated" certification program that provides equally distributed fire safety messages to over 5,200, ensures annual inspection of all City schools, and empowers teachers and custodians through use of a self-inspection process;
- Implemented a new utility billing and payment system creating greater functionality and efficiencies;
- Expanded electronic payment options for citizens citywide by implementing a web portal and adding point of sale;
- Received 2013 Award of Merit from Valley Forward Environmental Excellence Awards Ceremony for Chandler's water conservation audit program;
- Conducted the third online budget meeting, "Budget Connect" enhancing citizen involvement in the budget process;

- Processed over 6,000 building permits and the Small Business Assistance Team assisted 50 new and existing small business owners; and
- Police partnered with the FBI (Federal Bureau of Investigations) Human Trafficking Task Force to provide collaborative sharing of personnel, information, and resources, garnering successes.

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 about 242,500 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 2013-14, \$803,931,786). 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, 2013, marking the thirty second 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, 2014 from the GFOA, marking the twenty-sixth 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 Malia, Accounting Manager; April Wilkerson, Accounting Supervisor; Derrick Beracy, Senior Financial Reporting Analyst; Rob Coryea, Financial Services Analyst; Robert Steele, Senior Accountant; Tracy Schmidt, Senior Accountant; and Annette Fries, Executive Assistant. Special thanks also go to Julie Buelt, Senior Financial Analyst for assistance in reviewing the final document. Finally, I wish to thank the Mayor and Council, the City Manager and City Staff for their continued support in promoting sound financial policies and internal controls.

Respectfully submitted,

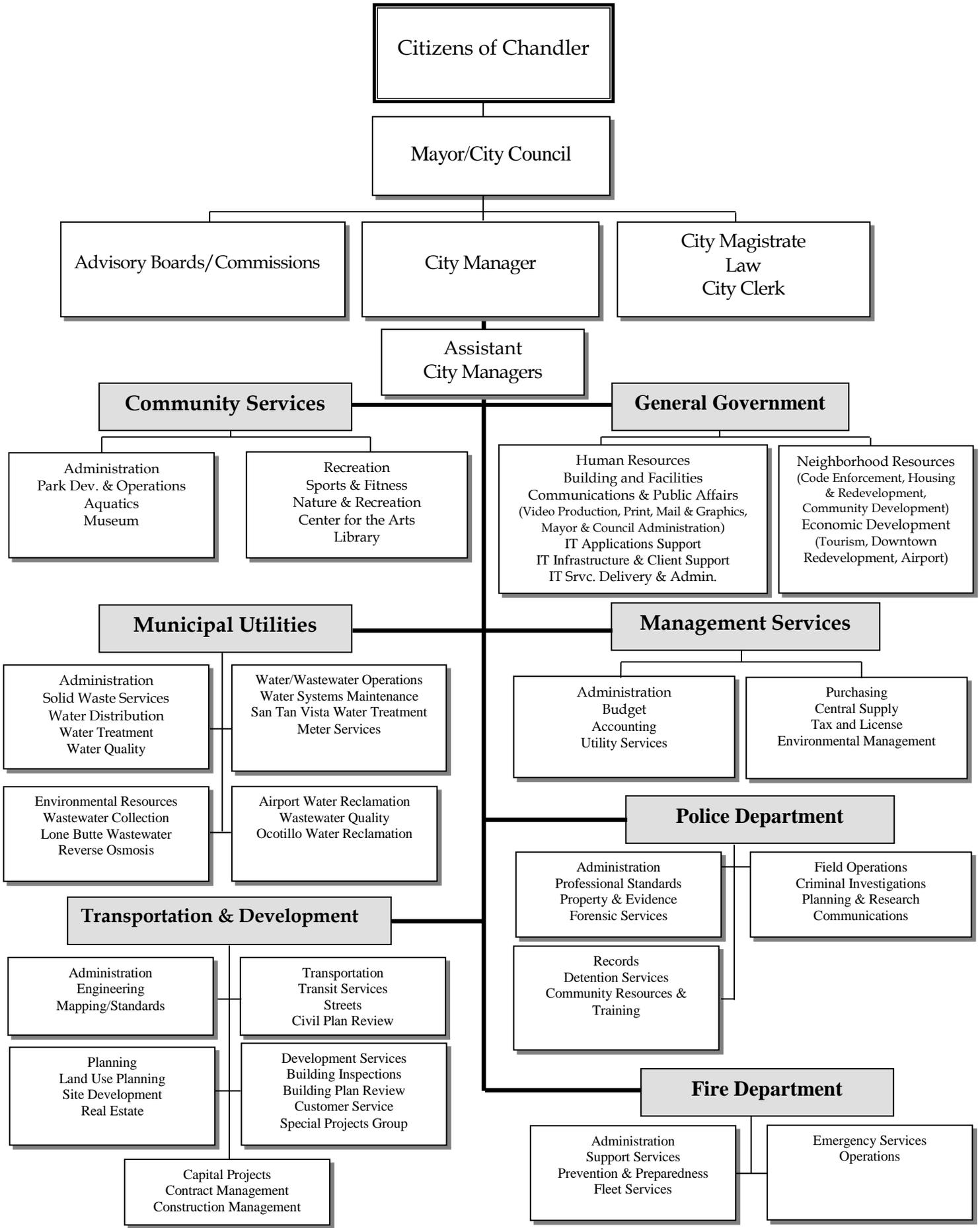
A handwritten signature in cursive script that reads "Dawn Lang".

Dawn Lang
Management Services Director



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City of Chandler, Arizona Organizational Chart





Government Finance Officers Association

**Certificate of
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Presented to

**City of Chandler
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

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.



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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2014, 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 23, the Budgetary Comparison Schedule for the General Fund on pages 80 and 81, and the Schedules of Funding Progress on page 82, 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, Other Supplemental Information: HUD Programs, and the Statistical Section are presented for additional analysis and are not a required part of the financial statements.

The Other Financial Statements and the Other Supplemental Information: HUD Programs, 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 and the Other Supplemental Information: HUD Programs, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2014, 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 26, 2014

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, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal beginning on page one and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The financial statements, which follow the Management's Discussion and Analysis, provide these significant, key financial highlights for fiscal year 2014 as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1.447 billion (net position) which represents an increase of \$69.5 million from the prior year. Of this amount, \$389.4 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. However, \$65.9 million is invested in a joint venture with the Town of Gilbert, and not available for obligations.
- At June 30, 2014, the City's governmental funds reported combined ending fund balances of \$273.2 million, an increase of \$6.4 million in comparison with the prior year. Approximately 61.0 percent of the total amount, \$166.6 million, is available for spending at the City's discretion (assigned or unassigned).
- At June 30, 2014, total fund balance for the General Fund was \$179.7 million which represents an increase of \$10.6 million from the prior year; this is primarily due to higher than budgeted revenues, particularly Transaction Privilege Tax and Building Permit revenues. Total revenues exceed the Adopted Budget by more than \$14 million.
- General revenues from governmental activities accounted for \$210.1 million, or 71.6 percent, of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$83.5 million or 28.4 percent of total governmental activity revenues. The City had \$183.5 million of program revenues and \$2.7 million in general revenues and transfers related to business-type activities.
- At June 30, 2014, the City's proprietary funds reported combined total net position of \$595.1 million, and total unrestricted net position of \$206.3 million. A total of \$137.8 million of the unrestricted net position is in the Water Fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some 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, 2014

In the government-wide financial statements the City's activities are presented in the following categories:

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, transportation and development, and community services. Sales taxes, state shared revenues, and charges for services finance most of these activities.
- **Business-type activities** – The services provided by the City included here are water, wastewater, solid waste, airport services, and housing services. The services are financed through user fees and charges.
- **Component units** – The discretely presented component units are the Chandler Industrial Development Authority and the Chandler Cultural Foundation.

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

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

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 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.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

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 \$1.447 billion as of June 30, 2014. 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 (65.8 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 (7.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (26.9 percent) includes \$65.9 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.

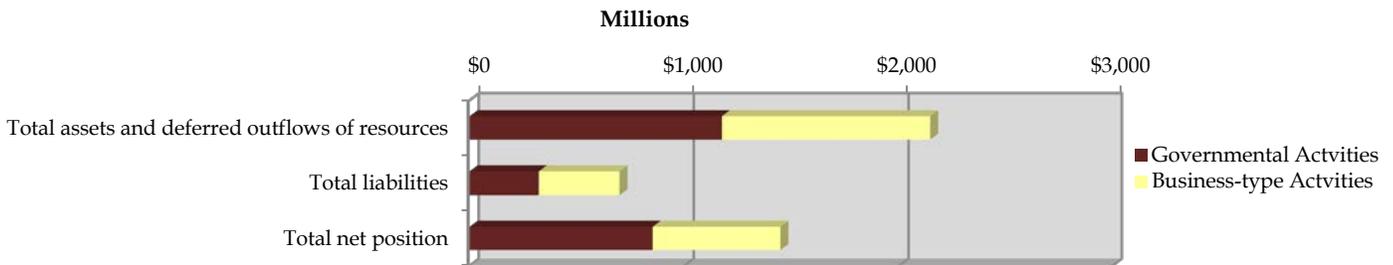
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$29.3 million in unrestricted net position reported in connection with the City's business-type activities. This was due primarily to capital contributions during the year.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

The following table presents a condensed statement of the City's net position for the fiscal years ended June 30, 2014 and 2013.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 366,097,177	\$ 368,930,801	\$ 234,029,568	\$ 130,572,271	\$ 600,126,745	\$ 499,503,072
Capital assets, net	807,912,209	821,181,806	669,534,355	610,890,919	1,477,446,564	1,432,072,725
Long-term assets	-	3,181,283	66,240,980	71,590,182	66,240,980	74,771,465
Total assets	1,174,009,386	1,193,293,890	969,804,903	813,053,372	2,143,814,289	2,006,347,262
Total deferred outflows of resources	42,583	-	952,566	-	995,149	-
Total assets and deferred outflows of resources	1,174,051,969	1,193,293,890	970,757,469	813,053,372	2,144,809,438	2,006,347,262
Current liabilities	52,998,146	52,915,981	43,831,309	40,149,808	96,829,455	93,065,789
Long-term liabilities	269,207,876	290,272,970	331,804,218	240,926,738	601,012,094	531,199,708
Total liabilities	322,206,022	343,188,951	375,635,527	281,076,546	697,841,549	624,265,497
Net position:						
Net investment in capital assets	563,033,503	558,279,485	388,837,444	355,015,004	951,870,947	913,294,489
Restricted	105,723,768	112,307,412	-	-	105,723,768	112,307,412
Unrestricted	183,088,676	179,518,042	206,284,498	176,961,822	389,373,174	356,479,864
Total net position	\$ 851,845,947	\$ 850,104,939	\$ 595,121,942	\$ 531,976,826	\$ 1,446,967,889	\$ 1,382,081,765

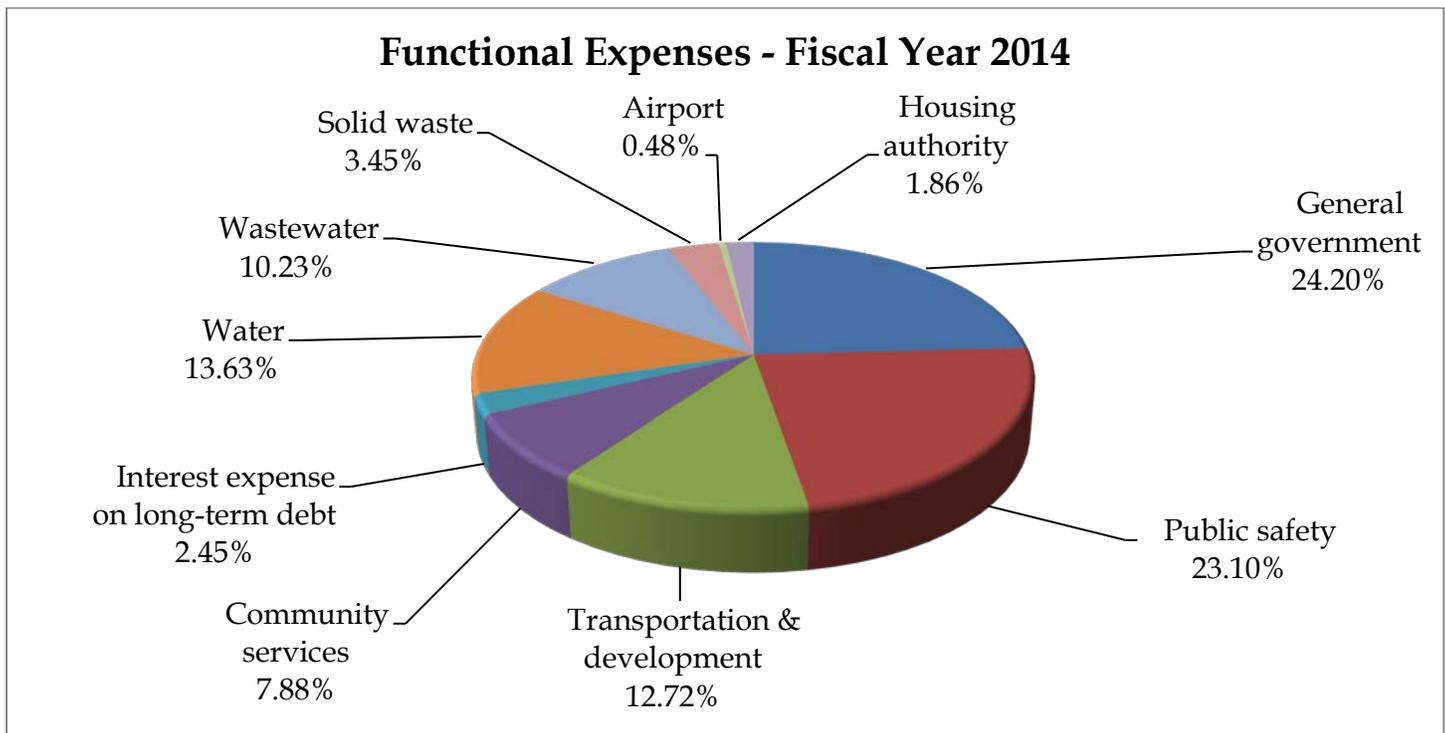
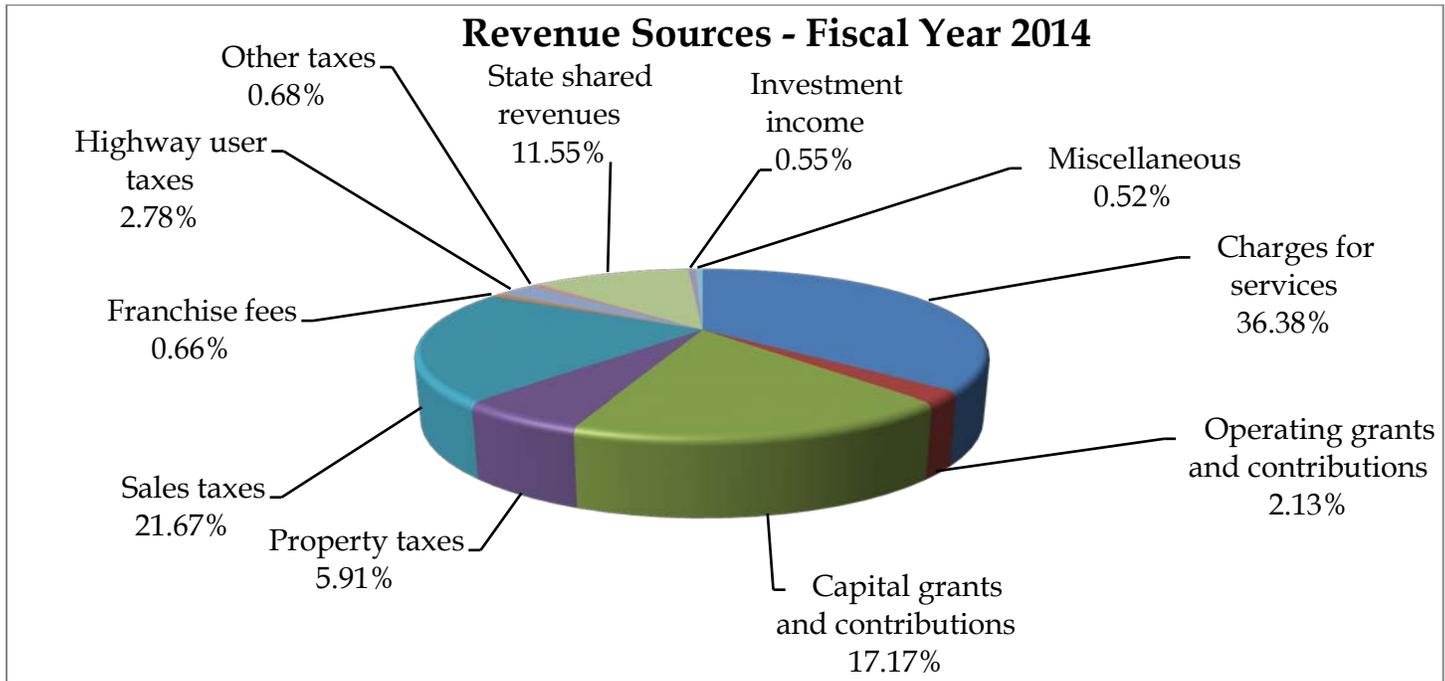


CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2014 were \$479.6 million. The total cost of all programs and services was \$410.1 million, which results in an increase in net position of \$69.5 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and 2013.

	Governmental		Business-type		Total	
	Activities		Activities		(Primary Govt.)	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 68,583,660	\$ 61,664,262	\$ 105,900,166	\$101,398,476	\$ 174,483,826	\$ 163,062,738
Operating grants and contributions	4,744,636	3,999,536	5,457,991	5,785,335	10,202,627	9,784,871
Capital grants and contributions	10,170,236	9,116,635	72,176,582	81,572,568	82,346,818	90,689,203
General revenues						
Property taxes	28,348,952	29,656,415	-	-	28,348,952	29,656,415
Sales taxes	103,880,801	102,200,517	70,065	-	103,950,866	102,200,517
Franchise fees	3,145,449	2,936,533	-	-	3,145,449	2,936,533
Highway user taxes	13,352,622	12,929,504	-	-	13,352,622	12,929,504
Other taxes	3,243,937	6,295,212	-	-	3,243,937	6,295,212
State shared revenues	55,423,759	51,347,206	-	-	55,423,759	51,347,206
Investment income	1,869,128	2,843,417	788,025	1,180,290	2,657,153	4,023,707
Miscellaneous	819,766	2,181,627	1,683,332	1,409,437	2,503,098	3,591,064
Total revenues	293,582,946	285,170,864	186,076,161	191,346,106	479,659,107	476,516,970
Expenses:						
General government	99,231,501	90,143,339	-	-	99,231,501	90,143,339
Public safety	94,738,371	95,974,126	-	-	94,738,371	95,974,126
Transportation and development	52,183,052	55,846,316	-	-	52,183,052	55,846,316
Community services	32,331,286	30,979,208	-	-	32,331,286	30,979,208
Interest and fiscal charges	10,044,363	11,777,701	-	-	10,044,363	11,777,701
Water	-	-	55,877,774	55,440,712	55,877,774	55,440,712
Wastewater	-	-	41,969,764	40,401,849	41,969,764	40,401,849
Solid waste	-	-	14,131,202	13,974,858	14,131,202	13,974,858
Airport	-	-	1,980,706	1,960,788	1,980,706	1,960,788
Housing authority	-	-	7,616,301	7,473,891	7,616,301	7,473,891
Total expenses	288,528,573	284,720,690	121,575,747	119,252,098	410,104,320	403,972,788
Increase (decrease) before transfers	5,054,373	450,174	64,500,414	72,094,008	69,554,787	72,544,182
Transfers in (out)	(132,082)	(102,875)	132,082	102,875	-	-
Increase (decrease) in net position	4,922,291	347,299	64,632,496	72,196,883	69,554,787	72,544,182
Beginning net position, restated	846,923,656	849,757,640	530,489,446	459,779,943	1,377,413,102	1,309,537,583
Ending net position	\$ 851,845,947	\$ 850,104,939	\$ 595,121,942	\$531,976,826	\$1,446,967,889	\$ 1,382,081,765

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014



Governmental activities. The increase in governmental net position totaled \$4.9 million for the year ended June 30, 2014 compared with an increase of \$347 thousand in the prior year. This reflects larger than normal increases in charges for services and local and state shared sales tax as the economy strengthens and development increases in Chandler. At the same time, increased spending in general government category reflects the City's use of one-time funds towards maintaining existing infrastructure (ie. streets and parks) resulting in a minimal change in net position.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

Business-type activities. The increase in business-type net position totaled \$64.6 million for the year ended June 30, 2014 compared with an increase of \$72.2 million in the prior year. This is primarily due to the 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 36.4 percent associated with the user fees and charges for services. Sales taxes and capital grants and contributions also comprise a significant portion of the City's revenues at 21.7 percent and 17.2 percent, respectively, of the total revenues with state shared revenues accounting for an additional 11.6 percent of the City's total revenues.

The City as a whole uses the largest amount of resources for general government functions at 24.2 percent of the total functional expenses of the City. The next largest users of resources are public safety and transportation & development at 23.1 percent and 12.7 percent, respectively, with water services accounting for 13.6 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 \$273.2 million, an increase of \$6.4 million in comparison with the prior year. Approximately \$166.6 million (61.0 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 \$153.5 million represents an increase of \$13.1 million. This increase is due to the increase in the general fund balance as a result of higher revenues than budgeted. This added an additional \$16.4 million to unassigned balances, with an offset of a slight reduction in assigned balances (-\$5.9 million). Changes in unassigned balances in Other Governmental Funds make up the difference for the net change of \$13.1 million.

The remainder of the fund balance comprising of non-spendable and restricted balances amounts to \$106.6 million (39.0 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 \$112.3 million represents a decrease of \$6.5 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$177.6 million, while total fund balance reached \$179.7 million. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 1.04 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 increased by \$10.6 million during the current fiscal year primarily due to higher than budgeted revenues, particularly transaction privilege tax and building permit revenues. Total revenues exceeded the adopted budget by more than \$14 million.

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 \$32.5 million. The fund balance of the City's street fund decreased by \$3.9 million during the current fiscal year due to a planned drawdown in bond proceeds for Streets projects pending the next general obligation bond sale. Available proceeds are being used and some projects shifted to

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

the general fund to minimize future debt service costs. Projects funded by arterial street impact fees are also continuing to spend from available impact fees.

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 \$233 thousand during the current fiscal year. The decrease is due primarily to the fact that the secondary property tax rate remained unchanged in FY 2013-14 even though secondary property values decreased by 4 percent. This is part of a long range plan to draw down the balance in this fund, while continuing to ensure funds are available for debt service payments in both the near and long term.

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 \$595.1 million and \$35.7 million, respectively, compared to \$532 million and \$35.6 million in the prior fiscal year. The primary reason for the increase in net position was due to capital contributions during the year.

The enterprise funds net position after net investment in capital assets is 34.7 percent unrestricted compared to 33.3 percent in the prior fiscal year. Unrestricted net position of the water fund at the end of the year amounted to \$137.8 million, and those for the wastewater fund amounted to \$54.8 million, compared to \$126.4 million and \$36.4 million in the prior fiscal year.

BUDGETARY HIGHLIGHTS

For the 2013-14 Budget Year, the City of Chandler held to its commitment to engage in fiscally responsible budgeting practices. With signs of modest economic recovery in the City and the region, the City Council adopted a balanced budget for 2013-14, with adjustments to operating and capital expenditure budgets based upon an anticipated ongoing revenue stream and using one-time revenues for select capital projects. Most local revenue 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). In addition, several significant one-time expenditures from the prior year (primarily a \$8.475 million General Obligation Debt Service expenditure to pay off a 2003-series bond obligation and water and wastewater utility operating fund expenditures for a reimbursed major plant expansion) allowed the City Council to decrease the total City budget by -3.8 percent from the previous year and hold the General Fund budget relatively constant at -0.3 percent from the previous year.

As has been the City's practice, the budget and revenue forecast distinguished between ongoing and one-time revenues and ensured spending programs were aligned with the appropriate category of revenues. The City's 2013-14 budget included various salary adjustments based on agreements between bargaining units and the City. Other ongoing costs, such as maintenance, utilities, and supplies were managed very closely to ensure they could be covered with ongoing revenues. The City continued to emphasize its strong financial policies, and included a contingency reserve of 12 percent of General Fund budgeted revenues. Beginning in fiscal year 2014-15, the contingency reserve was increased to 15 percent. The Council also continued the Infrastructure Maintenance Reserve to support street and park capital maintenance projects until additional General Obligation bonds can be sold for these purposes. Those Infrastructure Maintenance and Reserve funds are planned for use from 2013-14 through 2016-17.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2014, the City had invested \$951.9 million in capital assets net of related debt, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$82.4 million.

The City completed several improvement projects including construction of Alma School/Ray Road intersection improvements at a cost of \$15.8 million, construction of Chandler Boulevard/Loop 101 intersection improvements at a cost of \$2.7 million, construction of Water Treatment Plant expansion at a cost of \$4.9 million and construction of Chandler Sewer Line expansion at a cost of \$1.9 million. There were also various other infrastructure and improvement projects for parks and street lights.

The following table presents capital asset balances net of accumulated depreciation for the fiscal years, ended June 30, 2014 and 2013:

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

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2014	2013	2014	2013	2014	2013
Land	\$ 83,306,168	\$ 83,306,168	\$ 41,306,107	\$ 41,256,107	\$ 124,612,275	\$ 124,562,275
Land improvements	-	-	381,777	368,196	381,777	368,196
Infrastructure	395,999,265	395,653,277	-	-	395,999,265	395,653,277
System improvements	-	-	367,289,443	394,484,893	367,289,443	394,484,893
Buildings and improvements	243,318,226	258,981,815	9,020,706	8,558,654	252,338,932	267,540,469
Vehicles, machinery and equipment	27,381,060	27,620,200	1,463,204	1,236,318	28,844,264	28,856,518
Construction in progress	57,907,490	55,620,346	250,073,118	164,986,751	307,980,608	220,607,097
Total	\$ 807,912,209	\$ 821,181,806	\$ 669,534,355	\$ 610,890,919	\$ 1,477,446,564	\$ 1,432,072,725

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

Long-term Debt. At the end of the current fiscal year, the City of Chandler had total bonded debt outstanding of \$592 million in long-term debt outstanding with \$37.5 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, 2014 and 2013.

	Governmental Activities		Business-type Activities		Total (Primary Govt.)	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 233,678,000	\$ 256,288,000	\$ 150,972,000	\$ 161,567,000	\$384,650,000	\$ 417,855,000
Revenue bonds	18,000,000	22,045,000	36,095,000	44,740,000	54,095,000	66,785,000
Excise tax revenue obligations	-	-	148,380,000	45,695,000	148,380,000	45,695,000
Special assessment bonds	4,905,000	5,350,000	-	-	4,905,000	5,350,000
Issuance premiums	4,346,195	4,566,202	12,429,175	3,957,901	16,775,370	8,524,103
Total bonds & obligations payable	\$ 260,929,195	\$ 288,249,202	\$ 347,876,175	\$ 255,959,901	\$608,805,370	\$ 544,209,103
Arbitrage payable	37,392	42,704	42,608	36,186	80,000	78,890
Claims payable	4,602,971	6,236,814	-	-	4,602,971	6,236,814
Landfill closure/post closure	-	-	4,340,000	4,340,000	4,340,000	4,340,000
Compensated absences	9,356,834	9,374,341	1,000,172	991,440	10,357,006	10,365,781
Post employment benefits	15,132,055	11,136,775	1,277,762	882,034	16,409,817	12,018,809
Total long term liabilities	\$ 290,058,447	\$ 315,039,836	\$ 354,536,717	\$ 262,209,561	\$644,595,164	\$ 577,249,397

The City of Chandler's total debt increased by \$67.3 million during the current fiscal year. The key factor in the increase was a new issuance of Excise Tax Revenue obligations to fund water and wastewater projects.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, artificial lighting, open space, parks, public safety and emergency services, streets, transportation, and recreational facilities. The current debt limitation for the City is \$476.3 million. The City has \$374.5 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 \$142.9 million. The City has \$10.2 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.

CITY OF CHANDLER, ARIZONA
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adopting a balanced budget for fiscal year 2014-15 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 \$804 million in 2013-14 to \$783 million in 2014-15, with most of the reduction due to completion of major capital projects in the prior year. Overall increases in general fund revenues and use of fund balance helped support a 10.9 percent increase in the General Fund budget for 2014-15, with the largest portion of the increase (\$14 million) designed for one-time general fund capital projects. With the first increase in property assessed values in four years, the City Council was able to decrease the primary property tax rate (from \$0.3292 to \$0.2992) and the secondary property tax rate (from \$0.9422 to \$0.88) for 2014-15 for a total reduction of 9.22 cents per \$100 of assessed valuation. Despite the recent positive news on revenues and property values, the City continues to maintain a pragmatic view of the future. As part of the 2014-15 budget, the City Council added new funds to the Budget Stabilization Reserve. This reserve provides the opportunity to utilize the reserve to balance the general fund budget in the future for no more than three consecutive years, should state legislation, and unexpected decreases in property values, or other issues cause revenues to suddenly decrease, allowing time to once again structurally balance the City's budget.

Despite the rise in property values, 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 consistent increases year after year. As a result, the City Council increased the allocation of funds to the Infrastructure Maintenance Reserve by \$6 million, which will be appropriated over three years to further supplement the street repaving capital improvement program. Additionally, the City Council increased the general fund operating contingency from 12 percent to 15 percent of revenues to provide a further buffer for emergencies or to support new opportunities, such as unanticipated grants or development agreements.

CONTACTING THE CITY'S FINANCE OFFICE

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Management Services Department, City of Chandler, P.O. Box 4008, MS 609, Chandler, AZ 85244-4008 or by calling 480-782-2333.



Chandler + Arizona
Where Values Make The Difference

BASIC FINANCIAL STATEMENTS

City of Chandler
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Chandler Industrial Development Authority	Chandler Cultural Foundation
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 351,522,755	\$ 214,934,379	\$ 566,457,134	\$ -	\$ -
Cash and investments	-	-	-	665,961	854,642
Accounts receivable	880,463	15,739,492	16,619,955	2,000	22,713
Interest receivable	-	-	-	-	5,621
Prepaid items	-	339,998	339,998	-	20,666
Privilege license tax receivable	595,311	-	595,311	-	-
Property taxes receivable	424,806	-	424,806	-	-
Internal balances	153,751	(153,751)	-	-	-
Due from other governments	4,543,346	96,869	4,640,215	-	-
Inventories	892,533	331,173	1,223,706	-	-
Special assessments receivable	4,910,331	-	4,910,331	-	-
Notes receivable - current	448,503	-	448,503	-	-
Other receivables	1,725,378	2,741,408	4,466,786	-	-
Total current assets	<u>366,097,177</u>	<u>234,029,568</u>	<u>600,126,745</u>	<u>667,961</u>	<u>903,642</u>
Long-term assets:					
Cash and investments - restricted	-	-	-	-	1,394,326
Notes receivable - long term	-	336,450	336,450	-	-
Investment in joint venture	-	65,904,530	65,904,530	-	-
Other assets	-	-	-	-	6,000
Capital assets:					
Non-depreciable	141,213,658	291,379,225	432,592,883	-	-
Depreciable, net	666,698,551	378,155,130	1,044,853,681	-	46,483
Total capital assets	<u>807,912,209</u>	<u>669,534,355</u>	<u>1,477,446,564</u>	<u>-</u>	<u>46,483</u>
Total long-term assets	<u>807,912,209</u>	<u>735,775,335</u>	<u>1,543,687,544</u>	<u>-</u>	<u>1,446,809</u>
Total assets	<u>1,174,009,386</u>	<u>969,804,903</u>	<u>2,143,814,289</u>	<u>667,961</u>	<u>2,350,451</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refundings	42,583	952,566	995,149	-	-

LIABILITIES

Current liabilities:					
Accounts payable	9,707,284	10,539,950	20,247,234	-	41,073
Accrued payroll	6,105,797	709,960	6,815,757	-	-
Trust liabilities and deposits	10,744,169	2,742,898	13,487,067	-	-
Accrued interest	5,243,254	6,659,157	11,902,411	-	-
Unearned revenue	347,071	-	347,071	-	261,031
Customer advances	-	446,845	446,845	-	-
Arbitrage liability	17,392	17,608	35,000	-	-
Compensated absences payable	66,925	7,063	73,988	-	-
Bonds payable	15,975,000	21,565,000	37,540,000	-	-
Issuance premiums	648,580	1,048,382	1,696,962	-	-
Landfill closure and postclosure liability	-	94,446	94,446	-	-
Claims and judgements payable	4,142,674	-	4,142,674	-	-
Total current liabilities	<u>52,998,146</u>	<u>43,831,309</u>	<u>96,829,455</u>	<u>-</u>	<u>302,104</u>
Long-term liabilities:					
Compensated absences payable	9,289,909	993,109	10,283,018	-	-
Bonds payable	240,608,000	313,882,000	554,490,000	-	-
Issuance premiums	3,697,615	11,380,793	15,078,408	-	-
OPEB liability	15,132,055	1,277,762	16,409,817	-	-
Arbitrage liability	20,000	25,000	45,000	-	-
Landfill closure and postclosure liability	-	4,245,554	4,245,554	-	-
Claims and judgements payable	460,297	-	460,297	-	-
Total long-term liabilities	<u>269,207,876</u>	<u>331,804,218</u>	<u>601,012,094</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>322,206,022</u>	<u>375,635,527</u>	<u>697,841,549</u>	<u>-</u>	<u>302,104</u>
NET POSITION					
Net investment in capital assets	563,033,503	388,837,444	951,870,947	-	46,483
Restricted for:					
Transportation and development	48,046,794	-	48,046,794	-	-
Capital improvements	22,142,411	-	22,142,411	-	-
Community services	16,744,808	-	16,744,808	-	-
Community development	449,627	-	449,627	-	-
Debt service	17,174,023	-	17,174,023	-	-
Legal restrictions	1,166,105	-	1,166,105	-	1,394,326
Total restricted	<u>105,723,768</u>	<u>-</u>	<u>105,723,768</u>	<u>-</u>	<u>1,394,326</u>
Unrestricted	183,088,676	206,284,498	389,373,174	667,961	607,538
Total net position	<u>\$ 851,845,947</u>	<u>\$ 595,121,942</u>	<u>\$ 1,446,967,889</u>	<u>\$ 667,961</u>	<u>\$ 2,048,347</u>

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Activities
For the year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 99,231,501	\$ 38,832,417	\$ 3,340,104	\$ -	\$ 42,172,521
Public safety	94,738,371	5,861,044	1,132,225	-	6,993,269
Transportation and development	52,183,052	16,145,692	-	10,170,236	26,315,928
Community services	32,331,286	7,744,507	272,307	-	8,016,814
Interest on long-term debt	10,044,363	-	-	-	-
Total governmental activities	<u>288,528,573</u>	<u>68,583,660</u>	<u>4,744,636</u>	<u>10,170,236</u>	<u>83,498,532</u>
Business-type activities:					
Water	55,877,774	49,588,376	-	11,717,412	61,305,788
Wastewater	41,969,764	40,509,289	-	59,322,977	99,832,266
Solid waste	14,131,202	14,034,894	-	-	14,034,894
Airport	1,980,706	961,067	-	817,424	1,778,491
Chandler housing authority	7,616,301	806,540	5,457,991	318,769	6,583,300
Total business-type activities	<u>121,575,747</u>	<u>105,900,166</u>	<u>5,457,991</u>	<u>72,176,582</u>	<u>183,534,739</u>
Total primary government	<u>\$ 410,104,320</u>	<u>\$ 174,483,826</u>	<u>\$ 10,202,627</u>	<u>\$ 82,346,818</u>	<u>\$ 267,033,271</u>
Component units					
Chandler Industrial Development Authority	\$ 854	\$ 64,789	\$ -	\$ -	\$ 64,789
Chandler Cultural Foundation	1,304,659	1,193,464	226,237	-	1,419,701
Total component units	<u>\$ 1,305,513</u>	<u>\$ 1,258,253</u>	<u>\$ 226,237</u>	<u>\$ -</u>	<u>\$ 1,484,490</u>

General revenues and transfers:

- Taxes:
 - Property taxes, levied for general purposes
 - Sales taxes
 - Highway user taxes
 - Other taxes
 - Total taxes
- Franchise fees
- State shared revenues (unrestricted)
- Investment income
- Miscellaneous
- Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, restated

Net position - end of year

See accompanying Notes to 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
\$ (57,058,980)	\$ -	\$ (57,058,980)	\$ -	\$ -
(87,745,102)	-	(87,745,102)	-	-
(25,867,124)	-	(25,867,124)	-	-
(24,314,472)	-	(24,314,472)	-	-
(10,044,363)	-	(10,044,363)	-	-
(205,030,041)	-	(205,030,041)	-	-
-	5,428,014	5,428,014	-	-
-	57,862,502	57,862,502	-	-
-	(96,308)	(96,308)	-	-
-	(202,215)	(202,215)	-	-
-	(1,033,001)	(1,033,001)	-	-
-	61,958,992	61,958,992	-	-
(205,030,041)	61,958,992	(143,071,049)	-	-
-	-	-	63,935	-
-	-	-	-	115,042
-	-	-	63,935	115,042
28,348,952	-	28,348,952	-	-
103,880,801	70,065	103,950,866	-	-
13,352,622	-	13,352,622	-	-
3,243,937	-	3,243,937	-	-
148,826,312	70,065	148,896,377	-	-
3,145,449	-	3,145,449	-	-
55,423,759	-	55,423,759	-	-
1,869,128	788,025	2,657,153	1,619	7,265
819,766	1,683,332	2,503,098	-	-
(132,082)	132,082	-	-	-
209,952,332	2,673,504	212,625,836	1,619	7,265
4,922,291	64,632,496	69,554,787	65,554	122,307
846,923,656	530,489,446	1,377,413,102	602,407	1,926,040
\$ 851,845,947	\$ 595,121,942	\$ 1,446,967,889	\$ 667,961	\$ 2,048,347

City of Chandler
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds				Total
	General	Streets Capital Projects	General Obligation	Other	
			Bonds Debt Service	Governmental Funds	
ASSETS					
Equity in pooled cash and investments	\$ 171,781,801	\$ 37,607,698	\$ 32,643,132	\$ 68,951,040	\$ 310,983,671
Accounts receivable	823,793	-	-	100	823,893
Privilege license tax receivable	595,311	-	-	-	595,311
Property taxes receivable	112,166	-	312,640	-	424,806
Special assessments receivable	-	-	-	4,910,331	4,910,331
Notes receivable	-	-	-	448,503	448,503
Advances to other funds	20,528,358	-	-	-	20,528,358
Due from other funds	505,813	-	-	-	505,813
Due from other governments	2,107,691	-	-	2,435,655	4,543,346
Inventories	892,533	-	-	-	892,533
Other receivables	1,671,328	43,997	-	15	1,715,340
Total assets	\$ 199,018,794	\$ 37,651,695	\$ 32,955,772	\$ 76,745,644	\$ 346,371,905
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,817,340	\$ 2,235,004	\$ -	\$ 2,538,154	\$ 9,590,498
Accrued payroll	5,825,903	8,937	-	211,072	6,045,912
Trust liabilities and deposits	8,327,176	-	-	2,416,993	10,744,169
Accrued interest	-	-	4,980,966	262,288	5,243,254
Due to other funds	-	-	-	352,062	352,062
Advances from other funds	-	2,814,300	-	17,714,058	20,528,358
Unearned revenue	259,581	43,997	-	35,000	338,578
Arbitrage liability	-	3,190	-	14,202	17,392
Bonds payable (matured)	-	-	11,535,000	3,975,000	15,510,000
Total liabilities	19,230,000	5,105,428	16,515,966	27,518,829	68,370,223
Deferred inflows of resources:					
Unavailable revenues - special assessments	-	-	-	4,435,612	4,435,612
Unavailable revenues - property taxes	90,998	-	253,634	-	344,632
Total deferred inflows of resources	90,998	-	253,634	4,435,612	4,780,244
Fund balances:					
Nonspendable	892,533	-	-	-	892,533
Restricted	1,166,105	32,546,267	16,186,172	55,825,224	105,723,768
Committed	-	-	-	-	-
Assigned	95,185,696	-	-	-	95,185,696
Unassigned	82,453,462	-	-	(11,034,021)	71,419,441
Total fund balances	179,697,796	32,546,267	16,186,172	44,791,203	273,221,438
Total liabilities, deferred inflows and fund balances	\$ 199,018,794	\$ 37,651,695	\$ 32,955,772	\$ 76,745,644	\$ 346,371,905

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, 2014

Total Fund Balances - Total Governmental Funds \$ 273,221,438

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	141,213,658
Depreciable buildings, property, equipment and infrastructure, net	<u>666,698,551</u>
Total capital assets	<u>807,912,209</u>

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

4,780,244

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

42,583

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.

35,712,467

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds amounts of \$4,708,061 which are included above, the long-term liabilities were adjusted as follows:

Bonds payable	(241,073,000)
Bonds premium	(4,346,195)
OPEB liability	(15,084,873)
Arbitrage liability	(20,000)
Compensated absences	<u>(9,298,926)</u>
Total long-term liabilities	<u>(269,822,994)</u>

Net Position of Governmental Activities \$ 851,845,947

City of Chandler
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	Major Funds				Total
	General	Streets	General Obligation	Other	
		Capital Projects	Bonds	Governmental	
		Debt Service	Funds		
REVENUES:					
Property taxes	\$ 7,313,625	\$ -	\$ 21,129,198	\$ -	\$ 28,442,823
Sales taxes	103,880,801	-	-	-	103,880,801
Franchise fees	3,145,449	-	-	-	3,145,449
Highway user taxes	-	-	-	13,352,622	13,352,622
Regional transportation taxes	-	3,243,937	-	-	3,243,937
State shared	55,423,759	-	-	-	55,423,759
Grants and entitlements	-	-	-	10,187,895	10,187,895
System development fees	-	6,688,524	-	5,157,751	11,846,275
Special assessments	-	-	-	678,843	678,843
Licenses and permits	5,479,384	-	-	-	5,479,384
Charges for services	20,127,222	-	-	142,754	20,269,976
Fines and forfeitures	3,700,048	-	-	922,167	4,622,215
Rentals	732,807	-	-	-	732,807
Contributions	100,000	-	-	-	100,000
Interest revenue	905,529	188,100	134,519	395,825	1,623,973
Miscellaneous	351,186	410	-	298,521	650,117
Total revenues	201,159,810	10,120,971	21,263,717	31,136,378	263,680,876
EXPENDITURES:					
Current:					
General government	42,062,743	5,906	-	4,739,098	46,807,747
Public safety	88,121,170	-	-	1,947,048	90,068,218
Transportation and development	14,763,361	874,255	-	7,780,559	23,418,175
Community services	22,921,330	-	-	850,595	23,771,925
Capital outlay	2,329,269	13,609,604	-	29,718,392	45,657,265
Debt service:					
Principal	-	-	11,535,000	4,420,000	15,955,000
Interest and fiscal charges	-	-	9,961,931	720,275	10,682,206
Bond issuance costs	-	-	-	145,970	145,970
Total expenditures	170,197,873	14,489,765	21,496,931	50,321,937	256,506,506
REVENUES OVER (UNDER) EXPENDITURES	30,961,937	(4,368,794)	(233,214)	(19,185,559)	7,174,370
OTHER FINANCING SOURCES (USES):					
Proceeds from disposal of capital assets	4,349	-	-	156,777	161,126
Bond premium	-	-	-	562,052	562,052
Face amount of bonds issued	-	-	-	8,660,000	8,660,000
Payment to escrow agent	-	-	-	(9,061,800)	(9,061,800)
Transfers in	-	488,911	-	24,097,507	24,586,418
Transfers out	(20,340,386)	-	-	(5,313,355)	(25,653,741)
Total other financing sources (uses)	(20,336,037)	488,911	-	19,101,181	(745,945)
NET CHANGE IN FUND BALANCE	10,625,900	(3,879,883)	(233,214)	(84,378)	6,428,425
FUND BALANCES:					
Beginning of year	169,071,896	36,426,150	16,419,386	44,875,581	266,793,013
End of year	\$ 179,697,796	\$ 32,546,267	\$ 16,186,172	\$ 44,791,203	\$ 273,221,438

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, 2014

Net Change in Fund Balances - Total Governmental Funds		<u>\$ 6,428,425</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>27,875,453</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>(45,533,321)</u>
Some items reported in the governmental funds are sources and uses of current financial resources and therefore are not reported as revenues or expenses in Statement of Activities. These items include:		
Principal payments on debt	15,955,000	
Face amount of bonds issued	(8,660,000)	
Payment to escrow agent	9,061,800	
Bond premium	(562,052)	
Other postemployment benefits obligation	(3,986,208)	
Loss on disposal of capital assets	<u>(375,962)</u>	<u>11,432,578</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>637,843</u>
Arbitrage liability expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		<u>5,310</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>16,004</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 unavailable in the governmental funds because they do not provide current financial resources due to unavailability are recognized in the Statement of Activities.		<u>(798,957)</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>4,764,233</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>94,723</u>
Change in Net Position of Governmental Activities		<u><u>\$ 4,922,291</u></u>

City of Chandler
Statement of Net Position
Proprietary Funds
June 30, 2014

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary		Activities: Internal
			Funds		Service Fund
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 93,450,674	\$ 103,936,044	\$ 17,547,661	\$ 214,934,379	\$ 40,539,084
Accounts receivable	7,095,139	7,035,669	1,608,684	15,739,492	56,570
Advances to other funds	3,900,000	-	-	3,900,000	-
Due from other governments	-	-	96,869	96,869	-
Inventories	297,279	-	33,894	331,173	-
Prepaid items	-	-	339,998	339,998	-
Other receivables	72	2,691,987	49,349	2,741,408	10,038
Total current assets	104,743,164	113,663,700	19,676,455	238,083,319	40,605,692
Long-term assets:					
Notes receivable	-	-	336,450	336,450	-
Investment in joint venture	65,904,530	-	-	65,904,530	-
Capital assets:					
Non-depreciable	54,749,018	208,056,028	28,574,179	291,379,225	-
Depreciable, net	178,439,075	173,774,310	25,941,745	378,155,130	-
Total capital assets	233,188,093	381,830,338	54,515,924	669,534,355	-
Total long-term assets	299,092,623	381,830,338	54,852,374	735,775,335	-
Total assets	403,835,787	495,494,038	74,528,829	973,858,654	40,605,692
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts on refundings	584,834	367,732	-	952,566	-
LIABILITIES					
Current liabilities:					
Accounts payable	1,133,584	8,536,990	869,376	10,539,950	116,786
Accrued payroll	348,630	217,507	143,823	709,960	59,885
Trust liabilities and deposits	1,447,789	986,603	308,506	2,742,898	-
Accrued interest	3,216,368	3,441,095	1,694	6,659,157	-
Due to other funds	-	-	153,751	153,751	-

Unearned revenue	-	-	-	-	8,493
Customer advances	245,502	105,215	96,128	446,845	-
Compensated absences payable	3,986	1,824	1,253	7,063	414
Bonds payable	13,368,000	8,177,000	20,000	21,565,000	-
Issuance premiums	498,695	549,491	196	1,048,382	-
Arbitrage liability	4,954	12,650	4	17,608	-
Landfill closure and postclosure liability	-	-	94,446	94,446	-
Claims and judgements payable	-	-	-	-	4,142,674
Total current liabilities	20,267,508	22,028,375	1,689,177	43,985,060	4,328,252
Long-term liabilities:					
Compensated absences payable	553,251	253,228	186,630	993,109	57,494
Advances from other funds	-	3,900,000	-	3,900,000	-
Bonds payable	150,338,000	163,443,000	101,000	313,882,000	-
Issuance premiums	4,801,286	6,576,961	2,546	11,380,793	-
OPEB liability	701,877	388,870	187,015	1,277,762	47,182
Arbitrage liability	12,110	12,890	-	25,000	-
Landfill closure and postclosure liability	-	-	4,245,554	4,245,554	-
Claims and judgements payable	-	-	-	-	460,297
Total long-term liabilities	156,406,524	174,574,949	4,722,745	335,704,218	564,973
Total liabilities	176,674,032	196,603,324	6,411,922	379,689,278	4,893,225
NET POSITION					
Net investment in capital assets	89,901,014	244,472,644	54,463,786	388,837,444	-
Unrestricted	137,845,575	54,785,802	13,653,121	206,284,498	35,712,467
Total net position	\$ 227,746,589	\$ 299,258,446	\$ 68,116,907	\$ 595,121,942	\$ 35,712,467

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, 2014

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
OPERATING REVENUES:					
Service fees	\$ 49,588,376	\$ 40,509,289	\$ 14,995,961	\$ 105,093,626	\$ -
Grants and entitlements	-	-	5,457,991	5,457,991	-
Rentals	-	-	806,540	806,540	-
Sales taxes	-	-	70,065	70,065	-
Self insurance premiums	-	-	-	-	25,521,990
Miscellaneous	33,897	70,468	673,812	778,177	169,649
Total operating revenues	49,622,273	40,579,757	22,004,369	112,206,399	25,691,639
OPERATING EXPENSES:					
General and administrative	3,797,454	2,733,487	1,311,017	7,841,958	-
Personal services	8,680,901	4,432,487	3,627,743	16,741,131	1,502,391
Contractual services	5,587,444	5,265,379	10,601,648	21,454,471	2,803,851
Commodities	9,793,071	6,367,708	1,680,336	17,841,115	1,447,180
Claims expense	-	-	-	-	21,018,580
Housing assistance payments	-	-	4,699,645	4,699,645	-
Depreciation and amortization expense	18,179,643	16,914,120	1,780,432	36,874,195	-
Total operating expenses	46,038,513	35,713,181	23,700,821	105,452,515	26,772,002
OPERATING INCOME (LOSS)	3,583,760	4,866,576	(1,696,452)	6,753,884	(1,080,363)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	392,395	284,582	111,048	788,025	239,845
Interest and fiscal charges	(6,174,031)	(5,796,301)	(3,388)	(11,973,720)	-
Accretion of bond premium	416,135	488,824	196	905,155	-
Amortization of deferred bond items	(77,519)	(49,416)	-	(126,935)	-
Bond issuance costs	(280,355)	(403,866)	-	(684,221)	-
Gain (loss) on disposal of capital assets	(14,000)	(7,000)	(24,000)	(45,000)	-
Equity interest in joint venture	(3,293,356)	-	-	(3,293,356)	-
Total nonoperating revenues (expenses)	(9,030,731)	(5,483,177)	83,856	(14,430,052)	239,845
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(5,446,971)	(616,601)	(1,612,596)	(7,676,168)	(840,518)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	11,717,412	59,322,977	1,136,193	72,176,582	-
Transfers in	-	-	951,149	951,149	950,000
Transfers out	(268,924)	(112,672)	(437,471)	(819,067)	(14,759)
Total capital contributions and transfers	11,448,488	59,210,305	1,649,871	72,308,664	935,241
Change in Net Position	6,001,517	58,593,704	37,275	64,632,496	94,723
NET POSITION:					
Beginning of year, restated	221,745,072	240,664,742	68,079,632	530,489,446	35,617,744
End of year	\$ 227,746,589	\$ 299,258,446	\$ 68,116,907	\$ 595,121,942	\$ 35,712,467

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, 2014

	Major Funds		Other	Total	Governmental
	Water	Wastewater	Proprietary Funds		Activities: Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 49,892,856	\$ 45,277,835	\$ 16,172,541	\$ 111,343,232	\$ 25,630,362
Cash received from grantors	-	-	5,357,404	5,357,404	-
Cash payments to suppliers	(19,805,457)	(13,668,191)	(17,657,159)	(51,130,807)	(26,892,570)
Cash payments to employees for services	(8,391,509)	(4,221,165)	(3,478,508)	(16,091,182)	(1,480,809)
Net cash provided (used) by operating activities	21,695,890	27,388,479	394,278	49,478,647	(2,743,017)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	951,149	951,149	950,000
Transfers out	(268,924)	(112,672)	(437,471)	(819,067)	(14,759)
Net cash provided (used) by noncapital financing activities	(268,924)	(112,672)	513,678	132,082	935,241
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(11,712,086)	(80,092,332)	(1,419,129)	(93,223,547)	-
Proceeds from debt issuance	38,923,525	78,962,468	-	117,885,993	-
Principal paid on bond maturities	(12,949,925)	(12,905,795)	(20,000)	(25,875,720)	-
Interest paid on bonds	(5,882,179)	(4,537,055)	(3,788)	(10,423,022)	-
Cash received from capital contributions	11,143,221	58,375,508	318,769	69,837,498	-
Net cash provided (used) by capital and related financing activities	19,522,556	39,802,794	(1,124,148)	58,201,202	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	392,395	284,583	111,048	788,026	239,845
Net cash provided (used) by investing activities	392,395	284,583	111,048	788,026	239,845
Net increase (decrease) in cash and cash equivalents	41,341,917	67,363,184	(105,144)	108,599,957	(1,567,931)
CASH AND CASH EQUIVALENTS:					
Beginning of year	52,108,757	36,572,860	17,652,805	106,334,422	42,107,015
End of year	\$ 93,450,674	\$ 103,936,044	\$ 17,547,661	\$ 214,934,379	\$ 40,539,084

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

Operating income (loss)	<u>\$ 3,583,760</u>	<u>\$ 4,866,576</u>	<u>\$ (1,696,452)</u>	<u>\$ 6,753,884</u>	<u>\$ (1,080,363)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	18,179,643	16,914,120	1,780,432	36,874,195	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	130,308	4,842,278	151,579	5,124,165	(54,133)
(Increase) decrease in inventories	(113,963)	-	(195)	(114,158)	-
(Increase) decrease in prepaid items	-	-	-	-	600
(Increase) decrease in other assets	(264,672)	(146,429)	5,979	(405,122)	-
Increase (decrease) in payables	(513,525)	698,383	142,420	327,278	10,284
Increase (decrease) in accrued payroll and compensated absences	68,829	100,720	9,222	178,771	12,510
Increase (decrease) in deposits	447,763	74,835	20,489	543,087	-
Increase (decrease) in claims payable	-	-	-	-	(1,633,843)
Increase (decrease) in unearned revenue	-	-	-	-	(7,144)
Increase (decrease) in customer advances	(42,816)	(72,606)	(83,759)	(199,181)	-
Increase (decrease) in other liabilities	220,563	110,602	64,563	395,728	9,072
Total adjustments	<u>18,112,130</u>	<u>22,521,903</u>	<u>2,090,730</u>	<u>42,724,763</u>	<u>(1,662,654)</u>
Net cash provided (used) by operating activities	<u><u>\$ 21,695,890</u></u>	<u><u>\$ 27,388,479</u></u>	<u><u>\$ 394,278</u></u>	<u><u>\$ 49,478,647</u></u>	<u><u>\$ (2,743,017)</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributions of capital assets from developers	\$ 574,191	\$ 947,469	\$ -	-
Contributions of capital assets from city government			817,424	
Loss on disposal of assets	14,000	7,000	14,000	-
Accretion of bond premiums	416,135	488,824	196	-
Amortization of deferred bond charges	77,519	49,416	-	-

See accompanying Notes to Basic Financial Statements.

City of Chandler
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Volunteer Firemen's Pension and Relief Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Equity in pooled cash and investments	\$ 18,943	\$ 7,000
Total assets	<u>\$ 18,943</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>18,943</u>	
Total net position	<u>\$ 18,943</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, 2014

	Volunteer Firemen's Pension and Relief Trust Fund
ADDITIONS:	
Net investment income	\$ 117
Other contributions	-
Total additions	<u>117</u>
DEDUCTIONS:	
Benefits paid to plan members	<u>2,400</u>
Change in net position	<u>(2,283)</u>
NET POSITION:	
Beginning of year	<u>21,226</u>
End of year	<u><u>\$ 18,943</u></u>

See accompanying Notes to Basic Financial Statements.



Chandler + Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2014

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, 2014

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, 2014

NOTE 1 - Summary of Significant Accounting Policies, continued

Delinquent property taxes have been recorded as deferred inflows of resources. Grants and similar awards received before the eligibility requirements are met are recorded as unearned revenue. Cash receipts received in advance of being billed have also been reported as unearned revenue on the governmental fund financial statements.

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, 2014

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 \$4,536,143 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 \$6,875,039, for the streets capital projects fund are \$6,458,759, for water enterprise fund are \$4,953,184, for wastewater enterprise fund are \$24,383,304, and for nonmajor governmental funds are \$14,443,949.

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, 2014

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. Subsequent to year end, on August 26, 2014, the City of Chandler voters approved to continue under Home Rule for an additional 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, 2014

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 items, such as premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the current period.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2014

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 for a more detailed explanation of fund balance classifications).

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, 2014

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

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

S. Implementation of New Accounting Standards

During the year ended June 30, 2014, the City implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 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 \$85,420, the carrying amount of the City deposits was \$3,939,385, and the bank balance was \$3,569,343. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,319,343 was covered by collateral held in the pledging bank's trust department in the City's name. In addition, at year ended June 30, 2014, the City had \$117,844,834 of restricted cash held by paying agent consisting of the July 1, 2014 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, 2014

NOTE 2 - Cash and Investments, continued

At June 30, 2014, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %	Credit Rating
		Less than 1	1-5		
U.S. Treasuries	\$ 174,893,165	\$ 38,325,524	\$ 136,567,641	39.34 %	
U.S. Agencies:					
Federal Home Loan Bank	11,139,157	1,181,889	9,957,268	2.51	AA+/Aaa/AAA
Federal Home Loan Mortgage Corp	36,386,218	7,023,534	29,362,684	8.18	AA+/Aaa/AAA
Federal National Mortgage Assn	62,991,809	15,390,029	47,601,780	14.17	AA+/Aaa/AAA
Commercial Paper:					
BNP Paribas Financial Inc	4,995,870	4,995,870	-	1.12	A-1/P-1
Corporate Bonds:					
Alabama Power Co	2,164,782	-	2,164,782	0.49	A1/A/A+
Apple Inc Global	4,243,002	-	4,243,002	0.95	AA+/Aa1
Bank of New York Mellon	8,906,867	8,906,867	-	2.00	A1/A+/AA-
Berkshire Hathaway Inc	7,381,541	3,090,193	4,291,348	1.66	AA/Aa2/A+
Branch Banking and Trust	2,911,316	-	2,911,316	0.65	A1/A/A+
Caterpillar Financial Services Corp	2,896,552	2,896,552	-	0.65	A/A2/A
Charles Schwab Corp	1,808,418	-	1,808,418	0.41	A/A2/A
Cisco Systems Inc	3,521,148	-	3,521,148	0.79	A1/AA-/NA
Costco Wholesale Corp	3,514,264	-	3,514,264	0.79	A1/AA-/NA
The Coca-Cola Company	2,515,346	1,760,089	755,257	0.57	AA/Aa3/A+
Exxon Mobile Corp	2,177,881	-	2,177,881	0.49	AAA/Aaa
General Electric Capital Corp	8,728,895	4,900,899	3,827,996	1.96	AA+/A1/NR
IBM Corp	250,866	250,866	-	0.06	AA-/Aa3
John Deere Capital	3,526,794	-	3,526,794	0.79	A/A2/NA
Johnson & Johnson	2,506,559	-	2,506,559	0.56	AAA/Aaa/AAA
JP Morgan Chase	8,078,718	3,750,862	4,327,856	1.82	A3/A/A+
Merck and Co Inc	3,513,244	-	3,513,244	0.79	AA/A2/A+
National Rural Utility Cooperative	3,830,734	-	3,830,734	0.86	A+/A1/NA
Paccar Financial Corp	3,275,322	3,275,322	-	0.74	A+/A1/NA
Pepsico, Inc	2,445,243	201,092	2,244,151	0.55	A-/A1
PNC Bank INA	3,971,490	-	3,971,490	0.89	A/A2/A+
US Bankcorp	3,102,276	-	3,102,276	0.70	A+/A1/AA
Wal-Mart Stores, Inc	1,680,997	-	1,680,997	0.38	AA/Aa2
Wells Fargo	203,756	-	203,756	0.05	A+/A2
Municipal Bonds:					
Arizona School Facilities Board	1,361,518	-	1,361,518	0.31	AAA/Aaa
Money Market Certificate of Deposit	20,506,284	-	20,506,284	4.61	
Money Market U.S. Treasuries & Agencies	45,089,029	45,089,029	-	10.14	Aaa/AAA/NA/NR
State Investment Pool	94,377	94,377	-	0.02	
Total	\$ 444,613,438	\$ 141,132,994	\$ 303,480,444	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.

CITY OF CHANDLER, ARIZONA

Notes to the Financial Statements

June 30, 2014

NOTE 2 - Cash and Investments, concluded

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 AAAM by Standard & Poor's respectively as of June 30, 2014.

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 2013-14, current property tax collections were \$27,466,421 or 99.5 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 2014 are not available for fiscal year 2013-14; accordingly, such taxes will not be recognized as revenue until fiscal year 2014-15.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 4 - Capital Assets

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

Governmental Activities	Balance July 1, 2013	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 83,306,168	\$ -	\$ -	\$ 83,306,168
Construction in progress	55,620,346	23,214,818	(20,927,674)	57,907,490
Total capital assets not being depreciated	<u>138,926,514</u>	<u>23,214,818</u>	<u>(20,927,674)</u>	<u>141,213,658</u>
Capital assets, being depreciated:				
Infrastructure	618,391,513	24,629,824	-	643,021,337
Building and improvements	363,103,080	541,334	-	363,644,414
Machinery and equipment	68,660,587	5,181,384	(1,707,271)	72,134,700
Total capital assets being depreciated	<u>1,050,155,180</u>	<u>30,352,542</u>	<u>(1,707,271)</u>	<u>1,078,800,451</u>
Less accumulated depreciation for:				
Infrastructure	(222,738,236)	(24,283,836)	-	(247,022,072)
Building and improvements	(104,121,265)	(16,204,923)	-	(120,326,188)
Machinery and equipment	(41,040,387)	(5,044,562)	1,331,309	(44,753,640)
Total accumulated depreciation	<u>(367,899,888)</u>	<u>(45,533,321)</u>	<u>1,331,309</u>	<u>(412,101,900)</u>
Total capital assets, being depreciated, net	<u>682,255,292</u>	<u>(15,180,779)</u>	<u>(375,962)</u>	<u>666,698,551</u>
Governmental activities capital assets, net	<u>\$ 821,181,806</u>	<u>\$ 8,034,039</u>	<u>\$ (21,303,636)</u>	<u>\$ 807,912,209</u>

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

	Expended to June 30, 2014	Remaining Commitments
Streets	\$ 31,487,428	\$ 9,577,164
Parks and recreation	11,688,324	2,713,121
Buildings and related improvements	14,731,738	8,362,329
Total	<u>\$ 57,907,490</u>	<u>\$ 20,652,614</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

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, 2013	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 41,256,107	\$ 50,000	\$ -	\$ 41,306,107
Construction in progress	164,986,751	92,437,672	(7,351,305)	250,073,118
Total capital assets not being depreciated	206,242,858	92,487,672	(7,351,305)	291,379,225
Capital assets, being depreciated:				
System improvements	884,924,187	8,740,250	-	893,664,437
Building and improvements	21,348,754	1,046,691	-	22,395,445
Vehicles, machinery and equipment	15,151,955	527,114	(109,391)	15,569,678
Land improvements	2,117,236	111,577	-	2,228,813
Total capital assets being depreciated	923,542,132	10,425,632	(109,391)	933,858,373
Less accumulated depreciation for:				
System improvements	(490,439,294)	(35,935,700)		(526,374,994)
Buildings and improvements	(12,790,100)	(584,639)		(13,374,739)
Vehicles, machinery and equipment	(13,915,637)	(255,227)	64,390	(14,106,474)
Land improvements	(1,749,040)	(97,996)		(1,847,036)
Total accumulated depreciation	(518,894,071)	(36,873,562)	64,390	(555,703,243)
Total capital assets, being depreciated, net	404,648,061	(26,447,930)	(45,001)	378,155,130
Business-type activities capital assets, net	\$ 610,890,919	\$ 66,039,742	\$ (7,396,306)	\$ 669,534,355

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

	Expended to June 30, 2014	Remaining Commitments
Sewer system improvements	\$ 202,229,754	\$ 22,518,918
Water system improvements	46,884,375	3,657,575
Solid waste system improvements	164,656	18,920
Airport improvements	794,333	1,671
Total	\$ 250,073,118	\$ 26,197,084

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 4 - Capital Assets, concluded

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 5,371,297
Public safety	6,116,763
Community services	8,757,645
Transportation and development	<u>25,287,616</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 45,533,321</u></u>
 Business-type activities:	
Water	\$ 18,179,332
Wastewater	16,913,798
Solid waste	482,465
Airport	810,445
Chandler housing authority	<u>487,522</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 36,873,562</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 \$384,650,000 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 76 percent of total 2013-14 ad valorem taxes. The total principal and interest remaining to be paid on the governmental activities portion of the bonds is \$311,573,684. Principal and interest paid for the current year and total ad valorem property taxes were \$21,496,931 and \$28,442,823 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 5 - Long-Term Liabilities, continued

General obligation bonds outstanding as reported in governmental and business-type activities at June 30, 2014 were as follows:

	<u>Outstanding June 30, 2014</u>
Governmental Activities General Obligation Bonds:	
\$16,265,000 Refunding Bonds, Series 2003, due in annual installments of \$1,050,000 to \$2,585,000 through 7/1/16; interest at 4.25 percent to 5 percent.	3,635,000
\$24,800,000 Capital Improvement Bonds, Series 2005, due in annual installments of \$2,750,000 to \$2,900,000 through 7/1/15; interest at 4 percent.	5,650,000
\$30,905,000 Capital Improvement Bonds, Series 2006, due in annual installments of \$2,500,000 to \$6,675,000 through 7/1/17; interest at 4 percent to 4.5 percent.	16,725,000
\$111,045,000 Capital Improvement Bonds, Series 2007, due in annual installments of \$1,000,000 to \$6,600,000 through 7/1/26; interest at 3 percent to 5 percent.	54,100,000
\$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.	20,030,000
\$252,000,000 Capital Improvement Bonds, Series 2009, due in annual installments of \$1,005,000 to \$17,000,000 through 7/1/28; interest at 2.25 percent to 5 percent.	117,763,000
\$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 \$2,510,000 through 7/1/18; interest at 2.25 percent to 4 percent.	5,850,000
Total Governmental Activities General Obligation Bonds	<u><u>\$ 233,678,000</u></u>

Business-Type Activity General Obligation Bonds

Annual principal and interest payments on the business-type activities bonds are expected to require more than 39 percent of total 2013-14 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 \$198,407,781. Principal and interest paid for the current year and total net water and wastewater system and airport revenues and were \$16,935,963 and \$43,281,347 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2014</u>
Business-Type Activities General Obligation Bonds:	
\$16,265,000 Refunding Bonds, Series 2003, due in annual installments of \$2,385,000 to \$2,580,000 through 7/1/15; interest at 5 percent.	4,965,000
\$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.	32,900,000
\$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.	113,107,000
Total Business-Type Activities General Obligation Bonds	<u><u>\$ 150,972,000</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 \$18,000,000 in outstanding street and highway user revenue bonds. Proceeds of the bonds were used for improvements and expansions to the City's streets and highways. The bonds are payable solely from state shared gasoline tax revenues and are payable through July 1, 2019. Annual principal and interest payments on the bonds are expected to require less than 34 percent of total 2013-14 street and highway user revenues. The total principal and interest remaining to be paid on the bonds is \$19,501,509. Principal and interest paid for the current year and street and highway user revenue taxes were \$4,490,175 and \$13,352,622, respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 5 - Long-Term Liabilities, continued

Street and highway revenue bonds outstanding as reported in governmental activities at June 30, 2014 were as follows:

	<u>Outstanding June 30, 2014</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 6.4 percent.	50,000
\$5,000,000 Street & Highway User Bonds, Series 2003, due in annual installments of \$1,000,000 starting 7/1/16 through 7/1/17; interest at 5 percent.	2,000,000
\$10,920,000 Street & Highway User Refunding Bonds, Series 2004, due in an annual installment of \$985,000 on 7/1/14; interest at 4 percent.	985,000
\$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.	6,305,000
\$8,660,000 Street & Highway User Refunding Bonds, Series 2014, due in annual installments of \$645,000 to \$3,225,000 through 7/1/19; interest at 2 percent to 4 percent.	8,660,000
Total Governmental Activities Revenue Bonds	<u>\$ 18,000,000</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 \$36,095,000 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 14 percent of net 2013-14 water and wastewater system revenue.

The total principal and interest remaining to be paid on the bonds is \$40,138,743. Principal and interest paid for the current year and net water and wastewater system revenues were \$5,939,093 and \$43,477,153 respectively.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 5 - Long-Term Liabilities, continued

Water and sewer revenue bonds outstanding as reported in business-type activities at June 30, 2014 were as follows:

	<u>Outstanding June 30, 2014</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
\$17,830,000 Water & Sewer Refunding Bonds, Series 2003, due in annual installments of \$35,000 to \$4,035,000 through 7/1/15; interest at 3.4 percent to 5 percent.	4,070,000
\$10,000,000 Water & Sewer Bonds, Series 2005, due in annual installments of \$225,000 to \$1,750,000 through 7/1/17; interest at 4 percent to 5 percent.	2,525,000
\$15,485,000 Water & Sewer Refunding Bonds, Series 2005, due in annual installments of \$1,750,000 to \$5,725,000 through 7/1/17; interest at 5 percent.	11,950,000
\$15,400,000 Water & Sewer Refunding Bonds, Series 2014, due in annual installments of \$2,340,000 to \$7,555,000 beginning 7/1/16 through 7/1/20; interest at 2 percent to 4 percent.	15,400,000
Total Business-Type Activities Revenue Bonds	<u><u>\$ 36,095,000</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.

Annual principal and interest payments on the obligations are being repaid from net water and wastewater system revenues and are expected to require less than 25 percent of net 2013-14 system revenues. The total principal and interest to be paid on the obligations is \$224,924,044. Principal and interest paid for the current year and net water and wastewater system revenues were \$10,663,622 and \$43,477,153, respectively. Total excise tax revenues collected were \$162,664,325. Principal and interest paid in 2013-14 equal less than 7 percent of total excise tax revenues collected.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 5 - Long-Term Liabilities, continued

	<u>Outstanding June 30, 2014</u>
Business-Type Activities Excise Tax Revenue Obligations:	
\$34,040,000 Water & Sewer Excise Tax Obligations, Series 2009, due in annual installments of \$1,300,000 to \$5,455,000 through 7/1/28; interest at 2.25 percent to 4.375 percent.	\$ 30,240,000
\$15,000,000 Water & Sewer Excise Tax Obligations, Series 2011, due in annual installments of \$725,000 to \$1,210,000 through 7/1/28; interest at 3 percent to 5 percent.	13,640,000
\$104,500,000 Water & Sewer Excise Tax Obligations, Series 2013, due in annual installments of \$500,000 to \$12,000,000 starting 7/1/15 through 7/1/33; interest at 4 percent to 5 percent.	104,500,000
Total Business-Type Activities Excise Tax Revenue Obligations	<u><u>\$ 148,380,000</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, 2014, 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, 2014 were as follows:

	<u>Outstanding June 30, 2014</u>
Governmental Activities Special Assessment Bonds:	
\$7,370,000 Spectrum Improvement District Bonds, due in annual installments of \$465,000 to \$635,000 through 1/1/23; interest at 4 percent.	\$ 4,905,000
Total Special Assessment Bonds with Governmental Commitment	<u><u>\$ 4,905,000</u></u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 5 - Long-Term Liabilities, continued

Changes in Long-Term Liabilities

Governmental Activities:	Balance	Additions	Reductions	Balance	Due Within One Year
	July 1, 2013			June 30, 2014	
Compensated absences	\$ 9,374,341	\$ 1,163,370	\$ (1,180,877)	\$ 9,356,834	\$ 66,925
Bonds payable:					
General obligation bonds	256,288,000	-	(22,610,000)	233,678,000	11,535,000
Revenue bonds	22,045,000	8,660,000	(12,705,000)	18,000,000	3,975,000
Special assessment bonds	5,350,000	-	(445,000)	4,905,000	465,000
Issuance premiums	4,566,202	562,052	(782,059)	4,346,195	648,580
Total bonds payable	288,249,202	9,222,052	(36,542,059)	260,929,195	16,623,580
Arbitrage liability	42,704	11,792	(17,104)	37,392	17,392
Claims payable	6,236,814	20,880,610	(22,514,453)	4,602,971	4,142,674
Post employment benefits	11,136,775	3,995,280	-	15,132,055	-
Totals	\$ 315,039,836	\$ 35,273,104	\$ (60,254,493)	\$ 290,058,447	\$ 20,850,571
Business-Type Activities:	Balance	Additions	Reductions	Balance	Due Within One Year
	July 1, 2014			June 30, 2014	
Compensated absences	\$ 991,440	\$ 124,969	\$ (116,237)	\$ 1,000,172	\$ 7,063
Bonds & obligations payable:					
General obligation bonds	161,567,000	-	(10,595,000)	150,972,000	10,900,000
Revenue bonds	44,740,000	15,400,000	(24,045,000)	36,095,000	4,485,000
Excise tax revenue obligations	45,695,000	104,500,000	(1,815,000)	148,380,000	6,180,000
Issuance premiums	3,957,901	9,489,296	(1,018,022)	12,429,175	1,048,382
Total bonds & obligations payable	255,959,901	129,389,296	(37,473,022)	347,876,175	22,613,382
Arbitrage liability	36,186	16,947	(10,525)	42,608	17,608
Post employment benefits	882,034	395,728	-	1,277,762	-
Landfill closure/post closure	4,340,000	-	-	4,340,000	94,446
Totals	\$ 262,209,561	\$ 129,926,940	\$ (37,599,784)	\$ 354,536,717	\$ 22,732,499

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, 2014, the 6 percent debt limitation was \$142,895,404, providing a debt margin of \$132,697,404 and the 20 percent debt limitation was \$476,318,016, providing a debt margin of \$101,866,016.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

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, 2014:

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
2015	11,535,000	9,728,050	3,975,000	397,372	465,000	196,200	26,296,622
2016	15,020,000	9,191,869	3,970,000	416,687	480,000	177,600	29,256,156
2017	13,340,000	8,610,506	3,370,000	316,044	500,000	158,400	26,294,950
2018	13,930,000	8,028,581	2,415,000	210,212	520,000	138,400	25,242,193
2019	16,109,000	7,396,800	2,220,000	121,594	545,000	117,600	26,509,994
2020-2024	78,890,000	26,295,559	2,050,000	39,600	2,395,000	244,200	109,914,359
2029	84,854,000	8,644,319	-	-	-	-	93,498,319
Total	\$ 233,678,000	\$ 77,895,684	\$18,000,000	\$1,501,509	\$ 4,905,000	\$ 1,032,400	\$ 337,012,593

BUSINESS-TYPE ACTIVITIES							
Years Ended June 30	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Excise Tax Principal	Excise Tax Interest	Total
2015	10,900,000	5,862,113	4,485,000	1,190,418	6,180,000	6,116,419	34,733,950
2016	10,910,000	5,507,075	6,760,000	1,103,400	4,770,000	5,976,450	35,026,925
2017	9,525,000	5,172,512	9,530,000	811,350	2,805,000	5,860,775	33,704,637
2018	9,825,000	4,849,763	7,475,000	500,675	3,605,000	5,743,750	31,999,188
2019	9,926,000	4,503,731	3,160,000	250,600	3,760,000	5,600,556	27,200,887
2020-2024	49,100,000	16,136,281	4,685,000	187,300	29,065,000	24,574,838	123,748,419
2025-2029	50,786,000	5,404,306	-	-	39,195,000	16,643,756	112,029,062
2030-2034	-	-	-	-	59,000,000	6,027,500	65,027,500
Total	\$150,972,000	\$47,435,781	\$36,095,000	\$ 4,043,743	\$148,380,000	\$76,544,044	\$463,470,568

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

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.

	Balance <u>July 1, 2013</u>	Incurred	Satisfied	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>
Governmental Activities					
Compensated Absences	\$ 9,374,341	\$1,163,370	\$ (1,180,877)	\$ 9,356,834	\$ 66,925
Business-Type Activities					
Compensated Absences	\$ 991,440	\$ 124,969	\$ (116,237)	\$ 1,000,172	\$ 7,063

NOTE 6 - Defeased Debt

Current Year Defeasance

On June 25, 2014, the City issued \$15,400,000 in Water & Sewer Revenue Refunding Bonds with an average interest rate of 1.14 percent. This issuance was used to refund \$1,045,000 of Series 2001 Water & Sewer Revenue Bonds with an average interest rate of 4.5 percent; \$7,515,000 of Series 2003 Water & Sewer Refunding Bonds with an average interest rate of 5 percent; and \$7,225,000 of Series 2005 Water & Sewer Revenue Bonds with an average interest rate of 4.125 percent. The advanced refunding portion of the total net proceeds of \$16,435,904 (after payment of \$162,826 in underwriting fees, insurance, and other issuance costs, receipt of \$1,214,406 in original issue premium and \$15,676 deposit to city debt service fund) were used to purchase \$7,515,501 in U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2005 Revenue Bonds. As a result the liability for that portion of the bonds has been removed from the government-wide and statement of net assets. The refunding issuance resulted in a deferred outflow of \$538,036. This difference will be allocated to operations through the fiscal year 2021 using the straight-line amortization method. The City completed the refunding to decrease its total debt service payments over the next 7 years by \$1,340,355 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,313,955.

Also on June 25, 2014, the City issued \$8,660,000 in Street & Highway User Revenue Refunding Bonds with an average interest rate of 1 percent. This issuance was used to refund \$3,000,000 of Series 2003 Street & Highway User Revenue Bonds with an average interest rate of 3.5 percent and \$5,875,000 of Series 2004 Street & Highway User Revenue Bonds with an average interest rate of 4.57 percent. The refunding portion of net proceeds of \$9,061,800 (after payment of \$145,970 in underwriting fees, insurance, and other issuance costs and receipt of \$562,052 in original issue premium) was used to fund an irrevocable trust with an escrow agent to refund the bonds in full as of 7/1/2014. The refunding issuance resulted in a deferred outflow of \$42,583. This difference will be allocated to operations through the fiscal year 2020 using the straight-line amortization method. The City completed the refunding to decrease its total debt service payments over the next 5 years by \$494,528 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$502,963.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 6 - Defeased Debt, concluded

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, 2014:

<u>Refunded Debt Outstanding</u>	<u>Amount</u>
General Obligation Bonds, Series 1996 (Final Redemption 7/1/16)	2,910,000
Water and Sewer Revenue Bonds, Series 2005 (Final Redemption 7/1/15)	<u>7,225,000</u>
Total Refunded Bonds Outstanding	<u>\$ 10,135,000</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, 2014, the City estimates total costs related to landfill closure and postclosure care is \$15,474,061 and has recognized that entire amount since the landfill no longer accepts waste. To date, \$11,134,061 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.

The estimated total current cost of the landfill closure and postclosure, \$15,474,061, 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, 2014. 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, 2013. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs and any additional costs that might arise from changes in postclosure requirements, e.g., due to changes in technology or more rigorous environmental regulations, may need to be covered by additional charges to future taxpayers.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

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 \$5,576,306 (Water) and \$51,657,795 (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			Total
	Development Fees	Developer Contributions	Government Contributions	
Water	\$ 5,566,915	\$ 6,150,497	\$ -	\$ 11,717,412
Wastewater	6,717,713	52,605,264	-	59,322,977
Airport	-	-	318,769	318,769
Housing Authority	-	-	817,424	817,424
Total	<u>\$ 12,284,628</u>	<u>\$ 58,755,761</u>	<u>\$ 1,136,193</u>	<u>\$ 72,176,582</u>

NOTE 9 - Fund Equity

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

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

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

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

Assigned fund balance includes amounts intended to be used for a specific purpose. For general fund, the assigned fund balance must be for a specific purpose and for all other governmental funds the assigned fund balance represents the residual balance of the fund. Fund balance assignments are approved through the Annual Budget Fund Policies section by Mayor and Council. Unlike committed fund balances, assigned fund balance amounts can be changed without formal action by the City Manager.

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

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

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 9 - Fund Equity, concluded

As of June 30, 2014 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	\$ 892,533	\$ -	\$ -	\$ -	\$ 892,533
Total non-spendable	892,533	-	-	-	892,533
Restricted for					
Court enhancement	903,070	-	-	-	903,070
Judicial enhancement	263,035	-	-	-	263,035
Transportation and development	-	32,546,267	-	15,500,527	48,046,794
Debt service reserve	-	-	16,186,172	987,851	17,174,023
Community development	-	-	-	449,627	449,627
Community services	-	-	-	16,744,808	16,744,808
Other capital projects	-	-	-	22,142,411	22,142,411
Total restricted	1,166,105	32,546,267	16,186,172	55,825,224	105,723,768
Committed to					
	-	-	-	-	-
Total committed	-	-	-	-	-
Assigned to					
Domestic violence prevention	297,251	-	-	-	297,251
Self-insurance purposes	396,555	-	-	-	396,555
Infrastructure maintenance	31,950,000	-	-	-	31,950,000
Capital improvement projects	49,460,890	-	-	-	49,460,890
Economic development projects	13,081,000	-	-	-	13,081,000
Total assigned	95,185,696	-	-	-	95,185,696
Unassigned	82,453,462	-	-	(11,034,021)	71,419,441
Total unassigned	82,453,462	-	-	(11,034,021)	71,419,441
Total fund balances	<u>\$ 179,697,796</u>	<u>\$ 32,546,267</u>	<u>\$ 16,186,172</u>	<u>\$ 44,791,203</u>	<u>\$ 273,221,438</u>

The City's General Fund Reserve Policy requires an amount equal to 12 percent of adopted General Fund operating revenues, excluding transfers in for fiscal year 2013-2014. This reserve has been increased to 15 percent for fiscal year 14-15. This amounts to \$29,311,659 and is included in unassigned above.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

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, 2014 was 11.54 percent (11.30 percent retirement and 0.24 percent long-term disability) for active members and the City was required to contribute 11.54 percent (10.70 percent for retirement, 0.60 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, 2014, 2013, and 2012, were \$7,703,535, \$7,484,021, and \$6,346,391, 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, 2014

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 23.55 percent of annual covered payroll of which 1.14 percent was the health insurance premium portion. The current aggregate contribution rate for firefighters is 20.54 percent of annual covered payroll of which 1.03 percent was the health insurance premium portion.

C. Annual Pension Cost

For fiscal year ended June 30, 2014, the City's annual pension cost of \$5,702,722 for police and \$3,165,856 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, 2012, actuarial valuations using the entry-age actuarial cost and level percent of payroll closed amortization methods.

The contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 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 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 5.0 percent to 9.0 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 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 5.0 percent to 9.0 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 24 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, 2012, was 24 years for unfunded actuarial accrued liability and 20 years for excess contributions.

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

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
2012 (Pension)	\$ 4,258,298	100%	-
2012 (Health)	\$ 51,720	100%	-
2013 (Pension)	\$ 5,205,497	100%	-
2013 (Health)	\$ 63,225	100%	-
2014 (Pension)	\$ 5,637,711	100%	-
2014 (Health)	\$ 65,011	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
2012 (Pension)	\$ 2,340,237	100%	-
2012 (Health)	\$ 25,072	100%	-
2013 (Pension)	\$ 2,913,144	100%	-
2013 (Health)	\$ 31,508	100%	-
2014 (Pension)	\$ 3,133,248	100%	-
2014 (Health)	\$ 32,608	100%	-

D. Funded Status and Funding Progress

As of June 30, 2014, the firefighters plan was 66.9 percent funded and police was 59.5 percent funded. The actuarial accrued liability for benefits was \$106 million and \$177 million, and the actuarial value of assets was \$70.7 million and \$105.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$35.0 million and \$71.6 million respectively. The covered payrolls (annual payrolls of active employees covered by the plans) were \$15.2 million and \$24.1 million, and the ratio of the UAAL to the covered payroll was 230.0 percent and 296.7 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, 2014

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 2014 was 39.62 percent of the members' annual covered payroll, of which 1.56 percent was the health insurance premium portion. The city's contributions to EORP for the years ended June 30, 2014, 2013, and 2012, were \$52,244, \$60,215, and \$52,623 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 June 30, 2004, at which time the actuarial liability was fully funded. As of June 30, 2014, there were no 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 2013-14. Pursuant to the June 30, 2004, actuarial valuation, the present value of all benefits payable in future years was \$30,494 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, 2014

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, 2014, retirees contributed \$1,584,112 and the City contributed \$1,352,308 (implied subsidy).

For both the governmental and proprietary activities, the corresponding fund is used to liquidate the OPEB liability.

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, 2014:

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

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

Annual Required Contribution (ARC)	\$ 5,806,989
ARC Adjustment	(544,425)
Interest Adjustment to Net OPEB Obligation	<u>480,752</u>
Annual OPEB Cost	\$ 5,743,316
Contributions Made	<u>(1,352,308)</u>
Increase in Net OPEB Obligation	\$ 4,391,008
Net OPEB Obligation - Beginning of year	<u>12,018,809</u>
Net OPEB Obligation - End of year	<u><u>\$ 16,409,817</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 2014 were as follows:

Fiscal Year Ended June, 30	Annual OPEB Cost	Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 5,743,316	\$ 1,352,308	23.55%	\$ 16,409,817
2013	\$ 4,199,727	\$ 980,252	23.34%	\$ 12,018,809
2012	\$ 3,954,406	\$ 1,124,164	28.43%	\$ 8,799,334

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, 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	<u><u>\$ 96,935,187</u></u>
UAAL as a percentage of covered payroll	54.0%

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, 2014

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 inflation 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 alleged damages in substantial amounts) that are incidental to the ordinary course of its operations, including those related to property damage and personal injury matters as well as alleged civil rights violations. All cases are being vigorously defended by the City of Chandler both as to liability as well as the amount of damages claimed. Although the City Attorney cannot reasonably estimate the actual results upon disposition of the outstanding cases, some could be significant to the City's operations, which is why the City not only self-insures with a \$2,000,000 liability retention, but carries an additional \$50,000,000 in liability insurance policies which are in excess of its self-insured retention. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, (based on the advice of the City Attorney), the resolution of these matters will not have a material adverse effect on the City's financial position.

NOTE 13 - Risk Management

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

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 2013-14, 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 2013-14, 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, 2014

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 \$4,602,971 reported as claims payable in the Self-Insurance Fund at June 30, 2014, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liabilities be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. This includes known future payments made for insurance as well as estimated IBNR calculations.

Changes in the Fund's claims liability amount in fiscal years 2013 and 2014 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
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>
2014	Workers' compensation	\$ 2,706,547	\$ 62,395	\$ (1,569,953)	\$ 1,198,989
	Property and liability	954,586	207,298	(199,714)	962,170
	Health	2,429,042	18,747,498	(18,878,548)	2,297,992
	Dental	146,639	1,863,419	(1,866,238)	143,820
		<u>\$ 6,236,814</u>	<u>\$ 20,880,610</u>	<u>\$ (22,514,453)</u>	<u>\$ 4,602,971</u>

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 14 - Interfund Transfers

The interfund transfers in and out at June 30, 2014 are as follows:

<u>Fund</u>	<u>Transfer Detail</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	Capital projects-streets	\$ -	\$ 488,911
	Non-major governmental	-	18,413,607
	Non-major enterprise	-	487,868
	Internal service	-	950,000
	Total general fund	<u>-</u>	<u>20,340,386</u>
Capital projects-streets	General	488,911	-
	Total capital projects	<u>488,911</u>	<u>-</u>
Non-major governmental	General	18,413,607	-
	Non-major governmental	4,850,074	4,850,074
	Enterprise-water	268,924	-
	Enterprise-wastewater	112,672	-
	Non-major enterprise	437,471	463,281
	Internal service	14,759	-
	Total non-major governmental funds	<u>24,097,507</u>	<u>5,313,355</u>
Water	Non-major governmental	-	268,924
	Total water fund	<u>-</u>	<u>268,924</u>
Wastewater	Non-major governmental	-	112,672
	Total wastewater fund	<u>-</u>	<u>112,672</u>
Non-major enterprise	General	487,868	-
	Non-major governmental	463,281	437,471
	Total non-major enterprise funds	<u>951,149</u>	<u>437,471</u>
Internal service	General	950,000	-
	Non-major governmental	-	14,759
	Total internal service fund	<u>950,000</u>	<u>14,759</u>
		Total \$ <u>26,487,567</u>	\$ <u>26,487,567</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, 2014

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-community development	\$ 352,062
General	Non-major enterprise-Chandler housing authority	<u>153,751</u>
		<u><u>\$ 505,813</u></u>

Interfund due to/due from other funds was made as a short term loan until the community development 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, 2014

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, 2014, 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, 2014, was:

City of Chandler's Share	\$65,904,530
Town of Gilbert's Share	<u>72,199,454</u>
	<u><u>\$138,103,984</u></u>

NOTE 17 - Deficit in Fund Balances

The police confiscated property fund had a deficit fund balance of \$35,247. The deficit will be covered by future revenues. The public buildings capital projects fund and the public safety buildings and improvements capital projects fund had deficit fund balances of \$3,665,457, and \$7,333,317 respectively. The funds were financed by advances of interfund loans and will be paid back by future impact fee revenues.

NOTE 18 - Prior Period Adjustment

The July 1, 2013, net position of the Business-type Activities of the Water, Wastewater and Airport proprietary funds and Governmental Activities does not agree to the prior year financial statements due to the implementation of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*.

	<u>Proprietary Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Other Proprietary Funds</u>
Net position, June 30, 2013, as previously reported	\$ 222,447,724	\$ 241,448,268	\$ 68,080,834
Implementation of GASB 65	(702,652)	(783,526)	(1,202)
Net position, July 1, 2013, as restated	<u><u>\$ 221,745,072</u></u>	<u><u>\$ 240,664,742</u></u>	<u><u>\$ 68,079,632</u></u>
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	
Net position, June 30, 2013, as previously reported	\$ 850,104,939	\$ 531,976,826	
Implementation of GASB 65	(3,181,283)	(1,487,380)	
Net position, July 1, 2013, as restated	<u><u>\$ 846,923,656</u></u>	<u><u>\$ 530,489,446</u></u>	

CITY OF CHANDLER, ARIZONA
Notes to the Financial Statements
June 30, 2014

NOTE 19 - New Accounting Pronouncement

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the City's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 7,250,000	\$ 7,250,000	\$ 7,313,625	\$ 63,625
Sales taxes	95,200,000	95,200,000	103,880,801	8,680,801
Franchise fees	2,886,000	2,886,000	3,145,449	259,449
State shared	53,613,700	53,613,700	55,423,759	1,810,059
Licenses and permits	3,476,000	3,476,000	5,479,384	2,003,384
Charges for services	18,956,508	18,956,508	20,127,222	1,170,714
Fines and forfeitures	3,439,300	3,439,300	3,695,761	256,461
Rentals	1,053,850	1,053,850	732,807	(321,043)
Contributions	100,000	100,000	100,000	-
Interest revenue	637,000	637,000	905,544	268,544
Miscellaneous	215,000	415,000	343,417	(71,583)
Total revenues	186,827,358	187,027,358	201,147,769	14,120,411
EXPENDITURES:				
General government				
City manager	23,296,664	24,838,838	23,671,025	1,167,813
City clerk	578,404	593,495	540,441	53,054
Communications and public affairs	2,033,439	2,254,969	1,915,177	339,792
Law	3,511,051	3,576,414	3,204,014	372,400
City magistrate	4,146,959	4,203,078	3,780,446	422,632
Management services	44,624,370	37,223,033	10,536,822	26,686,211
Mayor and council	794,651	806,152	764,092	42,060
Public safety				
Fire	29,673,552	30,060,645	29,798,463	262,182
Police	59,651,242	60,971,888	59,729,240	1,242,648
Transportation and development	18,359,774	19,761,013	18,229,425	1,531,588
Community services	23,354,305	24,423,168	23,531,904	891,264
Total expenditures	210,024,411	208,712,693	175,701,049	33,011,644
REVENUES OVER (UNDER) EXPENDITURES	(23,197,053)	(21,685,335)	25,446,720	47,132,055
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(17,412,150)	(17,412,270)	(20,340,386)	(2,928,116)
Total other financing sources (uses)	(17,412,150)	(17,412,270)	(20,336,037)	(2,923,767)
Change in fund balance	(40,609,203)	(39,097,605)	5,110,683	44,208,288
Fund balances, July 1, 2013	169,071,896	169,071,896	169,071,896	-
Fund balances, June 30, 2014	\$ 128,462,693	\$ 129,974,291	\$ 174,182,579	\$ 44,208,288

See accompanying notes to this schedule.

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2014

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	\$ 10,625,900
Reserved encumbrances at June 30, 2014 recognized as budgetary expenditures in fiscal year ended June 30, 2014	<u>(5,515,217)</u>
Budgetary Comparison Schedule for the General Fund	<u>\$ 5,110,683</u>

CITY OF CHANDLER, ARIZONA
Required Supplementary Information
June 30, 2014

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

Valuation Date 30-Jun	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Note 1	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
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%
2014	105,289,281	176,848,516	59.5%	71,559,235	24,120,110	296.7%

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

Valuation Date 30-Jun	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Note 1	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
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%
2014	70,669,121	105,634,896	66.9%	34,965,775	15,201,535	230.0%

Post-Employment Benefits Other than Pensions
Schedule of Funding Progress

Valuation Date 01-Jul	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Note 2	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
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, 2014

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Interest revenue	\$ 152,000	\$ 152,000	\$ 188,093	\$ 36,093
System development fees	536,400	536,400	6,688,524	6,152,124
Regional transportation tax	2,208,000	2,208,000	3,243,937	1,035,937
Miscellaneous	-	-	410	410
Total revenues	2,896,400	2,896,400	10,120,964	7,224,564
EXPENDITURES:				
General government	3,207,400	3,346,715	5,906	3,340,809
Transportation and development	24,646,232	57,244	910,218	(852,974)
Capital outlay	7,106,810	34,568,476	20,032,398	14,536,078
Total expenditures	34,960,442	37,972,435	20,948,522	17,023,913
Excess (deficiency) of revenues over expenditures	(32,064,042)	(35,076,035)	(10,827,558)	24,248,477
Other financing sources (uses):				
Transfers in	7,420,000	7,420,000	488,910	(6,931,090)
Transfers out	(6,420,000)	(6,420,000)	1	6,420,001
Total other financing sources (uses)	1,000,000	1,000,000	488,911	(511,089)
Change in fund balances	(31,064,042)	(34,076,035)	(10,338,647)	23,737,388
Fund balances, July 1, 2013	36,426,150	36,426,150	36,426,150	-
Fund balances (deficits), June 30, 2014	\$ 5,362,108	\$ 2,350,115	\$ 26,087,503	\$ 23,737,388

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, 2014

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 20,796,000	\$ 20,796,000	\$ 21,129,198	\$ 333,198
Interest revenue	77,000	77,000	134,519	57,519
Total revenues	20,873,000	20,873,000	21,263,717	390,717
EXPENDITURES:				
Principal	11,535,000	11,535,000	11,535,000	-
Interest and fiscal charges	9,961,931	9,961,932	9,961,931	1
Total expenditures	21,496,931	21,496,932	21,496,931	1
Excess (deficiency) of revenues over expenditures	(623,931)	(623,932)	(233,214)	390,718
Other financing sources (uses):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances	(623,931)	(623,932)	(233,214)	390,718
Fund balances, July 1, 2013	16,419,386	16,419,386	16,419,386	-
Fund balances, June 30, 2014	\$ 15,795,455	\$ 15,795,454	\$ 16,186,172	\$ 390,718



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, 2014

	Special Revenue						
	Local		Community Grants	Police			Library
	Highway User	Transportation Assistance		Development	Confiscated Property	Parks and Recreation	
ASSETS							
Equity in pooled cash and investments	\$ 8,687,225	\$ 4,211,101	\$ 1,224,048	\$ -	\$ 2,004,117	\$ 273,924	\$ 117,250
Receivables (net of allowance for uncollectible):							
Accounts	-	-	100	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Notes	-	-	-	448,503	-	-	-
Other	-	-	-	-	-	15	-
Due from other governments	1,255,302	-	143,542	736,077	298,375	-	-
Total assets	\$ 9,942,527	\$ 4,211,101	\$ 1,367,690	\$ 1,184,580	\$ 2,302,492	\$ 273,939	\$ 117,250
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 361,605	\$ 144	\$ 15,918	\$ 201,997	\$ 88,647	\$ 13,169	\$ 3,617
Accrued payroll	153,221	-	38,228	12,993	-	683	-
Trust liabilities and deposits	-	-	-	167,901	2,249,092	-	-
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	-	352,062	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Arbitrage liability - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	-	-	-	-
Total liabilities	514,826	144	54,146	734,953	2,337,739	13,852	3,617
Deferred inflows of resources:							
Unavailable revenues - special assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	9,427,701	4,210,957	1,313,544	449,627	-	260,087	113,633
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(35,247)	-	-
Total fund balances (deficits)	9,427,701	4,210,957	1,313,544	449,627	(35,247)	260,087	113,633
Total liabilities, deferred inflows and fund balances	\$ 9,942,527	\$ 4,211,101	\$ 1,367,690	\$ 1,184,580	\$ 2,302,492	\$ 273,939	\$ 117,250

City of Chandler
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Debt Service		Capital Projects		
	Highway User Revenue Bonds	Special	General Government	Public Buildings	Grants
		Assessment Bonds			
ASSETS					
Equity in pooled cash and investments	\$ 4,350,270	\$ 413,156	\$ 358,276	\$ 253,906	\$ 630,334
Receivables (net of allowance for uncollectible):					
Accounts	-	-	-	-	-
Special assessments	-	4,910,331	-	-	-
Notes	-	-	-	-	-
Other	-	-	-	-	-
Due from other governments	-	-	-	-	2,359
Total assets	\$ 4,350,270	\$ 5,323,487	\$ 358,276	\$ 253,906	\$ 632,693
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 8,006	\$ 320,909	\$ -	\$ 84,368
Accrued payroll	-	-	2,367	-	-
Trust liabilities and deposits	-	-	-	-	-
Accrued interest	164,188	98,100	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	3,919,352	-
Unearned revenue	-	-	35,000	-	-
Arbitrage liability - current	5,000	-	-	11	-
Bonds payable - current	3,975,000	-	-	-	-
Total liabilities	4,144,188	106,106	358,276	3,919,363	84,368
Deferred inflows of resources:					
Unavailable revenues - special assessments	-	4,435,612	-	-	-
Total deferred inflows of resources	-	4,435,612	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	206,082	781,769	-	-	548,325
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(3,665,457)	-
Total fund balances (deficits)	206,082	781,769	-	(3,665,457)	548,325
Total liabilities, deferred inflows and fund balances	\$ 4,350,270	\$ 5,323,487	\$ 358,276	\$ 253,906	\$ 632,693

Capital Projects

Community Services	Public Safety Buildings and Improvements	Vehicle and Capital Equipment Replacement	Special Assessments	Technology Replacement	Municipal Arts	Total Other Governmental Funds
\$ 17,138,858	\$ 6,463,830	\$ 13,570,840	\$ 4,575,031	\$ 4,629,660	\$ 49,214	\$ 68,951,040
-	-	-	-	-	-	100
-	-	-	-	-	-	4,910,331
-	-	-	-	-	-	448,503
-	-	-	-	-	-	15
-	-	-	-	-	-	2,435,655
<u>\$ 17,138,858</u>	<u>\$ 6,463,830</u>	<u>\$ 13,570,840</u>	<u>\$ 4,575,031</u>	<u>\$ 4,629,660</u>	<u>\$ 49,214</u>	<u>\$ 76,745,644</u>
\$ 809,211	\$ -	\$ 167,755	\$ 38	\$ 462,770	\$ -	\$ 2,538,154
1,023	-	-	2,557	-	-	211,072
-	-	-	-	-	-	2,416,993
-	-	-	-	-	-	262,288
-	-	-	-	-	-	352,062
-	13,794,706	-	-	-	-	17,714,058
-	-	-	-	-	-	35,000
6,750	2,441	-	-	-	-	14,202
-	-	-	-	-	-	3,975,000
<u>816,984</u>	<u>13,797,147</u>	<u>167,755</u>	<u>2,595</u>	<u>462,770</u>	<u>-</u>	<u>27,518,829</u>
-	-	-	-	-	-	4,435,612
-	-	-	-	-	-	4,435,612
-	-	-	-	-	-	-
16,321,874	-	13,403,085	4,572,436	4,166,890	49,214	55,825,224
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(7,333,317)	-	-	-	-	(11,034,021)
<u>16,321,874</u>	<u>(7,333,317)</u>	<u>13,403,085</u>	<u>4,572,436</u>	<u>4,166,890</u>	<u>49,214</u>	<u>44,791,203</u>
<u>\$ 17,138,858</u>	<u>\$ 6,463,830</u>	<u>\$ 13,570,840</u>	<u>\$ 4,575,031</u>	<u>\$ 4,629,660</u>	<u>\$ 49,214</u>	<u>\$ 76,745,644</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, 2014

	Special Revenue						
	Highway User	Local Transportation Assistance	Grants	Community Development	Police Confiscated Property	Parks and Recreation	Library
REVENUES:							
Highway user taxes	\$ 13,352,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and entitlements	-	696,693	4,837,064	2,458,702	-	86,204	53,450
System development fees	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Charges for services	-	87,753	-	-	-	-	-
Fines and forfeitures	-	-	-	-	922,167	-	-
Interest revenue	68,249	25,318	7,337	776	-	1,882	749
Miscellaneous	138,806	128,426	-	-	-	-	546
Total revenues	13,559,677	938,190	4,844,401	2,459,478	922,167	88,086	54,745
EXPENDITURES:							
Current:							
General government	-	-	874,951	2,304,176	-	-	-
Public safety	-	-	1,045,343	-	542,492	-	-
Transportation and development	7,395,651	310,512	-	-	-	-	-
Community services	-	-	160,368	-	-	116,468	31,661
Capital outlay	3,151,381	2,601	436,598	15,056	276,444	281	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	10,547,032	313,113	2,517,260	2,319,232	818,936	116,749	31,661
REVENUES OVER (UNDER) EXPENDITURES	3,012,645	625,077	2,327,141	140,246	103,231	(28,663)	23,084
OTHER FINANCING SOURCES (USES):							
Proceeds from disposal of capital assets	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-
Face amount of bonds issued	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-
Transfers in	-	-	-	339,674	-	-	-
Transfers out	(4,846,073)	(4,001)	-	(463,281)	-	-	-
Total other financing sources (uses)	(4,846,073)	(4,001)	-	(123,607)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES							
	(1,833,428)	621,076	2,327,141	16,639	103,231	(28,663)	23,084
FUND BALANCES (DEFICITS):							
Beginning of year	11,261,129	3,589,881	(1,013,597)	432,988	(138,478)	288,750	90,549
End of year	\$ 9,427,701	\$ 4,210,957	\$ 1,313,544	\$ 449,627	\$ (35,247)	\$ 260,087	\$ 113,633

Debt Service		Capital Projects			
Highway User Revenue Bonds	Special Assessment Bonds	General Government	Public Buildings	Grants	Community Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,055,782	-
-	-	-	234,353	-	3,675,956
-	678,843	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,439	4	3,314	-	92,459
-	-	-	-	-	3,419
-	681,282	4	237,667	2,055,782	3,771,834
-	-	812,773	5,906	1,835	11,812
-	-	359,156	-	-	-
-	-	67,368	-	7,028	-
-	-	61,286	-	85,467	336,733
-	-	12,475,700	-	1,906,311	3,584,683
3,975,000	445,000	-	-	-	-
515,175	205,100	-	-	-	-
145,970	-	-	-	-	-
4,636,145	650,100	13,776,283	5,906	2,000,641	3,933,228
(4,636,145)	31,182	(13,776,279)	231,761	55,141	(161,394)
-	-	-	-	-	-
562,052	-	-	-	-	-
8,660,000	-	-	-	-	-
(9,061,800)	-	-	-	-	-
4,676,975	-	13,776,279	-	-	-
-	-	-	-	-	-
4,837,227	-	13,776,279	-	-	-
201,082	31,182	-	231,761	55,141	(161,394)
5,000	750,587	-	(3,897,218)	493,184	16,483,268
\$ 206,082	\$ 781,769	\$ -	\$ (3,665,457)	\$ 548,325	\$ 16,321,874

(Continued)

City of Chandler
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,352,622
Grants and entitlements	-	-	-	-	-	10,187,895
System development fees	1,247,442	-	-	-	-	5,157,751
Special assessments	-	-	-	-	-	678,843
Charges for services	-	-	-	-	55,001	142,754
Fines and forfeitures	-	-	-	-	-	922,167
Interest income	39,497	93,583	28,934	31,006	278	395,825
Miscellaneous	-	27,324	-	-	-	298,521
Total revenues	1,286,939	120,907	28,934	31,006	55,279	31,136,378
EXPENDITURES:						
Current:						
General government	12,888	-	69,780	644,977	-	4,739,098
Public safety	57	-	-	-	-	1,947,048
Transportation and development	-	-	-	-	-	7,780,559
Community services	-	-	-	-	58,612	850,595
Capital outlay	10,176	4,568,182	-	3,290,979	-	29,718,392
Debt service:						
Principal	-	-	-	-	-	4,420,000
Interest and fiscal charges	-	-	-	-	-	720,275
Bond issuance costs	-	-	-	-	-	145,970
Total expenditures	23,121	4,568,182	69,780	3,935,956	58,612	50,321,937
REVENUES OVER (UNDER) EXPENDITURES	1,263,818	(4,447,275)	(40,846)	(3,904,950)	(3,333)	(19,185,559)
OTHER FINANCING SOURCES (USES):						
Proceeds from disposal of capital assets	-	156,777	-	-	-	156,777
Bond premium	-	-	-	-	-	562,052
Face amount of bonds issued	-	-	-	-	-	8,660,000
Payment to escrow agent	-	-	-	-	-	(9,061,800)
Transfers in	-	2,744,193	-	2,560,386	-	24,097,507
Transfers out	-	-	-	-	-	(5,313,355)
Total other financing sources (uses)	-	2,900,970	-	2,560,386	-	19,101,181
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	1,263,818	(1,546,305)	(40,846)	(1,344,564)	(3,333)	(84,378)
FUND BALANCES (DEFICITS):						
Beginning of year	(8,597,135)	14,949,390	4,613,282	5,511,454	52,547	44,875,581
End of year	\$ (7,333,317)	\$ 13,403,085	\$ 4,572,436	\$ 4,166,890	\$ 49,214	\$ 44,791,203

(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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Highway user taxes	\$ 13,000,000	\$ 13,000,000	\$ 13,352,622	\$ 352,622
Charges for services	-	-	-	-
Interest revenue	48,000	48,000	68,248	20,248
Miscellaneous	-	-	138,806	138,806
Total revenues	13,048,000	13,048,000	13,559,676	511,676
EXPENDITURES:				
General government	4,426,700	4,147,630	-	4,147,630
Transportation and development	10,014,007	8,542,400	7,961,619	580,781
Capital outlay	2,515,364	4,101,205	3,559,456	541,749
Total expenditures	16,956,071	16,791,235	11,521,075	5,270,160
Excess (deficiency) of revenues over expenditures	(3,908,071)	(3,743,235)	2,038,601	5,781,836
Other financing sources (uses):				
Transfers out	(4,846,043)	(4,846,043)	(4,846,073)	(30)
Total other financing sources (uses)	(4,846,043)	(4,846,043)	(4,846,073)	(30)
Change in fund balances	(8,754,114)	(8,589,278)	(2,807,472)	5,781,806
Fund balances, July 1, 2013	11,261,129	11,261,129	11,261,129	-
Fund balances, June 30, 2014	\$ 2,507,015	\$ 2,671,851	\$ 8,453,657	\$ 5,781,806

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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 692,821	\$ 692,821	\$ 696,693	\$ 3,872
Charges for services	86,000	86,000	87,753	1,753
Interest revenue	11,000	11,000	25,318	14,318
Miscellaneous	-	-	128,426	128,426
Total revenues	<u>789,821</u>	<u>789,821</u>	<u>938,190</u>	<u>148,369</u>
EXPENDITURES:				
General government	102,400	100,378	-	100,378
Transportation and development	1,847,350	1,487,944	311,774	1,176,170
Capital outlay	-	404,621	363,467	41,154
Total expenditures	<u>1,949,750</u>	<u>1,992,943</u>	<u>675,241</u>	<u>1,317,702</u>
Excess (deficiency) of revenues over expenditures	<u>(1,159,929)</u>	<u>(1,203,122)</u>	<u>262,949</u>	<u>1,466,071</u>
Other financing sources (uses):				
Transfers out	(4,001)	(4,001)	(4,001)	-
Total other financing sources (uses)	<u>(4,001)</u>	<u>(4,001)</u>	<u>(4,001)</u>	<u>-</u>
Change in fund balances	<u>(1,163,930)</u>	<u>(1,207,123)</u>	<u>258,948</u>	<u>1,466,071</u>
Fund balances, July 1, 2013	<u>3,589,881</u>	<u>3,589,881</u>	<u>3,589,881</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 2,425,951</u>	<u>\$ 2,382,758</u>	<u>\$ 3,848,829</u>	<u>\$ 1,466,071</u>

City of Chandler

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

Grants Special Revenue

For the year ended June 30, 2014

	Budgeted Amounts		Non-GAAP	Positive
	Original	Final	Actual	(Negative)
			Amounts	Variance with
				Final Budget
REVENUES:				
Grants and entitlements	\$ 5,277,438	\$ 5,077,438	\$ 4,837,064	\$ (240,374)
Interest revenue	-	-	7,334	7,334
Total revenues	<u>5,277,438</u>	<u>5,077,438</u>	<u>4,844,398</u>	<u>(233,040)</u>
EXPENDITURES:				
General government	1,482,514	1,506,633	883,782	622,851
Public safety	2,640,021	2,639,820	1,114,240	1,525,580
Transportation and development	728,649	-	-	-
Community services	554,602	524,409	195,898	328,511
Capital outlay	1,501,886	1,429,636	545,140	884,496
Total expenditures	<u>6,907,672</u>	<u>6,100,498</u>	<u>2,739,060</u>	<u>3,361,438</u>
Change in fund balances	<u>(1,630,234)</u>	<u>(1,023,060)</u>	<u>2,105,338</u>	<u>3,128,398</u>
Fund balances (deficits), July 1, 2013	<u>(1,013,597)</u>	<u>(1,013,597)</u>	<u>(1,013,597)</u>	<u>-</u>
Fund balances (deficits), June 30, 2014	<u>\$ (2,643,831)</u>	<u>\$ (2,036,657)</u>	<u>\$ 1,091,741</u>	<u>\$ 3,128,398</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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 3,035,000	\$ 3,035,000	\$ 2,458,702	\$ (576,298)
Interest revenue	-	-	773	773
Total revenues	<u>3,035,000</u>	<u>3,035,000</u>	<u>2,459,475</u>	<u>(575,525)</u>
EXPENDITURES:				
General government	3,148,400	3,704,069	2,979,370	724,699
Capital outlay	200,000	624,925	15,056	609,869
Total expenditures	<u>3,348,400</u>	<u>4,328,994</u>	<u>2,994,426</u>	<u>1,334,568</u>
Excess (deficiency) of revenues over expenditures	<u>(313,400)</u>	<u>(1,293,994)</u>	<u>(534,951)</u>	<u>759,043</u>
Other financing sources (uses):				
Transfers in	-	-	339,674	(339,674)
Transfers out	-	-	(463,281)	(463,281)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(123,607)</u>	<u>(802,955)</u>
Change in fund balances	<u>(313,400)</u>	<u>(1,293,994)</u>	<u>(658,558)</u>	<u>(43,912)</u>
Fund balances, July 1, 2013	<u>432,988</u>	<u>432,988</u>	<u>432,988</u>	<u>-</u>
Fund balances (deficits), June 30, 2014	<u>\$ 119,588</u>	<u>\$ (861,006)</u>	<u>\$ (225,570)</u>	<u>\$ (43,912)</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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 3,000,000	\$ 3,000,000	\$ 922,167	\$ (2,077,833)
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>922,167</u>	<u>(2,077,833)</u>
EXPENDITURES:				
General government	190,000	450	-	450
Public safety	1,605,000	1,885,917	557,622	1,328,295
Capital outlay	1,395,000	1,250,677	325,829	924,848
Total expenditures	<u>3,190,000</u>	<u>3,137,044</u>	<u>883,451</u>	<u>2,253,593</u>
Change in fund balances	<u>(190,000)</u>	<u>(137,044)</u>	<u>38,716</u>	<u>175,760</u>
Fund balances (deficits), July 1, 2013	<u>(138,478)</u>	<u>(138,478)</u>	<u>(138,478)</u>	<u>-</u>
Fund balances (deficits), June 30, 2014	<u>\$ (328,478)</u>	<u>\$ (275,522)</u>	<u>\$ (99,762)</u>	<u>\$ 175,760</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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 73,350	\$ 73,350	\$ 86,204	\$ 12,854
Interest revenue	1,000	1,000	1,885	885
Total revenues	74,350	74,350	88,089	13,739
EXPENDITURES:				
Community services	322,756	322,892	116,468	206,424
Capital outlay	-	-	281	(281)
Total expenditures	322,756	322,892	116,749	206,143
Change in fund balances	(248,406)	(248,542)	(28,660)	219,882
Fund balances, July 1, 2013	288,750	288,750	288,750	-
Fund balances, June 30, 2014	\$ 40,344	\$ 40,208	\$ 260,090	\$ 219,882

City of Chandler

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

Library Special Revenue

For the year ended June 30, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Grants and entitlements	\$ 93,000	\$ 93,000	\$ 53,450	\$ (39,550)
Interest revenue	-	-	751	751
Miscellaneous	-	-	546	546
Total revenues	<u>93,000</u>	<u>93,000</u>	<u>54,747</u>	<u>(38,253)</u>
EXPENDITURES:				
Community services	<u>93,000</u>	<u>35,038</u>	<u>35,331</u>	<u>(293)</u>
Total expenditures	<u>90,500</u>	<u>34,712</u>	<u>35,331</u>	<u>(619)</u>
Change in fund balances	<u>2,500</u>	<u>58,288</u>	<u>19,416</u>	<u>(38,872)</u>
Fund balances, July 1, 2013	<u>90,549</u>	<u>90,549</u>	<u>90,549</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 93,049</u>	<u>\$ 148,837</u>	<u>\$ 109,965</u>	<u>\$ (38,872)</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, 2014

	Budgeted Amounts		Total Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Miscellaneous	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
EXPENDITURES:				
General government	12,093,956	5,264,832	1,160,302	\$ 4,104,530
Public safety	1,818,900	785,293	444,575	340,718
Transportation and development	337,633	-	67,368	(67,368)
Community services	485,566	83,601	74,850	8,751
Capital outlay	17,369,019	28,493,031	15,471,450	13,021,581
Total expenditures	<u>32,105,074</u>	<u>34,626,757</u>	<u>17,218,545</u>	<u>17,408,212</u>
Excess (deficiency) of revenues over expenditures	<u>(31,855,074)</u>	<u>(34,376,757)</u>	<u>(17,218,545)</u>	<u>(17,658,212)</u>
Other financing sources (uses):				
Transfers in	27,120,069	27,120,069	13,776,279	(13,343,790)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>27,120,069</u>	<u>27,120,069</u>	<u>13,776,279</u>	<u>(13,343,790)</u>
Change in fund balances	<u>(4,735,005)</u>	<u>(7,256,688)</u>	<u>(3,442,266)</u>	<u>(31,002,002)</u>
Fund balances, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), June 30, 2014	<u>\$ (4,735,005)</u>	<u>\$ (7,256,688)</u>	<u>\$ (3,442,266)</u>	<u>\$ (31,002,002)</u>

City of Chandler

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Public Buildings Capital Projects For the year ended June 30, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 41,500	\$ 41,500	\$ 234,353	\$ 192,853
Interest revenue	1,000	1,000	3,314	2,314
Total revenues	42,500	42,500	237,667	195,167
EXPENDITURES:				
General government	67,921	69,118	5,906	63,212
Capital outlay	-	-	-	-
Total expenditures	67,921	69,118	5,906	63,212
Excess (deficiency) of revenues over expenditures	(25,421)	(26,618)	231,761	258,379
Change in fund balances	(25,421)	(26,618)	231,761	258,379
Fund balances (deficits), July 1, 2013	(3,897,218)	(3,897,218)	(3,897,218)	-
Fund balances (deficits), June 30, 2014	\$ (3,922,639)	\$ (3,923,836)	\$ (3,665,457)	\$ 258,379

City of Chandler

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

Grants Capital Projects

For the year ended June 30, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative)
	Original	Final		Variance with Final Budget
REVENUES:				
Grants and entitlements	\$ 14,796,058	\$ 14,796,058	\$ 2,055,782	\$ (12,740,276)
Total revenues	<u>14,796,058</u>	<u>14,796,058</u>	<u>2,055,782</u>	<u>(12,740,276)</u>
EXPENDITURES:				
General government	3,125,115	644,987	1,835	643,152
Transportation and development	7,155,413	69,334	7,028	62,306
Community services	268,767	183,176	119,602	63,574
Capital outlay	9,981,269	20,303,809	4,037,363	16,266,446
Total expenditures	<u>20,530,564</u>	<u>21,201,306</u>	<u>4,165,828</u>	<u>17,035,478</u>
Change in fund balances	<u>(5,734,506)</u>	<u>(6,405,248)</u>	<u>(2,110,046)</u>	<u>4,295,202</u>
Fund balances, July 1, 2013	<u>493,184</u>	<u>493,184</u>	<u>493,184</u>	<u>-</u>
Fund balances (deficits), June 30, 2014	<u>\$ (5,241,322)</u>	<u>\$ (5,912,064)</u>	<u>\$ (1,616,862)</u>	<u>\$ 4,295,202</u>

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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 1,366,000	\$ 1,366,000	\$ 3,675,956	\$ 2,309,956
Interest revenue	53,000	53,000	92,461	39,461
Miscellaneous	-	-	3,419	3,419
Total revenues	<u>1,419,000</u>	<u>1,419,000</u>	<u>3,771,836</u>	<u>2,352,836</u>
EXPENDITURES:				
General government	3,250,602	3,718,298	11,812	(3,706,486)
Community services	4,586,837	425,650	379,415	(46,235)
Capital outlay	4,918,369	7,807,278	5,903,805	(1,903,473)
Total expenditures	<u>12,755,808</u>	<u>11,951,226</u>	<u>6,295,032</u>	<u>(5,656,194)</u>
Excess (deficiency) of revenues over expenditures	<u>(11,336,808)</u>	<u>(10,532,226)</u>	<u>(2,523,196)</u>	<u>(3,303,358)</u>
Change in fund balances	<u>(11,336,808)</u>	<u>(10,532,226)</u>	<u>(2,523,196)</u>	<u>8,009,030</u>
Fund balances, July 1, 2013	<u>16,483,268</u>	<u>16,483,268</u>	<u>16,483,268</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 5,146,460</u>	<u>\$ 5,951,042</u>	<u>\$ 13,960,072</u>	<u>\$ 8,009,030</u>

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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
System development fees	\$ 220,300	\$ 220,300	\$ 1,247,442	\$ 1,027,142
Interest revenue	24,000	24,000	39,497	15,497
Total revenues	<u>244,300</u>	<u>244,300</u>	<u>1,286,939</u>	<u>1,042,639</u>
EXPENDITURES:				
General government	198,923	201,550	12,888	188,662
Public safety	2,103,707	674,573	57	674,516
Capital outlay	2,636,527	4,065,428	3,322,406	743,022
Total expenditures	<u>4,939,157</u>	<u>4,941,551</u>	<u>3,335,351</u>	<u>1,606,200</u>
Excess (deficiency) of revenues over expenditures	<u>(4,694,857)</u>	<u>(4,697,251)</u>	<u>(2,048,412)</u>	<u>2,648,839</u>
Change in fund balances	(4,694,857)	(4,697,251)	(2,048,412)	2,648,839
Fund balances (deficits), July 1, 2013	<u>(8,597,135)</u>	<u>(8,597,135)</u>	<u>(8,597,135)</u>	<u>-</u>
Fund balances (deficits), June 30, 2014	<u>\$ (13,291,992)</u>	<u>\$ (13,294,386)</u>	<u>\$ (10,645,547)</u>	<u>\$ 2,648,839</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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 58,000	\$ 58,000	\$ 93,582	\$ 35,582
Miscellaneous	15,000	15,000	27,324	12,324
Total revenues	<u>73,000</u>	<u>73,000</u>	<u>120,906</u>	<u>47,906</u>
EXPENDITURES:				
General government	3,650,000	1,786,136	-	1,786,136
Capital outlay	5,790,305	7,588,926	5,104,342	2,484,584
Total expenditures	<u>9,440,305</u>	<u>9,375,062</u>	<u>5,104,342</u>	<u>4,270,720</u>
Excess (deficiency) of revenues over expenditures	<u>(9,367,305)</u>	<u>(9,302,062)</u>	<u>(4,983,436)</u>	<u>4,318,626</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	67,000	67,000	156,777	89,777
Transfers in	2,744,193	2,744,193	2,744,193	-
Total other financing sources (uses)	<u>2,811,193</u>	<u>2,811,193</u>	<u>2,900,970</u>	<u>89,777</u>
Change in fund balances	(6,556,112)	(6,490,869)	(2,082,466)	4,408,403
Fund balances, July 1, 2013	<u>14,949,390</u>	<u>14,949,390</u>	<u>14,949,390</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 8,393,278</u>	<u>\$ 8,458,521</u>	<u>\$ 12,866,924</u>	<u>\$ 4,408,403</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, 2014

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 16,000	\$ 16,000	\$ 28,935	\$ 12,935
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>28,935</u>	<u>12,935</u>
EXPENDITURES:				
General government	71,905	72,046	69,780	2,266
Total expenditures	<u>71,905</u>	<u>72,046</u>	<u>69,780</u>	<u>2,266</u>
Excess (deficiency) of revenues over expenditures	<u>(55,905)</u>	<u>(56,046)</u>	<u>(40,845)</u>	<u>15,201</u>
Change in fund balances	<u>(55,905)</u>	<u>(56,046)</u>	<u>(40,845)</u>	<u>15,201</u>
Fund balances, July 1, 2013	<u>4,613,282</u>	<u>4,613,282</u>	<u>4,613,282</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 4,557,377</u>	<u>\$ 4,557,236</u>	<u>\$ 4,572,437</u>	<u>\$ 15,201</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, 2014

	Budgeted Amounts		Non-GAAP Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 23,000	\$ 23,000	\$ 31,006	\$ 8,006
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>31,006</u>	<u>8,006</u>
EXPENDITURES:				
General government	1,128,740	748,510	780,462	(31,952)
Capital outlay	3,366,800	3,812,273	3,478,990	333,283
Total expenditures	<u>4,495,540</u>	<u>4,560,783</u>	<u>4,259,452</u>	<u>301,331</u>
Excess (deficiency) of revenues over expenditures	<u>(4,472,540)</u>	<u>(4,537,783)</u>	<u>(4,228,446)</u>	<u>(293,325)</u>
Other financing sources (uses):				
Transfers in	2,559,036	2,559,036	2,560,386	1,350
Total other financing sources (uses)	<u>2,559,036</u>	<u>2,559,036</u>	<u>2,560,386</u>	<u>1,350</u>
Change in fund balances	<u>(1,913,504)</u>	<u>(1,978,747)</u>	<u>(1,668,060)</u>	<u>(291,975)</u>
Fund balances, July 1, 2013	<u>5,511,454</u>	<u>5,511,454</u>	<u>5,511,454</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 3,597,950</u>	<u>\$ 3,532,707</u>	<u>\$ 3,843,394</u>	<u>\$ (291,975)</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, 2014

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 55,001	\$ 55,001
Interest revenue	1,000	1,000	279	(721)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>55,280</u>	<u>54,280</u>
EXPENDITURES:				
Community services	<u>62,050</u>	<u>63,250</u>	<u>59,612</u>	<u>3,638</u>
Total expenditures	<u>62,050</u>	<u>63,250</u>	<u>59,612</u>	<u>3,638</u>
Change in fund balances	(61,050)	(62,250)	(4,332)	57,918
Fund balances , July 1, 2013	<u>52,547</u>	<u>52,547</u>	<u>52,547</u>	<u>-</u>
Fund balances (deficits), June 30, 2014	<u>\$ (8,503)</u>	<u>\$ (9,703)</u>	<u>\$ 48,215</u>	<u>\$ 57,918</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, 2014

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 13,102,056	\$ 81,334	\$ 4,364,271	\$ 17,547,661
Accounts receivable	1,508,139	58,539	42,006	1,608,684
Due from other governments	-	-	96,869	96,869
Inventories	-	33,894	-	33,894
Prepaid items	-	-	339,998	339,998
Other receivables	43,006	6,343	-	49,349
Total current assets	<u>14,653,201</u>	<u>180,110</u>	<u>4,843,144</u>	<u>19,676,455</u>
Long-term assets:				
Notes receivable	-	-	336,450	336,450
Capital assets:				
Non-depreciable	7,253,574	19,672,708	1,647,897	28,574,179
Depreciable, net	8,346,259	9,905,059	7,690,427	25,941,745
Total capital assets	<u>15,599,833</u>	<u>29,577,767</u>	<u>9,338,324</u>	<u>54,515,924</u>
Total long-term assets	<u>15,599,833</u>	<u>29,577,767</u>	<u>9,674,774</u>	<u>54,852,374</u>
Total assets	<u>30,253,034</u>	<u>29,757,877</u>	<u>14,517,918</u>	<u>74,528,829</u>
LIABILITIES				
Current liabilities:				
Accounts payable	829,944	3,307	36,125	869,376
Accrued payroll	52,326	22,578	68,919	143,823
Trust liabilities and deposits	15,527	41,993	250,986	308,506

Accrued interest	-	1,694	-	1,694
Due to other funds	-	-	153,751	153,751
Customer advances	77,169	18,959	-	96,128
Compensated absences payable	472	222	559	1,253
Bonds payable	-	20,000	-	20,000
Issuance premiums	-	196	-	196
Arbitrage liability	-	4	-	4
Landfill closure and postclosure liability	94,446	-	-	94,446
	<u>1,069,884</u>	<u>108,953</u>	<u>510,340</u>	<u>1,689,177</u>
Total current liabilities				
Long-term liabilities:				
Compensated absences payable	65,531	30,833	90,266	186,630
Bonds payable	-	101,000	-	101,000
Issuance premiums	-	2,546	-	2,546
OPEB liability	138,569	48,446	-	187,015
Landfill closure and postclosure liability	4,245,554	-	-	4,245,554
	<u>4,449,654</u>	<u>182,825</u>	<u>90,266</u>	<u>4,722,745</u>
Total long-term liabilities				
Total liabilities	<u>5,519,538</u>	<u>291,778</u>	<u>600,606</u>	<u>6,411,922</u>
NET POSITION				
Investment in capital assets	15,599,833	29,525,629	9,338,324	54,463,786
Unrestricted	9,133,663	(59,530)	4,578,988	13,653,121
	<u>9,133,663</u>	<u>(59,530)</u>	<u>4,578,988</u>	<u>13,653,121</u>
Total net position	<u>\$ 24,733,496</u>	<u>\$ 29,466,099</u>	<u>\$ 13,917,312</u>	<u>\$ 68,116,907</u>

City of Chandler
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Proprietary Funds
For the year ended June 30, 2014

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
OPERATING REVENUES:				
Service fees	\$ 14,034,894	\$ 961,067	\$ -	\$ 14,995,961
Grants and entitlements	-	-	5,457,991	5,457,991
Rentals	-	-	806,540	806,540
Sales taxes	-	70,065	-	70,065
Miscellaneous	30	8,373	665,409	673,812
Total operating revenues	14,034,924	1,039,505	6,929,940	22,004,369
OPERATING EXPENSES:				
General and administrative	1,211,017	100,000	-	1,311,017
Personal services	1,411,630	550,247	1,665,866	3,627,743
Contractual services	10,241,531	143,024	217,093	10,601,648
Commodities	770,559	363,602	546,175	1,680,336
Housing assistance payments	-	-	4,699,645	4,699,645
Depreciation and amortization expense	482,465	810,445	487,522	1,780,432
Total operating expenses	14,117,202	1,967,318	7,616,301	23,700,821
OPERATING INCOME (LOSS)	(82,278)	(927,813)	(686,361)	(1,696,452)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	86,108	600	24,340	111,048
Interest expense	-	(3,388)	-	(3,388)
Accretion of bond premium	-	196	-	196
Gain (loss) on disposal of capital assets	(14,000)	(10,000)	-	(24,000)
Total nonoperating revenues (expenses)	72,108	(12,592)	24,340	83,856
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(10,170)	(940,405)	(662,021)	(1,612,596)
CAPITAL CONTRIBUTION AND TRANSFERS:				
Capital contributions	-	817,424	318,769	1,136,193
Transfers in	-	202,868	748,281	951,149
Transfers out	(81,954)	(15,843)	(339,674)	(437,471)
Total transfers	(81,954)	1,004,449	727,376	1,649,871
Change in net position	(92,124)	64,044	65,355	37,275
NET POSITION				
Beginning of year, restated	24,825,620	29,402,055	13,851,957	68,079,632
End of year	\$ 24,733,496	\$ 29,466,099	\$ 13,917,312	\$ 68,116,907



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City of Chandler
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the year ended June 30, 2014

	Solid Waste	Airport	Chandler Housing Authority	Total Other Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 14,189,636	\$ 1,027,327	\$ 955,578	\$ 16,172,541
Cash received from grantors	-	-	5,357,404	5,357,404
Cash payments to suppliers	(12,227,326)	(649,562)	(4,780,271)	(17,657,159)
Cash payments to employees for services	(1,363,147)	(524,945)	(1,590,416)	(3,478,508)
Net cash provided (used) by operating activities	599,163	(147,180)	(57,705)	394,278
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	202,868	748,281	951,149
Transfers out	(81,954)	(15,843)	(339,674)	(437,471)
Net cash provided (used) by noncapital financing activities	(81,954)	187,025	408,607	513,678
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(130,529)	(80,333)	(1,208,267)	(1,419,129)
Principal paid on bond maturities	-	(20,000)	-	(20,000)
Interest paid on bonds	-	(3,788)	-	(3,788)
Capital contributions	-	-	318,769	318,769
Net cash provided (used) by capital and related financing activities	(130,529)	(104,121)	(889,498)	(1,124,148)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	86,108	600	24,340	111,048
Net cash provided (used) by investing activities	86,108	600	24,340	111,048
Net increase (decrease) in cash and cash equivalents	472,788	(63,676)	(514,256)	(105,144)
CASH AND CASH EQUIVALENTS:				
Beginning of year	12,629,268	145,010	4,878,527	17,652,805
End of year	<u>\$ 13,102,056</u>	<u>\$ 81,334</u>	<u>\$ 4,364,271</u>	<u>\$ 17,547,661</u>

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

Operating income (loss)	<u>\$ (82,278)</u>	<u>\$ (927,813)</u>	<u>\$ (686,361)</u>	<u>\$ (1,696,452)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	482,465	810,445	487,522	1,780,432
Changes in assets and liabilities:				
(Increase) decrease in receivables	236,860	(11,888)	(73,393)	151,579
(Increase) decrease in inventories	-	(195)	-	(195)
(Increase) decrease in other assets	-	-	5,979	5,979
Increase (decrease) in payables	(4,219)	(42,741)	189,380	142,420
Increase (decrease) in accrued payroll and compensated absences	468	8,754	-	9,222
Increase (decrease) in deposits	(522)	(2,427)	23,438	20,489
Increase (decrease) in customer advances	(81,626)	2,137	(4,270)	(83,759)
Increase (decrease) in other liabilities	48,015	16,548	-	64,563
Total adjustments	<u>681,441</u>	<u>780,633</u>	<u>628,656</u>	<u>2,090,730</u>
Net cash provided (used) by operating activities	<u>\$ 599,163</u>	<u>\$ (147,180)</u>	<u>\$ (57,705)</u>	<u>\$ 394,278</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Accretion of bond premiums	\$ -	\$ 196	\$ -	\$ 196
Contributions of capital assets from city government	-	817,424	-	817,424

City of Chandler

Statement of Changes in Assets and Liabilities - Agency Fund

Fiduciary Funds

For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Miscellaneous Deposit Fund</u>				
Assets:				
Equity in pooled cash and investments	\$ 7,000	\$ 2,000	\$ (2,000)	\$ 7,000
Total assets	\$ 7,000	\$ 2,000	\$ (2,000)	\$ 7,000
Liabilities:				
Due to others	\$ 7,000	\$ 2,000	\$ (2,000)	\$ 7,000
Total liabilities	\$ 7,000	\$ 2,000	\$ (2,000)	\$ 7,000



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City of Chandler
Financial Data Schedule
Housing and Redevelopment
For the year ended June 30, 2014

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, 2014

Combining statement of net position - 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	\$ 1,302,476	\$ 1,097,921	\$ 2,400,397
113	Cash - restricted for FSS escrow accounts	11,114	2,309	13,423
114	Cash - security deposits	59,924	58,870	118,794
115	Cash-restricted for payment of current liabilities	-	-	-
122	Accounts receivable - HUD other projects	52,486	43,909	96,395
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable - tenants - dwelling rents	5,990	5,483	11,473
126.1	Allowance for doubtful accounts - dwelling rents	(3,640)	(2,868)	(6,508)
142	Prepaid expenses and other assets	-	-	-
161	Land	2,036,068	1,590,642	3,626,710
162	Buildings	5,350,424	9,408,947	14,759,371
164	Furniture, equipment, machinery - admin	130,354	60,106	190,460
166	Accumulated depreciation	(5,653,764)	(4,999,619)	(10,653,383)
171	Notes and mortgages receivable - non-current	-	-	-
	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>3,291,432</u>	<u>7,265,700</u>	<u>10,557,132</u>
LIABILITIES				
312	Accounts payable	12,651	16,374	29,025
321	Accrued wage/payroll taxes payable	21,513	11,810	33,323
322	Accrued compensated absences - current	169	84	253
331	Accounts payable - HUD PHA programs	-	-	-
333	Accounts payable - other government	49,249	38,679	87,928
341	Tenant security deposits	59,924	58,870	118,794
345	Other current liabilities	6,596	5,539	12,135
353	Noncurrent liabilities - other	11,114	2,309	13,423
354	Accrued compensated absences - noncurrent	23,456	11,651	35,107
	TOTAL LIABILITIES	<u>184,672</u>	<u>145,316</u>	<u>329,988</u>
NET POSITION				
508.1	Net investment in capital assets	1,863,082	6,060,076	7,923,158
511.1	Restricted net position	11,114	2,309	13,423
512.1	Unrestricted net position	1,232,564	1,057,999	2,290,563
	TOTAL NET POSITION	<u>3,106,760</u>	<u>7,120,384</u>	<u>10,227,144</u>
	TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,291,432</u>	<u>\$ 7,265,700</u>	<u>\$ 10,557,132</u>

Central Office 14.850a	Business Activities		Housing Choice Vouchers 14.871	Total
	Other Business	Total Business Activities		
\$ 748,122	\$ 977,666	\$ 1,725,788	\$ -	\$ 4,126,185
-	-	-	100,138	113,561
-	4,825	4,825	-	123,619
-	-	-	906	906
-	-	-	474	96,869
-	-	-	37,000	37,000
-	42	42	-	11,515
-	-	-	-	(6,508)
-	-	-	339,998	339,998
-	250,000	250,000	-	3,876,710
-	1,227,704	1,227,704	-	15,987,075
32,718	129,670	162,388	35,470	388,318
(25,718)	(199,208)	(224,926)	(35,470)	(10,913,779)
-	336,450	336,450	-	336,450
<u>755,122</u>	<u>2,727,149</u>	<u>3,482,271</u>	<u>478,516</u>	<u>14,517,919</u>
345	3,059	3,404	2,791	35,220
20,682	-	20,682	14,823	68,828
266	-	266	131	650
-	-	-	906	906
-	-	-	65,823	153,751
-	4,825	4,825	-	123,619
-	1,570	1,570	50,065	63,770
-	-	-	50,173	63,596
36,960	-	36,960	18,199	90,266
<u>58,253</u>	<u>9,454</u>	<u>67,707</u>	<u>202,911</u>	<u>600,606</u>
7,000	1,408,166	1,415,166	-	9,338,324
-	-	-	309	13,732
689,869	1,309,529	1,999,398	275,296	4,565,257
<u>696,869</u>	<u>2,717,695</u>	<u>3,414,564</u>	<u>275,605</u>	<u>13,917,313</u>
<u>\$ 755,122</u>	<u>\$ 2,727,149</u>	<u>\$ 3,482,271</u>	<u>\$ 478,516</u>	<u>\$ 14,517,919</u>

City of Chandler
Financial Data Sheet
Housing and Redevelopment
For the year ended June 30, 2014

Statement of revenues, expenses, and changes in fund net position - 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	\$ 340,886	\$ 422,141	\$ 763,027
70400	Tenant revenue - other	8,050	-	8,050
70600	HUD operating grants	894,285	443,131	1,337,416
70610	HUD capital grants	279,308	39,461	318,769
70710	Management fees earned	-	-	-
70720	Asst management fees earned	-	-	-
70730	Bookkeeping fees earned	-	-	-
71100	Investment income - unrestricted	8,590	6,678	15,268
713	Proceeds from disposition of assets held for sale	-	-	-
713.1	Cost of sale of assets	-	-	-
71400	Fraud recovery	-	-	-
71500	Other revenue	26,304	17,452	43,756
71600	Gain or loss on sale of capital assets	-	-	-
72000	Investment income - restricted	-	-	-
	TOTAL REVENUES	<u>1,557,423</u>	<u>928,863</u>	<u>2,486,286</u>
EXPENSES				
91100	Administrative salaries	131,285	85,727	217,012
91200	Auditing fees	2,450	2,000	4,450
91300	Management fees	121,024	104,119	225,143
91310	Bookkeeping fees	14,475	12,458	26,933
91500	Employee benefit contributions - administrative	78,429	48,706	127,135
91600	Office expenses	2,016	1,961	3,977
91900	Other operating - administrative	13,047	12,329	25,376
92000	Asset management fees	19,560	16,800	36,360
92100	Tenant services - salaries	52,256	-	52,256
92300	Employee benefit contributions - tenant services	4,544	-	4,544
92400	Tenant services - other	300	300	600
93100	Water	31,616	2,441	34,057
93200	Electricity	42,812	6,632	49,444
93300	Gas	1,153	60	1,213
93800	Other utility expenditures	50,401	3,957	54,358
94100	Ordinary maintenance and operations - labor	188,275	83,314	271,589
94200	Ordinary maintenance and operations - materials	149,834	55,586	205,420
94300	Ordinary maintenance and operations - contract costs	121,832	68,792	190,624
94500	Ordinary maintenance and operations - ordinary maintenance	75,291	39,081	114,372
96100	Insurance	11,973	19,685	31,658
96200	Other general expenditures	11,220	4,702	15,922
96210	Compensated absences	23,625	11,735	35,360
96300	Payments in lieu of taxes	-	-	-
96400	Bad debt - tenant rents	7,545	5,219	12,764
96500	Bad Debt - mortgages	-	-	-
	Total operating expenditures	<u>1,154,963</u>	<u>585,604</u>	<u>1,740,567</u>
	Other expenditures:			
97300	Housing assistance payments	-	-	-
97350	HAP portability-in	-	-	-
97400	Depreciation	174,613	286,800	461,413
	TOTAL EXPENDITURES	<u>1,329,576</u>	<u>872,404</u>	<u>2,201,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES (USES)		<u>227,847</u>	<u>56,459</u>	<u>284,306</u>
OTHER FINANCING SOURCES (USES)				
10010	Operating transfers in	-	-	-
10020	Operating transfers out	-	-	-
10030	Operating transfers in from primary government	123,607	-	123,607
11040	Equity transfers	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	<u>123,607</u>	<u>-</u>	<u>123,607</u>
CHANGE IN NET POSITION		351,454	56,459	407,913
TOTAL NET POSITION, BEGINNING OF YEAR		<u>2,755,306</u>	<u>7,063,925</u>	<u>9,819,231</u>
NET POSITION, END OF YEAR		<u>\$ 3,106,760</u>	<u>\$ 7,120,384</u>	<u>\$ 10,227,144</u>
OTHER MEMORANDUM AMOUNTS				
70600	Maximum annual contributions commitment	-	-	-
11190	Unit months available	1,956	1,680	3,636
11210	Number of unit months leased	1,930	1,663	3,593

Business Activities			Housing Choice Vouchers 14.871	Eliminations	Total
Central Office 14.850a	Other Business	Total Business Activities			
\$ -	\$ 43,513	\$ 43,513	\$ -	\$ -	\$ 806,540
-	-	-	-	-	8,050
-	-	-	4,120,575	-	5,457,991
-	-	-	-	-	318,769
296,990	-	296,990	-	(296,990)	-
36,360	-	36,360	-	(36,360)	-
70,485	-	70,485	-	(70,485)	-
4,825	1,088	5,913	3,159	-	24,340
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	12,378	-	12,378
-	4,558	4,558	596,667	-	644,981
-	-	-	-	-	-
-	-	-	-	-	-
<u>408,660</u>	<u>49,159</u>	<u>457,819</u>	<u>4,732,779</u>	<u>(403,835)</u>	<u>7,273,049</u>
329,099	-	329,099	166,622	-	712,733
-	-	-	3,338	-	7,788
-	2,823	2,823	69,024	(296,990)	-
-	412	412	43,140	(70,485)	-
129,607	-	129,607	94,410	-	351,152
-	-	-	5,191	-	9,168
5,561	23,403	28,964	45,612	-	99,952
-	-	-	-	(36,360)	-
-	-	-	43,611	-	95,867
-	-	-	22,391	-	26,935
-	-	-	-	-	600
-	130	130	-	-	34,187
-	677	677	-	-	50,121
-	-	-	-	-	1,213
-	69	69	-	-	54,427
-	1,686	1,686	-	-	273,275
1,422	6,658	8,080	-	-	213,500
-	18,680	18,680	-	-	209,304
-	608	608	-	-	114,980
-	-	-	-	-	31,658
-	-	-	13,131	-	29,053
37,226	-	37,226	18,330	-	90,916
-	58	58	-	-	58
-	-	-	-	-	12,764
-	9,483	9,483	-	-	9,483
<u>502,915</u>	<u>55,204</u>	<u>558,119</u>	<u>524,800</u>	<u>(403,835)</u>	<u>2,429,134</u>
-	-	-	4,156,196	-	4,156,196
-	-	-	543,449	-	543,449
2,325	22,291	24,616	1,493	-	487,522
<u>505,240</u>	<u>77,495</u>	<u>582,735</u>	<u>5,225,938</u>	<u>(403,835)</u>	<u>7,606,818</u>
<u>(96,580)</u>	<u>(28,336)</u>	<u>(124,916)</u>	<u>(493,159)</u>	<u>-</u>	<u>(333,769)</u>
-	-	-	-	-	-
-	-	-	-	-	-
135,000	-	135,000	150,000	-	408,607
-	-	-	-	-	-
<u>135,000</u>	<u>-</u>	<u>135,000</u>	<u>150,000</u>	<u>-</u>	<u>408,607</u>
38,420	(37,819)	601	(343,159)	-	65,355
<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>
<u>\$ 696,869</u>	<u>\$ 2,717,695</u>	<u>\$ 3,414,564</u>	<u>\$ 275,605</u>	<u>\$ -</u>	<u>\$ 13,917,313</u>

4,120,575
5,832
5,752

60
60



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STATISTICAL SECTION

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



Partnerships between the City of Chandler, Arizona State University/Tech Shop and the University of Arizona are creating a cluster effect of innovative and technology-driven companies in the Downtown. Downtown Chandler, the heart of the City, is emerging as a vibrant destination location.

THE INNOVATION AND TECHNOLOGY HUB OF THE SOUTHWEST

CREATIVE CLASS INNOVATIVE CUTTING EDGE
DYNAMIC WORLD CLASS PROGRESSIVE SOPHISTICATED

CITY OF CHANDLER, ARIZONA

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	130
Schedules 1-6 contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	146
Schedules 7-9 contain information to help the reader assess the factors affecting the City’s ability to generate its sales and use tax.	
Debt Capacity	150
Schedules 10-13 present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	157
Schedules 14-15 offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	
Operating information	160
Schedules 16-18 contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	

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

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

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 162,790,025	\$ 260,653,345 (1)	\$ 288,893,354	\$ 353,996,843
Restricted	110,932,310	106,396,966	115,343,816	56,979,639
Unrestricted	214,663,854	208,727,675	265,645,323	341,971,306
Total governmental activities net position	<u>488,386,189</u>	<u>575,777,986</u>	<u>669,882,493</u>	<u>752,947,788</u>
Business-type activities				
Net investment in capital assets	275,991,278	325,992,618	347,306,362	427,130,654
Restricted	72,538,299	52,511,899	57,835,328	24,319,427
Unrestricted	78,334,422	76,090,729	78,718,941	45,300,009
Total business-type activities net position	<u>426,863,999</u>	<u>454,595,246</u>	<u>483,860,631</u>	<u>496,750,090</u>
Primary government				
Net investment in capital assets	438,781,303	586,645,963	636,199,716	781,127,497
Restricted	183,470,609	158,908,865	173,179,144	81,299,066
Unrestricted	292,998,276	284,818,404	344,364,264	387,271,315
Total primary government net position	<u>\$ 915,250,188</u>	<u>\$ 1,030,373,232</u>	<u>\$ 1,153,743,124</u>	<u>\$ 1,249,697,878</u>

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 433,851,899	\$ 537,576,346	\$ 534,292,488	\$ 545,926,100	\$ 558,279,485	\$ 563,033,503
117,712,539	94,440,806	41,906,129	44,047,942	112,307,412	105,723,768
271,690,158	198,059,181	260,307,288	259,783,598	179,518,042	183,088,676
<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>	<u>851,845,947</u>
387,401,986	298,938,820	281,936,017	280,440,445	355,015,004	388,837,444
-	-	-	-	-	-
<u>98,413,928</u>	<u>163,103,784</u>	<u>168,164,942</u>	<u>179,339,498</u>	<u>176,961,822</u>	<u>206,284,498</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>	<u>595,121,942</u>
821,253,885	836,515,166	816,228,505	826,366,545	913,294,489	951,870,947
117,712,539	94,440,806	41,906,129	44,047,942	112,307,412	105,723,768
370,104,086	361,162,965	428,472,230	439,123,096	356,479,864	389,373,174
<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>	<u>\$ 1,446,967,889</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 38,116,265	\$ 36,669,140	\$ 42,317,392	\$ 54,459,719
Public safety	56,022,025	63,840,179	76,200,082	80,860,917
Community development	6,973,474	8,706,473	9,154,407	11,692,559
Public works	17,175,426	31,940,075	32,402,242	39,241,652
Transportation and development	-	-	-	-
Community services	19,017,024	24,087,695	29,464,039	33,086,565
Interest and fiscal charges	10,649,133	11,658,090	11,479,112	14,880,604
Total governmental activities expenses	<u>147,953,347</u>	<u>176,901,652</u>	<u>201,017,274</u>	<u>234,222,016</u>
Business-type activities:				
Water	41,689,649	38,582,431	40,687,283	53,554,653
Wastewater	25,825,966	25,294,189	27,230,862	30,657,939
Solid waste	9,598,287	8,154,317	9,843,824	6,845,979
Airport	1,582,079	1,765,772	1,757,279	1,602,268
Chandler housing authority	7,773,223	6,713,829	9,133,427	7,593,242
Total business-type activities expenses	<u>86,469,204</u>	<u>80,510,538</u>	<u>88,652,675</u>	<u>100,254,081</u>
Total primary government expenses	<u>\$ 234,422,551</u>	<u>\$ 257,412,190</u>	<u>\$ 289,669,949</u>	<u>\$ 334,476,097</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					
2009	2010	2011	2012	2013	2014
\$ 52,293,004	\$ 48,920,813	\$ 67,808,567	\$ 88,876,901	\$ 90,143,339	\$ 99,231,501
87,609,165	92,421,801	90,738,477	89,141,559	95,974,126	94,738,371
10,429,826	11,715,276	- (1)	-	-	-
47,180,197	56,155,939	- (1)	-	-	-
-	-	50,909,361	(1) 52,111,019	55,846,316	52,183,052
34,278,998	35,299,676	28,919,560	28,966,271	30,979,208	32,331,286
12,938,524	13,541,708	12,767,934	12,425,819	11,777,701	10,044,363
<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>	<u>288,528,573</u>
53,201,379	62,556,496	57,452,876	56,277,327	55,440,712	55,877,774
36,079,767	38,227,999	37,896,180	38,804,360	40,401,849	41,969,764
12,076,998	14,605,448	13,443,102	13,756,352	13,974,858	14,131,202
2,269,691	1,797,991	2,107,354	1,941,752	1,960,788	1,980,706
<u>7,239,185</u>	<u>7,654,449</u>	<u>7,580,783</u>	<u>7,642,503</u>	<u>7,473,891</u>	<u>7,616,301</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>121,575,747</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>	<u>\$ 410,104,320</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 11,770,912	\$ 12,359,183	\$ 12,793,179	\$ 12,629,779
Public safety	2,921,707	3,303,895	4,178,941	4,317,843
Community development	10,119,322	8,338,156	10,405,425	5,488,535
Public works	14,037,835	24,529,838 (1)	13,145,192	15,831,165
Transportation and development	-	-	-	-
Community services	1,988,832	2,272,309	2,272,826	2,699,469
Operating grants and contributions	1,041,858	2,167,327	3,707,115	1,897,300
Capital grants and contributions	13,880,993	12,751,519	26,428,112	36,104,151
Total governmental activities program revenues	<u>55,761,459</u>	<u>65,722,227</u>	<u>72,930,790</u>	<u>78,968,242</u>
Business-type activities:				
Charges for services:				
Water	36,860,006	38,112,680	39,054,531	40,613,727
Wastewater	20,541,547	20,499,458	21,083,587	25,145,258
Solid waste	9,787,298	12,218,720	12,769,423	12,979,695
Airport	931,547	1,005,728	974,190	773,449
Community services - housing authority	631,494	648,766	661,509	1,061,658
Operating grants and contributions	6,839,056	6,634,435	6,312,438	6,114,138
Capital grants and contributions	35,817,247	23,547,210	28,014,518	19,782,193
Total business-type activities program revenues	<u>111,408,195</u>	<u>102,666,997</u>	<u>108,870,196</u>	<u>106,470,118</u>
Total primary government program revenues	<u>\$ 167,169,654</u>	<u>\$ 168,389,224</u>	<u>\$ 181,800,986</u>	<u>\$ 185,438,360</u>
Net (expense)/revenue				
Governmental activities	\$ (92,191,888)	\$ (111,179,425)	\$ (128,086,484)	\$ (155,253,774)
Business-type activities	24,938,991	22,156,459	20,217,521	6,216,037
Total primary government net (expense)	<u>\$ (67,252,897)</u>	<u>\$ (89,022,966)</u>	<u>\$ (107,868,963)</u>	<u>\$ (149,037,737)</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					
2009	2010	2011	2012	2013	2014
\$ 14,349,483	\$ 16,621,003	\$ 22,548,679	\$ 31,381,062	\$ 35,898,378	\$ 38,832,217
4,802,272	7,110,304	5,658,628	5,794,329	7,375,050	5,861,044
3,581,458	3,336,188	- (2)	-	-	-
5,226,726	6,025,846	- (2)	-	-	-
-	-	11,884,554 (2)	27,905,311	10,150,102	16,145,692
5,235,864	4,515,980	4,079,359	4,136,285	8,240,732	7,744,507
2,337,910	5,510,710	5,890,147	6,162,320	3,999,536	4,744,636
23,902,360	8,159,960	16,041,213	11,016,136	9,116,635	10,170,236
<u>59,436,073</u>	<u>51,279,991</u>	<u>66,102,580</u>	<u>86,395,443</u>	<u>74,780,433</u>	<u>83,498,332</u>
39,707,910	42,276,145	43,708,974	49,565,071	48,258,282	49,588,376
25,922,530	28,406,808	31,610,009	35,907,085	37,690,400	40,509,289
12,762,120	12,891,628	13,277,403	13,890,957	13,836,363	14,034,894
741,556	815,751	995,307	996,605	976,102	961,067
595,420	521,404	457,781	466,556	637,329	806,540
6,225,928	6,367,024	6,297,200	6,341,087	5,785,335	5,457,991
9,110,319	8,484,239	8,659,772	19,118,567	81,572,568	72,176,582
<u>95,065,783</u>	<u>99,762,999</u>	<u>105,006,446</u>	<u>126,285,928</u>	<u>188,756,379</u>	<u>183,534,739</u>
<u>\$ 154,501,856</u>	<u>\$ 151,042,990</u>	<u>\$ 171,109,026</u>	<u>\$ 212,681,371</u>	<u>\$ 263,536,812</u>	<u>\$ 267,033,071</u>
\$ (185,293,641)	\$ (206,775,222)	\$ (185,041,319)	\$ (185,126,126)	\$ (209,940,257)	\$ (205,030,041)
(15,801,237)	(25,079,384)	(13,473,849)	7,863,634	69,504,281	61,958,992
<u>\$ (201,094,878)</u>	<u>\$ (231,854,606)</u>	<u>\$ (198,515,168)</u>	<u>\$ (177,262,492)</u>	<u>\$ (140,435,976)</u>	<u>\$ (143,071,049)</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Governmental Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 22,743,537	\$ 25,016,760	\$ 26,921,292	\$ 34,063,123
Sales taxes	75,702,332	82,327,461	95,410,460	97,226,841
Franchise fees	3,032,260	2,198,738	3,230,429	3,937,952
Highway user taxes	-	-	16,490,129	15,856,863
Other taxes	-	-	3,481,086	3,786,677
State shared revenues	40,050,636	45,853,506	57,716,644	62,970,459
System development fees	13,878,663	-	(1)	-
Investment income	7,862,804	12,286,630	17,868,181	20,823,059
Miscellaneous	362,343	10,736	1,822,070	767,221
Westcor contract payment	-	34,500,000	-	-
Transfers in (out)	924,227	478,441	469,201	534,086
Total governmental activities	<u>164,556,802</u>	<u>202,672,272</u>	<u>223,409,492</u>	<u>239,966,281</u>
Business-type activities:				
Sales tax	-	-	-	-
Investment income	4,069,440	6,424,600	6,876,399	5,906,545
Miscellaneous	232,589	532,354	1,043,407	1,792,816
Transfers in (out)	(924,227)	(478,441)	(469,200)	(534,086)
Total business-type activities:	<u>3,377,802</u>	<u>6,478,513</u>	<u>7,450,606</u>	<u>7,165,275</u>
Total primary government	<u>\$ 167,934,604</u>	<u>\$ 209,150,785</u>	<u>\$ 230,860,098</u>	<u>\$ 247,131,556</u>
Change in Net Position				
Governmental activities	\$ 72,364,914	\$ 22,796,183	\$ 95,323,008	\$ 84,712,507
Business-type activities	28,316,793	28,634,972	27,668,127	13,381,312
Total primary government	<u>\$ 100,681,707</u>	<u>\$ 51,431,155</u>	<u>\$ 122,991,135</u>	<u>\$ 98,093,819</u>

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 38,957,986	\$ 40,617,269	\$ 36,158,574	\$ 31,877,716	\$ 29,656,415	\$ 28,348,952
85,897,334	83,019,726	86,523,295	97,485,387	102,200,517	103,880,801
3,264,093	3,174,390	2,819,521	2,988,456	2,936,533	3,145,449
13,849,284	13,116,481	13,287,878	11,823,280	12,929,504	13,352,622
7,921,275	13,965,973	88,561	5,979,715	6,295,212	3,243,937
61,211,289	54,492,427	47,732,614	45,958,627	51,347,206	55,423,759
-	-	-	-	-	-
10,045,274	3,487,145	1,841,244	1,221,923	2,843,417	1,869,128
995,606	850,191	3,071,588	1,116,832	2,181,627	819,766
-	-	-	-	-	-
(1,542,346)	873,357	(244,702)	(74,075)	(102,875)	(132,082)
<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>	<u>209,952,332</u>
-	-	-	-	-	70,065
2,536,237	756,641	533,313	389,446	1,180,290	788,025
788,478	1,422,790	946,507	1,351,829	1,409,437	1,683,332
1,542,346	(873,357)	244,702	74,075	102,875	132,082
<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>2,673,504</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>	\$ <u>212,625,836</u>
\$ 35,306,154	\$ 6,821,737	\$ 6,237,254	\$ 13,251,735	\$ 347,299	\$ 4,922,291
(10,934,176)	(23,773,310)	(11,749,327)	9,678,984	72,196,883	64,632,496
<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>	<u>\$ 69,554,787</u>

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund				
Reserved	\$ 56,325,826	\$ 15,211,490	\$ 12,349,638	\$ 28,237,521
Unreserved	124,519,771	148,606,301	189,087,760	196,093,067
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 180,845,597</u>	<u>\$ 163,817,791</u>	<u>\$ 201,437,398</u>	<u>\$ 224,330,588</u>
All other governmental funds				
Reserved	\$ 99,267,829	\$ 100,167,158	\$ 109,777,210	\$ 43,039,742
Unreserved, reported in:				
Special revenue funds	9,259,261	8,089,144	14,064,542	17,752,306
Capital projects funds	-	253,903	9,158,971	11,608,190
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 108,527,090</u>	<u>\$ 108,510,205</u>	<u>\$ 133,000,723</u>	<u>\$ 72,400,238</u>

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 30,482,311	\$ 62,149,646	\$ - (1)	\$ -	\$ -	\$ -
194,457,561	137,041,044	- (1)	-	-	-
-	-	893,067 (1)	947,804	938,549	892,533
-	-	844,754 (1)	939,867	939,867	1,166,105
-	-	61,733,537 (1)	102,635,587	101,115,766	95,185,696
-	-	98,872,954 (1)	69,223,074	66,077,714	82,453,462
<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>	<u>\$ 179,697,796</u>
\$ 97,267,450	\$ 61,355,662	\$ - (1)	\$ -	\$ -	\$ -
18,786,740	18,103,651	- (1)	-	-	-
7,868,412	7,379,375	- (1)	-	-	-
-	-	105,756,072 (1)	111,378,788	111,367,545	104,557,663
-	-	(12,315,197) (1)	(12,798,348)	(13,646,428)	(11,034,021)
<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>	<u>\$ 93,523,642</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Taxes - local	\$ 102,701,196	\$ 109,141,434	\$ - (1)	\$ -
Taxes - intergovernmental	51,677,502	60,107,031	-	(1) -
Property taxes	-	-	26,909,841 (1)	33,844,181
Sales taxes	-	-	95,410,460 (1)	97,226,841
Franchise fees	-	-	3,230,429	3,937,952
Highway user taxes	-	-	16,490,129	15,856,863
Other taxes	-	-	3,481,086 (1)	3,786,677
State shared revenues	-	-	57,716,644	62,970,459
Grants and entitlements	14,100,944	9,296,423	7,610,807	10,553,680
System development fees	13,878,663	10,322,313	11,871,969	8,111,597
Special assessments	439,565	303,336	309,386	426,428
License and permits	7,262,403	5,541,215	6,728,309	3,894,368
Charges for current services	15,133,670	15,475,362	18,216,653	17,254,859
Fines and forfeitures	4,136,342	4,231,306	4,058,090	4,342,621
Rentals	19,580	8,363	89,875	94,575
Contributions	250	500	50,000	50,000
Investment income	6,987,824	10,699,944	15,589,318	18,334,581
Miscellaneous	2,667,611	1,632,785	1,830,328	1,255,681
Total revenues	\$ 219,005,550	\$ 226,760,012	\$ 269,593,324	\$ 281,941,363

(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					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
38,677,156	40,259,579	36,301,709	32,329,560	29,841,739	28,442,823
85,897,334	83,019,726	86,523,295	97,485,387	102,200,517	103,880,801
3,264,093	3,174,390	2,819,521	2,988,456	2,936,533	3,145,449
13,849,284	13,116,481	13,287,878	11,823,280	12,929,504	13,352,622
7,921,275	13,965,973	88,561	5,979,715	6,295,212	3,243,937
61,211,289	54,492,427	47,732,614	45,958,627	51,347,206	55,423,759
18,168,904	10,377,502	14,759,620	13,826,606	9,480,090	10,187,895
4,475,029	4,768,306	6,739,920	11,724,823	7,781,083	11,846,275
863,747	663,209	673,064	678,027	676,127	678,843
2,667,720	2,758,392	3,208,944	6,955,605	4,887,466	5,479,384
19,492,740	19,420,434	18,002,168	19,938,566	19,786,513	20,269,976
4,912,159	5,336,294	4,697,317	4,700,430	5,825,098	4,622,215
138,667	101,322	387,952	455,842	570,638	732,807
50,000	50,000	100,000	100,000	100,000	100,000
8,825,695	3,171,308	1,635,258	1,034,895	2,529,078	1,623,973
1,661,772	1,913,571	4,593,104	1,392,691	1,384,123	650,117
<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>	<u>\$ 263,680,876</u>

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

	Fiscal Year			
	2005	2006	2007	2008
General government	\$ 41,135,736	\$ 33,729,455	\$ 38,124,478	\$ 51,261,849
Public safety	57,630,321	64,090,649	75,800,634	78,306,604
Community development	7,438,317	8,740,380	8,989,308	11,593,642
Public works	38,421,485	32,555,171	22,987,692	19,306,381
Transportation and development	-	-	-	-
Community services	20,893,626	22,738,420	25,714,032	28,830,926
Capital improvements	33,828,009	49,884,875	75,524,840	104,836,442
Debt service:				
Principal retirement	8,329,500	17,122,071	12,374,500	16,659,500
Interest and fiscal charges	9,180,338	10,465,983	10,669,877	14,437,346
Bond issuance costs	174,917	135,437	189,840	179,201
Total expenditures	\$ 217,032,249	\$ 239,462,441	\$ 270,375,201	\$ 325,411,891
Debt service as a percentage of noncapital expenditures	11.1%	15.9%	12.1%	14.1%

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 40,503,113	\$ 44,663,091	\$ 43,636,784	\$ 48,894,811	\$ 44,512,533	\$ 46,807,747
84,493,816	85,390,303	84,007,752	82,820,106	89,587,613	90,068,218
10,509,467	11,614,214	- (1)	-	-	-
19,283,643	17,664,633	- (1)	-	-	-
-	-	22,126,233 (1)	25,532,739	24,807,578	23,418,175
29,916,002	30,078,856	22,836,317	23,255,568	23,554,854	23,771,925
124,680,957	106,366,737	67,299,941	29,787,069	41,793,319	45,657,265
15,275,000	17,260,000	15,090,000	15,970,000	26,870,000	15,955,000
13,059,295	13,646,479	12,901,616	12,550,323	11,908,025	10,682,206
961,100	183,969	278,512	-	-	145,970
<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>	<u>\$ 256,506,506</u>
12.5%	13.3%	13.3%	13.5%	16.4%	11.6%

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			
	2005	2006	2007	2008
Other Financing Sources (Uses)				
Bond premium	\$ 852,671	\$ 515,129	\$ 1,975,876	\$ 165,431
Face amount of bonds issued	35,720,000	30,905,000	88,405,000	7,370,000
Proceeds from sale of capital assets	264,352	205,936	173,742	280,969
Payment to escrow agent	(11,228,422)	-	(24,335,292)	-
Westcor contract payment	-	34,500,000	-	-
Transfers in	33,226,080	37,204,132	31,525,563	38,442,603
Transfers out	(35,170,013)	(39,584,767)	(34,246,951)	(41,108,342)
Total other financing sources and (uses)	<u>23,664,668</u>	<u>63,745,430</u>	<u>63,497,938</u>	<u>5,150,661</u>
Net change in fund balances	<u>\$ 25,637,969</u>	<u>\$ (17,956,999)</u>	<u>\$ 62,716,055</u>	<u>\$ (38,319,867)</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,348,878	\$ 290,569	\$ 1,047,424	\$ -	\$ -	\$ 562,052
120,513,000	10,450,000	20,285,000	-	-	8,660,000
219,793	97,609	108,929	89,007	76,381	161,126
-	(10,556,600)	(10,816,839)	-	-	(9,061,800)
-	-	-	-	-	-
40,593,319	46,309,016	41,605,646	20,576,188	32,849,979	24,586,418
(44,937,903)	(39,144,322)	(56,040,439)	(22,685,504)	(33,997,394)	(25,653,741)
118,737,087	7,446,272	(3,810,279)	(2,020,309)	(1,071,034)	(745,945)
\$ 52,131,648	\$ (62,833,096)	\$ (30,436,509)	\$ 16,541,585	\$ (5,533,759)	\$ 6,428,425

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

	Fiscal Year			
	2005	2006	2007	2008
Amusements	\$ 499,388	\$ 611,352	\$ 679,666	\$ 660,985
Contracting	14,966,943	16,580,509	15,665,738	15,519,590
General Retail	28,835,490	38,501,000	41,719,797	41,253,934
Hotel/Motel	1,508,509	1,716,055	1,938,442	2,103,714
Miscellaneous Related Revenue ¹	3,156,782	1,898,671	2,765,527	3,329,891
Publishing	754,016	699,456	723,532	492,770
Rentals - Personal Property	1,807,806	1,743,393	1,935,981	2,177,125
Rentals - Real Property	6,074,236	7,141,065	7,883,794	8,449,059
Restaurant/Bar	5,618,535	6,994,533	7,655,093	7,908,883
Telecommunications	3,336,576	3,603,977	3,709,781	3,978,715
Use Tax	1,132,268	989,767	1,044,225	950,808
Utilities	7,929,178	8,910,538	9,688,886	10,401,302
Total Sales and Use Taxes	\$ 75,619,727	\$ 89,390,316	\$ 95,410,462	\$ 97,226,776
City Direct Sales Tax Rate ²	1.70%	1.72%	1.72%	1.72%

Source: Tax & License Division

¹ Includes license application fees, annual license fees, audit assessments, penalties, and interest.

² The direct tax rate was calculated using a weighted average of the actual revenues collected for each category. Tax rates vary by category, currently ranging from 1.5% to 4.4%.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 623,159	\$ 602,027	\$ 673,666	\$ 714,641	\$ 717,442	\$ 728,110
9,352,480	6,573,348	6,380,957	10,869,566	10,408,518	9,780,645
36,851,140	36,560,075	38,741,270	42,844,871	45,331,307	47,454,681
1,672,893	1,611,912	1,973,790	2,255,786	2,288,989	2,472,754
2,774,033	2,911,821	2,551,354	2,334,179	2,937,426	2,660,201
389,046	382,080	351,250	352,550	334,981	258,547
2,474,464	2,389,241	2,462,219	2,606,371	2,884,618	2,949,421
8,520,878	8,921,788	9,479,850	10,025,726	10,817,611	11,058,203
7,267,718	7,436,900	7,971,183	8,670,199	9,069,109	9,542,714
4,057,982	3,974,448	3,524,076	3,628,007	3,731,350	3,533,636
930,636	869,092	1,000,342	1,054,968	1,315,599	1,090,428
10,982,905	10,786,994	11,413,338	12,128,475	12,363,565	12,421,526
<u>\$ 85,897,334</u>	<u>\$ 83,019,726</u>	<u>\$ 86,523,295</u>	<u>\$ 97,485,337</u>	<u>\$ 102,200,515</u>	<u>\$ 103,950,866</u>
1.75%	1.75%	1.77%	1.76%	1.75%	1.75%

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

Schedule 8

Fiscal Year	City Direct Tax Rate ¹	Overlapping Rates		
		Maricopa County Tax Rate ²	State of Arizona Tax Rate ³	Tourism & Sports Authority Tax Rate ⁴
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%	0.67%	5.90%	0.02%
2013	1.75%	0.67%	5.80%	0.02%
2014	1.75%	0.68%	5.07%	0.02%

Source: Tax & License Division

¹ The City's direct tax rate was calculated using a weighted average of the actual revenues collected for each category. Tax rates vary by category, currently ranging from 1.5% to 4.4%. City tax rates were last increased effective 5/01/1994.

² The overlapping County tax rate was calculated using a weighted average of the actual revenues the City collected for each category. Tax rates vary by category, currently ranging from 0.5% to 0.77%. No rate changes in the past ten fiscal years.

³ The overlapping State tax rate was calculated using a weighted average of the actual revenues the City collected for each category. Tax rates vary by category, currently ranging from 6.5% to 6.6%. State tax rate increases during the past ten fiscal years: 1.0% effective 6/01/2010 through 5/31/2013.

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

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

Schedule 9

Taxpayer	Business Type	Fiscal Year 2014			Fiscal Year 2005		
		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	\$ 9,489,412	1	9.13%	\$ 6,045,093	1	7.99%
Taxpayer B	Department Store	3,138,381	2	3.02%			
Taxpayer C	Grocery Store	2,357,350	3	2.27%	2,020,967	2	2.67%
Taxpayer D	Department Store	1,757,921	4	1.69%			
Taxpayer E	Home Improvement	1,492,709	5	1.44%	1,384,671	4	1.83%
Taxpayer F	Telecommunications	1,405,133	6	1.35%			
Taxpayer G	Department Store	1,357,116	7	1.31%			
Taxpayer H	Utility	1,323,354	8	1.27%	1,260,875	6	
Taxpayer I	Vehicle Dealer	1,298,513	9	1.25%			0.00%
Taxpayer J	Department Store	1,116,571	10	1.07%	1,461,943	3	1.93%
Taxpayer K	Grocery Store				1,364,173	5	1.80%
Taxpayer L	Construction				1,221,700	7	1.62%
Taxpayer M	Vehicle Dealer				1,199,217	8	1.59%
Taxpayer N	Vehicle Dealer				1,039,586	9	1.37%
Taxpayer O	Construction				1,031,823	10	1.36%
		<u>\$ 24,736,460</u>		<u>23.80%</u>	<u>\$ 18,030,048</u>		<u>23.84%</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
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	-
2014	233,678,000	18,000,000	4,905,000	-

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
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
2014	150,972,000	36,095,000	-	148,380,000	-	592,030,000	7.54%	2,452

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
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%
2014	384,650,000	16,186,172	368,463,828	23,588,561,444	1.56%

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, 2014**

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	13,000,461
Subtotal, overlapping debt			242,095,960
City direct debt	384,650,000	100.00	384,650,000
Total direct and overlapping debt			<u>\$ 626,745,960</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 2013-14 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			
	2005	2006	2007	2008
<u>6% General Obligation Bond Limitation</u>				
Debt limit	\$ 118,749,422	\$ 116,449,443	\$ 179,351,393	\$ 207,310,517
Total net debt applicable to limit	<u>61,660,000</u>	<u>74,720,000</u>	<u>66,460,000</u>	<u>7,795,000</u>
Legal debt margin	<u>\$ 57,089,422</u>	<u>\$ 41,729,443</u>	<u>\$ 112,891,393</u>	<u>\$ 199,515,517</u>
Total net debt applicable to the limit as a percentage of the debt limit	52%	64%	37%	(1) 4%
<u>20% General Obligation Bond Limitation</u>				
Debt limit	\$ 395,831,408	\$ 388,164,810	\$ 597,837,975	\$ 691,035,056
Total net debt applicable to limit	<u>80,415,000</u>	<u>84,825,000</u>	<u>193,025,000</u>	<u>240,245,000</u>
Legal debt margin	<u>\$ 315,416,408</u>	<u>\$ 303,339,810</u>	<u>\$ 404,812,975</u>	<u>\$ 450,790,056</u>
Total net debt applicable to the limit as a percentage of the debt limit	20%	22%	32%	(1) 35%

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 2014

Net secondary assessed valuation as of June 30, 2014	\$ 2,381,590,083
Debt limit (6% of assessed value)	142,895,404
Debt applicable to limit:	
6% general obligation bonds	10,198,000
Legal 6% debt margin	<u>\$ 132,697,404</u>
Debt limit (20% of assessed value)	\$ 476,318,016
Debt applicable to limit:	
20% general obligation bonds	374,452,000
Legal 20% debt margin	<u>\$ 101,866,016</u>

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 210,484,297	\$ 210,484,297	\$ 148,117,597	\$ 135,310,758	\$ 130,522,600	\$ 142,895,404
<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>10,198,000</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>	<u>\$ 132,697,404</u>
5%	5%	9%	9%	8%	7%
\$ 701,614,322	\$ 701,614,322	\$ 493,725,323	\$ 451,035,860	\$ 435,075,335	\$ 476,318,016
<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>374,452,000</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>	<u>\$ 101,866,016</u>
67%	65%	90%	95%	94%	79%

**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	
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
2014	13,352,622	10,547,032	2,805,590	3,975,000	515,175	0.62

Water Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2014	49,588,376	27,840,478	21,747,898	3,300,000	869,064	5.22

Excise Tax Revenue Obligations

Fiscal Year	Excise Tax Collections	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2014	162,664,325	-	162,664,325	6,180,000	4,483,662	15.25

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	
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
2014	40,509,289	18,780,034	21,729,255	1,185,000	585,029	12.28

Solid Waste Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2014	-	-	-	-	-	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	
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	-	-	-	-	-	-
2014	-	-	-	-	-	-

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

<u>Fiscal Year</u>	<u>Population (1)</u>		<u>Total Personal Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>	<u>Per Capita Personal Income (2)</u>
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
2014	241,460		7,846,725,620	35.0	5.5%	32,497

Sources:

- 1 City's Planning Division based on July 1st
- 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	2014		
	Employees	Rank	Percentage of Total City Employment
Intel Corporation	11,800	1	9.13%
Bank of America	3,800	2	2.94%
Chandler Unified School District	3,000	3	2.32%
Freescale Semiconductors	3,000	4	2.32%
Wells Fargo Ocotillo Corp. Campus	2,600	5	2.01%
Verizon Wireless	2,300	6	1.78%
Chandler Regional Hospital	2,100	7	1.63%
Paypal	1,900	8	1.47%
Orbital Sciences	1,650	9	1.28%
Microchip Technology	1,626	10	1.26%
City of Chandler	-	-	-
Motorola	-	-	-
Countrywide Home Mortgage	-	-	-
Americredit	-	-	-
Amkor	-	-	-
Total	33,776		26.14%

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

2005		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
9,500	1	7.50%
-	-	
2,400	2	1.89%
1,800	4	1.42%
2,200	3	1.74%
-	-	
1,100	7	0.87%
-	-	
1,100	7	0.87%
1,485	6	1.17%
1,523	5	1.20%
1,100	7	0.87%
800	8	0.63%
650	9	0.51%
600	10	0.47%
<u>24,258</u>		<u>19.14%</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Full Time Equivalent Personnel				
Mayor and council	5	5	5	5
City clerk	6	5	6	6
City manager	70	74	79	104 (1)
Communications/public affairs	18	18	17	18
City magistrate	40	39	44	48
Law	24	25	27	29
Management services	96	95	101	106
Total General Government	259	261	279	316
Total Planning and Development	111	108	111	114
Total Transportation and Development				
Total Community Services	178	182	219	243
Public works administration	3	3	3	3
Streets	48	55	59	64
Airport	6	6	6	6
Engineering, development and Real estate	74	71	76	85
Total Public Works	131	135	144	158
Police	436	460	487	496
Fire	195	207	219	228
Total Public Safety	631	667	706	724
Municipal utilities administration	5	5	5	5
Water	85	85	85	88
Wastewater	41	41	42	43
Solid waste	18	21	21	20
Total Municipal Utilities	149	152	153	156
Total Primary Government	1,459	1,505	1,612	1,711

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.

Fical Year						
2009	2010	2011	2012	2013	2014	
5	5	5	6	4	4	
6	6	5	4	5	6	
103	96	122	124	178	174	
18	15	12	14	19	13	
43	41	40	38	39	35	
28	27	27	30	29	29	
105	95	(2)	85	72	66	
308	285	296	288	346	327	
103	80	(2)	-	(3)	-	-
		172	(3)	170	163	159
207	226	(2)	229	231	192	199
3	3	-	(3)	-	-	-
57	50	-	(3)	-	-	-
6	6	-	(3)	-	-	-
		-				
80	74	-	(3)	-	-	-
146	133	-	-	-	-	-
483	478	467	467	468	467	
223	219	218	238	234	224	
706	697	685	705	702	691	
5	6	5	5	4	5	
86	80	88	89	85	87	
41	42	42	42	46	46	
18	20	20	19	18	16	
150	148	155	155	153	154	
1,620	1,569	1,537	1,549	1,556	1,530	

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General Government				
Privilege tax licenses	16,663	20,464	20,652	22,980
Meeting notices posted	534	505	721	470
City council actions and agenda items prepared	1,542	1,292	1,292	1,188
Grant awards received	49	57	57	61
Inventory turnover ratio	3.46	2.78	3.32	3.94
Transportation & Development				
Building permits issued	8,951	7,909	6,474	5,750
Community Services				
Library circulation	1,967,446	2,004,000 (3)	2,082,000	2,349,232
Center for the Arts events & exhibits	1,027	1,024	1,024	989
Public Safety				
Crime rate (per 1,000 population)	40.7	39.9	38.0	34.9
Total calls for police services (estimated)	136,942	151,941	160,355	159,535
Total calls for fire services	15,310	16,662	16,682	16,709
Fire inspections	3,767	4,375	4,878	3,585
Fire investigations	58	73	74	57
Municipal Utilities				
Water connections	70,375	73,822	74,406	74,841
Operating wells	23	23	23	26
Daily pumping capacity - wells (gallons)	57,400,000	59,900,000	58,400,000	65,100,000
Daily pumping capacity - plants (gallons)	45,000,000	45,000,000	45,000,000	60,000,000
Sewer connections	66,750	68,515	70,169	70,863
Sanitary sewer (miles)	796	814	828	837
Solid waste customers served	62,591	65,173	66,451	67,433
Solid waste refuse collected (tons)	117,813	99,547	97,646	94,633
Solid waste refuse recycled (tons)	23,379	25,017	25,877	25,555

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						
2009	2010	2011	2012	2013	2014	
23,460	22,715	23,821	25,726	27,387	27,467	
479	481	506	599	584	564	
1,055	977	848	908	834	780	
66	40	43	26	43	53	
2.50	2.10	2.22	2.07	1.89	2.10	
3,800	3,883	2,330	5,462	3,785	5,490	
2,506,602	2,592,243	2,494,009	2,489,741	2,395,192	2,332,758	
977	335 (1)	1,050	1,000	1,003	938	
35.2	31.8	34.4	33.2	28.0	26.7	
157,039	146,508	141,279	137,170	137,485	145,400	
18,474	16,904	17,892	17,950	18,474	18,865	
3,891	3,208	4,424	5,188	5,029	5,442	
49	43	46	34	22	16	
77,596	76,894	77,408	77,626	79,278	79,766	
29	31	30	28	26	27	
66,020,000	70,700,000	64,460,000	61,920,000	64,790,000	64,710,000	
60,000,000	72,000,000 (2)	72,000,000	72,000,000	72,000,000	72,000,000	
71,880	73,042	73,118	73,712	74,606	75,564	
857	862	866	868	869	890	
67,902	68,362	69,480	70,179	70,667	71,269	
89,408	85,160	88,466	85,257	86,557	83,950	
24,596	22,245	20,832	21,096	20,680	21,046	

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Community Services				
Developed parks	51	53	54	58
Developed acres	874	889	959	1,099
Undeveloped acres	349	535 (1)	468	455
Swimming pools	5	5	5	5
Other recreational facilities (lighted fields)	32	33	34	34
Library bookstock	450,068	469,000 (3)	483,128	469,023
Transportation and Development				
Total miles streets (center line)	775	785	812	822
Street lights	24,218	25,100	25,307	26,326
Signalized intersections	166	189	192	200
Public Safety				
Police stations	1	2	2	3
Fire stations	9	9	10	10
General Government				
Based aircraft	434	457	499	442
Municipal Utilities				
Water mains (miles)	1,051	1,063	1,080	1,117
Fire hydrants	10,799	10,952	12,291	13,033
Average daily treatment (mgd)	21	22	24	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						
2009	2010	2011	2012	2013	2014	
59	61	61	61	61	61	62
1,133	1,198	1,192	1,196	1,198	1,198	1,208
407	336	342	338	336	336	325
6	6	6	6	6	6	6
34	34	34	34	39	39	39
472,266	446,675	429,604	555,924	550,857	550,857	595,969
		(4)				
832	829	829	829	831	831	838
26,500	26,600	26,600	26,600	26,900	26,900	27,100
205	208	208	212	216	216	216
3	3	3	3	3	3	3
10	10	10	10	10	10	10
449	449	437	399	388 (5)	388 (5)	415
1,189	1,194	1,223	1,227	1,227	1,227	1,227
13,750	12,318 (2)	12,925	10,877	12,553	12,553	12,717
24	22	24	24	26	26	26



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